

## **CITY CONTROLLER**

*Yvonne Milligan, City Controller*

The Controller's Office has a staff of nine full-time employees: the controller, deputy controller, purchasing agent, payroll clerk, accountant and four bookkeepers. Three of the four bookkeepers are Mishawaka Utilities employees who are housed at City Hall within the Controller's Department.

Led by Controller Yvonne Milligan and Assistant Controller Becky Miller, the Controller's Office is the center of finance and budgeting for the City of Mishawaka. The financial situation of the city influences everything we do; we must have the resources to get jobs done. Managing the funds of the entire city can be complicated, especially since

we desire to maximize the effect of every taxpayer's contribution. Although the primary function of the Controller's Office is finance, this is a simplification for a wide variety of functions. A few of these include compiling the annual budget, processing and filing all financial reporting for the federal, state, and local levels of government, processing payroll, processing all accounts payable for both the City of Mishawaka and Mishawaka Utilities, and receipting and reconciliation of all daily deposits.

### ***...recognized with the Certificate of Achievement for Excellence in Financial Reporting...***

For the twenty-third consecutive year, the Controller's Office has been recognized with the Certificate of Achievement for Excellence in Financial Reporting (2008). This honor is "the highest form of recognition in government accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management." Again in 2009, the audit disclosed no material findings and no comments. We are now beginning our audit for 2010 and expect another unqualified audit.

### **Property Tax**

In 2010 we received our normal biannual property tax distributions from the county, the first distribution on schedule since 2003. Getting this tax distribution back on track helped us accomplish our priorities that we had set for the year. In 2010 we received 94 percent of our tax levy which left us short \$1.3 million. The City tends to be cautious in its spending and budget management to sustain us through difficult economic times. Although we are careful with our spending, our City's services remain world class.

Making sure that all funds are deposited and accounted for on a daily basis is a huge savings to



**In control** *The City's finances are managed by the Controller's office*

Mishawaka citizens. The cash handling procedure of the city requires all funds to be deposited daily, which makes the funds available for interest earnings immediately. We in the Controller's Office pride ourselves in being good stewards of the taxpayer dollar. One way of maximizing this is by obtaining quotes on supplies and equipment that is purchased. This process is done daily and results in quality purchases at the best available pricing.

The County Auditors Office had to reimburse the City of Mishawaka for property tax distributions that were distributed erroneously to other taxing units. If this error had not occurred in 2009, the January 1, 2010 cash balance for General Fund would have been \$6,768,000. If the January 1, 2010 and January 1, 2011 cash balances (\$5,449,462) are compared, a decrease of \$1,318,538 or 19.2 percent will be found.

### **Budget**

Our total city budget for 2010 was \$43,491,406, which was an increase of 7.87 percent (\$3,173,658) from 2009. This larger increase was due to appropriating capital needs for the city in 2010. This was primarily funded by the new income taxes implemented in 2009 to be disbursed in 2010. A public safety tax was implemented in 2009 which gave us new revenue of \$2,432,035 in 2010. This tax (Public Safety LOIT) can only be used for the benefit of public safety. When the 2010 budget was put together, these new revenue numbers were put in at a lower more conservative amount (1,000,000). Of course, any funds not used can be appropriated in the current or following year if necessary. In 2011, we reverted some contractual expenditures (Motorola contract) and capital expenditures (vehicles, leases) from the General and the CEDIT Funds to the Public Safety fund.



**Balancing act** *attention to detail is critical to success*

In 2010, 63.58 percent of revenue came from property tax. Another 25.89 percent came from other taxes and Intergovernmental revenue. Examples of other taxes and intergovernmental revenue are COIT, CEDIT, Auto Excise, Cigarette, and ABC Excise.

In 2010, over 48 percent of the expenditures were related to Public Safety. The next largest percentage was 13.96 percent on General Government. An analysis of these expenditures shows 69.66 percent spent on salaries and benefits, 13.83 percent on operating expenses, 7.53 percent on capital, 5.17 percent on infrastructure and 3.80 percent on bond payments for 2010.

The City's portion of the average resident's tax bill was 32 percent of the total bill. This is the same percentage as in 2009. We work hard to make intelligent financial decisions which, in turn, keep the City of Mishawaka's share of the tax billing at a constant each year. In 2010, our assessed valuation increased by 3.9 percent, still down from 2008 by 9 percent. Each year that our assessed valuation goes back up, our citizens will see a lower tax bill.

This year was the first full year of the Fuel Hedging program. This program provides us with a tool

to stay within our budget parameters. With this program, the city hedged 50 percent of its gallons in fuel for 2010. The idea of the fuel hedging is this: if the cost of the fuel (NYMEX price) goes under the range (2.00), we pay the difference to the bond bank; if the cost goes over the range (2.41), the bond bank pays us. Each year of the hedging, we need to budget at least 50 percent of the fuel at the highest cost of the collar which then will keep us within our budget. In 2010, the cost was under the range twice (467.78) and over the range once (334.14). As fuel prices rise we know that this program will help us stay within our budget.

The City's annual interest yield was 0.25 percent. This low interest yield is part of a continuing trend. Due to this unfavorable rate in overnight repurchase agreements, the City entered into a Cash Advisory Agreement with Umbaugh Cash Advisory Services. Umbaugh has assisted in setting up an inter-local agreement with Hoosier Fund and a depository agreement with Lake City Bank, in which these institutions will invest funds in money market accounts and higher yield certificates of deposits. An advantage of this is the more miscellaneous revenue coming in, the lower the burden on the taxpayer.

This year the City of Mishawaka received a *...Mishawaka received a bond rating of an A+* bond rating of an A+ for its \$37 million wastewater bond issue. This rating uses the following factors in its assessment, including a steadily growing customer base within an economically stable area, good historical financial performance and adequate legal provisions. The expectation is that the debt service coverage and liquidity profile for this bond issue and future issues for these service projects will remain stable. With a rating like this the sale of bonds can have a lower interest rate along with a large range of interest in purchasing the bonds. Again, this is a plus for the citizens of Mishawaka. Keeping interest rates lower can have a positive effect on utility and property tax rates.

The Controller's Office entered into a contract to upgrade the accounting software to a browser based system rather than the current AS400 environment. This will help to provide real time reporting that can help us track and chart information on a daily basis.

### **Bond Bank**

In 2010, the city made use of the Mishawaka Local Bond bank. Our first endeavor was to provide funding for our Energy Savings Agreement. This funding was through a revenue bond in the amount of \$1,366,252, and at an interest rate of 2.1 percent. It should be noted that the interest paid to the bond bank builds onto the initial funding of \$6,000,000 and in turn saves the city an estimate of 2 percent of what the open market interest rate would have been. Our second project was to lease a Cues Sewer Equipment Truck for the Sewer department. The cost of the equipment will be \$242,900 and the interest rate will be 2.14 percent. On the open market the interest rate for a 5 year lease would have been 3.48 percent, which is a savings of \$10,771. In the near future, we hope to use the Mishawaka Bond Bank to help fund the new Fire Station and an Aerial Fire truck.

We have used part time help to get us through our toughest parts of the year. Over the past few years the Controller's Office has had two retirements, and instead of hiring new full time employees we had the opportunity to use part time help which saved on paying out benefits along with an annual salary.

This year was the first time in seven years that we have a normal bi-annual property tax billing. Our 2010 tax distribution percentage was 94.1 percent in total, which was a loss of \$1,325,126 or an estimate of about 6 percent. Keeping our estimated revenue conservative each year helps to absorb some of the loss but we cannot continue with these losses without serious thought about our budgeting process. We had a great year-end balance of cash in our bank accounts (\$102 million) compared to (\$60million) at 12/31/2009, due to a sale of a wastewater bond (\$35 million) and higher TIF fund balances (\$21 million). Of course these funds have restrictions and cannot be used for just any expenditure. If we spend our funds wisely, we should have another good year in 2011. However, it is important to note that due to many uncertainties, we cannot be assured of the revenue coming in as we have estimated.

Mishawaka’s Controller’s Office keeps the city financially sound, both in earnings and savings when purchasing. In all regards, we endeavor to serve the citizens with a level of class and economic savvy which will benefit our entire community for years to come.

**Key indicators for 2010 (with history):**

**General Fund Balance:**

General Fund Balance December 31, 2006	\$3,082,196
General Fund Balance December 31, 2007	\$1,850,258
General Fund Balance December 31, 2008	\$3,708,065**
General Fund Balance December 31, 2009	\$4,723,021
General Fund Balance December 31, 2010	\$5,449,462

\*\* We did not receive 2008 final property tax distribution until April of 2009.

**Tax Rate History:**

Tax rate 2005 payable 2006	\$1.3899(increase of 3.86 %)
Tax rate 2006 payable 2007	\$1.3326(decrease of 4.3 %)
Tax rate 2007 payable 2008	\$1.5283(increase of 14.68 %)
Tax rate 2008 payable 2009	\$1.6557(increase of 8.34 %)
Tax rate 2009 payable 2010	\$1.6741(increase of 1.11 %)

**Assessed Value History:**

Assessed Value 2006		\$1,584,186,925
Assessed Value 2007		\$1,750,825,510
Assessed Value 2008	8.9 % decrease	\$1,608,354,473
Assessed Value 2009	15.6 % decrease	\$1,390,317,351
Assessed Value 2010	3.8 % increase	\$1,443,858,833

**Budget Book Totals:**

Budget (booklet) for 2006	\$38,485,684 (2.2 %) increase
Budget (booklet) for 2007	\$40,234,091 (4.5 %) increase
Budget (booklet) for 2008	\$40,352,069( .3 %) increase
Budget (booklet) for 2009	\$40,317,748( .09 %) decrease
Budget (booklet) for 2010	\$43,491,406(7.87 %) increase***
Budget (booklet) for 2011	\$44,701,500(2.78 %) increase

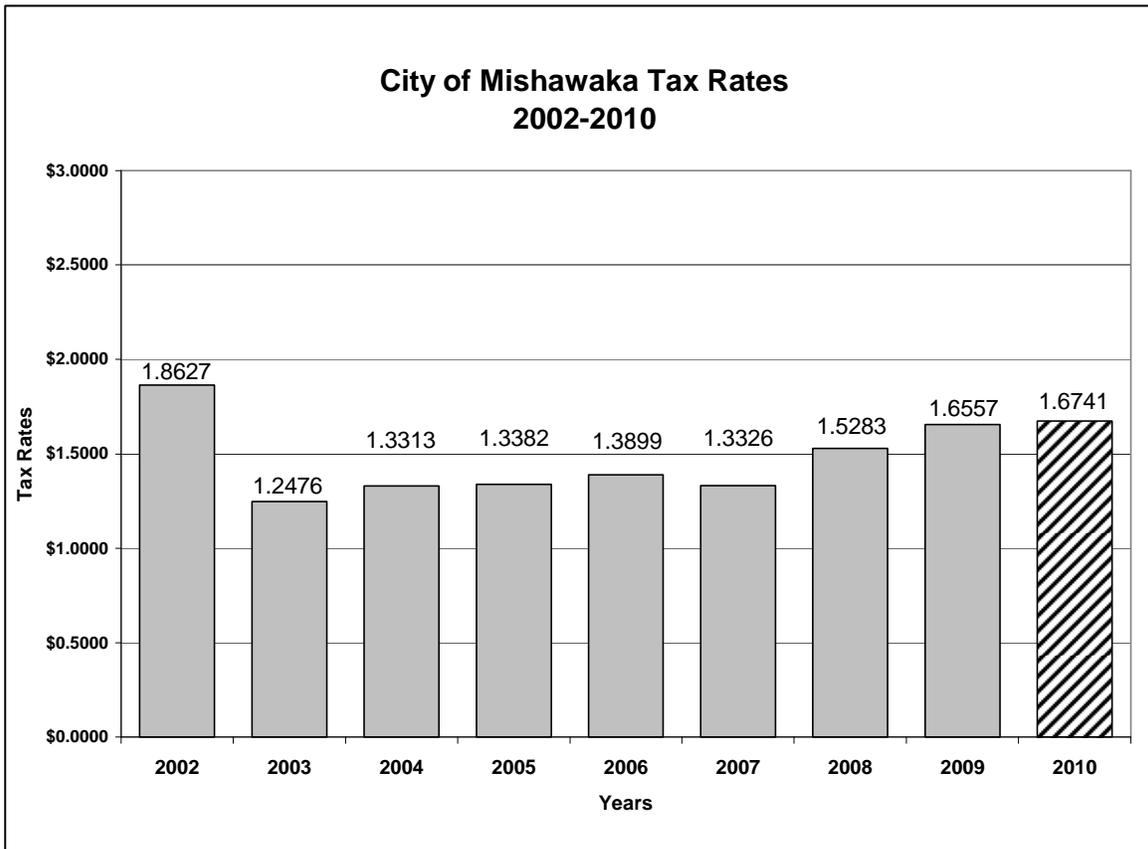
\*\*\*New funds available in 2010

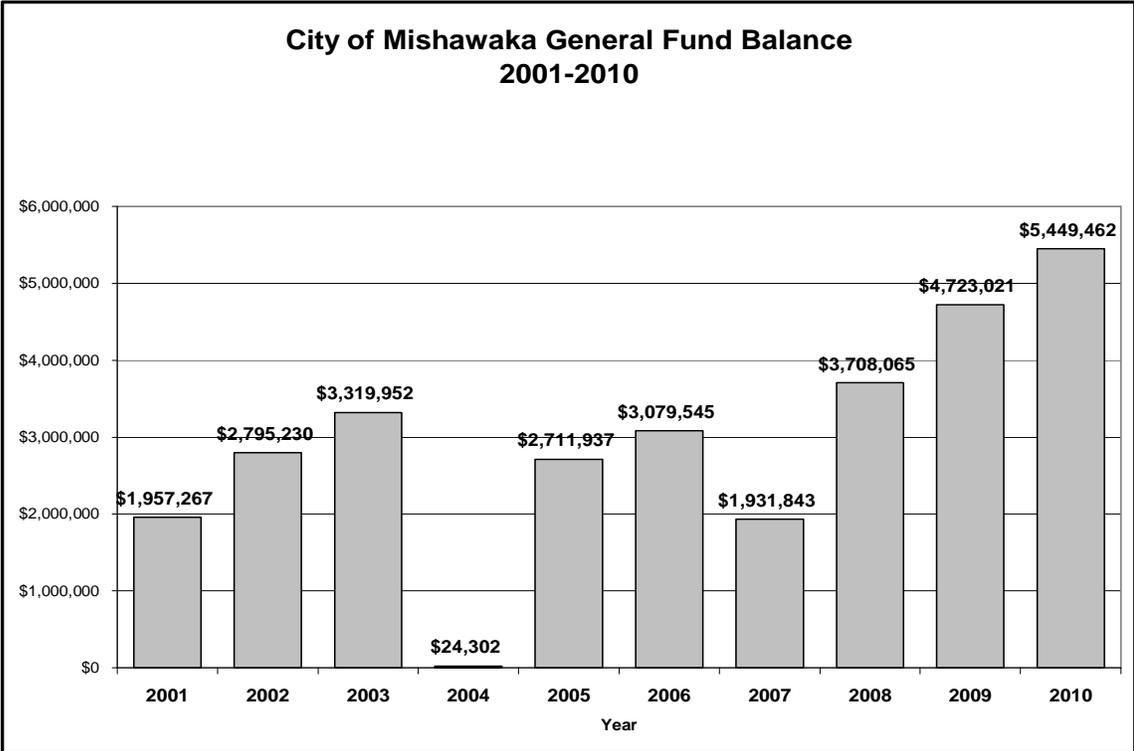
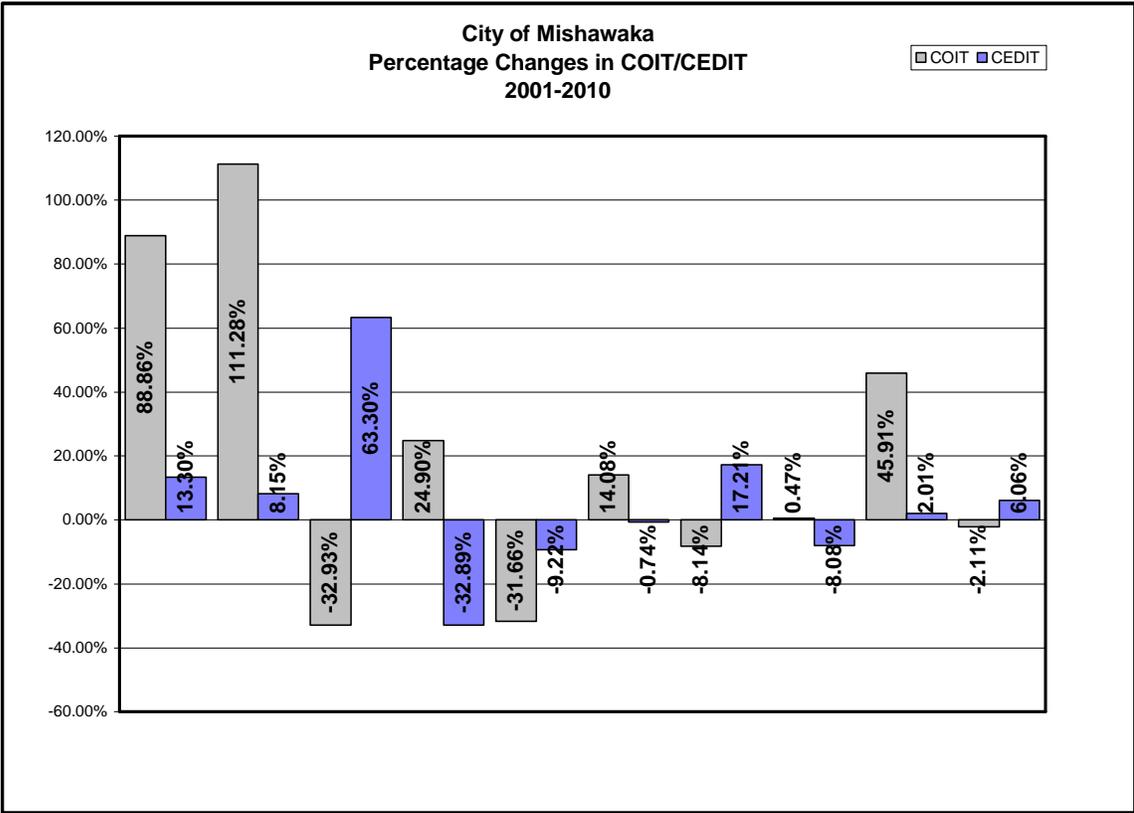
**Tax Anticipation History:**

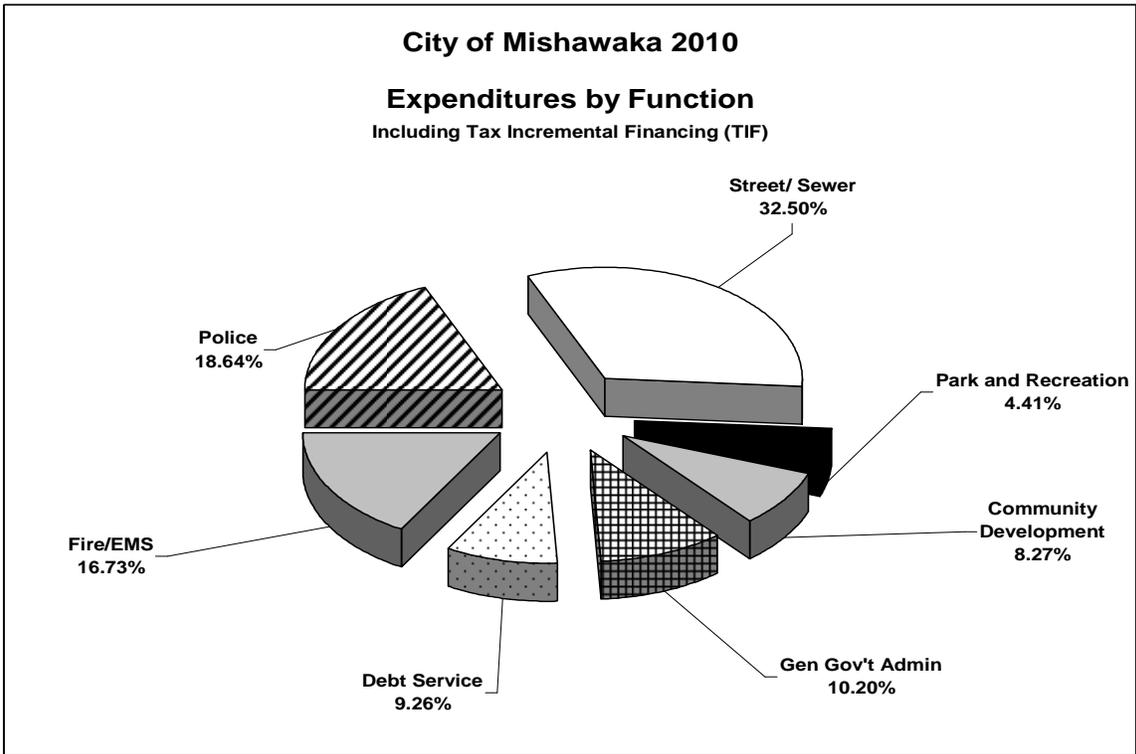
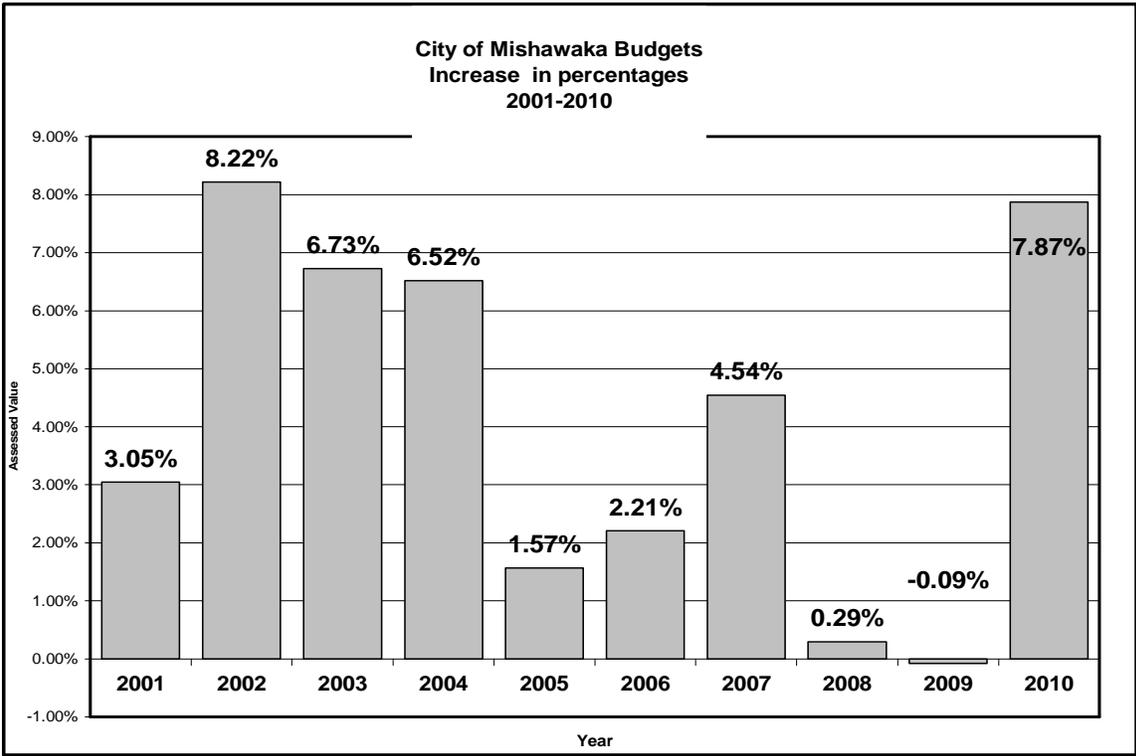
Tax Anticipation Warrants 2006	0
Tax Anticipation Warrants 2007	0
Tax Anticipation Warrants 2008(Mish Local Bond Bank) \$ 5,950,000	
Tax Anticipation Warrants 2009	0
Tax Anticipation Warrants 2010	0

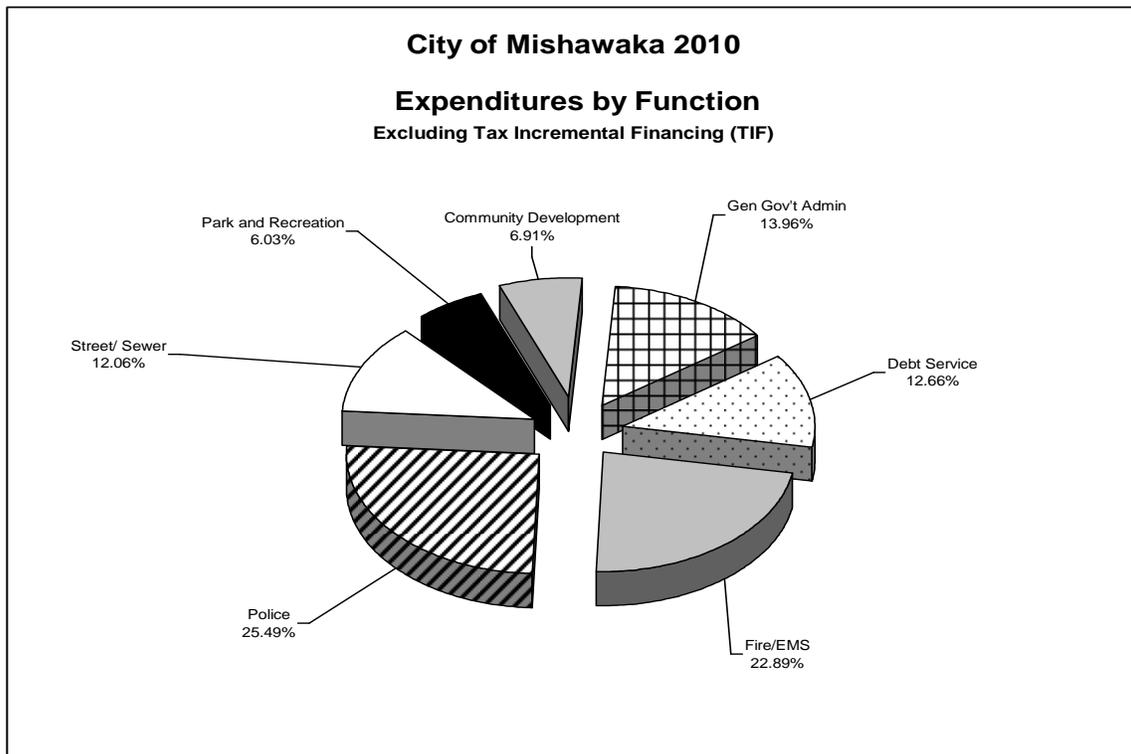
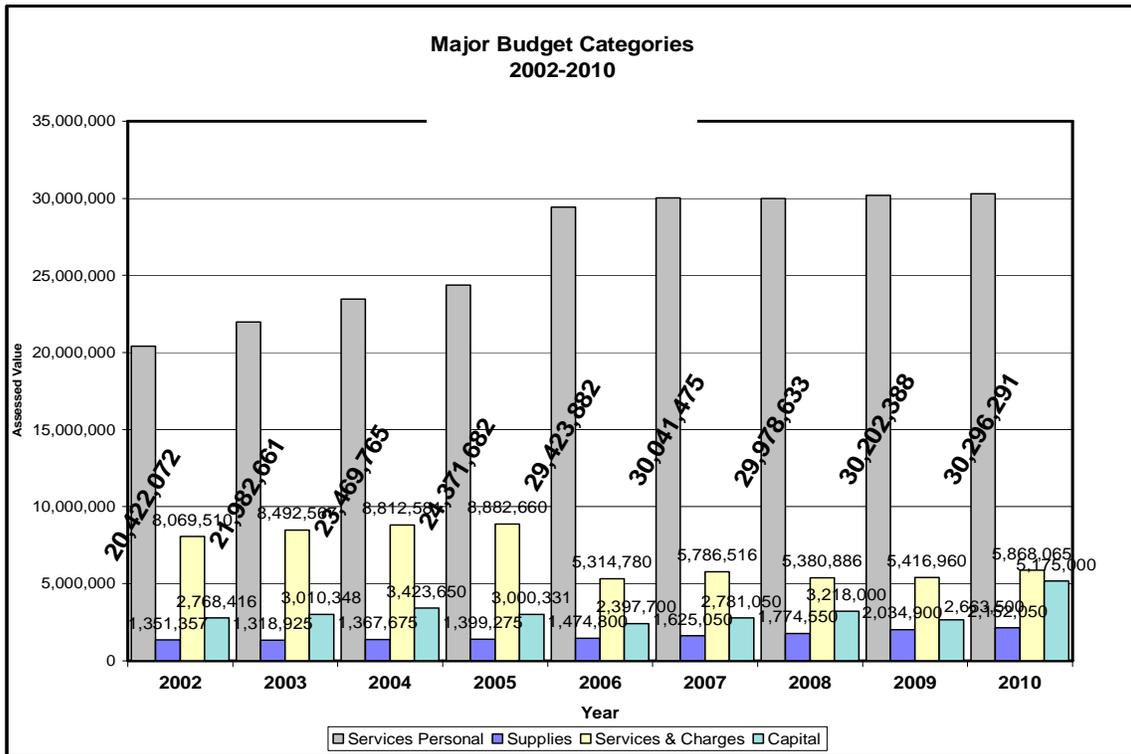
**Wage Increases for 2006 through 2011-**

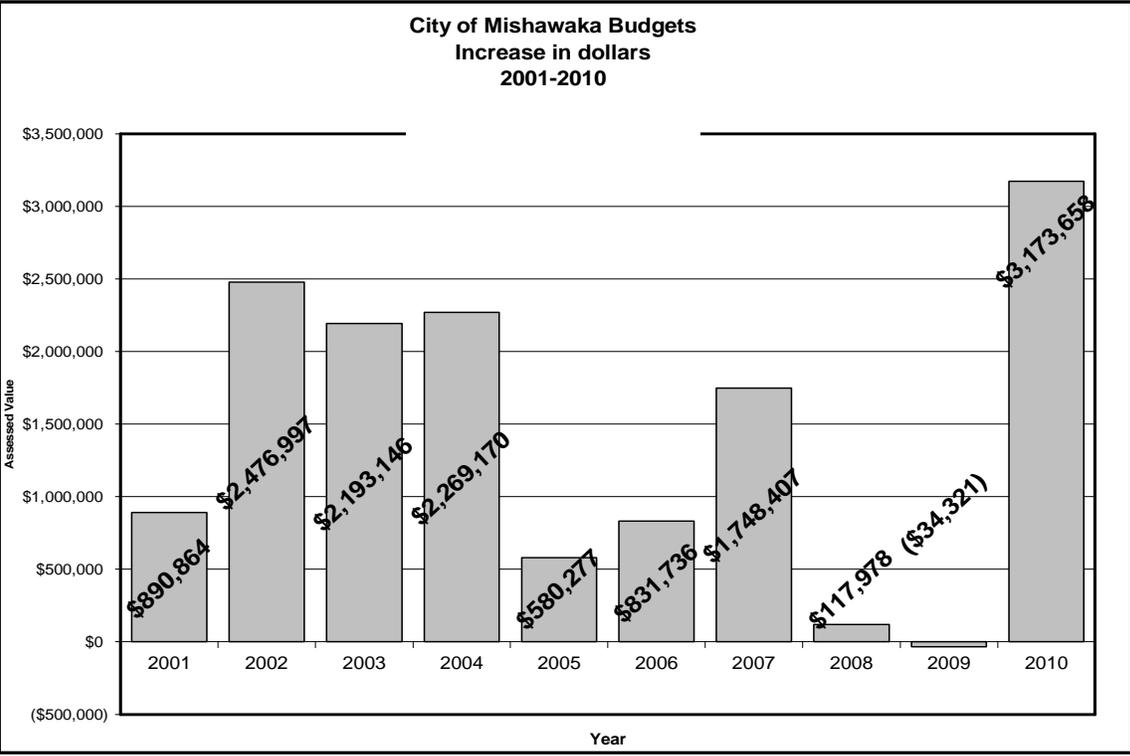
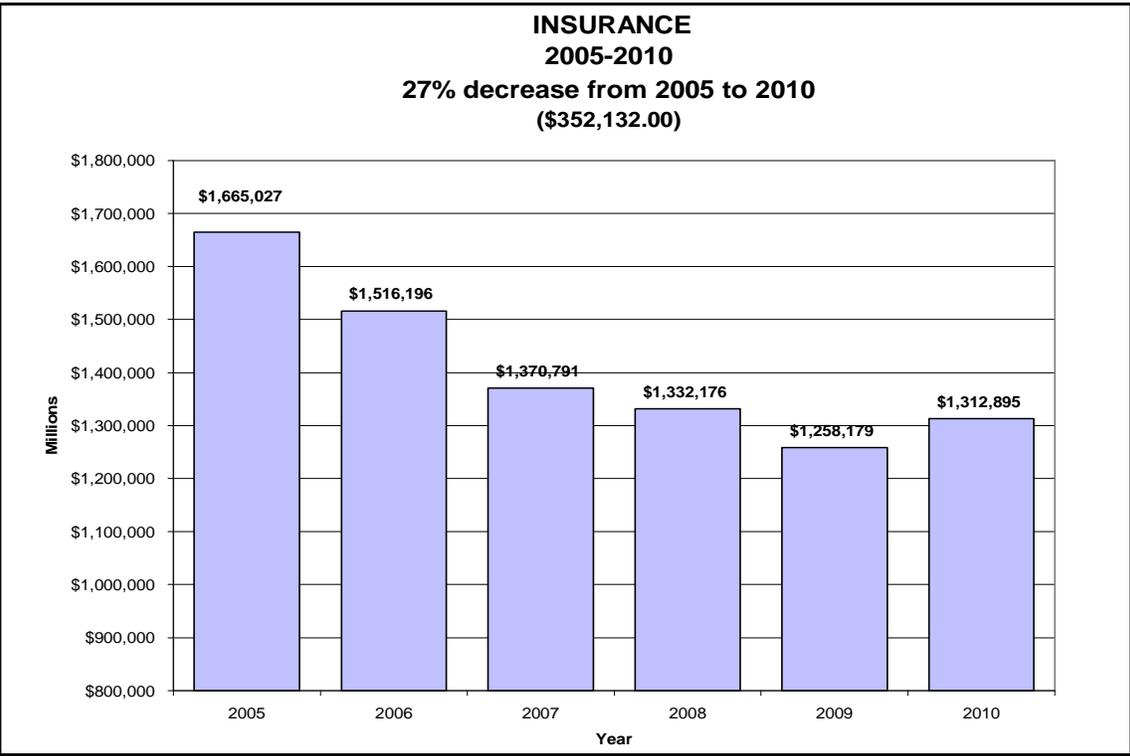
- 2006- 0 % Teamsters received a slight increase in longevity
- 2007- 3.0 %
- 2008- 2.0 %
- 2009- 2.0 %
- 2010- 0 %
- 2011- 2.5 %, 3 % Police and Fire

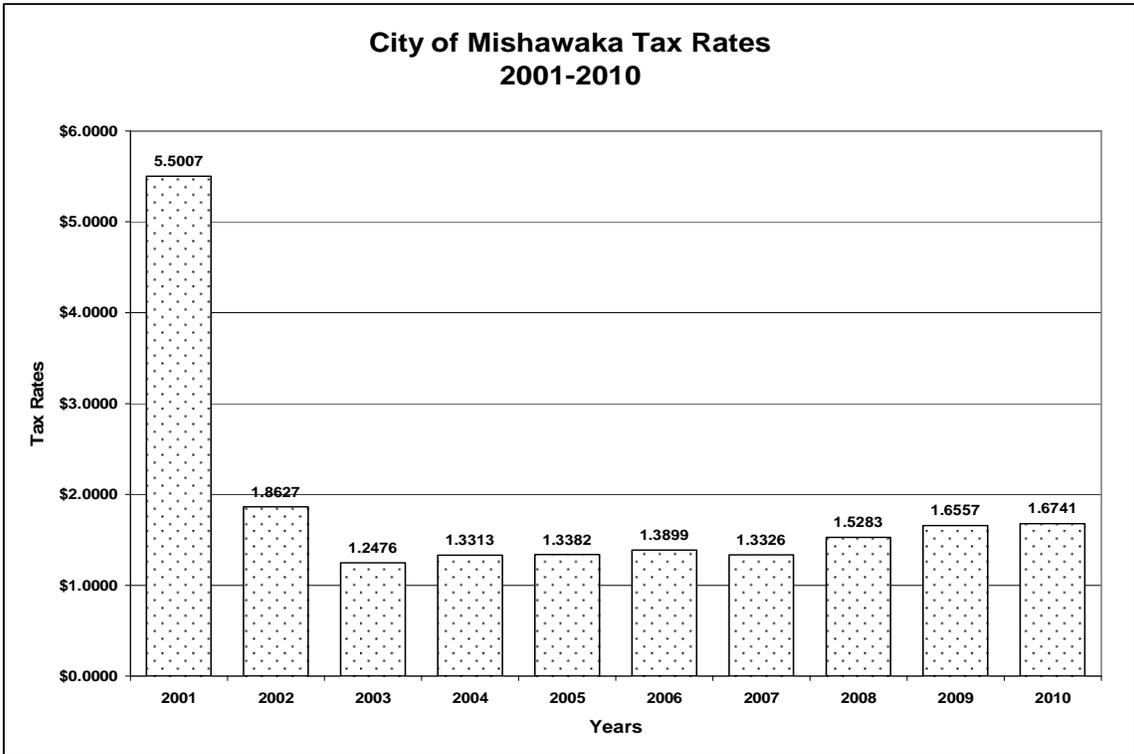
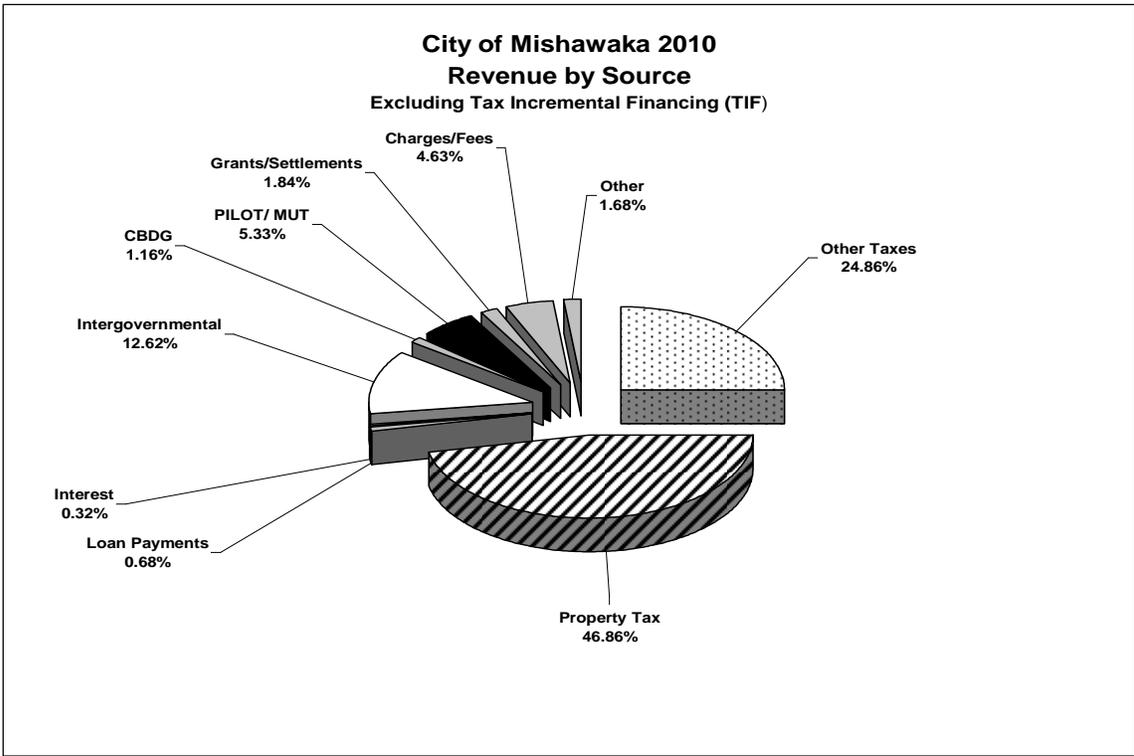


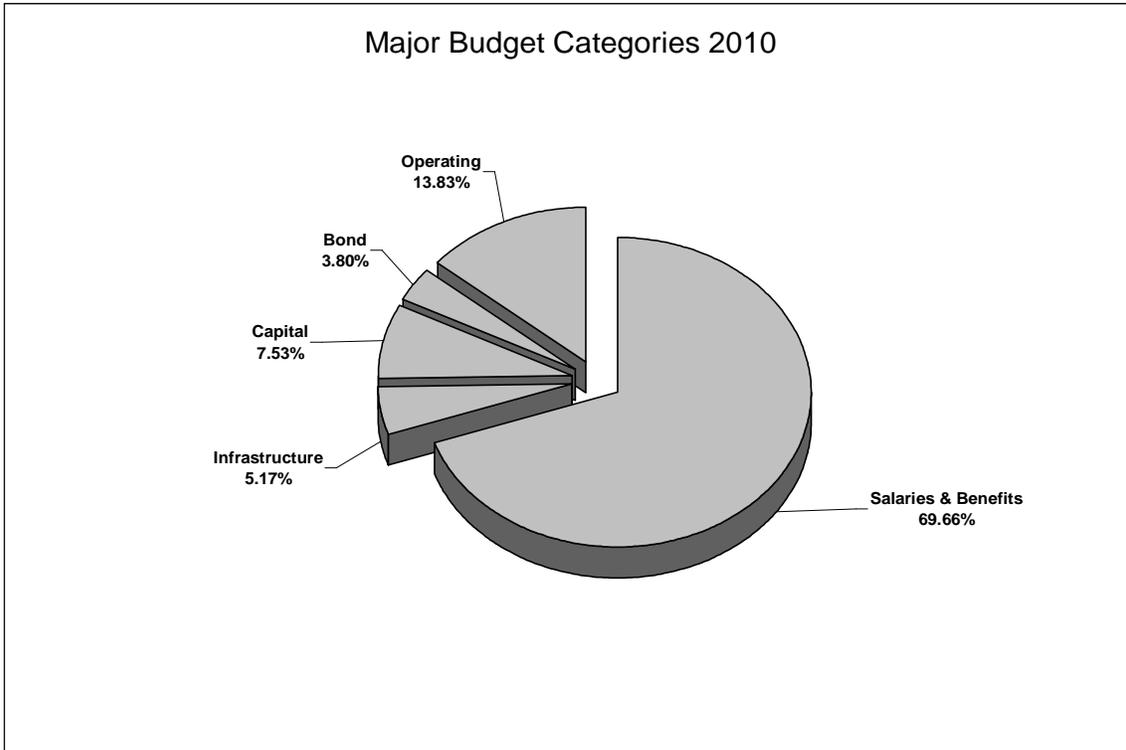
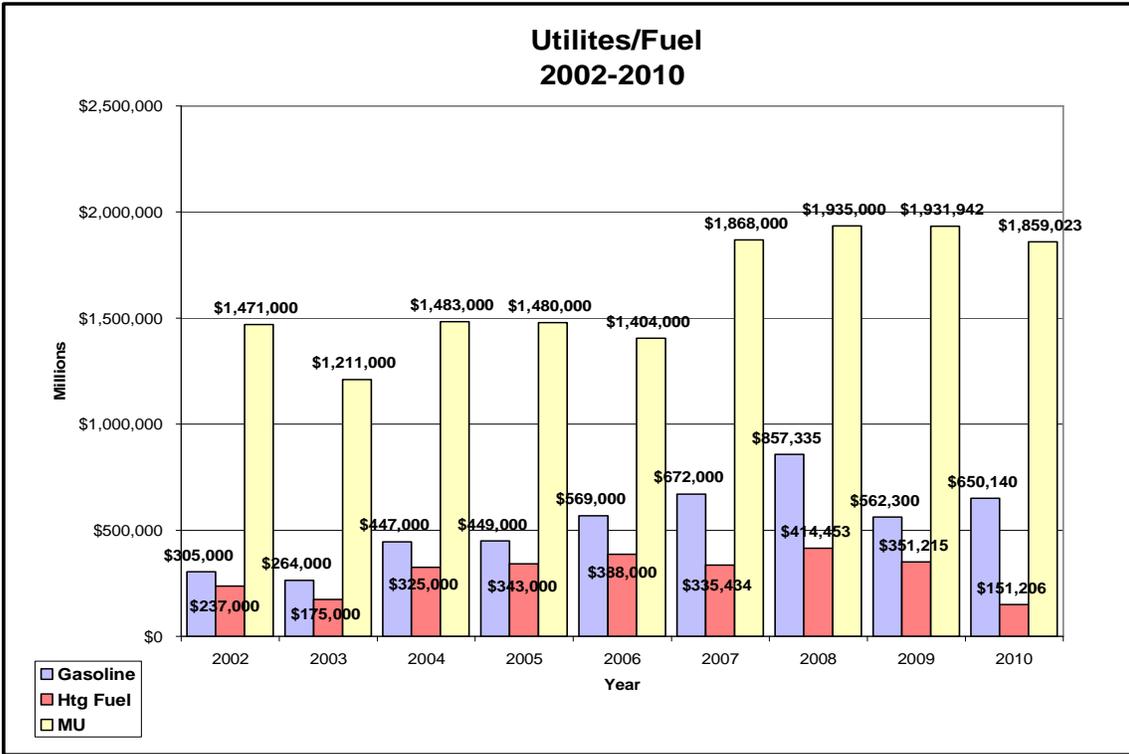


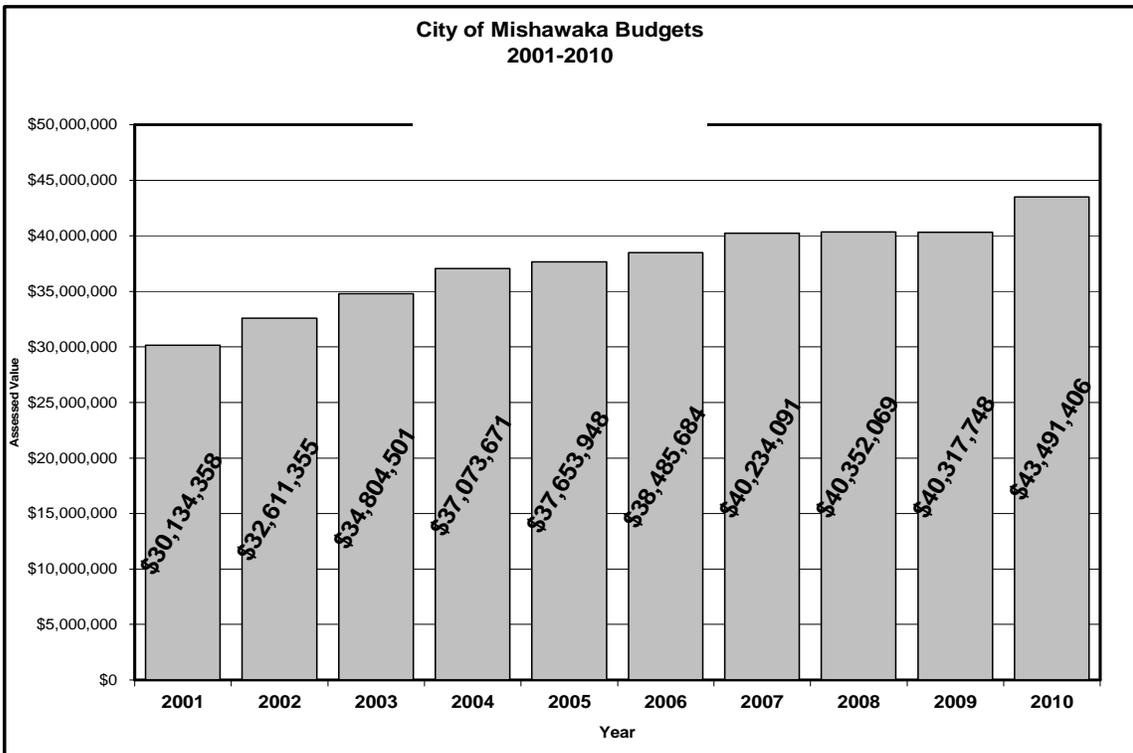
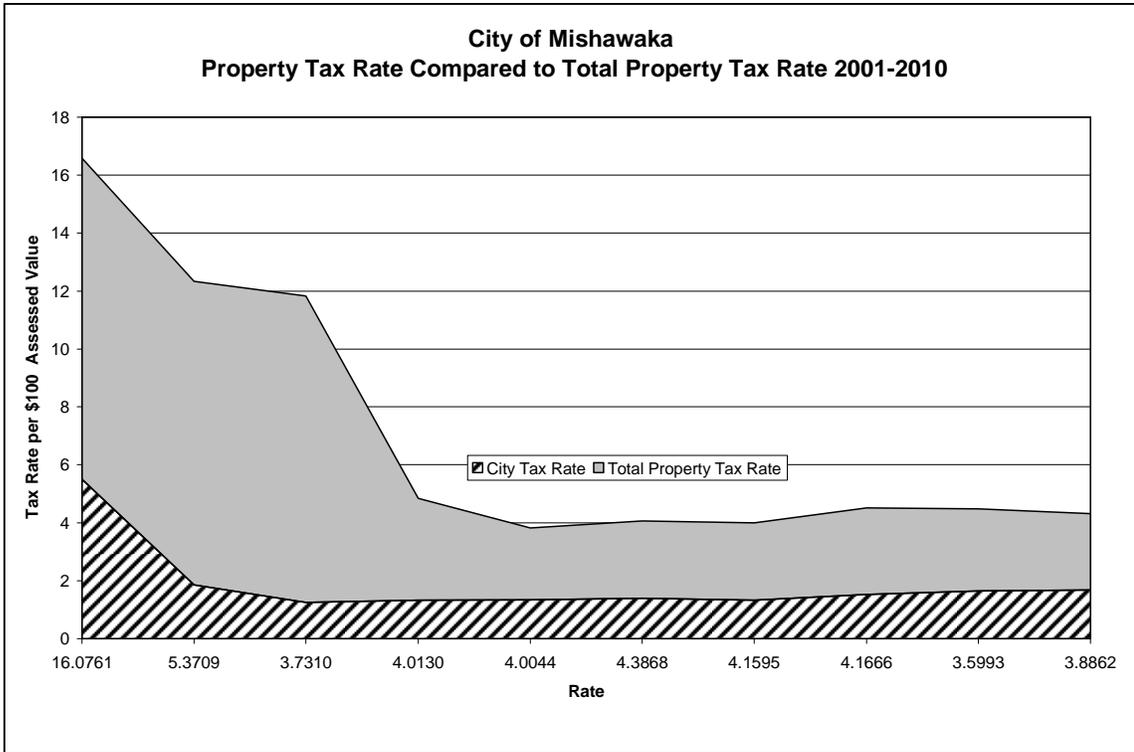


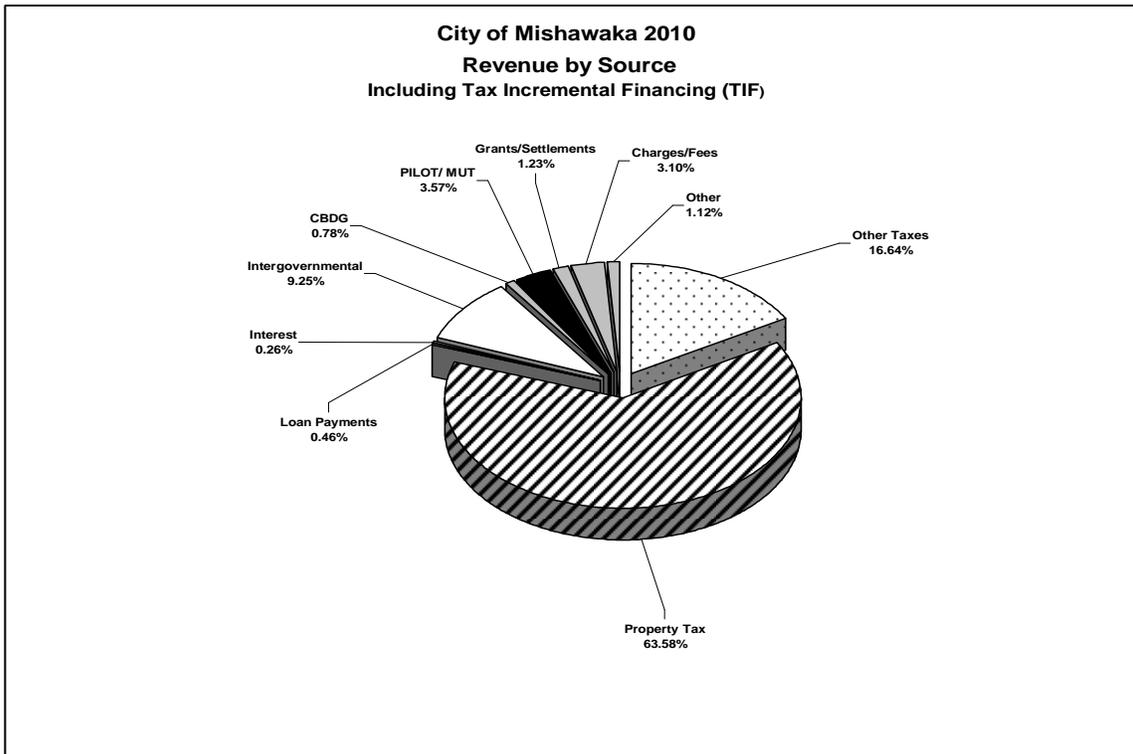
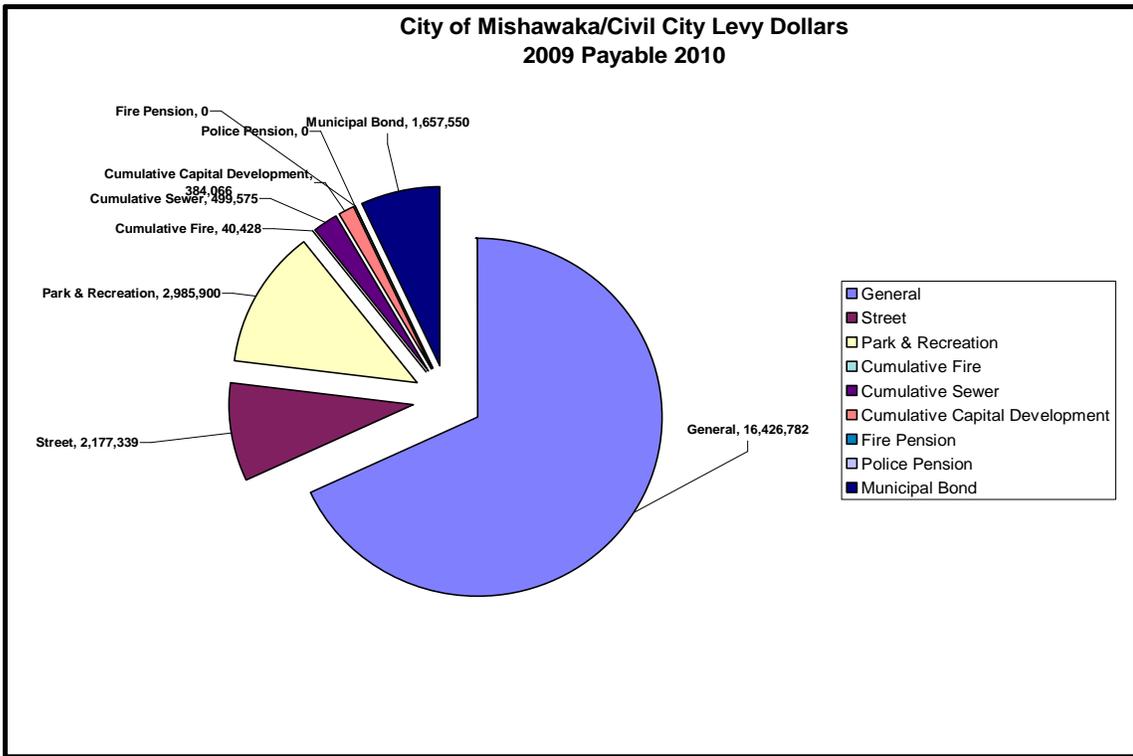


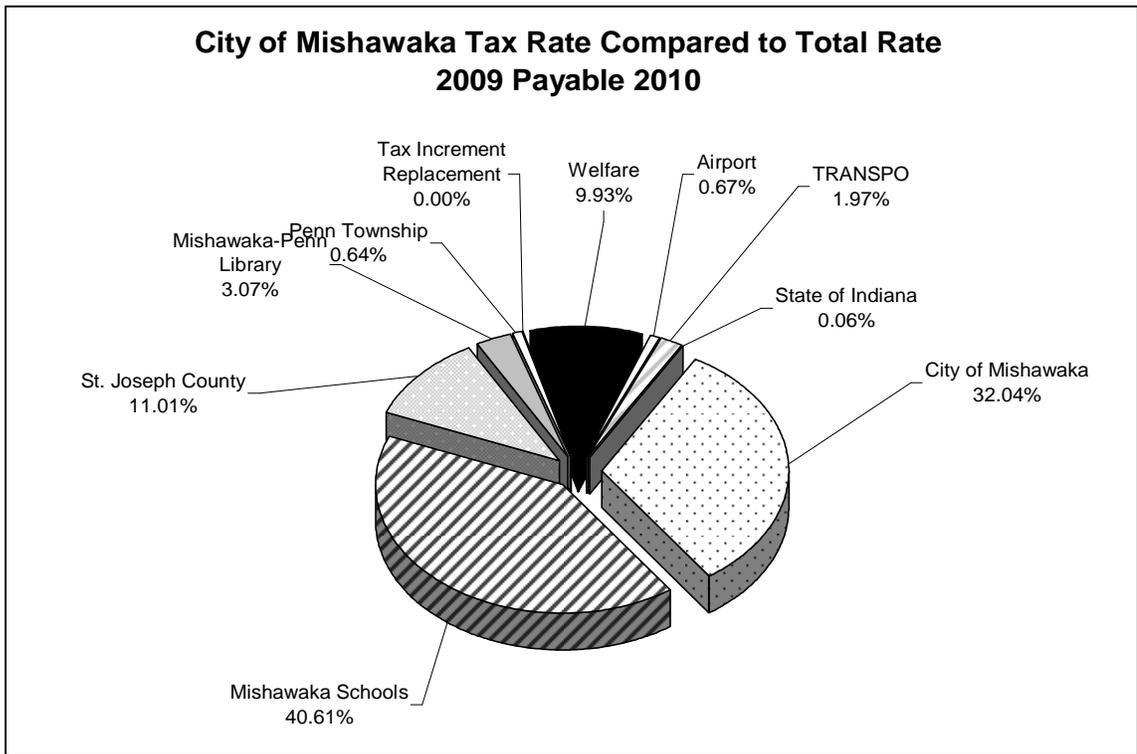
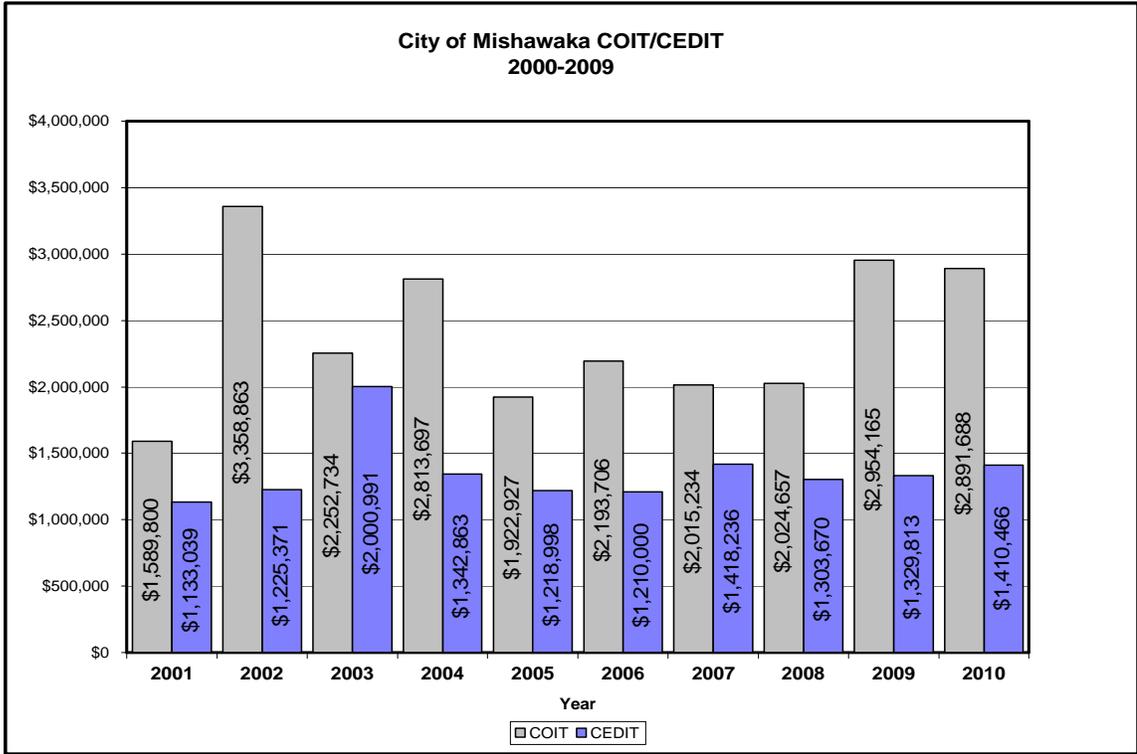


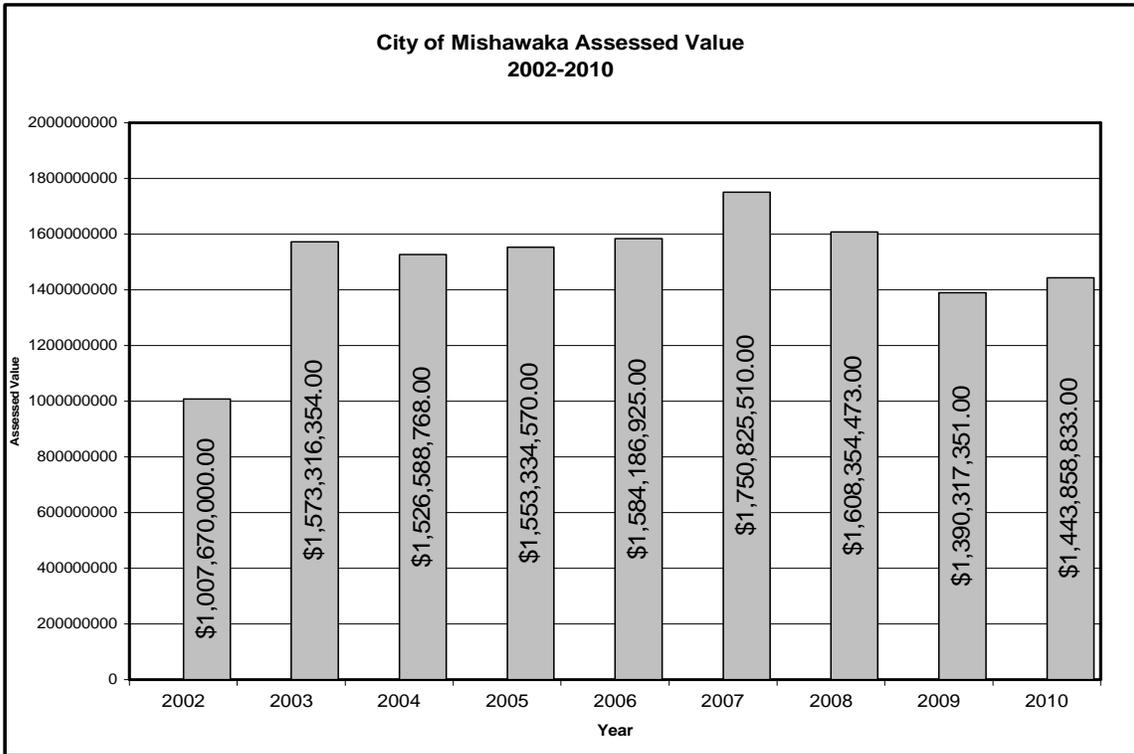
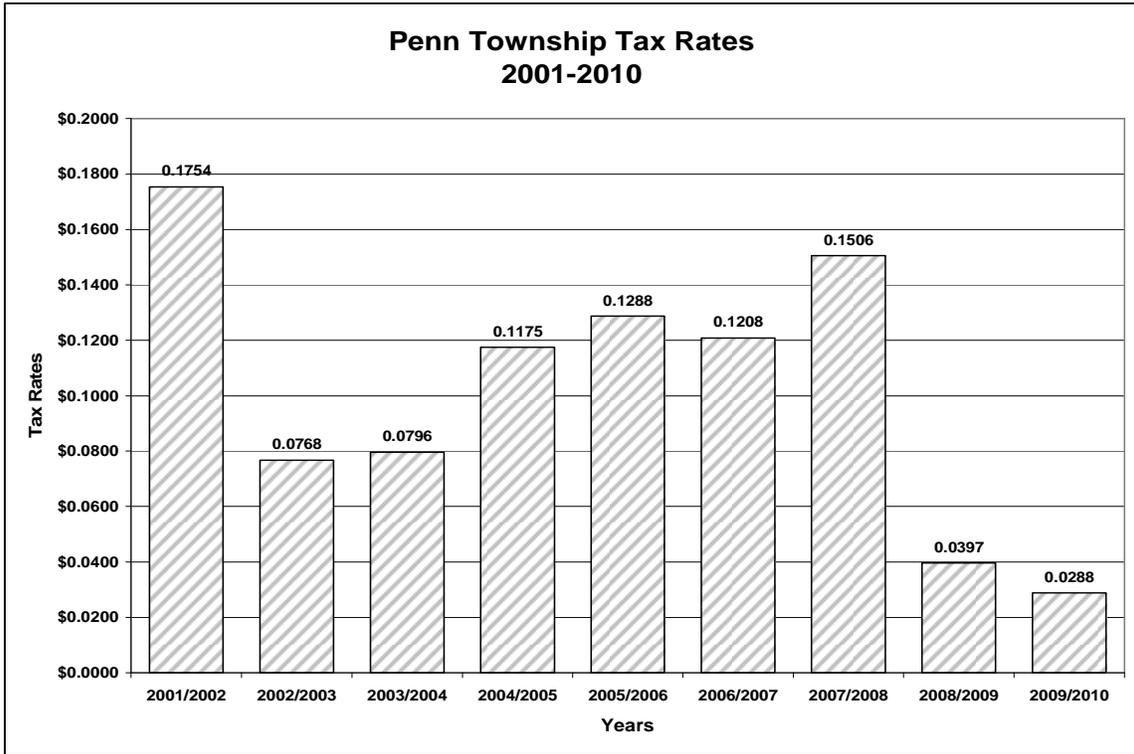




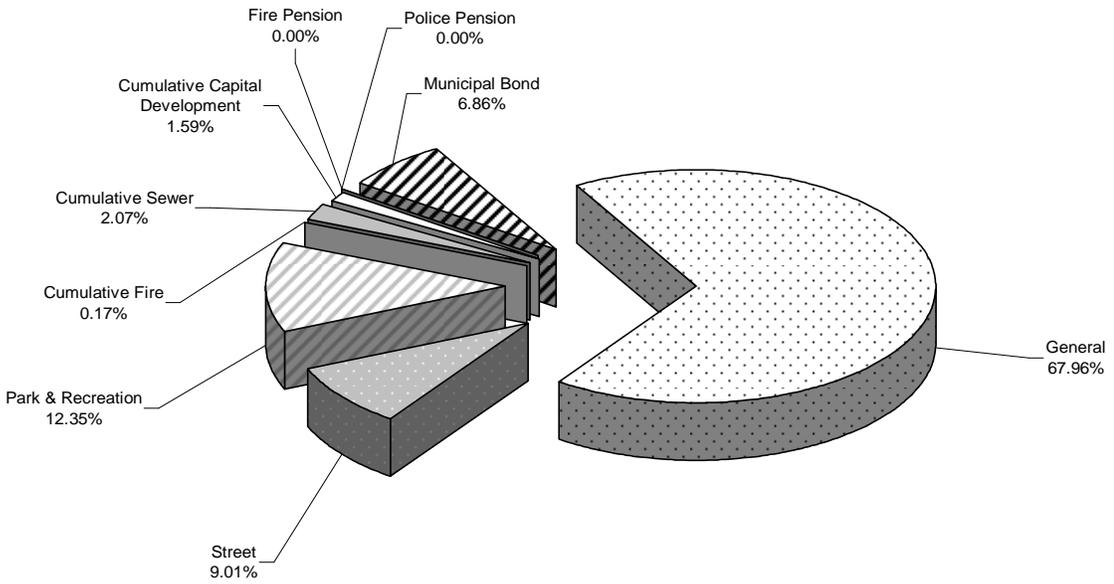








**City of Mishawaka/Civil City Property Tax Rate  
2009 Payable 2010**



**City of Mishawaka  
Dollar Changes in COIT/CEDIT  
2001-2010**

