

## **Controller's Office**

*Rebecca Miller, Controller*

The Controller's Office has a staff of nine full-time employees; the Controller, Deputy Controller, Purchasing Agent, Payroll Clerk, two Accountants, and three Bookkeepers.

The Controller's Office is the center of finance and budgeting for the City of Mishawaka and Mishawaka Utilities. 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:

- Compiling the annual budget
- Processing and filing federal, state, and local financial reports
- Processing payroll
- Processing all accounts payable
- Receipting and reconciling of all deposits on a daily basis, and
- Issuing various City licenses and permits

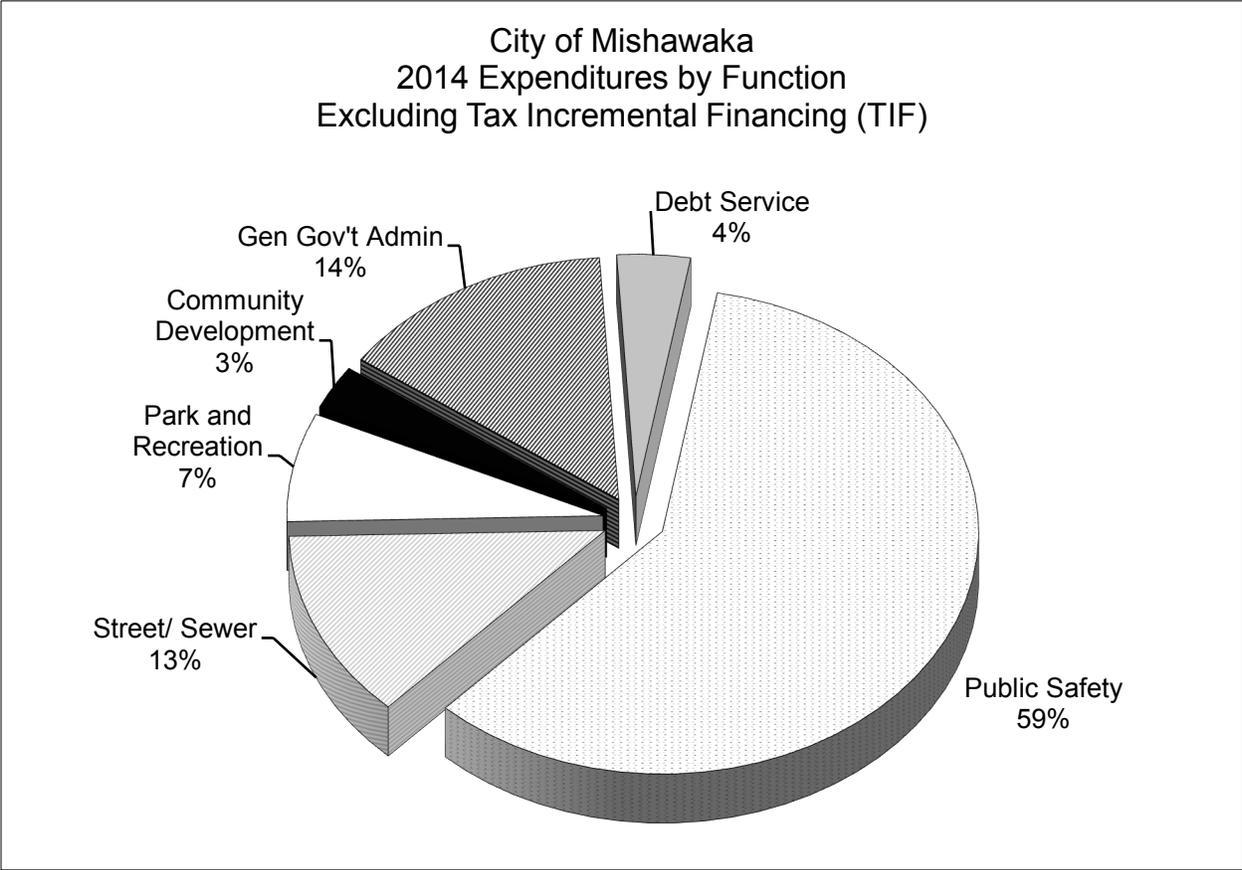
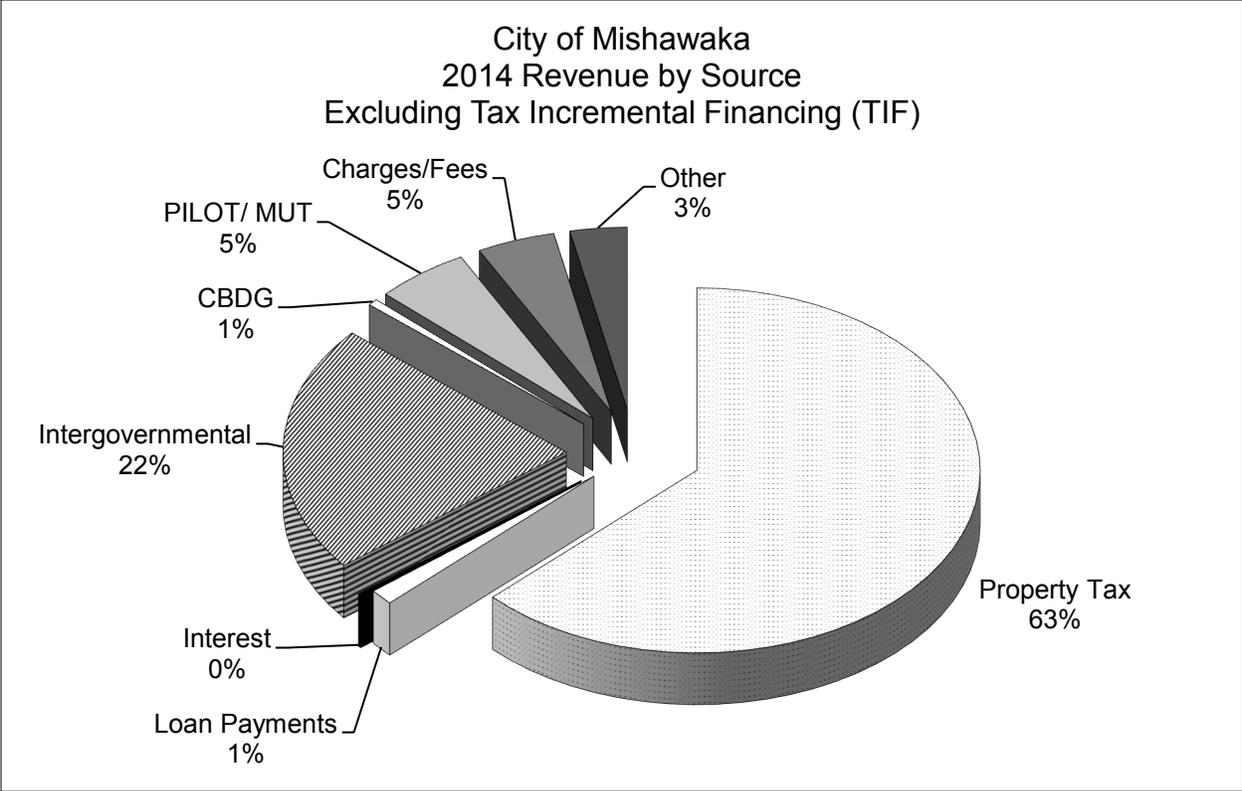
In 2014 we received our normal biannual property tax distributions from the county with collections coming in at 97.8%. This is down just slightly from the 98.4% we received the prior year. Due to the property tax caps (circuit breaker) the City was left short \$4.75 million dollars. We must continue to plan and budget conservatively to deliver the exceptional services our citizens have come accustomed to receiving.

Making sure that funds are deposited and accounted for on a daily basis, results 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 \$2,316,297 from \$4,393,024 to \$2,076,276. Much of this had to do with circuit breaker losses due to property tax caps.

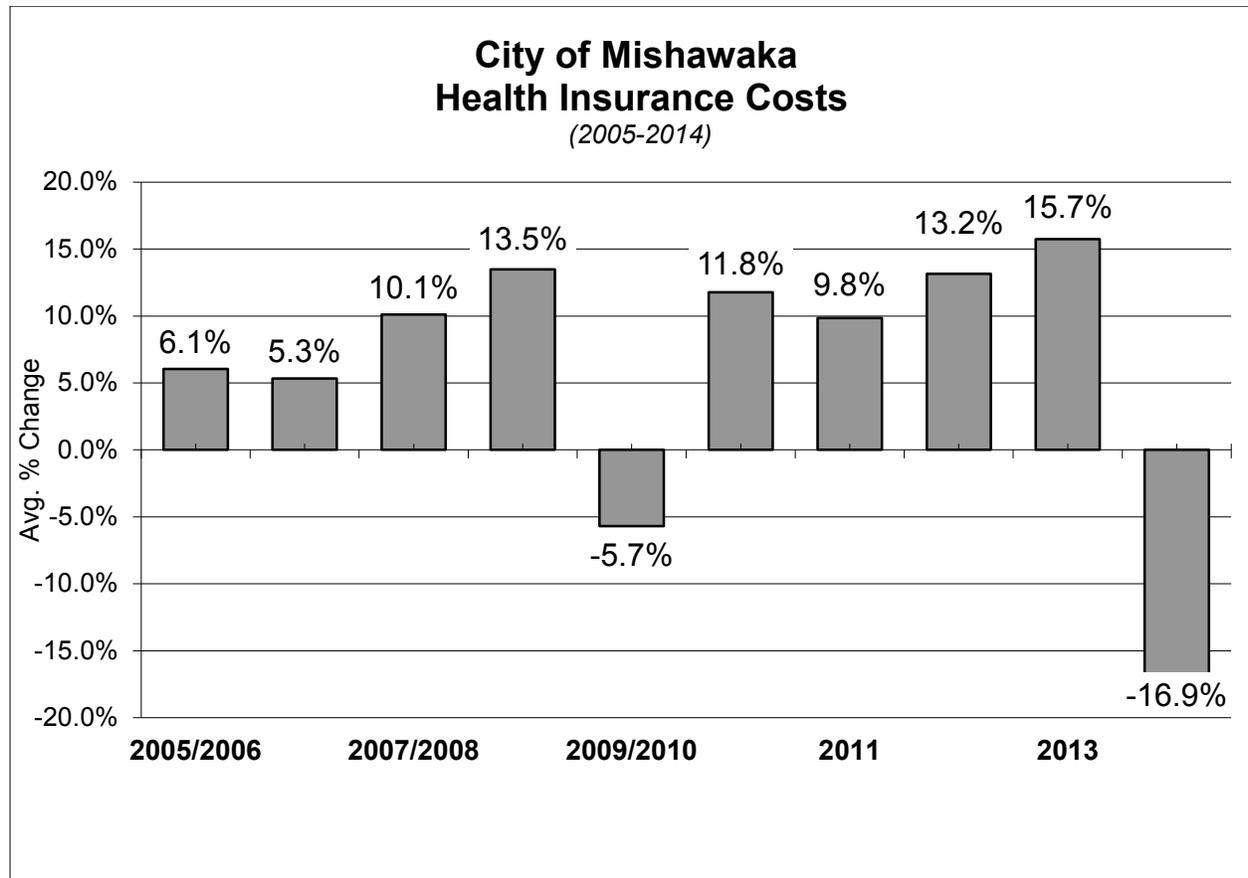
The total City budget for 2014 was \$53,042,774 which was an increase of 1.4% (\$730,724) from 2013 (\$52,312,050). The General Fund budget increase was 4.6%, MVH - 5.5%, and Parks and Recreation - 0.8%. In 2014 the wage increase for all employees was 1.5%.

In 2014, approximately 63% 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.



Almost 60% of the City’s expenditures were related to public safety. The next largest percentages were 17% for general government, and 13% for streets/sewers. An analysis of these expenditures shows 65% was spent on salaries and benefits, 22% on operating expenses, 8% on capital, and 3.75% on bond payments in 2014.

The City’s portion of the average resident’s tax bill was 46.75% compared to 47.2% in 2013. In 2014 our assessed valuation decreased by 2.0% or \$26,186,480.



In 2013, after four years of consecutive increases totaling 50.5% for employee health insurance, the City consulted with Gibson Insurance to review alternative options in the marketplace. The City once again became self-funded in 2014. It has proven to be a good decision, as health insurance payments decreased \$1,952,019.99 or 16.9% from the prior year. Rising health insurance costs and employee wellness are two factors that impact the City’s financial health. Affordable health care is important for our employees and their families.

Our office continues to work with Human Resources to manage costs and wellness, and as a result a new employee health clinic will open in 2015. We expect the clinic to reduce both health care costs and assist employees in managing their personal wellness.

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 fourth 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.

2014 was the fifth 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 2014. Our NYMEX range for gasoline was \$2.55 - \$3.10 and for diesel, \$2.77 - \$3.32. 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. After years of flat fuel prices, they really started to drop in 2014, and we ended up paying \$22,669 to the bond bank. In comparison, the payout in 2013 was \$3,575.51. 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 bond rating, bonds may be sold at a lower interest rate and buyer confidence is elevated. 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			
2011	2012	2013	2014
\$5,753,036	\$8,067,200	\$4,393,024	\$2,076,726
Tax Rate History			
2011	2012	2013	2014
\$1.7362 +3.71%	\$1.8186 +4.75%	\$1.9086 +4.95	\$2.0062 +5.11
Assessed Value History			
2011	2012	2013	2014
\$1,429,736,810 -0.01%	\$1,395,330,853 -2.5%	\$1,329,478,738 -4.7%	\$1,303,292,258 -1.97%
Budget Book Totals			
2012	2013	2014	2015
\$47,718,745 +6.75%	\$52,312,050 +9.63%	\$53,042,774 +1.4%	\$49,964,351 -5.80%
Wage Increases			
2012	2013	2014	2015
2.5%	2.0%	1.5%	1.0%

In 2014 the City's general obligation bonds were paid off. The taxpayers will no longer have this item on their property tax bill and it is one less bill for the City to budget. With the City facing many obstacles including increased circuit breaker cuts and other possible legislation, this debt

payoff is another example of the City's continued attention to fiscal responsibility.

As the above chart shows, circuit breaker losses have eroded our general fund balance. Losses for the past three years are: 2014 (\$4.2 million), 2013 (\$3.3 million), and 2012 (\$2.3 million). We continue to work responsibly to manage expenses and find other sources of revenue, without cutting back on City services to our citizens.

Most salaried employees are using our internal system to access paperless paystubs. Employees are able to go online from work or home and print off their own payroll information. Along with the paper and storage savings, the time saved by not printing, sorting, passing out, and reproducing lost paystubs is a great benefit. Our goal in 2015 is to have all full-time employees accessing the internal paperless system.

The Controller's Office will continue to look to streamline processes for further cost savings and efficiencies in 2015 and continue to keep 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.