

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF SOUTH BEND, INDIANA

For The Year Ended December 31, 2008

Prepared By:

Department of Administration and Finance

M.Catherine Fanello, City Controller

City of South Bend, Indiana  
 Comprehensive Annual Financial Report  
 For The Year Ending December 31, 2008  
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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
Acting City Controller Controller	John H. Murphy M. Catherine Fanello	01-01-08 to 03-02-08 03-03-08 to 12-31-11
City Clerk	John Voorde	01-01-08 to 12-31-11
President of the Board of Public Works	Gary Gilot	01-01-08 to 12-31-09
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

COUNTY-CITY BUILDING  
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CITY OF SOUTH BEND STEPHEN J. LUECKE, MAYOR

## DEPARTMENT OF ADMINISTRATION AND FINANCE

M. CATHERINE FANELLO  
CONTROLLER

June 24, 2009

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

The comprehensive annual financial report of the City of South Bend, Indiana (the "City") for the year ended **December 31, 2008** is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities are included.

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

The comprehensive annual financial report is presented in four sections: introductory information, financial information, statistical information and federal awards supplemental information. The **introductory section** includes this transmittal letter, the City's organizational chart, a list of principal City officials and the Certificate of Achievement for Excellence in Financial Reporting awarded to the City of South Bend for the year ended December 31, 2007. The **financial section** begins with the independent auditors' report on the City's financial statements and schedules, the City's management's discussion and analysis report, followed by the City's basic financial statements and accompanying footnotes. The remaining portion of this section includes the combining and individual fund and other financial statements and schedules. The **statistical section** includes selected financial and demographic information generally presented on a multi-year basis, which has been provided to give the reader a broader understanding of the City. This document ends with the **federal awards** compliance section, which includes the results of the supplemental audit of the City's federal awards and the internal controls necessary for compliance.

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

The following pages of this transmittal letter begin with a general overview of South Bend and the surrounding area. Also summarized are the key financial, budgetary and property tax controls with which the City is required to comply. The remainder includes a discussion of the prior year's financial challenges and accomplishments, the City's goals and objectives for this year and beyond and other key issues the City is facing along with the impact they may have on current and future budgets.

### **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. Its 2000 U.S. Bureau of the Census population count was 107,789. Accordingly, South Bend is classified as a "City of the Second Class" under Indiana statutes (cities with a population of 35,000 to 250,000). The City of South Bend operates with a mayor as chief executive and a nine-member City Common Council composed of six members elected from districts and three members at-large.

The City provides a full range of traditional general governmental services to its citizens. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events. In addition to general governmental activities, the Common Council or City Board of Public Works exercises oversight over the South Bend Water Works, the South Bend Wastewater Treatment Facility, the Century Center, the College Football Hall of Fame, the Studebaker Collection, the South Bend Redevelopment Authority and several downtown parking facilities.

### **Location**

St. Joseph County lies within the heartland of the manufacturing belt and metropolitan regions of the Upper Midwest and Canada. The City of South Bend is located in the north central part of Indiana, ten miles south of the Michigan state line, and is commonly known to be within the "Michiana" area. The Michiana area is a vibrant and diverse area with a strong economy based on a mix of agricultural, service, manufacturing, education and other commercial and tourism industries. This diverse economic mix creates varied employment opportunities for the area's residents while providing insulation via diversification from future economic downturns.

The City is approximately 90 miles east of Chicago and 140 miles north of Indianapolis. Accessibility to transportation, including Interstate 80/90, a regional airport (which is the second busiest in the State of Indiana), the South Shore rail line and a port on Lake Michigan, has supported economic growth within the community. Proximity to Chicago, the largest rail and

intermodal (rail/truck/ocean/inland waterway) transfer point in the country, is a significant advantage to the City of South Bend.

**St. Joseph County / South Bend - Economic Conditions and Outlook**

St. Joseph County, with its 2000 U.S. Bureau of the Census population of 265,559, boasts a strong history of manufacturing which continues today. As a complement to that, the service industry and retail trade has also flourished, creating a balance that serves the community well. The County has experienced a net growth in population of 26,945 (11.3% increase) between 1960 and 2000. After experiencing a reduction of 2.6% during 1969 to 1983, at which time the entire Midwest was at the depth of its economic restructuring and recess, the County's population increased 4.0% between 1983 and 1990 and another 7.5% between 1990 and 2000. The estimated population in St. Joseph County is currently 265,505.

The total resident labor force in December 2008 of 132,698 in St. Joseph County is typical of the Midwest: well trained with a strong work ethic. Approximately 82.4% of the area's adult population are high school graduates or higher (as compared to the national average of 75%) with an estimated 23.6% with a Bachelor's Degree or higher. There are nine colleges, universities and technical schools within South Bend and the surrounding area including the University of Notre Dame, Indiana University of South Bend, Saint Mary's College, Bethel College and Ivy Tech State College. At the high school level, there are school-to-work transition programs that help prepare students for the world of work. As of April 2009, St. Joseph County is experiencing an unemployment rate of 10.8%, which is higher than the State of Indiana unemployment rate of 9.9%. The unemployment rate in St. Joseph County compares favorably with many of its surrounding counties—Elkhart (17.8%), LaPorte (11.6%), and Marshall (13.5%) in Indiana and Cass (10.6%) and Berrien (11.6%) in Michigan.

The employment profile for St. Joseph County provides a good overview of the economic make-up of this community. Employment statistics for the County's major economic sectors are as follows:

<u>Economic Sector</u>	<u>Number Employed</u>	<u>% of Total</u>
Construction	5,759	4.6%
Manufacturing	17,675	14.3%
Health Care/Social Services	16,758	13.5%
Wholesale Trade	6,550	5.3%
Retail Trade	15,073	12.2%
Professional/Technical Services	4,545	3.7%
Accommodations/Food Service	9,882	8.0%
Educational Services	14,960	12.0%
Other	<u>32,786</u>	<u>26.4%</u>
<b>Total</b>	<b>123,988</b>	<b>100.00%</b>

St. Joseph County presently has an estimated 100,743 households with an average per capita personal income of \$35,357, which compares to the State of Indiana average per capita income of \$33,215 and the United States per capita income of \$38,615. The per capita income in St. Joseph



County compares favorably with many of its surrounding counties—Elkhart (\$33,369), La Porte (\$28,945), and Marshall (\$28,571) in Indiana and Cass (\$29,637) and Berrien (\$31,017) in Michigan.

Health and education lead the employment statistics for St. Joseph County. The largest employers in St. Joseph County as of December 2008 were as follows: University of Notre Dame (4,596); Memorial Health Systems (3,529); South Bend Community School Corporation (3,130); Saint Joseph Regional Medical Center (2,617); AM General (2,400); The Diocese of Fort Wayne/South Bend (1,403); St. Joseph County (1,305); Indiana University at South Bend (1,259); 1<sup>st</sup> Source Bank (1,257) and the City of South Bend (1,213).

**The following provides a profile of the residents of St. Joseph County:**

Gender:	48.3% male; 51.7% female
Age:	37.7% 0-24 years of age; 29.3% 25-44 years of age; 18.2% 45-64 years of age; and 14.8% 65 years of age and older.
Race:	80.5% White; 11.7% Black/African American; 5.9% Hispanic/Latino; 1.7% Asian; and 3.9% Other
Marital Status:	49% Married; 20% Widowed/Divorced/Separated; and 31% Single
Home Ownership:	71.8% own; 28.2% rent/other

The cost of living continues to be one of the greatest advantages of living in this community. The housing costs in South Bend are well below the national and regional averages. Per a report compiled by the National Realtor's Association in the fourth quarter of 2008, the median sales price for a single family home in the South Bend-Mishawaka Statistical Area was \$80,800 as compared to a median sales price of \$217,800 in Chicago and \$94,600 in Indianapolis. The national median sales price is \$169,000.

The City of South Bend continues to place high emphasis on a growing and diversified local economy. It has been 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.

The South Bend Community School Corporation serves the entire City and some of the surrounding area and has a current enrollment of approximately 21,595 students in grades kindergarten through high school. An estimated 4,791 students attend private or parochial schools within the City. The nine institutions of higher education and technical training located within the South Bend area have a total enrollment of approximately 29,108. Over the years, the

University of Notre Dame has provided a stabilizing influence on the economy with a very significant economic impact upon the community.

South Bend has continued to progress in its growth since 1842, when Father Edward Sorin named his rustic log chapel "Notre Dame du Lac" and began to teach the local Indians. Today, the chapel has grown into the University of Notre Dame. In 1852, H.C. Studebaker started the industry of making wagons and horse drawn buggies that evolved into the manufacturing of the Studebaker automobile. It made the name Studebaker synonymous with the area of South Bend.

Another industrial firm that would later become the area's largest began in 1923 when Vincent Bendix began manufacturing automotive brakes. In 1929, the company became the Bendix Aviation Corporation, and now, as Honeywell (formerly AlliedSignal Inc.), is a leading manufacturer of automotive and aerospace products.

Other special attractions within the South Bend area include the Olympic-class East Race Waterway and the East Bank area; the newly renovated Morris Performing Arts Center, which provides for the Broadway Theater League, the South Bend Symphony Orchestra with the Chamber and Pops Orchestras and the Southold Dance Theater and Patchwork Dance Company; the award-winning South Bend Civic Theater; the Studebaker National Museum; the South Bend Regional Museum of Art; the Snite Museum of Art at Notre Dame; the Northern Indiana Center for History; Copshaholm/The Oliver Mansion; the College Football Hall of Fame; Century Center; Potawatomi Zoo; the Morris Conservatory/Muessel-Ellison Tropical Gardens; Healthworks! Kids Museum; the Farmers' Market; and the Belleville Softball Complex. The Coveleski Regional Baseball Stadium (named after South Bend native and Hall of Fame pitcher Stanley Coveleski) is a 5,000-seat facility which opened in 1987 and is rated among the best in minor league baseball. It had record crowds during its seasons of play with the South Bend Silver Hawks, a minor league team of the Chicago White Sox through the 1997 season. During 1997, the team signed on with the Arizona Diamondbacks and had continued success. During 2006, a group of local businessmen led by former South Bend Mayor and Indiana Governor Joe Kernan acquired ownership of the team.

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

### **Financial, Budgetary and Property Tax Controls**

The City's 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, 2008 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 Council and then reviewed and approved by the State of Indiana Department of Local Government and Finance. 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 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. Transfers from one department to another, or additional appropriations in excess of the original budget, must be submitted to and approved by the Department of Local Government and Finance after these appropriations have been approved by the City Council. Beginning for budget year 2009, the City must submit its budget to the St. Joseph County Common Council for a non-binding review and recommendation.

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.

During March 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 beginning in 2009. The loss of revenue to the City due to this legislation is significant. The General Fund is expected to lose \$9 million dollars of revenue in 2009 and \$18.7 million dollars in 2010, while the Parks and Recreation fund is expected to lose \$1.2 million dollars of revenue in 2009 and \$2.4 million dollars in 2010.

A historical view of the City's tax rate and its net assessed valuation has been included in the statistical section of this document.

### **Citywide Goals and Objectives for 2008 and Beyond**

The City has developed **eight broad goals** that focus on the following areas: economy, safety, quality of life, trust, responsiveness, infrastructure, finance and workforce. The City has identified various objectives that are tied directly to these goals which, if achieved, will result in the attainment of these goals. The eight goals are listed below.

#### **GOAL ONE: 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.

#### **GOAL TWO: 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.

#### **GOAL THREE: 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.

#### **GOAL FOUR: 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.

#### **GOAL FIVE: 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.

#### **GOAL SIX: 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.

#### **GOAL SEVEN: 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.

#### **GOAL EIGHT: 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.

#### **City Mission Statement and Department Purpose Statements**

The City provides services to its customers through thirteen administrative departments. These departments have unique purposes that are intended to support the citywide mission statement which is "to be recognized as a model city." Each department has developed a purpose statement which identifies their specific role.

**Mayor's Office:** Leading the community to become a model city through formulating policy, directing operations and responding to customer concerns.

**Common Council:** 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.

**City Clerk's Office:** 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  
and Finance:**

Providing 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 and  
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 and  
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.

**Century Center:** Providing a state-of-the-art facility with excellent services to customers

while generating maximum economic benefit to our community.

### **Building South Bend in 2008 and beyond**

Mayor Stephen Luecke's theme for the past several years has been "We're Building South Bend." That theme has had a major influence on the development of the 2009 budget. There were five areas of concentration that became or remained budget priorities for 2009.

- ***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 eighth 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.

**Proprietary Operations.** The City's proprietary operations comprise several separate and distinct activities accounted for in both Enterprise and Internal Service funds.

The Enterprise Fund operations include the following: the City's downtown parking garages, water utility services, wastewater utility services, solid waste services, Century Center (convention center), the consolidated St. Joseph County/South Bend Building Department and Blackthorn Golf Course.

The Internal Service Fund operations include the City's self-funded liability insurance program, the City's self-funded employee benefits program and Central Services (a department that accounts for the expenses related to fuel, vehicle repairs and various other services and supplies provided to City departments on a cost-reimbursement basis).

**Fiduciary Funds.** The City's fiduciary duties are accounted for in both Trust and Agency Funds. The primary trust funds are the Police and Fire Pension Funds (explained below). The Agency Fund is for payroll and related employee deductions.

**Pension Trust Fund Operations.** Most City employees are covered by the Public Employees Retirement Fund and the 1977 Police Officers' and Firefighters' Pension Fund, both administered by the State of Indiana. However, certain police officers and firefighters hired before May 1, 1977, who did not opt into the 1977 fund, continue to be members of the 1925 Police Pension Fund and the 1937 Firefighters' Pension Fund. These two funds are administered by the City. This group of police officers and firefighters will continue to decline in the future both as a total number and as a percentage of total payroll of both the police and fire departments and of the City as a whole.

The 1925 and 1937 Plans are funded through a combination of property taxes levied by the City and distributions from the State Pension Relief Fund. As a result of the requirements of the state statute that created these funds, the City is legally prevented from funding them in any other way than a "pay-as-you-go" basis. The City has received an actuarial survey on these funds to provide the proper disclosures required by generally accepted accounting principles. This information is included in the financial section of this report. Beginning in 2009, the State of Indiana has assumed the responsibility for fully funding the 1925 and 1937 Pension plans while the City will continue to administer the plans.

**Cash Management.** In accordance with state statute, cash temporarily idle during the year is

invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury and repurchase agreements that are fully collateralized by U.S. Government or U.S. Government Agency obligations. During 2008, the City realized over \$6.4 million dollars in investment earnings. The amount of investment earnings is expected to decrease significantly during 2009 as the rates of interest earned on investments have declined.

In addition to the insurance available to all depositors through the Federal government, all deposits of the City are covered by the Public Deposits Insurance Fund maintained by the State of Indiana Board for Depositories. The Public Deposits Insurance Fund, established in 1937, covers both principal and interest of all deposits and investments made by an Indiana governmental unit with approved public depositories in accordance with the Public Deposits and Investments Law.

**Risk Management.** The City has established two self-insurance funds: the Self-Funded Employee Benefits Fund and the Liability Insurance Premium Reserve Fund. As previously mentioned, these self-insurance funds are accounted for as Internal Service Funds. The purpose of the Self-Funded Employee Benefits Fund is to pay medical claims of City employees and their covered dependents and minimize the total cost of annual medical insurance to the City. Medical claims exceeding \$300,000 per person insured on an annual basis are covered through a private carrier. In addition to medical claims, the fund pays premiums for life insurance and long term disability benefits for employees. During 2007, the City changed medical insurance carriers to Anthem Blue Cross, which has resulted in a significant cost savings in 2007 and 2008. The Liability Insurance Premium Reserve Fund covers automobile and comprehensive liability as well as workers' compensation costs. The City's liability for self-insurance is limited to \$300,000 per person and \$5,000,000 in the aggregate per occurrence in accordance with Indiana Tort Law. The accrued liability for estimated insurance claims represents an estimate of the probable loss on unpaid claims arising prior to year end.

### **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 as mentioned earlier. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. For the past eighteen years (years ended December 31, 1990 through 2007) the City has received an unqualified audit opinion. The auditors' reports related specifically to the single audit are included in a separately filed 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, 2007. This was the eighteenth consecutive year that the City 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

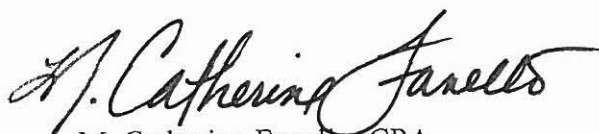
accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments.** The preparation of the comprehensive annual financial report was made possible by the dedicated service of the City's departmental fiscal officers and the staff of the Department of Administration and Finance. Each member of the Department has our sincere appreciation for the contributions made in the preparation of this report. In addition, we would like to thank the Field Examiners of the State Board of Accounts (led by Doug Wiese and Bruce Snyder) for their hard work and dedication in this effort.

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

Sincerely,



M. Catherine Fanello, CPA  
City Controller



John H. Murphy  
Public Works Finance Director



# 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, 2007

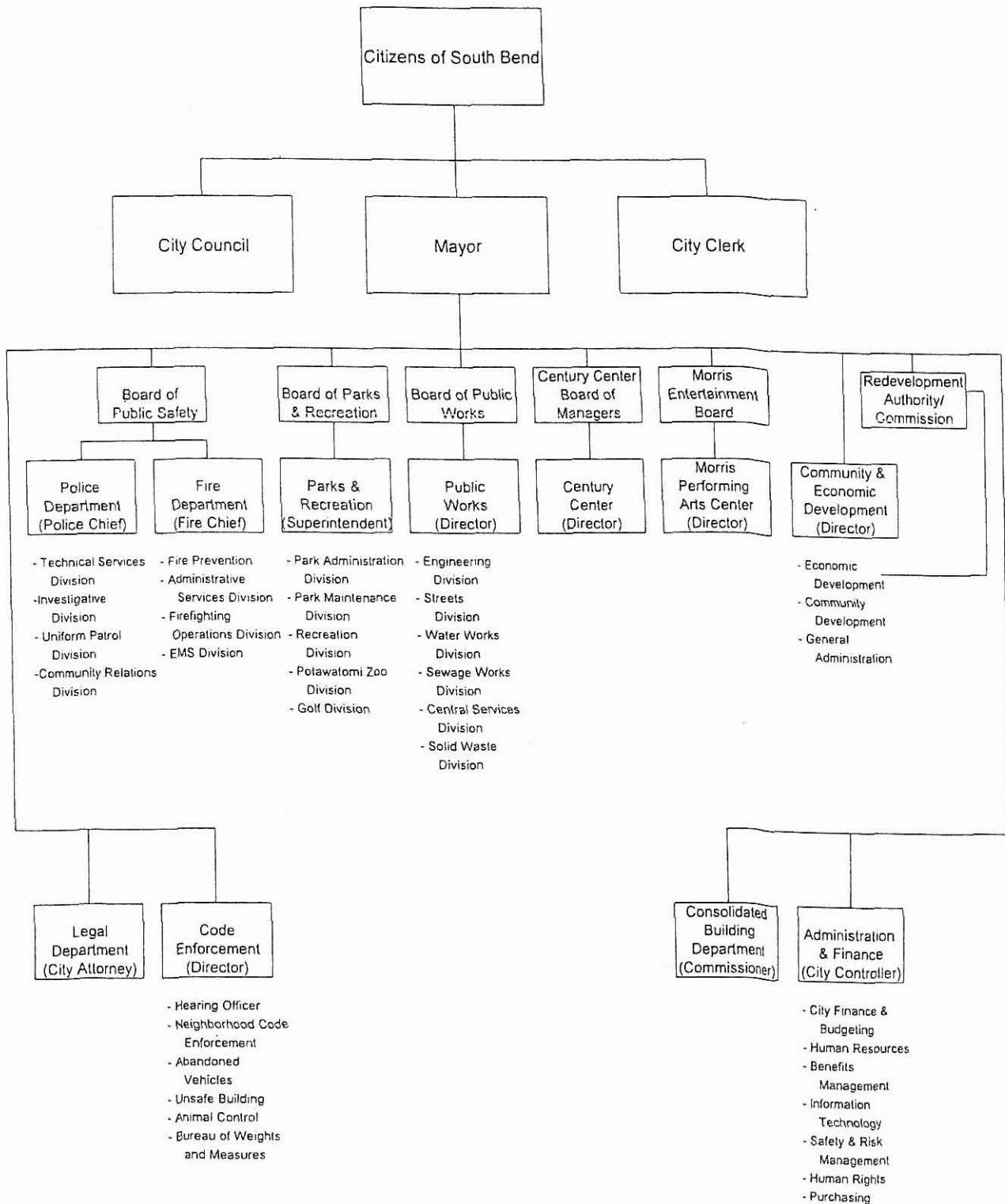
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# CITY OF SOUTH BEND ORGANIZATIONAL CHART





**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF 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, 2008, 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, 2008, 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 June 9, 2009, 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

June 9, 2009

## Management's Discussion and Analysis

As management of the **City of South Bend, Indiana**, we offer readers of the City of South Bend's financial statements this narrative overview and analysis of the financial activities of the City of South Bend for the fiscal year ended **December 31, 2008**. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

As with other sections of this financial report, the information contained within this Management's Discussion and Analysis (MD&A) should be considered only a part of a greater whole. The readers of this statement should take the time to read and evaluate all sections of this report, including the notes to the financial statements and the other Required Supplemental Information.

### Financial Highlights

- The assets of the City of South Bend exceeded its liabilities at December 31, 2008 by \$392,566,699 (page 35). The majority of these net assets (\$309,934,378) are invested in capital assets (net of related debt) and are, therefore, not available for current spending. Of the remaining net assets, \$62,924,092 is in *unrestricted net assets* and may be used to meet the City's ongoing obligations to citizens and creditors.
- Total City net assets increased by \$3,149,399 during 2008 (page 36). Of this amount, net assets of governmental activities decreased by \$635,094 and net assets of business-type activities increased by \$3,784,493.
- The decrease in net assets of governmental activities resulted primarily from planned capital spending in governmental funds such as Urban Development Action Grant, Community Revitalization Enhancement District, the Eddy Street Commons bond fund, and other Tax Increment Finance bond funds. The increase in net assets from business-type activities resulted primarily from positive net income in the Water and Wastewater Utility enterprise funds.
- The total cost of all City programs was \$183,819,991 during 2008, an increase of \$15,621,118 (9.3%) from a total cost of \$168,198,873 during 2007 (page 36). The majority of the increase during 2008 (\$13,817,463) was due to economic development and wastewater projects.
- At December 31, 2008, the unreserved fund balance in the General Fund was \$24,171,313 (page 37). However, \$13,600,000 (20% of budgeted operating expenditures) was designated as a contingency for cash flow and \$711,207 was designated to cover cash deficits in the city's centralized fleet maintenance and parking garage funds. Undesignated unreserved fund balances have traditionally been used by the city to fund various capital projects and emergency contingencies. 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. The City needs to maintain an unreserved General Fund balance as a cash flow contingency because of delay in receiving property tax revenue (the largest source of revenue in the General Fund). Due to new assessment methods prescribed by the State of Indiana several years ago, St. Joseph County has repeatedly been unable to calculate and mail property tax bills on time. The 20% designated unreserved balance of budgeted operating expenditures represents a little over two and a half months of general fund expenditures and has allowed the city to reduce the borrowing time of tax anticipation notes, thus saving interest costs. The unreserved fund balance for all governmental funds was \$143,796,698 at December 31, 2008 (page 37). The majority of this unreserved fund balance was accounted for in special revenue and capital projects funds (\$119,625,385).

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of South Bend's basic financial statements. The City of South Bend's basic financial statements are comprised of three

components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The 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 accounting,” which is a method of accounting used by many private-sector businesses.

- **Statement of net assets.** This statement reports all assets and liabilities of the City of South Bend as of December 31, 2008. 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, 2008. 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 such as property and county option income taxes.

Both of 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 police and fire protection, highways and streets, economic development and general government. The major business-type activities of the City include the wastewater utility, water utility, Century Center, Blackthorn golf course and solid waste.

**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 essentially 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 the modified accrual accounting, an accounting method that is different from many private-sector companies. The City maintains four major governmental funds (General, Parks and Recreation, TIF Airport, County Option Income Tax) and 74 non-major governmental funds.

**General Governmental Revenue** - The following schedule presents a summary of general governmental revenue for the year ended December 31, 2008 (page 39):

<u>Revenue</u>	<u>2008 Amount</u>	<u>% of Total</u>
Taxes:		
General Property	\$ 84,572,732	60.5%
County Option Income	6,704,667	4.8%
County Economic Development	4,244,971	3.0%
Professional Sports Development	453,268	0.3%
Community Revitalization District	955,315	0.7%



Licenses and Permits	177,329	0.1%
Intergovernmental	18,196,118	13.0%
Charges for Services	17,030,160	12.2%
Fines and Forfeits	412,707	0.3%
Interest	4,962,768	3.6%
Donations	116,346	0.1%
Other	1,891,475	1.4%
<b>Total Revenue</b>	<b>\$ 139,717,856</b>	<b>100.0%</b>

As shown above, taxes continue to represent a significant source of revenue needed to support the services provided by the City. The City's single largest source of revenue (60.5%) is generated by property taxes. This revenue calculation 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 above general 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.

One of the major focuses for the City continues to be the need to diversify its revenue stream. This is necessary to reduce the City's dependency on general property taxes and to ensure that a broad base of users, including nonresidents who work in the City, share in the funding of basic City services. Beginning in 2009, Indiana will cap property taxes at a percentage of the property's gross assessed value. Homesteads will be capped at 1%, other residential property at 2%, and commercial real and personal property at 3%. The caps will be phased in over a two-year period. The property tax reform is expected to reduce South Bend's property tax revenue in the General Fund and Park and Recreation Fund by \$20.1 million when the caps become fully effective in 2010. In light of the estimated reduction in property tax revenue, the City must diversify its revenue stream.

Currently the City's property taxpayers carry a disproportionate share of the cost of public safety (police and fire services) and general government functions (elected officials, legal, code enforcement and administration/finance). Approximately 74% of the total 2008 General Fund revenue was derived from property taxes. Public safety accounts for approximately 77% of total 2008 General Fund expenditures. Clearly, the Mayor and Common Council have established public safety as a high priority for the City of South Bend. In order to shift part of the financial burden for these services away from the City's homeowners, new sources of revenue need to be identified. Currently, two types of income taxes are in place to shift the property tax burden.

- Economic Development Income Tax (EDIT)** - This tax was first enacted as of July 1, 1995 at the rate of one tenth of one percent (0.1%) on the adjusted gross income of City residents (and some nonresidents). EDIT generated \$1,382,670 and \$1,466,029 for the City of South Bend in 1996 and 1997, respectively. The Common Council and St. Joseph County Council passed respective ordinances that increased the rate to two tenths of one percent (0.2%), which effectively doubled the City's distribution beginning in 1998. The City has received \$5,462,867 (2002), \$3,689,202(2003), \$3,448,688 (2004), \$3,464,152 (2005), \$4,013,475 (2006) and \$4,681,134 (2007) of EDIT distributions. In 2008 the City received \$4,244,971 in EDIT taxes. EDIT taxes are collected and administered by the Indiana Department of Revenue. The EDIT distribution is then remitted to St. Joseph County, which allocates these tax receipts between the county and the cities and towns in the county based on the proportionate amounts of property tax levy for each unit. The City's portion of the total county's EDIT has ranged from 35.1% to 39.3% over the past 10 years as the proportionate property tax levies have changed. The EDIT rate will remain at the current level (0.2%) unless further action is taken by the respective councils. The EDIT tax rate can legally be raised to four tenths of one percent (0.4%).
- County Option Income Tax (COIT)** - The Common Council and St. Joseph County Council enacted this tax effective July 1, 1997 at a rate of two tenths of one percent (0.2%), with an

increase of one tenth of one percent (0.1%) per year during the next four years. In 2002, the rate was set at its legal limit of six tenths of one percent (0.6%). The City would not have supported the new County Option Income Tax if it had not been accompanied by an accompanying ordinance which established an additional 6% homestead credit for property taxpayers. This additional homestead credit increased to 7% in 1999 and to 8% in 2000 (where it will remain at this level). Thus, as a result of the passage of this new tax, City property taxpayers were provided relief through a reduction in their property tax bills while the City was provided with an additional source of revenue that will eventually slow the growth of future property tax rate increases. The City received \$9,458,584 (2002), \$8,015,301(2003), \$7,001,199 (2004), \$5,490,218 (2005), \$6,410,405 (2006), \$8,072,623 (2007) from the County Option Income Tax. In 2008, the City received \$6,704,667 from the County Option Income Tax. COIT is a countywide tax and is allocated (net of homestead credits) between all taxing units within the county based on the proportionate amounts of property tax levy for each taxing unit. COIT taxes are collected by the Indiana Department of Revenue and remitted to St. Joseph County for distribution to the local units of government.

When the property tax reform was passed by the Indiana Legislature in 2008, it gave localities the ability to further increase income taxes by one percent and the ability to enact a quarter of a percent public safety tax. These taxes are to aid in replacing revenue lost to the property tax reform. However, to date, no further income tax increases have been enacted on the local level in South Bend or St. Joseph County.

As mentioned earlier, the City continues to look for other sources of revenue that will reduce its reliance on property taxes and has supported efforts of the Indiana Association of Cities and Towns to lobby the state legislature to provide alternate revenue sources. A viable source of revenue is from user fees and/or charges for services currently being performed. It is the City's desire to establish all user charges and fees at a level closely related to the full cost of providing the services while taking into consideration similar charges/fees being levied by other public and private providers. The City recalculates, on an annual basis, the full costs of activities supported by user fees (including Parks and Recreation Department programs and EMS ambulance services) to identify the impact of inflation and other cost increases. The City then revises user fees accordingly. As a result, overall charges for services and user fee revenues are anticipated to increase in line with annual operating and capital costs. Charges for services for governmental funds increased from \$15,832,139 in 2007 to \$17,030,160 in 2008 (page 39).

**General Government Expenditures.** The City breaks its general government expenditures into eight categories: general government, public safety, highways and streets, health and welfare, economic development, culture and recreation, debt service and capital outlay.

The following schedule presents a summary of general governmental expenditures for the year ended December 31, 2008 (page 39):

<u>Expenditures</u>	<u>2008 Amount</u>	<u>% of Total</u>
General Government	\$ 6,902,426	5.0%
Public Safety	50,413,055	36.5%
Highways and Streets	13,369,611	9.7%
Economic Development	9,726,718	7.0%
Health and Welfare	75,000	0.1%
Culture and Recreation	14,542,481	10.5%
Debt Service	16,298,296	11.8%
Capital Outlay	26,695,208	19.4%
<b>Total Expenditures</b>	<b>\$ <u>138,022,795</u></b>	<b><u>100.0%</u></b>

As one can see, the City spends more on public safety than any other activity, with 36.5% of all general governmental expenditures spent for this purpose. This is followed by spending on capital projects (19.4%), debt service payments on bonds and loans (11.8%), culture and recreation (i.e. parks) at 10.5%



and highways and streets (9.7%). The majority of capital outlay is for economic development projects (\$18,236,496).

**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 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 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 proprietary 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 three internal service funds. The City of South Bend uses internal service funds to account for its self-funded liability insurance program, employee health benefits program, and central services (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 the City's own programs. The City maintains four fiduciary funds, which consist of two pension trust funds (1925 Police Pension and 1937 Firefighter's Pension), one agency fund (Payroll) and one private-purpose trust fund (Cemetery).

**Pension Trust Fund Operations.** Most 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 participants retire.

The 1925 and 1937 Pension plans are funded through a combination of property taxes levied by the City, distributions from the State of Indiana Pension Relief Fund, operating transfers and other sources of revenue. As a result of State statutes that created these funds, the City is legally prevented from funding them in any other way than a "pay-as-you-go" basis. At December 31, 2008, the net assets in the 1925 Police Officer's Pension and 1937 Firefighter's Pension funds were \$2,549,705 and \$2,285,165, respectively (page 152). Beginning in 2009, due to the passage of State legislation, the Police and Firefighter's Pension Funds will be funded by the State of Indiana and will not receive property tax revenue. The transfer of pension costs 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 will remain with the City.

**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 notes, the report presents certain 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.

## Government-wide Financial Analysis

The financial analysis will focus on the *net assets* (Table 1) and *changes in net assets* (Table 2) of the City's governmental and business-type activities.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At December 31, 2008, the City's assets exceeded liabilities by \$392,566,699, an increase of \$3,149,399 from 2007. The majority of this increase can be attributed to increases in the net assets of business-type activities, which included increases in the Water and Wastewater utilities. This increase was due, in part, to higher sewer rates imposed to support capital improvements. The largest portion of the City's net assets, \$309,934,378 (79%), consists of the City's investment in capital assets (e.g. land, roads, storm sewers, water and sewer systems, buildings, vehicles and equipment) less any related outstanding debt used to acquire those assets. Capital assets are used to provide services to citizens and are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of South Bend  
Net Assets  
Table 1**

	Governmental Activities		Business type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Current and other Assets	\$ 234,715,762	\$ 184,595,696	\$ 52,044,370	\$ 63,141,721	\$ 286,760,132	\$ 247,737,417
Capital assets (net)	257,318,080	269,192,480	179,588,448	173,527,686	436,906,528	442,720,166
<b>Total assets</b>	<b>492,033,842</b>	<b>453,788,176</b>	<b>231,632,818</b>	<b>236,669,407</b>	<b>723,666,660</b>	<b>690,457,583</b>
<b>Liabilities:</b>						
Long-term liabilities Outstanding	212,834,703	176,241,282	79,405,969	88,725,371	292,240,672	264,966,653
Other Liabilities	26,678,423	24,391,084	12,180,866	11,682,546	38,859,289	36,073,630
<b>Total Liabilities</b>	<b>239,513,126</b>	<b>200,632,366</b>	<b>91,586,835</b>	<b>100,407,917</b>	<b>331,099,961</b>	<b>301,040,283</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	186,039,104	200,634,954	123,895,274	112,194,451	309,934,378	312,829,405
Restricted	11,077,687	5,370,627	8,630,542	8,273,527	19,708,229	13,643,884
Unrestricted	55,403,925	47,150,229	7,520,167	15,793,782	62,924,092	62,944,011
<b>Total net assets</b>	<b>252,520,716</b>	<b>253,155,810</b>	<b>140,045,983</b>	<b>136,261,490</b>	<b>392,566,699</b>	<b>389,417,300</b>

At December 31, 2008 the City was able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate governmental and business-type activities.

The net assets for government activities decreased by \$635,094 from \$253,155,810 at December 31, 2007 to \$252,520,716 at December 31, 2008. This decrease was due to planned spending on capital projects. The net assets for business-type net assets activities increased by \$3,784,493 from

\$136,261,490 at December 31, 2007 to \$140,045,983 at December 31, 2008. This increase was due primarily to the increased net assets in the Water and Wastewater Utilities during 2008.

City of South Bend  
Change in Net Assets  
Table 2

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
Program Revenue:						
Charges for Services	\$17,620,196	\$16,443,475	\$49,875,924	\$47,697,381	\$67,496,120	\$64,140,856
Operating grants and contributions	11,356,682	15,628,287	-	-	11,356,682	15,628,287
Capital Grants and contributions	1,176,783	960,502	1,209,380	1,253,332	2,386,163	2,213,834
General Revenue:						
Taxes						
Property taxes	76,109,499	77,120,683	-	-	76,109,499	77,120,683
Other taxes	11,011,183	14,189,548	-	-	11,011,183	14,189,548
Grants and contributions not restricted to specific programs	5,664,011	4,032,300	-	-	5,664,011	4,032,300
Investment Earnings	4,961,410	6,247,113	1,514,287	1,301,348	6,475,697	7,548,461
Other Revenue	6,470,035	5,016,902	-	-	6,470,035	5,016,902
<b>Total revenues</b>	<b>134,369,799</b>	<b>139,638,810</b>	<b>52,599,591</b>	<b>50,252,061</b>	<b>186,969,390</b>	<b>189,890,871</b>
<b>Expenses:</b>						
General Government	10,253,389	13,680,203	-	-	10,253,389	13,680,203
Public Safety	49,728,256	52,751,974	-	-	49,728,256	52,751,974
Highways and streets	22,292,012	17,904,129	-	-	22,292,012	17,904,129
Health and welfare	75,000	75,000	-	-	75,000	75,000
Culture and recreation	18,311,807	16,454,667	-	-	18,311,807	16,454,667
Economic Development	27,299,233	18,206,948	-	-	27,299,233	18,206,948
Interest on long-term debt	7,080,166	5,859,102	-	-	7,080,166	5,859,102
Water			13,492,744	13,061,750		
Wastewater			23,020,991	18,295,813	23,020,991	18,295,813
Civic center			3,562,285	3,490,103	3,562,285	3,490,103
Building department			1,108,940	1,090,327	1,108,940	1,090,327
Parking			1,466,200	1,444,146	1,466,200	1,444,146
Solid Waste			4,299,846	4,072,910	4,299,846	4,072,910
Golf course			1,829,122	1,811,801	1,829,122	1,811,801
<b>Total Expenses</b>	<b>135,039,863</b>	<b>124,932,023</b>	<b>48,780,128</b>	<b>43,266,850</b>	<b>183,819,991</b>	<b>168,198,873</b>
Change in net assets before transfers and special items	(5,132,278)	14,706,787	3,819,463	6,985,211	(1,312,815)	21,691,998
Transfers	34,970	3,735	(34,970)	(3,735)	-	-
Special Item - Well Field contamination lawsuit	4,462,214	-	-	-	4,462,214	-
<b>Change in net assets</b>	<b>(635,094)</b>	<b>14,710,522</b>	<b>3,784,493</b>	<b>6,981,476</b>	<b>3,149,399</b>	<b>21,691,998</b>
Beginning net assets (restated)	253,155,810	238,445,288	136,261,490	129,280,014	389,417,300	367,725,302
<b>Ending net assets</b>	<b>\$252,520,716</b>	<b>\$253,155,810</b>	<b>\$140,045,983</b>	<b>\$136,261,490</b>	<b>\$392,566,699</b>	<b>\$389,417,300</b>

## **Governmental Activities**

Net assets decreased by \$635,094 during 2008. Total revenue decreased by \$5,269,011 and total expenses increased by \$10,107,840. The majority of the revenue decrease was due to a non-recurring true up distribution, by the Indiana Department of Revenue, of income taxes that was received in 2007 (\$3,234,524) and lower interest revenue (\$1,285,703) in 2008. The increase in expenses was due primarily to increases in spending in the areas of highways and streets and economic development. Such spending included an increase in the paving program, the widening of Miami Road and Portage Avenue, continued remediation of the former Studebaker Automobile Plant site, the start of construction of Eddy Street Commons near the University of Notre Dame and improvements to Century Center (convention center). The special item in the amount of \$4,462,211 was for a payment received from a private company in settlement of a class action lawsuit, to which the City was a party, for well field contamination. The proceeds are being set aside in a separate fund to be used mainly for environmental projects.

## **Business-type Activities**

Business-type activities had an increase in net assets of \$3,784,493 during 2008. The increase was due primarily to higher billing rates in the Wastewater utility. The increased revenue will finance long-term capital development at the Wastewater Treatment Plant and the City's Combined Sewer Overflow (CSO) program to separate storm and drain sewers. As a result of these planned projects, total expenses for business-type activities increased by \$5,513,278 (12.7%) during 2008 due to higher operating and capital costs in Wastewater.

## **Financial Analysis of the Governments' Funds**

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

At December 31, 2008, the City's governmental funds reported a combined ending fund balance of \$205,873,595 (page 37). Of this total ending fund balance, a total of \$143,796,698 (69.8%) was in unreserved fund balance, which is available for spending at the City's discretion. The majority of this unreserved fund balance was for capital projects (\$87,571,056) that have been designated by the Common Council, the Board of Public Works or the South Bend Redevelopment Commission. The balance of unreserved fund balance not in capital project funds was \$56,225,642. The remainder of total fund balance (\$62,076,897) is reserved for various reasons such as for encumbrances, debt service, property held for resale and advances to other funds and is not available for new spending.

The General Fund is the City's primary operating fund. At December 31, 2008, the total General Fund balance was \$27,416,584, an increase of \$3,655,831 (15.4%) during 2008 (page 37). This increase in General Fund balance was due primarily to the fact that revenues exceeded expenditures, before other financing sources and uses, by \$4,226,554. The unreserved fund balance of the General Fund was \$24,171,313 at December 31, 2008. Of this amount, \$13,600,000 (20% of budgeted operating expenditures) was designated as a contingency for cash flow due to St. Joseph County's expected delay in mailing out 2008 property tax bills, \$711,507 was designated to cover year-end cash deficits in the parking garage fund and central services fund, and \$9,859,806 was available for the City's general fund capital program that is traditionally funded at the beginning of each calendar year with dollars remaining at the end of the prior calendar year. However, the majority of these funds will be used to offset the estimated \$9 million reduction in 2009 property tax revenues discussed later in the section titled *Economic Factors and Next Year's Budget*.

The Parks and Recreation Fund had a decrease in fund balance of \$153,733 during 2008 (page 39). The reason for this decrease was that revenue (primarily due to property taxes and user charges) was slightly less than expenditures during the year. Certain operating costs such as fuel were higher than originally



budgeted. At December 31, 2008, total fund balance in the Parks and Recreation Fund was \$2,699,626. The unreserved fund balance of \$2,643,285 included \$1,901,400 (15% of budgeted operating expenditures) designated as cash flow contingency and the remaining \$741,885 available for the 2009 capital program. However, like in the General Fund, the capital dollars will be needed to offset the estimated \$1.2 million reduction in 2009 property tax revenues discussed later in the section titled *Economic Factors and Next Year's Budget*.

The TIF Airport and County Option Income Tax (COIT) funds are used to account for major capital construction projects and certain debt service payments. The fund balance in the TIF Airport Fund increased by \$10,140,602 during 2008, while the fund balance in the COIT fund increased by \$925,654 during 2008 (page 39). The TIF Airport fund balance increased due to transfers of \$1.76 million dollars from the Sample/Ewing TIF fund which was closed out during 2008 and due to higher property tax revenue. The TIF Airport fund is a major success for the City of South Bend and has generated over 500,000 million dollars in private investment since its inception. The COIT fund increased due to higher income tax receipts than estimated and lower expenditures than anticipated. At December 31, 2008, the unreserved fund balances in the TIF Airport and COIT funds were \$27,879,112 and \$4,512,956, respectively. These fund balances represent resources that City has to meet some of its future capital construction needs and ongoing debt service obligations.

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

**Proprietary funds.** Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. Internal service funds are used to account for services provided to other City departments and funds on a cost-reimbursement basis. The City maintains seven enterprise funds and three internal service funds. The basic proprietary fund financial statements can be found later in this report.

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

### **General Fund Budgetary Highlights**

The City adopts an annual appropriated budget for its General Fund. The City prepares its budgets using the cash basis of accounting. For 2008, the original General Fund expenditure budget was \$67,300,000 (page 88). During the year, additional appropriations of \$4,273,875 were made (primarily for capital and encumbrance rollovers) resulting in an ending General Fund expenditure budget of \$71,573,875. The General Fund budget is reviewed on a monthly basis by staff and budget amendments between cost categories (i.e. personnel, supplies, services, capital) are approved as needed by the Common Council. Throughout the year, actual expenditures are monitored and projected and the budget is amended to prevent any budget overruns. The City tries to work within its original budget by increasing categories that will exceed the budget while at the same time decreasing other categories that are under budget. Actual General Fund expenditures on a budgetary basis (cash expended and outstanding encumbrances at year end) were \$68,140,040 during 2008, which was \$3,433,835 (4.8%) less than the amended budget due primarily to savings in personnel costs.

General Fund revenue was originally budgeted at \$69,045,926 for 2008 (page 86). During the year, the General Fund revenue budget was reduced by \$1,125,227 (primarily due to revision of estimated property tax revenue) to \$67,920,699. During 2008, actual General Fund revenue was \$33,930,404, which was \$33,990,295 (50%) less than budgeted. The principal reason for this shortfall was that St. Joseph County experienced delays in property tax rate certification and billings. A total of \$14,574,480 in property tax revenue was received in the General Fund during 2008, which is 28.5% of budget. It is anticipated that the remaining property tax will be collected during 2009.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for governmental and business type activities was \$436,906,528 (net accumulated depreciation) at December 31, 2008 (page 34). The largest components of this investment in capital assets are in streets and roads (\$147,813,035 net of depreciation) and

buildings (\$135,495,373 net) at December 31, 2008. This investment in capital assets also includes land, land improvements, building improvements, vehicles, construction in progress, computers and equipment. A detailed explanation of these capital assets can be found in the Notes to the Basic Financial Statements starting on page 59.

Under the category of roads, the amount of \$366,086,462 consists of 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.

**City of South Bend Capital Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Capital assets not being depreciated:						
Land	\$11,539,931	\$11,539,931	\$3,020,575	\$3,020,575	\$14,560,506	\$14,560,506
Construction in Progress	1,966,657	5,583,032	15,117,137	7,773,770	17,083,794	13,356,802
<b>Total capital assets not being depreciated</b>	<b>13,506,588</b>	<b>17,122,963</b>	<b>18,137,712</b>	<b>10,794,345</b>	<b>31,644,300</b>	<b>27,917,308</b>
Capital assets being depreciated:						
Building	104,261,693	102,887,451	99,069,623	98,155,502	203,331,316	201,042,953
Improvements other than buildings	15,383,288	12,386,035	113,300,648	109,865,555	128,683,936	122,251,590
Machinery & equipment	40,741,069	39,651,772	44,626,442	44,986,487	85,367,511	84,638,259
Roads	366,086,462	366,086,462	0	0	366,086,462	366,086,462
<b>Total Cost</b>	<b>526,472,512</b>	<b>521,011,720</b>	<b>256,996,713</b>	<b>253,007,544</b>	<b>783,469,225</b>	<b>774,019,264</b>
Less accumulated depreciation for:						
Buildings	28,867,345	26,303,715	38,968,598	36,738,755	67,835,943	63,042,470
Improvements/Machinery/Equipment	35,520,248	33,814,907	56,577,379	53,535,448	92,097,627	87,350,355
Roads	218,273,427	208,823,581	0	0	218,273,427	208,823,581
<b>Total Acc. Depreciation</b>	<b>282,661,020</b>	<b>268,942,203</b>	<b>95,545,977</b>	<b>90,274,203</b>	<b>378,206,997</b>	<b>359,216,406</b>
<b>Total capital assets, being depreciated, net</b>	<b>243,811,492</b>	<b>252,069,517</b>	<b>161,450,736</b>	<b>162,733,341</b>	<b>405,262,228</b>	<b>414,802,858</b>
<b>Total activity capital assets, net</b>	<b>\$257,318,080</b>	<b>\$269,192,480</b>	<b>\$179,588,448</b>	<b>\$173,527,686</b>	<b>\$436,906,528</b>	<b>\$442,720,166</b>

**Major 2008 capital asset projects include the following:**

- LED Traffic Signals - \$1.5 million (innovative technology - 85% savings in energy costs).
- Lease/purchase of 48 police patrol vehicles - \$964 thousand

- On-going street paving program - \$2.1 million
- Riverside Trail Bikeway/Walkway - \$2.3 million
- New Fire Station No. 2 - \$2.4 million
- CSOnet – Sewer Overflow Prevention System - \$1.9 million
- Wastewater Treatment Plant – Primary Aeration Channel Modifications - \$ 4.1 million
- Leeper Park Tennis Center Renovation and Resurfacing - \$247 thousand
- Miami Road widening - \$275 thousand
- Portage Avenue improvements - \$805 thousand
- Potawatomi Zoo upgrades - \$509 thousand
- Elbel golf course irrigation system - \$500 thousand

**Debt Administration.** At December 31, 2008, the City had a number of debt issues outstanding. The following is a summary of debt transactions during 2008:

<u>Type</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Revenue Bonds	\$151,715,000	\$40,655,000	\$9,595,000	\$182,775,000
Mortgage Bonds	26,884,644	-0--	1,471,345	25,413,299
Notes/Loans	26,281,149	4,075,672	3,781,382	26,575,439
Capital Leases	8,822,881	990,194	1,796,205	8,016,870
<b>Total</b>	<b><u>\$213,703,674</u></b>	<b><u>\$45,720,866</u></b>	<b><u>\$16,643,932</u></b>	<b><u>\$242,780,608</u></b>

During 2008, the City issued lease rental revenue bonds in the amount of \$36,000,000 for public improvements at Eddy Street Commons, a mixed-use development near the University of Notre Dame. The debt service on these bonds will be paid by property tax revenues received generated by the development in the form of tax increment financing. In addition, the City issued Special Tax Revenue bonds in the amount of \$4,655,000 for improvements at Century Center and \$4,000,000 in Housing and Urban Development Section 108 loans for cleanup and improvements at the Studebaker Corridor site. During 2008 the City also entered into a five-year capital lease in the amount of \$963,508 for the replacement of 48 police patrol vehicles. Overall, the City's debt increased by \$29,076,934 during 2008, from \$213,703,674 at December 31, 2007 to \$242,780,608 at December 31, 2008.

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, 2008.

A detailed listing of this debt can be found in the Notes to the Basic Financial Statements starting on page 63. A calculation of the City's legal debt limitation can be found in the statistical section of this document on page 180.

### Economic Factors and Next Year's Budgets

As noted earlier, property taxes are the City's largest source of revenue. Under current legislation, all Indiana localities assess properties based on market value. Each year properties are trended. This process involves comparing property values to sales activity in the area and adjusting the current assessed values up or down according to the trended data. This process, as well as the number of taxpayer appeals, is affecting the timely processing of property tax bills and the amount of property taxes received by the City. In addition to the aforementioned assessment process, 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. The impact of this legislation (known as "circuit breaker" legislation) will be phased in beginning in 2009 and will have a significant impact on future City operating and capital budgets. The General Fund and the Park and Recreation Fund are the funds mainly affected by the circuit breaker caps. The General Fund is projected to lose \$9 million dollars in 2009 and \$18.7 million dollars in 2010 while the Parks and Recreation fund is projected to lose \$1.2 million dollars in 2009 and \$2.4 million dollars in 2010. These estimates were provided by Indiana Legislative Services on March 23, 2009. The City is currently

assessing the impact of this legislation and is in the process of developing, in conjunction with its citizens, appropriate and prudent financial spending plans to deal with the fiscal effects.

### **Future Economic Development Projects**

The City of South Bend is in the midst of many exciting economic development projects that will continue into 2009. These projects include:

- **Eddy Street Commons** – a \$220 million dollar mixed-use development including two hotels, more than 20 stores and restaurants, office space and hundreds of town homes, apartments and condominiums. This is the region’s largest single development in decades.
- **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.
- **Courtyard by Marriott** – a new \$38 million dollar, 300 room hotel to be built in the downtown business district. This development will include a 210-car parking garage and will be located across the street from the City’s convention center (Century Center).
- **All-American Plaza** – restoration of the historic 83-year old structure at Michigan and Washington Streets downtown as part of a \$9 million dollar project, including an addition with new retail, offices, condominiums, parking and a rooftop green space.
- **Civil Rights Heritage Center** – sponsored by the Indiana University at South Bend, the renovation of the City Natatorium will change a symbol of segregation into a place of celebration of our racial and cultural diversity.
- **WNIT-TV** – a well established, public television station is moving into the downtown area with a high-tech façade that will forever change the face of a key downtown intersection.
- **Kroc Center** – a \$22.5 million dollar world-class youth and family center to be built on the corner of Western and Chapin Streets in South Bend. The Center will be funded primarily by a \$42.5 million dollar grant from the Ray and Joan Kroc Foundation and \$10 million dollars in private donations. An operating endowment of \$30 million dollars will also be established. This will be the only center of its kind in the State of Indiana.
- **Century Center Improvements** – major improvements at the landmark convention center built in the 1970’s including skylights, mechanical systems and island park renovation.

### **Requests for Information**

This financial report is designed to provide a general overview of the finances of the City of South Bend, Indiana. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

M. Catherine Fanello, City Controller  
City of South Bend  
Department of Administration and Finance  
227 W. Jefferson Boulevard, 12<sup>th</sup> Floor  
South Bend, Indiana 46601  
Telephone – (574) 235-5887 Fax – (574) 235-9928  
Email – cfanello@southbendin.gov



CITY OF SOUTH BEND  
STATEMENT OF NET ASSETS  
December 31, 2008

<u>Assets</u>	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Cash and cash equivalents	\$ 112,389,159	\$ 12,955,262	\$ 125,344,421
Cash with fiscal agent	276,200	-	276,200
Investments	95,001	-	95,001
Receivables (net of allowances for uncollectibles):			
Interest	307,837	22,398	330,235
Taxes	69,748,477	-	69,748,477
Accounts	2,374,191	2,735,289	5,109,480
Intergovernmental	857,202	-	857,202
Loans	7,859,154	-	7,859,154
Internal balances	3,311,780	(3,311,780)	-
Inventories	675,631	524,838	1,200,469
Prepaid expense	154,396	37,048	191,444
Deferred charges	1,917,843	5,186,615	7,104,458
Restricted assets:			
Cash and cash equivalents	13,950,880	32,953,413	46,904,293
Investments	1,766,965	682,000	2,448,965
Interest receivable	11,394	102,276	113,670
Taxes receivable	1,161,135	-	1,161,135
Accounts receivable	-	157,011	157,011
Property held for resale	17,858,517	-	17,858,517
Capital assets:			
Land and construction in progress	13,506,588	18,137,712	31,644,300
Other capital assets, net of depreciation	<u>243,811,492</u>	<u>161,450,736</u>	<u>405,262,228</u>
Total assets	<u>492,033,842</u>	<u>231,632,818</u>	<u>723,666,660</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, 2008  
(Continued)

Liabilities	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Accounts payable	4,042,064	1,091,787	5,133,851
Accrued payroll payable	1,729,802	311,035	2,040,837
Unearned revenue	-	357,797	357,797
Contracts payable	3,432,177	-	3,432,177
Taxes payable	10,981	53,988	64,969
Customer deposits	1,420,685	143,683	1,564,368
Accrued interest payable	1,146,863	-	1,146,863
Estimate of unfilled claims	705,645	-	705,645
Other current payables	11,786	-	11,786
Payable from restricted assets:			
Accounts payable	-	760,333	760,333
Contracts payable	-	706,186	706,186
Customer deposits	-	1,336,276	1,336,276
Accrued interest payable	1,644,371	285,883	1,930,254
Noncurrent liabilities:			
Due within one year:			
Mortgage bonds payable	1,473,317	49,815	1,523,132
Compensated absences	3,405,349	504,429	3,909,778
Revenue bonds payable	4,335,000	4,690,000	9,025,000
Capital lease obligations	1,171,574	376,283	1,547,857
Notes and loans payable	2,148,809	1,513,371	3,662,180
Due in more than one year:			
Mortgage bonds payable (net of discounts or premiums)	23,321,467	818,201	24,139,668
Compensated absences	1,145,137	-	1,145,137
Revenue bonds payable (net of discounts or premiums)	111,702,442	62,795,534	174,497,976
Capital lease obligations	6,216,869	252,144	6,469,013
Notes and loans payable	7,394,981	15,518,278	22,913,259
Unamortized gain on sale/leaseback	-	21,812	21,812
Net other postemployment benefits obligation	1,025,741	-	1,025,741
Net pension obligation	62,028,066	-	62,028,066
<b>Total liabilities</b>	<b>239,513,126</b>	<b>91,586,835</b>	<b>331,099,961</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	186,039,104	123,895,274	309,934,378
Restricted for:			
Debt service	11,077,687	6,197,368	17,275,055
Capital outlay	-	2,433,174	2,433,174
Unrestricted	55,403,925	7,520,167	62,924,092
<b>Total net assets</b>	<b>\$ 252,520,716</b>	<b>\$ 140,045,983</b>	<b>\$ 392,566,699</b>

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, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 10,253,389	\$ 6,647,223	\$ 143,200	\$ 419,727	\$ (3,043,239)	\$ -	\$ (3,043,239)
Public safety	49,728,256	5,035,433	744,316	-	(43,948,507)	-	(43,948,507)
Highways and streets	22,292,012	-	6,285,641	-	(16,006,371)	-	(16,006,371)
Economic development	27,299,233	636,722	3,486,943	167,436	(23,008,132)	-	(23,008,132)
Health and welfare	75,000	-	-	-	(75,000)	-	(75,000)
Culture and recreation	18,311,807	5,300,818	696,582	589,620	(11,724,787)	-	(11,724,787)
Interest on long-term debt	7,080,166	-	-	-	(7,080,166)	-	(7,080,166)
<b>Total governmental activities</b>	<b>135,039,863</b>	<b>17,620,196</b>	<b>11,356,682</b>	<b>1,176,783</b>	<b>(104,886,202)</b>	<b>-</b>	<b>(104,886,202)</b>
<b>Business-type activities:</b>							
Water	13,492,744	14,926,833	-	473,676	-	1,907,765	1,907,765
Wastewater	23,020,991	23,567,973	-	-	-	546,982	546,982
Civic center	3,562,285	3,370,802	-	735,704	-	544,221	544,221
Building department	1,108,940	1,169,788	-	-	-	60,848	60,848
Parking	1,466,200	1,003,889	-	-	-	(462,311)	(462,311)
Solid waste	4,299,846	4,343,120	-	-	-	43,274	43,274
Golf course	1,829,122	1,493,519	-	-	-	(335,603)	(335,603)
<b>Total business-type activities</b>	<b>48,780,128</b>	<b>49,875,924</b>	<b>-</b>	<b>1,209,380</b>	<b>-</b>	<b>2,305,176</b>	<b>2,305,176</b>
<b>Total primary government</b>	<b>\$ 183,819,991</b>	<b>\$ 67,496,120</b>	<b>\$ 11,356,682</b>	<b>\$ 2,386,163</b>	<b>(104,886,202)</b>	<b>2,305,176</b>	<b>(102,581,026)</b>
<b>General revenues:</b>							
Property taxes					76,109,499	-	76,109,499
County option income tax					5,813,846	-	5,813,846
Economic development income tax					3,788,754	-	3,788,754
Professional sports development tax					453,268	-	453,268
Community revitalization enhancement district tax					955,315	-	955,315
Grants and contributions not restricted to specific programs					5,664,011	-	5,664,011
Unrestricted investment earnings					4,961,410	1,514,287	6,475,697
Other					2,007,821	-	2,007,821
Transfers					34,970	(34,970)	-
<b>Total general revenues and transfers</b>					<b>99,788,894</b>	<b>1,479,317</b>	<b>101,268,211</b>
<b>Special item:</b>							
Well field contamination settlement					4,462,214	-	4,462,214
<b>Change in net assets</b>					<b>(635,094)</b>	<b>3,784,493</b>	<b>3,149,399</b>
Net assets - beginning (restated)					253,155,810	136,261,490	389,417,300
<b>Net assets - ending</b>					<b>\$ 252,520,716</b>	<b>\$ 140,045,983</b>	<b>\$ 392,566,699</b>

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

CITY OF SOUTH BEND  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2008

<u>Assets</u>	<u>General</u>	<u>Park and Recreation</u>	<u>TIF Airport</u>	<u>COIT</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 10,037,239	\$ 1,470,683	\$ 14,595,961	\$ 4,774,105	\$ 91,691,029	\$ 122,569,017
Cash with fiscal agent	250,000	-	-	-	26,200	276,200
Investments	-	-	-	-	1,861,966	1,861,966
Receivables (net of allowances for uncollectibles):						
Interest	31,744	-	50,102	17,683	187,467	286,996
Taxes	36,690,132	6,059,167	12,200,319	2,577,297	13,382,697	70,909,612
Accounts	482,910	4,809	55,660	-	1,550,840	2,094,219
Intergovernmental	136,199	-	-	-	692,734	828,933
Loans	-	-	-	200,000	7,659,154	7,859,154
Interfund receivable:						
Interfund loans	711,207	-	2,810,000	2,480,000	10,248,438	16,249,645
Interfund services provided and used	32,989	-	-	31,546	4,871	69,406
Inventories	-	56,341	-	-	-	56,341
Advances to other funds	1,750,000	-	3,379,500	-	783,483	5,912,983
Property held for resale	240,432	-	6,445,237	1,880,747	9,292,101	17,858,517
<b>Total assets</b>	<b><u>\$ 50,362,852</u></b>	<b><u>\$ 7,591,000</u></b>	<b><u>\$ 39,536,779</u></b>	<b><u>\$ 11,961,378</u></b>	<b><u>\$ 137,380,980</u></b>	<b><u>\$ 246,832,989</u></b>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ 1,870,128	\$ 158,012	\$ 89,464	\$ 63,898	\$ 1,066,165	\$ 3,247,667
Accrued payroll payable	1,180,112	172,645	-	-	315,083	1,667,840
Contracts payable	84,337	-	479,135	100,000	2,768,705	3,432,177
Interfund payable:						
Interfund loans	18,103,000	4,535,000	-	88,438	1,163,000	23,889,438
Interfund services provided and used	509,589	23,512	-	-	270,210	803,311
Taxes payable	9,726	1,255	-	-	-	10,981
Customer deposits	1,006,932	950	-	-	-	1,007,882
Deferred revenue	-	-	-	2,577,297	1,364,729	3,942,026
Performance deposits payable	182,444	-	54,337	-	176,022	412,803
Other current payables	-	-	-	-	11,786	11,786
Advances from other funds	-	-	-	-	2,533,483	2,533,483
<b>Total liabilities</b>	<b><u>22,946,268</u></b>	<b><u>4,891,374</u></b>	<b><u>622,936</u></b>	<b><u>2,829,633</u></b>	<b><u>9,669,183</u></b>	<b><u>40,959,394</u></b>
Fund balances:						
Reserved for:						
Encumbrances	1,254,839	-	1,209,994	2,571,375	11,246,532	16,282,740
Noncurrent loans receivable	-	-	-	166,667	6,072,275	6,238,942
Inventory	-	56,341	-	-	-	56,341
Property held for resale	240,432	-	6,445,237	1,880,747	9,292,101	17,858,517
Debt service	-	-	-	-	15,727,374	15,727,374
Advances to other funds	1,750,000	-	3,379,500	-	783,483	5,912,983
Unreserved:						
Designated for cash flow contingency	14,171,207	1,901,400	-	-	-	16,072,607
General fund, undesignated	10,000,106	-	-	-	-	10,000,106
Special revenue funds, undesignated	-	741,885	-	-	29,411,044	30,152,929
Capital projects funds, undesignated	-	-	27,879,112	4,512,956	55,178,988	87,571,056
<b>Total fund balances</b>	<b><u>27,416,584</u></b>	<b><u>2,699,626</u></b>	<b><u>38,913,843</u></b>	<b><u>9,131,745</u></b>	<b><u>127,711,797</u></b>	<b><u>205,873,595</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 50,362,852</u></b>	<b><u>\$ 7,591,000</u></b>	<b><u>\$ 39,536,779</u></b>	<b><u>\$ 11,961,378</u></b>	<b><u>\$ 137,380,980</u></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, 2008  
(Continued)

	Totals
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.	255,884,149
Prepaid expenses (\$154,396) and deferred charges (\$1,917,843) are not available to pay for current period expenditures and, therefore are deferred in the funds.	2,072,239
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.	12,810,107
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Deferred revenues	3,942,026
Bonds payable	(139,774,464)
Less: Deferred charge on refunding (to be amortized as interest expense)	599,762
Less: Issuance discount or (premium) (to be amortized as interest expense)	(1,657,524)
Capital leases payable	(7,388,443)
Notes payable	(9,543,790)
Net other postemployment benefits obligation	(1,025,741)
Net pension obligation	(62,028,066)
Short-term liabilities that are not recognized in governmental funds until due:	
Accrued interest payable	(2,791,234)
Compensated absences payable	(4,451,900)
Net assets of governmental activities	\$ 252,520,716

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



CITY OF SOUTH BEND  
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

	General	Park and Recreation	TIF Airport	COIT	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
<b>Taxes</b>						
Property	\$ 51,264,612	\$ 8,520,268	\$ 12,233,719	\$ -	\$ 12,554,133	\$ 84,572,732
County option income	-	-	-	6,192,452	512,215	6,704,667
County economic development income	-	-	-	-	4,244,971	4,244,971
Professional sports development tax	-	-	-	-	453,268	453,268
Community revitalization enhancement district	-	-	-	-	955,315	955,315
Licenses and permits	177,329	-	-	-	-	177,329
Intergovernmental	5,479,236	602,700	150,847	-	11,963,335	18,196,118
Charges for services	9,743,953	3,008,639	-	-	4,277,568	17,030,160
Fines and forfeits	256,710	2,525	-	-	153,472	412,707
Interest	1,338,436	12,910	707,447	148,107	2,755,868	4,962,768
Donations	17,309	20,346	-	-	78,691	116,346
Sale of property	41,837	5,934	-	-	1,748	49,519
Other	611,867	71,962	194,301	-	963,826	1,841,956
<b>Total revenues</b>	<b>68,931,289</b>	<b>12,245,284</b>	<b>13,286,314</b>	<b>6,340,559</b>	<b>38,914,410</b>	<b>139,717,856</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	6,287,439	-	-	-	614,987	6,902,426
Public safety	49,751,393	-	-	-	661,662	50,413,055
Highways and streets	6,736,363	-	-	-	6,633,248	13,369,611
Economic development	174,969	-	-	-	9,551,749	9,726,718
Health and welfare	75,000	-	-	-	-	75,000
Culture and recreation	1,579,076	11,895,558	-	-	1,067,847	14,542,481
<b>Debt service:</b>						
Principal	43,320	78,383	1,245,000	374,048	7,299,344	9,040,095
Interest and fiscal charges	57,175	1,859	870,635	211,397	5,272,397	6,413,463
Bond issuance costs	-	-	-	-	844,738	844,738
<b>Capital outlay:</b>						
General government	-	-	-	2,405,529	1,851,615	4,257,144
Public safety	-	-	-	100,000	1,534,032	1,634,032
Highway and streets	-	-	-	-	379,729	379,729
Economic development	-	-	2,409,080	-	15,827,416	18,236,496
Culture and recreation	-	-	-	71,967	2,115,840	2,187,807
<b>Total expenditures</b>	<b>64,704,735</b>	<b>11,975,800</b>	<b>4,524,715</b>	<b>3,162,941</b>	<b>53,654,604</b>	<b>138,022,795</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,226,554</b>	<b>269,484</b>	<b>8,761,599</b>	<b>3,177,618</b>	<b>(14,740,194)</b>	<b>1,895,061</b>
<b>Other financing sources (uses):</b>						
Transfers in	316,701	-	1,764,424	130,093	8,363,407	10,574,625
Transfers out	(887,424)	(423,217)	(385,421)	(2,382,057)	(6,461,536)	(10,539,655)
Debt issuance	-	-	-	-	45,622,808	45,622,808
Premium (discount) on debt issuance	-	-	-	-	1,626,186	1,626,186
<b>Total other financing sources and uses</b>	<b>(570,723)</b>	<b>(423,217)</b>	<b>1,379,003</b>	<b>(2,251,964)</b>	<b>49,150,865</b>	<b>47,283,964</b>
<b>Special item:</b>						
Well field contamination settlement	-	-	-	-	4,462,214	4,462,214
<b>Net change in fund balances</b>	<b>3,655,831</b>	<b>(153,733)</b>	<b>10,140,602</b>	<b>925,654</b>	<b>38,872,885</b>	<b>53,441,239</b>
<b>Fund balances - beginning</b>	<b>23,760,753</b>	<b>2,853,359</b>	<b>28,773,241</b>	<b>8,206,091</b>	<b>88,838,912</b>	<b>152,432,356</b>
<b>Fund balances - ending</b>	<b>\$ 27,416,584</b>	<b>\$ 2,699,626</b>	<b>\$ 38,913,843</b>	<b>\$ 9,131,745</b>	<b>\$ 127,711,797</b>	<b>\$ 205,873,595</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, 2008

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).	\$ 53,441,239
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	3,312,081
Depreciation expense	(15,039,094)
Loss on disposal of assets	(139,838)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(9,810,271)
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	(40,655,000)
Premium on bonds	(1,626,186)
Loans	(4,000,000)
Capital leases	(967,808)
Principal debt payments:	
Bonds	5,408,375
Loans	2,356,868
Capital leases	1,274,852
Amortization expenses	793,334
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	35,534
Interest expense	(615,299)
Compensated absences	(110,918)
Change in net pension asset and net pension obligation	1,156,191
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.	4,550,846
Change in net assets of governmental activities (statement of activities)	\$ (635,094)

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, 2008

Assets	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Funds
Current assets:						
Cash and cash equivalents	\$ 2,479,494	\$ 9,493,614	\$ 497,542	\$ 484,612	\$ 12,955,262	\$ 3,771,022
Interest receivable	-	22,103	-	295	22,398	32,235
Accounts receivable (net of allowance)	745,769	1,483,925	87,690	378,055	2,695,439	279,972
Accounts receivable - other	19,082	9,754	3,724	7,290	39,850	-
Interfund receivables:						
Interfund loans	-	-	-	-	-	8,351,000
Interfund services provided and used	274,727	178,118	-	-	452,845	489,645
Intergovernmental receivable	-	-	-	-	-	28,269
Inventories	246,679	259,340	-	18,819	524,838	619,290
Prepaid items	15,020	-	22,028	-	37,048	-
Restricted assets:						
Cash and cash equivalents:						
Repair fund	234,977	295,206	-	-	530,183	-
Customer deposits	1,330,520	-	-	-	1,330,520	-
Revenue bond covenant accounts	1,790,150	3,332,805	-	1,351,505	6,474,460	-
Capital outlay accounts	658,772	23,010,347	947,912	1,219	24,618,250	-
Investments:						
Capital outlay accounts	-	-	682,000	-	682,000	-
Accounts receivable	62,886	94,125	-	-	157,011	-
Interest receivable	16,209	76,626	6,485	2,956	102,276	-
<b>Total current assets</b>	<b>7,874,285</b>	<b>38,255,963</b>	<b>2,247,381</b>	<b>2,244,751</b>	<b>50,622,380</b>	<b>13,571,433</b>
Noncurrent assets:						
Deferred charges						
Unamortized debt issue costs	566,320	663,695	-	18,064	1,248,079	-
Unamortized loss on sale/leaseback	-	-	-	3,938,536	3,938,536	-
<b>Total deferred charges</b>	<b>566,320</b>	<b>663,695</b>	<b>-</b>	<b>3,956,600</b>	<b>5,186,615</b>	<b>-</b>
Capital assets:						
Land and construction in progress	504,706	14,792,793	1,259,724	1,580,489	18,137,712	-
Other capital assets (net of accumulated depreciation)	58,962,483	82,620,498	12,616,895	7,250,860	161,450,736	1,433,931
<b>Total capital assets</b>	<b>59,467,189</b>	<b>97,413,291</b>	<b>13,876,619</b>	<b>8,831,349</b>	<b>179,588,448</b>	<b>1,433,931</b>
<b>Total noncurrent assets</b>	<b>60,033,509</b>	<b>98,076,986</b>	<b>13,876,619</b>	<b>12,787,949</b>	<b>184,775,063</b>	<b>1,433,931</b>
<b>Total assets</b>	<b>67,907,794</b>	<b>136,332,949</b>	<b>16,124,000</b>	<b>15,032,700</b>	<b>235,397,443</b>	<b>15,005,364</b>

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, 2008  
(Continued)

	Business-Type Activities - Enterprise Funds				Governmental Activities	
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Funds
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	283,134	315,638	141,359	351,656	1,091,787	794,397
Interfund payables:						
Interfund loans	-	-	-	178,158	178,158	533,049
Interfund services provided and used	26,846	64,980	20,697	62,428	174,951	1,618
Accrued payroll payable	107,553	136,920	-	66,562	311,035	61,962
Compensated absences	205,519	205,027	-	93,883	504,429	98,586
Unearned revenue	-	-	357,797	-	357,797	-
Taxes payable	53,309	-	679	-	53,988	-
Customer deposits	-	-	143,683	-	143,683	-
Estimate of unfilled claims	-	-	-	-	-	705,645
Current liabilities payable from restricted assets:						
Accounts payable	81,279	634,882	44,172	-	760,333	-
Interfund payables:						
Interfund services provided and used	-	32,016	-	-	32,016	-
Contracts and retainage payable	-	706,186	-	-	706,186	-
Customer deposits	1,336,276	-	-	-	1,336,276	-
Mortgage bonds payable	-	49,815	-	-	49,815	-
Revenue bonds payable	2,345,000	1,825,000	-	520,000	4,690,000	-
Capital leases payable	4,048	42,520	-	329,715	376,283	-
Notes and loans payable	136,871	1,305,000	71,500	-	1,513,371	-
Accrued interest payable	-	232,340	2,498	51,045	285,883	-
Total current liabilities	<u>4,579,835</u>	<u>5,550,324</u>	<u>782,385</u>	<u>1,653,447</u>	<u>12,565,991</u>	<u>2,195,257</u>
Noncurrent liabilities:						
Advances from other funds	-	-	-	3,379,500	3,379,500	-
Mortgage bonds payable (net of unamortized discount)	-	818,201	-	-	818,201	-
Revenue bonds payable (net of unamortized discounts, premiums, and deferred amount on refunding)	12,859,637	47,728,367	-	2,207,530	62,795,534	-
Capital leases payable	16,291	66,923	-	168,930	252,144	-
Notes and loans payable	1,607,160	13,682,993	228,125	-	15,518,278	-
Unamortized gain on sale/leaseback	-	-	-	21,812	21,812	-
Total noncurrent liabilities	<u>14,483,088</u>	<u>62,296,484</u>	<u>228,125</u>	<u>5,777,772</u>	<u>82,785,469</u>	<u>-</u>
Total liabilities	<u>19,062,923</u>	<u>67,846,808</u>	<u>1,010,510</u>	<u>7,431,219</u>	<u>95,351,460</u>	<u>2,195,257</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt	42,498,182	56,759,864	13,576,994	11,060,234	123,895,274	1,433,931
Restricted for debt service	1,790,150	3,100,452	-	1,306,766	6,197,368	-
Restricted for capital outlay	658,772	143,271	1,629,912	1,219	2,433,174	-
Unrestricted	3,897,767	8,482,554	(93,416)	(4,766,738)	7,520,167	11,376,176
Total net assets	<u>\$ 48,844,871</u>	<u>\$ 68,486,141</u>	<u>\$ 15,113,490</u>	<u>\$ 7,601,481</u>	<u>\$ 140,045,983</u>	<u>\$ 12,810,107</u>

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

CITY OF SOUTH BEND  
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2008

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:						
Metered revenue:						
Residential	\$ 6,832,254	\$ 12,367,899	\$ -	\$ -	\$ 19,200,153	\$ -
Commercial	3,138,112	5,980,625	-	-	9,118,737	-
Industrial	500,782	3,530,893	-	-	4,031,675	-
Fire protection revenue	1,919,555	-	-	-	1,919,555	-
Penalties	63,140	217,419	-	-	280,559	-
Convention fees	-	-	1,507,811	-	1,507,811	-
Licenses and permits	-	-	-	1,166,901	1,166,901	-
Parking fees	-	-	200,601	1,003,889	1,204,490	-
Solid waste fees	-	-	-	4,213,174	4,213,174	-
Golf course fees	-	-	-	1,492,287	1,492,287	-
Employee/employer contributions	-	-	-	-	-	16,670,006
Charges for sales and services	-	-	-	-	-	3,475,122
Other	889,367	844,898	-	123,209	1,857,474	-
Total operating revenues	<u>13,343,210</u>	<u>22,941,734</u>	<u>1,708,412</u>	<u>7,999,460</u>	<u>45,992,816</u>	<u>20,145,128</u>
Operating expenses:						
Source of supply and expense/collection system expense - operations and maintenance	964,004	3,622,697	-	-	4,586,701	-
Transmission and distribution/pumping expense - operations and maintenance	3,145,806	-	-	-	3,145,806	-
Treatment and disposal expense - operations and maintenance	855,478	9,856,782	-	-	10,712,260	-
Operations and maintenance	-	-	-	6,283,664	6,283,664	3,166,062
Customer accounts	1,678,729	101,636	7,527	-	1,787,892	-
Administration and general	3,136,320	2,289,970	2,992,560	1,104,637	9,523,487	840,947
Insurance claims and premiums	-	-	-	-	-	11,843,645
Depreciation	1,561,545	3,396,264	519,660	565,305	6,042,774	119,626
Total operating expenses	<u>11,341,882</u>	<u>19,267,349</u>	<u>3,519,747</u>	<u>7,953,606</u>	<u>42,082,584</u>	<u>15,970,280</u>
Operating income (loss)	<u>2,001,328</u>	<u>3,674,385</u>	<u>(1,811,335)</u>	<u>45,854</u>	<u>3,910,232</u>	<u>4,174,848</u>
Nonoperating revenues (expenses):						
Interest and investment revenue	222,103	1,211,098	40,060	41,026	1,514,287	271,229
Hotel/motel tax	-	-	1,497,390	-	1,497,390	-
Repair fund revenues	900,224	618,790	-	-	1,519,014	-
Management fees	668,916	(643,816)	-	-	25,100	-
Miscellaneous revenue	14,483	-	165,000	-	179,483	-
Interest expense	(899,822)	(2,439,504)	(12,533)	(185,826)	(3,537,685)	-
Amortization expense	(58,464)	(50,761)	-	(564,676)	(673,901)	-
Repair fund expenses	(963,977)	(619,561)	-	-	(1,583,538)	-
Gain (loss) on disposition of assets	(228,599)	7,449	(30,005)	10,856	(240,299)	-
Total nonoperating revenue (expenses)	<u>(345,136)</u>	<u>(1,916,305)</u>	<u>1,659,912</u>	<u>(698,620)</u>	<u>(1,300,149)</u>	<u>271,229</u>
Income (loss) before contributions and transfers	1,656,192	1,758,080	(151,423)	(652,766)	2,610,083	4,446,077
Capital contributions	473,676	-	735,704	-	1,209,380	104,769
Transfers in	-	-	-	1,500	1,500	-
Transfers out	-	-	-	(36,470)	(36,470)	-
Change in net assets	2,129,868	1,758,080	584,281	(687,736)	3,784,493	4,550,846
Total net assets - beginning	<u>46,715,003</u>	<u>66,728,061</u>	<u>14,529,209</u>	<u>8,289,217</u>	<u>136,261,490</u>	<u>8,259,261</u>
Total net assets - ending	<u>\$ 48,844,871</u>	<u>\$ 68,486,141</u>	<u>\$ 15,113,490</u>	<u>\$ 7,601,481</u>	<u>\$ 140,045,983</u>	<u>\$ 12,810,107</u>

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, 2008

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Fund
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 14,132,792	\$ 23,296,265	\$ 1,833,400	\$ 7,906,340	\$ 47,168,797	\$ 14,128,137
Receipts from interfund services provided	748,859	36,500	-	47,667	833,026	6,097,628
Payments to suppliers	(6,193,276)	(7,947,940)	(2,847,378)	(3,695,790)	(20,684,384)	(12,281,822)
Payments to employees	(4,236,983)	(4,955,996)	-	(2,366,799)	(11,559,778)	(2,514,396)
Payments for interfund services used	(721,438)	(3,563,546)	(303,259)	(1,308,496)	(5,896,739)	(597,825)
<b>Net cash provided (used) by operating activities</b>	<b>3,729,954</b>	<b>6,865,283</b>	<b>(1,317,237)</b>	<b>582,922</b>	<b>9,860,922</b>	<b>4,831,722</b>
<b>Cash flows from noncapital financing activities:</b>						
Advances from other funds	-	-	-	651,500	651,500	-
Repayments of advances from other funds	-	-	-	(270,625)	(270,625)	-
Interfund loan	-	-	-	-	-	(5,503,124)
Interfund loan repaid	-	-	-	-	-	(3,540,260)
Hotel/motel tax	-	-	1,497,390	-	1,497,390	-
Transfer from other funds	-	-	-	1,500	1,500	-
Transfer to other funds	-	-	-	(36,470)	(36,470)	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>1,497,390</b>	<b>345,905</b>	<b>1,843,295</b>	<b>(9,043,384)</b>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(1,332,218)	(10,993,928)	(211,875)	(26,900)	(12,564,921)	(7,308)
Proceeds from capital debt issued	6,274	-	-	-	6,274	-
Principal paid on capital debt	(2,910,061)	(3,703,979)	(71,500)	(906,679)	(7,592,219)	-
Interest paid on capital debt	(888,746)	(2,700,446)	(15,388)	(172,455)	(3,777,035)	-
Proceeds from sales of capital assets	-	7,449	-	10,856	18,305	-
<b>Net cash used by capital and related financing activities</b>	<b>(5,124,751)</b>	<b>(17,390,904)</b>	<b>(298,763)</b>	<b>(1,095,178)</b>	<b>(23,909,596)</b>	<b>(7,308)</b>
<b>Cash flows from investing activities:</b>						
Purchase of investments	-	-	(682,000)	-	(682,000)	-
Interest received	240,829	1,201,692	41,305	43,508	1,527,334	264,881
<b>Net cash provided (used) by investing activities</b>	<b>240,829</b>	<b>1,201,692</b>	<b>(640,695)</b>	<b>43,508</b>	<b>845,334</b>	<b>264,881</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,153,968)</b>	<b>(9,323,929)</b>	<b>(759,305)</b>	<b>(122,843)</b>	<b>(11,360,045)</b>	<b>(3,954,089)</b>
<b>Cash and cash equivalents, January 1</b> (Including \$369,414, \$1,324,464, \$6,324,359, and \$34,720,580 for the repair fund, customer deposits, revenue bond covenants and capital outlays, respectively, reported in restricted accounts)	<b>7,647,881</b>	<b>45,455,901</b>	<b>2,204,759</b>	<b>1,960,179</b>	<b>57,268,720</b>	<b>7,725,111</b>
<b>Cash and cash equivalents, December 31</b> (Including \$530,183, \$1,330,520, \$6,474,460, and \$24,618,250 for the repair fund, customer deposits, revenue bond covenants and capital outlays, respectively, reported in restricted accounts)	<b>\$ 6,493,913</b>	<b>\$ 36,131,972</b>	<b>\$ 1,445,454</b>	<b>\$ 1,837,336</b>	<b>\$ 45,908,675</b>	<b>\$ 3,771,022</b>

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, 2008  
(Continued)

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 2,001,328	\$ 3,674,385	\$ (1,811,335)	\$ 45,854	\$ 3,910,232	\$ 4,174,848
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	1,561,545	3,396,264	519,660	565,305	6,042,774	119,626
Bad debt expense	94,351	101,636	7,527	52,716	256,230	-
Nonoperating revenues (expenses)	619,646	(644,587)	165,000	-	140,059	-
(Increase) decrease in assets:						
Accounts receivable	(75,429)	(307,534)	(65,106)	(94,504)	(542,573)	190
Accounts receivable - other	(10,682)	9,713	120,599	(4,290)	115,340	-
Intergovernmental receivables	-	-	-	-	-	6,040
Interfund receivables	(264,294)	(31,574)	-	625	(295,243)	74,407
Inventories	(129,875)	5,238	-	(2,230)	(126,867)	669,983
Prepaid items	(8,463)	-	1,686	-	(6,777)	12,373
Increase (decrease) in liabilities:						
Customer deposits	(53,422)	-	(12,172)	-	(65,594)	-
Accounts payable	(46,776)	386,728	(7,229)	(10,367)	322,356	(208,822)
Contracts payable	-	202,011	(75,000)	-	127,011	-
Accrued payroll payable	22,398	47,077	-	21,977	91,452	9,531
Interfund loan	-	-	-	2,404	2,404	(7,092)
Interfund services provided and used	(7,486)	18,968	(76,438)	-	(64,956)	-
Compensated absence payable	19,520	6,958	-	5,432	31,910	(16,361)
Taxes payable	7,593	-	(1,096)	-	6,497	-
Deferred revenue	-	-	(83,333)	-	(83,333)	-
Estimated unfilled claims	-	-	-	-	-	(3,001)
Total adjustments	1,728,626	3,190,898	494,098	537,068	5,950,690	656,874
Net cash provided (used) by operating activities	\$ 3,729,954	\$ 6,865,283	\$ (1,317,237)	\$ 582,922	\$ 9,860,922	\$ 4,831,722
Noncash investing, capital and financing activities:						
Capital assets contributed	\$ 473,676	\$ -	\$ 735,704	\$ -	\$ 1,209,380	\$ 104,769
Capital assets acquired by capital debt	22,386	75,672	-	-	98,058	-
Purchase of capital assets on account	74,832	598,720	-	-	673,552	-
Capital asset disposals	433,262	188,000	137,719	276,899	1,035,880	58,195
Interest payments added to capital assets	3,317	304,117	-	-	307,434	-
Principal on capital debt reduced by interfund receivable	-	11,618	-	-	11,618	-

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, 2008

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>	<u>Agency Fund</u>
Cash and cash equivalents	\$ 2,426,050	\$ 41,785	\$ 1,159,498
Receivables:			
Interest	5,157	118	-
Taxes	<u>2,403,851</u>	<u>-</u>	<u>-</u>
Total receivables	<u>2,409,008</u>	<u>118</u>	<u>-</u>
Total assets	<u>4,835,058</u>	<u>41,903</u>	<u>\$ 1,159,498</u>
 <u>Liabilities</u>			
Current liabilities:			
Accounts payable	188	-	\$ -
Accrued payroll and withholdings payable	<u>-</u>	<u>-</u>	<u>1,159,498</u>
Total liabilities	<u>188</u>	<u>-</u>	<u>1,159,498</u>
 <u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits	4,834,870	-	
Individuals, organizations, and other governments	<u>-</u>	<u>41,903</u>	
Total net assets	<u>\$ 4,834,870</u>	<u>\$ 41,903</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, 2008

<u>Additions</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>
Contributions:		
Employer	\$ 3,157,109	\$ -
On behalf	6,600,581	-
Plan members	12,680	-
Other	<u>7,983</u>	<u>-</u>
Total contributions	<u>9,778,353</u>	<u>-</u>
Investment income:		
Interest	<u>82,757</u>	<u>1,414</u>
Total additions	<u>9,861,110</u>	<u>1,414</u>
<u>Deductions</u>		
Benefits	11,494,945	-
Administrative expense	<u>22,318</u>	<u>-</u>
Total deductions	<u>11,517,263</u>	<u>-</u>
<i>Changes in net assets</i>	<i>(1,656,153)</i>	<i>1,414</i>
Net assets - beginning	<u>6,491,023</u>	<u>40,489</u>
Net assets - ending	<u>\$ 4,834,870</u>	<u>\$ 41,903</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 Morris Entertainment, Inc., is also a legally separate nonprofit corporation, and is a significant blended component unit of the primary government. The Morris Entertainment, Inc., main purpose is to solicit donations for the restoration and renovation of the City's Morris Civic Auditorium and the City's Palais Royale Ballroom. Financial statements for the Morris Entertainment, Inc., are available at 211 North Michigan, 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 2008, the Special Funds Board of Managers provided \$1,497,390 to the City's Century Center and \$589,620 to the City's Professional Sports Development Fund, to finance capital costs of the College Football Hall of Fame.



CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 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 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 rental agreements 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 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.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

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

Open-end mutual funds are reported at fair value.

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Interfund Transactions and Balances

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

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are usually distributed to the primary government in June and in December. 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:

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 50,000	Straight-Line	20 to 30 years
Equipment	5,000	Straight-Line	5 to 20
Roads – collectors and residential	3,000,000	Straight-Line	40 to 50
Utilities' Infrastructure (small)	75,000	Straight-Line	30 to 99
Utilities' Infrastructure (large)	100,000	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.

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 two-thirds of a day for each completed month of service. Sick leave may accumulate to a maximum of ninety days for policemen, one hundred days for firemen, seventy-five days for teamsters, and sixty-five days for all other employees. Accumulated sick leave is paid to firemen, to policemen, and to teamsters, upon termination of employment, at one-half their current pay rate, at a rate of one-half the corporal's rate of pay up to a maximum of sixty days, and \$25 for each accumulated sick leave day, respectively, at the time of retirement.
- b. Vacation Leave – primary government employees earn vacation leave at rates from nine days to twenty-eight days per year based upon the number of years of service, employee classification, and hire date. Vacation leave does not accumulate from year to year, except in instances where special cases are approved. Employees earn vacation leave during the year to be used the following year. Unused vacation leave is paid to employees upon termination of employment.
- c. Personal Leave – primary government policemen earn personal leave at the rate of seven days per year. Personal leave does not accumulate from year to year. Unused personal leave may be rolled into sick leave. City employees under the teamster contact can use their sick leave for personal leave.
- d. Compensatory Leave – policemen and firemen have accumulated overtime-compensatory leave for a variety of reasons.

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.

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

Capital projects fund - county option income tax (COIT)

Nonmajor governmental funds:

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

Debt service funds - redevelopment bond-studebaker, 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, economic development income tax, 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. In September of each year, the Common Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the City Controller receives approval of the Indiana Department of Local Government Finance.

The primary government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. The 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 or within the Park and Recreation Fund, or within any other major or nonmajor governmental fund which required legally, approved budgets.

B. Deficit Fund Equity

At December 31, 2008, the following funds reported deficits in fund equity, which are violations of State statute:

	Deficit
Governmental funds:	
Football Hall of Fame Capital	\$ 863,944
TIF - Northeast Development	134,194
TIF - Douglas Road	132,758
Enterprise funds (net assets):	
Blackthorn Golf Course	1,581,773

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, 2008, the bank balances held at Wells Fargo Bank NA, The Bank of New York Trust Company, NA, US Bank National Association, and at JPMorgan Chase Bank, N.A. in the amounts of \$2,882,210, \$269,851, \$29,006,958, and \$83,177, respectively, were collateralized with securities held by the pledging financial institution's trust department or agent but not 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, 2008, 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	\$ 1,766,965	\$ 1,766,965	\$ -	\$ -

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 fifty percent (50%) 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.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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, 2008, the City held investments in U.S. treasuries and securities in the amount of \$1,766,965. 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, 2008, 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	\$ 200,000	\$ 166,667
Nonmajor governmental funds:		
Economic Development State Grants	2,604,559	2,192,140
Community Development	1,299,886	1,167,239
Industrial Revolving	3,754,709	2,712,896
Totals	\$ 7,859,154	\$ 6,238,942

C. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,539,931	\$ -	\$ -	\$ 11,539,931
Construction in progress	5,583,032	334,531	3,950,906	1,966,657
Total capital assets, not being depreciated	17,122,963	334,531	3,950,906	13,506,588
Capital assets, being depreciated:				
Buildings	102,887,451	1,374,242	-	104,261,693
Improvements other than buildings	12,386,035	2,997,253	-	15,383,288
Machinery and equipment	39,651,772	2,556,961	1,467,664	40,741,069
Roads being depreciated	366,086,462	-	-	366,086,462
Totals	521,011,720	6,928,456	1,467,664	526,472,512
Less accumulated depreciation for:				
Buildings	26,303,715	2,563,630	-	28,867,345
Improvements other than buildings	4,854,020	826,086	-	5,680,106
Machinery and equipment	28,960,887	2,319,158	1,439,903	29,840,142
Roads being depreciated	208,823,581	9,449,846	-	218,273,427
Totals	268,942,203	15,158,720	1,439,903	282,661,020
Total capital assets, being depreciated, net	252,069,517	(8,230,264)	27,761	243,811,492
Total governmental activities capital assets, net	\$ 269,192,480	\$ (7,895,733)	\$ 3,978,667	\$ 257,318,080

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	\$ 3,020,575	\$ -	\$ -	\$ 3,020,575
Construction in progress	<u>7,773,770</u>	<u>10,566,590</u>	<u>3,223,223</u>	<u>15,117,137</u>
 Total capital assets, not being depreciated	 <u>10,794,345</u>	 <u>10,566,590</u>	 <u>3,223,223</u>	 <u>18,137,712</u>
Capital assets, being depreciated:				
Buildings	98,155,502	1,059,126	145,005	99,069,623
Improvements other than buildings	109,865,555	3,518,819	83,726	113,300,648
Machinery and equipment	<u>44,986,487</u>	<u>447,104</u>	<u>807,149</u>	<u>44,626,442</u>
 Totals	 <u>253,007,544</u>	 <u>5,025,049</u>	 <u>1,035,880</u>	 <u>256,996,713</u>
Less accumulated depreciation for:				
Buildings	36,738,755	2,262,888	33,045	38,968,598
Improvements other than buildings	22,419,116	2,096,988	42,104	24,474,000
Machinery and equipment	<u>31,116,332</u>	<u>1,682,898</u>	<u>695,851</u>	<u>32,103,379</u>
 Totals	 <u>90,274,203</u>	 <u>6,042,774</u>	 <u>771,000</u>	 <u>95,545,977</u>
 Total capital assets, being depreciated, net	 <u>162,733,341</u>	 <u>(1,017,725)</u>	 <u>264,880</u>	 <u>161,450,736</u>
 Total business-type activities capital assets, net	 <u>\$ 173,527,686</u>	 <u>\$ 9,548,865</u>	 <u>\$ 3,488,103</u>	 <u>\$ 179,588,448</u>

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

Governmental activities:	
General government	\$ 269,303
Public safety	1,936,584
Highways and streets, including depreciation of general infrastructure assets	10,219,709
Culture and recreation	2,515,247
Economic development	98,251
Internal service funds*	<u>119,626</u>
 Total depreciation expense - governmental activities	 <u>\$ 15,158,720</u>
Business-type activities:	
Water	\$ 1,561,545
Wastewater	3,396,264
Civic center	519,660
Building permits	18,560
Parking garage	174,082
Solid waste	178,666
Golf course	<u>193,997</u>
 Total depreciation expense - business-type activities	 <u>\$ 6,042,774</u>

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



CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2008	Committed	Required Future Funding
<b>Governmental activities:</b>				
Eddy Street HES	\$ 485,000	\$ 423,536	\$ 61,464	\$ -
Portage Avenue Improvements	855,600	804,718	50,882	-
Walnut Intersection	209,400	124,195	85,205	-
Miami Road Widening	524,951	274,525	250,426	-
Leeper Park Court Resurfacing/Repair	400,000	247,207	152,793	-
Miami St. Corridor	126,829	92,476	34,353	-
<b>Total - Governmental activities</b>	<b>\$ 2,601,780</b>	<b>\$ 1,966,657</b>	<b>\$ 635,123</b>	<b>\$ -</b>
<b>Business-type activities:</b>				
<b>Water Utility:</b>				
Olive Well 3A Replacement	\$ 115,685	\$ 89,485	\$ 26,200	\$ -
South Pressure Zone Analysis	21,250	4,640	16,610	-
Wellhead Protection Plan	49,500	32,160	17,340	-
Radio Telemetry Project	188,527	5,477	183,050	-
<b>Wastewater Utility:</b>				
Biosolids Improvements OR Lagoon #4	1,803,047	1,721,221	81,826	-
WWTP Rehabilitation	2,602,665	2,602,665	-	-
Primary Aeration and Channel Modification	4,072,130	4,072,130	-	-
Angela/Leeper Park River Crossing #5	383,833	383,833	-	-
Twyckenham Dr. Storm Sewer	385,799	335,553	50,246	-
Studebaker Trunk Storm Sewer	568,564	568,564	-	-
Embedded Sensor Network Phase I	852,923	848,017	4,906	-
Ireland/Miami Storm Sewer Mods.	1,069,207	233,090	836,117	-
Eddy Street Commons - Phase III	2,655,894	1,057,470	1,598,424	-
N. Bendix Park Sewer Separation	512,202	285,491	226,711	-
W. Washington Storm Drainage Impr.	1,383,014	109,725	1,273,289	-
Edison Park Sewer Separation-Phase II	3,848,645	1,549,031	2,299,614	-
N. Falls Church Ct. Stormwater Impr.	997,188	247,439	749,749	-
Other Projects	6,276,056	414,356	5,861,700	-
<b>Century Center</b>				
Security and Fire Alarm Systems	745,150	82,532	662,618	-
Skylight Project	369,400	354,831	14,569	-
Chiller Project	593,400	119,427	473,973	-
<b>Totals - Business-type activities</b>	<b>\$ 29,494,079</b>	<b>\$ 15,117,137</b>	<b>\$ 14,376,942</b>	<b>\$ -</b>

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2008, is as follows:

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Payable	Receivable							Totals
	Governmental Funds				Enterprise Funds			
	General	TIF Airport	COIT	Nonmajor	Water	Wastewater	Internal Service	
<b>Governmental funds:</b>								
General	\$ 5,019	\$ 2,810,000	\$ 2,480,000	\$ 4,462,000	\$ 6,512	\$ 178,118	\$ 8,670,940	\$18,612,589
Park and recreation	-	-	-	4,535,000	2,512	-	21,000	4,558,512
COIT	-	-	-	88,438	-	-	-	88,438
Nonmajor	4,985	-	-	1,167,871	257,458	-	2,896	1,433,210
<b>Enterprise funds:</b>								
Water	2,406	-	-	-	-	-	24,440	26,846
Wastewater	277	-	31,546	-	988	-	64,185	96,996
Century Center	20,697	-	-	-	-	-	-	20,697
Nonmajor	178,414	-	-	-	6,606	-	55,566	240,586
Internal service	532,398	-	-	-	651	-	1,618	534,667
<b>Totals</b>	<b>\$ 744,196</b>	<b>\$ 2,810,000</b>	<b>\$ 2,511,546</b>	<b>\$ 10,253,309</b>	<b>\$ 274,727</b>	<b>\$ 178,118</b>	<b>\$ 8,840,645</b>	<b>\$25,612,541</b>

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

2. Advances Between Funds

The advances between funds record noncurrent portions of long-term loans from one fund to another. Advances at December 31, 2008, were as follows:

Advance from	Advance to		Totals
	Nonmajor Governmental	Nonmajor Enterprise	
General	\$ 1,750,000	\$ -	\$ 1,750,000
TIF - Airport	-	3,379,500	3,379,500
Nonmajor governmental	783,483	-	783,483
<b>Totals</b>	<b>\$ 2,533,483</b>	<b>\$ 3,379,500</b>	<b>\$ 5,912,983</b>

3. Interfund Transfers

Interfund transfers at December 31, 2008, were as follows:

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Transfer From	Transfer To					Totals
	General	TIF - Airport	COIT	Nonmajor Governmental	Nonmajor Enterprise	
General	\$ -	\$ -	\$ -	\$ 887,424	\$ -	\$ 887,424
Park and recreation	-	-	-	423,217	-	423,217
TIF - Airport	-	-	-	383,921	1,500	385,421
COIT	-	-	-	2,382,057	-	2,382,057
Nonmajor governmental	316,701	1,727,954	130,093	4,286,788	-	6,461,536
Nonmajor enterprise	-	36,470	-	-	-	36,470
<b>Totals</b>	<b>\$316,701</b>	<b>\$ 1,764,424</b>	<b>\$ 130,093</b>	<b>\$ 8,363,407</b>	<b>\$ 1,500</b>	<b>\$ 10,576,125</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 \$289,369. The following is a schedule by years of future minimum rental payments as of December 31, 2008:

2009	\$ 275,886
2010	267,972
2011	180,341
2012	180,341
2013	180,341
2014	52,809
<b>Total</b>	<b>\$ 1,137,690</b>

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, 2008, are as follows:

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2009	\$ 1,500,494	\$ 395,248
2010	1,400,355	223,415
2011	1,211,791	28,398
2012	871,756	5,185
2013	707,691	2,592
2014-2018	2,203,965	-
2019-2023	1,000,000	-
2024-2028	<u>400,000</u>	<u>-</u>
Total minimum lease payments	9,296,052	654,838
Less amount representing interest	<u>1,907,609</u>	<u>26,411</u>
Present value of net minimum lease payments	<u>\$ 7,388,443</u>	<u>\$ 628,427</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings	\$ 5,546,512	\$ 1,960,044
Machinery and equipment	<u>-</u>	<u>775,482</u>
Totals	5,546,512	2,735,526
Accumulated depreciation	<u>940,569</u>	<u>795,337</u>
Totals	<u>\$ 4,605,943</u>	<u>\$ 1,940,189</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 12-31-08</u>
<u>Governmental Activities</u>			
2001 Public Works Service Center	4.63% to 5.3%	\$ 8,112,250	\$ 6,266,165
2003 New Fire Station/Police Renovations	2% to 5%	21,335,000	17,875,000
2005 Park Fitness Center Renovations	3.61%	<u>920,000</u>	<u>393,299</u>
Total - Governmental Activities		<u>\$ 30,367,250</u>	<u>\$ 24,534,464</u>
<u>Business-Type Activities</u>			
2001 Public Works Service Center	4.63% to 5.3%	<u>\$ 1,137,750</u>	<u>\$ 878,835</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Mortgage bonds at year end include the following amounts of unamortized bond discount (premium):

Purpose	Balance at December 31	Unamortized Discount (Premium)	Adjusted Balance
<u>Governmental Activities</u>			
2001 Public Works Service Center	\$ 6,266,165	\$ 46,805	\$ 6,219,360
2003 New Fire Station/Police Renovations	17,875,000	(307,125)	18,182,125
2005 Park Fitness Center Renovations	393,299	-	393,299
Total Governmental Activities	<u>\$ 24,534,464</u>	<u>\$ (260,320)</u>	<u>\$ 24,794,784</u>
<u>Business-Type Activities</u>			
2001 Public Works Service Center	<u>\$ 878,835</u>	<u>\$ 10,819</u>	<u>\$ 868,016</u>

Mortgage debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 1,473,317	\$ 1,116,991	\$ 49,815	\$ 43,536
2010	1,522,892	1,064,546	52,275	41,112
2011	1,375,265	1,012,867	54,735	38,570
2012	1,437,805	944,661	57,195	35,883
2013	1,495,345	881,312	59,655	33,019
2014-2018	8,556,910	3,338,444	348,090	115,271
2019-2023	8,672,930	1,032,704	257,070	20,926
Totals	<u>\$ 24,534,464</u>	<u>\$ 9,391,525</u>	<u>\$ 878,835</u>	<u>\$ 328,317</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:

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Purpose	Interest Rates	Original Issue	Outstanding 12-31-08
<u>Governmental Activities</u>			
Tax Incremental Financing Revenue Bonds:			
2002 TJX Special Taxing District *	3.0% to 4.75%	\$ 6,620,000	\$ 5,010,000
2003 Airport TIF	1.6% to 5.20%	14,420,000	12,130,000
2003 SB Downtown Central Development TIF *	1.6% to 5.20%	19,795,000	19,305,000
2005 Southside TIF *	6.1% to 6.75%	5,485,000	5,340,000
2006 Erskine Commons *	4.50% to 5.40%	2,440,000	2,440,000
Redevelopment Authority Revenue Bonds:			
1996 Central Development Area Refinancing *	4% to 5.85%	3,790,000	1,700,000
1998 Morris Performing Arts Center	4.5% to 5.1%	13,300,000	7,845,000
2000 Hall of Fame Refinancing	4.45% to 6.0%	15,370,000	10,240,000
2001 Century Center Refinancing	2.9% to 5.0%	6,825,000	4,470,000
2008 Eddy Street Common Improvements	4.0% to 6.0%	36,000,000	36,000,000
2008 Century Center Improvements	4.0% to 5.63%	4,655,000	4,655,000
CEDIT Revenue Bonds:			
2006 CEDIT Refinancing Bonds	3.75% to 4%	7,440,000	6,105,000
Total Governmental Activities		<u>\$ 136,140,000</u>	<u>\$ 115,240,000</u>

Business-Type Activities:

1997 Water Works Improvement	4.35% to 4.75%	\$ 22,500,000	\$ 6,120,000
2002 Water Works Improvement	3.5% to 5.0%	5,975,000	4,705,000
2006 Water Works Improvement	4.25% to 4.50%	4,710,000	4,400,000
2004 Sewage Works Improvement	2.5% to 4.75%	11,425,000	9,815,000
2006 Sewage Works Improvement	3.6% to 4.625%	7,630,000	7,620,000
2007A Sewage Works Improvement	4.0% to 4.5%	16,600,000	16,060,000
2007B Sewage Works Improvement	4.0% to 4.5%	16,515,000	15,980,000
1998 Blackthorn Golf Course Refinancing	3.25% to 4.8%	6,135,000	2,835,000
Total Business-Type Activities		<u>\$ 91,490,000</u>	<u>\$ 67,535,000</u>

\* - Debt not related to capital asset investment

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	\$ 5,010,000	\$ 45,831	\$ -	\$ 4,964,169
2003 Airport TIF	12,130,000	-	-	12,130,000
2003 SB Downtown Central Development TIF	19,305,000	-	43,497	19,261,503
2005 Southside TIF	5,340,000	58,854	-	5,281,146
2006 Erskine Commons	2,440,000	-	-	2,440,000
Redevelopment Authority Revenue Bonds:				
1996 Central Development Area Refinancing	1,700,000	2,866	-	1,697,134
1998 Morris Performing Arts Center	7,845,000	59,500	-	7,785,500
2000 Hall of Fame Refinancing	10,240,000	32,788	(9,544)	10,216,756
2001 Century Center Refinancing	4,470,000	32,481	242,855	4,194,664
2008 Eddy Street Common Improvements	36,000,000	(1,681,798)	-	37,681,798
2008 Century Center Improvements	4,655,000	89,934	-	4,565,066
CEDIT Revenue Bonds:				
2006 CEDIT Refinancing Bonds	6,105,000	(37,660)	322,954	5,819,706
Total Governmental Activities	<u>\$ 115,240,000</u>	<u>\$ (1,397,204)</u>	<u>\$ 599,762</u>	<u>\$ 116,037,442</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	\$ 6,120,000	\$ 2,485	\$ -	\$ 6,117,515
2002 Water Works Improvement	4,705,000	(15,123)	-	4,720,123
2006 Water Works Improvement	4,400,000	33,001	-	4,366,999
2004 Sewage Works Improvement	9,815,000	(112,622)	-	9,927,622
2006 Sewage Works Improvement	7,620,000	803	-	7,619,197
2007A Sewage Works Improvement	16,060,000	48,653	-	16,011,347
2007B Sewage Works Improvement	15,980,000	(15,201)	-	15,995,201
1998 Blackthorn Golf Course Refinancing	2,835,000	19,261	88,209	2,727,530
Total Business-Type Activities	<u>\$ 67,535,000</u>	<u>\$ (38,743)</u>	<u>\$ 88,209</u>	<u>\$ 67,485,534</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 4,335,000	\$ 5,821,074	\$ 4,690,000	\$ 2,918,491
2010	4,990,000	5,622,781	4,915,000	2,718,479
2011	5,620,000	5,390,337	5,135,000	2,507,031
2012	6,110,000	5,125,818	3,115,000	2,284,004
2013	6,625,000	4,840,304	3,260,000	2,155,878
2014-2018	34,730,000	19,169,493	15,095,000	9,010,156
2019-2023	25,015,000	11,767,661	18,525,000	5,450,879
2024-2028	16,420,000	5,541,260	12,800,000	1,355,083
2025-2029	11,395,000	1,776,750	-	-
Totals	<u>\$ 115,240,000</u>	<u>\$ 65,055,478</u>	<u>\$ 67,535,000</u>	<u>\$ 28,400,001</u>

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:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 2,148,809	\$ 678,532	\$ 1,513,371	\$ 491,366
2010	1,814,855	572,899	1,557,340	447,945
2011	1,757,011	202,941	1,596,425	403,247
2012	1,000,128	137,606	1,640,628	357,414
2013	1,000,078	102,197	1,632,077	310,675
2014-2018	1,650,092	117,994	8,909,643	821,673
2019-2023	172,817	7,209	182,165	5,282
Totals	<u>\$ 9,543,790</u>	<u>\$ 1,819,378</u>	<u>\$ 17,031,649</u>	<u>\$ 2,837,602</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, 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>
<b>Governmental activities:</b>					
Bonds payable:					
Revenue	\$ 78,570,000	\$ 40,655,000	\$ 3,985,000	\$ 115,240,000	\$ 4,335,000
Mortgage	25,957,839	-	1,423,375	24,534,464	1,473,317
Total bonds payable	104,527,839	40,655,000	5,408,375	139,774,464	5,808,317
Notes and loans payable	7,900,658	4,000,000	2,356,868	9,543,790	2,148,809
Capital leases	7,695,487	967,808	1,274,852	7,388,443	1,171,574
Compensated absences	4,455,929	3,405,349	3,310,792	4,550,486	3,405,349
Net other postemployment benefits obligation	1,025,741	-	-	1,025,741	-
Net pension obligation	63,184,257	-	1,156,191	62,028,066	-
Total governmental activities long-term liabilities	<u>\$ 188,789,911</u>	<u>\$ 49,028,157</u>	<u>\$ 13,507,078</u>	<u>\$ 224,310,990</u>	<u>\$ 12,534,049</u>
<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Revenue bonds payable:					
Water Utility	\$ 18,000,000	\$ -	\$ 2,775,000	\$ 15,225,000	\$ 2,345,000
Wastewater Utility	51,825,000	-	2,350,000	49,475,000	1,825,000
Blackthorn Golf Course	3,320,000	-	485,000	2,835,000	520,000
Total revenue bonds payable	73,145,000	-	5,610,000	67,535,000	4,690,000
Mortgage bonds payable	926,805	-	47,970	878,835	49,815
Capital leases payable	1,127,394	22,386	521,353	628,427	376,283
Notes and loans payable	18,380,491	75,672	1,424,514	17,031,649	1,513,371
Total business-type activities long-term liabilities	<u>\$ 93,579,690</u>	<u>\$ 98,058</u>	<u>\$ 7,603,837</u>	<u>\$ 86,073,911</u>	<u>\$ 6,629,469</u>

Compensated absences for governmental activities typically have been liquidated from the general fund and special revenue funds. All of the December 31, 2008, business-type activities' compensated absences are due within one year.

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.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Condensed Statement of Net Assets

Assets:	
Current assets	\$ 119,751
Deferred charges	18,064
Restricted assets	1,354,461
Capital assets	<u>3,096,456</u>
 Total assets	 <u>\$ 4,588,732</u>
 Liabilities:	
Current liabilities	\$ 18,736
Current liabilities payable from restricted assets	564,739
Noncurrent liabilities	<u>5,587,030</u>
 Total liabilities	 <u>\$ 6,170,505</u>
 Net assets:	
Invested in capital assets, net of related debt	\$ 5,823,986
Restricted	1,306,766
Unrestricted	<u>(8,712,525)</u>
 Total net assets	 <u>\$ (1,581,773)</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Operating revenues	\$ 1,493,519
Depreciation expense	193,997
Other operating expenses	<u>1,465,950</u>
Operating income	<u>(166,428)</u>
 Nonoperating revenues (expenses):	
Investment earnings	38,085
Interest expense	(164,839)
Amortization	(4,336)
Transfers	<u>(34,970)</u>
Change in net assets	(332,488)
 Beginning net assets	 <u>(1,249,285)</u>
 Ending net assets	 <u>\$ (1,581,773)</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$ 17,586
Noncapital financing activities	616,530
Capital and related financing activities	(681,938)
Investing activities	<u>40,722</u>
Net decrease	(7,100)
Beginning cash and cash equivalents	<u>1,455,158</u>
Ending cash and cash equivalents	<u>\$ 1,448,058</u>

I. Restricted Assets

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

Cash, cash equivalents, and investments	
Repair funds	\$ 530,183
Customer deposits	1,330,520
Revenue bond covenant accounts	6,474,460
Capital outlay accounts	24,618,250
Investments - capital outlay accounts	682,000
Repair fund receivable	157,011
Interest receivable	<u>102,276</u>
Total restricted assets	<u>\$ 33,894,700</u>

J. Restatements and Reclassifications

For the year ended December 31, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the primary government. The following schedule presents a summary of restated beginning balances. Prior period adjustments include income tax receivables/revenues in which the Indiana Department of Revenue had not previously provided data.

Fund Type	Balance as Reported December 31, 2007	Prior Period Adjustments	Balance as Restated January 1, 2008
Governmental activities:			
Net assets	<u>\$ 247,866,746</u>	<u>\$ 5,289,064</u>	<u>\$ 253,155,810</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 (TRANSPO) 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 TRANSPO.

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, 2008, 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 year for job related illnesses or injuries to employees and \$50,000 per year for damage to and destruction of assets. 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 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.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

	2007	2008
Unpaid claims, beginning of fiscal year	\$ 407,596	\$ 579,795
Incurred claims and changes in estimates	1,875,859	1,880,285
Claim payments	1,703,660	1,904,435
Unpaid claims, end of fiscal year	\$ 579,795	\$ 555,645

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:

	2007	2008
Unpaid claims, beginning of fiscal year	\$ 1,466,796	\$ 723,168
Incurred claims and changes in estimates	10,722,906	9,963,360
Claim payments	11,466,534	9,893,376
Unpaid claims, end of fiscal year	\$ 723,168	\$ 793,152

The December 31, 2008, unpaid claims include \$643,152 current liabilities.

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.



CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Subsequent Events

During 2005, the City approved a loan from the U.S. Department of Housing and Urban Development for \$9,180,000 to finance economic development activities. During 2006, the City received \$3,222,000 and during 2008, the City received \$4,000,000.

During 2005, the City approved a series of revenue bonds, total not to exceed \$56,380,000, to finance improvements to the wastewater utility. Prior to 2008, the City sold \$40,745,000 of these bonds.

On January 12, 2009, the City entered into an interlocal agreement with the City of Mishawaka for financing Douglas Road improvements. As part of this agreement, the City will borrow \$1,150,000 from the City of Mishawaka, to be repaid from tax incremental financing funds. The City also anticipates providing an additional \$1.7 million from other City funds towards this project.

On April 1, 2009, the City issued \$7,210,000 Redevelopment Authority refunding bonds to advance refund the outstanding Redevelopment Authority Morris Performing Arts Center bonds.

Pursuant to new state legislation, beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes first due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

C. Contingent Liabilities

College Football Hall of Fame Operations

The City's General Fund has advanced a total of \$1,750,000 to the Football Hall of Fame Capital Fund in various amounts during the years from 1996 to 1999. The City has always recognized that these advances would be repaid from excess operating revenues of the Hall of Fame. No payment schedule has been established. Beginning with 1996, the first full year of operations, through 2000, the Hall of Fame financial statements show net losses ranging from \$521,345 to \$1,481,657.

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. At that time, the NFF can terminate their participation in the operations and the City shall reimburse the NFF the full amount of the NFF contributions towards operations during the period prior to December 31, 2000. The

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

reimbursement will be made in five annual installments beginning December 31, 2010. If the NFF elects to continue their participation, then the City will resume operating the Hall of Fame as it had done from 1996 to 2001. The \$1,900,000 contingent liability to the NFF is not recognized on the financial statements.

Sale of Studebaker Stamping Plant

During 2006, the City approved the sale of real estate commonly called the Studebaker Stamping Plant to the South Bend Transportation Company (TRANSPO). TRANSPO paid the City \$1,000,000 during 2005 and agreed to pay the \$3,000,000 balance to the City after demolition and infrastructure improvements are completed. A new economic development project has caused the TRANSPO agreement to be amended and the City may need to repay the initial \$1,000,000. The City intends to repay TRANSPO from the tax incremental financing – airport fund (TIF-Airport), a major fund.

Community Center Project Costs

During 2007, the City approved Ordinance 9796-07, authorizing \$1,000,000 as local share to finance Kroc Center, a community center. Financing will be provided from existing funds. Funds will be expended when other donations are received for the local share of the project costs. The City has estimated the project will begin in 2010.

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, 2008, there were several series of industrial revenue bonds outstanding. The aggregate principal amount payable is not available to the City. During 2008, the City approved no new series of industrial revenue bonds.

E. Special Item

During 2008, the City received \$4,462,214 as partial settlement for City water well field contamination. The settlement is part of a lawsuit in which the City and more than 150 other local governments across the United States settled with major oil companies and distributors that used methyl tertiary butyl ether, commonly known as MTBE. There is a possibility that the City and other local governments could receive additional settlement funds in the future.

CITY OF SOUTH BEND  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

F. 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. A separate financial report is not issued for the plan.

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, 2007, the date of the most recently completed actuarial study, the City contributed \$756,174 to the plan for current premiums. Police and Fire members receiving benefits contributed approximately 28.1% 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% of the total premiums, through their required contribution of \$474 per month for retiree-only coverage and \$1,253 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:

Annual Required Contribution	\$ 1,858,648
Interest on net OPEB obligation	76,733
Contributions made	<u>(756,174)</u>
Increase in net OPEB obligation	1,025,741
Net OPEB obligation – beginning of year	<u>-</u>
Net OPEB obligation – end of year	<u>\$ 1,025,741</u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-05	**	**	**
12-31-06	**	**	**
12-31-07	\$ 1,781,915	42.4%	\$1,025,741

\*\* - Information not available

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funded Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$16,874,856, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$16,874,856. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This schedule is not presented since it is the first valuation study.

Actuarial Methods and Assumption

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

In the December 31, 2007, actuarial valuation, the entry age actuarial cost method was used. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, was 30 years.

G. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

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 primary government contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6 and IC 36-8-8.5). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The primary government's annual pension cost and related information as provided by the actuary is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan. On-behalf revenues from the State of Indiana as shown in the financial statements approximate an equal amount paid out for benefits.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

c. 1937 Firefighters' Pension Plan

Plan Description

The primary government contributes to the 1937 Firefighters' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7 and IC 36-8-8.5). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan. On-behalf revenues from the State of Indiana as shown in the financial statements approximate an equal amount paid out for benefits.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 1,417,475	\$ 6,421,500	\$ 4,436,200
Interest on net pension obligation	46,916	2,091,000	1,585,300
Adjustment to annual required contribution	<u>(53,465)</u>	<u>(2,638,200)</u>	<u>(2,000,100)</u>
Annual pension cost	1,410,926	5,874,300	4,021,400
Contributions made	<u>1,430,955</u>	<u>5,062,099</u>	<u>4,703,574</u>
Increase (decrease) in net pension obligation	(20,029)	812,201	(682,174)
Net pension obligation, beginning of year	<u>647,120</u>	<u>34,850,029</u>	<u>26,420,919</u>
Net pension obligation, end of year	<u>\$ 627,091</u>	<u>\$ 35,662,230</u>	<u>\$ 25,738,745</u>



CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	5.75 %	7,404%	3,560%
Plan Members	3%	6%	6%
Actuarial valuation date	07-01-08	01-01-08	01-01-08
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)	07-1-97	01-01-07	01-01-07
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year smoothed market	4 year smoothed market

	PERF	1925 Police Officers' Pension	1937 Firefighter' Pension
<u>Actuarial Assumptions</u>			
Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75%/4%*	4%

\* - 2.75% for converted members; 4% for non-converted members

Three Year Trend Information

Year Ending	PERF		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06-30-06	\$ 1,578,693	77%	\$ 230,670
06-30-07	1,673,431	75%	647,120
06-30-08	1,410,926	101%	627,091

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

1925 Police Officers' Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-06	\$ 5,795,700	107%	\$ 33,404,648
12-31-07	6,236,100	77%	34,850,029
12-31-08	5,874,300	86%	35,662,230

1937 Firefighters' Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-06	\$ 4,970,900	117%	\$ 28,493,189
12-31-07	4,689,600	144%	26,420,919
12-31-08	4,021,400	117%	25,738,745

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2008, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	224	226
Terminated employees entitled to but not yet receiving benefits	-	-
Current active employees	1	1

	Actuarial Valuation Date	Actuarial Value of Assets	Actual Accrued Liability (AAL)	Excess of Assets Over (Unfunded) AAL	Funded Ratio	Covered Payroll	Excess of (Unfunded) AAL as a Percentage of Covered Payroll
PERF	07-01-08	\$ 36,054,620	\$ 36,499,821	\$ (445,201)	99%	\$ 24,337,925	(2%)
1925 Police Officers' Pension Plan	01-01-08	3,522,332	85,203,100	(81,680,768)	4.13%	86,733	(94,175%)
1937 Firefighters' Pension Plan	01-01-08	2,968,691	58,489,000	(55,520,309)	5.08%	124,600	(44,559%)

The Required Schedule of Funding Progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

d. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets:

	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,336,623	\$ 1,089,427
Receivables:		
Interest	2,947	2,210
Taxes	<u>1,210,223</u>	<u>1,193,628</u>
Total assets	<u>2,549,793</u>	<u>2,285,265</u>
<u>Liabilities</u>		
Accounts payable	<u>88</u>	<u>100</u>
<u>Net Assets</u>		
Held in trust for pension benefit obligations	<u>\$ 2,549,705</u>	<u>\$ 2,285,165</u>

Statements of Changes in Fiduciary Net Assets:

	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
<u>Additions</u>		
Contributions:		
Employer	\$ 1,577,687	\$ 1,579,422
On behalf	3,477,872	3,122,709
Plan members	5,204	7,476
Other	<u>6,540</u>	<u>1,443</u>
Total contributions	5,067,303	4,711,050
Investment income:		
Interest	<u>46,958</u>	<u>35,799</u>
Total additions	<u>5,114,261</u>	<u>4,746,849</u>

CITY OF SOUTH BEND  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

	Pension	Pension
<u>Deductions</u>		
Benefits and refunds paid to plan members and beneficiaries	6,073,691	5,421,254
Administrative expenses	13,197	9,121
Total deductions	6,086,888	5,430,375
Changes in net assets	(972,627)	(683,526)
Net assets - beginning	3,522,332	2,968,691
Net assets – ending	\$ 2,549,705	\$ 2,285,165

Administrative expenses are paid from property taxes and state distributions. Both are a portion of employer contributions.

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 fifty-five with twenty years of service. An employee with twenty years of service may leave service, but will not receive benefits until reaching age fifty-five. The plan also provides for death and disability benefits.

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2008, 2007, and 2006 were \$4,310,369, \$3,928,912, and \$3,716,072, respectively, equal to the required contributions for each year.

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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)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 31,378,895	\$ 33,798,361	\$ (2,419,466)	93%	\$ 26,865,798	(9%)
07-01-07	34,028,630	34,211,809	(183,179)	99%	24,467,397	(1%)
07-01-08	36,054,620	36,499,821	(445,201)	99%	24,337,925	(2%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 2,497,147	\$ 77,865,600	\$ (75,368,453)	3.21%	\$ 1,125,183	(6,698%)
01-01-04	1,969,813	80,550,800	(78,580,987)	2.45%	1,050,150	(7,455%)
01-01-05	914,732	81,009,600	(80,094,868)	1.13%	1,048,933	(7,636%)
01-01-06	83,559	81,958,600	(81,875,041)	0.10%	531,733	(15,398%)
01-01-07	1,188,997	87,910,800	(86,721,803)	1.35%	350,667	(24,731%)
01-01-08	3,522,332	85,203,100	(81,680,768)	4.13%	86,733	(94,175%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 2,443,239	\$ 68,555,100	\$ (66,111,861)	3.56%	\$ 930,833	(7,102%)
01-01-04	2,057,175	67,862,200	(65,805,025)	3.03%	761,000	(8,593%)
01-01-05	840,644	69,468,900	(68,628,256)	1.21%	648,183	(10,588%)
01-01-06	549,455	69,066,200	(68,516,745)	0.80%	326,833	(20,964%)
01-01-07	1,624,421	66,072,400	(64,447,979)	2.46%	300,133	(21,473%)
01-01-08	2,968,691	58,489,000	(55,520,309)	5.08%	124,600	(44,559%)

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
12-31-03	\$ 8,996,100	46%
12-31-04	9,623,400	43%
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%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-03	\$ 7,921,600	50%
12-31-04	8,172,300	49%
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%

CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2008

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ 52,245,227	\$ 51,119,000	\$ 14,574,480	\$ (36,544,520)
Licenses and permits	170,175	170,175	177,126	6,951
Intergovernmental	8,701,381	8,701,381	9,211,262	509,881
Charges for services	4,058,886	4,059,886	4,392,308	332,422
Fines and forfeits	380,600	380,600	921,169	540,569
Other	3,489,657	3,489,657	4,654,059	1,164,402
<b>Total revenues</b>	<b>69,045,926</b>	<b>67,920,699</b>	<b>33,930,404</b>	<b>(33,990,295)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
<b>Mayor</b>				
Personal services	621,879	616,167	579,705	36,462
Supplies	33,416	33,666	27,558	6,108
Other services and charges	270,857	354,402	288,345	66,057
Other uses	94	94	94	-
<b>City Clerk</b>				
Personal services	265,882	270,882	268,125	2,757
Supplies	12,000	12,000	7,226	4,774
Other services and charges	50,941	45,941	32,446	13,495
Other uses	104	104	104	-
<b>Common Council</b>				
Personal services	268,290	268,290	200,375	67,915
Supplies	9,894	9,894	7,562	2,332
Other services and charges	135,004	427,949	389,263	38,686
Other uses	72	72	72	-
<b>Administration/Finance</b>				
Personal services	1,321,849	1,321,849	1,208,542	113,307
Supplies	45,692	46,794	40,782	6,012
Other services and charges	242,109	452,936	419,629	33,307
Capital outlay	-	15,923	10,541	5,382
Other uses	3,417	3,417	3,417	-
<b>City Attorney</b>				
Personal services	878,384	878,384	847,575	30,809
Supplies	17,600	18,038	13,355	4,683
Other services and charges	63,854	64,314	41,643	22,671
Other uses	242	242	242	-
<b>Building Maintenance</b>				
Personal services	342,435	342,630	274,517	68,113
Supplies	41,131	41,853	31,195	10,658
Other services and charges	209,804	270,794	144,832	125,962
Capital outlay	-	356	356	-
Other uses	836	836	836	-
<b>Human Rights</b>				
Personal services	268,162	270,362	270,252	110
Supplies	3,996	3,996	3,505	491
Other services and charges	27,632	29,006	25,345	3,661
Other uses	62	62	62	-

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, 2008  
 (Continued)

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Neighborhood Code Enforcement				
Personal services	920,673	897,173	862,943	34,230
Supplies	148,316	113,083	89,934	23,149
Other services and charges	412,275	472,404	433,677	38,727
Other uses	53,772	53,772	49,439	4,333
Code Hearing Officer				
Other services and charges	<u>56,976</u>	<u>64,166</u>	<u>50,500</u>	<u>13,666</u>
Total General Government	<u>6,727,650</u>	<u>7,401,851</u>	<u>6,623,994</u>	<u>777,857</u>
Public Safety:				
Board of Safety				
Personal services	18,301	18,301	14,639	3,662
Police Department				
Personal services	23,642,213	23,432,213	22,373,895	1,058,318
Supplies	1,105,706	1,209,482	1,135,980	73,502
Other services and charges	2,601,631	2,780,163	2,518,383	261,780
Capital outlay	-	176,001	175,293	708
Other uses	4,876	4,876	4,876	-
Communication Center				
Personal services	1,556,853	1,556,853	1,485,408	71,445
Supplies	4,029	4,029	2,358	1,671
Other services and charges	32,435	32,435	30,761	1,674
Other uses	82	82	82	-
Fire Department				
Personal services	19,958,549	19,807,345	19,560,160	247,185
Supplies	348,950	460,583	425,533	35,050
Other services and charges	1,508,897	1,658,160	1,499,055	159,105
Capital outlay	-	33,207	32,586	621
Other uses	3,498	3,498	3,498	-
Weights and Measures				
Other services and charges	43,000	43,000	40,693	2,307
Junk Vehicle				
Personal services	51,951	51,951	49,972	1,979
Supplies	4,268	4,386	2,210	2,176
Other services and charges	16,791	16,999	11,765	5,234
Animal Control				
Personal services	358,228	348,228	332,240	15,988
Supplies	71,411	89,049	81,908	7,141
Other services and charges	67,656	88,566	72,724	15,842
Other uses	<u>350</u>	<u>1,045</u>	<u>1,043</u>	<u>2</u>
Total Public Safety	<u>51,399,675</u>	<u>51,820,452</u>	<u>49,855,062</u>	<u>1,965,390</u>
Highways and Streets:				
Engineering				
Personal services	1,151,908	1,107,017	1,005,282	101,735
Supplies	222,429	225,031	151,065	73,966
Other services and charges	2,507,208	2,566,584	2,474,570	92,014
Capital outlay	-	2,181,051	2,111,452	69,599
Other uses	<u>28,387</u>	<u>28,387</u>	<u>26,261</u>	<u>2,126</u>

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, 2008  
 (Continued)

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Expenditures (continued):				
Current (continued):				
Street Department				
Personal services	661,925	662,315	624,922	37,393
Supplies	345,160	478,887	466,134	12,753
Other services and charges	50,938	137,137	133,831	3,306
Capital outlay	-	39,452	39,452	-
Other uses	1,335,285	1,560,156	1,515,766	44,390
Total Highways and Streets	<u>6,303,240</u>	<u>8,986,017</u>	<u>8,548,735</u>	<u>437,282</u>
Health and Welfare:				
Youth Service Bureau				
Other services and charges	75,000	75,000	75,000	-
Total Health and Welfare	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Culture and Recreation:				
Art Association				
Other services and charges	65,000	65,000	65,000	-
Studebaker Museum				
Other services and charges	195,527	195,527	185,527	10,000
Palais Royale Ballroom				
Personal services	250,113	250,113	244,060	6,053
Supplies	17,150	18,115	11,441	6,674
Other services and charges	284,687	306,830	233,498	73,332
Capital outlay	6,700	10,903	10,286	617
Other uses	234	234	234	-
Morris Performing Arts Center				
Personal services	539,960	540,856	513,481	27,375
Supplies	31,750	32,293	22,887	9,406
Other services and charges	340,193	366,473	311,092	55,381
Other uses	526	526	526	-
Total Culture and Recreation	<u>1,731,840</u>	<u>1,786,870</u>	<u>1,598,032</u>	<u>188,838</u>
Community and Economic Development:				
Economic Development				
Other services and charges	931,160	995,768	931,300	64,468
Main Street Parking Garage				
Capital outlay	-	55,000	55,000	-
Leighton Plaza Parking Garage				
Capital outlay	-	50,390	50,390	-
Wayne Street Parking Garage				
Capital outlay	-	16,450	16,450	-
Unsafe Building				
Other services and charges	131,435	386,077	386,077	-
Total Community and Economic Development	<u>1,082,595</u>	<u>1,503,685</u>	<u>1,439,217</u>	<u>64,468</u>
Total expenditures	<u>67,300,000</u>	<u>71,573,875</u>	<u>68,140,040</u>	<u>3,433,835</u>
Net change in fund balances	1,745,926	(3,653,176)	(34,209,636)	(30,556,460)
Fund balances - beginning	24,012,446	24,012,446	24,012,446	-
Fund balances - ending	<u>\$ 25,758,372</u>	<u>\$ 20,359,270</u>	<u>\$ (10,197,190)</u>	<u>\$ (30,556,460)</u>

CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2008

	Park and Recreation Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 8,816,382	\$ 8,496,000	\$ 2,461,101	\$ (6,034,899)
Intergovernmental	946,681	946,681	801,770	(144,911)
Charges for services	2,979,565	2,979,565	2,806,169	(173,396)
Fines and forfeits	150	150	2,525	2,375
Other	59,000	59,000	106,112	47,112
Total revenues	<u>12,801,778</u>	<u>12,481,396</u>	<u>6,177,677</u>	<u>(6,303,719)</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	7,723,858	7,679,807	7,413,005	266,802
Supplies	1,463,011	1,512,457	1,413,041	99,416
Other services and charges	2,107,898	2,221,433	2,119,964	101,469
Other uses	534,238	534,238	511,572	22,666
Capital outlay	847,550	1,119,478	1,039,726	79,752
Total expenditures	<u>12,676,555</u>	<u>13,067,413</u>	<u>12,497,308</u>	<u>570,105</u>
Net change in fund balances	125,223	(586,017)	(6,319,631)	(5,733,614)
Fund balances - beginning	<u>3,180,786</u>	<u>3,180,786</u>	<u>3,180,786</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,306,009</u>	<u>\$ 2,594,769</u>	<u>\$ (3,138,845)</u>	<u>\$ (5,733,614)</u>



CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGET/GAAP RECONCILIATION  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended December 31, 2008

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

	General	Park and Recreation
Net change in fund balances (budgetary basis)	\$ (34,209,636)	\$ (6,319,631)
Adjustments:		
To adjust revenues for accruals	35,317,586	6,067,607
To adjust expenditures for accruals	911,387	25,624
<i>To adjust expenditures for encumbrances</i>	<i>1,636,494</i>	<i>72,667</i>
Net change in fund balances (GAAP basis)	\$ 3,655,831	\$ (153,733)

## 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 Federal Grant -	To account for expenditures relating to federal and state grants.
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.
Build Indiana -	To account for state grants used to finance various projects.
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.
Human Rights - Federal -	To account for expenditures to prevent discrimination and to promote human rights. Financing is provided by federal grants.

## NONMAJOR GOVERNMENTAL FUNDS

(Continued)

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.
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.
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).

**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

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**

Redevelopment Bond -  
Studebaker - To accumulate monies for payment of Redevelopment District general obligation bonds, which are serial bonds due in annual installments through 2006. Financing is to be provided by an annual property tax levy. This fund was closed out in 2008.

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.

Redevelopment Bond -  
Century Center - To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the century center project. This fund was closed out in 2008.

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

EDIT Bond - Plaza Garage  
- Tax Exempt To accumulate monies to meet the required debt service reserve for the Series A, Economic Development Income Tax Revenue (EDIT) Bonds of 1997. This fund was closed out in 2008.

EDIT Bond - Plaza Garage  
- Taxable To accumulate monies to meet the required debt service reserve for the Series B, Taxable Economic Development Income Tax (EDIT) Revenue Bonds of 1997. This fund was closed out in 2008.

## NONMAJOR GOVERNMENTAL FUNDS

(Continued)

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 for renovations to the Morris Performing Art Center.
Erskine Commons TIF Debt Service -	To account for Erskine Commons project debt retirement of the south side tax incremental financing (TIF) district. Financing is provided by transfers from the TIF south side development fund.
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.
<b><u>Capital Projects Funds</u></b>	
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.

**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

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.
Cumulative Capital Improvement -	To account for state cigarette tax distributions used for improvement projects.
Economic Development Income Tax -	To account for the City's share of the County Economic Development Tax. Expenditures include construction, acquisition and related costs for economic development projects.
Cumulative Sewer -	To account for financial resources for the construction or repairing of storm sewers or sewage disposal plants and sanitary sewers.
Tax Incremental Financing (TIF) - Sample/Ewing -	To account for expenditures for public improvements in the Sample/Ewing 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 increment). This fund was closed in 2008 and this district became part of the TIF-Airport district.
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.



**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

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.
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.

**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

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.
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.
Palais Royale Historic Preservation -	To account for expenditures financed by a two percent fee charged for all Palais Royale services.
Equipment Leasing -	To account for proceeds from capital lease-purchase agreements used to finance major equipment needs of the City.
Morris Entertainment -	To account for donations received by Morris Entertainment, Inc., a non-profit corporation formed to solicit donations to finance improvements to the City's Morris Performing Art Center.
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.
South Bend Building Corporation Construction -	To account for construction and renovation financed by mortgage bond issues. This fund was closed out in 2008.
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, 2008

	Special Revenue					
	Motor Vehicle Highway	Recreation Nonreverting	Studebaker Oliver Revitalization Grants	Economic Development State Grants	Community Development	Police Federal Grant
<u>Assets</u>						
Cash and cash equivalents	\$ 2,603,140	\$ 700,458	\$ 1,904,083	\$ 904,931	\$ 4,157,889	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	6,778	1,989	5,137	7,915	686	-
Taxes	-	-	-	-	-	-
Accounts	-	1,166	-	-	12,343	-
Intergovernmental	466,047	-	-	-	38,942	-
Loans	-	-	-	2,604,559	1,299,886	-
Interfund receivable:						
Interfund loan	-	-	88,438	-	-	-
Interfund services provided and used	-	-	-	-	4,871	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	3,590	-	2,125,422	-
<b>Total assets</b>	<b>\$ 3,075,965</b>	<b>\$ 703,613</b>	<b>\$ 2,001,248</b>	<b>\$ 3,517,405</b>	<b>\$ 7,640,039</b>	<b>\$ -</b>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ 143,460	\$ 9,132	\$ -	\$ -	\$ 195,264	\$ -
Accrued payroll payable	88,328	7,705	-	-	43,240	-
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund loan	-	-	-	-	-	-
Interfund services provided and used	715	50	-	-	2,319	-
Deferred revenue	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	23,168	-
Other current payables	-	-	-	-	11,786	-
Advances from other funds	-	-	-	474,816	-	-
<b>Total liabilities</b>	<b>232,503</b>	<b>16,887</b>	<b>-</b>	<b>474,816</b>	<b>275,777</b>	<b>-</b>
Fund balances:						
Reserved for:						
Encumbrances	-	1,402	448	-	1,623,648	-
Noncurrent loans receivable	-	-	-	2,192,140	1,167,239	-
Property held for resale	-	-	3,590	-	2,125,422	-
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	2,843,462	685,324	1,997,210	850,449	2,447,953	-
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>2,843,462</b>	<b>686,726</b>	<b>2,001,248</b>	<b>3,042,589</b>	<b>7,364,262</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,075,965</b>	<b>\$ 703,613</b>	<b>\$ 2,001,248</b>	<b>\$ 3,517,405</b>	<b>\$ 7,640,039</b>	<b>\$ -</b>

Continued on next page

CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Special Revenue					
	Police State Seizure	Juvenile Positive Assistance	Law Enforcement		Build Indiana	General Grant
			Continuing Education	Loss Recovery		
<u>Assets</u>						
Cash and cash equivalents	\$ 76,441	\$ 8,262	\$ 715,137	\$ 2,214	\$ -	\$ 59,865
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	-	-	1,768	11,788	-	147
Taxes	-	-	-	-	-	-
Accounts	3,703	-	19,476	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loan	-	-	-	4,460,000	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 80,144</b>	<b>\$ 8,262</b>	<b>\$ 736,381</b>	<b>\$ 4,474,002</b>	<b>\$ -</b>	<b>\$ 60,012</b>
<u>Liabilities and fund balances</u>						
<u>Liabilities:</u>						
Accounts payable	\$ -	\$ -	\$ 1,961	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund loan	-	-	-	-	-	-
Interfund services provided and used	45	-	-	257,458	-	-
Deferred revenue	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>45</b>	<b>-</b>	<b>1,961</b>	<b>257,458</b>	<b>-</b>	<b>-</b>
<u>Fund balances:</u>						
Reserved for:						
Encumbrances	-	-	6,820	-	-	450
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	80,099	8,262	727,600	4,216,544	-	59,562
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>80,099</b>	<b>8,262</b>	<b>734,420</b>	<b>4,216,544</b>	<b>-</b>	<b>60,012</b>
<b>Total liabilities and fund balances</b>	<b>\$ 80,144</b>	<b>\$ 8,262</b>	<b>\$ 736,381</b>	<b>\$ 4,474,002</b>	<b>\$ -</b>	<b>\$ 60,012</b>

Continued on next page

CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Special Revenue					
	Local Road and Street	Human Rights Federal	East Race Waterway	Morris and Palais Marketing	Economic Development Commission	Hazmat
<b>Assets</b>						
Cash and cash equivalents	\$ 3,068,118	\$ 436,698	\$ 33,375	\$ 15,862	\$ 25,888	\$ 11,255
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	8,105	884	94	29	-	-
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	380
Intergovernmental	186,078	1,667	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loan	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 3,262,301</b>	<b>\$ 439,249</b>	<b>\$ 33,469</b>	<b>\$ 15,891</b>	<b>\$ 25,888</b>	<b>\$ 11,635</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 12,868	\$ 470	\$ -	\$ -	\$ -	\$ -
Accrued payroll payable	-	2,389	-	-	-	-
Contracts payable	236,758	-	-	-	-	-
Interfund payable:						
Interfund loan	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>249,626</b>	<b>2,859</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Encumbrances	1,123,775	-	4,162	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
<b>Unreserved, reported in:</b>						
Special revenue funds	1,888,900	436,390	29,307	15,891	25,888	11,635
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>3,012,675</b>	<b>436,390</b>	<b>33,469</b>	<b>15,891</b>	<b>25,888</b>	<b>11,635</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,262,301</b>	<b>\$ 439,249</b>	<b>\$ 33,469</b>	<b>\$ 15,891</b>	<b>\$ 25,888</b>	<b>\$ 11,635</b>

Continued on next page

CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Special Revenue					
	Indiana River Rescue	COPS Block Grant II	Regional Police Academy	COPS MORE Grant	Federal Drug Enforcement	Gift
<b>Assets</b>						
Cash and cash equivalents	\$ 61,264	\$ 69,473	\$ 70,087	\$ 136,066	\$ 347,513	\$ 37,300
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	-	-	147	-	1,018	-
Taxes	-	-	-	-	-	-
Accounts	7,450	-	-	12,050	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loan	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 68,714</b>	<b>\$ 69,473</b>	<b>\$ 70,234</b>	<b>\$ 148,116</b>	<b>\$ 348,531</b>	<b>\$ 37,300</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 362	\$ 11,775	\$ 343	\$ 1,461	\$ 52,743	\$ -
Accrued payroll payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund loan	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>362</b>	<b>11,775</b>	<b>343</b>	<b>1,461</b>	<b>52,743</b>	<b>-</b>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Encumbrances	58	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
<b>Unreserved, reported in:</b>						
Special revenue funds	68,294	57,698	69,891	146,655	295,788	37,300
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>68,352</b>	<b>57,698</b>	<b>69,891</b>	<b>146,655</b>	<b>295,788</b>	<b>37,300</b>
<b>Total liabilities and fund balances</b>	<b>\$ 68,714</b>	<b>\$ 69,473</b>	<b>\$ 70,234</b>	<b>\$ 148,116</b>	<b>\$ 348,531</b>	<b>\$ 37,300</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Special Revenue					
	Urban Development Action Grant	Leaf Collection and Removal	Police K-9 Unit	Rainy Day	Industrial Revolving	Totals
	<b>Assets</b>					
Cash and cash equivalents	\$ 3,285,644	\$ 526,271	\$ 2,615	\$ 25,237	\$ 2,413,430	\$ 21,698,516
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	8,841	-	-	16,504	6,443	78,273
Taxes	-	-	-	-	-	-
Accounts	114,100	35,076	-	759,190	-	964,934
Intergovernmental	-	-	-	-	-	692,734
Loans	-	-	-	-	3,754,709	7,659,154
Interfund receivable:						
Interfund loan	-	-	-	5,700,000	-	10,248,438
Interfund services provided and used	-	-	-	-	-	4,871
Advances to other funds	-	-	-	-	474,816	474,816
Property held for sale	-	-	-	-	339,300	2,468,312
<b>Total assets</b>	<b>\$ 3,408,585</b>	<b>\$ 561,347</b>	<b>\$ 2,615</b>	<b>\$ 6,500,931</b>	<b>\$ 6,988,698</b>	<b>\$ 44,290,048</b>
<b>Liabilities and fund balances</b>						
Liabilities:						
Accounts payable	-	-	-	-	957	430,796
Accrued payroll payable	-	-	-	-	-	141,662
Contracts payable	257,693	-	-	-	-	494,451
Interfund payable:						
Interfund loan	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	4,871	265,458
Deferred revenue	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	23,168
Other current payables	-	-	-	-	-	11,786
Advances from other funds	-	-	-	-	-	474,816
<b>Total liabilities</b>	<b>257,693</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,828</b>	<b>1,842,137</b>
Fund balances:						
Reserved for:						
Encumbrances	1,260,701	-	-	-	-	4,021,464
Noncurrent loans receivable	-	-	-	-	2,712,896	6,072,275
Property held for resale	-	-	-	-	339,300	2,468,312
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	474,816	474,816
Unreserved, reported in:						
Special revenue funds	1,890,191	561,347	2,615	6,500,931	3,455,858	29,411,044
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>3,150,892</b>	<b>561,347</b>	<b>2,615</b>	<b>6,500,931</b>	<b>6,982,870</b>	<b>42,447,911</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,408,585</b>	<b>\$ 561,347</b>	<b>\$ 2,615</b>	<b>\$ 6,500,931</b>	<b>\$ 6,988,698</b>	<b>\$ 44,290,048</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Debt Service Funds					
	Redevelopment Bond - Studebaker	College Football Hall of Fame Debt Service	Redevelopment Bond - Central Development	Redevelopment Bond - Airport Taxable	Redevelopment Bond - Century Center	Redevelopment Bond - Palais Royale
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 364,287	\$ 820,000	\$ 1,919,606	\$ -	\$ 1,095,048
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	-	-	2,358	5,600	-	3,227
Taxes	-	1,161,135	-	-	-	-
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loan	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 1,525,422</b>	<b>\$ 822,358</b>	<b>\$ 1,925,206</b>	<b>\$ -</b>	<b>\$ 1,098,275</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund loan	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	1,163,000	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,163,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Debt service	-	362,422	822,358	1,925,206	-	1,098,275
Advances to other funds	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>362,422</b>	<b>822,358</b>	<b>1,925,206</b>	<b>-</b>	<b>1,098,275</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 1,525,422</b>	<b>\$ 822,358</b>	<b>\$ 1,925,206</b>	<b>\$ -</b>	<b>\$ 1,098,275</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Debt Service Funds					
	EDIT Bond - Plaza Garage Tax Exempt	EDIT Bond - Plaza Garage Taxable	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	\$ -	\$ -	\$ 7,445,131	\$ 170,151	\$ 997,295	\$ 1,139,362
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	1,766,965	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	-	-	16	-	193	-
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loan	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,212,112</b>	<b>\$ 170,151</b>	<b>\$ 997,488</b>	<b>\$ 1,139,362</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund loan	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Debt service	-	-	9,212,112	170,151	997,488	1,139,362
Advances to other funds	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>9,212,112</b>	<b>170,151</b>	<b>997,488</b>	<b>1,139,362</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,212,112</b>	<b>\$ 170,151</b>	<b>\$ 997,488</b>	<b>\$ 1,139,362</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Debt Service Funds		Capital Projects			
	Totals	Emergency Medical Services	Central Development Area Bond Proceeds	Professional Sports Development	Coveleski Stadium Capital	Zoo Endowment
<b>Assets</b>						
Cash and cash equivalents	\$ 13,950,880	\$ 2,920,995	\$ 4,351,311	\$ 527,513	\$ 241,908	\$ 29,533
Cash with fiscal agent	-	-	-	-	-	-
Investments	1,766,965	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	11,394	7,073	11,788	1,474	589	83
Taxes	1,161,135	-	-	137,869	-	-
Accounts Intergovernmental	-	584,802	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loan	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	1,187,831	-	-	-
<b>Total assets</b>	<b>\$ 16,890,374</b>	<b>\$ 3,512,870</b>	<b>\$ 5,550,930</b>	<b>\$ 666,856</b>	<b>\$ 242,497</b>	<b>\$ 29,616</b>
<b>Liabilities and fund balances</b>						
Liabilities:						
Accounts payable	-	\$ 320,707	\$ 2,800	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-
Contracts payable	-	-	41,693	-	-	-
Interfund payable:						
Interfund loan	1,163,000	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,163,000</b>	<b>320,707</b>	<b>44,493</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:						
Reserved for:						
Encumbrances	-	-	439,742	16,095	-	-
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	1,187,831	-	-	-
Debt service	15,727,374	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	-	-	-	-	-	-
Capital projects funds	-	3,192,163	3,878,864	650,761	242,497	29,616
<b>Total fund balances</b>	<b>15,727,374</b>	<b>3,192,163</b>	<b>5,506,437</b>	<b>666,856</b>	<b>242,497</b>	<b>29,616</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,890,374</b>	<b>\$ 3,512,870</b>	<b>\$ 5,550,930</b>	<b>\$ 666,856</b>	<b>\$ 242,497</b>	<b>\$ 29,616</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Capital Projects				
	Park Nonreverting Capital	Cumulative Capital Development	Cumulative Capital Improvement	Economic Development Income Tax	Cumulative Sewer
<b>Assets</b>					
Cash and cash equivalents	\$ 472,960	\$ 958,320	\$ 291,270	\$ 2,723,135	\$ 80,224
Cash with fiscal agent	-	-	-	-	-
Investments	-	-	-	-	-
Receivables (net of allowances for uncollectibles):					
Interest	737	2,505	-	2,505	-
Taxes	-	686,558	-	1,364,729	-
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Interfund receivable:					
Interfund loan	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Property held for sale	-	-	-	76,256	-
<b>Total assets</b>	<b>\$ 473,697</b>	<b>\$ 1,647,383</b>	<b>\$ 291,270</b>	<b>\$ 4,166,625</b>	<b>\$ 80,224</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,800	\$ 71,604	\$ -	\$ 65,766	\$ -
Accrued payroll payable	-	-	-	-	-
Contracts payable	-	-	-	53,511	-
Interfund payable:					
Interfund loan	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-
Deferred revenue	-	-	-	1,364,729	-
Performance deposits payable	-	-	-	-	-
Other current payables	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>1,800</b>	<b>71,604</b>	<b>-</b>	<b>1,484,006</b>	<b>-</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	3,257	155,596	-	269,974	-
Noncurrent loans receivable	-	-	-	-	-
Property held for resale	-	-	-	76,256	-
Debt service	-	-	-	-	-
Advances to other funds	-	-	-	-	-
<b>Unreserved, reported in:</b>					
Special revenue funds	-	-	-	-	-
Capital projects funds	468,640	1,420,183	291,270	2,336,389	80,224
<b>Total fund balances</b>	<b>471,897</b>	<b>1,575,779</b>	<b>291,270</b>	<b>2,682,619</b>	<b>80,224</b>
<b>Total liabilities and fund balances</b>	<b>\$ 473,697</b>	<b>\$ 1,647,383</b>	<b>\$ 291,270</b>	<b>\$ 4,166,625</b>	<b>\$ 80,224</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Capital Projects				
	TIF - Sample/Ewing	Morris Performing Arts Center Capital	TIF Downtown	TIF Leighton Plaza	TIF - West Washington
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ 405,265	\$ 1,722,190	\$ 131,105	\$ 158,566
Cash with fiscal agent	-	-	-	26,200	-
Investments	-	-	-	-	-
Receivables (net of allowances for uncollectibles):					
Interest	-	295	4,421	339	295
Taxes	-	-	4,437,427	-	484,925
Accounts	-	-	36	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Interfund receivable:					
Interfund loan	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Property held for sale	-	-	4,608,003	-	284,690
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 405,560</b>	<b>\$ 10,772,077</b>	<b>\$ 157,644</b>	<b>\$ 928,476</b>
<u>Liabilities and fund balances</u>					
Liabilities:					
Accounts payable	\$ -	\$ 1,279	\$ 152,973	\$ -	\$ 22
Accrued payroll payable	-	-	-	-	-
Contracts payable	-	-	426,846	-	-
Interfund payable:					
Interfund loan	-	-	-	-	-
Interfund services provided and used	-	-	4,752	-	-
Deferred revenue	-	-	-	-	-
Performance deposits payable	-	-	152,854	-	-
Other current payables	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,279</b>	<b>737,425</b>	<b>-</b>	<b>22</b>
Fund balances:					
Reserved for:					
Encumbrances	-	4,740	54,806	10,393	210,304
Noncurrent loans receivable	-	-	-	-	-
Property held for resale	-	-	4,608,003	-	284,690
Debt service	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	399,541	5,371,843	147,251	433,460
<b>Total fund balances</b>	<b>-</b>	<b>404,281</b>	<b>10,034,652</b>	<b>157,644</b>	<b>928,454</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 405,560</b>	<b>\$ 10,772,077</b>	<b>\$ 157,644</b>	<b>\$ 928,476</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Capital Projects				
	Redevelopment General	Community Revitalization Enhancement District	TIF No. 1 - Southside Development	TIF No. 2 - Southside Development	TIF No. 3 - Southside Development
<b>Assets</b>					
Cash and cash equivalents	\$ 78,264	\$ 1,949,453	\$ 232,352	\$ 17	\$ 4,782
Cash with fiscal agent	-	-	-	-	-
Investments	-	-	-	-	-
Receivables (net of allowances for uncollectibles):					
Interest	221	2,906	-	-	-
Taxes	-	-	387,878	1,426,120	1,713,676
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Interfund receivable:					
Interfund loan	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Property held for sale	-	105,000	-	-	-
<b>Total assets</b>	<b>\$ 78,485</b>	<b>\$ 2,057,359</b>	<b>\$ 620,230</b>	<b>\$ 1,426,137</b>	<b>\$ 1,718,458</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 956	\$ -	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-
Contracts payable	-	-	-	-	-
Interfund payable:					
Interfund loan	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Performance deposits payable	-	-	-	-	-
Other current payables	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>956</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	7,682	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-
Property held for resale	-	105,000	-	-	-
Debt service	-	-	-	-	-
Advances to other funds	-	-	-	-	-
<b>Unreserved, reported in:</b>					
Special revenue funds	-	-	-	-	-
Capital projects funds	69,847	1,952,359	620,230	1,426,137	1,718,458
<b>Total fund balances</b>	<b>77,529</b>	<b>2,057,359</b>	<b>620,230</b>	<b>1,426,137</b>	<b>1,718,458</b>
<b>Total liabilities and fund balances</b>	<b>\$ 78,485</b>	<b>\$ 2,057,359</b>	<b>\$ 620,230</b>	<b>\$ 1,426,137</b>	<b>\$ 1,718,458</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Capital Projects				
	Redevelopment District Allocation Area Capital	TIF-Central Medical Service Area	Football Hall of Fame Capital	Major Moves	TIF - Northeast Development
<b>Assets</b>					
Cash and cash equivalents	\$ 401,350	\$ 1,603,936	\$ 884,140	\$ 13,963,536	\$ 13,701
Cash with fiscal agent	-	-	-	-	-
Investments	-	-	-	-	-
Receivables (net of allowances for uncollectibles):					
Interest	884	4,421	1,916	39,786	39
Taxes	-	1,554,420	-	-	27,960
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Interfund receivable:					
Interfund loan	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-
Advances to other funds	-	-	-	308,667	-
Property held for sale	562,009	-	-	-	-
<b>Total assets</b>	<b>\$ 964,243</b>	<b>\$ 3,162,777</b>	<b>\$ 886,056</b>	<b>\$ 14,311,989</b>	<b>\$ 41,700</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 700	\$ -	\$ -	\$ 3,510	\$ -
Accrued payroll payable	-	-	-	173,421	-
Contracts payable	-	-	-	-	-
Interfund payable:					
Interfund loan	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Performance deposits payable	-	-	-	-	-
Other current payables	-	-	-	-	-
Advances from other funds	-	-	1,750,000	-	175,894
<b>Total liabilities</b>	<b>700</b>	<b>-</b>	<b>1,750,000</b>	<b>176,931</b>	<b>175,894</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	-	61,145	-	5,991,334	-
Noncurrent loans receivable	-	-	-	-	-
Property held for resale	562,009	-	-	-	-
Debt service	-	-	-	-	-
Advances to other funds	-	-	-	308,667	-
<b>Unreserved, reported in:</b>					
Special revenue funds	-	-	-	-	-
Capital projects funds	401,534	3,101,632	(863,944)	7,835,057	(134,194)
<b>Total fund balances</b>	<b>963,543</b>	<b>3,162,777</b>	<b>(863,944)</b>	<b>14,135,058</b>	<b>(134,194)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 964,243</b>	<b>\$ 3,162,777</b>	<b>\$ 886,056</b>	<b>\$ 14,311,989</b>	<b>\$ 41,700</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Capital Projects				
	TIF Douglas Road	Palais Royale Historic Preservation	Equipment Leasing	Morris Entertainment	Erskine Commons TIF Project
<b>Assets</b>					
Cash and cash equivalents	\$ 15	\$ 17,009	\$ 83,177	\$ 14,280	\$ 99,700
Cash with fiscal agent	-	-	-	-	-
Investments	-	-	-	95,001	-
Receivables (net of allowances for uncollectibles):					
Interest	-	38	-	-	-
Taxes	-	-	-	-	-
Accounts	-	1,068	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Interfund receivable:					
Interfund loan	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Property held for sale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 15</b>	<b>\$ 18,115</b>	<b>\$ 83,177</b>	<b>\$ 109,281</b>	<b>\$ 99,700</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-
Contracts payable	-	-	-	-	-
Interfund payable:					
Interfund loan	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Performance deposits payable	-	-	-	-	-
Other current payables	-	-	-	-	-
Advances from other funds	132,773	-	-	-	-
<b>Total liabilities</b>	<b>132,773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-
Property held for resale	-	-	-	-	-
Debt service	-	-	-	-	-
Advances to other funds	-	-	-	-	-
<b>Unreserved, reported in:</b>					
Special revenue funds	-	-	-	-	-
Capital projects funds	(132,758)	18,115	83,177	109,281	99,700
<b>Total fund balances</b>	<b>(132,758)</b>	<b>18,115</b>	<b>83,177</b>	<b>109,281</b>	<b>99,700</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15</b>	<b>\$ 18,115</b>	<b>\$ 83,177</b>	<b>\$ 109,281</b>	<b>\$ 99,700</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2008  
 (Continued)

	Capital Projects				Total Nonmajor Governmental Funds
	South Bend Building Corporation Construction	Century Center Construction	Eddy Street Commons Construction	Totals	
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 2,889,916	\$ 18,791,710	\$ 56,041,633	\$ 91,691,029
Cash with fiscal agent	-	-	-	26,200	26,200
Investments	-	-	-	95,001	1,861,966
Receivables (net of allowances for uncollectibles):					
Interest	-	1,768	13,717	97,800	187,467
Taxes	-	-	-	12,221,562	13,382,697
Accounts	-	-	-	585,906	1,550,840
Intergovernmental	-	-	-	-	692,734
Loans	-	-	-	-	7,659,154
Interfund receivable:					
Interfund loan	-	-	-	-	10,248,438
Interfund services provided and used	-	-	-	-	4,871
Advances to other funds	-	-	-	308,667	783,483
Property held for sale	-	-	-	6,823,789	9,292,101
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 2,891,684</b>	<b>\$ 18,805,427</b>	<b>\$ 76,200,558</b>	<b>\$ 137,380,980</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 10,547	\$ 2,705	\$ 635,369	\$ 1,066,165
Accrued payroll payable	-	-	-	173,421	315,083
Contracts payable	-	44,670	1,707,534	2,274,254	2,768,705
Interfund payable:					
Interfund loan	-	-	-	-	1,163,000
Interfund services provided and used	-	-	-	4,752	270,210
Deferred revenue	-	-	-	1,364,729	1,364,729
Performance deposits payable	-	-	-	152,854	176,022
Other current payables	-	-	-	-	11,786
Advances from other funds	-	-	-	2,058,667	2,533,483
<b>Total liabilities</b>	<b>-</b>	<b>55,217</b>	<b>1,710,239</b>	<b>6,664,046</b>	<b>9,669,183</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	-	-	-	7,225,068	11,246,532
Noncurrent loans receivable	-	-	-	-	6,072,275
Property held for resale	-	-	-	6,823,789	9,292,101
Debt service	-	-	-	-	15,727,374
Advances to other funds	-	-	-	308,667	783,483
<b>Unreserved, reported in:</b>					
Special revenue funds	-	-	-	-	29,411,044
Capital projects funds	-	2,836,467	17,095,188	55,178,988	55,178,988
<b>Total fund balances</b>	<b>-</b>	<b>2,836,467</b>	<b>17,095,188</b>	<b>69,536,512</b>	<b>127,711,797</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 2,891,684</b>	<b>\$ 18,805,427</b>	<b>\$ 76,200,558</b>	<b>\$ 137,380,980</b>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008

	Special Revenue					
	Motor Vehicle Highway	Recreation Nonreverting	Studebaker Oliver Revitalization Grants	Economic Development State Grants	Community Development	Police Federal Grant
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County option income	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	5,025,033	-	234,527	-	3,252,416	-
Charges for services	-	1,128,472	-	-	301,620	-
Fines and forfeits	-	-	-	-	-	-
Interest	46,793	20,557	64,856	143,384	53,960	-
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	-	-	-	-	86,605	-
Total revenues	<u>5,071,826</u>	<u>1,149,029</u>	<u>299,383</u>	<u>143,384</u>	<u>3,694,601</u>	<u>-</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	1
Highways and streets	5,161,494	-	-	-	-	-
Economic development	-	-	235,816	277,086	6,802,372	-
Culture and recreation	-	1,053,986	-	-	-	-
Debt service:						
Principal	456	-	-	125,570	-	-
Interest and fiscal charges	125	-	-	44,711	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	<u>5,162,075</u>	<u>1,053,986</u>	<u>235,816</u>	<u>447,367</u>	<u>6,802,372</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(90,249)</u>	<u>95,043</u>	<u>63,567</u>	<u>(303,983)</u>	<u>(3,107,771)</u>	<u>(1)</u>
Other financing sources (uses):						
Transfers in	161,833	-	-	-	1,533,159	-
Transfers out	-	-	-	-	-	-
Debt issuance	4,300	-	-	-	4,000,000	-
Premium (discount) on debt issuance	-	-	-	-	-	-
Total other financing sources and uses	<u>166,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,533,159</u>	<u>-</u>
Special item:						
Well field contamination settlement	-	-	-	-	-	-
Net change in fund balances	75,884	95,043	63,567	(303,983)	2,425,388	(1)
Fund balances - beginning	<u>2,767,578</u>	<u>591,683</u>	<u>1,937,681</u>	<u>3,346,572</u>	<u>4,938,874</u>	<u>1</u>
Fund balances - ending	<u>\$ 2,843,462</u>	<u>\$ 686,726</u>	<u>\$ 2,001,248</u>	<u>\$ 3,042,589</u>	<u>\$ 7,364,262</u>	<u>\$ -</u>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (Continued)

	Special Revenue						
	Police State Seizure	Juvenile Positive Assistance	Law Enforcement		Loss Recovery	Build Indiana	General Grant
			Continuing Education	-			
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County option income	-	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-	-
Professional sports development	-	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	137,802	-	-	-	-
Fines and forfeits	-	717	121,895	-	-	-	-
Interest	-	-	11,009	11,788	-	-	1,307
Donations	-	-	2,668	-	-	-	-
Sale of property	-	-	-	-	-	-	-
Other	53,678	1,537	95,950	-	-	-	-
<b>Total revenues</b>	<b>53,678</b>	<b>2,254</b>	<b>369,324</b>	<b>11,788</b>	<b>-</b>	<b>-</b>	<b>1,307</b>
Expenditures:							
Current:							
General government	-	-	-	257,458	-	-	-
Public safety	11,651	2,245	244,701	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>11,651</b>	<b>2,245</b>	<b>244,701</b>	<b>257,458</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	42,027	9	124,623	(245,670)	-	-	1,307
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(1)	-	-
Debt issuance	-	-	-	-	-	-	-
Premium (discount) on debt issuance	-	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
Special item:							
Well field contamination settlement	-	-	-	4,462,214	-	-	-
<b>Net change in fund balances</b>	<b>42,027</b>	<b>9</b>	<b>124,623</b>	<b>4,216,544</b>	<b>(1)</b>	<b>-</b>	<b>1,307</b>
Fund balances - beginning	38,072	8,253	609,797	-	1	-	58,705
<b>Fund balances - ending</b>	<b>\$ 80,099</b>	<b>\$ 8,262</b>	<b>\$ 734,420</b>	<b>\$ 4,216,544</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,012</b>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (Continued)

	Special Revenue					
	Local Road and Street	Human Rights Federal	East Race Waterway	Morris and Palais Marketing	Economic Development Commission	Hazmat
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County option income	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	1,098,979	143,200	-	-	-	-
Charges for services	-	-	-	-	-	11,626
Fines and forfeits	-	-	-	-	-	-
Interest	84,982	9,044	1,138	119	-	-
Donations	-	45	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	-	13,445	-	14,401	-	380
<b>Total revenues</b>	<b>1,183,961</b>	<b>165,734</b>	<b>1,138</b>	<b>14,520</b>	<b>-</b>	<b>12,006</b>
Expenditures:						
Current:						
General government	-	162,465	-	-	-	-
Public safety	-	-	-	-	-	9,765
Highways and streets	1,471,754	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	231	2,764	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,471,754</b>	<b>162,465</b>	<b>231</b>	<b>2,764</b>	<b>-</b>	<b>9,765</b>
Excess (deficiency) of revenues over (under) expenditures	<u>(287,793)</u>	<u>3,269</u>	<u>907</u>	<u>11,756</u>	<u>-</u>	<u>2,241</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-
Premium (discount) on debt issuance	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Special Item:						
Well field contamination settlement	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>(287,793)</b>	<b>3,269</b>	<b>907</b>	<b>11,756</b>	<b>-</b>	<b>2,241</b>
Fund balances - beginning	<u>3,300,468</u>	<u>433,121</u>	<u>32,562</u>	<u>4,135</u>	<u>25,888</u>	<u>9,394</u>
<b>Fund balances - ending</b>	<b>\$ 3,012,675</b>	<b>\$ 436,390</b>	<b>\$ 33,469</b>	<b>\$ 15,891</b>	<b>\$ 25,888</b>	<b>\$ 11,635</b>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (Continued)

	Special Revenue					
	Indiana River Rescue	COPS Block Grant II	Regional Police Academy	COPS MORE Grant	Federal Drug Enforcement	Gift
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County option income	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	180,026	20,505	-	48,831	-
Charges for services	17,800	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	-	1,358	-	13,401	-
Donations	-	-	-	915	-	37,300
Sale of property	-	-	-	-	-	-
Other	423	-	-	31,410	-	-
<b>Total revenues</b>	<b>18,223</b>	<b>180,026</b>	<b>21,863</b>	<b>32,325</b>	<b>62,232</b>	<b>37,300</b>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	25,316	189,085	16,962	10,286	150,367	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total expenditures</b>	<b>25,316</b>	<b>189,085</b>	<b>16,962</b>	<b>10,286</b>	<b>150,367</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(7,093)	(9,059)	4,901	22,039	(88,135)	37,300
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-
Premium (discount) on debt issuance	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Special item:						
Well field contamination settlement	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>(7,093)</b>	<b>(9,059)</b>	<b>4,901</b>	<b>22,039</b>	<b>(88,135)</b>	<b>37,300</b>
Fund balances - beginning	75,445	66,757	64,990	124,616	383,923	-
<b>Fund balances - ending</b>	<b>\$ 68,352</b>	<b>\$ 57,698</b>	<b>\$ 69,891</b>	<b>\$ 146,655</b>	<b>\$ 295,788</b>	<b>\$ 37,300</b>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (Continued)

	Special Revenue					Totals
	Urban Development Action Grant	Leaf Collection and Removal	Police K-9 Unit	Rainy Day	Industrial Revolving	
<b>Revenues:</b>						
<b>Taxes:</b>						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County option income	-	-	-	512,215	-	512,215
County economic development income	-	-	-	246,974	-	246,974
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	780,000	-	-	-	-	10,783,517
Charges for services	-	434,396	-	-	-	2,031,716
Fines and forfeits	-	-	-	-	-	122,612
Interest	135,943	-	-	165,122	249,095	1,013,856
Donations	-	-	1,408	-	-	42,336
Sale of property	-	-	-	-	-	-
Other	41,400	-	-	-	18,713	357,942
<b>Total revenues</b>	<b>957,343</b>	<b>434,396</b>	<b>1,408</b>	<b>924,311</b>	<b>267,808</b>	<b>15,111,168</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	-	195,064	-	-	-	614,987
Public safety	-	-	1,283	-	-	661,662
Highways and streets	-	-	-	-	-	6,633,248
Economic development	2,153,699	-	-	-	82,776	9,551,749
Culture and recreation	-	-	-	-	-	1,056,981
<b>Debt service:</b>						
Principal	-	-	-	-	-	126,026
Interest and fiscal charges	-	-	-	-	-	44,836
Bond issuance costs	-	-	-	-	-	-
<b>Capital outlay:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,153,699</b>	<b>195,064</b>	<b>1,283</b>	<b>-</b>	<b>82,776</b>	<b>18,689,489</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,196,356)</b>	<b>239,332</b>	<b>125</b>	<b>924,311</b>	<b>185,032</b>	<b>(3,578,321)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	1,694,992
Transfers out	-	(160,000)	-	-	-	(160,001)
Debt issuance	-	-	-	-	-	4,004,300
Premium (discount) on debt issuance	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>(160,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,539,291</b>
<b>Special item:</b>						
Well field contamination settlement	-	-	-	-	-	4,462,214
<b>Net change in fund balances</b>	<b>(1,196,356)</b>	<b>79,332</b>	<b>125</b>	<b>924,311</b>	<b>185,032</b>	<b>6,423,184</b>
<b>Fund balances - beginning</b>	<b>4,347,248</b>	<b>482,015</b>	<b>2,490</b>	<b>5,576,620</b>	<b>6,797,838</b>	<b>36,024,727</b>
<b>Fund balances - ending</b>	<b>\$ 3,150,892</b>	<b>\$ 561,347</b>	<b>\$ 2,615</b>	<b>\$ 6,500,931</b>	<b>\$ 6,982,870</b>	<b>\$ 42,447,911</b>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (Continued)

	Debt Service Funds					
	Redevelopment Bond - Studebaker	College Football Hall of Fame Debt Service	Redevelopment Bond - Central Development	Redevelopment Bond - Airport Taxable	Redevelopment Bond - Century Center	Redevelopment Bond - Palais Royale
Revenues:						
Taxes:						
Property	\$ -	\$ 1,521,817	\$ -	\$ -	\$ -	\$ -
County option income	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	93,882	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	2,181	29,086	59,994	-	34,360
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	-	2,500	-	-	-	-
Total revenues	-	1,620,380	29,086	59,994	-	34,360
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	810,000	-	-	-	-
Interest and fiscal charges	-	602,595	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	-	1,412,595	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	207,785	29,086	59,994	-	34,360
Other financing sources (uses):						
Transfers in	-	-	-	383,921	-	219,010
Transfers out	(4,551)	-	(37,589)	(61,564)	(52,770)	(35,225)
Debt issuance	-	-	-	-	-	-
Premium (discount) on debt issuance	-	-	-	-	-	-
Total other financing sources and uses	(4,551)	-	(37,589)	322,357	(52,770)	183,785
Special item:						
Well field contamination settlement	-	-	-	-	-	-
Net change in fund balances	(4,551)	207,785	(8,503)	382,351	(52,770)	218,145
Fund balances - beginning	4,551	154,637	830,861	1,542,855	52,770	880,130
Fund balances - ending	\$ -	\$ 362,422	\$ 822,358	\$ 1,925,206	\$ -	\$ 1,098,275

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (Continued)

	Debt Service Funds					
	EDIT Bond - Plaza Garage Tax Exempt	EDIT Bond - Plaza Garage Taxable	Redevelopment Authority Debt Service	Erskine Commons TIF Debt Service	South Bend Building Corporation Debt Service	TIF Erskine Village Debt Service
<b>Revenues:</b>						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County option income	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	-	85,684	3,892	17,699	18,154
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>85,684</b>	<b>3,892</b>	<b>17,699</b>	<b>18,154</b>
<b>Expenditures:</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	1,530,000	-	1,423,375	145,000
Interest and fiscal charges	-	-	1,540,000	64,833	1,167,772	345,698
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>3,070,000</b>	<b>64,833</b>	<b>2,591,147</b>	<b>490,698</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>(2,984,316)</b>	<b>(60,941)</b>	<b>(2,573,448)</b>	<b>(472,544)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	2,197,271	-	2,602,808	776,591
Transfers out	(3,408)	(5,971)	-	-	-	-
Debt issuance	-	-	8,060,698	-	-	-
Premium (discount) on debt issuance	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>(3,408)</b>	<b>(5,971)</b>	<b>10,257,969</b>	<b>-</b>	<b>2,602,808</b>	<b>776,591</b>
<b>Special item:</b>						
Well field contamination settlement	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>(3,408)</b>	<b>(5,971)</b>	<b>7,273,653</b>	<b>(60,941)</b>	<b>29,360</b>	<b>304,047</b>
<b>Fund balances - beginning</b>	<b>3,408</b>	<b>5,971</b>	<b>1,938,459</b>	<b>231,092</b>	<b>968,128</b>	<b>835,315</b>
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,212,112</b>	<b>\$ 170,151</b>	<b>\$ 997,488</b>	<b>\$ 1,139,362</b>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (Continued)

	Debt Service Funds		Capital Projects			
	Totals	Emergency Medical Services	Central Development Area Bond Proceeds	Professional Sports Development	Coveleski Stadium Capital	Zoo Endowment
<b>Revenues:</b>						
Taxes:						
Property	\$ 1,521,817	\$ -	\$ -	\$ -	\$ -	\$ -
County option income	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-
Professional sports development	-	-	-	453,268	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	93,882	60,000	-	589,620	-	-
Charges for services	-	1,939,016	-	-	-	-
Fines and forfeits	-	30,860	-	-	-	-
Interest	251,050	50,937	177,372	17,498	7,117	886
Donations	-	25	-	-	-	3,458
Sale of property	-	1,748	-	-	-	-
Other	2,500	76,625	-	-	3,730	-
<b>Total revenues</b>	<b>1,869,249</b>	<b>2,159,211</b>	<b>177,372</b>	<b>1,060,386</b>	<b>10,847</b>	<b>4,344</b>
<b>Expenditures:</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	3,908,375	120,061	-	-	-	-
Interest and fiscal charges	3,720,898	18,739	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	570,524	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	1,068,194	-	-	-
Culture and recreation	-	-	-	689,620	61,821	-
<b>Total expenditures</b>	<b>7,629,273</b>	<b>709,324</b>	<b>1,068,194</b>	<b>689,620</b>	<b>61,821</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(5,760,024)	1,449,887	(890,822)	370,766	(50,974)	4,344
<b>Other financing sources (uses):</b>						
Transfers in	6,179,601	-	-	-	-	-
Transfers out	(201,078)	(250,000)	-	(200,000)	-	-
Debt issuance	8,060,698	-	-	-	-	-
Premium (discount) on debt issuance	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>14,039,221</b>	<b>(250,000)</b>	<b>-</b>	<b>(200,000)</b>	<b>-</b>	<b>-</b>
<b>Special item:</b>						
Well field contamination settlement	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>8,279,197</b>	<b>1,199,887</b>	<b>(890,822)</b>	<b>170,766</b>	<b>(50,974)</b>	<b>4,344</b>
Fund balances - beginning	7,448,177	1,992,276	6,397,259	496,090	293,471	25,272
<b>Fund balances - ending</b>	<b>\$ 15,727,374</b>	<b>\$ 3,192,163</b>	<b>\$ 5,506,437</b>	<b>\$ 666,856</b>	<b>\$ 242,497</b>	<b>\$ 29,616</b>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (Continued)

	Capital Projects				
	Park Nonreverting Capital	Cumulative Capital Development	Cumulative Capital Improvement	Economic Development Income Tax	Cumulative Sewer
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ 978,168	\$ -	\$ -	\$ -
County option income	-	-	-	-	-
County economic development income	-	-	-	3,997,997	-
Professional sports development	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-
Intergovernmental	-	69,192	350,535	-	-
Charges for services	-	-	-	150,000	-
Fines and forfeits	-	-	-	-	-
Interest	8,135	34,958	-	33,335	-
Donations	-	-	-	-	-
Sale of property	-	-	-	-	-
Other	2,917	190,773	200,000	-	-
<b>Total revenues</b>	<b>11,052</b>	<b>1,273,081</b>	<b>550,535</b>	<b>4,181,332</b>	<b>-</b>
<b>Expenditures:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	754,691	-	780,000	-
Interest and fiscal charges	-	79,849	-	346,622	-
Bond issuance costs	-	-	-	-	-
Capital outlay:					
General government	-	595,933	-	1,255,682	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	241,324	-	-	-	-
<b>Total expenditures</b>	<b>241,324</b>	<b>1,430,473</b>	<b>-</b>	<b>2,382,304</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(230,272)</b>	<b>(157,392)</b>	<b>550,535</b>	<b>1,799,028</b>	<b>-</b>
<b>Other financing sources (uses):</b>					
Transfers in	216,000	-	-	-	-
Transfers out	-	-	(565,611)	(1,721,395)	-
Debt issuance	-	-	-	-	-
Premium (discount) on debt issuance	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>216,000</b>	<b>-</b>	<b>(565,611)</b>	<b>(1,721,395)</b>	<b>-</b>
<b>Special item:</b>					
Well field contamination settlement	-	-	-	-	-
<b>Net change in fund balances</b>	<b>(14,272)</b>	<b>(157,392)</b>	<b>(15,076)</b>	<b>77,633</b>	<b>-</b>
<b>Fund balances - beginning</b>	<b>486,169</b>	<b>1,733,171</b>	<b>306,346</b>	<b>2,604,986</b>	<b>80,224</b>
<b>Fund balances - ending</b>	<b>\$ 471,897</b>	<b>\$ 1,575,779</b>	<b>\$ 291,270</b>	<b>\$ 2,682,619</b>	<b>\$ 80,224</b>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (Continued)

	Capital Projects				
	TIF - Sample/Ewing	Morris Performing Arts Center Capital	TIF Downtown	TIF Leighton Plaza	TIF - West Washington
<b>Revenues:</b>					
<b>Taxes:</b>					
Property	\$ -	\$ -	\$ 4,450,123	\$ -	\$ 486,710
County option income	-	-	-	-	-
County economic development income	-	-	-	-	-
Professional sports development	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-
Intergovernmental	-	-	9,682	-	1,361
Charges for services	-	84,740	45,549	26,547	-
Fines and forfeits	-	-	-	-	-
Interest	5,876	7,821	121,151	4,126	12,390
Donations	-	-	-	-	-
Sale of property	-	-	-	-	-
Other	-	-	686	128,653	-
<b>Total revenues</b>	<b>5,876</b>	<b>92,561</b>	<b>4,627,191</b>	<b>159,326</b>	<b>500,461</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
<b>Debt service:</b>					
Principal	-	-	142,000	-	-
Interest and fiscal charges	-	-	895,927	-	-
Bond issuance costs	-	-	-	-	-
<b>Capital outlay:</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	1,168	-	726,141	124,553	288,226
Culture and recreation	-	47,987	-	-	-
<b>Total expenditures</b>	<b>1,168</b>	<b>47,987</b>	<b>1,764,068</b>	<b>124,553</b>	<b>288,226</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,708</b>	<b>44,574</b>	<b>2,863,123</b>	<b>34,773</b>	<b>212,235</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	72,814	-	-
Transfers out	(1,666,390)	-	(905,103)	-	-
Debt issuance	-	-	-	-	-
Premium (discount) on debt issuance	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>(1,666,390)</b>	<b>-</b>	<b>(832,289)</b>	<b>-</b>	<b>-</b>
<b>Special item:</b>					
Well field contamination settlement	-	-	-	-	-
<b>Net change in fund balances</b>	<b>(1,661,682)</b>	<b>44,574</b>	<b>2,030,834</b>	<b>34,773</b>	<b>212,235</b>
<b>Fund balances - beginning</b>	<b>1,661,682</b>	<b>359,707</b>	<b>8,003,818</b>	<b>122,871</b>	<b>716,219</b>
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ 404,281</b>	<b>\$ 10,034,652</b>	<b>\$ 157,644</b>	<b>\$ 928,454</b>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (Continued)

	Capital Projects				
	Redevelopment	Community Revitalization Enhancement District	TIF No. 1 - Southside Development	TIF No. 2 - Southside Development	TIF No. 3 - Southside Development
	General	District	Development	Development	Development
<b>Revenues:</b>					
<b>Taxes:</b>					
Property	\$ -	\$ -	\$ 389,634	\$ 1,426,130	\$ 1,716,388
County option income	-	-	-	-	-
County economic development income	-	-	-	-	-
Professional sports development	-	-	-	-	-
Community revitalization enhancement district	-	955,315	-	-	-
Intergovernmental	-	-	1,339	7	2,070
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest	2,716	61,688	-	-	-
Donations	-	-	-	-	-
Sale of property	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>2,716</b>	<b>1,017,003</b>	<b>390,973</b>	<b>1,426,137</b>	<b>1,718,458</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
<b>Debt service:</b>					
Principal	-	1,400,000	-	-	-
Interest and fiscal charges	-	135,883	-	6,031	-
Bond issuance costs	-	-	-	-	-
<b>Capital outlay:</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	18,145	-	282,515	-	-
Culture and recreation	-	-	-	-	-
<b>Total expenditures</b>	<b>18,145</b>	<b>1,535,883</b>	<b>282,515</b>	<b>6,031</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(15,429)</b>	<b>(518,880)</b>	<b>108,458</b>	<b>1,420,106</b>	<b>1,718,458</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Debt issuance	-	-	-	-	(776,591)
Premium (discount) on debt issuance	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(776,591)</b>
<b>Special item:</b>					
Well field contamination settlement	-	-	-	-	-
<b>Net change in fund balances</b>	<b>(15,429)</b>	<b>(518,880)</b>	<b>108,458</b>	<b>1,420,106</b>	<b>941,867</b>
<b>Fund balances - beginning</b>	<b>92,958</b>	<b>2,576,239</b>	<b>511,772</b>	<b>6,031</b>	<b>776,591</b>
<b>Fund balances - ending</b>	<b>\$ 77,529</b>	<b>\$ 2,057,359</b>	<b>\$ 620,230</b>	<b>\$ 1,426,137</b>	<b>\$ 1,718,458</b>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (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	\$ -	\$ 1,557,213	\$ -	\$ -	\$ 27,960
County option income	-	-	-	-	-
County economic development income	-	-	-	-	-
Professional sports development	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-
Intergovernmental	-	2,130	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest	11,097	53,903	23,914	456,827	272
Donations	-	-	-	-	-
Sale of property	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>11,097</u>	<u>1,613,246</u>	<u>23,914</u>	<u>456,827</u>	<u>28,232</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	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	112,342	36,524	-	-	175,894
Culture and recreation	-	-	12,581	-	-
Total expenditures	<u>112,342</u>	<u>36,524</u>	<u>12,581</u>	<u>-</u>	<u>175,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(101,245)</u>	<u>1,576,722</u>	<u>11,333</u>	<u>456,827</u>	<u>(147,662)</u>
Other financing sources (uses):					
Transfers in	-	-	200,000	-	-
Transfers out	-	-	-	-	-
Debt issuance	-	-	-	-	-
Premium (discount) on debt issuance	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Special item:					
Well field contamination settlement	-	-	-	-	-
Net change in fund balances	<u>(101,245)</u>	<u>1,576,722</u>	<u>211,333</u>	<u>456,827</u>	<u>(147,662)</u>
Fund balances - beginning	<u>1,064,788</u>	<u>1,586,055</u>	<u>(1,075,277)</u>	<u>13,678,231</u>	<u>13,468</u>
Fund balances - ending	<u>\$ 963,543</u>	<u>\$ 3,162,777</u>	<u>\$ (863,944)</u>	<u>\$ 14,135,058</u>	<u>\$ (134,194)</u>

Continued on next page



CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (Continued)

	Capital Projects				
	TIF Douglas Road	Palais Royale Historic Preservation	Equipment Leasing	Morris Entertainment	Erskine Commons TIF Project
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
County option income	-	-	-	-	-
County economic development income	-	-	-	-	-
Professional sports development	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest	-	175	11,408	388	3,204
Donations	-	17,772	-	15,100	-
Sale of property	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>-</u>	<u>17,947</u>	<u>11,408</u>	<u>15,488</u>	<u>3,204</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	10,866	-
Debt service:					
Principal	-	-	68,191	-	-
Interest and fiscal charges	-	-	23,612	-	-
Bond issuance costs	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	963,508	-	-
Highways and streets	-	-	379,729	-	-
Economic development	146,699	-	-	-	81,786
Culture and recreation	-	-	-	-	-
Total expenditures	<u>146,699</u>	<u>-</u>	<u>1,435,040</u>	<u>10,866</u>	<u>81,786</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(146,699)</u>	<u>17,947</u>	<u>(1,423,632)</u>	<u>4,622</u>	<u>(78,582)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Debt issuance	-	-	963,508	-	-
Premium (discount) on debt issuance	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>963,508</u>	<u>-</u>	<u>-</u>
Special item:					
Well field contamination settlement	-	-	-	-	-
Net change in fund balances	<u>(146,699)</u>	<u>17,947</u>	<u>(460,124)</u>	<u>4,622</u>	<u>(78,582)</u>
Fund balances - beginning	<u>13,941</u>	<u>168</u>	<u>543,301</u>	<u>104,659</u>	<u>178,282</u>
Fund balances - ending	<u>\$ (132,758)</u>	<u>\$ 18,115</u>	<u>\$ 83,177</u>	<u>\$ 109,281</u>	<u>\$ 99,700</u>

Continued on next page

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2008  
 (Continued)

	Capital Projects				Total Nonmajor Governmental Funds
	South Bend Building Corporation Construction	Century Center Construction	Eddy Street Commons Construction	Totals	
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ 11,032,316	\$ 12,554,133
County option income	-	-	-	-	512,215
County economic development income	-	-	-	3,997,997	4,244,971
Professional sports development	-	-	-	453,268	453,268
Community revitalization enhancement district	-	-	-	955,315	955,315
Intergovernmental	-	-	-	1,085,936	11,963,335
Charges for services	-	-	-	2,245,852	4,277,568
Fines and forfeits	-	-	-	30,860	153,472
Interest	127	3,376	380,265	1,490,962	2,755,868
Donations	-	-	-	36,355	78,691
Sale of property	-	-	-	1,748	1,748
Other	-	-	-	603,384	963,826
Total revenues	<u>127</u>	<u>3,376</u>	<u>380,265</u>	<u>21,933,993</u>	<u>38,914,410</u>
Expenditures:					
Current:					
General government	-	-	-	-	614,987
Public safety	-	-	-	-	661,662
Highways and streets	-	-	-	-	6,633,248
Economic development	-	-	-	-	9,551,749
Culture and recreation	-	-	-	10,866	1,067,847
Debt service:					
Principal	-	-	-	3,264,943	7,299,344
Interest and fiscal charges	-	-	-	1,506,663	5,272,397
Bond issuance costs	-	182,175	662,563	844,738	844,738
Capital outlay:					
General government	-	-	-	1,851,615	1,851,615
Public safety	-	-	-	1,534,032	1,534,032
Highways and streets	-	-	-	379,729	379,729
Economic development	-	-	12,765,229	15,827,416	15,827,416
Culture and recreation	-	1,062,507	-	2,115,840	2,115,840
Total expenditures	<u>-</u>	<u>1,244,682</u>	<u>13,427,792</u>	<u>27,335,842</u>	<u>53,654,604</u>
Excess (deficiency) of revenues over (under) expenditures	<u>127</u>	<u>(1,241,306)</u>	<u>(13,047,527)</u>	<u>(5,401,849)</u>	<u>(14,740,194)</u>
Other financing sources (uses):					
Transfers in	-	-	-	488,814	8,363,407
Transfers out	(15,367)	-	-	(6,100,457)	(6,461,536)
Debt issuance	-	4,167,707	28,426,595	33,557,810	45,622,808
Premium (discount) on debt issuance	-	(89,934)	1,716,120	1,626,186	1,626,186
Total other financing sources and uses	<u>(15,367)</u>	<u>4,077,773</u>	<u>30,142,715</u>	<u>29,572,353</u>	<u>49,150,865</u>
Special Item:					
Well field contamination settlement	-	-	-	-	4,462,214
Net change in fund balances	<u>(15,240)</u>	<u>2,836,467</u>	<u>17,095,188</u>	<u>24,170,504</u>	<u>38,872,885</u>
Fund balances - beginning	<u>15,240</u>	<u>-</u>	<u>-</u>	<u>45,366,008</u>	<u>88,838,912</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,836,467</u>	<u>\$ 17,095,188</u>	<u>\$ 69,536,512</u>	<u>\$ 127,711,797</u>

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, 2008

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Budgetary Basis Amounts	With Final Budget Positive (Negative)
Revenues:				
Taxes:				
County option income	\$ 5,700,000	\$ 5,700,000	\$ 6,192,452	\$ 492,452
Other	<u>150,000</u>	<u>150,000</u>	<u>182,443</u>	<u>32,443</u>
Total revenues	<u>5,850,000</u>	<u>5,850,000</u>	<u>6,374,895</u>	<u>524,895</u>
Expenditures:				
Other services and charges	4,303,089	4,714,965	4,014,548	700,417
Capital outlay	<u>2,463,500</u>	<u>5,328,276</u>	<u>5,186,397</u>	<u>141,879</u>
Total expenditures	<u>6,766,589</u>	<u>10,043,241</u>	<u>9,200,945</u>	<u>842,296</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>130,093</u>	<u>130,093</u>
Net change in fund balances	(916,589)	(4,193,241)	(2,695,957)	1,497,284
Fund balances - beginning	<u>7,214,789</u>	<u>7,214,789</u>	<u>7,214,789</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,298,200</u>	<u>\$ 3,021,548</u>	<u>\$ 4,518,832</u>	<u>\$ 1,497,284</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (2,695,957)	
To adjust revenues for accruals			(34,336)	
To adjust expenditures for accruals			920,674	
To adjust expenditures for encumbrances			<u>2,735,273</u>	
Net change in fund balance, GAAP basis			<u>\$ 925,654</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, 2008

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 4,951,109	\$ 4,940,738	\$ 5,056,949	\$ 116,211
Charges for services	8,940	8,940	8,940	-
Other	<u>162,000</u>	<u>162,000</u>	<u>201,847</u>	<u>39,847</u>
Total revenues	<u>5,122,049</u>	<u>5,111,678</u>	<u>5,267,736</u>	<u>156,058</u>
Expenditures:				
Current:				
Highways and streets				
Personal services	2,981,249	2,982,679	2,705,652	277,027
Supplies	1,908,963	2,229,306	2,210,382	18,924
Other services and charges	151,472	166,439	109,570	56,869
Other uses	<u>107,056</u>	<u>107,056</u>	<u>107,056</u>	<u>-</u>
Total expenditures	<u>5,148,740</u>	<u>5,485,480</u>	<u>5,132,660</u>	<u>352,820</u>
Net change in fund balances	(26,691)	(373,802)	135,076	508,878
Fund balances - beginning	<u>2,466,447</u>	<u>2,466,447</u>	<u>2,466,447</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,439,756</u>	<u>\$ 2,092,645</u>	<u>\$ 2,601,523</u>	<u>\$ 508,878</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 135,076	
To adjust revenues for accruals			(29,777)	
To adjust expenditures for accruals			(37,937)	
To adjust expenditures for encumbrances			<u>8,522</u>	
Net change in fund balance, GAAP basis			<u>\$ 75,884</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, 2008

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 1,336,397	\$ 1,336,397	\$ 1,128,293	\$ (208,104)
Other	12,000	12,000	20,207	8,207
<b>Total revenues</b>	<b>1,348,397</b>	<b>1,348,397</b>	<b>1,148,500</b>	<b>(199,897)</b>
<b>Expenditures:</b>				
Current:				
Culture and recreation				
Personal services	605,347	605,347	555,598	49,749
Supplies	204,407	271,710	211,733	59,977
Other services and charges	310,435	257,535	216,380	41,155
Other Uses	30,568	30,568	30,568	-
Capital outlay	60,000	85,778	66,818	18,960
<b>Total expenditures</b>	<b>1,210,757</b>	<b>1,250,938</b>	<b>1,081,097</b>	<b>169,841</b>
Net change in fund balances	137,640	97,459	67,403	(30,056)
Fund balances - beginning	622,465	622,465	622,465	-
Fund balances - ending	<u>\$ 760,105</u>	<u>\$ 719,924</u>	<u>\$ 689,868</u>	<u>\$ (30,056)</u>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ 67,403	
To adjust revenues for accruals			529	
To adjust expenditures for accruals			16,522	
To adjust expenditures for encumbrances			10,589	
Net change in fund balance, GAAP basis			<u>\$ 95,043</u>	

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, 2008

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,030,452	\$ 6,137,277	\$ 7,619,288	\$ 1,482,011
Other	<u>150,288</u>	<u>150,288</u>	<u>152,637</u>	<u>2,349</u>
Total revenues	<u>1,180,740</u>	<u>6,287,565</u>	<u>7,771,925</u>	<u>1,484,360</u>
Expenditures:				
Current:				
Urban redevelopment and housing				
Personal services	2,077,145	2,064,704	1,824,927	239,777
Supplies	36,390	36,942	26,860	10,082
Other services and charges	341,817	11,046,261	6,777,796	4,268,465
Other uses	34,307	34,307	34,307	-
Capital outlay	<u>-</u>	<u>2,432,211</u>	<u>364,979</u>	<u>2,067,232</u>
Total expenditures	<u>2,489,659</u>	<u>15,614,425</u>	<u>9,028,869</u>	<u>6,585,556</u>
Other financing sources:				
Transfers in	<u>1,549,270</u>	<u>1,549,270</u>	<u>1,533,159</u>	<u>(16,111)</u>
Net change in fund balances	240,351	(7,777,590)	276,215	8,053,805
Fund balances - beginning	<u>2,050,780</u>	<u>2,050,780</u>	<u>2,050,780</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,291,131</u>	<u>\$ (5,726,810)</u>	<u>\$ 2,326,995</u>	<u>\$ 8,053,805</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 276,215	
To adjust revenues for accruals			(77,324)	
To adjust expenditures for accruals			405,266	
To adjust expenditures for encumbrances			<u>1,821,231</u>	
Net change in fund balance, GAAP basis			<u>\$ 2,425,388</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, 2008

	<u>Budgeted Amounts</u>		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 1,161,952	\$ 1,159,129	\$ 1,104,260	\$ (54,869)
Other	50,000	50,000	83,884	33,884
Total revenues	<u>1,211,952</u>	<u>1,209,129</u>	<u>1,188,144</u>	<u>(20,985)</u>
Expenditures:				
Capital	<u>1,258,000</u>	<u>4,511,553</u>	<u>2,664,220</u>	<u>1,847,333</u>
Net change in fund balances	(46,048)	(3,302,424)	(1,476,076)	1,826,348
Fund balances - beginning	<u>3,170,792</u>	<u>3,170,792</u>	<u>3,170,792</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,124,744</u>	<u>\$ (131,632)</u>	<u>\$ 1,694,716</u>	<u>\$ 1,826,348</u>
 <i><u>Budget/GAAP Reconciliation</u></i>				
Net change in fund balance, budget basis			\$ (1,476,076)	
To adjust revenues for accruals			(4,183)	
To adjust expenditures for accruals			(180,935)	
To adjust expenditures for encumbrances			<u>1,373,401</u>	
Net change in fund balance, GAAP basis			<u>\$ (287,793)</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, 2008

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 140,500	\$ 140,500	\$ 143,798	\$ 3,298
Other	<u>30,800</u>	<u>30,800</u>	<u>22,818</u>	<u>(7,982)</u>
Total revenues	<u>171,300</u>	<u>171,300</u>	<u>166,616</u>	<u>(4,684)</u>
Expenditures:				
General government				
Personal services	92,331	92,331	93,042	(711)
Supplies	2,800	3,059	1,574	1,485
Other services and charges	66,700	66,700	63,214	3,486
Other uses	<u>4,157</u>	<u>4,157</u>	<u>4,157</u>	<u>-</u>
Total expenditures	<u>165,988</u>	<u>166,247</u>	<u>161,987</u>	<u>4,260</u>
Net change in fund balances	5,312	5,053	4,629	(424)
Fund balances - beginning	<u>432,041</u>	<u>432,041</u>	<u>432,041</u>	<u>-</u>
Fund balances - ending	<u>\$ 437,353</u>	<u>\$ 437,094</u>	<u>\$ 436,670</u>	<u>\$ (424)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 4,629	
To adjust revenues for accruals			(882)	
To adjust expenditures for accruals			(508)	
To adjust expenditures for encumbrances			<u>30</u>	
Net change in fund balance, GAAP basis			<u>\$ 3,269</u>	



CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 DEBT SERVICE FUNDS - REDEVELOPMENT BOND - STUDEBAKER  
 For The Year Ended December 31, 2008

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Other financing uses:				
Transfers out	\$ -	\$ -	\$ (4,551)	\$ 4,551
Net change in fund balances	-	-	(4,551)	4,551
Fund balances - beginning	4,551	4,551	4,551	-
Fund balances - ending	<u>\$ 4,551</u>	<u>\$ 4,551</u>	<u>\$ -</u>	<u>\$ 4,551</u>

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

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, 2008

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 1,600,000	\$ 1,517,251	\$ 360,682	\$ (1,156,569)
Intergovernmental	<u>62,384</u>	<u>62,384</u>	<u>93,882</u>	<u>31,498</u>
Total revenues	<u>1,662,384</u>	<u>1,579,635</u>	<u>454,564</u>	<u>(1,125,071)</u>
Expenditures:				
Debt Service:				
Principal	810,000	810,000	810,000	-
Interest and fiscal agent fees	<u>591,500</u>	<u>604,500</u>	<u>603,515</u>	<u>985</u>
Total expenditures	<u>1,401,500</u>	<u>1,414,500</u>	<u>1,413,515</u>	<u>985</u>
Net change in fund balances	260,884	165,135	(958,951)	(1,124,086)
Fund balances - beginning	<u>154,212</u>	<u>154,212</u>	<u>154,212</u>	<u>-</u>
<i>Fund balances - ending</i>	<u><u>\$ 415,096</u></u>	<u><u>\$ 319,347</u></u>	<u><u>\$ (804,739)</u></u>	<u><u>\$ (1,124,086)</u></u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (958,951)	
To adjust revenues for accruals			1,165,816	
To adjust expenditures for accruals			<u>920</u>	
Net change in fund balance, GAAP basis			<u><u>\$ 207,785</u></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, 2008

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,313,800	\$ 1,313,800	\$ 2,077,945	\$ 764,145
Other	20,000	20,000	121,451	101,451
Total revenues	<u>1,333,800</u>	<u>1,333,800</u>	<u>2,199,396</u>	<u>865,596</u>
Expenditures:				
Public Safety				
Other services and charges	34,669	61,519	43,265	18,254
Capital outlay	340,167	823,607	704,854	118,753
Debt Service:				
Principal	232,538	116,269	116,269	-
Interest and fiscal agent fees	<u>156,168</u>	<u>43,706</u>	<u>23,190</u>	<u>20,516</u>
Total expenditures	<u>763,542</u>	<u>1,045,101</u>	<u>887,578</u>	<u>157,523</u>
Other financing uses:				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net change in fund balances	320,258	38,699	1,061,818	1,023,119
Fund balances - beginning	<u>1,430,312</u>	<u>1,430,312</u>	<u>1,430,312</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,750,570</u>	<u>\$ 1,469,011</u>	<u>\$ 2,492,130</u>	<u>\$ 1,023,119</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,061,818	
To adjust revenues for accruals			(40,185)	
To adjust expenditures for accruals			(40,183)	
To adjust expenditures for encumbrances			<u>218,437</u>	
Net change in fund balance, GAAP basis			<u>\$ 1,199,887</u>	

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes:				
Professional sports development	\$ 589,620	\$ 589,620	\$ 589,620	\$ -
Intergovernmental	385,000	385,000	396,873	11,873
Other	<u>13,000</u>	<u>13,000</u>	<u>17,892</u>	<u>4,892</u>
Total revenues	<u>987,620</u>	<u>987,620</u>	<u>1,004,385</u>	<u>16,765</u>
<b>Expenditures:</b>				
Culture and recreation				
Other uses	<u>689,620</u>	<u>705,715</u>	<u>705,715</u>	<u>-</u>
Other financing uses:				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balances	98,000	81,905	98,670	16,765
Fund balances - beginning	<u>412,748</u>	<u>412,748</u>	<u>412,748</u>	<u>-</u>
Fund balances - ending	<u>\$ 510,748</u>	<u>\$ 494,653</u>	<u>\$ 511,418</u>	<u>\$ 16,765</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 98,670	
To adjust revenues for accruals			56,001	
To adjust expenditures for encumbrances			<u>16,095</u>	
Net change in fund balance, GAAP basis			<u>\$ 170,766</u>	

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, 2008

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ 1,500	\$ 1,500	\$ 2,820	\$ 1,320
Other	<u>10,000</u>	<u>10,000</u>	<u>8,432</u>	<u>(1,568)</u>
Total revenues	<u>11,500</u>	<u>11,500</u>	<u>11,252</u>	<u>(248)</u>
<b>Expenditures:</b>				
Culture and recreation			15	(15)
Other services and charges	-	-		
Capital outlay	<u>259,650</u>	<u>299,457</u>	<u>252,467</u>	<u>46,990</u>
Total expenditures	259,650	299,457	252,482	46,975
<b>Other Sources:</b>				
Transfers in	<u>240,500</u>	<u>240,500</u>	<u>216,000</u>	<u>(24,500)</u>
Net change in fund balances	(7,650)	(47,457)	(25,230)	22,227
Fund balances - beginning	<u>493,132</u>	<u>493,132</u>	<u>493,132</u>	<u>-</u>
Fund balances - ending	<u>\$ 485,482</u>	<u>\$ 445,675</u>	<u>\$ 467,902</u>	<u>\$ 22,227</u>
<b><u>Budget/GAAP Reconciliation</u></b>				
Net change in fund balance, budget basis			\$ (25,230)	
To adjust revenues for accruals			(200)	
To adjust expenditures for accruals			6,101	
To adjust expenditures for encumbrances			<u>5,057</u>	
Net change in fund balance, GAAP basis			<u>\$ (14,272)</u>	

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, 2008

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ 1,162,456	\$ 1,016,017	\$ 291,600	\$ (724,417)
Intergovernmental	77,093	77,093	69,192	(7,901)
Other	<u>157,326</u>	<u>157,326</u>	<u>227,897</u>	<u>70,571</u>
<b>Total revenues</b>	<u>1,396,875</u>	<u>1,250,436</u>	<u>588,689</u>	<u>(661,747)</u>
<b>Expenditures:</b>				
Supplies	5,000	5,000	-	5,000
Other services and charges	364,714	389,378	375,166	14,212
Capital outlay	382,600	657,446	546,341	111,105
<b>Debt Service:</b>				
Principal	774,116	774,116	774,116	-
Interest and fiscal agent fees	<u>183,766</u>	<u>183,766</u>	<u>73,597</u>	<u>110,169</u>
<b>Total expenditures</b>	<u>1,710,196</u>	<u>2,009,706</u>	<u>1,769,220</u>	<u>240,486</u>
<b>Net change in fund balances</b>	<u>(313,321)</u>	<u>(759,270)</u>	<u>(1,180,531)</u>	<u>421,261</u>
<i>Fund balances - beginning</i>	<u>1,911,650</u>	<u>1,911,650</u>	<u>1,911,650</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 1,598,329</u>	<u>\$ 1,152,380</u>	<u>\$ 731,119</u>	<u>\$ 421,261</u>
<b><u>Budget/GAAP Reconciliation</u></b>				
Net change in fund balance, budget basis			\$ (1,180,531)	
To adjust revenues for accruals			684,392	
To adjust expenditures for accruals			111,547	
To adjust expenditures for encumbrances			<u>227,200</u>	
<b>Net change in fund balance, GAAP basis</b>			<u>\$ (157,392)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT  
 For The Year Ended December 31, 2008

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 378,339	\$ 528,339	\$ 500,535	\$ (27,804)
Other	200,000	50,000	50,000	-
Total revenues	<u>578,339</u>	<u>578,339</u>	<u>550,535</u>	<u>(27,804)</u>
Expenditures:				
Debt Service:				
Principal	375,000	375,000	375,000	-
Interest and fiscal agent fees	219,000	219,000	190,611	28,389
Total expenditures	<u>594,000</u>	<u>594,000</u>	<u>565,611</u>	<u>28,389</u>
Net change in fund balances	(15,661)	(15,661)	(15,076)	585
Fund balances - beginning	<u>306,346</u>	<u>306,346</u>	<u>306,346</u>	-
Fund balances - ending	<u>\$ 290,685</u>	<u>\$ 290,685</u>	<u>\$ 291,270</u>	<u>\$ 585</u>

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - ECONOMIC DEVELOPMENT INCOME TAX  
 For The Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Budgetary Basis Amounts	With Final Budget Positive (Negative)
<b>Revenues:</b>				
<b>Taxes:</b>				
County economic development income tax	\$ 3,702,467	\$ 3,702,467	\$ 3,997,997	\$ 295,530
Other	<u>175,000</u>	<u>175,000</u>	<u>332,231</u>	<u>157,231</u>
<b>Total revenues</b>	<u>3,877,467</u>	<u>3,877,467</u>	<u>4,330,228</u>	<u>452,761</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Supplies	-	41,500	28,420	13,080
Other services and charges	805,000	1,480,391	1,306,802	173,589
Capital outlay	-	287,208	283,131	4,077
<b>Debt service:</b>				
Principal	1,500,000	1,500,000	1,500,000	-
Interest and fiscal agent fees	<u>772,401</u>	<u>731,401</u>	<u>706,259</u>	<u>25,142</u>
<b>Total expenditures</b>	<u>3,077,401</u>	<u>4,040,500</u>	<u>3,824,612</u>	<u>215,888</u>
<b>Other financing uses:</b>				
Transfers out	<u>(618,110)</u>	<u>(653,610)</u>	<u>(618,110)</u>	<u>35,500</u>
<b>Net change in fund balances</b>	181,956	(816,643)	(112,494)	(704,149)
Fund balances - beginning	<u>2,446,377</u>	<u>2,446,377</u>	<u>2,446,377</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,628,333</u>	<u>\$ 1,629,734</u>	<u>\$ 2,333,883</u>	<u>\$ (704,149)</u>
<b><u>Budget/GAAP Reconciliation</u></b>				
Net change in fund balance, budget basis			\$ (112,494)	
To adjust revenues for accruals			(148,896)	
To adjust expenditures for accruals			(50,228)	
To adjust expenditures for encumbrances			<u>389,251</u>	
<b>Net change in fund balance, GAAP basis</b>			<u>\$ 77,633</u>	



CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - MAJOR MOVES  
 For The Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 600,000	\$ 600,000	\$ 463,752	\$ (136,248)
Expenditures:				
Capital	<u>-</u>	<u>7,300,000</u>	<u>6,300,000</u>	<u>1,000,000</u>
Net change in fund balances	600,000	(6,700,000)	(5,836,248)	863,752
Fund balances - beginning	<u>13,631,519</u>	<u>13,631,519</u>	<u>13,631,519</u>	<u>-</u>
Fund balances - ending	<u>\$ 14,231,519</u>	<u>\$ 6,931,519</u>	<u>\$ 7,795,271</u>	<u>\$ 863,752</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (5,836,248)	
To adjust revenues for accruals			(6,925)	
To adjust expenditures for accruals			131,735	
To adjust expenditures for encumbrances			<u>6,168,265</u>	
Net change in fund balance, GAAP basis			<u>\$ 456,827</u>	

**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, 2008

	<u>Consolidated Building</u>	<u>Parking Garage</u>	<u>Solid Waste</u>	<u>Blackthorn Golf Course</u>	<u>Totals</u>
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 201,614	\$ -	\$ 186,445	\$ 96,553	\$ 484,612
Interest receivable	295	-	-	-	295
Accounts receivable (net of allowance)	-	1,040	375,636	1,379	378,055
Accounts receivable - other	4,290	-	-	3,000	7,290
Inventories	-	-	-	18,819	18,819
<b>Restricted assets:</b>					
<b>Cash, cash equivalents and investments:</b>					
Revenue bond covenant accounts	-	-	-	1,351,505	1,351,505
Capital outlay accounts	-	-	1,219	-	1,219
Interest receivable	-	-	-	2,956	2,956
<b>Total current assets</b>	<u>206,199</u>	<u>1,040</u>	<u>563,300</u>	<u>1,474,212</u>	<u>2,244,751</u>
<b>Noncurrent assets:</b>					
<b>Deferred charges</b>					
Unamortized debt issue costs	-	-	-	18,064	18,064
Unamortized loss on sale/leaseback	-	3,938,536	-	-	3,938,536
<b>Total deferred charges</b>	<u>-</u>	<u>3,938,536</u>	<u>-</u>	<u>18,064</u>	<u>3,956,600</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)	55,220	3,707,820	839,833	2,647,987	7,250,860
<b>Total capital assets</b>	<u>55,220</u>	<u>4,839,840</u>	<u>839,833</u>	<u>3,096,456</u>	<u>8,831,349</u>
<b>Total noncurrent assets</b>	<u>55,220</u>	<u>8,778,376</u>	<u>839,833</u>	<u>3,114,520</u>	<u>12,787,949</u>
<b>Total assets</b>	<u>261,419</u>	<u>8,779,416</u>	<u>1,403,133</u>	<u>4,588,732</u>	<u>15,032,700</u>

(Continued on next page)

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS (continued)  
 December 31, 2008  
 (Continued)

<u>Liabilities</u>	<u>Consolidated Building</u>	<u>Parking Garage</u>	<u>Solid Waste</u>	<u>Blackthorn Golf Course</u>	<u>Totals</u>
Current liabilities:					
Accounts payable	2,114	105,002	226,135	18,405	351,656
Interfund payables:					
Interfund loans	-	178,158	-	-	178,158
Interfund services provided and used	2,852	-	59,245	331	62,428
Accrued payroll payable	24,875	-	41,687	-	66,562
Compensated absences payable	44,045	-	49,838	-	93,883
Current liabilities payable from restricted assets:					
Revenue bonds payable	-	-	-	520,000	520,000
Capital leases payable	-	-	329,715	-	329,715
Accrued interest payable	-	-	6,306	44,739	51,045
Total current liabilities	<u>73,886</u>	<u>283,160</u>	<u>712,926</u>	<u>583,475</u>	<u>1,653,447</u>
Noncurrent liabilities:					
Advances from other funds	-	-	-	3,379,500	3,379,500
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	-	-	-	2,207,530	2,207,530
Capital leases payable	-	-	168,930	-	168,930
Unamortized gain on sale/leaseback	-	21,812	-	-	21,812
Total noncurrent liabilities	<u>-</u>	<u>21,812</u>	<u>168,930</u>	<u>5,587,030</u>	<u>5,777,772</u>
Total liabilities	<u>73,886</u>	<u>304,972</u>	<u>881,856</u>	<u>6,170,505</u>	<u>7,431,219</u>
<u>Net assets</u>					
Invested in capital assets, net of related debt	55,220	4,839,840	341,188	5,823,986	11,060,234
Restricted for debt service	-	-	-	1,306,766	1,306,766
Reserved for capital asset outlays	-	-	1,219	-	1,219
Unrestricted	<u>132,313</u>	<u>3,634,604</u>	<u>178,870</u>	<u>(8,712,525)</u>	<u>(4,766,738)</u>
Total net assets	<u>\$ 187,533</u>	<u>\$ 8,474,444</u>	<u>\$ 521,277</u>	<u>\$ (1,581,773)</u>	<u>\$ 7,601,481</u>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 For the Year Ended December 31, 2008

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Operating revenues:					
Licenses and permits	\$ 1,166,901	\$ -	\$ -	\$ -	\$ 1,166,901
Parking fees	-	1,003,889	-	-	1,003,889
Solid waste fees	-	-	4,213,174	-	4,213,174
Golf course fees	-	-	-	1,492,287	1,492,287
Other	403	-	121,574	1,232	123,209
<b>Total operating revenues</b>	<b>1,167,304</b>	<b>1,003,889</b>	<b>4,334,748</b>	<b>1,493,519</b>	<b>7,999,460</b>
Operating expenses:					
Operating and maintenance	1,044,497	-	3,904,492	1,334,675	6,283,664
Administrative and general expense:	45,883	731,778	195,701	131,275	1,104,637
Depreciation	18,560	174,082	178,666	193,997	565,305
<b>Total operating expenses</b>	<b>1,108,940</b>	<b>905,860</b>	<b>4,278,859</b>	<b>1,659,947</b>	<b>7,953,606</b>
<b>Operating income (loss)</b>	<b>58,364</b>	<b>98,029</b>	<b>55,889</b>	<b>(166,428)</b>	<b>45,854</b>
Nonoperating revenues (expenses):					
Interest and investment revenue	1,594	-	1,347	38,085	41,026
Interest expense	-	-	(20,987)	(164,839)	(185,826)
Amortization expense	-	(560,340)	-	(4,336)	(564,676)
Gain on disposition of assets	2,484	-	8,372	-	10,856
<b>Total nonoperating revenue (expenses)</b>	<b>4,078</b>	<b>(560,340)</b>	<b>(11,268)</b>	<b>(131,090)</b>	<b>(698,620)</b>
<i>Income (loss) before contributions and transfers</i>	<i>62,442</i>	<i>(462,311)</i>	<i>44,621</i>	<i>(297,518)</i>	<i>(652,766)</i>
Transfers in	-	-	-	1,500	1,500
Transfers out	-	-	-	(36,470)	(36,470)
<b>Change in net assets</b>	<b>62,442</b>	<b>(462,311)</b>	<b>44,621</b>	<b>(332,488)</b>	<b>(687,736)</b>
<b>Total net assets - beginning</b>	<b>125,091</b>	<b>8,936,755</b>	<b>476,656</b>	<b>(1,249,285)</b>	<b>8,289,217</b>
<b>Total net assets - ending</b>	<b>\$ 187,533</b>	<b>\$ 8,474,444</b>	<b>\$ 521,277</b>	<b>\$ (1,581,773)</b>	<b>\$ 7,601,481</b>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS  
 For the Year Ended December 31, 2008

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 1,163,639	\$ 1,004,155	\$ 4,246,406	\$ 1,492,140	\$ 7,906,340
Receipts from interfund services provided	-	-	47,667	-	47,667
Payments to suppliers	(61,276)	(687,584)	(1,514,977)	(1,431,953)	(3,695,790)
Payments to employees	(937,899)	-	(1,428,900)	-	(2,366,799)
Payments for interfund services used	(78,636)	(45,946)	(1,141,313)	(42,601)	(1,308,496)
<b>Net cash provided by operating activities</b>	<u>85,828</u>	<u>270,625</u>	<u>208,883</u>	<u>17,586</u>	<u>582,922</u>
<b>Cash flows from noncapital financing activities:</b>					
Advances from other funds	-	-	-	651,500	651,500
Repayment of advances from other funds	-	(270,625)	-	-	(270,625)
Transfers from other funds	-	-	-	1,500	1,500
Transfers to other funds	-	-	-	(36,470)	(36,470)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>(270,625)</u>	<u>-</u>	<u>616,530</u>	<u>345,905</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(26,900)	-	-	-	(26,900)
Principal paid on capital debt	-	-	(371,807)	(534,872)	(906,679)
Interest paid on capital debt	-	-	(25,389)	(147,066)	(172,455)
Proceeds from sales of capital assets	2,484	-	8,372	-	10,856
<b>Net cash used by capital and related financing activities</b>	<u>(24,416)</u>	<u>-</u>	<u>(388,824)</u>	<u>(681,938)</u>	<u>(1,095,178)</u>
<b>Cash flows from investing activities:</b>					
Interest received	1,439	-	1,347	40,722	43,508
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>62,851</u>	<u>-</u>	<u>(178,594)</u>	<u>(7,100)</u>	<u>(122,843)</u>
<b>Cash and cash equivalents, January 1</b> (Including \$1,325,633 and \$5,238 for the revenue bond covenants and capital outlays, respectively, reported in restricted accounts)					
	<u>138,763</u>	<u>-</u>	<u>366,258</u>	<u>1,455,158</u>	<u>1,960,179</u>
<b>Cash and cash equivalents, December 31</b> (Including \$1,351,505 and \$1,219 for the revenue bond covenants and capital outlays, respectively, reported in restricted accounts)					
	<u>\$ 201,614</u>	<u>\$ -</u>	<u>\$ 187,664</u>	<u>\$ 1,448,058</u>	<u>\$ 1,837,336</u>

(Continued on next page)

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS  
 For the Year Ended December 31, 2008  
 (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)	\$ 58,364	\$ 98,029	\$ 55,889	\$ (166,428)	\$ 45,854
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	18,560	174,082	178,666	193,997	565,305
Bad debt expense	-	-	52,716	-	52,716
(Increase) decrease in assets:					
Accounts receivable	-	266	(93,391)	(1,379)	(94,504)
Other accounts receivable	(4,290)	-	-	-	(4,290)
Interfund receivable	625	-	-	-	625
Inventories	-	-	-	(2,230)	(2,230)
Increase (decrease) in liabilities:					
Accounts payable	1,258	(559)	(4,672)	(6,394)	(10,367)
Interfund payable	(892)	(1,193)	4,469	20	2,404
Accrued payroll payable	8,616	-	13,361	-	21,977
Compensated absence payable	3,587	-	1,845	-	5,432
Total adjustments	<u>27,464</u>	<u>172,596</u>	<u>152,994</u>	<u>184,014</u>	<u>537,068</u>
Net cash provided by operating activities	<u>\$ 85,828</u>	<u>\$ 270,625</u>	<u>\$ 208,883</u>	<u>\$ 17,586</u>	<u>\$ 582,922</u>
Noncash investing, capital and financing activities:					
Fixed asset disposals	\$ 18,000	\$ -	\$ 258,899	\$ -	\$ 276,899

### 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.



CITY OF SOUTH BEND  
 COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS  
 December 31, 2008

	Liability Insurance Premium Reserve	Self- Funded Employee Benefits	Central Services	Totals
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 1,329,631	\$ 2,441,391	\$ -	\$ 3,771,022
Interest receivable	10,020	22,215	-	32,235
Accounts receivable	95	279,546	331	279,972
Interfund receivables:				
Interfund loans	2,651,000	5,700,000	-	8,351,000
Interfund services provided and used	-	-	489,645	489,645
Intergovernmental receivables	-	-	28,269	28,269
Inventories	-	-	619,290	619,290
Total current assets	<u>3,990,746</u>	<u>8,443,152</u>	<u>1,137,535</u>	<u>13,571,433</u>
Capital assets:				
Other capital assets (net of accumulated depreciation)	-	-	1,433,931	1,433,931
Total assets	<u>3,990,746</u>	<u>8,443,152</u>	<u>2,571,466</u>	<u>15,005,364</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	6,859	666,448	121,090	794,397
Interfund payables:				
Interfund loans	-	-	533,049	533,049
Interfund services provided and used	14	16	1,588	1,618
Accrued payroll payable	1,115	353	60,494	61,962
Compensated absences	2,381	622	95,583	98,586
Estimate of unfiled claims	555,645	150,000	-	705,645
Total liabilities	<u>566,014</u>	<u>817,439</u>	<u>811,804</u>	<u>2,195,257</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	-	-	1,433,931	1,433,931
Unrestricted	3,424,732	7,625,713	325,731	11,376,176
Total net assets	<u>\$ 3,424,732</u>	<u>\$ 7,625,713</u>	<u>\$ 1,759,662</u>	<u>\$ 12,810,107</u>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 For the Year Ended December 31, 2008

	Liability Insurance Premium Reserve	Self- Funded Employee Benefits	Central Services	Totals
Operating revenues:				
Employee/employer contributions	\$ 2,542,071	\$ 14,127,935	\$ -	\$ 16,670,006
Charges for sales and services	-	-	3,475,122	3,475,122
Total operating revenues	2,542,071	14,127,935	3,475,122	20,145,128
Operating expenses:				
Operation and maintenance	-	-	3,166,062	3,166,062
Administration	189,015	440,897	211,035	840,947
Insurance claims and premiums	1,880,285	9,963,360	-	11,843,645
Depreciation	-	-	119,626	119,626
Total operating expenses	2,069,300	10,404,257	3,496,723	15,970,280
Operating income (loss)	472,771	3,723,678	(21,601)	4,174,848
Nonoperating revenues:				
Interest and investment revenue	93,465	177,764	-	271,229
Income (loss) before contributions and transfers	566,236	3,901,442	(21,601)	4,446,077
Contributions	-	-	104,769	104,769
Change in net assets	566,236	3,901,442	83,168	4,550,846
Total net assets - beginning	2,858,496	3,724,271	1,676,494	8,259,261
Total net assets - ending	\$ 3,424,732	\$ 7,625,713	\$ 1,759,662	\$ 12,810,107

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
 For the Year Ended December 31, 2008

	Liability Insurance Premium Reserve	Self- Funded Employee Benefits	Central Services	Totals
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 4,708	\$ 14,117,199	\$ 6,230	\$ 14,128,137
Receipts from interfund services provided	2,612,911	10,496	3,474,221	6,097,628
Payments to suppliers	(1,888,069)	(10,187,809)	(205,944)	(12,281,822)
Payments to employees	(126,626)	(37,022)	(2,350,748)	(2,514,396)
Payments for interfund services used	(69,737)	(304,021)	(224,067)	(597,825)
<b>Net cash provided by operating activities</b>	<u>533,187</u>	<u>3,598,843</u>	<u>699,692</u>	<u>4,831,722</u>
<b>Cash flows from noncapital financing activities:</b>				
Interfund loan	(2,651,000)	(5,700,000)	2,847,876	(5,503,124)
Interfund loan repaid	-	-	(3,540,260)	(3,540,260)
<b>Net cash used by noncapital financing activities</b>	<u>(2,651,000)</u>	<u>(5,700,000)</u>	<u>(692,384)</u>	<u>(9,043,384)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	-	-	(7,308)	(7,308)
<b>Cash flows from investing activities:</b>				
Interest received	95,123	169,758	-	264,881
<b>Net decrease in cash and cash equivalents</b>	(2,022,690)	(1,931,399)	-	(3,954,089)
Cash and cash equivalents, January 1	3,352,321	4,372,790	-	7,725,111
<b>Cash and cash equivalents, December 31</b>	<u>\$ 1,329,631</u>	<u>\$ 2,441,391</u>	<u>\$ -</u>	<u>\$ 3,771,022</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 472,771	\$ 3,723,678	\$ (21,601)	\$ 4,174,848
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>				
Depreciation expense	-	-	119,626	119,626
(Increase) decrease in assets:				
Accounts receivable	520	(240)	(90)	190
Intergovernmental receivables	-	-	6,040	6,040
Interfund receivables	75,028	-	(621)	74,407
Inventories	-	-	669,983	669,983
Prepayments	12,373	-	-	12,373
Increase (decrease) in liabilities:				
Accounts payable	(3,672)	(134,649)	(70,501)	(208,822)
Interfund payables	(5,920)	16	(1,188)	(7,092)
Accrued payroll payable	(1,498)	(581)	11,610	9,531
Compensated absences payable	(2,795)	-	(13,566)	(16,361)
Estimated unfilled claims	(13,620)	10,619	-	(3,001)
<b>Total adjustments</b>	<u>60,416</u>	<u>(124,835)</u>	<u>721,293</u>	<u>656,874</u>
<b>Net cash provided by operating activities</b>	<u>\$ 533,187</u>	<u>\$ 3,598,843</u>	<u>\$ 699,692</u>	<u>\$ 4,831,722</u>
<b>Noncash investing, capital and financing activities:</b>				
Capital asset disposals	\$ -	\$ -	\$ 58,195	\$ 58,195
Capital assets contributed	-	-	104,769	104,769

## FIDUCIARY FUNDS

### Pension Trust Funds

- 1925 Police Pension - To account for the provision of retirement and disability benefits to police officers hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members, state pension relief distributions, and a specific annual property tax levy.
- 1937 Firefighters' Pension - To account for the provision of retirement and disability benefits to firefighters hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members, state pension relief distributions, and a specific annual property tax levy.

### 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, 2008

	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Total Pension Trust Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 1,336,623	\$ 1,089,427	\$ 2,426,050
Receivables:			
Interest	2,947	2,210	5,157
Taxes	<u>1,210,223</u>	<u>1,193,628</u>	<u>2,403,851</u>
Total assets	<u>2,549,793</u>	<u>2,285,265</u>	<u>4,835,058</u>
 <u>Liabilities</u>			
Current liabilities:			
Accounts payable	<u>88</u>	<u>100</u>	<u>188</u>
 <u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits	<u>\$ 2,549,705</u>	<u>\$ 2,285,165</u>	<u>\$ 4,834,870</u>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 PENSION TRUST FUNDS  
 For the Year Ended December 31, 2008

	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Total Pension Trust Funds</u>
<u>Additions</u>			
Contributions:			
Employer	\$ 1,577,687	\$ 1,579,422	\$ 3,157,109
On behalf	3,477,872	3,122,709	6,600,581
Plan members	5,204	7,476	12,680
Other	<u>6,540</u>	<u>1,443</u>	<u>7,983</u>
Total contributions	<u>5,067,303</u>	<u>4,711,050</u>	<u>9,778,353</u>
Net investment income:			
Interest	<u>46,958</u>	<u>35,799</u>	<u>82,757</u>
Total additions	<u>5,114,261</u>	<u>4,746,849</u>	<u>9,861,110</u>
<u>Deductions</u>			
Benefits	6,073,691	5,421,254	11,494,945
Administrative expense	<u>13,197</u>	<u>9,121</u>	<u>22,318</u>
Total deductions	<u>6,086,888</u>	<u>5,430,375</u>	<u>11,517,263</u>
Changes in net assets	(972,627)	(683,526)	(1,656,153)
Net assets - beginning	<u>3,522,332</u>	<u>2,968,691</u>	<u>6,491,023</u>
Net assets - ending	<u>\$ 2,549,705</u>	<u>\$ 2,285,165</u>	<u>\$ 4,834,870</u>

CITY OF SOUTH BEND  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
AGENCY FUND  
For the Year Ended December 31, 2008

	Payroll
<b>Assets:</b>	
Cash and cash equivalents, January 1	\$ 1,105,000
Additions	91,496,806
Deductions	(91,442,308)
<b>Total assets, December 31</b>	<b>\$ 1,159,498</b>
<b>Liabilities</b>	
Accrued payroll and withholdings payable, January 1	\$ 1,105,000
Additions	91,496,806
Deductions	(91,442,308)
<b>Total liabilities, December 31</b>	<b>\$ 1,159,498</b>

## STATISTICAL INFORMATION



## **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**

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<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	\$186,039,104
Restricted	7,167,628	6,381,082	1,966,388	6,138,257	5,225,642	5,370,627	11,077,687
Unrestricted	16,463,922	31,095,490	59,250,281	26,957,659	24,900,036	47,150,229	55,403,925
<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>\$252,520,716</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	\$123,895,274
Restricted	44,235,716	14,456,725	13,254,447	17,942,700	22,535,858	8,273,257	8,630,542
Unrestricted	37,874,655	12,837,127	19,015,375	8,751,584	7,168,852	15,793,782	7,520,167
<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>\$140,045,983</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	\$309,934,378
Restricted	51,403,344	20,837,807	15,220,835	24,080,957	27,761,500	13,643,884	19,708,229
Unrestricted	54,338,577	43,932,617	78,265,656	35,709,243	32,068,888	62,944,011	62,924,092
<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>\$392,566,699</b>

Source - City of South Bend Comprehensive Annual Financial Reports

The City implemented GASB 34 during 2002. Information on net assets by component is not available prior to 2002.  
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**

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<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)
Public safety	(38,925,286)	(48,254,995)	(45,799,395)	(72,450,941)	(56,600,175)	(52,751,974)	(49,728,256)
Highways and streets	(10,359,307)	(6,370,307)	(9,855,890)	(9,010,971)	(21,813,189)	(17,904,129)	(22,292,012)
Health and welfare	(75,000)	(99,586)	(102,314)	(75,352)	(114,131)	(75,000)	(75,000)
Culture and recreation	(7,488,084)	(10,899,340)	(13,689,893)	(8,840,970)	(14,994,300)	(16,454,667)	(18,311,807)
Economic development	(16,670,062)	(17,708,054)	(18,102,343)	(22,436,802)	(18,813,636)	(18,206,948)	(27,299,233)
Interest on long-term debt	(3,988,586)	(3,979,222)	(6,209,012)	(5,943,021)	(5,841,032)	(5,859,102)	(7,080,166)
<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>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)
Wastewater	(13,681,575)	(14,402,563)	(16,125,258)	(18,452,785)	(16,972,401)	(18,295,813)	(23,020,991)
Civic Center	(3,395,569)	(3,460,137)	(3,592,627)	(3,478,359)	(3,355,531)	(3,490,103)	(3,562,285)
Building department	(1,038,341)	(1,052,861)	(1,134,986)	(1,047,007)	(1,102,164)	(1,090,327)	(1,108,940)
Parking	(1,378,563)	(1,451,385)	(1,739,235)	(1,165,502)	(1,261,942)	(1,444,146)	(1,466,200)
Solid waste	(3,715,963)	(3,775,137)	(4,015,831)	(4,920,464)	(4,187,706)	(4,072,910)	(4,299,846)
Golf course	(1,655,435)	(1,706,537)	(1,778,107)	(1,736,939)	(1,811,757)	(1,811,801)	(1,829,122)
<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>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>

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 (Continued)**

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Program Revenues</b>							
<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
Public safety	3,595,877	2,070,815	2,075,522	2,239,368	5,132,285	4,228,405	5,035,433
Highways and streets	159,853	0	0	135,313	44,250	0	0
Economic development	883,576	192,135	168,523	516,570	562,807	604,873	636,722
Culture and recreation	3,788,266	1,327,538	1,044,512	3,784,176	4,940,629	5,057,076	5,300,818
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
Capital grants and contributions	3,842,673	1,790,912	10,326,795	9,447,723	13,793,363	960,502	1,176,783
<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>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
Wastewater	12,665,696	13,076,885	14,773,651	14,830,607	18,725,903	21,349,401	23,567,973
Civic Center	1,848,097	1,704,787	1,837,763	1,604,352	3,113,264	3,371,553	3,370,802
Building Department	979,781	1,020,325	983,102	1,125,312	1,039,405	1,078,258	1,169,788
Parking	731,007	1,211,222	768,503	763,581	799,350	861,307	1,003,889
Solid Waste	4,029,171	3,987,183	3,964,487	3,764,229	4,177,897	4,187,821	4,343,120
Golf Course	1,541,311	1,630,975	1,689,984	1,546,244	1,565,649	1,512,150	1,493,519
Operating grants and contributions	1,020,628	1,130,575	1,165,243	1,282,780	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
<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>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>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)
Business-type activities	751,730	(669,168)	(2,846,054)	(4,720,962)	4,985,143	5,683,863	2,305,176
<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>

**City of South Bend, Indiana**  
**Changes in Net Assets, Last Ten Fiscal Years (Continued)**

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<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
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
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
Professional Sports Development Tax	316,173	341,093	378,099	385,553	336,281	435,791	453,268
Community Revitalization District Tax	0	0	655,269	965,052	1,000,000	1,000,000	955,315
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
Unrestricted Investment earnings	1,559,320	1,124,825	1,660,720	3,543,469	4,762,484	6,247,113	4,961,410
Other	785,900	903,574	598,600	10,790,170	3,520,138	5,016,902	2,007,821
Loss on Sale of Redevelopment Properties	(1,083,637)	0	0	0	0	0	0
Net Pension Obligation	(5,324,182)	0	0	0	0	0	0
Transfers	(60,033)	12,533	14,873	33,589	44,200	3,735	34,970
<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>Business-type activities:</b>							
Unrestricted Investment earnings	462,674	266,610	362,676	745,966	906,056	1,301,348	1,514,287
Other	0	0	0	1,990,515	0	0	0
Transfers	60,033	(12,533)	(14,873)	(33,589)	(44,200)	(3,735)	(34,970)
<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>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>Special Item (Governmental activities):</b>							
Well field contamination settlement	0	0	0	0	0	0	4,462,214
<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)
Business-type activities	1,274,437	(415,091)	(2,498,251)	(2,018,070)	5,846,999	6,981,476	3,784,493
<b>Total primary government</b>	<b>\$7,688,498</b>	<b>\$17,110,365</b>	<b>(\$2,221,450)</b>	<b>(\$3,839,885)</b>	<b>\$7,691,643</b>	<b>\$21,691,998</b>	<b>\$3,149,399</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**

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General fund</b>										
Reserved	\$2,509,039	\$2,736,411	\$2,415,282	\$2,695,612	\$2,002,641	\$2,365,669	\$10,581,739	\$4,162,853	\$2,213,970	\$3,245,271
Unreserved	14,089,407	14,342,776	15,672,609	14,359,310	18,503,386	19,656,024	18,162,455	21,688,442	21,546,783	24,171,313
<b>Total - General Fund</b>	<b>\$16,598,446</b>	<b>\$17,079,187</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>Other Governmental Funds</b>										
Reserved	25,696,913	26,302,929	33,676,079	37,163,342	33,911,725	39,224,425	38,498,351	34,251,520	36,374,517	58,831,626
Unreserved, reported in:										
Special revenue funds	13,871,625	11,820,311	7,389,639	9,981,610	9,881,359	10,159,432	14,134,371	19,348,846	25,703,180	32,054,329
Capital projects funds	17,523,976	16,088,256	16,111,900	22,299,698	70,656,781	43,815,737	40,624,644	60,447,079	66,593,906	87,571,056
Debt services funds	0	0	0	0	0	0	0	(7,828)	0	0
<b>Total - Other Governmental Funds</b>	<b>\$57,092,514</b>	<b>\$54,211,496</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>\$178,457,011</b>
<b>Grand Total - Governmental Funds</b>	<b>\$73,690,960</b>	<b>\$71,290,683</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>\$205,873,595</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**

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Taxes	\$57,444,633	\$61,112,886	\$68,572,472	\$73,697,617	\$80,533,464	\$75,289,946	\$78,650,044	\$84,049,414	\$88,695,023	\$96,930,953
Licenses, fees and permits	188,405	307,343	245,894	236,267	212,261	223,006	246,780	186,470	173,604	177,329
Fines and forfeits	311,897	245,093	126,515	203,837	264,704	302,376	245,680	444,861	437,732	412,707
Charges for services	10,448,053	11,421,491	12,716,474	13,187,884	14,030,134	15,187,711	15,293,779	16,931,744	15,832,139	17,030,160
Intergovernmental	15,271,114	13,050,812	11,987,614	20,859,845	19,873,378	17,968,454	18,665,828	31,275,541	21,400,166	18,196,118
Investment earnings	3,030,611	3,870,574	2,569,725	1,559,320	1,124,825	1,668,050	3,543,469	4,762,484	6,248,605	4,962,768
Other revenues	3,365,109	6,102,643	3,711,786	3,287,910	2,977,325	2,732,127	10,791,555	3,414,731	5,039,373	2,007,821
<b>Total revenues</b>	<b>90,059,822</b>	<b>96,110,842</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>Expenditures</b>										
General government	5,085,134	7,005,016	6,938,489	7,530,213	5,798,497	6,814,675	7,828,275	11,244,734	9,611,354	6,902,426
Public Safety	33,981,313	36,129,147	38,687,286	38,896,338	45,498,413	44,371,673	49,010,645	51,050,640	53,203,005	50,413,055
Highways and Streets	11,339,275	13,933,251	14,064,377	12,366,777	7,499,367	12,638,026	9,874,281	13,583,761	13,257,781	13,369,611
Health and Welfare	60,000	65,000	65,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Culture and Recreation	10,049,811	11,173,165	12,864,397	12,352,525	12,855,102	14,347,497	14,226,463	13,849,622	13,469,798	14,542,481
Economic Development	6,330,843	6,809,340	8,269,097	9,755,980	14,518,827	13,208,131	7,531,650	9,752,254	7,710,242	9,726,718
Capital Outlay	24,575,255	18,423,497	14,937,077	24,217,175	23,264,716	30,722,396	29,299,053	16,391,192	17,293,302	26,695,208
Debt Service										
Interest and Fiscal Charges	2,455,878	3,420,574	4,075,031	3,938,296	4,417,477	5,287,658	5,793,386	6,144,611	5,718,572	7,258,201
Principal	2,185,194	3,430,872	3,841,439	4,883,106	10,197,689	5,597,717	7,074,887	7,435,722	7,870,166	9,040,095
<b>Total expenditures</b>	<b>96,062,703</b>	<b>100,389,862</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>

**City of South Bend, Indiana**  
**Changes in Fund Balances, Governmental Funds (continued)**  
**Last Ten Fiscal Years**

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Excess of revenues over (under) expenditures</b>	(6,002,881)	(4,279,020)	(3,811,713)	(982,730)	(5,108,997)	(19,691,103)	(3,276,505)	11,537,709	9,617,422	1,695,061
<b>Other Financing Sources (Uses)</b>										
Proceeds from debt issuance	4,837,271	0	8,579,363	12,016,706	55,953,290	613,767	10,023,189	14,050,557	2,920,287	45,622,808
Premium (discount) on debt issuance	0	0	0	0	0	0	0	0	0	1,626,186
Proceeds from refunding	0	0	6,123,340	0	598,086	0	0	0	0	0
Payments to escrow agent	0	0	(6,123,340)	0	(1,793,917)	0	0	(8,371,711)	0	0
Financing By Land Contract	0	0	0	0	0	0	0	0	0	0
Financing By Capital Lease	1,305,150	3,008,488	1,040,000	755,000	795,325	0	0	0	0	0
Transfers in	6,421,098	6,422,020	8,263,022	6,864,298	8,201,665	6,571,247	8,332,742	8,928,540	7,872,575	10,574,625
Transfers out	(6,538,338)	(7,549,235)	(9,209,695)	(7,724,331)	(10,189,132)	(6,556,374)	(8,299,153)	(8,884,340)	(7,868,840)	(10,539,655)
Other	0	0	0	455,120	0	0	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>6,025,181</b>	<b>1,881,273</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>Special Item:</b>										
Well field contamination settlement	0	0	0	0	0	0	0	0	0	4,462,214
<b>Net change in fund balances</b>	<b>\$22,300</b>	<b>(\$2,397,747)</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>Debt service as a percentage of noncapital expenditures (1)</b>	<b>6.5%</b>	<b>8.4%</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>

(1) For 1998-2001, debt service payments divided by total expenditures, net of capital expenditures.  
For 2002-2008, 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**

<u>Tax Year/ Collection Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Current Tax Collections as a Percent of Tax Levy</u>	<u>Delinquent Tax &amp; Penalty Collections</u>	<u>Total Tax Collections</u>	<u>Total Tax Collections as a Percent of Current Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as a Percent of Current Tax Levy</u>
1997/1998	\$43,117,846	\$41,251,054	95.67%	\$1,493,344	\$42,744,398	99.13%	\$2,875,266	6.67%
1998/1999	45,509,370	43,263,712	95.07%	1,425,712	44,689,424	98.20%	3,422,224	7.52%
1999/2000	47,658,495	44,930,534	94.28%	1,638,076	46,568,610	97.71%	4,101,099	8.61%
2000/2001	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	49,330,749	93.50%	1,789,947	51,120,696	96.89%	5,083,451	9.63%
2002/2003	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	56,031,449	93.58%	2,914,419	58,945,868	98.45%	6,189,942	10.34%
2004/2005	60,833,109	56,114,865	92.24%	2,335,278	58,450,143	96.08%	8,093,237	13.30%
2005/2006 (1)	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	57,979,187	92.44%	2,289,138	60,268,325	96.09%	7,411,505	11.82%

Information for 2007/2008 is not available due to the County/State delay in certifying tax rates and sending out tax bills. Final settlement is expected in July, 2009.

Source - St. Joseph County Auditor's Settlement Worksheets. Calculations by City of South Bend Department of Administration and Finance.

(1) The sum of current tax collections and delinquent tax collections exceeds 100%. Information is not available to break out delinquent tax collections by year of levy.

**City of South Bend, Indiana**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(rate per \$100 of 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
1998/1999	5.7504	0.9851	0.1815	0.1627	0.1500	7.2297	3.5002	5.8978	0.1020	0.6933	0.5166	17.9396
1999/2000	5.8440	0.9906	0.1825	0.1636	0.1500	7.3307	3.1142	5.9365	0.2256	0.7059	0.5267	17.8396
2000/2001	6.1877	1.0442	0.1948	0.1746	0.1500	7.7513	3.1402	6.3673	0.1123	0.7366	0.7561	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	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	4.6812
2003/2004	1.6871	0.2859	0.0532	0.0477	0.0376	2.1115	0.7652	1.6201	0.0923	0.1830	0.2209	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	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	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	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	5.0031

Source: St. Joseph County Auditor

(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 Transpo and South Bend Regional Airport.

Information provided for Portage Township in the City of South Bend.

**CITY OF SOUTH BEND, INDIANA  
 DETAIL OF NET ASSESSED VALUATION  
 (Assessment For the Year 2007 Payable in 2008)**

	<u>South Bend Centre Twp</u>	<u>South Bend Clay Twp</u>	<u>South Bend German Twp</u>	<u>South Bend Penn Twp</u>	<u>South Bend Warren Twp</u>	<u>South Bend Portage Twp</u>	<u>Totals</u>	<u>Percent</u>
Value of land	\$109,049,300.00	\$16,796,600.00	\$52,244,900.00	\$15,367,900.00	\$650,900.00	\$386,184,830.00	\$580,294,430.00	
Value of improvements	525,269,900.00	130,221,200.00	432,369,300.00	81,708,900.00	17,855,200.00	2,652,794,310.00	3,840,218,810.00	
Total value of real estate	634,319,200.00	147,017,800.00	484,614,200.00	97,076,800.00	18,506,100.00	3,038,979,140.00	4,420,513,240.00	
Less: Mortgage, veterans, blind, age 65 & other exemptions	(141,981,680.00)	(24,898,100.00)	(50,137,530.00)	(8,583,580.00)	0.00	(769,678,840.00)	(995,279,730.00)	
Tax-exempt property	(46,792,320.00)	(6,911,120.00)	(17,620,300.00)	(9,774,900.00)	0.00	(307,600,170.00)	(388,698,810.00)	
Investment Deduction	0.00	0.00	0.00	0.00	0.00	(91,810.00)	(91,810.00)	
Tax increment financing	(73,462,215.00)	(3,474,398.00)	(218,280,648.00)	0.00	(10,393,040.00)	(148,850,776.00)	(454,461,077.00)	
Tax abatements	(16,956,225.00)	0.00	(35,765,190.00)	(3,369,600.00)	(8,113,060.00)	(24,296,735.00)	(88,500,810.00)	
<b>Net value of real estate</b>	<b>355,126,760.00</b>	<b>111,734,182.00</b>	<b>162,810,532.00</b>	<b>75,348,720.00</b>	<b>0.00</b>	<b>1,788,460,809.00</b>	<b>2,493,481,003.00</b>	<b>83.78%</b>
Gross personal property assessments	28,217,245.00	5,289,010.00	128,699,230.00	1,972,900.00	6,456,290.00	356,749,110.00	527,383,785.00	
Less: Tax abatements	0.00	0.00	0.00	0.00	0.00	(13,232,240.00)	(13,232,240.00)	
Tax-exempt property	(1,637,540.00)	(235,530.00)	(2,532,200.00)	(728,030.00)	0.00	(100,916,780.00)	(106,050,080.00)	
Investment deduction	0.00	0.00	0.00	(88,200.00)	0.00	(953,710.00)	(1,041,910.00)	
Tax increment financing	0.00	0.00	0.00	0.00	0.00	(17,195,850.00)	(17,195,850.00)	
<b>Net value of personal property</b>	<b>26,579,705.00</b>	<b>5,053,480.00</b>	<b>126,167,030.00</b>	<b>1,156,670.00</b>	<b>6,456,290.00</b>	<b>224,450,530.00</b>	<b>389,863,705.00</b>	<b>13.10%</b>
<b>Net value of utilities</b>	<b>6,433,450.00</b>	<b>2,702,310.00</b>	<b>13,094,480.00</b>	<b>779,730.00</b>	<b>97,870.00</b>	<b>69,628,250.00</b>	<b>92,736,090.00</b>	<b>3.12%</b>
<b>Total net assessed valuation</b>	<b>\$388,139,915.00</b>	<b>\$119,489,972.00</b>	<b>\$302,072,042.00</b>	<b>\$77,285,120.00</b>	<b>\$6,554,160.00</b>	<b>\$2,082,539,589.00</b>	<b>\$2,976,080,798.00</b>	<b>100.00%</b>
<b>Percentage of Total</b>	<b>13.04%</b>	<b>4.02%</b>	<b>10.15%</b>	<b>2.60%</b>	<b>0.22%</b>	<b>69.98%</b>	<b>100.00%</b>	

**Summary**

	<i>Real Property</i>	<i>Personal Property/ Utilities</i>	<i>Total</i>	<i>Percent</i>
Total value	\$4,420,513,240.00	\$620,119,875.00	\$5,040,633,115.00	100.00%
Deductions & exemptions	(995,371,540.00)	(1,041,910.00)	(996,413,450.00)	-19.77%
Tax exempt property	(388,698,810.00)	(106,050,080.00)	(494,748,890.00)	-9.82%
Tax increment financing	(454,461,077.00)	(17,195,850.00)	(471,656,927.00)	-9.36%
Tax abatements	(88,500,810.00)	(13,232,240.00)	(101,733,050.00)	-2.02%
<b>Total net assessed valuation</b>	<b>\$2,493,481,003.00</b>	<b>\$482,599,795.00</b>	<b>\$2,976,080,798.00</b>	<b>59.04%</b>
<b>Percent</b>	<b>83.78%</b>	<b>16.22%</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**

<u>Tax Year/ Collection Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities Property</u>	<u>Total Value</u>	<u>Less: Non-Taxed Property (1)</u>	<u>Total Net Taxable Value</u>	<u>Total City Tax Rate</u>	<u>% Taxable</u>
<b>1998/1999</b>	\$625,759,390	\$247,603,471	\$23,807,830	\$897,170,691	\$271,363,045	\$625,807,646	\$7.2297	69.75%
<b>1999/2000</b>	638,496,180	269,152,472	25,550,230	933,198,882	286,566,286	646,632,596	7.3307	69.29%
<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%

(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**

<u>Tax Year/ Collection Year</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Utilities</u>		<u>Total</u>	
	<u>Net Assessed Value</u>	<u>Estimated Value</u>	<u>Net Assessed Value</u>	<u>Estimated Value</u>	<u>Net Assessed Value</u>	<u>Estimated Value</u>	<u>Net Assessed Value</u>	<u>Estimated Value</u>
1998/1999	\$418,589,739	\$1,255,769,217	\$183,410,077	\$550,230,231	\$23,807,830	\$71,423,490	\$625,807,646	\$1,877,422,938
1999/2000	417,107,034	1,251,321,102	203,975,332	611,925,996	25,550,230	76,650,690	646,632,596	1,939,897,788
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

Source: St. Joseph County Auditor's office.

Real property was reassessed effective in 1989 payable in 1990, 1995 payable in 1996 and again in 2002 payable 2003.

(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  
2003-2008

Fund Name	Fund Number	2003		2004		2005		2006		2007		2008	
		Actual	Chg	Actual	Chg	Actual	Chg	Actual	Chg	Actual	Chg	Actual (2)	Chg
General Fund	101	\$44,986,015.00	12%	\$44,149,333.00	-2%	\$44,999,550.00	2%	\$48,768,150.00	8%	\$48,720,726.00	0%	\$14,574,480.00	-70%
Parks & Recreation	201	7,602,784.00	12%	7,479,711.00	-2%	7,754,973.00	4%	8,363,955.00	8%	8,271,741.00	-1%	2,461,101.00	-70%
Redevelopment Bonds Studebaker Corridor	310	673,281.00	12%	609,732.00	-9%	565,420.00	-7%	0.00	-100%	11,590.00	100%	0.00	-100%
College Football Hall of Fame Debt Service	313	1,301,840.00	3%	1,300,588.00	0%	1,246,067.00	-4%	899,472.00	-28%	1,127,140.00	25%	360,682.00	-68%
Airport TIF District (1)	324	6,546,483.69	37%	5,588,045.00	-15%	6,246,028.00	12%	7,515,744.08	20%	8,851,076.92	18%	33,399.97	-100%
Cumulative Capital Development	406	1,022,511.00	8%	984,945.00	-4%	1,004,779.00	2%	1,054,963.00	5%	989,824.00	-6%	291,600.00	-71%
Sample-Ewing TIF District (1)	414	685,924.77	20%	533,304.00	-22%	525,671.37	-1%	732,355.53	39%	778,093.13	6%	0.00	-100%
South Bend Central Development Area TIF District	420	3,018,424.16	27%	2,606,365.00	-14%	2,359,430.01	-9%	3,283,074.86	39%	3,276,168.69	0%	12,695.60	-100%
West Washington Street TIF District	422	254,555.06	516%	216,948.00	-15%	193,910.57	-11%	255,510.04	32%	287,094.73	12%	1,784.97	-99%
Central Medical Service Area TIF District	426	318,652.81	4467%	337,721.00	6%	329,268.89	-3%	333,585.02	1%	928,112.55	178%	2,792.81	-100%
Northeast TIF District	429	0.00	0%	0.00	0%	0.00	0%	0.00	0%	13,467.51	100%	0.00	-100%
Southside Development Area TIF District	430	0.00	0%	0.00	0%	25,350.91	100%	28,565.37	13%	457,985.43	1503%	1,755.81	-100%
Erskine Commons TIF District	431	0.00	0%	0.00	0%	547.62	100%	2,584.68	372%	2,890.85	12%	9.90	-100%
Erskine Village TIF District	432	0.00	0%	0.00	0%	109,247.79	100%	305,398.91	180%	775,621.72	154%	2,712.94	-100%
Douglas Road TIF District	435	0.00	0%	0.00	0%	0.00	0%	0.00	0%	13,940.78	0%	0.00	-100%
Fire Department Employees Pension	701	1,416,008.00	12%	1,293,471.00	-9%	1,443,033.00	12%	1,554,387.00	8%	1,536,839.00	-1%	462,375.00	-70%
Police Department Employees Pension	702	1,269,527.00	12%	1,128,733.00	-11%	1,296,055.00	15%	1,397,265.00	8%	1,380,555.00	-1%	425,760.00	-69%
<b>Total</b>		<b>\$69,096,006.49</b>	<b>15%</b>	<b>\$66,228,896.00</b>	<b>-4%</b>	<b>\$68,099,332.16</b>	<b>3%</b>	<b>\$74,495,010.49</b>	<b>9%</b>	<b>\$77,422,867.31</b>	<b>4%</b>	<b>\$18,631,150.00</b>	<b>-76%</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 2008 resulted in interund borrowing in the General Fund (101), Parks & Recreation Fund (201) and the College Football Hall of Fame Debt Service Fund (313) at December 31, 2008. The remainder of property tax revenue is expected to be received during the first half of 2009 with final settlement with the County Auditor in July, 2009.

**City of South Bend, Indiana**  
**Principal Real Property Taxpayers - Current and Nine Years Ago**  
**December 31, 2008**

Taxpayer	Type of Business	2008			1999		
		Net Assessed Real Value	Rank	Percent of Total	Net Assessed Value	Rank	Percent of Total
Edward Rose of Indiana	Apartments & Real Estate	\$83,866,500	1	3.33%	\$25,959,210	3	1.38%
Castle Point Apartments	Apartments & Real Estate	47,934,500	2	1.90%	-	-	-
Memorial Health Systems, Inc.	Health Care	34,070,700	3	1.35%	-	-	-
Park Jefferson Realty, LLC	Apartments & Real Estate	27,273,300	4	1.08%	-	-	-
Wal Mart	Retail Store	24,967,700	5	0.99%	-	-	-
Indiana and Michigan Electric	Electric Utility	20,498,400	6	0.81%	-	-	-
1st Source Bank	Financial Institution	18,058,100	7	0.72%	-	-	-
Meijer	Retail Store	16,817,800	8	0.67%	12,108,270	9	0.64%
Marriott Hotel	Hotel	15,565,600	9	0.62%	0	-	-
Maple Lane Apartments	Apartments & Real Estate	15,033,500	10	0.60%	0	-	-
Honeywell	Airplane & Auto Parts	-	-	-	74,922,330	1	3.99%
Indiana Bell	Telephone Utility	-	-	-	29,131,500	2	1.55%
Ameritech	Telephone Utility	-	-	-	20,678,130	5	1.10%
Northern Indiana Public Service Corporation	Gas Utility	-	-	-	16,744,350	6	0.89%
Massachusetts Mutual Life Insurance Co.	Insurance	-	-	-	13,491,348	7	0.72%
New Energy Company	Ethanol Plant	-	-	-	13,413,270	8	0.71%
American Electric Power	Electric Utility	-	-	-	21,775,530	4	1.16%
Federal Mogul	Manufacturing	-	-	-	11,738,280	10	0.63%
<b>Total Net Assessed Value - Ten Largest Taxpayers</b>		<b>\$304,086,100</b>		<b>12.07%</b>	<b>\$239,962,218</b>		<b>12.78%</b>
<b>Total Net Assessed Value</b>		<b>\$2,520,098,365</b>		<b>100.00%</b>	<b>\$1,877,422,938</b>		<b>100.00%</b>

Note - Separate schedules are prepared for the ten largest taxpayers for 2007 based on real and personal property assessed values because this is how the tax information is maintained by the St. Joseph County Auditor's Office. In 1999, a consolidated schedule for real and personal property was prepared. The net asset value for 1999 was restated to reflect the state legislation for tax year 2001 pay 2002 that changed the tax rates from 33% to 100% of assessed valuation. This conversion had no impact on total tax dollars. Assessed values increased and tax rates decreased. Data for Edward Rose of Indiana is for Saint Joseph County.

Source: St. Joseph County Auditor's Office and 1999 City of South Bend Comprehensive Annual Financial Report



**City of South Bend, Indiana  
Ten Largest Taxpayers - Personal Property  
December 31, 2008**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Net Assessed Personal Value</b>	<b>Percent of Total</b>	<b>Rank</b>
Honeywell	Airplane & Auto Parts	\$48,432,300	10.04%	1
Federal Mogul Powertrain Systems	Automotive Supplier	23,234,950	4.81%	2
Comcast	Cable Television	20,749,640	4.30%	3
American Electric Power	Electric Utility	20,532,850	4.25%	4
Indiana Bell Telephone/SBC Communications	Telephone Company	19,949,300	4.13%	5
Northern Indiana Public Service Company	Natural Gas Utility	14,452,880	2.99%	6
United Parcel Service	Parcel Delivery	12,008,630	2.49%	7
Robert Bosch Corporation	Automotive Supplier	9,861,900	2.04%	8
New Energy Corporation	Ethanol Production	8,436,460	1.75%	9
South Bend Tribune Company	Newspaper Publishing	7,253,610	1.50%	10
<b>Total Net Assessed Value - Ten Largest Taxpayers</b>		<b><u>\$184,912,520</u></b>	<b>38.32%</b>	
<b>Total Net Assessed Value (Personal and Utilities)</b>		<b><u>\$482,599,795</u></b>	<b>100.00%</b>	

Information on the ten largest personal property taxpayers is not available for 1999.

Source: St. Joseph County Treasurer'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 (1)</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>
1999	0.20%	\$8,253,561	5.15%	\$3,156,441	9.93%	38.2%
2000	0.20%	8,717,424	5.62%	3,105,473	-1.61%	35.6%
2001	0.20%	9,240,470	6.00%	3,430,327	10.46%	37.1%
2002	0.20%	14,687,146 (2)	58.94%	5,462,867 (2)	59.25%	37.2%
2003	0.20%	9,378,695	-36.14%	3,689,202	-32.47%	39.3%
2004	0.20%	9,106,517	-2.90%	3,448,688	-6.52%	37.9%
2005	0.20%	8,984,150	-1.34%	3,464,152	0.45%	38.6%
2006	0.20%	10,610,460	18.10%	4,013,475	15.86%	37.8%
2007	0.20%	10,558,004	-0.49%	3,702,467	-7.75%	35.1%
2008	0.20%	11,136,493	5.48%	3,997,997	7.98%	35.9%

(1) This tax was first enacted as of July 1, 1995 at the rate of 0.1% of City residents' adjusted gross income. The rate was increased to 0.2% effective July 1, 1997.

(2) 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.

Source - State of Department of Local Government Finance CEDIT Distribution Reports

COUNTY OPTION INCOME TAX (COIT) REVENUE

<u>Distribution Year</u>	<u>COIT Tax Rate (3)</u>	<u>Total County COIT Distributions</u>	<u>Rate of Growth</u>	<u>South Bend COIT Distribution</u>	<u>Rate of Growth</u>	<u>South Bend as a Percent of Total</u>
1999	0.30%	\$5,538,599	134.53%	\$1,698,624	132.03%	30.7%
2000	0.40%	7,326,809	32.29%	2,378,487	40.02%	32.5%
2001	0.60%	14,268,358	94.74%	4,491,922	88.86%	31.5%
2002	0.60%	28,930,003	102.76%	9,458,584	110.57%	32.7%
2003	0.60%	19,386,147	-32.99%	8,015,301	-15.26%	41.3%
2004	0.60%	21,977,497	13.37%	7,001,199	-12.65%	31.9%
2005	0.60%	16,628,131	-24.34%	5,490,218	-21.58%	33.0%
2006	0.60%	21,276,623	27.96%	6,382,478	16.25%	30.0%
2007	0.60%	16,993,346	-20.13%	5,160,903	-19.14%	30.4%
2008	0.60%	20,689,958	21.75%	6,382,478	23.67%	30.8%

(3) 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.

(4) South Bend COIT distribution includes amounts for Civil City and Redevelopment Commission.

Source - State of Indiana Department of Local Government Finance COIT Distribution Reports

CITY OF SOUTH BEND, INDIANA  
TOTAL COUNTY OPTION INCOME TAX DISTRIBUTIONS BY TAXING UNIT  
2001-2008

<u>Unit of Government</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Total County Certified Distribution	\$32,574,042.00	\$30,859,812.00	\$31,044,322.00	\$26,484,316.00	\$26,536,784.00	\$28,136,084.00	\$37,769,988.00	\$22,452,248.00
Less: Homestead Credit (1)	(11,884,084.00)	(13,866,466.00)	(9,767,699.00)	(9,856,185.00)	(4,559,287.00)	(8,749,937.00)	(8,839,985.00)	(8,183,890.00)
<b>Total Distributive Shares</b>	<b><u>\$20,689,958.00</u></b>	<b><u>\$16,993,346.00</u></b>	<b><u>\$21,276,623.00</u></b>	<b><u>\$16,628,131.00</u></b>	<b><u>\$21,977,497.00</u></b>	<b><u>\$19,386,147.00</u></b>	<b><u>\$28,930,003.00</u></b>	<b><u>\$14,268,358.00</u></b>
<b>Distributive Shares/Total County Distribution</b>	<b><u>63.52%</u></b>	<b><u>55.07%</u></b>	<b><u>68.54%</u></b>	<b><u>62.78%</u></b>	<b><u>82.82%</u></b>	<b><u>68.90%</u></b>	<b><u>76.60%</u></b>	<b><u>63.55%</u></b>
<b>Amount</b>								
St. Joseph County	\$8,825,206.00	\$7,376,623.00	\$8,440,988.00	\$6,427,640.00	\$8,578,046.00	\$7,245,150.00	\$11,721,648.00	\$5,910,247.00
Townships	820,241.00	648,364.00	834,727.00	759,050.00	1,002,449.00	783,227.00	1,039,887.00	550,072.00
City of South Bend - Civil City	6,266,381.00	5,077,450.00	6,733,129.00	5,306,680.00	6,849,450.00	6,342,861.00	9,100,110.00	4,498,381.00
Other Cities & Towns	2,367,929.00	1,982,192.00	2,616,698.00	2,028,358.00	2,658,984.00	2,536,818.00	3,644,267.00	1,753,467.00
Libraries	1,646,819.00	1,285,029.00	1,706,495.00	1,319,023.00	1,699,459.00	1,555,407.00	2,051,510.00	999,502.00
Special Districts	763,382.00	623,688.00	944,586.00	787,380.00	1,189,109.00	922,684.00	1,372,581.00	556,689.00
<b>Total</b>	<b><u>\$20,689,958.00</u></b>	<b><u>\$16,993,346.00</u></b>	<b><u>\$21,276,623.00</u></b>	<b><u>\$16,628,131.00</u></b>	<b><u>\$21,977,497.00</u></b>	<b><u>\$19,386,147.00</u></b>	<b><u>\$28,930,003.00</u></b>	<b><u>\$14,268,358.00</u></b>
<b>Percentage of Distribution</b>								
St. Joseph County	42.65%	43.41%	39.67%	38.66%	39.03%	37.37%	40.52%	41.42%
Townships	3.96%	3.82%	3.92%	4.56%	4.56%	4.04%	3.59%	3.86%
City of South Bend - Civil City	30.29%	29.88%	31.65%	31.91%	31.17%	32.72%	31.46%	31.53%
Other Cities & Towns	11.44%	11.66%	12.30%	12.20%	12.10%	13.09%	12.60%	12.29%
Libraries	7.96%	7.56%	8.02%	7.93%	7.73%	8.02%	7.09%	7.01%
Special Districts	3.69%	3.67%	4.44%	4.74%	5.41%	4.76%	4.74%	3.90%
<b>Total</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></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, 2008**

<u>Name</u>	<u>2008 Revenue</u>	<u>Percentage of Total Water Operating Revenue</u>	<u>Usage CCF*</u>
South Bend Community Schools	\$ 156,879	1.18%	77,624
Allied Signal Aerospace Company	124,840	0.94%	133,573
Memorial Health Systems	115,162	0.86%	124,693
Irish Hills Apartments	89,623	0.67%	73,499
St. Joseph Medical System	61,205	0.46%	60,900
Park Jefferson LLC	38,518	0.29%	49,200
St. Joseph County Maintenance Dept.	36,817	0.28%	40,119
Amarak Uniform Services, Inc.	34,886	0.26%	44,020
BOC Gases	31,930	0.24%	39,802
Bosch Braking System	27,029	0.20%	32,811
<b>Total of Ten Largest Water Customers</b>	<b>\$ <u>716,889</u></b>	<b>5.37%</b>	
<b>Total for Operating Revenue for Water Works</b>	<b>\$ <u>13,343,210</u></b>	<b>100.00%</b>	

\*Hundreds of Cubic Feet

**CITY OF SOUTH BEND, INDIANA  
TEN LARGEST SEWAGE WORKS CUSTOMERS  
DECEMBER 31, 2008**

<u>Name</u>	<u>2008 Revenue</u>	<u>Percentage of Total Water Operating Revenue</u>	<u>Usage CCF*</u>
I/N TEK Plant	\$ 1,092,948	4.76%	674,567
University of Notre Dame	729,735	3.18%	509,491
New Energy Company of Indiana	568,575	2.48%	331,274
South Bend Community School Corp.	361,094	1.57%	76,999
Allied Signal Aerospace	304,845	1.33%	131,001
Memorial Health System	273,341	1.19%	124,683
St. Joseph Medical System	162,389	0.71%	60,900
Town of New Carlisle	121,157	0.53%	80,844
Aramark Uniform Services, Inc.	86,642	0.38%	44,034
Sister of the Holy Cross	67,240	0.29%	32,237
<b>Total of Ten Largest Sewer Customers</b>	<b>\$ <u>3,767,966</u></b>	<b>16.42%</b>	
<b>Total Operating Revenue for Wastewater</b>	<b>\$ <u>22,941,734</u></b>	<b>100.00%</b>	

\*Hundreds of Cubic Feet

**City of South Bend, Indiana  
Gasoline Tax Collections - Cash Basis  
Last Ten Fiscal Years**

Year	LR&S Fund	MVH Fund	Total Gas Tax	% Change
<b>1999</b>	\$2,426,569.29	\$3,013,623.57	\$5,440,192.86	8.17%
<b>2000</b>	2,865,756.91	3,124,541.57	5,990,298.48	10.11%
<b>2001</b>	2,023,141.61	3,116,993.62	5,140,135.23	-14.19%
<b>2002</b>	1,213,105.72	2,996,406.58	4,209,512.30	-18.11%
<b>2003</b>	1,186,193.43	3,334,297.66	4,520,491.09	7.39%
<b>2004</b>	1,192,573.83	3,461,562.94	4,654,136.77	2.96%
<b>2005</b>	1,212,413.47	3,397,432.68	4,609,846.15	-0.95%
<b>2006</b>	1,201,538.02	3,327,313.56	4,528,851.58	-1.76%
<b>2007</b>	1,171,731.65	3,243,817.60	4,415,549.25	-2.50%
<b>2008</b>	1,104,259.89	3,016,198.49	4,120,458.38	-6.68%

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**

Year	LR&S Fund	MVH Fund	Total Wheel Tax	% Change
<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%

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.

**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, 2008**

**CIVIL CITY**

Net Assessed Valuation (2008 pay 2009) of Taxable Property in South Bend	\$	2,976,080,798
Debt limit: 2% of net assessed value		59,521,616
Amount of debt applicable to limit:		
Total bonded debt subject to debt limit: EDIT Bonds	\$	6,105,000
Less: Cash on hand designated for debt service		0
Total debt applicable to debt limit		6,105,000
Legal debt margin - Civil City	\$	53,416,616
<b>Amount of debt subject to limit/debt limit</b>		<b>10.26%</b>

**REDEVELOPMENT AUTHORITY**

Net Assessed Valuation (2007 pay 2008) of Taxable Property in South Bend	\$	2,976,080,798
Debt limit: 2% of net assessed value		59,521,616
Amount of debt applicable to limit:		
Total bonded debt subject to debt limit: Studebaker Bond	\$	0
Less: Cash on hand designated for debt service		0
Total debt applicable to debt limit		0
Legal debt margin - Redevelopment Authority	\$	59,521,616
<b>Amount of debt subject to limit/debt limit</b>		<b>0.00%</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**

	Fiscal Year									
	<u>1999</u>	<u>2000</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>
<b><u>Civil City</u></b>										
Debt Limit (1)	\$37,548,459	\$38,797,956	\$38,956,549	\$39,176,697	\$59,362,052	\$56,157,007	\$56,378,096	\$56,705,318	\$60,447,143	\$59,521,616
Total Net Debt Applicable To Limit	11,150,000	10,750,000	10,330,000	9,882,500	9,412,500	8,937,500	8,395,000	7,367,825	6,685,000	6,105,000
Legal Debt Margin	26,398,459	28,047,956	28,626,549	29,294,197	49,949,552	47,219,507	47,983,096	49,337,493	53,762,143	53,416,616
<b>Percentage of Debt Limit</b>	<b>29.69%</b>	<b>27.71%</b>	<b>26.52%</b>	<b>25.23%</b>	<b>15.86%</b>	<b>15.92%</b>	<b>14.89%</b>	<b>12.99%</b>	<b>11.06%</b>	<b>10.26%</b>
<b><u>Redevelopment Authority</u></b>										
Debt Limit (1)	\$37,548,459	\$38,797,956	\$38,956,549	\$39,176,697	\$59,362,052	\$56,157,007	\$56,378,096	\$56,705,318	\$60,447,143	\$59,521,616
Total Net Debt Applicable To Limit	3,380,000	2,880,000	2,355,000	1,810,000	1,235,000	628,000	0	0	0	0
Legal Debt Margin	34,168,459	35,917,956	36,601,549	37,366,697	58,127,052	55,529,007	56,378,096	56,705,318	60,447,143	59,521,616
<b>Percentage of Debt Limit</b>	<b>9.00%</b>	<b>7.42%</b>	<b>6.05%</b>	<b>4.62%</b>	<b>2.08%</b>	<b>1.12%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</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**

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	Capital Leases					
1999	\$3,620,000	\$50,100,000	\$2,383,664	\$3,605,000	\$5,415,856	\$58,868,239	\$0	\$193,000	\$1,269,772	\$125,455,531	99,417	1,262	2,232,408,735	5.62%
2000	3,135,000	47,425,000	2,112,792	2,815,705	5,315,127	33,970,000	0	16,987,125	1,386,997	113,147,746	107,789	1,050	2,858,133,124	3.96%
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	135,343,486	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	144,843,786	106,558	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	183,356,651	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	186,639,239	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	185,909,332	105,743	1,758	3,418,459,704	5.44%
2006	0	82,445,000	27,337,124	11,758,552	3,533,187	44,345,000	972,315	19,258,433	1,523,594	191,173,205	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	213,703,674	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	242,780,608	104,905	2,314	3,709,126,085	6.55%
Percent of Total Debt	0.00%	47.47%	10.11%	3.93%	3.04%	27.82%	0.36%	7.02%	0.26%	100.00%				

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 South Bend Metro Area Per Capita Income (see Demographic Statistics)

**CITY OF SOUTH BEND, INDIANA  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
DECEMBER 31, 2008**

	<u>Gross Debt</u>	<u>Percentage Applicable to South Bend</u>	<u>Amount Applicable to South Bend</u>	<u>Debt Per Capita</u>	<u>Ratio of Debt/ Net Assessted Value</u>	<u>Ratio of Debt/ Personal Income</u>
<b><u>Direct Debt:</u></b>						
City of South Bend						
General Obligation Bonds	\$ 0	100.00%	\$ 0			
Revenue Bonds - Governmental Activities	115,240,000	100.00%	115,240,000			
Revenue Bonds - Business-Type Activities	67,535,000	100.00%	67,535,000			
Mortgage Bonds - Governmental Activities	24,534,464	100.00%	24,534,464			
Mortgage Bonds - Business-Type Activities	878,835	100.00%	878,835			
Notes Payable - Governmental Activities	9,543,790	100.00%	9,543,790			
Notes Payable - Business-Type Activities	17,031,649	100.00%	17,031,649			
Capital Leases - Governmental Activities	7,388,443	100.00%	7,388,443			
Capital Leases - Business-Type Activities	628,427	100.00%	628,427			
<b>Total Direct Debt of Primary Government</b>			<b>242,780,608</b>	<b>\$ 2,314.29</b>	<b>8.2%</b>	<b>6.5%</b>
<b><u>Overlapping Debt (3)(4)</u></b>						
St. Joseph County	\$ 98,133,360	30.21%	29,646,088			
St. Joseph County Public Library	15,330,000	50.58%	7,753,914			
South Bend Community School Corporation	215,630,103	54.39%	117,281,213			
South Bend Regional Airport Authority	14,070,000	30.21%	4,250,547			
Penn-Harris-Madison School Corporation	86,006,468	2.62%	2,253,369			
Mishawaka Penn Township Public Library	7,290,000	3.37%	245,673			
<b>Total Overlapping Debt</b>			<b>161,430,805</b>	<b>1,538.83</b>	<b>5.4%</b>	<b>4.4%</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 404,211,413</b>	<b>\$ 3,853.12</b>	<b>13.6%</b>	<b>10.9%</b>

**Ratio Factors**

Total Net Assessed Valuation (2007 payable 2008)	\$ 2,976,080,798
Population - 2008 US Census Bureau	104,905 (1)
South Bend Metropolitan Area Per Capita Income	35,357 (2)
Estimated South Bend Total Personal Income (1 x 2)	\$ 3,709,126,085

(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 obtained from Umbaugh Associates, Plymouth, Indiana and telephone call to local units of government.

(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 GENERAL GOVERNMENTAL EXPENDITURES**  
**LAST TEN YEARS**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Government Expenditures</b>	<b>Ratio of Debt Service To Total General Govt. Expenditures</b>
1999	\$465,000	\$188,173	\$653,173	\$96,063,811	0.68%
2000	485,000	168,120	653,120	100,389,862	0.65%
2001	515,000	145,830	660,830	103,772,221	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%

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**

<u>Tax Year/ Collection Year</u>	<u>Population (1)</u>	<u>Net Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Percent of Net Bonded Debt To Net Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1998/1999	99,417	\$625,807,646	\$3,620,000	\$240,000	\$3,380,000	0.54%	34.00
1999/2000	107,789	646,632,596	3,135,000	255,000	2,880,000	0.45%	26.72
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

(1) Population statistics obtained from the U.S. Census Bureau (<http://factfinder.census.gov/servlet>). Most recent estimate was for January, 2007.

(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**

<u>Year</u>	<u>Gross Operating Revenue</u>	<u>Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Debt Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1999	\$10,873,836	\$6,431,774	\$4,442,062	\$1,535,000	\$1,168,185	\$2,703,185	164%
2000	10,162,297	6,174,716	3,987,581	1,605,000	1,100,993	2,705,993	147%
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%

(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)

**CITY OF SOUTH BEND, INDIANA  
SCHEDULE OF REVENUE BOND COVERAGE  
WASTEWATER UTILITY BONDS  
LAST TEN YEARS**

Year	Gross Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage
				Principal	Interest	Total	
1999	\$12,502,608	\$7,163,295	\$5,339,313	\$560,000	\$366,663	\$926,663	576%
2000	12,625,139	7,626,129	4,999,010	575,000	341,463	916,463	545%
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%

(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 issued during 2007 with principal and interests payments beginning in 2008.

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)



## **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 Population (1)	Percent Increase/ (Decrease)	South Bend Metropolitan Area Median Family Income (4)	Percent Increase/ (Decrease)	South Bend Metro Area Total Personal Income (3) (Millions)	Percent Increase/ (Decrease)	South Bend Metro Area Per Capita Income (3)	Percent Increase/ (Decrease)	City of South Bend Median Age (4)	City of South Bend Public School Enrollment (2)	Percent Increase/ (Decrease)	December South Bend Metropolitan Area Labor Force (3)
1999	99,417	-2.6%	34,203	-3.0%	6,744	3.4%	25,455	2.9%	32.7	21,195	1.2%	137,147
2000	107,789	8.4%	34,702	1.5%	7,049	4.5%	26,516	4.2%	32.7	21,327	0.6%	133,715
2001	107,789	0.0%	40,816	17.6%	7,426	5.3%	27,959	5.4%	32.7	21,362	0.2%	132,779
2002	106,558	-1.1%	40,816	0.0%	7,671	3.3%	28,909	3.4%	32.7	21,059	-1.4%	133,240
2003	105,540	-1.0%	37,140	-9.0%	7,887	2.8%	29,788	3.0%	32.7	21,981	4.4%	131,283
2004	105,206	-0.3%	39,940	7.5%	8,295	5.2%	31,340	5.2%	32.7	22,140	0.7%	132,981
2005	105,743	0.5%	37,971	-4.9%	8,565	3.3%	32,328	3.2%	34.5	22,100	-0.2%	134,033
2006	104,457	-1.2%	39,046	2.8%	8,958	4.6%	33,034	2.2%	34.6	21,926	-0.8%	134,651
2007	104,069	-0.4%	44,400	13.7%	8,978	0.2%	33,739	2.1%	34.6	21,715	-1.0%	132,693
2008	104,905	0.8%	Unavailable	N/A	9,396	4.7%	35,357	4.8%	34.6	21,595	-0.6%	133,433

**Sources:**

(1) U.S. Census Bureau (<http://factfinder.census.gov/servlet>). Most recent estimate was for Jan 1, 2007.

(2) South Bend Community School Corporation Administration office

(3) South Bend-Mishawaka, IN\_MI Metropolitan Area Profile (<http://www.stats.indiana.edu>). Labor and employment statistics for December of each year.

(4) U.S. Census Bureau (<http://factfinder.census.gov>).

**CITY OF SOUTH BEND, INDIANA  
 DEMOGRAPHIC STATISTICS (CONTINUED)  
 LAST TEN YEARS**

<b>Year</b>	<b>Percent Increase/ (Decrease)</b>	<b>December South Bend Metropolitan Area Unemployment (3)</b>	<b>Percent Increase/ (Decrease)</b>	<b>December South Bend Metropolitan Unemployment Rate (3)</b>
1999	-0.7%	4,208	20.1%	3.1%
2000	-2.5%	3,863	-8.2%	2.9%
2001	-0.7%	7,331	89.8%	5.5%
2002	0.3%	6,496	-11.4%	4.9%
2003	-1.5%	6,288	-3.2%	4.8%
2004	1.3%	6,669	6.1%	5.0%
2005	0.8%	6,956	4.3%	5.2%
2006	0.5%	6,501	-6.5%	4.8%
2007	-1.5%	6,291	-3.2%	4.7%
2008	0.6%	12,476	98.3%	9.4%

**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**

Calendar Year	Amount in Millions		Amount in Billions	Annual Percentage of Increase		
	St. Joseph Co. Personal Income	Indiana Personal Income	U.S. Personal Income	St. Joseph Co. Personal Income	Indiana Personal Income	U.S. Personal Income
1999	6,744	154,842	7,796	3.36%	3.69%	5.12%
2000	7,049	165,285	8,422	4.52%	6.74%	8.03%
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%
<i>Average Annual Growth - Most Recent 5 Years</i>				3.58%	3.34%	4.94%
<i>Average Annual Growth - Most Recent 10 Years</i>				3.72%	3.50%	4.63%

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 June 9, 2009. Information is updated through 2008.

**City of South Bend, Indiana  
Principal Employers - Current and Nine Years Ago  
December 31, 2008**

Employer	Type of Business	2008	Percent	Rank	1999	Rank	Percent
		Number of Employees FTE's	of Total Labor		Number of Employees FTE's		of Total Labor
University of Notre Dame	College/University	4,596	3.44%	1	4,297	1	3.13%
Memorial Health System	Health Care	3,529	2.64%	2	3,400	2	2.48%
South Bend Community School Corporation	Public Schools	3,130	2.35%	3	3,200	4	2.33%
St. Joseph Regional Medical Center, Inc.	Health Care	2,617	1.96%	4	n/a		0.00%
AM General	Manufacturing/Assembly	2,400	1.80%	5	946	11	0.69%
The Diocese of Fort Wayne/South Bend	Parochial Schools	1,403	1.05%	6	n/a		0.00%
St. Joseph County	Government	1,305	0.98%	7	1,631	6	1.19%
Indiana University at South Bend	College/University	1,259	0.94%	8	1,481	7	1.08%
City of South Bend	Government	1,213	0.91%	9	1,290	8	0.94%
Madison Center		871	0.65%	10	n/a		0.00%
South Bend Metropolitan Area Labor Force (1)		133,433			137,147		

Source - Chamber of Commerce of St. Joseph County, City of South Bend Department of Administration and Finance, 1999 CAFR, and telephone calls to individuals employers. (Information not available for The Diocese of Fort Wayne/South Bend and St. Joseph Regional Medical Center and Madison Center for 1999.)

(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>1999</u>	<u>2000</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>
Police										
Physical arrests	4,821	4,889	4,873	4,990	5,003	5,041	5,056	5,932	4,589	4,091
Parking violations	763	751	760	623	655	688	722	515	1,820	1,672
Traffic violations	14,920	14,212	13,317	13,936	13,873	14,052	13,411	16,583	1,626	5,901
Fire										
Emergency responses	17,500	18,935	20,224	20,112	19,429	19,031	20,438	21,815	21,942	23,282
Fires extinguished	686	742	422	485	541	407	564	601	543	520
Inspections	9,152	8,954	8,906	10,332	5,375	4,820	5,584	4,875	4,302	4,467
Refuse collection										
Refuse collected (tons per day) (1)	252	169	243	266	284	266	238	269	267	137
Other public works										
Street resurfacing (miles)	23.80	26.30	22.10	28.00	27.50	30.20	29.30	15.00	16.50	14.70
Potholes repaired (tonnage)	650.89	577.20	653.83	389.10	341.87	560.41	372.06	239.88	923.00	898.00
Parks and recreation										
Athletic field permits issued	N/A	N/A	N/A	N/A	700	700	750	700	1,000	738
Fitness Center Admissions	0	0	871	16,773	33,361	35,426	37,247	61,452	63,088	70,193
Water										
New billable housing starts	412	388	401	407	439	427	445	471	321	299
Water mains breaks	96	90	76	72	90	78	80	54	105	72
Average daily consumption (thousands of gallons)	22,263	20,848	20,939	22,678	20,269	19,461	20,071	17,704	19,042	18,280
Wastewater										
Average daily sewage treatment (thousands of gallons)	42,800	44,100	44,100	44,100	38,200	31,800	31,800	32,800	35,970	37,800

**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>1999</u>	<u>2000</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>
<b>Police</b>										
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	22	24	24	24	24	25	25	25	25	25
<b>Fire</b>										
Stations	11	11	11	11	11	11	11	11	11	11
Rescue units	31	31	31	31	31	31	31	31	32	32
<b>Refuse collection</b>										
Collection trucks	25	25	25	24	24	21	23	22	22	22
<b>Other public works</b>										
Streets (miles)	492	494	494	496	496	498	498	500	500	500
Streetlights	900	915	915	931	950	963	966	1,060	1,170	1,242
Traffic signals	158	160	161	161	162	163	164	167	160	160
<b>Parks and recreation</b>										
Acreage	1,278	1,278	1,278	1,278	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	26	26	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	4	5	5	5	5	5	5	5	5	5
<b>Water</b>										
Water mains (miles)	498	510	520	527	529	538	547	553	558	560
Fire hydrants	4,421	4,547	*4,354	4,481	4,669	4,819	4,914	5,013	4,000	5,081
Storage capacity (thousands of gallons)	15,800	15,800	15,800	15,800	17,300	17,300	17,300	17,300	17,300	17,300
<b>Wastewater</b>										
Sanitary sewers ( miles)	540	540	540	540	540	540	540	540	540	540
Storm sewers (miles)	200	200	200	200	200	200	200	200	200	200
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)

<u>Year</u>	<u>Residential Number of Permits</u>	<u>Residential Value (in 000's)</u>	<u>Residential Value Increase/ (Decrease)</u>	<u>Commercial Number of Permits</u>	<u>Commercial Value (in 000's)</u>	<u>Public Utility Number of Permits</u>	<u>Public Utility Value (in 000's)</u>	<u>Manufacturing Number of Permits</u>	<u>Manufact Value (in 000's)</u>	<u>Commercial, Public Utility and Manufacturing Total Value (in 000's)</u>	<u>Total Value Increase/ (Decrease)</u>
1999	186	19,119	40.7%	40	52,735	1,407	23,085	2	4,760	80,580	34.3%
2000	160	15,833	-17.2%	18	6,792	2,355	74,127	2	3,490	84,409	4.8%
2001	101	11,316	-28.5%	28	12,307	2,253	60,035	5	17,362	89,704	6.3%
2002	107	11,707	3.5%	24	35,810	2,222	47,710	2	2,475	85,995	-4.1%
2003	140	19,573	67.2%	28	13,280	1,822	42,435	2	375	56,090	-34.8%
2004	147	20,203	3.2%	20	24,340	2,823	50,910	3	847	76,097	35.7%
2005	166	25,123	24.4%	17	28,578	2,611	39,435	1	6,000	74,013	-2.7%
2006	102	17,241	-31.4%	21	36,749	2,282	34,836	2	7,927	79,512	7.4%
2007	103	18,314	6.3%	28	27,082	1,907	28,720	5	6,612	62,414	-21.5%
2008	55	10,032	-45.2%	15	44,678	1,662	29,685	1	2,416	76,779	23.0%

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**

<u>Department</u>	<u>1999</u>	<u>2000</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> Budget
<b><u>General Government</u></b>											
Mayor's Office	8.75	9.00	9.00	10.00	10.00	10.00	10.00	10.00	10.00	9.00	9.00
City Clerk's Office	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	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	10.00
Administration and Finance	28.00	27.00	27.00	28.00	28.00	29.00	31.00	32.00	31.00	29.00	30.20
City Attorney's Office	13.00	14.00	13.00	13.00	14.00	15.00	15.00	15.00	15.00	15.00	14.00
Code Enforcement	23.00	26.00	26.00	27.00	27.00	28.00	28.00	28.00	27.00	27.00	27.00
Engineering	30.00	32.25	32.00	21.00	21.00	20.00	19.00	19.00	18.50	18.50	18.09
<b><u>Public Safety</u></b>											
Police Department	314.33	314.33	315.33	317.00	316.00	315.00	317.00	317.00	320.00	317.00	304.00
Communication Center	28.00	28.00	28.00	28.00	29.00	31.00	31.00	31.00	30.00	30.00	30.00
Fire Department	257.00	257.00	257.00	257.00	257.00	257.00	255.00	255.00	254.00	254.00	254.00
Building Maintenance for Fire & Police Dept	5.00	5.00	5.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	5.00
<b><u>Culture and Recreation</u></b>											
Parks and Recreation	128.00	127.00	132.00	132.00	126.00	124.00	123.00	122.00	122.00	121.00	120.50
Convention and Events Management (1)	53.87	52.00	44.00	48.33	49.00	50.00	50.00	49.00	16.00	15.00	18.00
<b><u>Economic Development</u></b>											
Community and Economic Development	44.50	44.50	44.50	45.00	44.00	42.00	42.00	42.00	35.00	33.00	28.00
<b><u>Highways and Streets</u></b>											
Street Department	80.00	83.00	82.00	81.00	77.00	71.00	71.00	66.00	54.00	54.00	52.14
Traffic & Lighting	0.00	0.00	0.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00	7.00
<b><u>Enterprise Funds</u></b>											
Water Works	100.00	96.00	97.00	95.00	87.00	87.00	86.00	86.00	86.00	80.00	92.25
Wastewater	60.00	61.00	60.00	59.00	55.00	55.00	51.00	53.00	54.50	56.50	54.00
Sewer	30.00	30.00	30.00	30.00	30.00	30.00	30.00	29.00	28.00	28.00	28.00
Solid Waste	44.00	45.00	45.00	42.00	35.00	31.00	31.00	31.00	26.00	26.00	26.00
Building Department	20.00	20.00	20.00	20.00	20.00	22.00	22.00	22.00	22.00	22.00	25.00
<b><u>Internal Service Fund</u></b>											
Central Services	59.00	56.00	53.00	53.00	53.00	50.00	50.00	49.00	49.00	46.00	49.00
<b>Total Positions</b>	<b>1,340.45</b>	<b>1,341.08</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>1,206.18</b>

**City of South Bend, Indiana**  
**Full-Time Equivalent City Government Employees by Department**  
**Last Ten Fiscal Years**

<u>Department</u>	<u>1999</u>	<u>2000</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> Budget
<b><u>Summary by Activity</u></b>											
General Government	116.75	122.25	121.00	113.00	114.00	116.00	117.00	118.00	115.50	112.50	113.29
Public Safety	604.33	604.33	605.33	608.00	608.00	609.00	610.00	610.00	611.00	608.00	593.00
Culture and Recreation (1)	181.87	179.00	176.00	180.33	175.00	174.00	173.00	171.00	138.00	136.00	138.50
Economic Development	44.50	44.50	44.50	45.00	44.00	42.00	42.00	42.00	35.00	33.00	28.00
Highways and Streets	80.00	83.00	82.00	93.00	88.00	82.00	82.00	77.00	65.00	65.00	59.14
Enterprise Funds	254.00	252.00	252.00	246.00	227.00	225.00	220.00	221.00	216.50	212.50	225.25
Internal Service Fund	59.00	56.00	53.00	53.00	53.00	50.00	50.00	49.00	49.00	46.00	49.00
<b>Total Positions</b>	<b>1,340.45</b>	<b>1,341.08</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>1,206.18</b>
<b>Total Reduction in Positions (1999-2008)</b>	<b>134.27 (10% of workforce)</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  
Salary Rate Comparison  
1990 - 2009**

<u>Year</u>	<u>----1st Class Patrol Officer----</u>		<u>---1st Class Fire Fighter---</u>		<u>Non-bargaining</u>	<u>Teamsters</u>
	<u>Percent</u>	<u>Base Salary</u>	<u>Percent</u>	<u>Base Salary</u>		
1990	3.62%	20,071.00	4.74%	19,869.00	3.00-4.00%	.25 per hour
1991	0.92%	20,256.00	2.52%	20,369.00	3.00%	.25 per hour
1992	4.69%	21,206.00	2.45%	20,869.00	3.00%	.30 per hour
1993	0.44%	21,300.00	5.00%	21,912.00	4.24%	0.00%
1994	2.35%	21,800.00	0.00%	21,912.00	1.50% + \$300.00 bonus	.15 per hour
1995	4.82%	22,850.00	3.00%	22,569.00	1.50% + \$300.00 bonus	.30 per hour
1996	4.38%	23,850.00	5.00%	23,697.00	3.00%	.27 per hour
1997	4.19%	24,850.00	4.87%	24,850.00	3.00%	.33 per hour
1998	4.63%	26,000.00	0.60%	25,000.00	3.00%	.37 per hour
1999	3.85%	27,000.00	2.60%	25,650.00	3.25%	3.50%
2000	5.56%	28,500.00	9.34%	28,045.00	3.50%	3.50%
2001	9.74%	31,275.00	11.52%	31,275.00	3.50%	4.00%
2002	4.50%	32,682.00	4.03%	32,534.00	4.00%	4.00%
2003	5.57%	34,504.00	4.04%	33,850.00	4.00%	4.00%
2004	6.01%	36,578.00	5.17%	35,600.00	4.00%	4.00%
2005	9.36%	40,000.00	12.36%	40,000.00	4.00%	4.00%
2006	2.50%	41,000.00	2.00%	40,800.00	2.00%	4.25%
2007	2.50%	42,025.00	2.50%	41,820.00	\$750/0%	.38 per hour
2008	3.50%	43,496.00	3.50%	43,285.00	3.00%	3.00%
2009	2.20%	44,453.00	2.00%	44,150.00	0.00%	2.00%

Source - City of South Bend personnel records

**City of South Bend, Indiana  
Financial Institution Data  
Last Ten Years  
(Amounts in 000's)**

Year	Banks		Savings and Loans (1)		Credit Unions		Total Deposits in Financial Institutions Amount	Percent Increase/ (Decrease)
	Number of Branches	Deposits at June 30	Number of Branches	Deposits at June 30	Number of Branches	Deposits at June 30		
1999	31	1,571,337	9	336,305	11	1,064,852	2,972,494	5.1%
2000	33	1,634,983	9	287,561	11	1,174,357	3,096,901	4.2%
2001	34	1,688,493	11	239,588	10	1,223,040	3,151,121	1.8%
2002	34	1,671,954	11	230,681	10	1,365,450	3,268,085	3.7%
2003	27	1,669,112	10	199,232	24	1,553,939	3,422,283	4.7%
2004	30	1,400,529	10	200,558	24	1,684,765	3,285,852	-4.0%
2005	30	1,851,156	10	195,445	24	1,798,313	3,844,914	17.0%
2006	35	2,054,972	5	89,039	24	1,857,323	4,001,334	4.1%
2007	35	2,183,105	5	86,561	24	1,975,374	4,245,040	6.1%
2008	40	2,184,092	0	0	24	2,699,677	4,883,769	15.0%

**City of South Bend Financial Institutions  
2008  
Total Deposits (Amounts in 000's)**

Banks			Credit Unions		
1st Source Bank	\$1,160,042	53.11%	Teacher's Credit Union	\$1,895,220	70.20%
Key Bank National Association	392,595	17.98%	Notre Dame Federal Credit Union	447,930	16.59%
Wells Fargo Bank NA	164,969	7.55%	Community Wide Credit Union	183,486	6.80%
National City Bank of Indiana	150,095	6.87%	AAA Federal Credit Union	57,907	2.14%
LaSalle Bank Midwest NA	100,598	4.61%	Policemen's Federal Credit Union	55,971	2.07%
Others (5)	215,793	9.88%	Others (5)	59,163	2.19%
<b>Total</b>	<b>\$2,184,092</b>	<b>100.00%</b>	<b>Total</b>	<b>\$2,699,677</b>	<b>100.00%</b>

The City of South Bend has its primary operating accounts at 1st Source Bank.

(1) In June 2008 MFB Financial merged with Mutual First Financial Incorporated and is now classified by FDIC as a bank.

**Sources:**

Federal Deposit Insurance Corporation Website (www.fdic.gov). Deposits Market Share Report, South Bend, Deposits Inside of Market  
National Credit Union Association Website (www.ncua.gov)

**CITY OF SOUTH BEND, INDIANA  
INSURANCE COVERAGE  
2008**

<u>Type of Coverage</u>	<u>Limits of Liability</u>	<u>Estimated Annual Premium</u>
<b><u>LIABILITY</u></b>		
Comprehensive General Liability	N/A	Self-Insured
Police Professional Liability	N/A	Self-Insured
Ambulance Malpractice Liability	N/A	Self-Insured
Premises Liability (Clay Utilities, Century Center, Parking Garages)	N/A	Self-Insured
CGL - Stadium	N/A	Self-Insured
Liquor Liability	4/26/08 - 09 \$1,000,000	\$2,500 Premium
<b><u>CRIME</u></b>		
Public Employee Dishonesty	12/31/07 - 08 \$1,000,000	\$9,589 Premium
Public Official - Position Schedule Bond	N/A	N/A
<b><u>PROPERTY</u></b>		
All risk blanket building & contents	1/15/08 - 09 \$300,000,000	\$282,130 Premium
Business Income	\$10,000,000	Included in above
Boiler and Machinery	100,000,000	Included in above
Electronic Equipment	\$10,000,000	Included in above
<i>Fine Arts Museums</i>	<i>\$5,000,000</i>	<i>Included in above</i>
Valuable Papers	\$10,000,000	Included in above
Inland Marine Property Coverage:	1/15/08 - 09	
Electronic Equipment	\$10,000,000	
Contractors Equipment	\$5,000,000	\$15,350 Premium
<b><u>OTHER</u></b>		
Workers Compensation	1/1/08 - 09 Statutory	Self-Insured
Third Party Fee	Statutory	\$65,000 Fee
Excess Over Self-insured \$300,000 Retention Each Accident	Statutory	\$117,964 Premium/Fee

**City of South Bend, Indiana  
Miscellaneous Statistics  
December 31, 2008**

**Police Department**

Authorized Officers	256
Vehicles	339
<u>Special Officer Groups:</u>	
K-9 Patrols	10
SWAT Team	17
Metro Drug Task Force (of 20 total)	18
NEST - Special Neighborhood Unit	8
Bicycle Patrol Officers	4
Motorcycle Patrol Officers	2
Community Relations Officers	4
Bomb Squad	7
Crime Prevention Officers	4

**2008 Crime Data:**

Murders	15
Rapes	73
Robbery	409
Aggravated Assault	322
Residential Burglary	1,683
Non-residential Burglary	601
Larceny	4,179
Auto Theft	502
Arson	75
Calls for Service	198,429
Dispatches	119,802
Miles Driven	3,641,235
Arrests	4,091

**Sewer Utility**

Customers	38,282
Dry Tons of Sludge produced per year	20,271
Miles of Sanitary Sewer Lines	540
Miles of Storm Sewer Lines	200

**South Bend Regional Airport**

<u>Year</u>	<u>Passenger Volume</u>
1998	986,350
1999	955,232
2000	857,740
2001	739,407

**Department of Public Works**

Traffic Signals	160
Street Lights (City maintained)	2,250
Miles of Streets	500
Miles of Sidewalks	685
Miles of Alleys	398
Miles of Sanitary Sewers and Storm Drain:	511
City Owned Vehicles	867
Trash Picked Up Per Week (in tons)	556 /wk
(Organic Resource & Landfill)	(17,725 Cu.Yd)

**Sign Shop**

Work orders for sign maintenance, installation or removal	1,100
Miles of yellow and white paint	259
Pre-formed plastic arrows used for street markings	28
Crosswalk painting at intersections	36
Turn arrows in turn lanes	34
Detour routes	25
Temporary No Parking postings	150
Built Portables	0
Railroad Crossings	39
Built Barricades	0
Special Signs Built	545

Barricades set up for 2008 events (# of events):	
Block Parties	58

**Convention Facilities**

Century Center	64,000 square feet of exhibit space 2,992 available seating 700 seat theater
Morris Performing Arts Center	2,500 available seating

**Fire Department**

Paid Department established 1887

Sworn Firefighters	
(60 of which are Paramedics)	244
Fire Apparatus	20
Hazardous Materials Truck	1
Reserve Pumper Trucks	3
Reserve Ladder Trucks	2
River Rescue Boats	3
Ambulances	8
Neonatal (Newborn) Units	4
Fire Runs	34,428
Ambulance Runs	18,423

**Water Utility**

Customers/Meters	39,247
Irrigation Customers	2,815
Wells/Pumps in service	29
Pumping Capacity	65 m.g.d.
Daily Consumption	18.3 m.g.d.
Peak Demand	35.9 m.g.d.
Miles of Distribution Systems	560
Fire Hydrants	5,081

**Colleges and Universities**

<u>Universities and Colleges</u>	<u>Enrollment</u>
The University of Notre Dame	11,731
Indiana University at South Bend	7,712
Bethel College	2,075
St. Mary's College	1,628
Holy Cross College	481
Davenport University - South Bend	299
Tri-State University - South Bend	58

**Technical Colleges**

IVY Tech Community College	4,385
Brown Mackie College - South Bend	739

**City of South Bend, Indiana  
Miscellaneous Statistics  
December 31, 2008**

2002	812,080
2003	802,191
2004	780,033
2005	693,675
2006	729,619
2007	779,356

The South Bend Regional Airport had 48,323 take-offs and landings during 2007. Approximately 30 commercial airline flights per day fly to 10 hub airports.

Commercial airlines with operations at South Bend Regional Airport (market share):

	2007	2008
Allegiant Air	12.62%	13.56%
Cape Air	0.13%	0.82%
Continental Connection	5.58%	7.80%
Delta Connection	33.37%	29.76%
Northwest/KLM Airlines	21.70%	24.36%
United Express	26.60%	23.70%
Total	100.00%	100.00%
Bus Passengers	63,038	61,496
Train Passengers (South Shore)	281,225	292,391

Transpo

South Bend Public Transportation Corporation

Route Miles	252
2008 Ridership	2.8 million
2008 Miles of Service	2.1 million

Notre Dame Joyce Athletic and Convocation Center 115,000 square feet of exhibit space  
*11,345 available seating*

Motels 31 motels/hotels  
6 Bed and Breakfasts  
Over 2,700 available rooms

Major motels and meeting rooms:  
Marriott facilities to seat 800  
Holiday Inn facilities to seat 450

Other Transportation

43 Trucking Lines, 33 Terminals  
2 Interstate Bus Lines  
4 Major Rail Systems (freight and passenger)

Other

- Incorporated in 1865
- County Seat of St. Joseph County
- *South Bend* officially began under the name *South Hold* 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

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 two major hospitals:

Memorial Health Systems	526 beds
St. Joseph Regional Medical Center	310 beds

Communications

Access to:

- 4 Major Television Networks (WNDU, WSJV, WSBT, WBN)
- 1 Public Broadcasting Television Station (WNIT)
- 1 Local Television Station (WHME)
- 1 Major Newspaper (The South Bend Tribune)
- 24 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



SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF 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, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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 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

June 9, 2009



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND 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, 2008. 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 are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

June 9, 2009

CITY OF SOUTH BEND  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Year Ended December 31, 2008

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 COMMERCE</u>			
Direct Grant			
Public Works and Economic Development Cluster Economic Adjustment Assistance	11.307	06-19-01251	\$ 140,512
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG - Entitlement and (HUD Administered) Small Cities Cluster Community Development Block Grants/Entitlement Grants	14.218	B-07-MC-18-011 B-08-MC-18-011 Section 108 #8	2,535,194 321,185 <u>2,268,514</u>
Total for cluster			<u>5,124,893</u>
Emergency Shelter Grants Program	14.231	S-07-MC-18-011 S-08-MC-18-011	18,999 <u>81,011</u>
Total for program			<u>100,010</u>
Shelter Plus Care	14.238	IN 36-C020-043 AIDS IN 36-C020-044 MAD IN 36-C400-001 MAD IN 36-C700-014 MAD	5,814 65,367 57,044 <u>31,436</u>
Total for program			<u>159,661</u>
Fair Housing Assistance Program - State and Local	14.401		<u>64,300</u>
Total for federal grantor agency			<u>5,448,864</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Community Capacity Development Office	16.595	2005 WSQ070204	<u>164,322</u>
Edward Byrne Memorial Formula Grant Program	16.738	05DJBX0375 07DJBX0340	82,552 <u>114,355</u>
Total for program			<u>196,907</u>
Pass-Through Indiana Criminal Justice Institute			
Motor Vehicle Theft Protection Act Program	16.597	04GP002	<u>3,320</u>
Bulletproof Vest Partnership Program	16.607	09BOBX08045670	<u>3,988</u>
Community Prosecution and Project Safe Neighborhoods	16.609	05GP001 05GP003	13,009 <u>26,402</u>
Total for program			<u>39,411</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, 2008  
 (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 (continued)</u>			
Pass-Through Indiana Criminal Justice Institute (continued)			
Edward Byrne Memorial Formula Grant Program	16.738	05DJ128 -JAG SK	4,495
Anti-Gang Initiative	16.744	06AGN005	46,458
Total for federal grantor agency			458,901
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Governor's Council on Impaired and Dangerous Driving: Highway Safety Cluster			
State and Community Highway Safety	20.600	PT-08-04-01-24	64,000
<u>U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u>			
Direct Grant			
Employment Discrimination - State and Local Fair Employment Practices, Agency Contracts	30.002		67,915
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-965-645-01 BF-965-546-01 BF-965-597-01	47,064 188,583 209
Total for program			235,856
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458		33,599
Total for federal grantor agency			269,455
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters Grant	97.044		70,035
Total federal awards expended			<u>\$ 6,519,682</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, 2008:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
CDBG – Entitlement and (HUD Administered) Small Cities Cluster	14.218	\$ 1,216,012
Shelter Plus Care	14.238	275,286



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
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted?	no
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Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

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

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

CFDA Number	Name of Federal Program or Cluster
----------------	------------------------------------

CDBG – Entitlement and (HUD Administered) Small Cities Cluster

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

Auditee qualified as low-risk auditee?	yes
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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.