

## **City Controller**

*Yvonne Milligan, Manager*

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 utility employees who are housed at City Hall within the controllers department.

The controller's office is the hub of finance and budgeting for the City of Mishawaka. The financial position of the city influences everything we do. We must have the resources to get the job done. Managing the resources of the City of Mishawaka can be complicated, but we do the best job possible with the taxpayer's funds. The primary function of the Controller's Office is finance which is a simplistic word for a wide variety of functions. A few of these functions include compiling the annual budget, processing and filing all financial reports 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 the receipt and reconciliation of all deposits on a daily basis.

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financial reporting***

For the 25th consecutive year the Controller's Office has been recognized with the Certificate of Achievement for

Excellence in Financial Reporting (2010). The Certificate of Achievement 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 for the year 2010 the State Board of Accounts audit disclosed no material findings and no comments. We are now beginning our audit for 2011 and expect to have another unqualified audit.

In 2011 we received our normal biannual property tax distributions from the County. In 2011 we received 92.7% of our tax levy which left us short \$1.7 million dollars. The City tends to be cautious in its spending and its management of the city budget so in these hard times we benefit by conservative planning. We, as a city still deliver exceptional services as we try to control our costs.

Making sure that all funds are deposited and accounted for on a daily basis is a huge savings to the City of Mishawaka citizens. The cash handling procedure of the City requires all funds to be deposited daily which in turn make these funds available for interest earnings in a timely matter. We in the Controller's Office prides ourselves in being good stewards of the taxpayer dollar. One way of maximizing the taxpayer dollar is by obtaining quotes on supplies and equipment that is purchased. This process is done daily, and results in the purchase of quality material at the best available pricing.

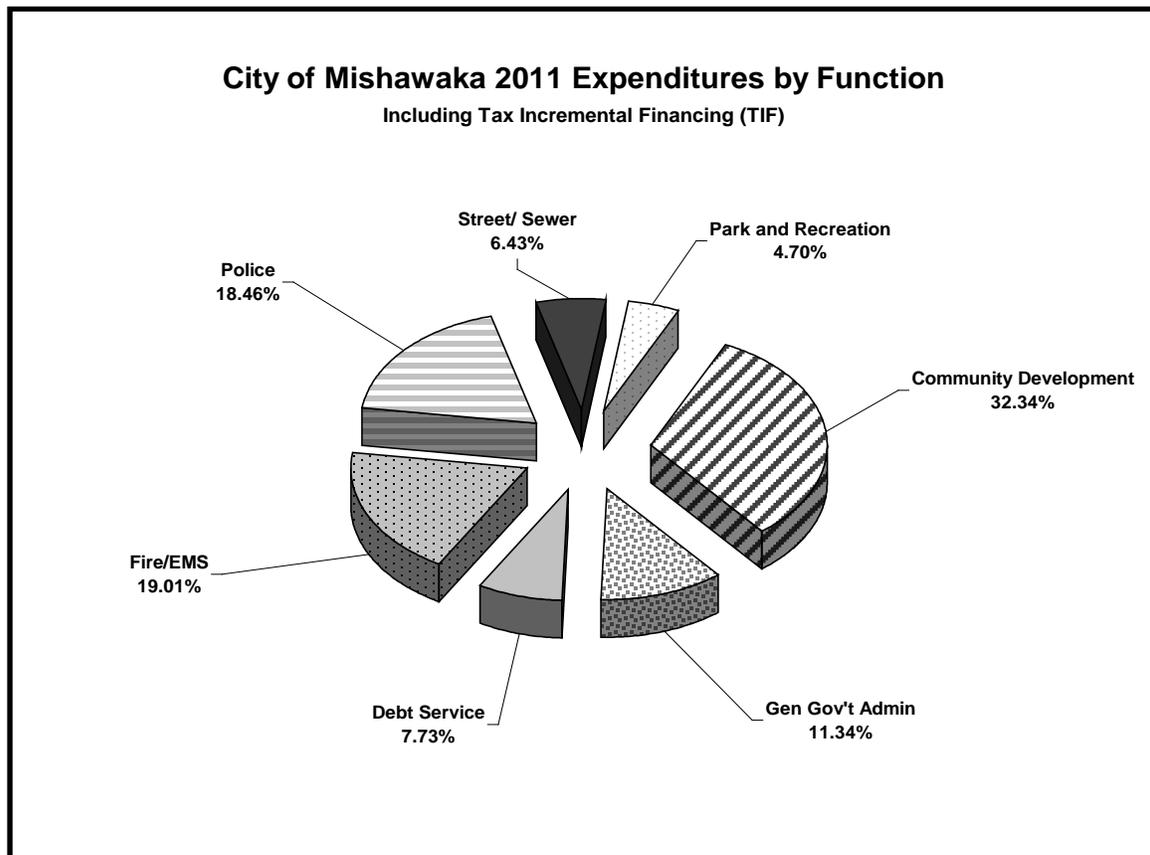
If you compare the January 1, 2011 cash balance (\$5,449,462.42) to the January 1, 2012 cash balance (\$5,753,036.83) we had an increase in cash of \$303,574 or 5.5%.

The total city budget for 2011 was \$44,701,500 which was an increase of 2.78% (\$1,210,094) from 2010 \$43,491,406. The largest increase was in the General fund (3%). A wage increase for 2011 was 2.5% for all but public safety and they received 3%. Reassigning and adding employees to Central

Services had an impact on the increase in general fund. Central Services added three assistants to the department in 2011. We also added some additional funding for part-time help to the General Fund budget. We reapplied some contractual expenditures (Motorola contract) and capital expenditures (building improvements, equipment) from the General and the CEDIT Funds to the Public Safety fund.

In 2011 64.75% of revenue came from property tax. Another 23.24% came from other taxes and intergovernmental revenue. A few examples of other taxes and intergovernmental revenue are: COIT, CEDIT, Auto Excise, Cigarette, and ABC Excise.

In 2011 over 55% of the expenditures were related to Public Safety. The next largest percentage was 16.88% on General Government. An analysis of these expenditures shows 65.5% spent on salaries and benefits, 12.82% on operating expenses, 17.9% on capital, and 3.78% on bond payments for 2011.



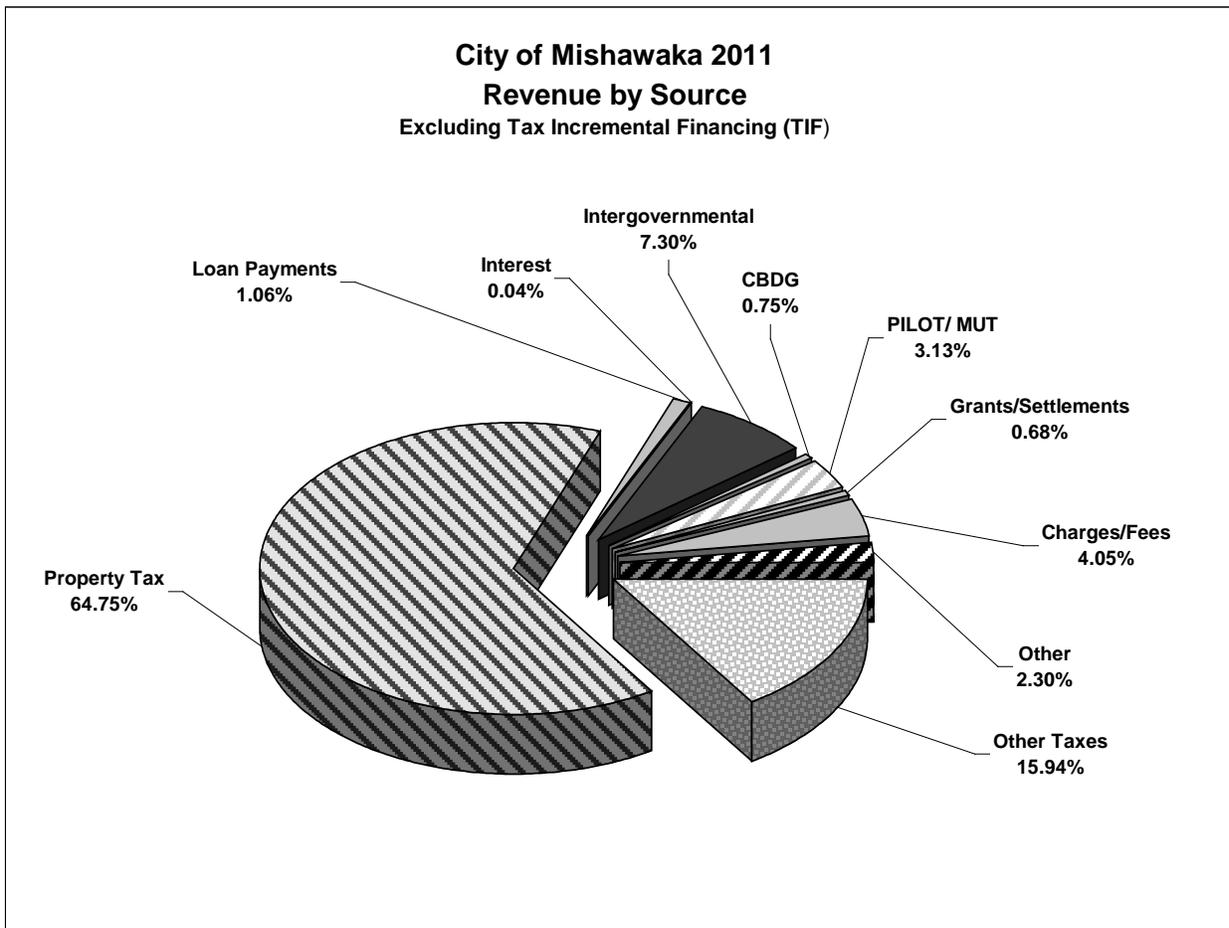
In 2011 the City's portion of the average resident's tax bill was 44% of the total bill. In 2011 our assessed valuation decreased by 1% or \$14,122,023.

In 2011 the health insurance cost increased \$791,541. In April of 2010 the City of Mishawaka became part of the IACT Trust. The payments from April 2010 onward are based on premium rate payments rather than payment of claims. Due to increases in premiums for 2011(7.9%) and

2012(14.2%) the City of Mishawaka will revisit health insurance options in 2012.

2011 was the second 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% of its estimated usage of gallons of fuel for 2011. The concept of the fuel hedging is, if the cost (NYMEX price) of the fuel goes under the range (2.30), we pay the difference to the bond bank and if the cost goes over the range (2.75), the bond bank pays us. Total reimbursement for 2011 was \$24,366.59. Each year of the hedging we need to budget at least 50% of the fuel at the highest cost of the collar which will then keep us within our budget. In 2011 the cost of fuel was over the hedging range 10 out of 12 months.

In 2011 the City's interest yield was 0.25%. This low yield is 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 interlocal 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. The upside to this is more miscellaneous revenue coming in, lowering the burden on the taxpayer.



The City of Mishawaka's bond rating is A+. This rating uses the following factors in its assessment:

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 favorable rating like this, the sale of bonds can have a lower interest rate along with a large range of interest in purchasing of the bonds. Again this is a benefit to the citizens of Mishawaka. Keeping interest rates lower can have a positive effect on utility and property tax rates.

In 2011 the Controller’s Office completed an upgrade of its financial software program. This was a year- long process and was completed in August. The upgrade took us from an AS400 environment to a web browser based system. This has helped to provide real time reporting that helps us track and chart information on a daily basis.

In 2011, the City made use of the Mishawaka Local Bond Bank. The City of Mishawaka broke ground on a new Fire Station to be built on 12<sup>th</sup> Street with an estimated cost of \$4,000,000.00 To pay for the new fire station we set up a Mishawaka Building Corporation that sold bonds to the Mishawaka Bond Bank to cover the expense of the project with a low interest rate (2.5%) on the bonds to be payable over 15 years.

**Key indicators for 2011 (with history):**

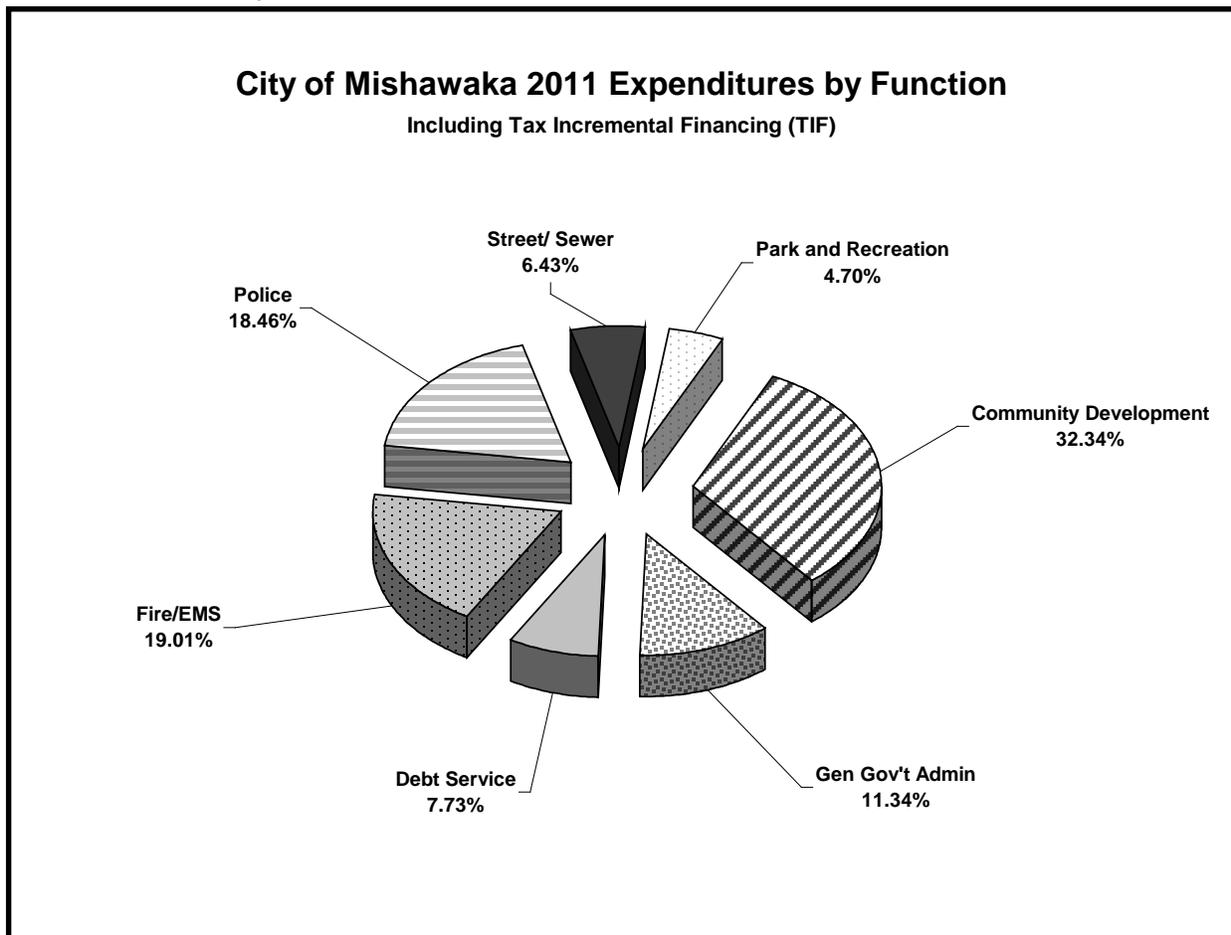
<b>General Fund Balance</b>		
2009	2010	2011
\$4,723,021	\$5,449,462	\$5,753,036
<b>Tax Rate History</b>		
2009	2010	2011
\$1.6557(-8.34%)	\$1.6741(+1.11%)	\$1.7362(+3.71%)
<b>Assessed Value History</b>		
2009	2010	2011
-15.60%	+3.80%	-0.01%
\$1,390,317,351	\$1,443,858,833	\$1,429,736,810
<b>Budget Book Totals</b>		
2009	2010	2011
\$40,317,748	\$43,491,406	\$44,701,500
(-0.09%)	(+7.87%)	(+2.78%)
<b>Tax Anticipation Warrants</b>		
2009	2011	2010
0	0	
<b>Wage Increases</b>		
2009	2010	2011
2.0%	0%	2.5%
		(3% Police and Fire/EMS)

The Public Safety LOIT Fund has been a great way to fund the capital needs of the Fire/EMS and Police departments. In 2011 the Public Safety LOIT fund paid for a new aerial truck for the Fire Department.

***LOIT Fund has been a great way to fund the capital needs***

Normally this truck would have been purchased through a five year lease with an interest rate of an estimated 4%. With these public safety funds we were able to purchase the truck without a lease payment saving the citizens of Mishawaka an estimated \$113,000.00.

Once again in 2011 we have used part-time help to get us through the toughest parts of the year. Over the past few years the Controllers 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.



In conclusion, the City Controllers office has the job of keeping the City financially sound. This may be with earnings, or with savings on purchasing, but either way it's a benefit to all citizens of Mishawaka. Sound financial management is fundamental to keeping Mishawaka moving forward.