

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 Office of the Controller.

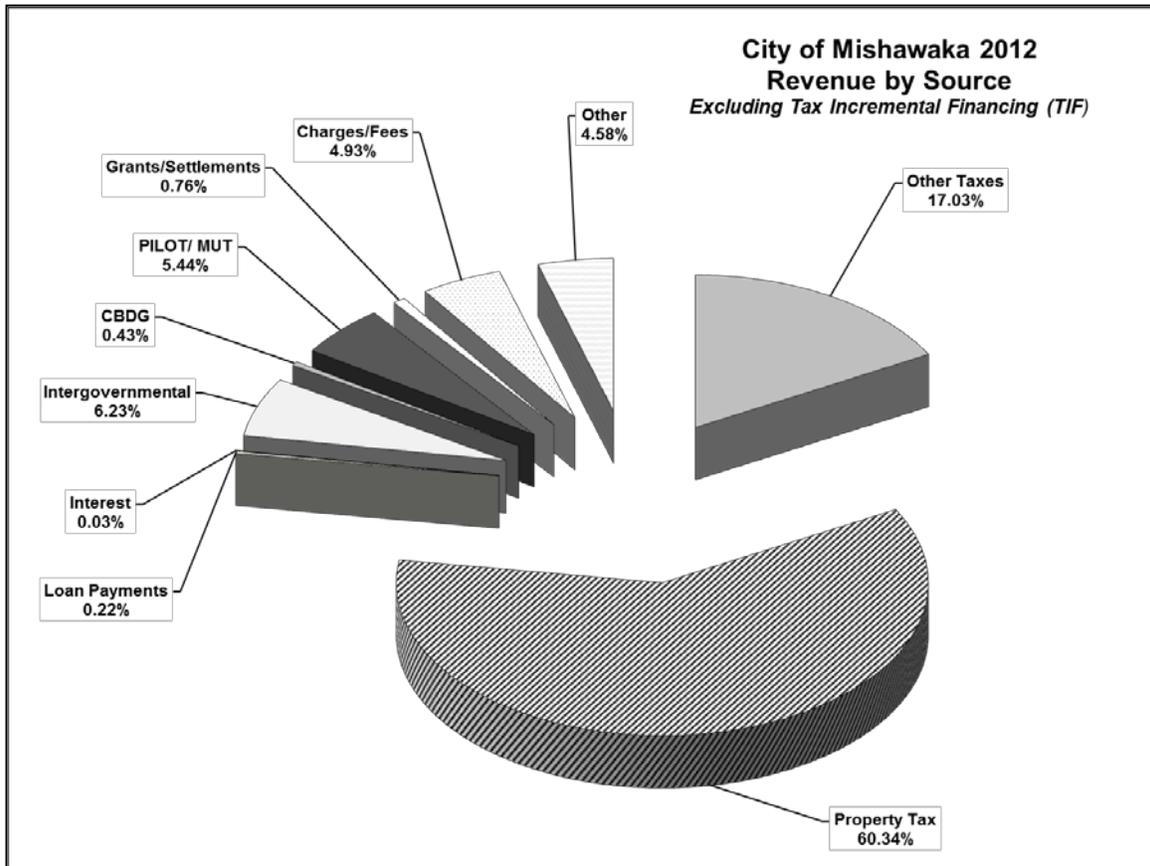
The Controller's Office is the center of finance and budgeting for the City of Mishawaka. The financial situation of the city influences everything we do. We must have the resources to get the job done. Managing the resources of the City can be complicated, but we do the best job possible with the taxpayer's funds. The primary function of the controller's office is finance, which includes 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 and Utilities, and
- Receipt and reconciliation of all deposits on a daily basis.

For the 26th consecutive year the Controller's Office has been recognized with the Certificate of Achievement for Excellence in Financial Reporting (2011). 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 in 2011 the audit disclosed no material findings and no comments. We are now beginning our audit for 2012 and expect another unqualified audit.

In 2012 we lost a dear friend and employee, Richard Lusk, who had worked for the City for 10 years. Michael Hartman was hired to replace Richard in the accountant position. Shellie Lentz replaced Brian Hall as our Purchasing Agent in 2012.

In 2012 we received our normal biannual property tax distributions from the county. We also received only 90.8% of our tax levy, leaving the City short \$ 2.2 million dollars. The City tends to be cautious in its spending and its management of the city budget so in these difficult economic times we succeed by planning conservatively. The city can still deliver exceptional services as we work to control our costs.



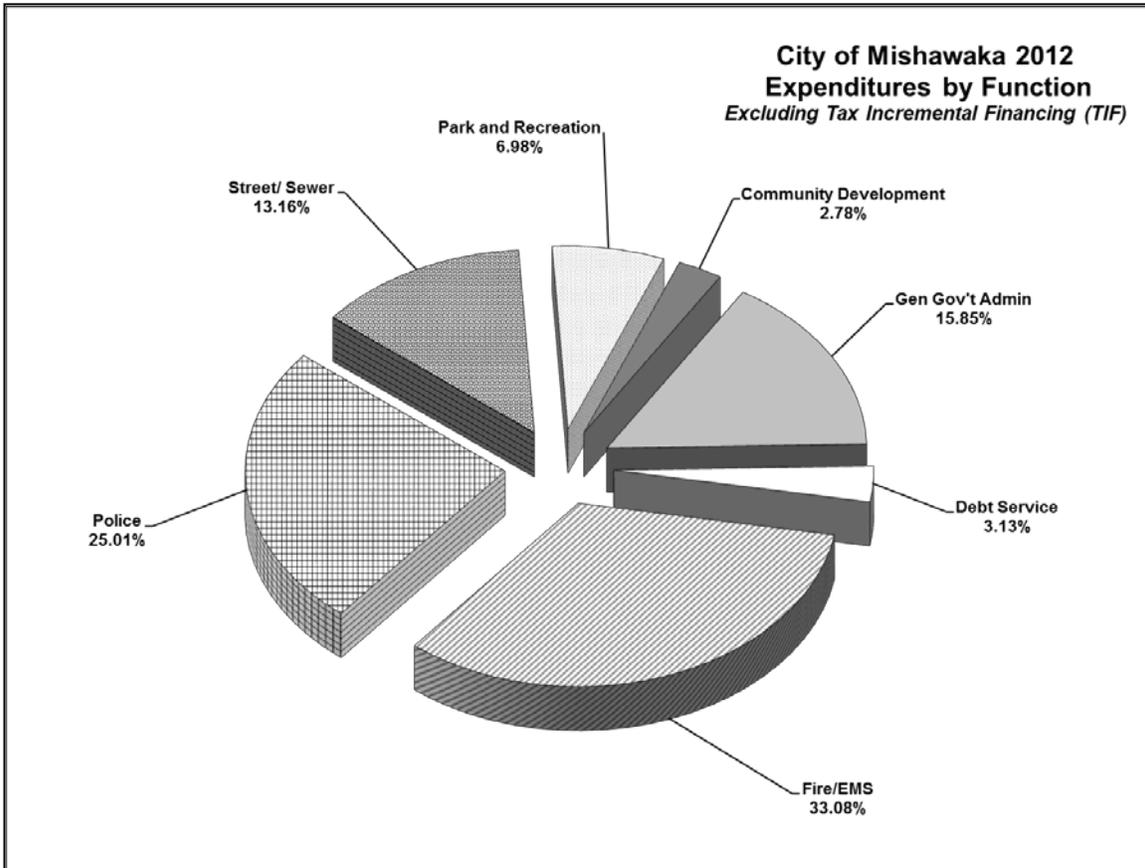
Making sure that all funds are deposited and accounted for on a daily basis results in considerable savings to Mishawaka citizens. The cash handling procedure of the city requires all funds to be deposited daily which assures these funds are available for any interest earnings in a timely matter. The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

The cash balance in the General Fund increased \$2,314,163 from \$5,753,036 to \$8,067,200. The cash balance at the end of 2012 was 25.7% of the General Fund budget for 2013.

The total city budget for 2012 was \$47,718,745 which was an increase of 6.75% (\$3,017,245) from 2011 (\$44,701,500). The General fund budget increase was 9.0%, MVH 5.7% and Park and Recreation 6.8%. In 2012 the wage increase across the board was 2.5%.

In 2012, approximately 60% of revenue came from property tax. Another 23% came from other taxes and Inter-governmental revenue. A few examples of other taxes and inter-governmental revenue are: COIT, CEDIT, Auto Excise, Cigarette, and ABC Excise.

Over 58% of the City’s expenditures were related to public safety. The next largest percentage was 16% for general government. An analysis of these expenditures shows 53% was spent on salaries and benefits, 12% on operating expenses 32% on capital, and 3% on bond payments for 2012.



The City’s portion of the average resident’s tax bill was 44.8% compared to 44.35% in 2011. In 2012 our assessed valuation decreased by 2.5% or \$34,405,957.

Health insurance deposit cost increased \$1,162,536, with actual claims increasing \$153,148. Due to these increases in premiums for 2011(7.9%), 2012(14.2%), and 2013(12.5%) the City of Mishawaka will revisit health insurance options in 2013.

2012 was the third full year of the Fuel Hedging program. This program provides a tool to stay within fuel budget parameters. With this program the city hedged 50% of its estimated usage of gallons of fuel for 2012. The idea of the fuel hedging is if the cost (NYMEX price) of fuel goes under the range (\$2.48) we pay the difference to the bond bank, and if the cost goes over the range (\$2.90) the bond bank pays the City. Reimbursement for 2012 was \$4,533. Each year of the hedging we need to budget at least 50% of the fuel at the highest cost of the range which will then keep us within our budget. In 2012 the cost of fuel was over the hedge range 6 out of 12 months.

The Controllers Office, in coordination with the Human Resources Department, set-up all but two departments on the B4Time time, and attendance program. This program places a great deal of accountability on each department to provide accurate time and accruals to the payroll system.

In 2012 the City's interest yield was 0.25%. This low interest yield is part of an ongoing trend. Due to this unfavorable rate in overnight repurchase agreements, the City entered into a Cash Advisory Agreement with Umbaugh Cash Advisory Services for the second year. 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.

General Fund Balance			
2009	2010	2011	2012
\$4,723,021	\$5,449,462	\$5,753,036	\$8,067,200
Tax Rate History			
2009	2010	2011	2012
\$1.6557 (-8.34%)	\$1.6741 (+1.11%)	\$1.7362 (+3.71%)	
Assessed Value History			
2009	2010	2011	2012
-15.60%	+3.80%	-0.01%	-2.5%
\$1,390,317,351	\$1,443,858,833	\$1,429,736,810	\$1,395,330,853
Budget Book Totals			
2010	2011	2012	2013
\$43,491,406 (+7.87%)	\$44,701,500 (+2.78%)	\$47,718,745 +6.75%	\$52,312,050 +9.63%
Tax Anticipation Warrants			
2009	2010	2011	2012
0	0	0	0
Tax Rate History			
2009	2010	2011	2012
\$1.6557 + 8.34%	\$1.6741 + 1.11%	\$1.7362 + 3.71%	\$1.8186 + 4.75%
Wage Increases			
2010	2011	2012	2013
0%	2.5% <i>(3% Police and Fire/EMS)</i>	2.5%	2.0%

The City of Mishawaka's bond rating is A+. This rating is based on a steadily growing customer base within an economically stable area, good historical financial performance, and adequate legal provisions as the factors in the rating assessment. The expectation is that the debt service coverage and liquidity profile for this bond issue and future issues will remain stable. With a favorable rating, the sales of bonds have a lower interest rate along with a greater amount of interest in purchasing of the bonds. Again this is a benefit to the citizens of Mishawaka by keeping interest rates lower, and having a positive effect on utility debt

service and property tax rates.

The City was able to build a new \$4.0 million Fire Station with funds from its local Mishawaka Bond Bank. This bond will be paid back over 15 years with Public Safety Funds.

We have no plans at this time to access local Bond Bank Funds in 2013.

Once again in 2012 we have used part-time help to get through our busiest 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 used part-time help which saved on payment of benefits along with an annual salary.

In conclusion, the City Controller's Office is responsible for keeping the City in a financially sound position. This may be with earnings, or with savings on purchasing, but either way it's a benefit to all citizens of Mishawaka.