

Controller's Office

Rebecca Miller, 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. Responsibilities include:

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- 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
- Receipt and reconciliation of all deposits on a daily basis, and
- Issuing various City licenses and permits

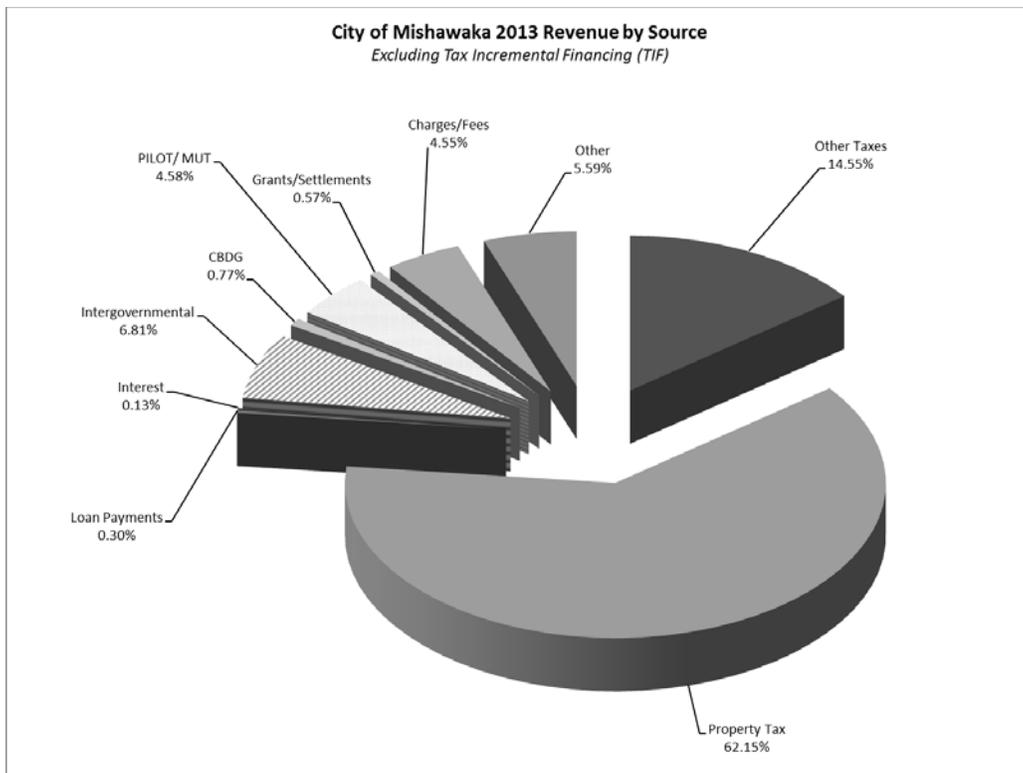
In 2013, Controller Yvonne Milligan retired after 33 years with the City. Her dedication to the City and her "always do the right thing" attitude made her a mentor and role model to all employees. Her experience and knowledge of municipal finance left big shoes to fill, and we are fortunate she continues to assist with special projects when asked. Former Deputy Controller Becky Miller was appointed to Controller, and accountant Misti Horvath is now the Deputy Controller. New to the team is accountant Melanie Wroblewski.

Also in 2013, we received our normal biannual property tax distributions from the county with collections coming in at 98.4%. Due to the property tax caps (Circuit Breaker) the City was left short \$3.39 million dollars. We must continue to plan and budget conservatively to deliver the exceptional services our citizens have come accustomed to receiving.

All funds are deposited and accounted for on a daily basis resulting in considerable savings to Mishawaka citizens. This cash handling procedure assures that the City's funds are available for any interest earnings in a timely manner. The Controller's Office prides itself on being good stewards of the taxpayer dollar.

The cash balance in the General Fund decreased \$3,674,177 from \$8,067,200 to \$4,393,023. Much of this had to do with Circuit Breaker losses and rising insurance costs.

The total City budget for 2013 was \$52,312,050 which was an increase of 9.63% (\$4,593,305) from 2012 (\$47,718,745). The General fund budget increase was 5.4%, MVH 16.1%, and Park and Recreation 10.1%. In 2013 the wage increase for all employees was 2.0%.

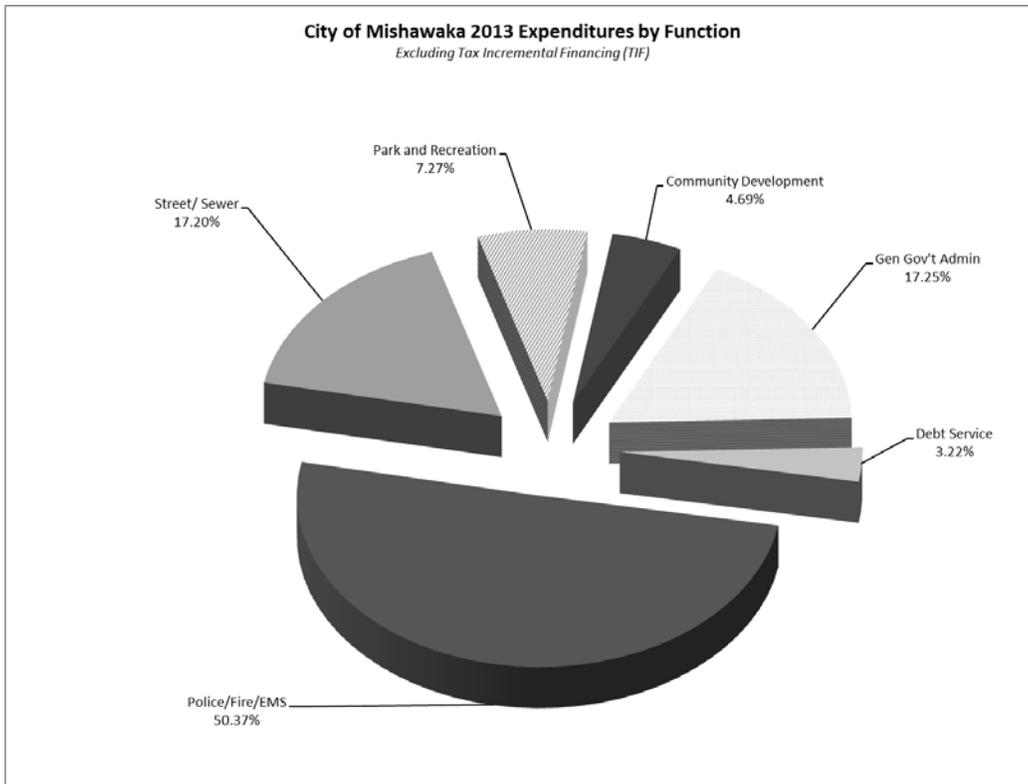


In 2013, approximately 62% of our revenue came from property tax. Another 21% came from other taxes and Inter-governmental revenue. A few examples of other taxes and inter-governmental revenue are: COIT, CEDIT, Auto Excise, Cigarette, and ABC Excise. Finding new revenue sources and replacing lost revenue due to property tax caps will continue to challenge the administration in the future. This is especially true if the discussed cuts to the business property tax become a reality.

Over 50% of the City's expenditures were related to public safety. The next largest percentage was 17% for general government and streets/sewers. An analysis of these expenditures shows 69% was spent on salaries and benefits, 16% on operating expenses, 8% on capital, and 3% on bond payments or 2013.

The City's portion of the average resident's tax bill was 47.2% compared to 44.8% in 2012. In 2013 our assessed valuation decreased by 4.7% or \$65,852,115.

Health insurance premiums increased \$1,574,246, while actual claims increased \$32,741. Due to the increases in premiums for 2012(13.2%) and 2013(15.7%), the City consulted with broker Gibson Insurance to review alternative options in the marketplace. Beginning in 2014 the City will once again be self-funded and the insurance provider will be UMR, the third party administrator for United Healthcare.



Since interest earned on City bank accounts continues to be low, the City entered into a Cash Advisory Agreement with Umbaugh Cash Advisory Services for a third 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. Increased interest revenue assists in lowering the burden on the taxpayer.

2013 was the fourth 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 2013. Our NYMEX range for gasoline was \$2.52 to \$3.00 and for diesel, \$2.81 to \$3.2925. If the cost of the fuel is below the range, we pay the difference to the bond bank. If the cost is over the range, the bond bank pays the City. Fuel prices in 2013 were very flat and reimbursement was \$1,158.69. In comparison reimbursement in 2012 was \$4,533. Each year of the hedging we budget at least 50% of the fuel at the highest cost of the range which will then keep us within our budget.

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 all 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.

| General Fund Balance | | | |
|---------------------------------|-----------------|-----------------|-----------------|
| 2010 | 2011 | 2012 | 2013 |
| \$5,449,462 | \$5,753,036 | \$8,067,200 | \$4,393,024 |
| Tax Rate History | | | |
| 2010 | 2011 | 2012 | 2013 |
| \$1.6741 | \$1.7362 | \$1.8186 | \$1.9086 |
| +1.11% | +3.71% | +4.75% | +4.95% |
| Assessed Value History | | | |
| 2010 | 2011 | 2012 | 2013 |
| +3.80% | -0.01% | -2.5% | -4.7% |
| \$1,443,858,833 | \$1,429,736,810 | \$1,395,330,853 | \$1,329,478,738 |
| Budget Book Totals | | | |
| 2011 | 2012 | 2013 | 2014 |
| \$44,701,500 | \$47,718,745 | \$52,312,050 | \$53,144,344 |
| +2.78% | +6.75% | +9.63% | +1.59% |
| Wage Increases | | | |
| 2011 | 2012 | 2013 | 2014 |
| 2.5% | 2.5% | 2.0% | 1.5% |
| <i>(3% Police and Fire/EMS)</i> | | | |

In 2014 the City's general obligation bonds are to be paid off. With the City facing many obstacles including increased Circuit Breaker cuts and the pending personal property tax cuts, paying off this debt couldn't come at a better time. Circuit breaker losses for the last three years have been: 2013 (\$3.3 million), 2012 (\$2.3 million) and 2011 (\$1.7 million).

Beginning in 2014 we will have switched most salaried employees to paperless paystubs. Employees are able to go online from work or home and print off their own. Many already have tried out the process in 2013 with great reviews. Along with the paper and storage savings, the time saved by not printing, sorting, passing out, and reproducing lost paystubs is a great benefit. The Controller's Office will continue to look to streamline processes for further cost savings and efficiencies in 2014.

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.