



200 North Lake Street • Cadillac, Michigan 49601  
231.775.0181 • fax 231.775.8755  
www.cadillac-mi.net

May 21, 2007

Dear Citizens of Cadillac:

It is my privilege to submit to the community the 2007-2008 operating budget. This budget covers the twelve months of July 1, 2007 through June 30, 2008 and as required by the State of Michigan, it is a balanced budget. Total revenues are up 9.97% from the previous year due to the fluctuation in grant revenue. The expenditure side attempts to maintain the service level even in these challenging financial times with two less employees.

The City of Cadillac is working hard to provide our customers, the citizens of Cadillac, with the highest quality of service that can be provided within the constraints of the budget. Several streets will be repaved this summer and a few capital items will be purchased to maintain or upgrade our existing public infrastructure.

The planning process used at the City of Cadillac has enabled us to prepare for the fiscal year activity and stabilize our funding structure. Our capital improvement program gives us a glimpse into the future to identify and prioritize the many projects on the horizon. The City Council looks at its short- and long-term goals each year and adjusts them if necessary. Projects from the capital improvement program as well as programs designed to achieve short-term goals are blended throughout this document. Our goal is to be fiscally prudent with your tax dollars.

Hopefully you will take the time to review this extensive document. The transmittal letter from the City Manager gives you a brief glimpse of the budget and the challenges facing local government. In addition, the photographs and the supplemental section will provide you with some interesting facts about this community.

As your Mayor, I am proud to present to you a comprehensive document which will give you insight into the City of Cadillac and help to identify the excellence this city is noted for throughout the State. I am honored to serve as your Mayor and trust you will work with the City Council and staff to make this a city of continuing successes.

Sincerely,

*Ronald J. Blanchard*

Ronald J. Blanchard  
Mayor





***Mission Statement***

The City of Cadillac is built upon the premise that its Citizens deserve to be treated with respect and honesty at all times. We believe that public service is a privilege and an honorable pursuit. Because this is true, we promise to prioritize and deliver quality public services that are efficient and cost effective; doing so in a way that provides for the utmost in public peace, health, safety, and quality of life. The City of Cadillac will deliberately work to ensure that those in your service will act with the highest levels of personal and professional integrity.

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***The Rotary Pavilion the morning after a fresh snow.***



March 31, 2007

Honorable Mayor Blanchard and City Council:

I am pleased to present the 2007-2008 Annual Operating Budget for the City of Cadillac. This budget is submitted in accordance with the applicable state laws governing local municipal finance and accordingly, is a balance budget. As a local municipality located within the state of Michigan, the City of Cadillac has faced many challenging years from a financial perspective. However, I believe that this fiscal year will be one of the most difficult to date, due to the continuing financial crisis at the state level.

As a result, this budget document reflects the culmination of an incredible amount of hard work and dedication on behalf of the City staff over the past few months. All areas of operation have been painstakingly reviewed to ensure that core municipal services are provided in the most cost-effective manner possible. Additionally, the basic organizational structure and historical spending patterns were explored to identify cost savings and gains in efficiency. This thorough analysis added much time and effort to the development of the budget document, but was absolutely necessary to safeguard against complacency in the budgetary process, especially given these most difficult financial circumstances. Accordingly, this document reflects one of the most comprehensive review processes that has ever been undertaken in the development of a City of Cadillac budget, and I would like to recognize Finance Director Dale Walker for leading this effort which forced all participants to approach this process in the most flexible and creative manner possible.

#### **INFLUENCES ON THE MUNICIPAL BUDGET**

There are many issues affecting municipal budgets in Michigan, both internally and externally.

- First and foremost is the extremely poor health of the overall state economy. Michigan continues to experience serious financial stress, and all of the local units of government in the state will suffer as a result.
- When Proposal A was adopted in 1995, municipalities witnessed the permanent capping of local property tax growth. Local units of government were to be made whole by an increase in the state income tax, which would then be returned to communities through state shared revenues. Nothing could be further from the truth. Revenue sharing payments have actually been cut almost every year since then, resulting in a funding level this

year for the City of Cadillac equivalent to that which was received in 1997. These two influences, when coupled with the state enacted Headlee Act which rolls back local millage rates, have all combined to permanently and dangerously restrict local revenue. This "perfect storm" in municipal finance has made it impossible for communities to continue to provide consistent levels of public service.

- The victims of this situation are various municipal programs and ultimately, our citizens. The City of Cadillac has reduced its workforce in virtually every budget since 1995. This year is no exception. Late in fiscal year 2007, the data processing department was privatized for a number of reasons, including an attempt to save personnel costs. This budget includes further reduction in the full-time staffing for the City of Cadillac. The Youth Services Officer (school liaison officer) in the local school system has been eliminated. Additionally, all part-time administrative positions except one have also been eliminated. These positions provided key services to the local community, but sadly cannot be funded during this current fiscal year.
- The single business tax (SBT) was the major business tax in the state of Michigan. This tax was eliminated this year by the state legislature since it was viewed as having a detrimental effect on economic development and growth. In reality, this tax will be phased out over the next fiscal year, but the important point to note is that no replacement tax has been identified through this elimination process. This has created much unrest in the business community, and ultimately led to a downgrading of the state bond rating on Wall Street. The uncertainty regarding a replacement tax has also led to much confusion in the economic development arena, which is currently hurting the state's ability to retain and recruit new business. A new tax must be identified to safeguard future governmental programs, while also positioning the state in a competitive manner from a business taxation standpoint. The delay in identifying and instituting a replacement tax has significantly damaged the state and local communities and will continue to do so until the legislature can completely resolve this issue.
- The Cadillac community has witnessed significant increases in solid waste costs over the past two fiscal years, and this trend is anticipated to continue during this most current budget cycle. The increases are the result of

significant problems at the Wexford County Landfill. Tipping fees are up over 200% and are anticipated to rise an additional 40% in fiscal year 2008. The City is working directly with the county in an attempt to control these costs, but since solid waste collection is a pass-through activity, we must budget for the projected increases.

- Rising health care costs obviously continue to plague all employers and the City of Cadillac is no exception. The advent of Other Post Employment Benefits (OPEB) has greatly increased the impact of health care on the local budget. The City of Cadillac is meeting its obligations as required under this accounting standard with an actuarial report being completed last year to identify our full liability. We now are attempting to annually fund as much of the OPEB obligation as possible, and this budget document reflects that activity.
- Gas and weight taxes, which are used to fund our local and major street programs, have also been cut by the State of Michigan. This has resulted in an increasing reliance of the street system on general fund revenues at a time when this fund can least afford this extra burden. This year the street funding requirement from the general fund is up approximately 25%. This type of a trend is not sustainable. We will be engaging in a very detailed prospective budgeting process which will occur during the current fiscal year to reverse this trend for next year.
- Poor market forces are the leading cause for the need to raise the millage rate for the Police and Fire Retirement System. A switch to the Municipal Employees Retirement System (MERS) as the administrator of the investment portfolio for this system is anticipated to reverse this trend.

#### MAJOR ISSUES FOR FISCAL YEAR 2007-2008

While much of the state continues to struggle economically, resulting in significant job loss, Cadillac is positioned for a fairly stable labor market with some job growth expected from two of our major manufacturers. The City will play a direct role in assisting with these expansion activities to provide further stability to the local employment base. However, we are also aware that a number of our major employers are facing unprecedented challenges, and thus we will endeavor to provide assistance to these entities as appropriate to help them meet these challenges and remain viable in our community.

Groundwater contamination in the community will remain as a major concern. A number of separate but

distinct groundwater plumes have been identified and are being treated in the immediate vicinity of the municipal well field. However, newly discovered sources of contamination further threaten the well field and must be addressed. The City will continue to work with the Michigan Department of Environmental Quality (MDEQ) to develop appropriate courses of action. On a parallel course, much emphasis will also be placed on the Cadillac Wellhead Protection Program, which includes as a major component the identification of alternative sites for drinking water well locations.

Grant procurement will once again play a crucial role in providing financial stability to the local community. As traditional revenue streams are reduced, or completely eliminated, grants become increasingly important. Accordingly, much emphasis will be placed on grant writing to take advantage of new revenue opportunities when possible.

The City of Cadillac will continue to seek favorable financing options to allow for the continued investment in our municipal infrastructure. To this end, two state loan programs will be tapped this year to provide the necessary funding for greatly needed water and sewer capital improvement projects. We also will continue efforts to obtain funding from the state for a comprehensive rebuild of the downtown Mitchell Streetscape.

Maintaining our core residential areas will remain as a significant activity for 2007-2008. The continued viability of these neighborhoods is recognized as a key component to the long-term economic vitality of the community, and accordingly, this budget provides funding to maintain this emphasis.

The City will also engage in groundbreaking discussions with our neighboring townships regarding the provision of municipal sewer on an equitable basis. For the first time, these discussions will include a recognition from those desiring city sewer that equity in taxation must be achieved in order for this service to be provided to township residents. While this activity will consume a significant amount of time, it also will provide a cornerstone for future economic stability in the community.

Specific emphasis will continue to be placed on safeguarding the water quality in Lake Cadillac. Last year saw the inception of a weed treatment program via a special assessment instituted by the Cadillac City Council. A committee was developed through this process, and the members of this group are now desirous of expanding their efforts to a number of other water quality related topics, which will further protect this important recreational resource in our community.

This budget document also envisions the adoption of a new special assessment roll to fund the Local Development Finance Authority (LDFA) groundwater treatment program. This successful community-wide

program has been in operation for over ten years and is performing as designed.

This contract with North flight for shared emergency medical services expires June 30, 2007. This budget anticipates that the contract will be renewed, which will provide appropriate emergency service to our residents, while also adequately reimbursing the city for the cost.

While it is clear that fiscal year 2007-2008 holds many challenges for the Cadillac community, it is obvious that opportunities are present as well. These will be pursued throughout the fiscal year, which will position Cadillac for significant prosperity once the state economy rebounds. We recognize that we can only operate within the context of the larger state economic structure, and thus will continue to work with our legislators in Lansing to improve the business climate in Michigan.

This budget appropriately recognizes the local demands for services, and is structured accordingly. The following is a brief review of the various activities of the City of Cadillac on a fund-by-fund basis.

## **MAJOR GOVERNMENTAL FUNDS**

### **General Fund**

The General Fund is presented as a balanced budget. The proposed budget represents no increase from the previous fiscal year. The total General Fund revenue of \$7,062,200 is within \$6,000 of last years anticipated revenue. The basic programs provided in the General Fund remain relatively constant. Solid waste costs have significantly increased, thereby generating a need to increase the fees charged for this service. The rate at the start of 2006 was \$12.15 and will need to increase 22% to \$14.85, due to the landfill cost increase. It is uncertain if the landfill will increase the costs mid-year. The added voted millage for the police and fire retirement system will be increased to 2.8 mills for this fiscal year. State shared revenues are anticipated to decrease. A 33% decline in the statutory portion of the state shared revenue is projected. The City will continue to be plagued by the impact of various state initiatives on its revenue stream. Both the school tax reform measures and the Headlee amendment have long term consequences for all local municipalities since they are not restricted to one budget year, but will affect the revenue stream on an annual basis for many years to come. This means our local government must be very cautious with regard to the expenditure of funds and must develop conservative spending programs. As a result, no prior year's earnings are anticipated to be used for operating purposes. Salaries increase an average of three percent.

The Major Street Fund is focused on the high traffic volume streets. This activity is funded primarily from revenues generated by the State of Michigan Gas and Weight Tax, which are declining. New competitive grant programs will present an opportunity for additional funding this year. This fund also accounts for the work

that the City provides to the State on a contractual basis to maintain the state trunkline system that runs through the city. A significant amount of construction will take place during the upcoming fiscal year.

The Local Street Fund is a street system focusing on the less traveled streets, predominately the residential roadways. This fund receives a small amount of money from the State of Michigan Gas and Weight Tax, while the majority of funding is received from the General Fund or other funds. Funds are proposed to be transferred from the Major Street Fund as well. The local taxpayer will contribute \$47 per capita to maintain this infrastructure, which is up from \$34 per capita in 2006 and \$28 in 2005. This trend can not continue with the tight economic climate. Various anticipated street reconstruction projects for the future will be placed on hold for at least a couple of years. One of the City Council's ongoing goals is to pave new streets, which in this budget has several being addressed. Less than 5% of the streets are gravel.

## **MAJOR PROPRIETARY FUNDS**

The Water and Sewer Fund as well as the Building Authority Operating Fund are accounted for and operated in this type of fund. They operate in the same manner as a private business. The method of budgeting and accounting for these funds is on an accrual basis.

The Water and Sewer Fund is anticipating a 4% rate increase due to inflationary costs experienced within this system. Major improvements to both the water and sewer systems are anticipated with the Sewer Revolving Fund loan from the State of Michigan providing approximately four million dollars.

A State of Michigan Department of Environmental Quality District Office is located in the downtown Cadillac area. The Building Authority Operating Fund is designed to record the operation of this facility, as the city is the landlord of the property.

## **NON-MAJOR SPECIAL REVENUE FUNDS**

One of the few self-supporting cemeteries in Michigan, the Cemetery Fund has to further develop a strategy for continuing to maintain self-sufficiency and improve infrastructure, while keeping rates down. This will be an ongoing challenge. The Cemetery Board has worked hard at improving the financial stability of this fund and increased the rates in 2006. The cemetery is a beautiful showpiece at the entry to the City from the south. You will see in this budget a survey taken of surrounding communities which illustrates that our rates are very competitive.

Returns from interest on a UDAG grant to build the Hampton Inn are housed in the Cadillac Development Fund along with funds from Community Development Block Grants. Interest from these monies will be accumulated and used at the City Council's discretion

for commercial development projects within the City. The City is focusing its efforts on funding the Building Inspection Fund with interest earned in fiscal year 2007.

The City Council is committed to keeping the downtown a viable and vibrant shopping area. The H.L. Green Operating Fund represents a prime example of our efforts. The City purchased a downtown commercial building, remodeled it and has since sold it on a land contract. This fund accounts for the collection of the principal and interest.

The Cadillac Building Inspection Fund is designed to segregate, at the direction of the State of Michigan, the activity of the City's Building Inspection department. Funds raised from building permit fees can be used only to finance the building inspection function. The fees are intentionally maintained at a level that is equal to the County's but they are not sufficient to cover the expenditures of this fund. The Cadillac Development Fund is contributing money to allow for this fund to be balanced.

#### **NON-MAJOR DEBT SERVICE FUNDS**

These funds are used to account for the retirement of various bond issues. Ten funds are budgeted and reflect various stages of retirement. The statutory debt ceiling is 10% of the taxable value and the city remains well below this level. By remaining below the debt ceiling, the city maintains flexibility in its consideration of future projects which may require the issuance of debt. Each fund has included a five year pro forma income statement to catch a glimpse of the future. The per capita debt for 2008 is \$988 and 7.4% of the principal will retire during the fiscal year.

#### **NON-MAJOR CAPITAL PROJECTS FUNDS**

This group of funds consists of two funds, the Industrial Park Fund and the Special Assessment Capital Projects Fund.

The State of Michigan has placed the designation of Certified Business Park upon a portion of our industrial park area, and this certificate is an advantage in recruitment in the industrial sector.

The Industrial Park Fund has sold the remaining portions of land in the Harry VanderJagt Park, and the city purchased another forty acres for an expansion project. The expanded area is known as the James E. Potvin Industrial Park. The first two lots have been sold in the park with construction of two new facilities completed. Additionally, the City was the first community in the State of Michigan to establish a Brownfield Redevelopment Authority, which has allowed for the capture of taxes to be reinvested in abandoned and contaminated areas throughout the community. By returning these properties to occupancy, we will maintain the viability of our community.

The Special Assessment Capital Projects Fund is where the activity for summer construction projects is funded. Over \$1.6 million is planned for 2007-2008, which is a significant amount of activity for one city engineer and one engineering technician.

#### **NON-MAJOR PROPRIETARY FUNDS**

##### **Enterprise Funds**

A major revenue source of the Auto Parking Fund is the parking special assessment, which will expire at the end of 2010. This assessment allows the fund to continue to meet its operating obligations of providing parking in the business district for the customers of the merchants.

#### **INTERNAL SERVICE FUNDS**

This group of funds furnishes services to other funds within the City. There are four such funds and the three largest are described as follows:

The Stores and Garage Fund is used to rent equipment to the various operating departments within the City. Internal rental rates need to be high enough to cover the purchase of new equipment and were raised significantly in this fiscal year. Equipment rental represents 95% of revenue to this fund. There are over 150 pieces of equipment in this fund.

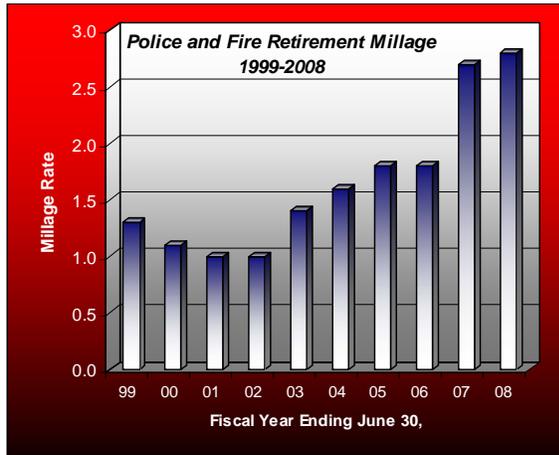
The Data Processing Fund increased rates this year by an average of 3% in order to continue to upgrade our financial software with a state of the art system and not borrow any funds. This fund was privatized in 2007.

The Self-Insurance Fund provides funding for the City's health care needs. The purpose of self funding our health insurance is to control the escalation of health care costs at a time when the medical inflation rate continues to increase dramatically. Rates are being held constant in 2007-2008 while reinsurance premiums and health care claims are increasing. Claims that reach \$10,000 per family per year are covered by a reinsurance policy purchased by the City. Our goal is to provide quality health care for our employees and their dependents while at the same time keeping costs under control. Recently, comparative quotes were sought from traditional insurance companies to validate the current costs being charged to each department. This fund also maintains a small, self-funded life insurance policy for retirees.

#### **PENSION TRUST FUNDS**

The City operates one pension trust fund entitled the Police and Fire Retirement System, which is funded by a millage approved by the citizens in 1977. The millage needed for 2007-2008 is 2.8 mills. A local board of directors appointed by the City Council is responsible for the administration of this system. The millage rate was

increased in 2008 by 0.1 mills due mainly to the poor performance of the stock market, and to a much lesser degree increased salaries and benefits. A small increase in the City's taxable value was not enough to offset these losses. In 1977 assets of \$100,000 were available, and as of June 30, 2006, these funds have grown to over \$5 million. The City contributes 35% as a percentage of payrolls for police and for fire.



The other retirement system offered by the City is a state-wide system entitled the Michigan Municipal Employees Retirement System (MERS). This covers all full-time City employees except for police and fire personnel. Actuarial estimates place the average cost of this system at 7.5% of annual salaries. Funding will be necessary for 2007-2008 but the level of funding is still below normal costs. The City is paying a smaller percentage of its obligation as determined by MERS due to the fund being well invested. The City is currently over-funded by 9% due to the interest earned on investments.

The City is proud that Cadillac's Finance Director Dale Walker was again elected as Chairperson of this statewide retirement system. This is the ninth consecutive year that Mr. Walker serves in this capacity.

**NON-MAJOR PERMANENT FUNDS**

The Capital Projects Fund is the result of the sale of the power generating plant. The assets are to be held as an endowment.

The final fund in this category is the Cemetery Perpetual Care Fund. This fund is an endowment, which uses interest only to assist financing of the Cemetery Operation Fund.

**COMPONENT UNITS**

This group of funds consists of legally separate organizations for which the city is financially responsible and is divided into Major and Non-Major Component Units.

**Major Component Unit**

The Local Development Finance Authority Fund was established to record costs associated with the ground water cleanup process in the industrial park. Special assessments from benefited properties will cover the cost of operation of the facility and these costs will be accounted for in the operating fund. The special assessment was renewed for an additional five years in 2002 and is projected to be renewed in 2007.

**Non-Major Component Units**

The Local Development Finance Authority Utility Fund accounts for the costs associated with a well, which is the major water supply providing the power plant with water as required under the development agreement that governs the project as a whole. The Downtown Development Authority Capital Projects Fund accounts for the revenue which is captured as a result of a tax increment financing plan, which allows for the capture of tax dollars resulting from increased value of the downtown area. This fund is separated to cover the various construction and improvement projects identified by the DDA board. Providing a strong commitment to the downtown area continues to be a major goal of the City and this is reflected through reinvestment in the downtown as illustrated through this tax plan. The Cadillac Brownfield Redevelopment Authority was established in 1996 and was the first in the State of Michigan. It is designed to redevelop previously environmentally contaminated sites. This is an economic tool used to reinvest in local communities and avoid urban sprawl.

I would like to thank the City Council for its cooperation in working with staff to finalize a workable and realistic budget. Through input from a variety of sources, we are hopeful that this budget document identifies those services most needed and desired in the community. The efforts committed to the development of the budget document by all parties, staff and council alike are greatly appreciated and I believe this document fairly and accurately reflects revenues and expenditures for the fiscal year 2008. It is a budget which, especially when one considers the difficulties presented to us by state and federal mandates, does an excellent job of continuing to serve the needs of our community. Extremely tough decisions have been made with regard to the prioritization of city services, but not before they were painstakingly researched and analyzed. The end result should be a utilization of scarce resources in the most efficient manner.

It is with great pride that I mention the awards received by the City of Cadillac again this year. These awards are something we can be proud of and are clear indications of the strong teamwork and commitment to excellence exhibited by the City Council and staff.

- ◆ **Tree City Award** goes to only those communities which meet strict standards for forestry management. Receiving this award for the twenty second year in a row clearly illustrates our commitment to this most important natural resource.
- ◆ **Award for Distinguished Budget Presentation** has been presented to the City of Cadillac for twenty two consecutive years by the Government Finance Officers Association of the United States and Canada. This award is for one year and covers the budget beginning July 1, 2006. In order to receive this award, a governmental unit must publish a budget that meets program criteria as a policy document, as an operational guide, as a financial plan and as a communications medium. We believe our current budget continues to conform to this high standard and we are submitting this year's document to be considered for another award.
- ◆ The Government Finance Officers Association of the United States and Canada presented the City of Cadillac with a **Certificate of Achievement for Excellence in Financial Reporting**. This award has been received twenty one years in a row, reflecting our sincere effort to provide accurate and complete financial data.
- ◆ Since the inception of the Michigan Municipal League's Achievement Award program, the City of Cadillac has received 5 first place awards, the most of any city in Michigan. These awards confirm the City's commitment to excellence and creativity in service delivery.

This budget is prepared and formulated in accordance with State of Michigan guidelines and the City of Cadillac charter requirements. It also conforms to generally accepted accounting principles. There are four columns: one describes the latest audit figures; the next reflects unaudited anticipated activity for the current fiscal year; the third column is the current approved budget; and the final column is the proposed budget. These four columns, along with the fund balance descriptions are required by P. A. 621, of the State of Michigan Budgeting and Accounting Act. At the conclusion of each fund, a projection of the City's financial position at year end is given. Following the transmittal letter, the specific calculations of tax limitations that Michigan voters have approved and are required of every municipality are shown. The budget also conforms to the Governmental Accounting Standards Board Statement 34, which indicates the budget reflects the accounting activities. The budget document is available for public inspection at the City Clerk's office and at the public library.

With the receipt of this proposed budget for the 2007-2008 fiscal year, the City Council begins its responsibility of examining the administration's

proposals and its eventual approval of the document, which will set the pattern for all municipal services and programs. It is recommended that the Council adopt the final budget and set the tax levy authorization by the last council meeting in May. This budget will take effect on July 1, 2007 and run through June 30, 2008.

This next year promises to present some clear challenges to the City of Cadillac. Marginal growth in the economy coupled with restrictions on municipal revenues will create much competition for scarce municipal resources. I believe that because of the long range planning activities that we have developed through this budget process, the Capital Improvement Budget, and goal-setting sessions with the City Council, we will be able to accommodate these demands while at the same time providing quality and efficient services as expected by local citizens.

Respectfully submitted,

/s/

Peter D. Stalker,  
City Manager

*Note: It is considered a best practice in fraud prevention to remove the signature from an organization's annual report. In the Union Bank of California publication "Frank W. Abagnale's Check Fraud, Identity Theft and embezzlement Volume II" it states, "Annual reports should not contain the actual signatures of the executive officers. Forgers scan and reproduce those signatures on checks, purchase orders, letters of credit, and other negotiable documents."*

### Short-Term Goals

#### Goal: Vehicle Speed Reduction in Neighborhoods

Type: General

Objective: A common quality of life complaint is the speeding in neighborhoods. Improve the neighborhood quality of life by developing a benchmark and improving.

Strategy: Developed by: City Manager, Public Safety Director

Status: New Goal

#### Goal: Preventive Health Care Plan

Type: General

Objective: Enhance current health care plan by developing a preventive plan rather than focusing strictly on a reactionary plan.

Strategy: Developed by: City Manager, Assistant City Manager, Finance Director

Status: New Goal

#### Goal: Wireless City-wide Infrastructure

Type: General

Objective: Review use of technology in security issues.

Strategy: Developed by: City Manager, Public Safety Director

Status: Project bid approved by City Council and awarded to Vision Technology International from Grand Rapids. Infrastructure for system installed at parks locations in October 2006. Cameras and software installed November 2006.

Phase I of the system will provide wireless video data from security cameras located at the Rotary Performing Arts Pavilion, Chris Eggle Public Safety Fountain, Clock Tower, Chris Blackburn Skate Park, and Sound Garden. Phase I will also open option for providing wireless internet service in the parks and broadcasting live shots of City amenities on the City's web-site. Ultimately, the vision for this project is to position the City of Cadillac as a leader in the use of wireless technology for the following:

- **Public Safety:** Integrate the system with Cadillac Area Public Schools and local private sector businesses to provide public safety responders with real time video updates during critical incidents. Use the system to broadcast video from police in-car cameras onto the network for viewing by other responders.
- **Economic Development:** Explore the possible uses of a city-wide wireless data network to support the recruitment of new and support of existing business.
- **Efficiency:** Use the network to leverage man hours and man power by more efficient task accomplishment and data transmission from the field.

#### Goal: Upgrade Nuisance Code

Type: General

Objective: Expand efforts on condemned houses.

Strategy: Developed by: City Manager, Building Inspector

Status: Completed new blight ordinance which was adopted in May 2006. Enforcement action initiated for several chronic problem properties.

Investigations initiated on 114 blight properties Jan-Nov 2006. Enforcement action through criminal charges initiated for 10 properties during the same time period (1 repeat offender).

#### Goal: Upgrade Weed Ordinance

Type: General

Objective: Review ordinance and enforcement.

Strategy: Developed by: City Manager, Public Works Director

Status: Ordinance was reviewed by Code Enforcement Committee and City Attorney. More efficient enforcement procedures implemented and were successful for summer 06 season. In 2003, the grass and weed ordinance was changed to delete the specific number of times a property owner is required to cut the grass and weeds on their property.

The current ordinance requires that an owner cut the grass and weeds on their property when they reach an average height of 12 inches. Violations of this ordinance are treated as a civil infraction and are aggressively enforced by the Code Enforcement Officer. The enforcement of this ordinance in 2006 has brought about a reduction in the number of repeat offenders. Based upon this, it is anticipated that the fewer property owners will be cited for violating this ordinance in succeeding years. A final amendment to the ordinance clarifying the definition of "premise" will be adopted later this year.

**Goal: Participate with Wexford County on Landfill Issues****Type: General**

**Objective:** Work towards adoption of a viable solid waste plan.  
**Strategy:** Developed by: City Manager, Public Works Director  
**Status:** City Manager participates in user group advisory committee. Public Works Director is on the solid waste sub-committee for the Wexford County Department of Public Works. Third party review of county strategy has been authorized.

**Goal: Explore Affordable Single and/or Multi-family Housing****Type: General**

**Objective:** Continued growth as a community. Provide incentives and explore options.  
**Strategy:** Developed by: City Manager, City Council  
**Status:** The City continues to work with local agencies to develop interest in the housing market in Cadillac. City has administered a \$200,000 rental rehabilitation grant program and a Cadillac area needs assessment has reviewed and documented our housing needs. The City Council has approved a Payment in Lieu of Taxes (PILOT) for Northland Meadow Apartments (99 units) on 41 Mile Road. Housing activity through June 2006:

- Sunnyside Estates Apartment Project
- Davidson Estates PUD
- Red Pine Village Manufactured Home Park
- White Pine Village
- Northland Meadow Apartments
- Lake Street Condominiums
- Forest Edge Apartments
- Habitat for Humanity
- NMHSA for single-family housing

Begin focus on new single family sub-division. Per recent Business Week article, Cadillac has the 10th most affordable housing market in the country. It is questionable how much more incentive we should offer to expand affordable housing. We need to start focusing on housing for other economic and income categories as well.

**Goal: Explore Accreditation of Municipal Departments****Type: General**

**Objective:** Increase efficiency and quality of services delivered.  
**Strategy:** Developed by: City Manager, Various Department Heads  
**Status:** The City desires to elevate the departments to the next level of excellence with a benchmark for operations. Police currently in self analysis phase of Commission on Law Enforcement Accreditation Recognition Program process. Policies are currently under revision and proof of meeting or exceeding national benchmarks are currently being compiled. Fire has completed operational analysis which is the first step towards accreditation.

**Goal: Analyze Fee Structure of Various Municipal Services****Type: Financial**

**Objective:** Revise current fees for applicability. Consider new fees where appropriate.  
**Strategy:** Developed by: City Manager, Various Department Heads  
**Status:** Fees are being reviewed. Utility fees are reviewed and established annually. Building Inspection fees were increased in 2005. Cemetery recently reviewed rates and recommended a fee increase which is anticipated to be adopted in the fall of 2006.

**Goal: Interactive Web Site**

**Type: Financial**

Objective: Provide information on the web and allow citizens to access public services electronically.

Strategy: Developed by: Director of Finance

Status: Web site is active and public can access much information. New software is being considered to allow paying of utility bills and property taxes online. Council agenda items are on the web along with council minutes, budget, audit, and other information. New website architecture is being reviewed and will accommodate bill payments but will also add such items as newsletters, downtown information, and business applications.

**Goal: LDFA Special Assessment Renewal**

**Type: Financial**

Objective: Begin developing a five year special assessment roll for the industrial sector and groundwater cleanup.

Strategy: Developed by: City Manager

Status: The review of the special assessment roll has begun. The process begins the third five-year assessment roll. Tier I and Tier II status will be reviewed for accuracy.

**Goal: Senior Citizens Services**

**Type: Community Development**

Objective: Consolidate and support Council on Aging in their effort to consolidate senior services in Wexford County.

Strategy: Developed by: City Manager

Status: New Goal.

### Long-Term Goals

**Goal: Lease Cadillac Community Center**

**Type: Community Development**

**Objective:** Market space to non-profit organizations. Full utilization of the center is necessary to maintain its viability as a self-supporting operation.

**Strategy:** Developed by: City Manager, Assistant City Manager

**Status:** Current Tenants:

- Cadillac Senior Center
- OASIS/ Family Resource Center
- YMCA
- Footliters
- Wexford Genealogy Society

**Goal: Continue to Hard Surface/Resurface All of the City Streets**

**Type: Public Works**

**Objective:** Continue to annually schedule streets for resurfacing as needed. Upgrade all existing gravel streets to hard surface.

**Strategy:** Developed by: City Manager, City Engineer; List of streets for resurfacing through a priority rating as funds are available.

**Status:** Capital Improvement Budget lists the following streets for improvements in 2007-2008:

- Nelson Street
- Park Street
- East Garfield
- South Garfield
- North Street
- Industrial Park Area
- Snider Street
- Jonathan Street

**Goal: Maintain Geographic Information System**

**Type: Public Works**

**Objective:** Computerized the city maps for engineering, assessing, police, fire, and utilities. Integrate new software with GIS, Excel, and Sensus programs to provide one source of customer data warehousing.

**Strategy:** Developed by: City Manager

**Status:** Contract employee has been entering data and utility information with the aid of our GPS equipment. Review status of project and prepare for the development of a maintenance plan. Aerial maps were taken in the spring of 2005. Web access to photos was developed in 2006. Police and Fire will begin integration in 2008. Code Enforcement Officer uses Arcview extensively for identification of property ownership, property lines, etc. Develop a book "GIS for Dummies".

**Goal: Study Privatization Alternatives in all Departments**

**Type: Public Works**

**Objective:** Study new methods of contracting out services to see if cost savings and service improvements can be realized.

**Strategy:** Developed by: City Manager

**Status:** Ongoing goal which requires privatization alternatives to be explored when feasible. In the past a review of forestry, parks, janitorial, building, assessing, dispatching, weed cutting, and payroll have been done.

**Goal: Improve the Quality of Water Delivered**

**Type: Utilities**

**Objective:** Upgrade water quality control measures and exceed state and federal regulations.

**Strategy:** Developed by: City Manager, Utilities Director

**Status:** Through Cadillac's Capital Improvement Program over 75% of the old four inch cast iron water mains have been replaced. By the end of our current CIP budget we should have most of this task completed. Water quality complaints have dropped consistently from areas where water mains have been replaced. In addition to main replacement, Cadillac

is phasing the development of additional well locations as scheduled in our CIP budget. Phase I is scheduled for completion this fall. A low interest loan will be sought from the State of Michigan for capital improvements.

**Goal: Contain Groundwater Contamination**

**Type: Utilities**  
 Objective: Delineate the MBTE plume discovered and coordinate with the MDEQ.  
 Strategy: Developed by: City Manager, Utilities Director  
 Status: New Goal.

**Goal: Expand Services for Water and Wastewater in City**

**Type: Utilities**  
 Objective: Determine the areas needing new or upgraded systems.  
 Strategy: Developed by: City Manager, Utilities Director  
 Status: Continue to require developers to pay for expansion of water and wastewater systems as new service areas annex to the City. Seek grants for infrastructure improvements in industrial growth areas. Study existing services and plan growth to prevent duplication of services. Complete Phase II of the James Potvin Industrial Park.

**Goal: Monitor Water Quality of Lake Cadillac**

**Type: Utilities**  
 Objective: Study possible alternatives to monitor and maintain water quality as a precious resource.  
 Strategy: Developed by: City Manager, Utilities Director  
 Status: Lake Cadillac Association was formed for the purpose of defining needs and recommendations for the lake environment. Eradicating milfoil was the immediate goal and other parameters are to be studied in the future. Continue to secure funding and consultants to assist in this project as well as City participation in project. Continue to work with the Drain Commissioner on Lake Management and Monitoring Program. Support county beach monitoring with in-kind services.

**Goal: Develop Storm Water Management Guidance**

**Type: Community Development**  
 Objective: Study possible alternatives to manage the storm water run off into Lake Cadillac. Design and implement diversion project.  
 Strategy: Developed by: City Manager, Utilities Director  
 Status: Working with Storm Water Team to develop standards and criteria (completed in 12/31/06). This will be followed up with development of City Storm Water Ordinance. Anticipate this to be completed by December of 2006. Storm Water Teams consists of Bruce DeWitt, Jerry Adams, Jim Ray, Robert Johnson, Larry Campbell, and Larry Butler.

**Goal: Support/Encourage Downtown Development Revitalization**

**Type: Community Development**  
 Objective: Staged improvements to the public right-of-way and similar initiatives to encourage private reinvestment in downtown Cadillac. Stratify vertically by upgrading second stories of the commercial buildings.  
 Strategy: Developed by: City Council, City Manager, Assistant City Manager  
 Status: During 2006, two new façade improvement loans were completed, for a total of ten loans since the programs inception. An elevator grant was approved for Lakeside Condominiums, which broke ground in 2005. Streetscape improvements were completed on Harris and South Streets in fiscal year 2004. In partnership with MDOT, plans are under development to make significant enhancements to Mitchell Street in 2009. Working with merchants to develop a public relations/marketing plan for use during the long construction period. Continuing participation in the Cool Cities Initiative is also anticipated and implementation of the marketing and feasibility study regarding 100 E. Chapin Street (MDOT building) in 2006 will continue. Recruit headquarters for retail and/or commercial corporations.

**Goal: Continue to Focus on Public Education of City Operations**

**Type: Community Development**  
Objective: Write articles for community newsletter and develop speakers bureau of staff members.  
Strategy: Developed by: City Council, City Manager, Various Department Heads  
Status: City staff has been engaging in numerous activities including routine appearances at Rise-Up Cadillac, Business After-Five, Talk of the Town, Community Newsletter, and TV-2 Community Affairs. Additionally, the City has also been extremely active with regard to the Cadillac Area Leadership Program sponsored by the Chamber of Commerce. Focus on community based presentations enhanced by technological resources continues such as the "State of the City". Web based information and forms will be available in 2006. City staff also participates in the Lecture Luncheon Series.

**Goal: Continue developing relationships with Wexford County and Surrounding Townships**

**Type: Community Development**  
Objective: Discuss local common issues of concern regarding area development.  
Strategy: Developed by: City Council, City Manager  
Status: Discussions continue with the County regarding a number of topics, including, but not limited to Urban Growth Boundaries, Recreation Planning, and General Land Use topics. Equitable funding of community services must be a focus of all discussions, including the extension of utilities. Assessing contract was renewed with the County. Participation in the Lakes Area Partnership was a new initiative for 2004 and program was terminated in 2006. City remains willing to participate.

**Goal: New Urbanism for Neighborhoods**

**Type: Community Development**  
Objective: Develop plans to improve neighborhoods and eliminate urban sprawl. Carry out intervention buying on certain key properties toward conversion to single family. Promote home improvement lending to raise exterior standards. Coordinate street improvements where necessary along with housing actions. Pursue a program to convert underutilized upper floor commercial space to high quality residential use. Carry out a set of improvements that enhance Mitchell Street as a pedestrian-friendly retail environment  
Strategy: Developed by: City Manager, Assistant City Manager, Community Development Coord.  
Status: Maintain utility extension policy. Focus efforts on review of city codes to allow for additional flexibility for development of properties. The Courthouse Hill Historic District was established in 2005, designed to preserve and improve that neighborhood. Efforts are continuing in association with the Neighborhoods of Choice program. Financial resources need to be secured to undertake intervention buying and conversion of downtown upper floor space. Study the possible use of city and state grants to improve the housing stock in the community.

**Goal: Improve Blighted Areas Left by Abandoned Gas Stations, Industrial Sites, and Nonconforming Structures in Commercial Areas**

**Type: Community Development**  
Objective: Develop plans to improve these areas using various funding sources. Work with the Brownfield Redevelopment Authority. Improve the southern entrance into the City.  
Strategy: Developed by: City Manager, Downtown Development Authority Director  
Status: Efforts to coordinate Brownfield incentives is associated with redevelopment of the Harris Milling property are underway. Entire site was incorporated into the Brownfield Plan in 2006. The Four Seasons Ford site may also be added to the Brownfield Plan if necessary to encourage redevelopment. Brownfield incentives were key to redevelopment of the Lakeside Condo site. Plans are underway to remodel the former Stephan's Pharmacy and Hallmark Store into a mixed-use facility including retail, office, and residential. The project will be completed in phases. The first phase includes the relocation and expansion of the Cadillac Pharmacy. The pharmacy will occupy approximately two-thirds of the newly remodeled first floor area.

**Goal: Improve Recreation Offerings**

**Type: Community Development**  
**Objective:** Focus on trail development. Continue participation with county and schools on YMCA coordination.  
**Strategy:** Developed by: City Manager, Assistant City Manager  
**Status:** Continue effort on Clam River Greenway development and implementation of the third phase. A TEA-21 grant and a DNR Recreation Trust grant have been submitted to fund a major portion of the Phase 3 project. Rotary has pledged a \$108,000 match to the greenway project. Phase 2 of the Skate Park will include writing a grant for new equipment at a cost of \$7,000. Encourage a county-wide recreation program. Disc Golf course has been completed, along with the White Pine Trail and Rotary Beach House, and Kenwood Boat Launch. Rotary boardwalk project also was completed in 2005. McKellop Walkway Bridge should be completed in the spring of 2007.

**Goal: Improve Training for Public Safety Personnel**

**Type: Public Safety**  
**Objective:** Provide local training site for more realistic training.  
**Strategy:** Developed by: Public Safety Director  
**Status:** Training facility: Estimates received October 06 for two different roof options to protect roof on lower two stories. Dependent on funding, install roofs winter or spring of 2007. Back stop that holds targets on pistol firing line replaced (new plywood) in summer of 2006.

**Goal: Operational Analysis of the Fire Department**

**Type: Public Safety**  
**Objective:** Improve efficiency and quality of services delivered.  
**Strategy:** Developed by: City Manager, Public Safety Director  
**Status:** Automatic Aid Policy developed in May of 2006 and approved by Chiefs and implemented. Engine exhaust extraction system grant received and system was installed per recommendation in operational analysis. Next are the continued review and revision of department policies, and revision of the department web site.

**Goal: Improve Training for City Wide Personnel**

**Type: Public Safety**  
**Objective:** Provide local training in key issues such as diversity, sensitivity, sexual harassment, workplace violence, customer service, and other issues as needed.  
**Strategy:** Developed by: Public Safety Director  
**Status:** Past training efforts have included workplace violence in 2003 and customer service and back strains in 2004. Ethics training for city employees completed in May of 2005. Diversity and workplace harassment was conducted in November 2005. Emergency management training set for winter of 2007. Employee Right-to-Know training conducted by Safety Coordinator in fall 06. Diversity training for public safety director and human resources completed in the fall of 2006. Future training could include team building for all city staff, communicating with supervisors and subordinates, communicating with citizens, and the art of listening.

**Goal: Encourage and Promote Expansion of Business and Industrial Facilities**

**Type: Primary Jobs**  
**Objective:** Promote the many advantages that the City possesses and in turn the benefit to the local community of the industrial base. Provide industrial park space as necessary to enable industrial expansion  
**Strategy:** Developed by: City Manager, Assistant City Manager, Utilities Director, Community Development Director, City Engineer; Advertising, grant writing, committees and working with existing companies to meet their needs.  
**Status:** The City of Cadillac continues to work closely with the Cadillac Industrial Fund. This is an ongoing effort, which requires the continued development of the City's infrastructure base. The first phase of the James E. Potvin Industrial Park has been completed. Sites are being marketed nationally on [www.misitenet.org](http://www.misitenet.org) in conjunction with the Michigan

Economic Development Corporation. Implement new certified business park program along with new marketing efforts with the Industrial Fund. A speculative building was completed and significant grant activity has been undertaken with industry including new projects with AAR, Four Winns, Avon, Cadillac Castings, and Piranha Hose. Also Piranha Hose has just entered into a five year lease for use of the newly constructed speculative building. FedEx has purchased two lots in the VanderJagt Industrial Park for a major expansion. Standard Electric is interested in another lot as well. Work continues with the power plant and the effort to assist with a re-use of the excess energy at the facility. Encourage the development of an entrepreneurial support system. Look for opportunities to foster high tech business, businesses that are based on intellectual property.

**Goal: Annexation**

**Type: Financial Planning**

**Objective:** Accept petitions to annex into the City. Consider Act 425 agreements only when land stays in the City upon termination of agreement as allowed by the law. Safeguard financial integrity of the City by recapturing equity in taxation. Maintain City policy on utility extensions only when equity in taxation is attached.

**Strategy:** Developed by: City Council, City Manager

**Status:** Over 200 acres of land added to the City in the past three years. New P.A. 425 agreement is under review. Urban growth boundaries will also be considered.

**Goal: Maintain General Fund Balance**

**Type: Financial Planning**

**Objective:** Examine all departments and focus on enhanced revenues and reduced expenditures.

**Strategy:** Developed by: City Manager, Director of Finance

**Status:** Maintain the working capital portion of the fund balance at 15% of the operating expenditures. 2004 and 2005 was at 16% and 2006 increased to 20%. This allows for three months of working capital to be available if there is an emergency and money that the city was dependent upon was withdrawn. This insures that there would be sufficient funds to operate until a solution could be developed.

**City of Cadillac  
Truth-In-Assessing**

The State of Michigan enacted Public Act 213 of 1981 on December 31, 1981 (MCL 211.43). This law provides for a reduction of the authorized millage rate if the City's Taxable Value based on assessed values for all classes exceeds its taxable value based on state equalized values for all classes. Property taxes levied should not exceed that which would have been levied based on the City's taxable value. The calculations for the Truth-In-Assessing reveal that the City is assessing equal to the State Equalization Taxable Valuation.

2007 Assessed Taxable Value	\$247,052,300		
2007 State Equalized Taxable Value	\$247,052,300		
Difference	\$0		
	\$247,052,300	equals	1.0000
	\$247,052,300		

**City of Cadillac  
Truth-In-Taxation**

Effective February 9, 1982, the State of Michigan approved Public Act 5 of 1982, generally known as the Truth-In-Taxation. Briefly this law states that the ensuing fiscal year tax revenues, less additions, cannot exceed the concluding fiscal year tax revenue. If it does, then the ensuing fiscal year millage is rolled back so that the tax revenues generated will be the same as the concluding fiscal year. The figures are provided by the Wexford County Equalization Office. Based on this definition, the calculation would be as follows:

Base Tax Rate = Previous Year	x	$\frac{2006 \text{ Total Taxable Value Minus } 2007 \text{ Losses Taxable Value}}{2007 \text{ Total Taxable Value Minus } 2007 \text{ Additions Taxable Value}}$	
Millage Rate			
13.9473	x	$\frac{\$236,574,280 \text{ minus } \$4,181,727}{\$247,052,300 \text{ minus } \$9,500,498}$	
13.9473	x	$\frac{\$232,392,553}{\$237,551,802}$	
13.9473	x	0.9783 (Base Tax Rate Factor)	= 13.6444
15 mills is the base tax rate and charter maximum			
\$232,392,553	x	13.9473	\$3,241,248.65
\$237,551,802	x	13.6444	\$3,241,248.65
\$232,392,553	x	13.9473	\$3,241,248.65
\$237,551,802	x	13.9473	\$3,313,206.25
Net			\$71,957.59

**City of Cadillac  
Headlee Amendment**

In 1978, the voters of Michigan approved the Constitutional Amendment referred to as the Headlee Amendment. The resulting change in the Constitution and its implementing statutes is a formula that limits the maximum tax rates that may be levied by local governments. These limitations do not apply to pension and debt service levy authorizations.

The current 2007 taxable value is \$247,052,300, of which \$9,500,498 is the net value of new construction. After subtracting the net value of new construction, the Constitutional formula will further affect the City's millage rates only if last year's total taxable valuation is increased by an amount greater than the consumer price index (CPI), which for this fiscal year is 1.037%. The CPI is established by the State of Michigan. Based upon current estimates, the tax limitation formula will result in an adjustment of the tax rates for the fiscal year of 2007-2008 as shown below:

2006 Taxable Value	\$236,574,280	
Less: Losses	<u>\$4,181,727</u>	
Net		\$232,392,553
Times the Consumer Price Index		<u>1.037%</u>
Ceiling		\$240,991,077
2007 Taxable Value	\$247,052,300	
Less - Additions	<u>\$9,500,498</u>	
2005 Adjusted Value		<u>\$237,551,802</u>
Millage Reduction Factor (MRF)	Ceiling divided by adjusted value	1.0145
Current Millage Rate		<u>13.9473</u>
New Millage Rate as a result of the Headlee Amendment Rollback		<u><u>13.9473</u></u>

*The Headlee Millage Rollback is not a factor this year.*

**City of Cadillac  
Budget Appropriations Ordinance  
Number 2007-xx  
July 1, 2007 - June 30, 2008**

BE IT RESOLVED, the expenditures for the fiscal year commencing July 1, 2007 and ending June 30, 2008, are hereby appropriated on a departmental and activity total basis as follows:

General Fund	
Legislative	\$44,700
City Manager	179,600
Administrative Services	94,700
Elections	8,300
Finance	247,900
City Assessor	160,100
City Attorney	85,400
City Clerk/Treasurer	281,600
City Engineer	202,800
City Complex	317,300
Police	1,973,100
Fire	1,258,000
Public Works	1,004,700
Culture and Recreation	188,300
Economic Development and Assistance	37,600
Intergovernmental	340,400
Other	552,600
Total Expenditures	\$6,977,100

AND BE IT FURTHER RESOLVED, revenues for the 2007-2008 fiscal year are estimated as follows:

General Fund	
Taxes	\$4,567,000
Licenses & Permits	1,200
Intergovernmental	1,096,500
Charges for Services	664,100
Fines & Forfeits	31,000
Miscellaneous	333,800
Other Financing Sources	368,600
Total Revenues	\$7,062,200

**City of Cadillac**  
**Budget Appropriations Ordinance**  
**Number 2007-xx**  
**July 1, 2007 - June 30, 2008**

AND BE IT FURTHER RESOLVED, the City Council hereby approves budgets for the period of July 1, 2007 through June 30, 2008 for the following funds in the amounts set forth below:

Major Street Fund	\$1,226,200
Local Street Fund	1,869,000
Cemetery Operating Fund	92,400
H.L. Green Operating Fund	70,600
Clam River Greenway Fund	379,200
Cadillac Building Inspection Fund	101,200
Naval Reserve Fund	38,600
Cadillac Development Fund	73,500
Milfoil Eradication Fund	111,200
1993 Special Assessment Debt Retirement	17,300
1996 Special Assessment Debt Retirement	34,900
1997 Special Assessment Debt Retirement	62,000
2000 Special Assessment Debt Retirement	25,200
2002 Special Assessment Debt Retirement	48,000
2004 General Obligation Capital Improvement Bond	86,600
1997 Building Authority Debt Retirement	33,300
1996 Michigan Transportation Debt Retirement	25,400
1997 Michigan Transportation Debt Retirement	17,300
2000 Michigan Transportation Debt Retirement	32,400
Industrial Park Fund	42,000
Special Assessment Capital Projects Fund	1,888,500
Auto Parking Fund	55,200
Water & Sewer Fund	4,200,000
Building Authority Operating Fund	200,900
Central Stores & Municipal Garage Fund	693,900
Data Processing Fund	330,800
Self-Insurance Fund	1,031,300
Employee Safety Fund	17,400
Cemetery Perpetual Care Fund	50,400
Police & Fire Retirement System	856,000
Capital Projects Fund	59,000
Downtown Development Authority Operating Fund	43,900
Downtown Development Authority Capital Projects Fund	108,000
Local Development Finance Authority Operating Fund	287,500
Local Development Finance Authority Utility Fund	19,500
Brownfield Redevelopment Authority Operating	29,000

**City of Cadillac**  
**Budget Appropriations Ordinance**  
**Number 2007-xx**  
**July 1, 2007 - June 30, 2008**

AND BE IT FURTHER RESOLVED, that the City Council does hereby levy a tax of 13.9473 mills, for the period of July 1, 2007 through June 30, 2008, on all real and personal taxable property in the City of Cadillac, according to the valuation of the same. This tax is levied for the purpose of defraying the general expense and liability of the City of Cadillac and is levied pursuant to Section 20.6, Article 20 of the Charter of the City of Cadillac. The maximum authorized levy according to the City Charter is 15.00 mills.

AND BE IT FURTHER RESOLVED, that the City Council does hereby levy a tax of 2.80 mills, for the period of July 1, 2007 through June 30, 2008, on all real and personal taxable property in the City of Cadillac, according to the valuation of the same. This tax is levied for the purpose of defraying the cost of supporting the retirement plan for personnel of the police and fire departments of the City of Cadillac pursuant to the provisions of Act 345 of the Public Acts of 1937, as amended, as approved by a vote of the citizens of Cadillac on November 8, 1977.

AND BE IT FURTHER RESOLVED, that the City Council does hereby levy a tax of 1.9548 mills, for the period of July 1, 2007 through June 30, 2008, on all real and personal taxable property in the City of Cadillac, according to the valuation of the same in a district known as the Downtown Development District. This tax is levied for the purpose of defraying the cost of the Downtown Development Authority.

AND BE IT FURTHER RESOLVED, that the City Manager is hereby authorized to make budgetary transfers within the appropriation centers established throughout this budget, and that all transfers between appropriations may be made only by further action of the City Council pursuant to Section 19.2 of the provisions of the Michigan Uniform Accounting and Budget Act.

**City of Cadillac**  
**Budget Appropriations Ordinance**  
**Number 2007-xx**  
**July 1, 2007 - June 30, 2008**

THE CITY OF CADILLAC ORDAINS:

WHEREAS, the City Council of the City of Cadillac did give notice of the time and place when a public hearing would be held in conformity with the provisions of Section 10.3, Article 10 of the City Charter, proof of publication of Notice of the Public Hearing is now on file, and which Public Hearing was duly held pursuant to said notice and in conformity therewith; and

WHEREAS, the City Council reviewed the Truth-In-Taxation calculation and agree to roll the millage up to the allowable amount; and

WHEREAS, the City Manager of the City of Cadillac did on the 31st day of March, 2007, prepare and furnish to the City Council of the City of Cadillac a City Budget for the period of July 1, 2007 through June 30, 2008, as provided for in Article 10 of the City Charter, which budget was duly signed by the City Manager and is now on file;

NOW, THEREFORE, the City Council hereby approves the City Budget containing the appropriations and levy of taxes for the period of July 1, 2007 through June 30, 2008 and all sums be paid into the several funds to which they belong.

Motion to accept ordinance Number 2007-xx was made by Councilmember xxxxx and seconded by Councilmember xxxxx.

Ayes:

Nays:

Absent:

This ordinance shall take effect July 1, 2007.

Dated at Cadillac, Michigan this 21st day of May, 2007.

## City of Cadillac Funds Formation within the City

With the implementation of GASB 34, the funds structure for the City of Cadillac has undergone a bit of a facelift. The underlying structure remains the same, but a lot of the focus has shifted from fund types to major and nonmajor funds. Major funds represent the significant activities of the City and basically include any fund where revenues or expenditures, excluding other financing sources and uses, constitute more than 10% of the revenues or expenditures of the appropriated budget. The breakdown of the City's fund structure is as follows:

### **Major Governmental Funds**

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources. The budgeting and accounting for Governmental Funds are recorded on a modified accrual basis. The main operating fund for the City of Cadillac, the **General Fund** is a major fund of the City and is used to account for the resources devoted to funding services traditionally associated with local government. It has some limited interaction with a majority of the other funds. The **Major Street Fund** and **Local Street Fund**, the City's two major Special Revenue funds, are used to account for the activity of the streets designated by the State of Michigan and to record construction and maintenance of these City streets.

### **Major Proprietary Funds**

Account for the acquisition, operation and maintenance of government facilities and services which are entirely self-supported by user charges. The City of Cadillac incorporates both Enterprise Funds and Internal Service Funds into its processes. The major funds of this type include the **Water and Sewer Fund**, which provides water and sewer utility services to the City's nearly 3,500 water and sewer customers, as well as the **Cadillac Building Authority Operating Fund**, which was formed to account for the rental of the Michigan DEQ building. Proprietary funds are both budgeted and accounted for on a full accrual basis.

### **Nonmajor Special Revenue Funds**

Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Funds include: Cemetery Operating Fund, H.L. Green Operating Fund, Naval Reserve Center Fund, Clam River Greenway Fund, Building Inspection Fund, Cadillac Development Fund, and the Milfoil Eradication Fund. These funds are both budgeted and accounted for on a modified accrual basis.

### **Nonmajor Debt Service Funds**

Used to account for the accumulation of resources for, and the repayment of general long-term debt, interest and related costs. These funds are budgeted and accounted for on a modified accrual basis. Funds include: 1993 Special Assessment Debt Retirement Fund, 1996 Special Assessment Debt Retirement Fund, 1997 Special Assessment Debt Retirement Fund, 2000 Special Assessment Debt Retirement Fund, 2002 Special Assessment Debt Retirement Fund, 2004 General Obligation Capital Improvement Debt Retirement, 1997 Building Authority Debt Retirement Fund, 1996 Michigan Transportation Fund Debt Retirement Fund, 1997 Michigan Transportation Fund Debt Retirement Fund, and 2000 Michigan Transportation Fund Debt Retirement Fund.

### **Nonmajor Capital Projects Funds**

Used to account for financial resources to be used for the acquisition or construction of capital facilities. Funds include: Industrial Park Fund and the Special Assessments Capital Projects Fund. These funds are budgeted and accounted for on a modified accrual basis.

### **Nonmajor Permanent Funds**

Used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs. The City administers the Cemetery Perpetual Care Fund and the Capital Projects Trust Fund, which are both budgeted and accounted for on a modified accrual basis.

### **Nonmajor Proprietary Funds**

Account for the acquisition, operation and maintenance of government facilities and services which are entirely self-supported by user charges. The Auto Parking System Fund is the City's only nonmajor proprietary fund, and is budgeted and accounted for on a full accrual basis.

**City of Cadillac**  
**Funds Formation within the City (Continued)**

**Internal Service Funds**

Internal Service Funds account for services and/or commodities furnished by a designated program to other programs within the City. Funds include: Central Stores and Municipal Garage Fund, Data Processing Fund, Self-Insurance Fund and Safety Fund. These funds are budgeted and accounted for using a full accrual basis.

**Pension Trust Funds**

Account for assets of the Police and Fire Retirement System Fund, which is a pension plan held in trust for members and beneficiaries.

**Major Component Unit Funds**

The **Local Development Financing Authority Operating Fund** was established to operate the groundwater cleanup in the industrial park, and is budgeted and accounted for on a modified accrual basis.

**Nonmajor Component Unit Funds**

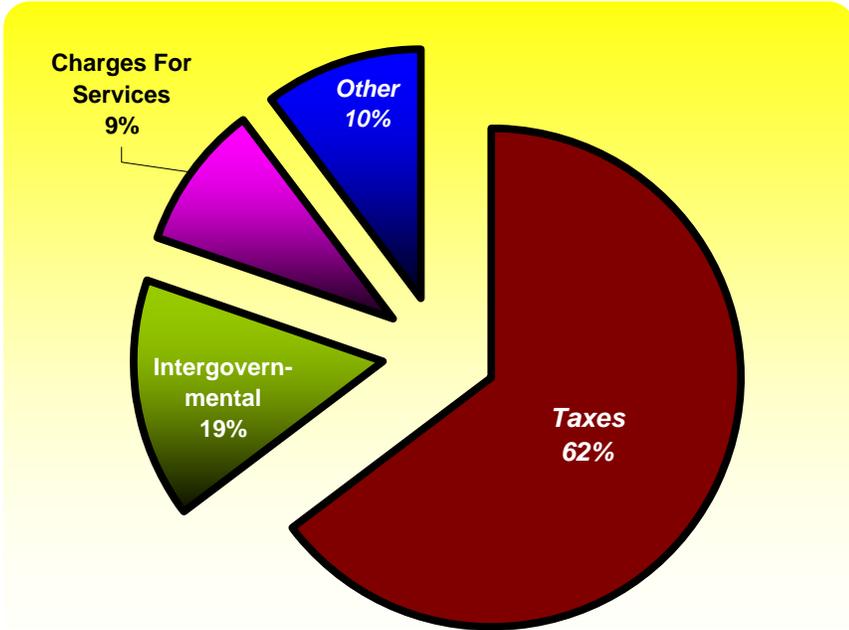
Legally separated organizations for which the City is financially accountable. A component unit can be another organization for which the nature and significance of its relationship is such that exclusion would cause the City's financial statements to be misleading or incomplete. Funds include: Downtown Development Authority Fund, Downtown Development Authority Capital Projects Fund, Local Development Finance Authority Utilities Fund, and the Brownfield Redevelopment Authority Fund. The Local Development Finance Authority Utilities Fund is budgeted and accounted for on a full accrual basis, while all other nonmajor component units are budgeted and accounted for on a modified accrual basis.

The City's annual audit contains a few funds for which no funds are appropriated and therefore are not included in this document. These funds for the most part represent grant funds which are temporary in nature and short in duration, making budgeting impossible.



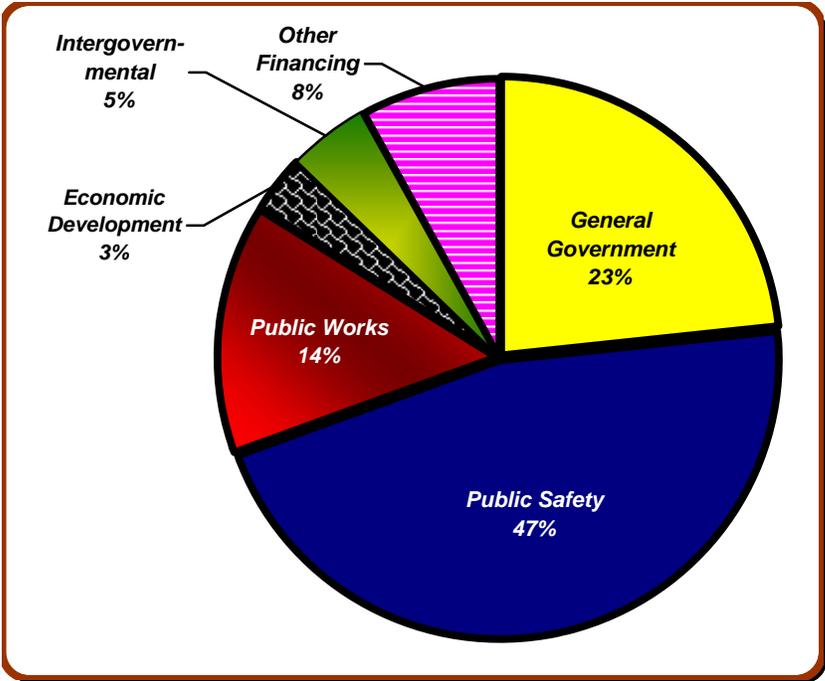
**Early morning at Lake Cadillac.**

**City of Cadillac**  
*General Fund Revenues*  
 2007-2008



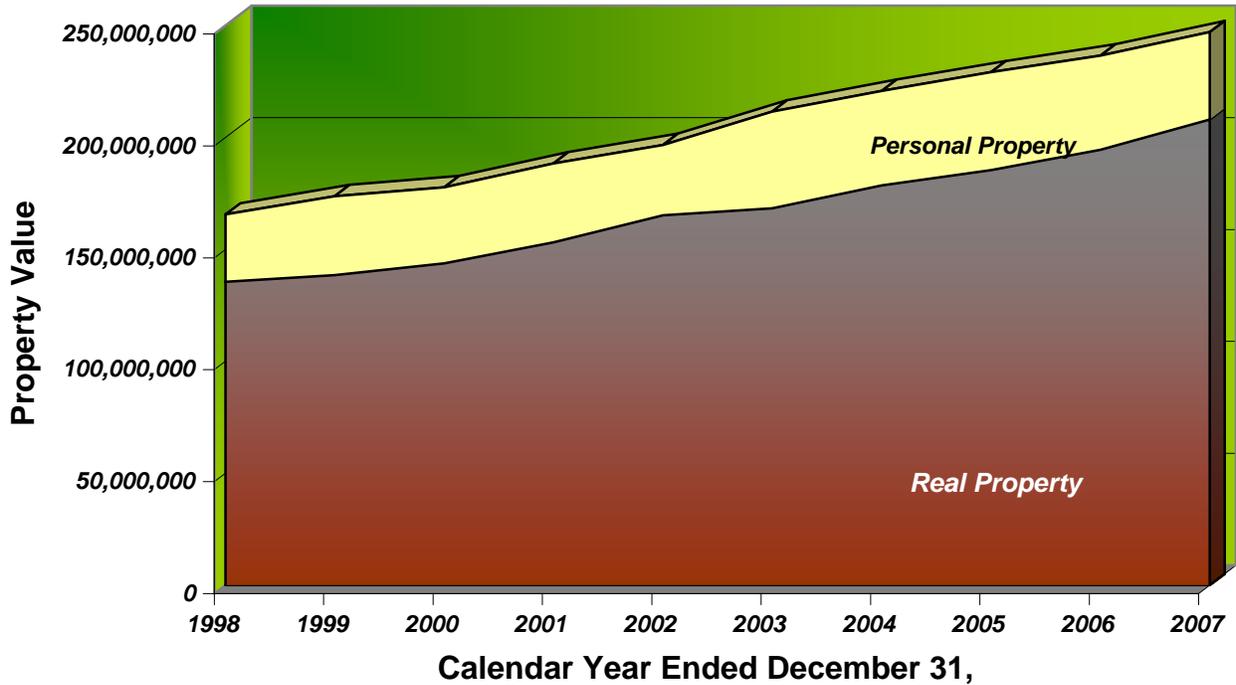
Taxes	\$4,567,000
Intergovernmental	\$1,096,500
Charges For Services	\$664,100
Other	
Fines and Forfeits	\$31,000
Miscellaneous	\$333,800
Other Fin. Sources	\$368,600
Licenses	<u>\$1,200</u>
Total Other	<u>\$734,600</u>
<b>Total</b>	<u><b>\$7,062,200</b></u>

**City of Cadillac**  
*General Fund Expenditures*  
 2007-2008



General Government	\$1,622,400
Public Safety	\$3,231,100
Public Works	\$1,004,700
Economic Development	\$225,900
Intergovernmental	\$340,400
Other Financing	<u>\$552,600</u>
<b>Total Expenditures</b>	<u><b>\$6,977,100</b></u>

**City of Cadillac**  
**Property Valuations**  
**Ad Valorem**  
**1998-2007**



Fiscal Years Beginning July 1,	Ad Valorem		Taxable Values Total	L.D.F.A.		D.D.A.	
	Real	Personal		Real	Personal	Real	Personal
1998	135,500,000	30,100,000	\$165,600,000	17,200,000	300,000		
1999	138,456,334	35,290,222	\$173,746,556	16,860,000	317,250	9,977,977	3,263,400
2000	143,791,718	33,979,991	\$177,771,709	17,696,957	88,143	10,096,679	3,182,541
2001	153,053,692	35,377,232	\$188,430,924	17,843,045	346,500	10,635,048	3,582,600
2002	165,243,210	31,372,200	\$196,615,410	18,488,034	292,900	11,313,659	3,006,300
2003	168,351,258	43,240,100	\$211,591,358	14,385,596	371,300	11,192,536	4,227,200
2004	178,542,129	42,307,800	\$220,849,929	14,210,509	389,200	11,819,712	4,057,100
2005	185,450,903	43,661,600	\$229,112,503	2,682,618	539,200	12,366,023	3,432,800
2006	194,425,780	42,148,500	\$236,574,280	1,306,548	656,070	12,706,950	3,288,200
2007	207,997,723	39,054,577	\$247,052,300	1,306,548	656,070	12,706,950	3,298,200

(1) The Citizens of Michigan passed the School Tax Reform Act and the taxable value is the new number against which the millage is multiplied.

(2) The Local Development Finance Authority (L.D.F.A.) captures the value and it goes directly to the L.D.F.A. Fund. In 2005 the capture of funds expired and values now revert to the ad valorem tax roll.

**City of Cadillac**  
Average Tax Bill  
1998-2007

The average taxable value for an average home in Cadillac in 2007-2008 will be approximately \$33,445 as compared to \$32,125 for the year before. This is a 4.1% increase in the average taxable value on the average home in Cadillac.

<u>Year</u>	<u>Average Home Average Taxable Value *</u>	<u>City Millage</u>	<u>Average Tax Bill</u>
1998	\$27,200	\$15.26	\$415.07
1999	\$25,000	\$15.19	\$379.75
2000	\$26,000	\$15.05	\$391.30
2001	\$27,500	\$14.99	\$412.23
2002	\$29,770	\$15.35	\$458.16
2003	\$33,541	\$15.55	\$521.56
2004	\$29,161	\$15.75	\$459.29
2005	\$30,358	\$15.75	\$478.13
2006	\$32,125	\$16.65	\$534.88
2007	\$33,445	\$16.75	\$560.10

\* data furnished by the Wexford County Equalization Department

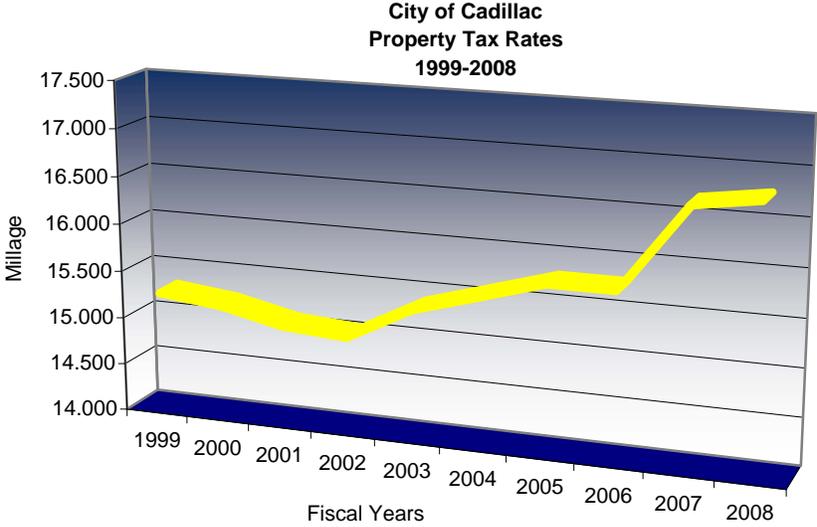
1. 1995-2001 millage is reduced due to the Headlee Tax Amendment.
2. 1995 millage rate is further reduced due to the Truth-In-Assessing law.
3. 1996-2003 represents School Tax Reform Act (Proposal A). State Equalized Value is replaced by Taxable Value as the amount the resident multiplies by the millage rate to get the amount of the tax bill.
4. The millage rate for both 2001 and 2002 is further reduced due to the Headlee Tax Amendment.



*Early morning from Lake Cadillac*

**City of Cadillac  
Property Tax Rates  
Direct and Overlapping Governments  
(per \$1,000 of assessed value)  
For the fiscal years 1997-2008**

City Taxes				Overlapping Tax Rates							
Fiscal Year	General	Police and Fire Retirement	Total City	Wexford County	Cadillac-Wexford Transit Authority	Council On Aging	Cadillac-Wexford Library	Cadillac Area Public Schools	Wexford Missaukee Intermediate School	State Education Tax	Direct and Overlapping Total Annual Tax Rate
1999	13.960	1.300	15.260	8.370	0.400	1.000	0.500	23.600	6.150	6.000	61.280
2000	14.085	1.100	15.185	8.340	0.400	1.000	0.550	22.400	6.120	6.000	59.995
2001	14.037	1.000	15.037	8.250	0.390	0.990	0.550	22.140	6.090	6.000	59.447
2002	13.990	1.000	14.990	8.200	0.391	0.983	0.550	21.715	6.060	6.000	58.889
2003	13.947	1.400	15.347	8.168	0.400	0.995	0.650	21.376	6.039	6.000	58.975
2004	13.947	1.600	15.547	8.104	0.391	0.987	0.684	21.301	6.000	5.000	58.014
2005	13.947	1.800	15.747	8.089	0.396	0.994	0.683	21.451	5.985	6.000	59.345
2006	13.947	1.800	15.747	8.067	0.395	0.991	0.681	21.451	5.961	6.000	59.292
2007	13.947	2.700	16.647	7.952	0.600	0.998	0.679	20.551	5.942	6.000	59.368
2008	13.947	2.800	16.747								



The increase in millage that can be seen in this graph over the last four fiscal years is attributable to the Police and Fire Retirement added voted millage. It is primarily due to a drop in the stock market.

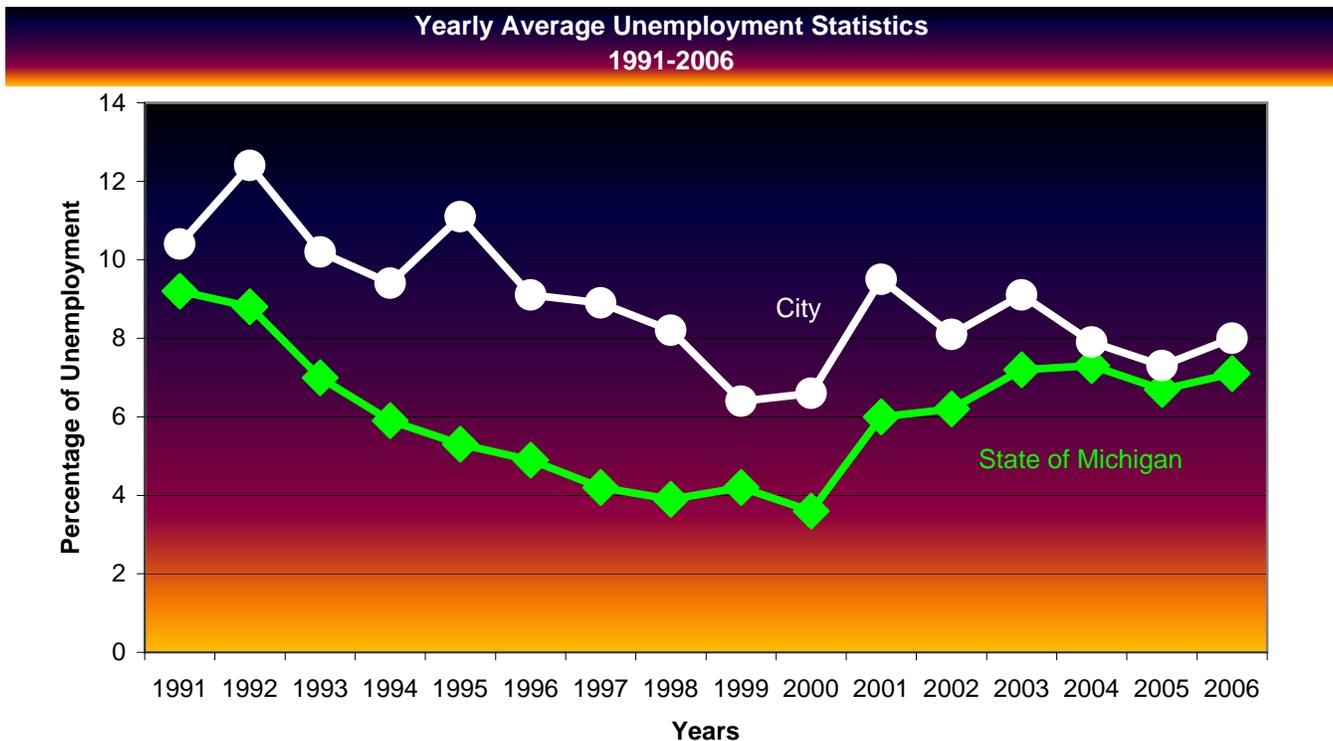
Notes: Beginning in 1995, Michigan's School Tax Reform (Proposal A) removed a portion of property taxes for schools state-wide and shifted the tax burden to the state-wide sales tax. In 1999 the homestead exemption amounted to 18 mills.

Comparable Surrounding Cities	Total Millage	General Operating	Police & Fire	Other
Big Rapids	14.8981	10.2000	2.8948	1.8033
Sault Saint Marie	21.1823	16.8139	3.2476	1.1208
Mt. Pleasant	15.4500	12.0540	0.9810	2.4150

**City of Cadillac**  
**Ten employers and number of employees**  
**June 30, 2006**

<u>Company</u>	<u>Number of Full-Time Employees</u>	<u>Percentage of Total City Employment</u>	<u>Type of Business</u>
<i>Principal Economic Base Employers (June 2006)</i>			
Four Winns Boats, LLC	870	4.24%	Boat Manufacturer
Avon Rubber & Plastics	696	3.39%	Extruded & Molded Rubber
Mercy Hospital	600	2.92%	Health Care
Cadillac Area Public Schools	504	2.35%	Public Education
AAR Cadillac Manufacturing	490	2.39%	Industrial Handling Equipment
Miichigan Rubber Products	423	2.06%	Fabricated & Molded Rubber
Cadillac Casting, Inc.	356	1.73%	Castings and Malleable Iron
Lakeview Lutheran Manor	240	1.17%	Skilled Care Facility
Rexair	234	1.14%	Vacuum Cleaner Manufacturer
Borg Warner Emissions/Thermal Systems	200	0.97%	Auto Parts & Accessories

Source: Cadillac Area Chamber of Commerce



The City of Cadillac unemployment rate as a percentage of the labor force experienced an increase in 2006. The overall unemployment rate for the State of Michigan increased over the past three years due to the defection of manufacturing jobs in the State as well as in the United States as a whole.

**City of Cadillac**  
**Full-time Equivalent City Employee's By Function**  
**2002 -2008**

<u>Department</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>City Council</u>	
							<u>2008</u>	<u>2008</u>
<b>General Government</b>								
City Manager	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Administrative Services	0.85	1.00	0.90	0.90	0.90	0.90	0.90	1.50
Finance	3.00	2.20	1.94	1.94	1.94	1.94	1.94	4.00
Clerk/Treasurer	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Assessor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50
City Hall	1.60	1.70	1.70	1.30	1.30	1.30	1.30	1.50
City Engineer	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.50
<b>Public Safety</b>								
Police	19.50	18.50	17.15	18.41	18.41	18.41	17.41	18.50
Fire	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50
Building Inspector	1.28	1.28	1.38	1.38	1.38	1.38	1.38	1.28
Planning/Zoning	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.22
Public Works	14.50	14.17	14.22	14.22	14.22	14.22	14.22	14.50
Data Processing	1.30	1.20	1.26	1.06	1.06	1.06	0.06	1.00
Auto Parking	0.40	0.35	0.35	0.09	0.09	0.09	0.09	1.00
Water/Sewer	21.00	21.20	21.20	21.00	21.00	20.00	20.00	21.00
Community Development	0.30	0.30	0.40	0.40	0.40	0.40	0.40	0.30
Cemetery	0.50	0.68	0.68	0.68	0.68	0.68	0.68	0.50
Total Full Time Equivalent Employees	84.85	83.20	81.80	82.00	82.00	81.00	79.00	88.30

As the above chart indicates, a couple of departments lost employees. Data Processing was privatized and the police lost one full time equivalent full time employee as the Youth Service Officer was eliminated due to funding shortfalls. The City remains below authorized staffing levels, which generates challenges in and of itself.

The City of Cadillac employee statistics indicate that the City has one employee for every 123 residents. Several factors enter into the analysis of the ratio of employee per capita, but in general the higher the number, the more efficient a City is in servicing all of its residents. The City Council several years ago authorized a staffing level, that is well above the actual staffing level. Staffing has been reduced in actuality due to the downturn in the economy.

<u>Surrounding Communities</u>	<u>Population</u>	<u>Employees</u>	<u>Ratio</u>
Big Rapids	10,849	86	1:126
Alpena	11,304	83	1:136
Traverse City	14,532	214	1:68
Manistee	6,586	63	1:105
Sault St. Marie	16,542	156	1:106
Cadillac	10,000	81	1:123

## City of Cadillac Tax Information

**Taxes Due and Payable:**

City and School Taxes are due and payable July 1st and the County along with the School Taxes are due and payable December 1st at the office of the City Treasurer.

**Penalties for Delinquency:**

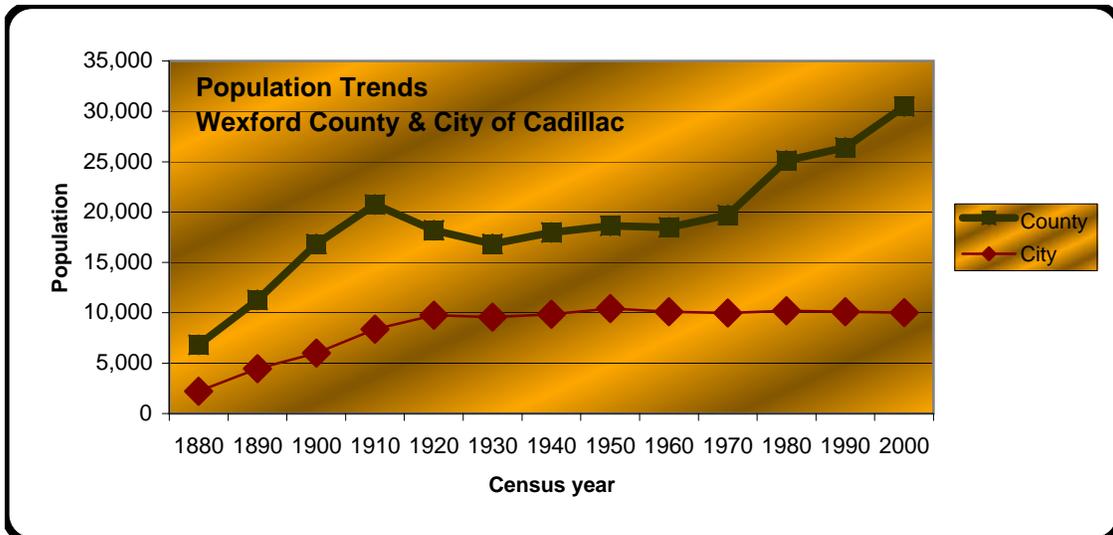
Beginning August 15th, a 4% penalty is added to unpaid City and School taxes. Beginning September 1st, an additional 1% per month penalty is added through February. Beginning February 15th a 3% penalty is added to unpaid County and School Taxes. Beginning March 1st the Wexford County Treasurer assumes collection of real property taxes. All delinquent personal property and delinquent industrial and commercial facilities taxes remain with the City Treasurer for collection.

**Lien on Property:**

Unpaid real property taxes, together with all charges thereon, become a continuing lien on the property assessed. The General Tax Law provides for disposition at a public sale of real estate delinquent for the taxes as follows:

<u>Date of Sale</u>	<u>Delinquent Tax Properties to be sold (year)</u>
2001	1998
2001 *	1999
2002	2000
2003	2001
2004	2002
2005	2003

\* Change in state law



\*Source: U.S. Census

**City of Cadillac  
Police and Fire Retirement System  
1996-2006**

Fiscal Year	Assets			Employer Contribution			Retirees		Annual Pay	Average Age	Average Years of Service
	Actuarial Accrued Liability	Allocated To Funding	Percent Funded	Unfunded Actuarial Liability	as a Percent of Payroll	Valuation Payroll	Active Members	and Beneficiaries			
1996	\$4,530,631	\$3,789,087	83.63%	\$741,544	17.92%	\$1,135,240	29	18	\$39,146	39.1	11.6
1997	\$4,985,777	\$4,183,932	83.92%	\$801,845	15.87%	\$1,197,184	30	19	\$39,906	39.2	11.8
1998	\$5,021,702	\$4,721,444	94.02%	\$300,258	14.30%	\$1,188,026	29	20	\$40,966	39.7	12.2
1999	\$5,336,204	\$5,241,694	98.23%	\$94,510	13.11%	\$1,274,419	29	21	\$43,945	39.8	11.6
2000	\$3,328,049	\$3,403,691	102.27%	(\$75,642)	11.47%	\$852,233	18	21	\$47,346	42.1	14.5
	\$2,272,153	\$2,323,787	102.27%	(\$51,634)	12.91%	\$494,938	11		\$44,994	38.8	9.6
2001	\$3,443,372	\$3,492,264	101.40%	(\$48,892)	12.73%	\$894,466	18	21	\$49,693	43.1	15.5
	\$2,506,417	\$2,542,595	101.40%	(\$36,178)	11.25%	\$512,188	11		\$46,563	39.8	10.6
2002	\$4,273,362	\$3,709,762	86.81%	(\$563,600)	15.50%	\$823,213	17	24	\$48,424	41.6	13.4
	\$2,685,518	\$2,331,334	86.81%	(\$354,184)	17.44%	\$529,253	11		\$48,114	41.1	11.2
2003	\$4,824,868	\$3,868,558	80.18%	(\$956,310)	17.34%	\$728,574	15	26	\$48,572	41.0	13.7
	\$2,523,132	\$2,023,036	80.18%	(\$500,096)	23.89%	\$508,597	11		\$46,236	42.1	12.2
2004	\$5,184,338	\$3,798,947	73.27%	(\$1,385,391)	25.26%	\$859,438	16	27	\$53,715	41.2	13.8
	\$2,797,662	\$2,049,613	73.27%	(\$748,049)	26.58%	\$532,012	11		\$48,365	41.2	10.8
2005	\$5,533,090	\$3,809,317	68.80%	(\$1,723,773)	27.83%	\$856,330	16	30	\$53,521	42.2	14.8
	\$2,985,910	\$2,055,683	68.80%	(\$930,227)	28.51%	\$589,904	11		\$53,628	40.7	10.7
2006	\$9,627,000	\$6,048,000	62.80%	(\$3,579,000)	35.39%	\$865,868	16	28	\$54,117	43.2	15.8
					35.40%	\$571,205	11		\$51,928	41.7	11.7

**Footnote:**

- Program began in fiscal year 1978. A vote to add needed millage in addition to the charter maximum was approved November 10, 1977. Act 345 limits eligibility only to police officers and firefighters. This fund is managed by a local board of directors.
- Data is furnished from annual actuarial report of Gabriel, Roeder, Smith and Co. Actuaries.
- The actuarial assumptions were revised as a result of an experience study for the five year period ending June 30, 1997 and 2006. Actuarial assumptions concerning rates of withdrawal, rates of retirement, rates of post-retirement mortality, investment return and wage inflation were all changed as a direct result of the study.
- Beginning in fiscal year 2000, the police and fire were separated. Police numbers are reflected on the first line in each fiscal year and the fire is on the second line.
- Recognized rate of investment return as a percentage for the year ended June 30th is as follows:

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>Five year average</u>
1.8	-1.2	-0.7	-2.1	0.8	5.70	-0.30

Investment rate needed actuarially based on a real rate of return of 3% and a long term wage inflation of 4.5% per year or a total of 7.5%. In 2006 the assumptions were changed to 4% and 7% respectively.

7.00	7.50	7.50	7.50	7.50	7.50	Actuarial based return
-5.20	-8.70	-8.20	-9.60	-6.70	-1.80	Recognized rate of return less Actuarial based return

The recognized rate of return has not exceeded the investment rate needed to fund the system over the past five years. The trend reflects a fund not meeting the actuarial assumptions.

**City of Cadillac**  
**Municipal Employees Retirement System of Michigan**  
**1996-2006**

Fiscal Year	Assets			Employer Contribution		Valuation	Retirees		Annual Pay	Average Age	Average Years of Service
	Actuarial Accrued Liability	Allocated To Funding	Percent Funded	Unfunded Actuarial Liability	as a Percent of Payroll		Active Members	and Beneficiaries			
1996	\$5,691,629	\$6,823,047	119.88%	(\$1,131,417)	Listed below	Listed below	74	41	\$27,460	44.3	11.0
1997	\$5,788,268	\$7,322,452	126.51%	(\$1,531,183)			77	42	\$26,669	44.2	10.9
1998	\$6,218,592	\$7,923,062	127.40%	(\$1,704,469)			72	45	\$29,392	43.8	10.7
1999	\$6,744,595	\$8,840,153	131.07%	(\$2,095,557)			74	44	\$31,156	44.6	11.0
2000	\$7,370,963	\$9,439,499	128.06%	(\$2,068,535)			78	45	\$30,921	43.4	10.0
2001	\$7,992,526	\$9,785,299	122.40%	(\$1,792,773)			77	49	\$32,069	43.5	10.5
2002	\$8,358,393	\$9,712,366	116.20%	(\$1,353,973)			77	45	\$32,734	44.3	11.1
2003	\$8,910,724	\$10,053,522	112.82%	(\$1,142,798)			77	46	\$34,267	45.5	11.5
2004	\$9,170,012	\$9,990,746	109.20%	(\$820,734)			68	46	\$36,051	46.8	12.9
2005	\$9,727,339	\$10,274,211	105.60%	(\$546,872)			65	46	\$37,997	48.1	13.9
2006	not available										

Employer Contribution as a percent of payroll

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Non-union	8.44%	7.95%	8.03%	8.03%	7.22%	0.00%	0.00%	0.15%	2.84%	3.17%
Steelworkers	10.67%	10.00%	9.97%	9.98%	6.43%	0.00%	0.00%	0.00%	3.38%	4.84%
Housing	5.56%	5.41%	5.53%	5.56%	6.05%	10.78%	12.25%	12.22%	13.48%	13.63%
Library	11.90%	11.29%	11.23%	11.31%	7.98%	4.75%	6.98%	7.55%	8.72%	9.24%
City Manager	8.93%	8.23%	8.14%	8.14%	6.89%	0.00%	0.97%	2.69%	6.65%	8.02%
Department Heads	8.94%	7.94%	7.90%	7.90%	6.84%	0.00%	0.00%	0.00%	4.96%	5.57%

Valuation Payroll (dollars)

Non-union	\$875,392	\$674,557	\$706,666	\$740,444	\$733,548	\$831,695	\$874,910	\$883,818	\$883,119	\$856,613
Steelworkers	\$558,461	\$631,548	\$600,549	\$630,344	\$724,015	\$682,151	\$735,799	\$811,027	\$872,706	\$872,436
Housing	\$94,148	\$86,334	\$16,036	\$85,466	\$123,639	\$122,066	\$126,638	\$154,700	\$129,730	\$140,049
Library	\$354,688	\$373,707	\$416,678	\$423,784	\$469,628	\$523,126	\$470,240	\$507,863	\$274,145	\$293,606
City Manager	\$49,006	\$64,369	\$66,162	\$73,862	\$80,674	\$83,075	\$87,693	\$92,455	\$96,440	\$103,690
Department Heads	\$0	\$201,537	\$157,452	\$162,341	\$173,952	\$178,648	\$182,115	\$188,722	\$195,344	\$203,413

**Footnote:**

The retirement board has implemented a program of contribution credits which give recognition to accelerated funding levels. Recent economic trends have produced a combination of high rates of invested return and moderating salary increments, which in turn have pushed funding levels significantly ahead of schedule. The retirement board believes that overly rapid funding rates are inconsistent with the basic financial objective of level percent of payroll contributions. The accelerated funding credit allows contributions to temporarily be lower than the regular contribution. Normal contribution would be a percentage of payroll, but because of the accelerated funding credit, the employer contribution rate was actually \$191,712 but lowered to \$135,252.

Valuation for 2006 is not yet available.

**City of Cadillac  
Principal Taxpayers  
June 30, 2005 and 2006**

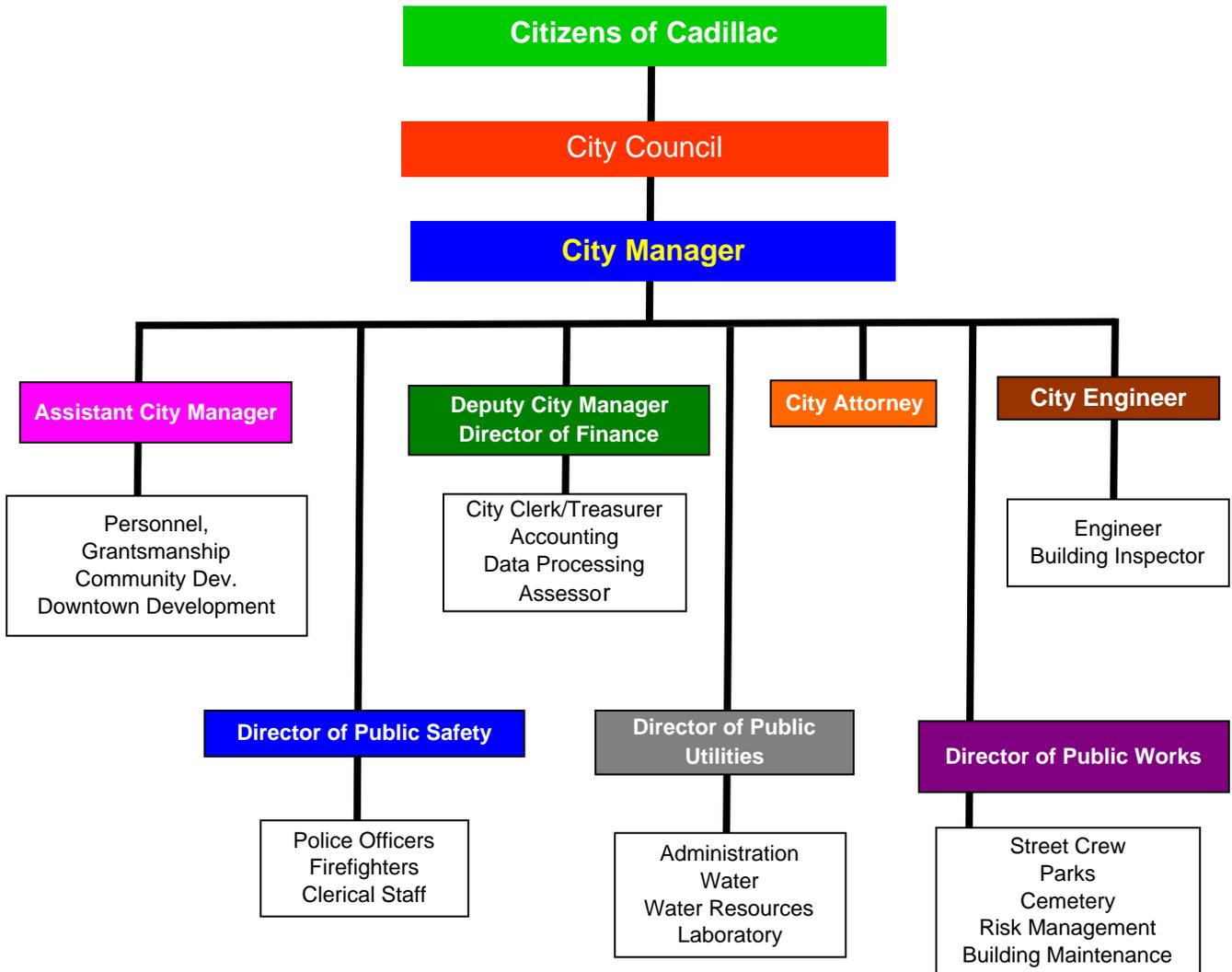
June 30, 2005	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Value</u>	<u>Percentage</u>
	Cadillac Casting	Ironworks	\$14,288,900	6.23%
	Cadillac Renewable Energy	Electric Utility	\$11,049,000	4.81%
	AVON Rubber and Plastics	Extruded & Molded Rubber	\$8,306,822	3.62%
	Rexair, Inc.	Vacuum Cleaner Manufacturer	\$6,425,864	2.80%
	Consumer Energy	Electric Utility	\$5,615,893	2.45%
	FIAMM Technologies, Inc.	Automotive and Marine Horns	\$5,212,711	2.27%
	Michigan Rubber	Fabricated & Molded Rubber	\$4,652,032	2.03%
	AAR Cadillac Manufacturing	Industrial Handling Equipment	\$4,420,587	1.93%
	Paulstra CRC Corp.	Rubber By-Products	\$3,496,000	1.52%
	Four Winns	Boat Manufacturer	\$3,360,445	1.46%
	Total Principal Taxpayers		\$66,828,254	29.12%
	Total of Rest of Taxpayers		\$162,680,419	70.88%
			<u>\$229,112,503</u>	<u>100.00%</u>
June 30, 2006				
	Cadillac Renewable Energy	Electric Utility	\$11,311,600	4.46%
	Cadillac Casting	Ironworks	\$6,938,100	2.74%
	Avon Rubber & Plastics	Extruded & Molded Rubber	\$7,181,334	2.83%
	Consumer Energy	Electric Utility	\$5,887,587	2.32%
	Rexair, Inc.	Vacuum Cleaner Manufacturer	\$5,516,058	2.17%
	Michigan Rubber	Fabricated & Molded Rubber	\$4,775,254	1.88%
	AAR Cadillac Manufacturing	Industrial Handling Equipment	\$4,822,958	1.90%
	Paulstra CRC Corp.	Rubber By-Products	\$4,190,394	1.65%
	Four Winns	Boat Manufacture	\$3,468,988	1.37%
	FIAMM Technologies, Inc.	Automotive and Marine Horns	\$4,849,016	1.91%
	Total Principal Taxpayers		\$58,941,289	23.24%
	Total Balance of Taxpayers		\$177,632,991	76.76%
			<u>\$236,574,280</u>	<u>100.00%</u>

The above value includes both real and personal property on the Ad valorem roll, IFT and CFT's.

The above does not reflect any changes by the Michigan Tax Tribunal or the December Board of Review.

# City of Cadillac Chart of Organization

2007-2008



<u>Year</u>	<u>Name of Grant/Project</u>	<u>Award amount</u>	<u>Local Match</u>	<u>Department</u>
<b>1995-1998 (Summary)</b>		<b>\$3,832,085</b>	<b>\$505,310</b>	Various
<b>1999</b>	MJTC - Police Training Grant	\$2,500	\$0	Public Safety
	MJTC - Police Training Grant	\$2,200	\$0	Public Safety
	BYRNE - School Officer	\$34,000	\$23,000	Public Safety
	BYRNE - Domestic Violence	\$51,000	\$17,000	Public Safety
	OHSP - Accident Reduction	\$4,300	\$0	Public Safety
	BYRNE - CJ Computer Net	\$75,000	\$2,300	Public Safety
	CDBG - Arvco	\$180,000	\$18,000	Administration
	CDBG - James Potvin Industrial Park	\$50,000	\$0	Administration
	EDA - James Potvin Industrial Park	\$109,200	\$22,800	Administration
	MDOT - US 131 Bypass Study	<u>\$30,000</u>	<u>\$5,000</u>	Administration
	<b>1999 Total</b>		<b>\$538,200</b>	<b>\$88,100</b>
<b>2000</b>	BYRNE - School Officer	\$32,000	\$32,000	Public Safety
	BYRNE - Domestic Violence	\$41,000	\$27,000	Public Safety
	BYRNE - CJ Computer Net	\$75,000	\$2,300	Public Safety
	TEA21 - Oak,Shelby,Laurel Streets	\$350,000	\$85,000	Engineering
	MDOT - Crosby Road	\$150,000	\$0	Engineering
	MDEQ - Plett Road Paving	\$119,836	\$39,945	Engineering
	MDEQ - Wellhead Protection	\$24,851	\$24,851	Utilities
	CDBG - James Potvin Industrial Park	\$535,000	\$0	Administration
	CDBG - UTI infrastructure	\$112,850	\$12,500	Administration
	MDNR - Clam River Greenway	\$178,178	\$76,362	Administration
	MDNR - Dock	\$123,924	\$43,541	Administration
	TEA21 - Clam River Greenway	\$177,840	\$50,160	Administration
	CACF - Condo landscaping	<u>\$15,000</u>	<u>\$0</u>	Administration
<b>2000 Total</b>		<b>\$1,935,479</b>	<b>\$393,659</b>	
<b>2001</b>	ODCP - School Officer	\$26,448	\$39,672	Public Safety
	MDEQ - Hazardous Waste	\$38,775	\$21,482	Utilities
	EDA - James Potvin Industrial Park	\$1,194,200	\$0	Administration
	DNR - Tree Planting	<u>\$10,000</u>	<u>\$10,000</u>	Administration
<b>2001 Total</b>		<b>\$1,269,423</b>	<b>\$71,154</b>	
<b>2002</b>	MDEQ - Alley	\$143,933	\$48,782	Utilities
	MACAA - Sound Garden	\$12,950	\$0	Administration
	Kellogg Foundation - Sound Garden	\$4,300	\$0	Administration
	CACF - Historic District	\$4,100	\$0	Administration
	CACF - Historic District	\$1,500	\$0	Administration
	CACF - Fire Safety House	\$5,000	\$25,000	Public Safety
	Tony Hawk Foundation - Skate Park	\$1,000	\$0	Administration
	Homeland Security	\$50,000	\$0	Public Safety
	MDNR - Bike Path	\$60,000	\$0	Administration
	MDNR - Boat Launch	\$37,500	\$12,500	Public Works
	MI River Network - River Clean-up	\$1,000	\$0	Administration
	MEDC - Clock Tower	\$162,500	\$37,500	Administration
	MDEQ - Hazardous Waste	\$50,000	\$28,000	Utilities
	TEA21 - River Street	\$120,000	\$30,000	Engineering
	TEA21 - Chapin Street	\$120,000	\$30,000	Engineering
	TEA21 - Holbrook Street	\$40,000	\$10,000	Engineering
	MDOT - Bond Street	\$120,000	\$30,000	Engineering
	TEA21 - Balsam Street	\$40,000	\$10,000	Engineering
	MSHDA - Rental Rehabilitation	<u>\$200,000</u>	<u>\$0</u>	Administration
<b>2002 Total</b>		<b>\$1,173,783</b>	<b>\$261,782</b>	

2003	CDBG - Four Winns Expansion	\$810,000	\$90,000	Administration
	MDEQ - Wellhead Protection	\$25,000	\$25,000	Utilities
	TEA21 - South/Harris Streets	\$375,000	\$100,000	Engineering
	TEA21 - Linden Street	\$40,000	\$10,000	Engineering
	Homeland Security	\$31,176	\$3,464	Public Safety
	CASA All Sports Park	\$306,504	\$144,237	Administration
	DTE - Tree Planting	<u>\$3,916</u>	<u>\$4,186</u>	Public Works
	<b>2003 Total</b>	<b>\$1,591,596</b>	<b>\$376,887</b>	

2004	Kodak - Clam River Greenway	\$1,000	\$0	Administration
	National Park Service - Fountain	\$70,000	\$0	Administration
	OMC - Fountain	\$50,000	\$0	Administration
	CACF - Fountain	\$5,000	\$0	Administration
	AAR - Fountain	\$10,000	\$0	Administration
	Jaycees - Fountain	\$4,200	\$0	Administration
	MDOT - River Street Bridge	\$400,000	\$60,000	Engineering
	MDEQ - Wellhead Protection	\$17,500	\$17,500	Utilities
	Say Nay to Drugs	\$1,500	\$0	Public Safety
	Consumers Energy - Greenway	\$2,000	\$0	Administration
Homeland Security	<u>\$10,800</u>	<u>\$1,200</u>	Public Safety	
<b>2004 Total</b>	<b>\$572,000</b>	<b>\$78,700</b>		

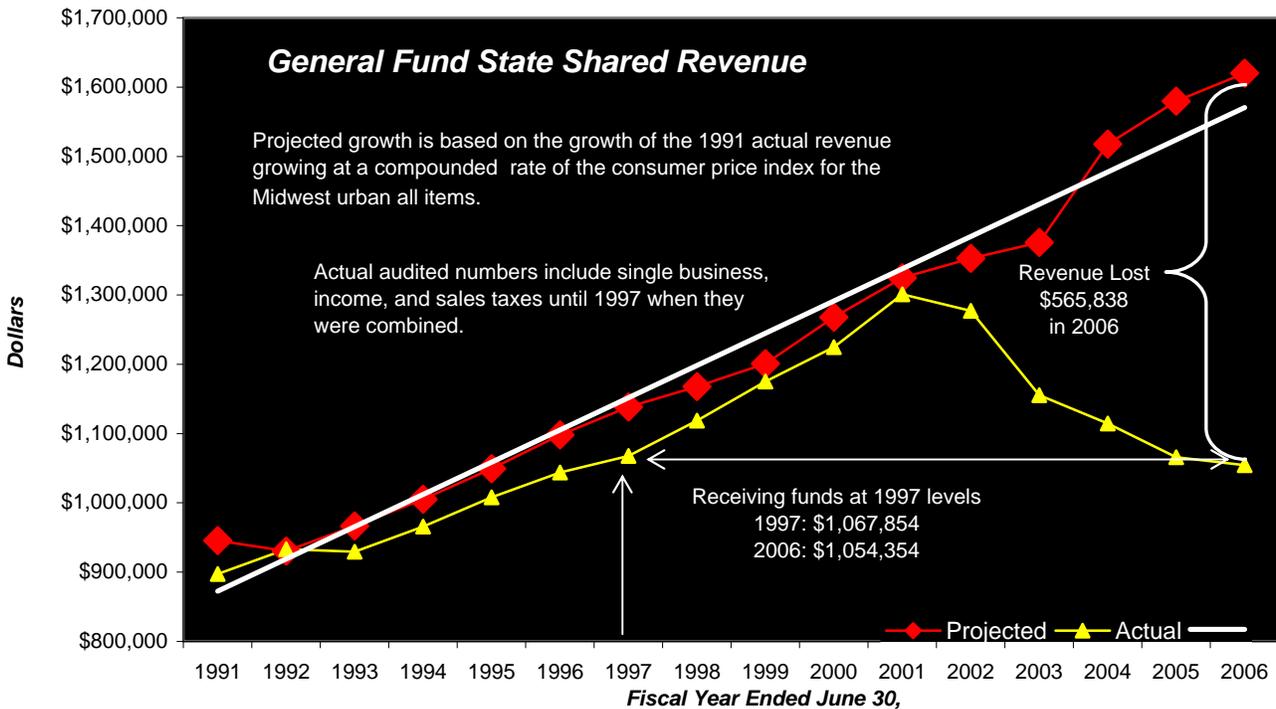
2005	CDBG - Neighborhoods	\$330,000	\$220,000	Administration
	CDBG - AAR	\$270,000	\$30,000	Administration
	CDBG - Avon	\$224,000	\$24,000	Administration
	DTE Energy - Tree Grant	\$3,000	\$3,651	Street
	MI Volunteer River Clean-up	\$2,990	\$0	Administration
	MI Secretary of State- Voting Machines	\$19,019	\$0	Finance
	CDBG - Cobbs Feasibility Study	\$27,500	\$0	Administration
	MDOT - Chestnut Street	\$375,000	\$125,000	Engineering
	CACF-Clam River Greenway III	\$10,000	\$0	Administration
	FEMA - Firefighters	<u>\$30,000</u>	<u>\$3,000</u>	Public Safety
<b>2005 Total</b>	<b>\$1,291,509</b>	<b>\$405,651</b>		

2006	MDOT - Paluster/Whaley Streets	\$64,000	\$16,000	Engineering
	MDOT - Jobs Today	\$86,000	\$0	Engineering
	MNRTF - Lakefront Bridge	\$50,000	\$50,000	Administration
	MDOT - Park Street	\$344,000	\$86,000	Engineering
	MDOT - North Street	\$44,000	\$11,000	Engineering
	MDEQ - S2 Engineering Grant	\$394,990	\$43,888	Utilities
	US Fire Administration - SCBA grant	<u>\$57,000</u>	<u>\$5,700</u>	Public Safety
	<b>2006 Total</b>	<b>\$1,039,990</b>	<b>\$212,588</b>	

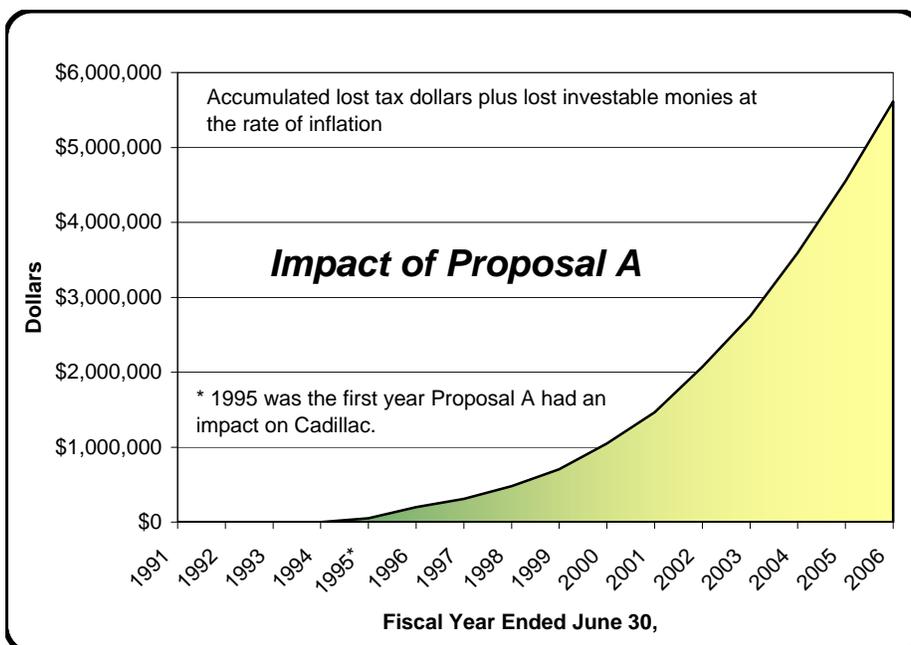
<b>Total 1995-2006</b>	<b>\$13,244,065</b>	<b>\$2,393,831</b>
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<b>Grant to City Match Ratio</b>	<b>\$5.53 :1</b>
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**Note:** The above ratio indicates that for every \$1 the city spends on a project \$5.53 was able to be obtained from a grant source making the City's investment go much further.



State Shared Revenue from the State of Michigan has declined dramatically in the past few years. In the chart above, projected growth is based on the growth of the 1991 actual revenue growing at a compounded rate using the Consumer Price Index for all items in the Midwest urban region. This produces a "gap" between the projected and actual revenue. The amount received in 2006 is nearly equal to the 1997 rates. This reflects the dilemma that local government is faced with - the inability to increase property taxes and the significant decline in shared revenue. This leaves the local unit of government in the position of having to drastically reduce services or find some other creative way of raising revenue.



The chart to the left indicates how the lost money from Proposal A compounds and the resulting annual impact. The lost revenue for 2006 would be equal to losing the three largest taxpayers in the City of Cadillac. The \$958,411 dollars lost this year alone will continue to grow and multiply in future years. This is an average of \$510,204 per year over the past eleven years of lost revenue which will not be recaptured. At the current level of paving costs, along with the curb and gutter, the City of Cadillac could have repaved 53 miles of local streets or to say it another way, 84% of all our local roadways would have been resurfaced but for Proposal A.

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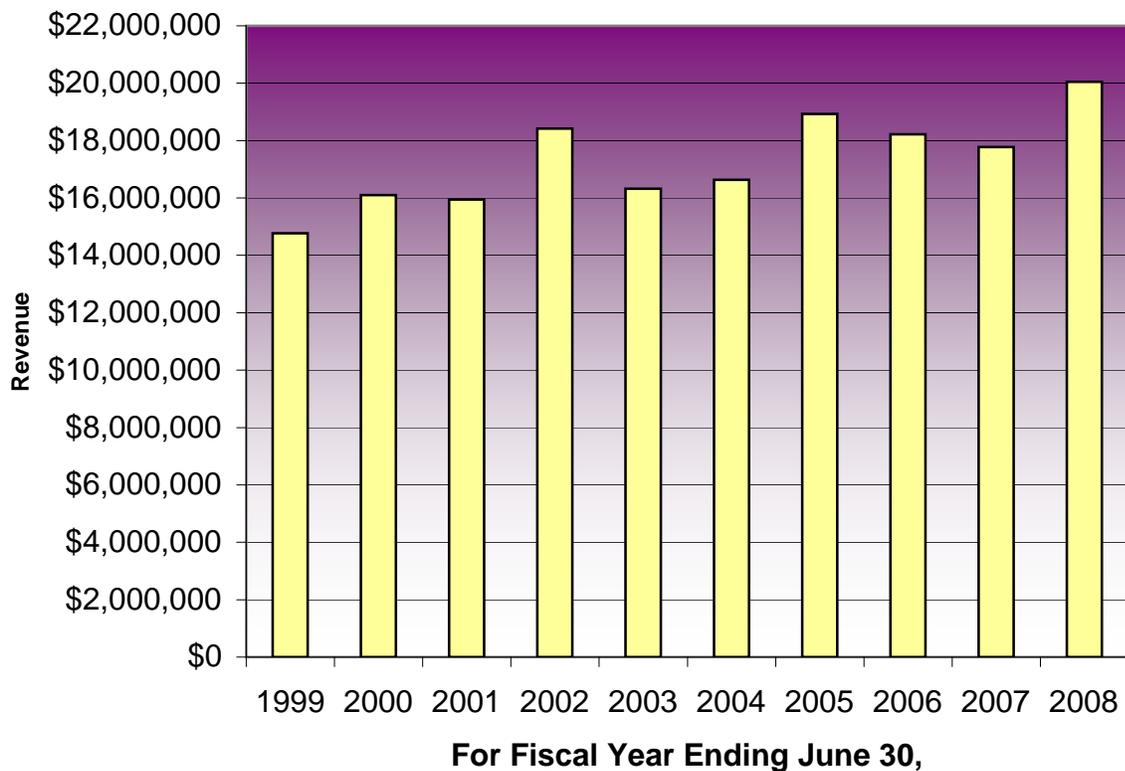
## **2007-2008 Budget Summary**

The Budget Summary section, as its name implies, is designed to give the reader a big-picture overview of the City of Cadillac's budget as a whole. The section offers this summary not only graphically with the chart below, by the numbers in the following charts, and then textually in the last two pages of the section, where some discussion is given regarding the City's most significant sources of revenue.

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**City of Cadillac**  
**Total Revenue and Other Sources**  
**1999-2008**



***The growth in total City revenues will vary based on grants, tax increases, service charges, and other adjustments to the revenue stream.***

	Major Governmental Funds			Major Proprietary Funds	
	General Fund	Major Street Fund	Local Street Fund	Water and Sewer Fund	Building Authority Operating Fund
<b>Revenues and Other Sources:</b>					
Taxes	\$4,567,000				
Licenses and Permits	1,200				
Intergovernmental	1,096,500	\$1,056,000	\$990,000	\$394,900	
Charges For Services	664,100			3,706,600	
Fines and Forfeits	31,000				
Miscellaneous	333,800			3,500	
Other Financing Sources	368,600				
Local Funds			754,600		
Rental					\$195,900
Principal Payment					
Interest Income - Loan					
Interest Income		5,000		95,000	5,000
<b>Total</b>	<b>\$7,062,200</b>	<b>\$1,061,000</b>	<b>\$1,744,600</b>	<b>\$4,200,000</b>	<b>\$200,900</b>
<b>Expenditures:</b>					
General Government	\$1,622,400				
Public Safety	3,231,100				
Public Works	1,004,700				
Culture and Recreation	188,300				
Economic Development	37,600				
Intergovernmental	340,400				
Other Financing Uses	552,600				
Audit		1,900	1,800	5,000	1,000
Operating		700,600	535,400	2,550,500	43,100
Capital Outlay					
Transfer to Debt					
Construction		505,000	1,171,500		
Principal		11,600	110,000		
Interest		7,100	50,300	330,000	46,600
Non-Operating				820,000	35,000
<b>Total</b>	<b>\$6,977,100</b>	<b>\$1,226,200</b>	<b>\$1,869,000</b>	<b>\$3,705,500</b>	<b>\$125,700</b>
Excess (Deficiency) of Revenues over Expenditures (1)	\$85,100	(\$165,200)	(\$124,400)	\$494,500	\$75,200
Fund Balances - Beginning	\$1,572,748	\$220,080	\$137,598	\$14,546,049	\$446,742
<b>Ending</b>	<b>\$1,657,848</b>	<b>\$54,880</b>	<b>\$13,198</b>	<b>\$15,040,549</b>	<b>\$521,942</b>

(1) Per State mandate, any deficiencies will be offset by the use of prior year's earnings. The budget staff has determined that sufficient prior year's earnings are available to offset each deficiency.

	Nonmajor Governmental Funds (2)	Nonmajor Proprietary Funds (3)	Nonmajor Fiduciary Funds (4)	Component Units	<b>2007-2008 Totals</b>	2006-2007 Memorandum Comparison Totals
<b><u>Revenues and Other Sources:</u></b>						
Taxes				386,000	<b>\$4,953,000</b>	\$4,514,300
Licenses and Permits		1,200			<b>2,400</b>	2,400
Intergovernmental	613,500	334,300			<b>4,485,200</b>	3,942,900
Charges For Services	140,100	26,000		19,800	<b>4,556,600</b>	4,193,400
Fines and Forfeits		2,500			<b>33,500</b>	35,000
Miscellaneous	35,000	8,000	10,700		<b>391,000</b>	357,400
Other Financing Sources	30,000	1,011,300			<b>1,409,900</b>	1,507,000
Local Funds	318,600		755,000	2,500	<b>1,830,700</b>	1,776,900
Rental	70,900	659,000			<b>925,800</b>	757,300
Principal Payment	382,200	45,000			<b>427,200</b>	295,800
Interest Income - Loan	36,800				<b>36,800</b>	47,500
Interest Income	63,700	29,800	199,700	75,900	<b>474,100</b>	349,000
<b>Total</b>	<b>\$1,690,800</b>	<b>\$2,117,100</b>	<b>\$965,400</b>	<b>\$484,200</b>	<b>\$19,526,200</b>	<b>\$17,778,900</b>
<i>Represents 9.97% overall increase</i>						
<b><u>Expenditures:</u></b>						
General Government					<b>\$1,622,400</b>	\$1,650,500
Public Safety					<b>3,231,100</b>	3,065,000
Public Works					<b>1,004,700</b>	844,300
Culture and Recreation					<b>188,300</b>	339,400
Economic Development					<b>37,600</b>	35,100
Intergovernmental					<b>340,400</b>	363,000
Other Financing Sources					<b>552,600</b>	518,800
Audit	11,900	6,300	2,900	2,700	<b>33,500</b>	32,300
Operating	436,900	1,713,900	483,000	364,200	<b>6,827,600</b>	6,485,000
Capital Outlay	1,300				<b>1,300</b>	12,900
Transfer to Debt	70,000				<b>70,000</b>	171,200
Construction	437,300				<b>2,113,800</b>	2,135,300
Principal	284,100			25,000	<b>430,700</b>	417,900
Interest	82,800			8,000	<b>524,800</b>	557,400
Non-Operating	47,500	207,000	39,700	5,000	<b>1,154,200</b>	1,019,600
<b>Total</b>	<b>\$1,371,800</b>	<b>\$1,927,200</b>	<b>\$525,600</b>	<b>\$404,900</b>	<b>\$18,133,000</b>	<b>\$17,647,700</b>
Excess (Deficiency) of Revenues over Expenditures (1)	\$319,000	\$189,900	\$439,800	\$79,300	<b>\$1,393,200</b>	\$131,200
Fund Balances - Beginning	\$2,677,461	\$2,708,152	\$7,146,399	\$2,222,554	<b>\$31,677,783</b>	\$29,910,160
<b>Ending</b>	<b>\$2,996,461</b>	<b>\$2,898,052</b>	<b>\$7,586,199</b>	<b>\$2,301,854</b>	<b>\$33,070,983</b>	<b>\$30,041,360</b>

(1) Per State mandate, any deficiencies will be offset by the use of prior year's earnings. The budget staff has determined that sufficient prior year's earnings are available to offset each deficiency.

(2) Includes Nonmajor Debt Service, Nonmajor Special Revenue Funds, and Nonmajor Capital Projects Funds

(3) Includes Nonmajor Enterprise Funds and Internal Service Funds

(4) Includes Pension Trust Fund and Permanent Funds

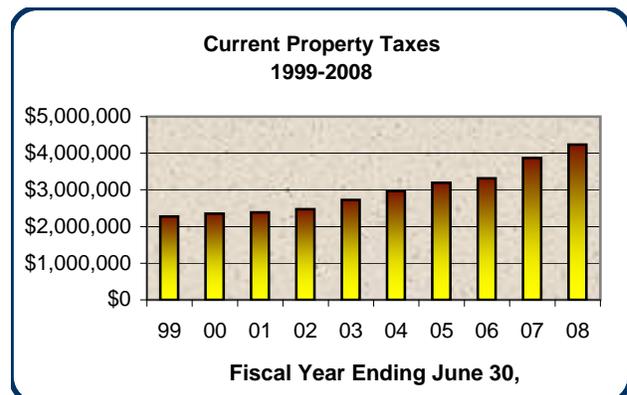
The City of Cadillac has a number of revenue sources, each representing a different percentage of total revenues. These sources include:

Revenue	Amount (Budget)	% of Total
Taxes	\$4,953,000	25.37%
Interest Income	\$474,100	2.43%
Intergovernmental Revenues	\$4,485,200	22.97%
Charges for Services	\$4,556,600	23.34%
Principal Repayment & Interest Income - Loans	\$464,000	2.38%
Local Funds	\$1,830,700	9.38%
Other	\$2,762,600	14.15%
<b>Total</b>	<b>\$19,526,200</b>	<b>100.00%</b>

### Taxes

The major source of revenue for 2007-2008 is the local property tax, accounting for over 25% of total revenues this year. The Wexford County Equalization Department acts as the assessor for the City on a contractual basis. They establish the taxable value that is placed on each piece of property. The ad valorem taxable value for real property in 2007-2008 is estimated to be \$207,997,723, while the personal property taxable value is estimated at \$39,054,577, giving the City a total taxable value of \$247,052,300. Personal property taxes represent about 16% of the City's tax base. Total General Fund property tax revenues are derived by multiplying the total taxable value by the millage rate, currently 13.9473 mills. This amount is then reduced by taxes that are captured by specific financing authorities through the use of various financing vehicles. These financing authorities capture a portion of the property taxes, which reduces the total amount available to the General Fund for operating purposes. The Downtown Development Authority (DDA) is one example of this kind of authority. In the commercial area, the DDA has captured for their purposes a tax base of \$16,005,150. Downtown merchants also have a separate additional millage of 1.9872 mills levied on their real and personal property. Another tax upon property in the City of Cadillac is the added voted millage for the Police and Fire retirement. This tax is proposed to be increased from 2.70 mills to 2.80 mills for 2007-2008. Increasing costs of salaries and benefits, coupled with multiple years of declining gains for the retirement fund's investments necessitated the increase. When added to the City millage of 13.9473 mills this results in a total levy of 16.7473 mills for City property. The added millage for the Police and Fire Retirement System is based on the estimated salaries of the Police and Fire Department employees multiplied by the actuarial assumptions used to make the system solvent to arrive at the financial need for the fund and then divided into the taxable value to arrive at the millage needed to fund the system. In 2007-2008, property tax revenues represent over 60% of revenue within the General Fund.

Outlook: Tax revenue will continue to grow, but the growth is limited to the Consumer Price Index or 5%, whichever is less. New businesses and home sales can be placed on the tax roll at the sales price. The demographic trend indicated by the State of Michigan is that the population will be shifting from major metropolitan areas to the Northern Michigan area. With the advent of computers and other technology, people are not forced to live near their main source of occupation but are free to live where they enjoy the leisure environment. The State legislature is considering proposals to eliminate personal property taxes, which would have a devastating impact on the City of Cadillac, eliminating over 10% of the City's General Fund revenue.



## Intergovernmental Revenues

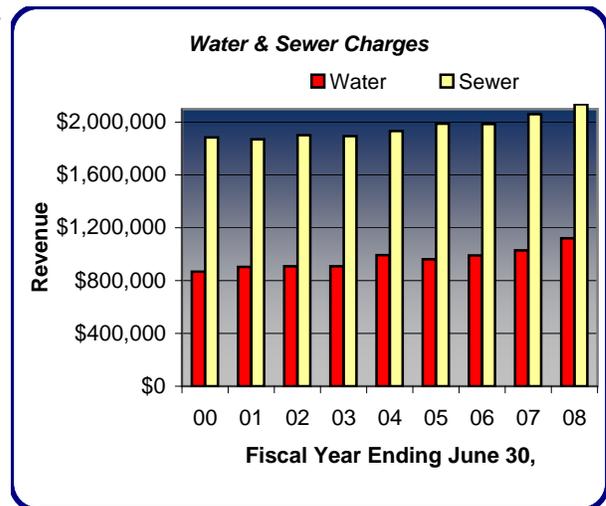
This type of revenue is anticipated to generate \$4,485,200 in 2007-2008, or 22.97% of the total revenue generated by the City of Cadillac. Included in this type of revenue are grants awarded to the City, and State-shared revenue from the State of Michigan. State shared revenues are anticipated to provide \$880,000 to the General Fund in 2007-2008, accounting for nearly 12.5% of the General Fund's revenue. State shared revenue is divided into two types. The first is the constitutional sales tax which is based on an adjusted population figure multiplied by a distribution rate, both of which are provided by the State. The second type of state shared revenue is the statutory sales tax. This is distributed by the State using four formulas: 1) Percent share of fiscal year; 2) Taxable value per capita; 3) population unit type; and 4) yield equalization. The 2000 census resulted in a decrease in the population of the City, which will have a negative impact on the amount of state shared revenue that the City of Cadillac will receive. Budget constraints at the State level continue to have significant impacts on the statutory portion of State-shared revenue. The City of Cadillac has prudently budgeted for an additional 30% reduction in the statutory portion of state-shared revenue for FY2007, amounting to about \$90,000. The City of Cadillac has chosen to approach the cuts proactively in order to prevent further cuts during and throughout the upcoming fiscal year. Distribution of state shared revenue is made by the State on August 31, October 31, December 30, February 28, April 30 and June 30. The State of Michigan Department of Treasury projects the distribution rates. Another state shared revenue type is the Gas and Weight Taxes from the State of Michigan. These funds are received by the Major Street Fund and the Local Street Fund of the City. Budgeted numbers for 2007-2008 show only a moderate increase over 2006-2007 due to shortfalls at the State level. Due to these State shortfalls, the City of Cadillac has used conservative estimates in order to avoid over budgeting these numbers.

Grant revenue is an area that the City of Cadillac continues to aggressively pursue and successfully use as a revenue source. The use of grant funds is primarily for infrastructure improvement. Over \$1.6 million in grant revenue is anticipated for 2007-2008, accounting for 8.2% of the revenue generated by the City of Cadillac.

**Outlook:** The state shared revenue continues to experience much debate in the State Legislature regarding the distribution formulas, with the end result being a shift in revenue away from urban communities to undeveloped townships. While the end result was legislation action that was more favorable to cities than originally proposed, cities will nevertheless see a relative decline in state shared revenue as compared to their counterparts in townships. The recent recession has also had a significant negative impact on the amount of state shared revenue. Once again, the City has chosen to estimate the payments for 2007-2008 very conservatively in an attempt to prevent cuts from having to be made after the fiscal year begins.

## Charges for Services

This revenue activity represents \$4,556,600 in revenue for 2007-2008, or 23.34% of the total revenue generated by the City. Included in this category are revenues from the City's Water and Sewer systems. It is proposed to raise the current rates 3% in 2007-2008, however decreased usage by industrial customers could prevent any significant increase in total revenue once again this fiscal year. This revenue is derived from usage and is also a graduated scale as there are associated fixed costs with producing the water - as the volumes of usage get larger, the amount charged to the customer is less per unit. The economies of scale are improved for the larger customer. With over 3,400 customers for each of the water and sewer divisions, revenue is expected to be nearly \$3 million. Also included in this revenue is the solid waste collection revenue. This activity is anticipated to increase 3% in order to accurately reflect costs incurred by the City to provide these services.



### **Interest Income**

Positive signs of economic growth have been seen recently in the national economy, allowing the City to remain optimistic that Interest Income will hopefully provide some increased revenue in the near future. In fact, average yields have increased from 4.03% at the end of February, 2006, to 5.14% at the end of February, 2007. This represents a significant amount of additional earnings, as the City has just over \$9 million in invested funds. The staff of the Finance Department is charged with investing the City's idle funds which helps generate additional revenue.

### **Local Funds**

This activity represents internal transfers from various funds. The method of calculation will vary depending on the type of fund and activity. In the Local Street Fund, for example, money is transferred from the General Fund to balance the fund as state shared revenue is not sufficient to maintain the local street system. This revenue source represents 9.38% of the total 2007-2008 revenue of the City of Cadillac.

### **Principal Repayment and Interest Income - Loans**

This activity accounts for the special assessments of City taxpayers, both principal repayment and the nominal interest charged to the resident who had a new service installed, such as a street, curb and gutter project, or water main. Special assessments are typically repaid over a 10 or 15 year period. This activity generates \$464,000, or 2.38% of the City's total revenue. This percentage can vary from year to year based on the amortization of the outstanding debt as well as the number of early pay-offs.

### **Other Revenue**

Other Revenue for the City of Cadillac includes a variety of revenue sources. Included in this category are items such as Fines and Forfeits, Licenses and Permits, and Other Financing Sources. Other Financing Sources include some administrative charges to various funds from the General Fund, as well as contributions from various funds to the Self-Insurance Fund to cover estimated costs per employee of health insurance activity.



***2007-2008  
Annual Operating Budget***

## General Fund

This fund records all revenues and expenditures of the City of Cadillac which are not accounted for in any of the other funds. The General Fund receives revenue which is used to finance a wide range of City activities.

The 2006-2007 budget represents a balanced budget. The current property taxes are planned to increase 3% over last years tax roll. New construction helps account for the increase. Police and Fire Retirement revenues are anticipated to increase as the cost of the retirement plan increases as a result of increases in salaries and declines in investment returns. The State of Michigan state shared revenues are based on estimates and the statutory portion of the revenue sharing is anticipated to decline significantly in addition to the reduction from prior years. This reduction is due to funding needs at the State level as well as a decline in sales tax revenue. It is proposed to raise the solid waste collection fee by 3% to cover the inflationary trend primarily from increasing costs of gasoline. The total revenue and expenditures of the General Fund increased in the current budget year by 9%.

### Revenue Assumptions

Revenues received from the property taxes are based on estimates from the City Treasurer and Wexford County's Equalization Department.

Taxes generated from the added voted millage for Police and Fire Retirement are based on estimated millage rates provided by the assessor and the actuarial assumptions provided by the actuary.

Revenues in the General Fund, for the most part, are projected based on the historical trend and any known activity changes.

State shared revenues are projected from data received from the State of Michigan. These numbers are based on sales tax information and are established by either constitutional or statutory requirements.

Fiscal Year Ending June 30,

AUDIT	Budget		
	ESTIMATED	CURRENT	PROPOSED
2006	2007	2007	2008

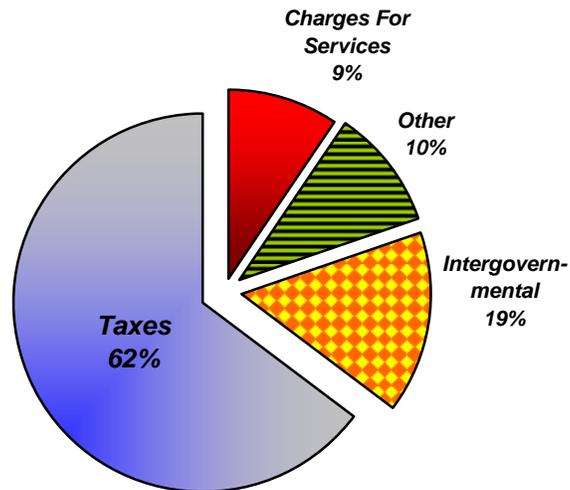
**REVENUES AND OTHER SOURCES:**

**Revenues:**

Taxes	\$4,188,262	\$4,412,500	\$4,448,200	<b>\$4,567,000</b>
Licenses	1,345	1,200	1,300	<b>1,200</b>
Intergovernmental	1,373,796	1,308,900	1,266,600	<b>1,096,500</b>
Charges For Services	551,118	617,200	598,400	<b>664,100</b>
Fines and Forfeits	28,110	32,000	33,000	<b>31,000</b>
Miscellaneous	379,692	344,500	324,400	<b>333,800</b>
Other Financing Sources	354,000	360,200	360,200	<b>368,600</b>

**Total Revenues**

<b>\$6,876,323</b>	<b>\$7,076,500</b>	<b>\$7,032,100</b>	<b>\$7,062,200</b>
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**General Fund Revenues 2007-2008**

Percentage of General Fund Revenues from 1968-2008

	2007-2008	1997-1998	1987-1988	1977-1978	1967-1968
Taxes	64.59%	53.46%	58.48%	42.95%	51.04%
Intergovernmental	15.57%	26.75%	24.40%	32.23%	22.88%
Charges for Services	9.42%	14.25%	8.23%	5.62%	2.68%
Other	10.42%	5.54%	8.89%	19.20%	23.40%
	100.00%	100.00%	100.00%	100.00%	100.00%

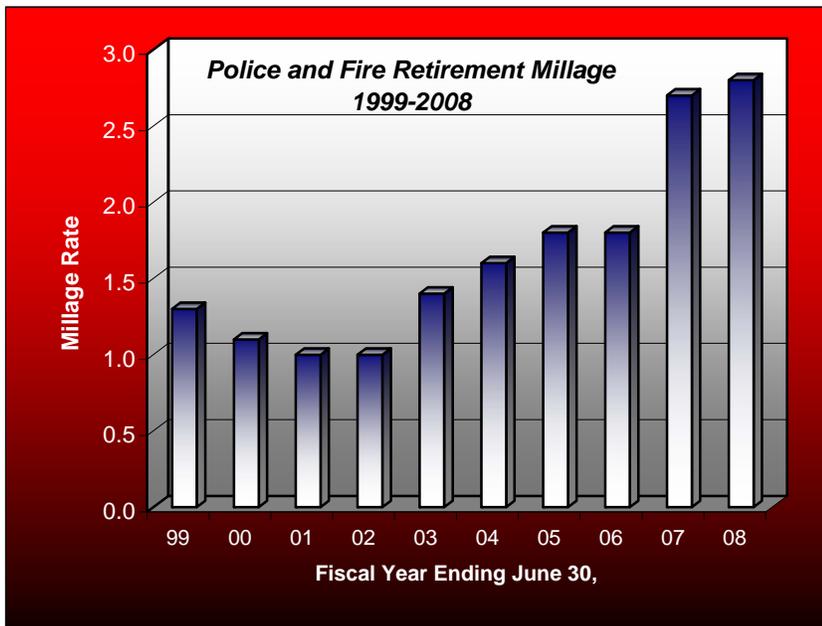
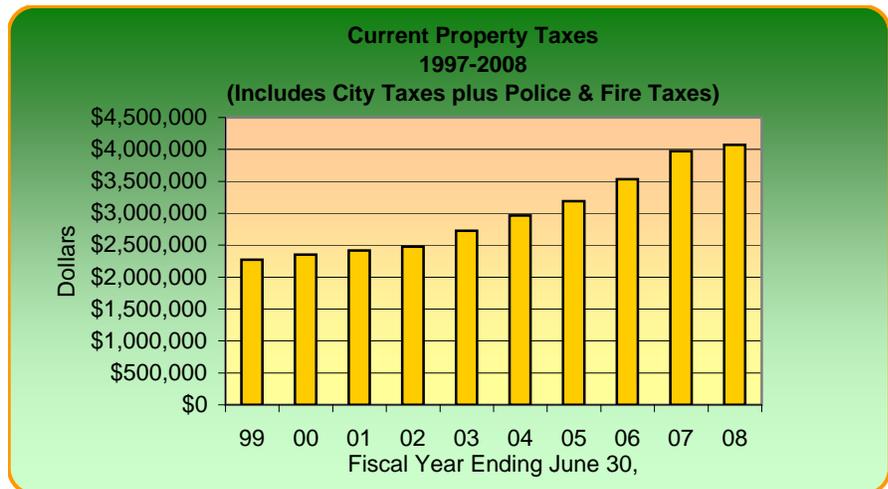
Chart indicates that the reliance on property taxes has increased as intergovernmental and other types of revenue sources have declined over the past forty years.

**Current Tax**

The taxable value of the City of Cadillac General Fund is \$247,052,300. This is a slight increase (3.1%) from last year's taxable value due in large part to new construction. This number is multiplied by the millage to determine local property tax revenue. The charter maximum is 15 mills, but due to the Headlee Amendment and Truth in Assessing, a millage rollback is not required this year. The millage rate can only be increased above 13.9473 by a vote of the citizens. The State of Michigan has established a cap on the taxable values so they cannot exceed 5% or the inflation rate, whichever is less, excluding new construction. This is the difference between the current and previous taxable values and the lower of the three property tax factors prevails. The inflation rate set by the State of Michigan for 2007-2008 is 3.7%.

**Industrial Facilities Tax**

This tax abatement program has grown over the past several years as the City Council has established a policy of granting an abatement to any qualified industrial facility. This program allows Council to abate one-half of the City taxes for up to 12 years. Exemptions have been granted with a total value of \$22,260,116. This is a decrease of 2.4% in value from last year. The exemptions represent a total of 204 abatements of varying value granted by the City of Cadillac. The decrease reflects abatements being eliminated over time. It is projected that the abatements will decline in 2007-2008.



**Police and Fire Retirement**

The added millage voted to cover the retirement system of the Police and Fire Departments is based on salaries of an estimated \$1.5 million. The employer's contribution rate is 35.39% of gross salaries for the Police Department. The members of the police and fire departments contribute 3% of their salaries to help offset these costs. The Fire Department contribution rate is 35.40% of gross salaries, based on actuary estimates. This results in a need for a 2.8 mill levy. The graph shows the fluctuations to the millage rate that occur due to salary increases, actuarial percentages, investments, and the taxable value of City properties. This is the highest rate in the last ten years.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>Taxes</b>				
Current Tax	\$3,132,250	\$3,300,000	\$3,300,000	<b>\$3,400,000</b>
Delinquent Tax Collections	22	0	0	<b>0</b>
Refund of Previously Captured TIFA	166,128	0	0	<b>0</b>
Industrial Facilities Tax	170,178	160,000	160,000	<b>140,000</b>
Current Property Tax - Police and Fire	400,806	670,000	689,000	<b>694,800</b>
Administration Fees	132,143	120,000	117,000	<b>140,000</b>
Trailer Park Fees	2,276	2,500	2,200	<b>2,200</b>
Penalties and Interest	37,604	40,000	48,000	<b>45,000</b>
Payment in Lieu of Taxes				
Housing Commission	72,629	60,000	62,000	<b>75,000</b>
Cable T.V.	74,226	60,000	70,000	<b>70,000</b>
<b>Total Taxes</b>	<b>\$4,188,262</b>	<b>\$4,412,500</b>	<b>\$4,448,200</b>	<b>\$4,567,000</b>
<b>Licenses and Permits</b>				
Business Licenses	\$1,345	\$1,200	\$1,300	<b>\$1,200</b>
<b>Total Licenses and Permits</b>	<b>\$1,345</b>	<b>\$1,200</b>	<b>\$1,300</b>	<b>\$1,200</b>
<b>Intergovernmental Revenues</b>				
State Shared Revenues:				
Sales & Use Tax - Constitutional	\$682,880	\$680,000	\$680,000	<b>\$680,000</b>
Sales & Use Tax - Statutory (1)	371,474	\$300,000	290,000	<b>200,000</b>
Liquor Licenses	7,934	7,900	8,000	<b>8,000</b>
Telecommunications Right of Way	32,431	35,000	35,000	<b>35,000</b>
Grants from Local Units:				
Fire Protection	152,106	160,000	150,000	<b>170,000</b>
Michigan Justice Training Grant	3,748	4,000	3,500	<b>3,500</b>
Federal Grants	10,800	72,000	0	<b>0</b>
State of Michigan Grants	73,653	5,000	50,000	<b>0</b>
School Grant - Y.S.O.	38,771	45,000	50,100	<b>0</b>
<b>Total Intergovernmental Revenues</b>	<b>\$1,373,796</b>	<b>\$1,308,900</b>	<b>\$1,266,600</b>	<b>\$1,096,500</b>

(1) Used to fund capital items

**State Shared Revenue**

Ten years ago, a state-wide vote increased the sales tax from 4% to 6%. In 1997 the State included the income tax and the single business tax with the sales tax figure and developed a statutory and constitutional sales tax. Economic downturn in the State of Michigan has affected the sales tax growth. The Department of Treasury projected the constitutional figures to remain the same as 2008. The statutory numbers are anticipated to be similar as that of 2007, but based on an adverse State of Michigan economic budget and an anticipated need by the State for these funds, the City has reduced this amount by 30% for 2008 or \$100,000.

**Fire Protection**

Clam Lake Township and the City of Cadillac have a fire protection agreement whereby the City provides fire protection to the township and in return the Township pays the City a fee of 1.9 mills on its real and personal property taxes. The Township's estimated taxable value is \$85.3 million. The fire contract expires June 30, 2010 and is anticipated to be renewed.

**Youth Service Officer Grant**

This program exists because of the commitment of the City and the Cadillac Area Public schools to provide a police officer for the school system. The City and CAPS each share 50% of the costs of a police officer and the related benefits. Due to the critical funding at the school system and the city this will not be funded in 2008.

**Solid Waste Collection**

Solid waste collection is a contracted service with a private contractor. The cost is passed on to residents. The 22% proposed rate increase recognizes the rate increases passed on from the Wexford County Landfill and accounts for the increase in fuel costs. The rate for the rental of tidy totes is recommended to increase from \$2.20 per month to \$2.25. The slight increase reflects the cost of operation.



Solid Waste:

3,306 average units collected x \$14.85 recommended monthly fee x 12 = \$589,129 annual solid waste collection fee

Tidy Tote Garbage Cans:

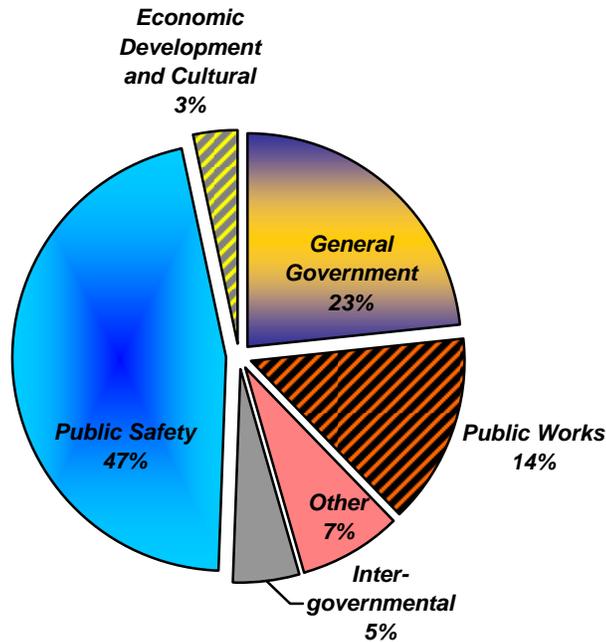
1,740 average customers x \$2.25 per month fee x 12 = \$46,980 annual collection (\$1.75 of the monthly collection fee is paid back to the waste collector.)

Total: \$636,109 estimated revenue from solid waste collection and user fees.

**Engineering Fees**

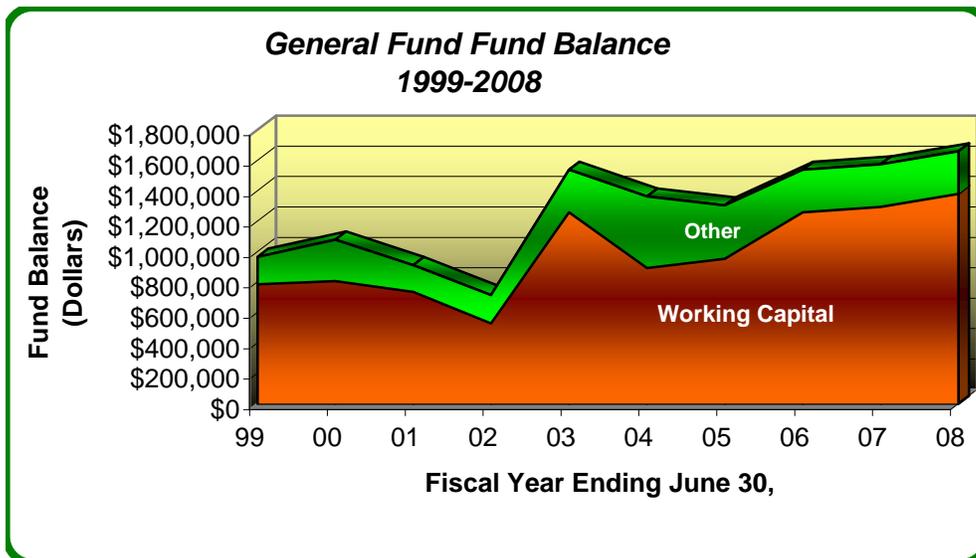
Engineering Fees are fees collected internally to cover the engineering costs of projects. Total billable construction projects are \$150,000 and the engineering fee is 7% of the costs.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>Charges For Services</b>				
Zoning Fees	\$4,234	\$3,000	\$5,100	\$5,000
Exemption Certificate Fees	2,000	3,000	2,000	2,000
Police Charges	5,686	4,000	4,200	4,000
Engineering Fees	41,113	40,000	45,000	10,500
Solid Waste Collection	490,392	560,000	536,000	636,200
Sale of Maps and Ordinances	1,357	1,200	600	0
Miscellaneous	1,722	0	300	1,400
Rental Housing Ordinance Fee	4,615	6,000	5,200	5,000
<b>Total Charges For Services</b>	<b>\$551,118</b>	<b>\$617,200</b>	<b>\$598,400</b>	<b>\$664,100</b>
<b>Fines and Forfeits</b>				
Violations Bureau	\$28,110	\$32,000	\$33,000	\$31,000
<b>Total Fines and Forfeits</b>	<b>\$28,110</b>	<b>\$32,000</b>	<b>\$33,000</b>	<b>\$31,000</b>
<b>Miscellaneous</b>				
Interest Income	\$57,895	\$65,000	\$45,000	\$61,000
Land and Building Rental	906	1,000	2,400	1,000
Sale of Property	30,913	0	0	6,800
Reimbursements				
Housing Commission	218,546	200,000	205,000	205,000
Contributions - Private Sources	11,196	6,000	0	5,000
Northflight	49,083	50,500	50,000	50,000
Miscellaneous-Refunds and Rebates	11,153	22,000	22,000	5,000
<b>Total Miscellaneous</b>	<b>\$379,692</b>	<b>\$344,500</b>	<b>\$324,400</b>	<b>\$333,800</b>
<b>Other Financing Sources</b>				
Water and Sewer Fund	\$198,100	\$212,300	\$212,300	\$203,800
Major Street Fund	38,000	35,000	35,000	41,400
Local Street Fund	35,100	30,200	30,200	38,200
Stores & Garage Fund	44,000	47,400	47,400	45,700
Community Development Fund	17,600	15,000	15,000	17,600
Data Processing Fund	21,200	20,300	20,300	21,900
Other Transfers In	0	0	0	0
Surplus	0	0	0	0
<b>Total Other Financing Sources</b>	<b>\$354,000</b>	<b>\$360,200</b>	<b>\$360,200</b>	<b>\$368,600</b>
<b>TOTAL REVENUES</b>	<b>\$6,876,323</b>	<b>\$7,076,500</b>	<b>\$7,032,100</b>	<b>\$7,062,200</b>



Total expenditures are \$63,000 less than the prior year or 0.9%.

**General Fund Expenditures  
2007-2008**



**Fund-Based Measures:**

- Available General Fund fund balance presented as the number of months of General Fund operating and intergovernmental expenditures that could be financed by fund balance
 2.37 months
- Available General Fund fund balance presented as a percentage of General Fund total revenues
 19.52%

	Fiscal Year Ending June 30,			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>EXPENDITURES</b>				
<b>General Government</b>				
Legislative	\$43,488	\$63,100	\$64,700	\$44,700
Manager	169,626	170,600	164,500	179,600
Administrative Services	116,486	100,300	105,300	94,700
Elections	42,668	5,700	7,500	8,300
Finance	225,789	223,800	226,500	247,900
Assessor	161,456	158,100	168,500	160,100
Attorney	78,357	82,600	82,600	85,400
Clerk/Treasurer	242,465	365,200	405,200	281,600
Engineering	145,222	196,500	189,600	202,800
City Hall	331,725	366,800	394,300	317,300
<b>Total General Government</b>	<b>\$1,557,282</b>	<b>\$1,732,700</b>	<b>\$1,808,700</b>	<b>\$1,622,400</b>
<b>Public Safety</b>				
Police	\$1,872,203	\$1,957,800	\$1,960,300	\$1,973,100
Fire	1,517,368	1,292,500	1,202,200	1,258,000
<b>Total Public Safety</b>	<b>\$3,389,571</b>	<b>\$3,250,300</b>	<b>\$3,162,500</b>	<b>\$3,231,100</b>
<b>Public Works</b>	<b>\$801,342</b>	<b>\$872,800</b>	<b>\$853,200</b>	<b>\$1,004,700</b>
<b>Culture and Recreation</b>	<b>\$217,526</b>	<b>\$390,300</b>	<b>\$345,900</b>	<b>\$188,300</b>
<b>Economic Development and Assistance</b>	<b>\$29,143</b>	<b>\$37,600</b>	<b>\$35,800</b>	<b>\$37,600</b>
<b>Intergovernmental Expenses</b>	<b>\$326,748</b>	<b>\$332,300</b>	<b>\$339,200</b>	<b>\$340,400</b>
<b>Other Financing</b>	<b>\$320,652</b>	<b>\$424,300</b>	<b>\$484,300</b>	<b>\$552,600</b>
<b>TOTAL EXPENDITURES</b>	<b>\$6,642,264</b>	<b>\$7,040,300</b>	<b>\$7,029,600</b>	<b>\$6,977,100</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues over Expenditures	\$234,059	\$36,200	\$2,500	\$85,100
Fund Balance - Beginning of Year	\$1,302,489	\$1,536,548	\$1,536,548	\$1,572,748
<b>FUND BALANCE AT YEAR END (1)</b>	<b>\$1,536,548</b>	<b>\$1,572,748</b>	<b>\$1,539,048</b>	<b>\$1,657,848</b>
<b>(1) Reserved as follows:</b>				
Sick & Vacation Funding	89,086	89,086	89,086	89,086
Working Capital	1,257,191	1,293,391	1,259,691	1,378,491
Blackburn Skate Park/ Youth Services	4,835	4,835	4,835	4,835
Drug Forfeiture	2,676	2,676	2,676	2,676
Fire Truck/ Fire Safety House	2,250	2,250	2,250	2,250
Veterans Memorial	1,855	1,855	1,855	1,855
Pistol Range	816	816	816	816
Antique Fire Truck	2,059	2,059	2,059	2,059
Say Nay to Drugs	15	15	15	15
White Pine Trail	2,731	2,731	2,731	2,731
Inventory and Prepaid Expenditures	153,528	153,528	153,528	153,528
Tax Tribunal	19,506	19,506	19,506	19,506
<b>Total Reserved Fund Balance</b>	<b>\$1,536,548</b>	<b>\$1,572,748</b>	<b>\$1,539,048</b>	<b>\$1,657,848</b>



**Map of Cadillac Voting Wards**

*Wards were re-Districted in 2005 to reflect more current population balance.*



**Mayor Ronald J. Blanchard**  
Councilmember from City at large  
Population of City: 10,000  
Occupation: Retired Businessman  
Term Expires: 12/31/07  
Annual Salary: \$4,100



**Gordon Baas, Mayor Pro-Tem**  
Councilmember from Ward 1  
Population of ward: 2,595  
Occupation: Probation & Parole Supervisor  
Term Expires: 12/31/07  
Annual Salary: \$2,700



**Councilmember Tom Dyer**  
Councilmember from Ward 2  
Population of ward: 2,472  
Occupation: Manufacturing  
Term Expires: 12/31/09  
Annual Salary: \$2,700



**Councilmember James Dean**  
Councilmember from Ward 4  
Population of ward: 2,391  
Occupation: Manufacturing  
Term Expires: 12/31/09  
Annual Salary: \$2,700



**Councilmember Art Stevens**  
Councilmember from Ward 3  
Population of ward: 2,542  
Occupation: Financial Advisor  
Term Expires: 12/31/07  
Annual Salary: \$2,700

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b><u>GENERAL GOVERNMENT</u></b>				
<b>Legislative</b>				
Salaries	\$14,589	\$15,000	\$14,500	<b>\$15,000</b>
Fringes	1,152	1,200	1,200	<b>2,100</b>
Office Supplies	560	1,900	1,800	<b>900</b>
Contractual Services	0	15,000	15,000	<b>1,200</b>
Dues & Publications	8,069	10,000	11,200	<b>9,200</b>
Travel and Education	14,778	15,000	16,600	<b>11,600</b>
Ordinances and Proceedings	4,340	5,000	4,400	<b>4,700</b>
<b>Total Legislative</b>	<b>\$43,488</b>	<b>\$63,100</b>	<b>\$64,700</b>	<b>\$44,700</b>
<b>Personnel</b>				
Full-Time Positions	0	0	0	<b>0</b>
Part-Time Positions	5	5	5	<b>5</b>
Per Capita Cost	\$4.35	\$6.31	\$6.47	\$4.47

The City Council is the policy making body for the City of Cadillac. Its salaries are set by an independent advisory committee which meets every two years. Education is encouraged for the part-time council members so that they will be on the cutting edge of information and issues involving municipal government. Contractual Services reflects the codification of the city code and increased the per capita costs in 2007. Codification of the ordinances has not been reviewed professionally for several years.

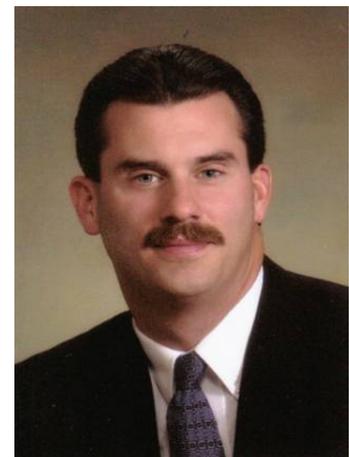
Fiscal Year	Per Capita Cost	Number of Council Meetings:	Number of Ordinances:
2006	\$4.35	21	21
2005	\$4.86	23	19
2004	\$4.95	23	18
2003	\$3.92	23	25
2002	\$4.36	23	26
2001	\$4.17	23	17
2000	\$5.13	23	18

	Fiscal Year Ending June 30,			
	AUDIT	Budget		PROPOSED
<b>GENERAL GOVERNMENT (Cont.)</b>	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>Manager</b>				
Salaries	\$122,510	\$123,000	\$120,000	<b>\$128,000</b>
Fringes	28,899	26,000	25,900	<b>31,700</b>
Office Supplies	757	2,000	1,900	<b>1,800</b>
Postage	118	200	300	<b>100</b>
Data Processing	3,200	3,200	3,200	<b>4,000</b>
Dues & Publications	2,911	3,000	2,600	<b>3,000</b>
Telephone	525	1,900	1,300	<b>1,400</b>
Travel & Education	5,467	4,500	5,000	<b>5,000</b>
Vehicle Lease	5,239	5,300	4,300	<b>4,600</b>
Capital Outlay	0	1,500	0	<b>0</b>
<b>Total Manager</b>	<b>\$169,626</b>	<b>\$170,600</b>	<b>\$164,500</b>	<b>\$179,600</b>
<b>Personnel</b>				
Full-Time Positions	1.5	1.5	1.5	<b>1.5</b>
Part-Time Positions	0	0	0	<b>0</b>
Per Capita Cost	\$16.96	\$17.06	\$16.45	\$17.96

**City Manager**

The chief administrative officer of the City of Cadillac is the City Manager. The City Manager is responsible for the administration of all City departments and also for making reports and recommendations to the City Council. Peter Stalker has been the chief administrative officer since 1995. He has been with the City of Cadillac since 1987.

Linda Kent, his executive secretary, has been with the City since 2000. Her salary is split 50% in the City Manager department and 50% in the Administrative Services department.



*Peter D. Stalker*  
City Manager

**Challenges to be addressed in 2007-2008:**

- 1 The State of Michigan's financial crisis continues to impact local communities. The revenue sharing payments to be received by the City for this year equal only those which were received in 1997. This budget document has been developed from a very conservative perspective to reflect this continual reduction in funding. The City will commit significant resources this year to educating our legislators with regard to how this lack of support from the State of Michigan is affecting municipal services in an attempt to return proper funding to local communities.
- 2 Future retiree health care benefits are being funded through this budget document to the greatest extent possible and in accordance with OPEB. Escalating health care costs for current employees are negatively affecting all City departments. Changes in health care benefit plans have been made in an attempt to control these costs.
- 3 Poor market performance in the investment program for the Act 345 Police and Fire Retirement System has led to a significant increase in the millage rate for this system. The responsibility of the investment portfolio has been shifted to the Municipal Employees Retirement System (MERS) in an attempt to reverse this trend.
- 4 Due to declining revenue streams for both the City and the Cadillac Area Public Schools system, this budget reflects the elimination of the Youth Services Officer located at the school.
- 5 The local community continues to experience solid growth in the manufacturing base. While a number of employers are facing extreme difficulties, others are in an expansion mode. The city will work diligently with all employers to assist with retention activities where possible. Significant emphasis will be placed on two manufacturers which will be adding to their employment base this year. The City will continue our partnership with the Cadillac Downtown Fund to further downtown reuse and retention efforts.
- 6 The City has taken a direct role in the development of a third party review of the Wexford County Landfill operations. Significant rate increases have occurred over the past two years, and alternatives to further rate increases are being explored. Any new costs must be passed on to our residential and business communities, and therefore all potential cost savings must be fully examined.
- 7 Groundwater contamination in and around the City well field continues to be a significant concern. A newly discovered plume of MTBE has further exacerbated this situation. The City is pursuing a multi-pronged approach to this problem by taking appropriate steps necessary to protect the current well field from existing contamination, while at the same time implementing the initial steps necessary for the identification of an appropriate site, and ultimately the development of a new, secondary well field.
- 8 Grant writing activity will continue to be a major focus in this budget year as revenue sources are eliminated.
- 9 Significant emphasis will continue to be placed on core residential areas on the east side of the community in an attempt to maintain and strengthen these key neighborhoods. Special emphasis will be placed on the expansion of the historic district throughout the area.
- 10 Significant expansion in the multi-family housing stock of the community will occur during this budget year, and this document provides funding to assist with this activity.
- 11 The Cadillac Police Department continues its pursuit of "recognition" through CALEA (Commission on Accreditation for Law Enforcement Agencies). A mock review has occurred, and the official review is anticipated for 2007-2008, which should lead to final recognition. This certification through CALEA ensures the local community that the Police Department is incorporating best practice technologies in all of its operations.
- 12 Efforts will be placed on the development of an equitable system for providing sewer service to neighboring communities. The extension of municipal services beyond the corporate city limits requires that equity in taxation be achieved, and this will be a cornerstone to all future discussions.
- 13 The City will be partnering with local citizens groups to develop long-term strategies to safeguard the water quality of Lake Cadillac. This will be a multi-faceted effort which goes well beyond the water milfoil treatment program that was instituted last year.
- 14 The City has begun to examine the relationship between itself and various local agencies such as the Wexford County Airport Authority, the Cadillac-Wexford Transit Authority (CWTA), and the Wexford County Library. The purpose of this evaluation is to ensure that the City governmental structure is appropriately aligned with these entities and that the funding arrangements are equitable.
- 15 The special assessment program for the operation of the Local Development Finance Authority (LDFA) groundwater treatment program will expire on June 30, 2007. This budget envisions the adoption of a new special assessment roll necessary for the continued operation of the groundwater cleanup system.
- 16 The contract with North Flight for shared emergency medical services will expire at the end of the fiscal year 2007, and this budget allows for the renewal of the contract under similar terms and conditions.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
<b>GENERAL GOVERNMENT (Cont.)</b>	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>Administrative Services</b>				
Salaries - Full Time	\$30,423	\$31,000	\$30,000	<b>\$32,500</b>
Salaries - Part Time	17,415	12,000	15,000	<b>0</b>
Fringes	13,903	13,000	7,500	<b>9,400</b>
Office Supplies	2,909	3,000	2,600	<b>2,700</b>
Postage	662	500	600	<b>700</b>
Contractual Services	43,013	30,000	40,000	<b>40,000</b>
Data Processing	3,200	3,200	3,200	<b>4,000</b>
Dues & Publications	2,340	2,000	2,000	<b>1,800</b>
Telephone	533	1,500	600	<b>1,200</b>
Travel & Education	1,855	2,200	1,700	<b>2,000</b>
Suggestion Award	233	200	400	<b>400</b>
Capital Outlay	0	1,700	1,700	<b>0</b>
<b>Total Administrative Services</b>	<b>\$116,486</b>	<b>\$100,300</b>	<b>\$105,300</b>	<b>\$94,700</b>
<b>Personnel</b>				
Full-Time Positions	0.9	0.9	0.9	<b>0.9</b>
Part-Time Positions	1	1	1	<b>1</b>
Per Capita Cost	\$11.65	\$10.03	\$10.53	\$9.47

**Administrative Services**

Precia Garland, Assistant City Manager, oversees this department. She has several functions at the City, therefore her salary is split amongst several funds. The Administrative Services department of the General Fund provides 25% of her salary. The Community Development Fund provides an additional 40% with the remainder coming from the Downtown Development Authority Fund. A part-time graduate school intern is reflected in 2006 and 2007 but due to lack of funding the 2008 funding has been curtailed. Administrative Services functions primarily as the human resource and grant-writing department. Within the Contractual Services line item is the cost of labor attorneys and other professional services, which the City may encounter within the next fiscal year.



**Precia Garland**  
Assistant. City Manager

**Departmental Goals for 2006-2007:**

1. Assume the HR function for the Cadillac Housing Commission, including a comprehensive audit of the existing system. **Status:** *Employee Handbook is drafted, awaiting official approval*
2. Find a new non-profit organization to lease the available 4,000 square feet in the Cadillac Community Center. **Status:** *added Footlitters, and Cadillac Genealogical Society still 2,500 sq ft available.*
3. Develop a city-wide employee training schedule to address issues that impact the entire organization. **Status:** *Ongoing*
4. Apply for grant funding to expand public infrastructure as necessary to enable industrial development. **Status:** *Ongoing*
5. Implement Brownfield Redevelopment Authority Plan to achieve redevelopment of listed Brownfield sites. **Status:** *Completed*

**Departmental Goals for 2007-2008:**

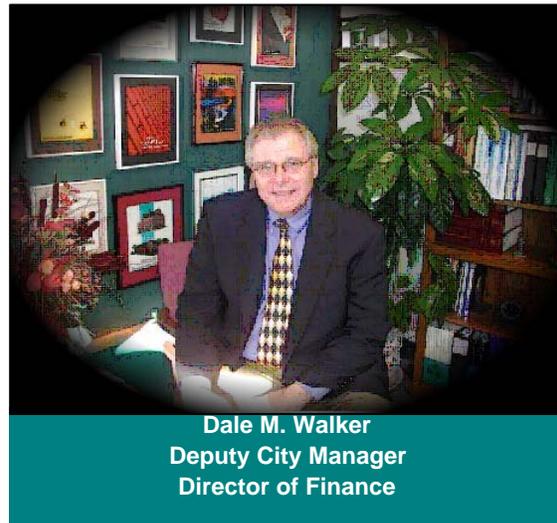
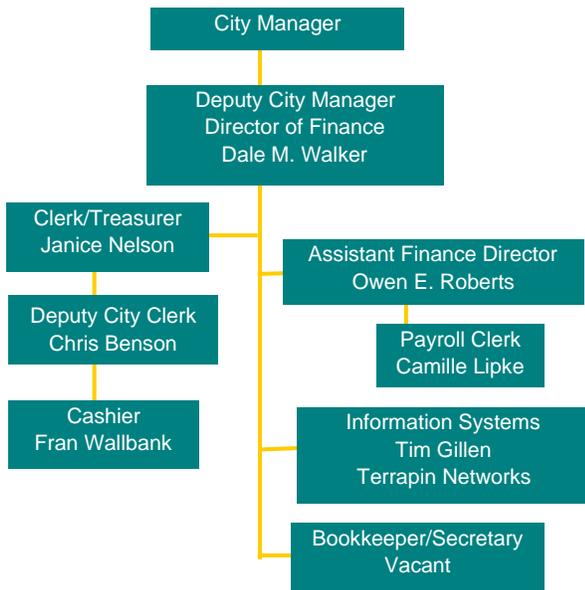
1. Implement voluntary wellness program for full-time employees.
2. Revise LDFA special assessment for groundwater cleanup for 2007-2012.
3. Develop a city-wide employee training schedule to address issues that impact the entire organization.
4. Apply for grant funding to expand public infrastructure as necessary to enable industrial development.
5. Mitchell Street Streetscape Project- finalize funding and develop marketing communication.
6. Research options for home owner-occupied grants and low-interest loans.

**City of Cadillac  
Administrative Internship Program**

Name	Internship Dates	Current Employment
Art Stevens		Financial Advisor Cadillac City Council Member
Todd Campbell	May 1997- February 1998	Assistant City Manager City of Sturgis, Michigan
Bill Gascoigne	Feb. 1998- Dec. 1998	City Manager City of West Branch, Michigan
Roger Rouse	Feb. 1999- July 1999	Public Services Director City of Rochester Hills, Michigan
Gretchen Carnes	March 2000 - Aug. 2000	PhD Candidate Penn State University
Ana Aguilar	June 2000- Nov. 2000	MPA Candidate Grand Valley State University
David Ehren	May 2001- Nov. 2001	Instructor Saginaw Chippewa Indian Charter Sch.
Jeff Flynn	May 2002- August 2002	<i>No information available</i>
John Kaczynski	May 2004- Dec. 2004	<i>No information available</i>
Lisa McCann	Jan. 2005- June 2005	PhD Candidate, University of Colorado
Nan Taylor	August 2005- Dec. 2005	Master of Fine Arts, Historic Preservation Savannah College of Art and Design
Derek Thiel	Jan. 2006- Feb 2006	Airport Administrator Grosse Ile Township Airport
Max Melstrom	June 2006-Sept. 2006	Student-Kalamazoo College

**Finance**

The finance department has the overall responsibility of all accounting and finance related functions. This responsibility is discharged in accordance with Federal and State regulations, the City Charter, Ordinances enacted by the City Council and directives from the City Manager, and is consistent with Governmental Accounting and Financial Standards established by the Governmental Accounting Standards Board. The Director of Finance Dale Walker is the chief financial officer and has been for over 29 years. He oversees the clerk-treasurer, accountant, and data processing functions. In addition to the management activities, budgeting and investing of the City's money are critical functions of this department.



**Departmental Goals for 2006-2007:**

1. Obtain the Distinguished Budget Presentation Award.
2. Obtain the Certificate for Excellence in Financial Reporting.
3. Reduce year end audit adjustments by 10%.
4. Maintain working capital reserve at 15% of operating budget in the General Fund.
5. Obtain award for investment policy.

**Status**

- Accomplished*  
*Accomplished*  
*Accomplished*  
*Accomplished*  
*Accomplished*

**Departmental Goals for 2007-2008:**

1. Obtain the Distinguished Budget Presentation Award.
2. Obtain the Certificate for Excellence in Financial Reporting.
3. Reduce year end audit adjustments by 10%.
4. Maintain working capital reserve at 15% of operating budget.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>GENERAL GOVERNMENT (Cont.)</b>				
<b>Finance</b>				
Salaries	\$120,994	\$122,000	\$120,500	<b>\$126,500</b>
Fringes	45,768	43,000	44,600	<b>53,000</b>
Office Supplies	12,292	13,000	13,200	<b>14,000</b>
Postage	1,464	2,000	2,200	<b>5,500</b>
Audit	10,110	9,500	11,000	<b>11,000</b>
Data Processing	16,000	16,000	16,000	<b>18,500</b>
Dues & Publications	8,591	6,500	6,700	<b>7,500</b>
Telephone	2,138	2,000	2,000	<b>2,600</b>
Travel & Education	8,432	8,000	8,500	<b>9,300</b>
Capital Outlay	0	1,800	1,800	<b>0</b>
<b>Total Finance</b>	<b>\$225,789</b>	<b>\$223,800</b>	<b>\$226,500</b>	<b>\$247,900</b>
<b>Personnel</b>				
Full-Time Positions	1.94	1.94	1.94	<b>1.94</b>
Part-Time Positions	0	0	0	<b>0</b>
Per Capita Cost:	\$22.58	\$22.38	\$22.65	<b>\$24.79</b>

<i>Finance Department Performance Measurements</i>				
Fiscal Year	Journal Entries	Audit Adjustments	Checks Disbursed	Accounts Receivable Invoices
1997	2,290	238	9,593	778
1998	2,022	230	8,544	761
1999	1,821	199	8,235	670
2000	2,972	348	8,701	665
2001	2,228	247	8,265	590
2002	1,520	227	8,248	550
2003	1,359	226	8,131	623
2004	1,109	253	8,358	617
2005	1,166	155	6,352	613
2006	1,468	155	5,536	625

Change in accounting software accounted for an increase in journal entries in 2006. Over the last ten years checks disbursement has decreased by 43%.

Overseeing the investments of the City of Cadillac is a vital part of the Finance Department's responsibility. Investing of daily cash generates the equivalent of one mill of taxes for the City.

**Assessor**

The function of the City Assessor has been contracted with the Wexford County Equalization Department. This is a five-year contract expiring March 31, 2012. Payments to the County are made quarterly. The contractual arrangement has been beneficial for the City and provides very good service to our citizens. The City is still responsible for the board of review that is held periodically. There are no City employees in this area. Contractual Services activity anticipates legal costs associated with defending the property values assessed.

**City Attorney**

The City Attorney is David McCurdy of the law firm McCurdy and Wotila. The firm is under contract to provide the legal advisory services to the City. Their function is to prepare and review resolutions, ordinances, contracts, bonds, and other written instruments to which the City is or may be a party to, the defense or prosecution of claims involving the City, and the prosecution of criminal offenses. The most important function is to counsel the City Administration in all legal matters. Mr. McCurdy has been the City Attorney for over twelve years. This firm has an annual renewable agreement.



**David McCurdy**  
City Attorney  
McCurdy and Wotila

**Performance Measurements**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Ordinances Prepared	23	19	19	25	26
Hours Spent for The City	571	715	900	988	821
Cost Per Hour	\$132	\$105	\$82	\$76	\$89
Special Assessment Resolutions	12	6	3	10	16
IFT Resolutions	36	58	37	31	16

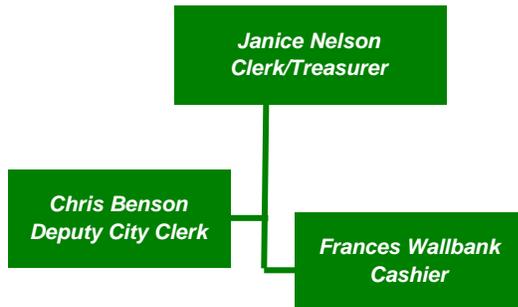
**Attorney Cost Analysis**

Fiscal Year	Contractual Fee	Property taxes issues	Attorney Cost Analysis				Other issues	Total
			Labor issues	Land issues	Lawsuit Issues			
2006	\$75,600	\$13,078	\$8,528	\$2,196	\$3,613	\$7,367	\$110,382	
2005	\$76,033	\$4,444	\$11,417	\$36,950	\$1,538	\$6,087	\$136,469	
2004	\$72,000	\$4,297	\$8,968	\$4,888	\$9,726	\$11,647	\$111,526	
2003	\$72,008	\$3,596	\$6,577	\$102	\$0	\$16,034	\$98,317	
Four yr. average	\$73,910	\$6,354	\$8,873	\$11,034	\$3,719	\$10,284	\$114,174	

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
<b>GENERAL GOVERNMENT (Cont.)</b>	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>Assessor</b>				
Salaries - Part Time	\$516	\$0	\$0	\$0
Fringes	39	0	0	0
Office Supplies	874	200	200	0
Postage	2,044	2,000	3,000	2,000
Contractual Services	13,953	5,000	15,000	10,000
Wexford County Contract	97,329	104,000	103,500	100,000
Data Processing	46,400	46,400	46,400	47,000
Board of Review	301	500	400	1,100
<b>Total Assessor</b>	<b>\$161,456</b>	<b>\$158,100</b>	<b>\$168,500</b>	<b>\$160,100</b>
Office Supplies in 2006 includes Apex IV assessor computerized drawing software for equalizer assessing software.				
<b>Personnel</b>				
Full-Time Positions	0	0	0	0
Part-Time Positions	0	0	0	0
Per Capita Costs	\$16.15	\$15.81	\$16.85	\$16.01
<b>Attorney</b>				
Office Supplies	\$1,800	\$1,400	1,400	\$1,600
Contractual Services	75,600	80,200	80,200	82,600
Travel & Education	957	1,000	1,000	1,200
<b>Total Attorney</b>	<b>\$78,357</b>	<b>\$82,600</b>	<b>\$82,600</b>	<b>\$85,400</b>
<b>Personnel</b>				
Full-Time Positions	0	0	0	0
Part-Time Positions	0	0	0	0
Per Capita Costs	\$7.84	\$8.26	\$8.26	\$8.54

**City Clerk/Treasurer**

This department is divided into two major sections. The first is the City Treasurer's Office, which has all custody of the revenues of the City and is established under the City Charter. Tax rolls are prepared and collected by this department and mailed to citizens. The second major area is the Clerk's Office, which is the Clerk to the City Council, signs all ordinances, keeps a permanent journal of all Council proceedings, and handles the City-wide elections.



Mrs. Janice Nelson, City Clerk/Treasurer, has a capable staff of two to assist her. Mrs. Nelson has been with the City for 28 years. She holds a Masters Degree, along with the distinguished designation of Certified Municipal Clerk as well as Certified Municipal Finance Administrator.

**Goals:**

1. Explore locations and research the cost of adding a fourth voting precinct because the total number of registered voters in Precinct 3 is nearing the maximum allowed under the state election law.
2. Streamline water bill cash receipting practices to allow for faster data entry.

The major expenditures in this department are for data processing costs, which are for the internal use of the computer and programmer as the majority of the processed material is computerized including elections. Another major expenditure is for bad debt expenditures which are the taxes that were reimbursed to the City from Wexford County and are allowed to go to the tax sale. Wexford County will reimburse the City for delinquent taxes and proceed to collect those delinquencies for us and if they are unable to collect them, they go to tax sale and the City is obligated to return the funds to the County at that time.

<u>Statistics</u>	<u>Payroll Checks Written</u>	<u>Elections</u>	<u>Voters</u>	<u>Per Capita Cost</u>
2006	1,584	2	7,155	\$24.25
2005	2,401	1	6,931	\$22.48
2004	3,218	2	6,803	\$26.29
2003	3,409	1	6,778	\$18.41
2002	3,513	2	6,767	\$19.30
2001	3,335	2	6,829	\$18.42

	Fiscal Year Ending June 30,			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>GENERAL GOVERNMENT (Cont.)</b>				
<b>Clerk/Treasurer</b>				
Salaries	\$131,648	\$133,000	\$131,500	\$138,700
Fringes	64,878	72,000	94,100	77,400
Office Supplies	1,962	1,900	2,100	2,500
Postage	4,304	8,000	7,100	6,600
Data Processing	39,000	39,000	39,000	40,000
Dues & Publications	590	500	600	600
Telephone	(2)	100	100	0
Travel & Education	0	700	700	800
Bad Debt Expense (1)	85	110,000	130,000	15,000
<b>Total Clerk/Treasurer</b>	<b>\$242,465</b>	<b>\$365,200</b>	<b>\$405,200</b>	<b>\$281,600</b>
(1) 2007 increased due to a court ruling on Wexford Medical Group as being tax exempt and reimburse taxes				
<b>Personnel</b>				
Full-Time Positions	4	4	4	4
Part-Time Positions	0	0	0	0
<b>Elections</b>				
Salaries	\$1,608	\$4,700	5,000	\$4,800
Office Supplies	2,207	1,000	2,500	3,500
Capital Outlay	38,853		0	0
<b>Total Elections</b>	<b>\$42,668</b>	<b>\$5,700</b>	<b>\$7,500</b>	<b>\$8,300</b>
<b>Personnel</b>				
Full-Time Positions	0	0	0	0
Part-Time Positions	15	30	30	15

Two elections will be held in 2007-2008, the August primary and November general election. The election process is computerized and uses three AccuVote machines which scan ballots inserted by the voter. The staff of approximately 15 are all part-time employees that work one or two days for each election.

*There are 7,152 registered voters on the voting roll.*

Cost per registered voter	\$5.97	\$0.80	\$1.05	\$1.16
Cost per Capita	\$4.27	\$0.57	\$0.75	\$0.83

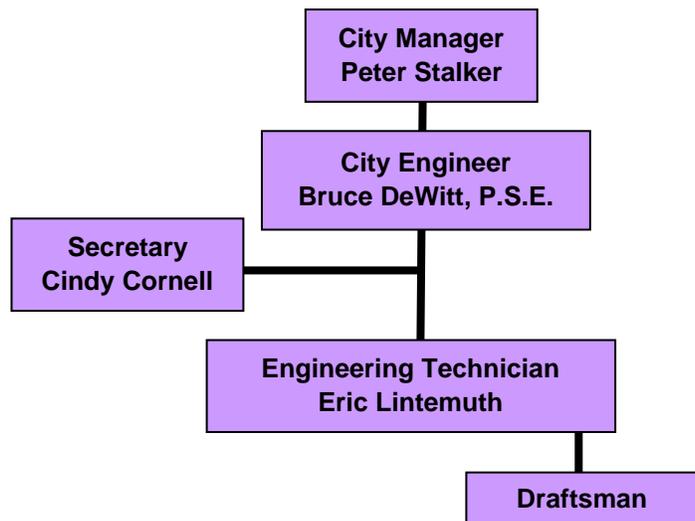
Fiscal Year Ending June 30,

	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>GENERAL GOVERNMENT (Cont.)</b>				
<b>Engineering</b>				
Salaries	\$79,146	\$112,000	\$111,100	\$118,000
Salaries - Part Time	0	0	3,700	0
Fringes	36,441	38,000	40,400	48,900
Office Supplies	3,363	3,800	3,500	3,500
Postage	59	100	200	200
Contractual Services	7,288	5,000	8,000	8,000
Data Processing	16,000	16,000	16,000	17,500
Dues & Publications	377	400	700	700
Telephone	505	500	700	700
Travel & Education	299	900	500	500
Equipment Rental	1,744	4,800	4,800	4,800
Capital Outlay	0	15,000	0	0
<b>Total Engineering</b>	<b>\$145,222</b>	<b>\$196,500</b>	<b>\$189,600</b>	<b>\$202,800</b>
<b>Personnel</b>				
Full-Time Positions	2.41	2.41	2.41	2.41
Part-Time Positions	0	1	1	1
Cost per Capita	\$14.52	\$19.65	\$18.96	\$20.28

**Engineering**

The engineering department, which operates under the direction of the City Manager, is responsible for the planning, design, inspection and testing of the City street construction projects and any other related construction jobs. A professional engineer licensed by the State of Michigan must oversee the department.

The engineer plays a major role in providing the infrastructure needs of the City. Contractual Services were included to reflect the use of a contractual employee to enter and develop our Geographic Information System (GIS) and also to include the use of consulting engineers as many street projects have been developed in the past couple of years. For twenty-eight years, Bruce DeWitt has been the City Engineer. The secretary has 41% of her salary applied to this department. A summer draftsman was budgeted in 2007 but not funded. 2007 reflects a truck purchased in capital outlay.



Municipal Complex

Goals for 2006-2007:

1. Replace council desks and carpeting in the council chambers. *Status: Completed*
2. Continue with lighting replacement and upgrade of wall covering in the Municipal Complex. *Status: on going.*

Goals for 2007-2008:

1. Continue with lighting replacement and upgrade of wall covering throughout the Municipal Complex.
2. Continue replacement program for office furniture.
3. Carpeting replacement in administrative area.
4. Reconstruct brick walls at Complex.



**City Hall**

The maintenance of the physical plant, which is occupied 24 hours per day, is anticipated to increase as the facility ages. Major replacements over the past few years have been the roof, and the HVAC system. Salaries for 2008 reflect 10% of the receptionist and as well as the full-time custodian. Utility costs are anticipated to increase an average of 9.9%. Capital Outlay in 2008 reflects the replacement of two desks, carpet replacement, and repair to a brick wall.



**Values Statement**

The members of the Cadillac **Police** Department realize that we are stewards of the public's trust. The badge that each member wears is a symbol of this trust. Therefore, we embrace the **values of honesty, integrity, and loyalty**, while serving our community with **respect, pride and commitment**.



**Mission Statement**

*It is the mission of the Cadillac Police Department to:*

- \* **Enforce** the laws of the State of Michigan and ordinances of the City of Cadillac, protect the community from harm, and uphold the Constitution of the United States.
- \* **Enhance** the quality of life and feeling of safety in the community through exceptional service, crime prevention, intervention, and problem solving.
- \* **Exhibit** professionalism, integrity, and courtesy while respecting the rights and dignity of all persons.



**Jeff Hawke,  
Director of Public Safety**

**Police Department**

The City of Cadillac's Police Department is headed by Public Safety Director Jeff Hawke. Director Hawke has 21 years of experience in law enforcement. His staff includes one captain, one detective-lieutenant, four sergeants, and nine patrol officers. The uniformed officers are members of the Police and Fire Retirement System. The two civilian clerical staff are part of the Michigan Municipal Employees Retirement System. The Police Officers Association of Michigan represents the uniformed officers in employee negotiations. Their contract expires June 30, 2008. 2008 budget also adds a part-time employee to assist with the CALEA process.

**Goals for 2006-2007:**

1. Continue policy review and implement CALEA standards. **Status: on-going**
2. Coordinate core fire investigations team to enhance fire investigation ability. **Status: Done**
3. Conduct further training in the National Incident Management System for department members. **Status: Done**

**Goals for 2007-2008:**

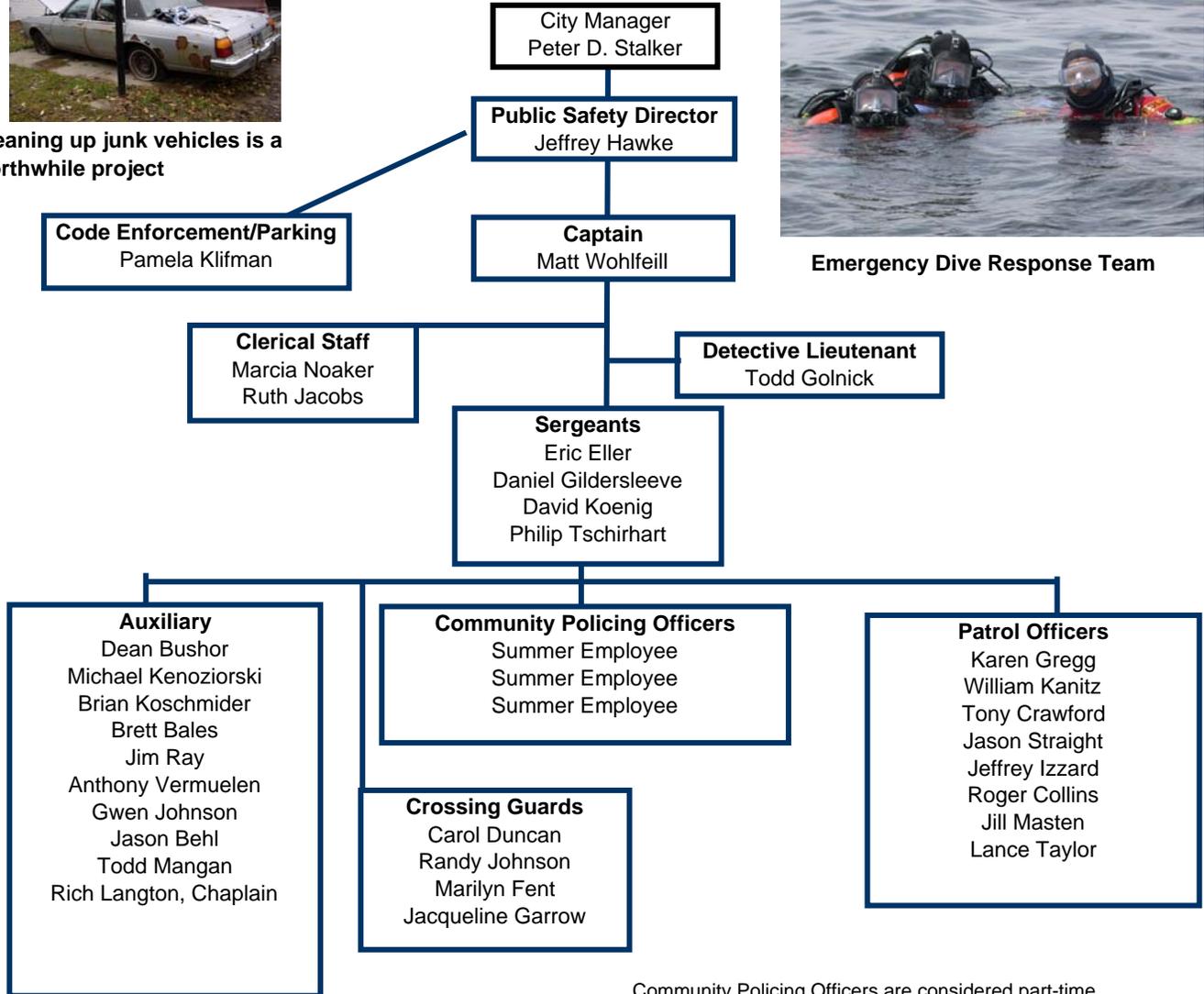
1. Achieve Commission on Accreditation for Law Enforcement Agencies (C.A.L.E.A.) recognition.
2. Enhance department investigative abilities for cyber crimes.
3. Incorporate video and audio recording capability in police department interview room.



Cleaning up junk vehicles is a worthwhile project



Emergency Dive Response Team



Community Policing Officers are considered part-time



Talking with children is important.

<u>Vehicles</u>	<u>Miles</u>	<u>Assignment</u>
1998 Ford F-150	150,591	Utility
2005 Chevy Impala	12,307	Director
2005 Chevy Tahoe	34,521	Patrol
2004 Chevy	52,158	Patrol
2000 Ford	93,088	Code Enforce.
1997 Jeep	128,489	General
2002 Chevy	63,665	YSO
2001 Jeep	56,213	K-9
2003 Chevy	6,568	Patrol
2003 Chevy	67,208	Patrol
2006 Chevy	12,307	Patrol



The summer of 1999 saw the appearance of the **Cadillac Police Mounted Patrol**. Jim Ray and Gwen Lagerway are on patrol during festivals and parades, on horseback. The patrol has been a great hit with area children.

**Community Policing Officers**, formally known as the summer foot patrol, are graduates of the police academy and work from May to September. There are three part-time officers assigned to the downtown area and lakefront. The officers are on foot or bicycle enforcing ordinance violations as well as State and Federal laws. The program was conceived in 1989. A steady decline in violations has been noted over the past 18 years. This speaks to the effectiveness of the program as seen by the chart below:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Alcohol Violations	12	4	8	10	4
Disorderly Persons	3	2	0	1	0
OUIL	3	1	1	12	3
Controlled Substances	7	0	2	13	4
Curfew, Tobacco, Other	61	7	21	35	48

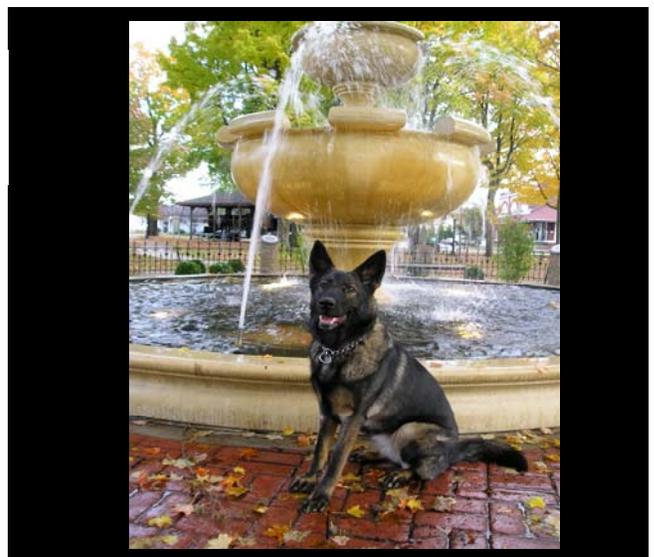
**K-9 Officer**, along with his partner Sgt. Todd Golnick conducted:

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Tracking Calls	5	27	39	39	3	10
Demonstrations	10	11	21	23	25	6
Drug Searches	7	15	23	30	6	26



*Bo is a 4 1/2 year old Dutch-born German Shepherd.*

The Cadillac Police Department is attempting the recognition phase of the law enforcement accreditation process. The Department received high marks during the initial "mock" assessment. The final process will be completed in 2007. A part-time staff member has been added to keep up with the massive amount of paper work involved with this process.



**Police (Cont'd):**

The department has two clerical employees who are responsible for generating all department records and processing all requests by citizens. They produced the following:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police Reports	4,577	4,953	4,984	4,899	4,625
Traffic Citations	895	857	1,530	1,468	1,251
Requests for Accident Reports	452	494	506	443	380
NSF Check Complaints	147	117	97	107	74
Freedom of Information Requests	109	144	102	169	145
Handgun Registrations	52	62	112	101	75
<b>Total</b>	<b>6,232</b>	<b>6,627</b>	<b>7,331</b>	<b>7,187</b>	<b>6,550</b>

**Capital Outlay Requests  
2007-2008**

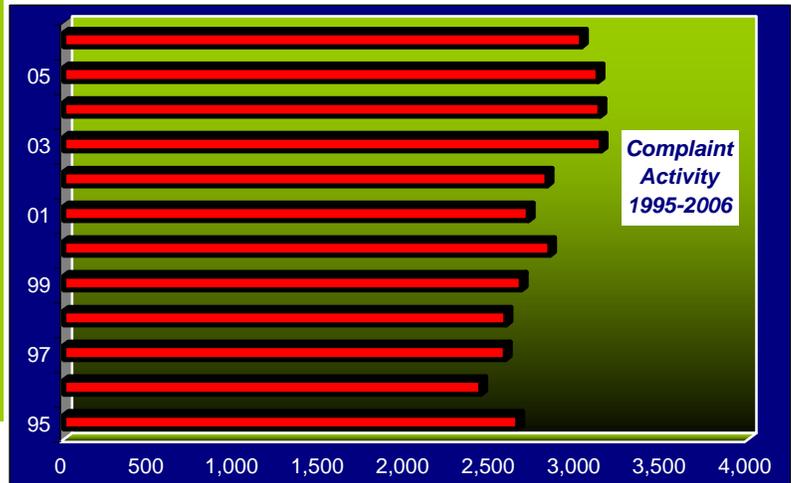
1 Patrol Car	\$25,500
2 Lobby Renovation	\$27,600
<b>Total</b>	<b>\$53,100</b>



Emergency Response Team prepared for winter.

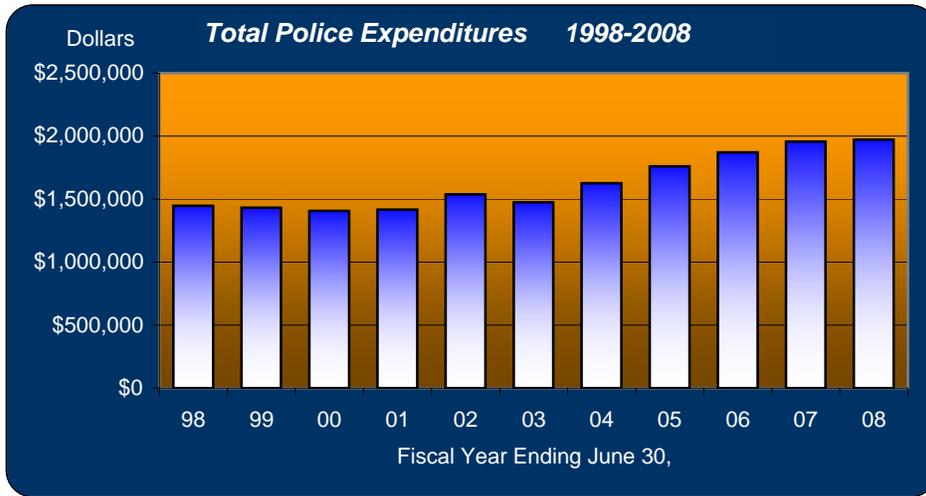


One sworn police officer for every 560 residents



Based on data from department statistics for index and non-index crimes  
Criminal activity has been fairly consistent over the past few years.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b><u>PUBLIC SAFETY</u></b>				
<b>Police</b>				
Salaries - Supervisory	\$87,709	\$90,000	\$148,100	<b>\$96,000</b>
Salaries - Patrolmen	697,623	697,000	651,400	<b>673,500</b>
Salaries - Overtime	57,381	90,000	91,500	<b>55,000</b>
Salaries - Clerks	67,778	73,000	78,800	<b>94,000</b>
Salaries - Crossing Guards	8,174	10,000	12,000	<b>11,000</b>
Salaries - Auxiliary	4,163	5,000	5,000	<b>4,500</b>
Salaries - Summer Patrol	17,982	20,000	21,000	<b>18,000</b>
Fringes	678,574	672,000	621,600	<b>736,400</b>
Office Supplies	9,043	9,000	9,000	<b>9,000</b>
Operating Supplies	42,935	43,000	44,000	<b>43,000</b>
Operating Supplies - Community Service	287	300	1,500	<b>1,500</b>
Uniform Cleaning	9,500	9,000	9,500	<b>9,500</b>
Data Processing	50,000	50,000	50,000	<b>55,000</b>
Dues & Publications	2,096	5,000	2,000	<b>2,000</b>
Radio & Equipment Maintenance	3,999	2,000	3,000	<b>4,000</b>
Telephone	5,538	5,000	5,000	<b>5,000</b>
Travel & Education	26,280	25,000	32,600	<b>32,600</b>
Vehicle Repair and Maintenance	22,066	27,000	25,500	<b>23,500</b>
Uniforms and Maintenance	13,122	9,000	11,500	<b>11,500</b>
Equipment Rental	11,636	19,000	27,700	<b>23,500</b>
Vehicle Lease	4,110	4,000	7,800	<b>7,800</b>
Copier Lease	3,280	3,500	3,700	<b>3,700</b>
Capital Outlay	48,927	90,000	98,100	<b>53,100</b>
<b>Total Police</b>	<b>\$1,872,203</b>	<b>\$1,957,800</b>	<b>\$1,960,300</b>	<b>\$1,973,100</b>
<b>Personnel</b>				
Full-Time Positions	18.5	18.5	17.1	<b>17.4</b>
Part-Time Positions	16	16	16	<b>17</b>
Police Cost per Capita	\$187.22	\$195.78	\$196.03	<b>\$197.31</b>



This chart is gradually climbing due to GASB 45 funding for other post employment benefits, increased health insurance costs, increase in retirement benefits, and salaries.

**Performance Measurements**

<b>Police Department</b>	2000 Census	2006-2007 Total Police Department Budget	Number of Full-Time Officers	Citizens Served Per Full-Time Officer
<u>Cities</u>				
Manistee	6,586	\$1,002,116	15	439.07
Mt. Pleasant	25,946	\$3,934,910	33	786.24
Big Rapids	10,849	\$1,785,300	14	774.93
Alpena	11,304	\$1,706,705	18	628.00
Traverse City	14,532	\$3,752,250	32	454.13
Sault St. Marie	16,542	\$2,086,700	25	661.68
<b>City of Cadillac</b>	<b>10,000</b>	<b>\$1,853,400</b>	<b>16</b>	<b>625.00</b>

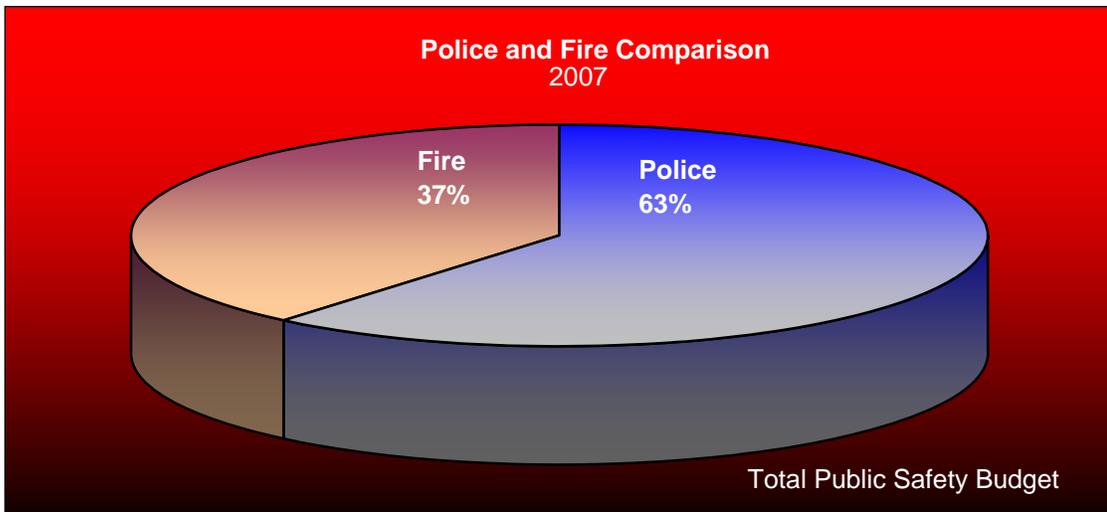
Each police officer in the City of Cadillac is serving more citizens per officer (625) when compared to similar sized communities in the State of Michigan. Cadillac has the third-highest per capita costs (\$185).

<b>Fire Department</b>	2000 Census	2006-2007 Total Fire Department Budget	Number of Full-Time Officers	Citizens Served Per Full-Time Officer
<u>Cities</u>				
Manistee	6,586	\$617,060	9	731.78
Mt. Pleasant	25,946	\$1,886,970	14	1,853.29
Big Rapids	10,849	\$815,200	9	1,205.44
Alpena	11,304	\$1,298,144	24	471.00
Traverse City	14,532	\$3,302,100	29	501.10
Sault St. Marie	16,542	\$2,648,900	9	1,838.00
<b>City of Cadillac</b>	<b>10,000</b>	<b>\$1,202,200</b>	<b>11</b>	<b>909.09</b>

Firefighters in the City of Cadillac are serving 909 citizens per officer which is about average when compared to similar communities in the State. Cadillac has the fourth highest per capita costs at \$120.

**Police and Fire Compared to the Total General Fund Expenditures  
1991-2008**

Year Ended	Expenditures		Total Public Safety	General Fund Total Expenditures plus other financing uses	Percent of total expenditures of General Fund	
	Police	Fire			Police	Fire
2008	\$1,973,100	\$1,258,000	\$3,231,100	\$6,977,100	28.28%	18.03%
2007	\$1,957,800	\$1,292,500	\$3,250,300	\$7,040,300	27.81%	18.36%
2006	\$1,872,203	\$1,517,368	\$3,389,571	\$6,642,264	28.19%	22.84%
2005	\$1,760,171	\$1,207,111	\$2,967,282	\$6,217,441	28.31%	19.41%
2004	\$1,626,181	\$1,035,891	\$2,662,072	\$5,872,347	27.69%	17.64%
2003	\$1,475,406	\$1,034,873	\$2,510,279	\$5,239,720	28.16%	19.75%
2002	\$1,537,630	\$916,998	\$2,454,628	\$5,671,563	27.11%	16.17%
2001	\$1,575,551	\$988,632	\$2,564,183	\$5,613,156	28.07%	17.61%
2000	\$1,465,293	\$1,144,998	\$2,610,291	\$5,366,921	27.30%	21.33%
1999	\$1,433,047	\$991,645	\$2,424,692	\$5,234,493	27.38%	18.94%
1998	\$1,447,101	\$873,240	\$2,320,341	\$4,948,684	29.24%	17.65%
1997	\$1,369,058	\$908,804	\$2,277,862	\$4,687,638	29.21%	19.39%
1996	\$1,236,945	\$824,857	\$2,061,802	\$4,532,936	27.29%	18.20%
1995	\$1,214,244	\$835,244	\$2,049,488	\$4,553,093	26.67%	18.34%
1994	\$1,271,421	\$1,149,142	\$2,420,563	\$4,832,474	26.31%	23.78%
1993	\$1,148,090	\$680,831	\$1,828,921	\$4,199,778	27.34%	16.21%
1992	\$1,142,313	\$671,956	\$1,814,269	\$3,937,455	29.01%	17.07%
1991	\$999,179	\$582,199	\$1,581,378	\$3,621,131	27.59%	16.08%



**Fire**

The Public Safety Director, Jeff Hawke, is the chief operating officer in this department. His salary is split 50% in police and 50% in fire. He has a staff of 11 full-time firefighters and 18 volunteers to provide 24-hour fire protection to the City of Cadillac and Clam Lake Township. The firefighters have in addition to their duties a periodic rental housing inspection designed to help prevent fires. The rental program requires that all rental property be inspected for building, electrical, mechanical and housekeeping deficiencies.



**Goals 2007-2008**

1. Begin full review of all policies and procedures.
2. Continue incident pre-planning for major occupancies and industrial sites.
3. Coordinate replacement and upgrade of SCBA and required training through the Assistance to Fire Fighters grant program.

**Goals 2006-2007:**

1. Review and update report writing protocols. **Status:** *In progress.*
2. Coordinate core fire investigations team to enhance fire investigation ability. **Status:** *Done*
3. Conduct further training in the National Incident Management System for department members. **Status:** *Done*



**Mike Mongar  
Fire Marshal**

**Fire Marshal**

Firefighter Mike Mongar was assigned as Fire Marshal in 2003. Mike conducts commercial fire inspections, provides fire prevention education, coordinates the rental housing inspection program, and coordinates the site survey program.

**Fire Department**  
**Performance Measurements**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Man-Hours spent in training	4,400	4,250	4,400	4,500	4,615
Hours spent in water rescue:					
Training	16	28	80	62	50
Total runs	N/A	N/A	N/A	N/A	1,361
Number of Fire Inspections	50	50	57	129	71
Number of Educational Programs Offered	11	11	11	12	12
Number of Fire Investigations Performed	33	57	54	64	51
Number of Fires Reported	33	57	54	64	51
Percentage of Fires Preventable by Inspection	22	20	10	20	20
Number of Fires of Suspicious Origins	8	11	2	6	2
Citizens participating in Educational Programs	3,655	3,450	3,500	3,350	3,200
Fires in Inspected Buildings	2	1	2	4	3
Fires In Uninspected Buildings	2	9	18	25	24
Number of EMT Runs	949	1,347	1,414	1,322	1,080
Man-Hours Spent Maintaining Vehicles	840	730	800	692	720
Rental Inspection Hours			630	624	747
Man hours spent on inspections			2,190	2,889	2,827
Man hours spent on reports			450	500	540
Man hours spent on fires			81	96	102
Man hours spent on public relations			700	740	720
Total man hours worked in last three years			31,120	33,600	33,680

Over the five year period, training has increased. Inspections are helping to reduce preventable fires, but those uninspected buildings have seen a tremendous increase in fires. This reflects the need to have a fire inspector and his team review each building. Hours spent filling out reports has seen a corresponding increase in hours worked.



Training at the Airport



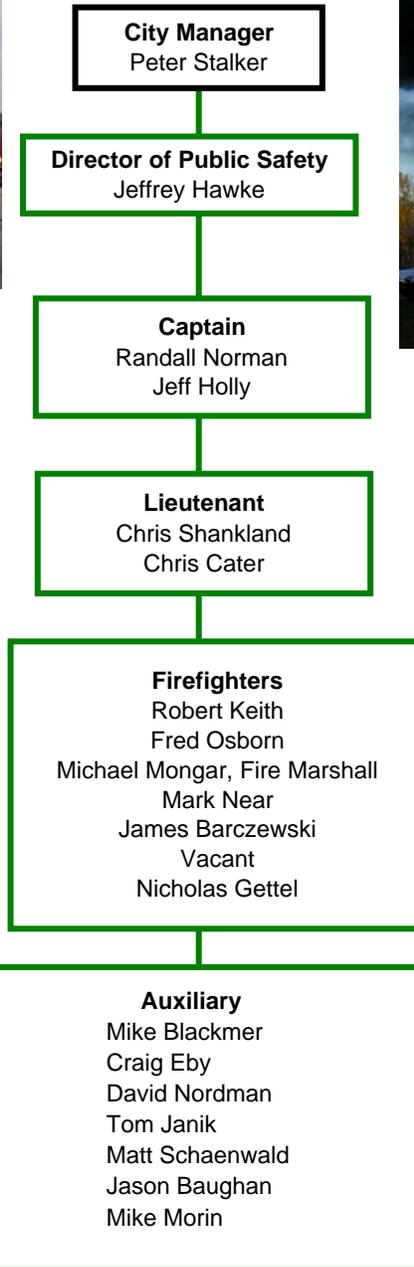
Responding to car fire



Hazardous training



School children enjoy the firefighters and their equipment



**Fringe Benefits**

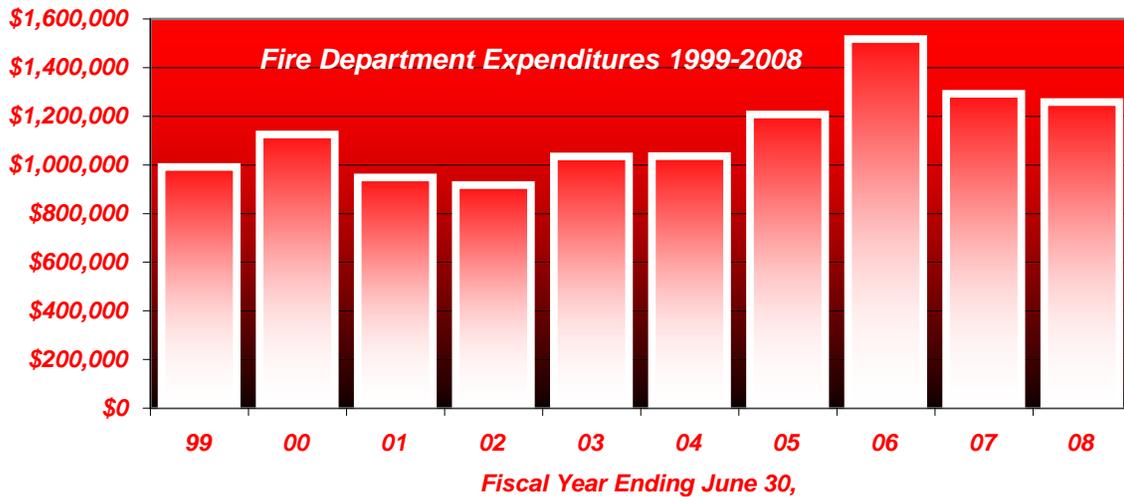
Benefits are increasing primarily due to increases in hospitalization, OPEB, and retirement contributions.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	<b>Budget</b>		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>PUBLIC SAFETY (Cont.)</b>				
<b>Fire</b>				
Salaries - Supervisory	\$33,265	\$34,000	\$33,600	<b>\$37,000</b>
Salaries - Firefighters	454,095	470,000	480,000	<b>495,000</b>
Salaries - Overtime	110,151	90,000	111,300	<b>71,000</b>
Salaries - Volunteer	29,724	22,000	40,000	<b>36,000</b>
Fringes	416,594	445,000	400,100	<b>504,900</b>
Office Supplies	1,424	1,800	1,500	<b>1,500</b>
Operating Supplies	26,194	18,000	19,800	<b>20,000</b>
Operating Supplies-Community Service	733	1,700	1,700	<b>1,700</b>
Uniform Cleaning	2,200	2,200	2,200	<b>2,800</b>
Subsistence Allowance	15,542	12,000	12,000	<b>12,800</b>
Data Processing	7,700	7,700	7,700	<b>10,000</b>
Dues & Publications	2,199	2,500	2,500	<b>2,000</b>
Radio & Equipment Maintenance	6,418	3,500	3,500	<b>5,500</b>
Telephone	1,063	900	1,200	<b>1,200</b>
Travel & Education	8,809	12,000	14,500	<b>14,500</b>
Vehicle Repair & Maintenance	16,359	15,000	17,500	<b>18,000</b>
Uniforms & Maintenance	9,847	12,000	15,000	<b>15,000</b>
Vehicle Lease	4,220	4,000	3,900	<b>3,900</b>
Employee Safety	3,200	3,200	3,200	<b>5,200</b>
Capital Outlay	367,631	135,000	31,000	<b>0</b>
<b>Total Fire</b>	<b>\$1,517,368</b>	<b>\$1,292,500</b>	<b>\$1,202,200</b>	<b>\$1,258,000</b>
<b>Personnel</b>				
Full-Time Positions	11.5	11.5	11.5	<b>11.5</b>
Part-Time Positions	18	20	20	<b>15</b>
Fire Cost per Capita	\$151.74	\$129.25	\$120.22	<b>\$125.80</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>\$3,389,571</b>	<b>\$3,250,300</b>	<b>\$3,162,500</b>	<b>\$3,231,100</b>
<b>Public Safety Cost per Capita</b>	<b>\$338.96</b>	<b>\$325.03</b>	<b>\$316.25</b>	<b>\$323.11</b>



In 2007, a Homeland Security Grant was obtained for replacement of outdated breathing apparatus used by the firefighters at the scene of a fire. The grant was for 60% of the cost of replacement. Total cost estimated at \$90,000 with a grant of \$60,000 leaves a cost to the city of \$30,000 for twenty new units. In addition a micro-pumper for the off road pickup and fire protection and a grant was received for an air exchange at the fire hall.

The total fire expenditures are increased in 2006 due to the purchase of a fire truck. The total purchase is shown as an expenditure and as seen in the chart below reflects a significant increase in relation to the prior years.



*Major spikes in expenditures represent major equipment purchases.*

Fiscal Year Ending June 30,

	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b><u>PUBLIC WORKS</u></b>				
<b>Community Development</b>				
Salaries	\$54,919	\$56,000	\$53,500	\$58,000
Fringes	26,494	21,000	24,400	29,300
Office Supplies	551	3,000	5,000	3,000
Postage	176	500	500	500
Contractual Services	77	0	0	0
Data Processing	3,200	3,200	3,200	4,000
Dues & Publications	0	500	500	500
Telephone	537	500	400	500
Travel & Education	0	0	500	500
Publisher's Costs	1,547	0	0	0
Equipment Rental	67	0	600	0
Capital Outlay	862	0	0	0
<b>Total Community Development</b>	<b>\$88,430</b>	<b>\$84,700</b>	<b>\$88,600</b>	<b>\$96,300</b>
<b>Personnel</b>				
Full-Time Positions	1.21	1.21	1.21	1.21
Part-Time Positions	0.5	0.5	0.5	0

Jerry Adams has over thirty years of professional planning and community development experience. He has eight years in the public sector and twenty three years in the private sector. His extensive experience in city master planning, zoning, economic development, housing, and health care facilities planning brings to the City of Cadillac a wealth of background. Jerry is the recipient of planning awards from the Michigan Municipal League and Michigan Society of Planning. He is often a guest lecturer for the Michigan Municipal League, Michigan Society of Planning, and Michigan Township Associations. He has authored over forty five articles and professional publications dealing with planning and community development. Jerry has a bachelor of science degree in urban/regional planning from Eastern Michigan University.



**Jerry Adams**  
Community Development Coordinator

**Community Development**

The Community Development department is responsible for the preparation and maintenance of the City Master Plan and for the administration and enforcement of the City's zoning and land division ordinances. Jerry serves as the secretary of the Zoning Board of Appeals and the Planning Board and is currently serving as staff liaison to the Historic District Committee. The salary of the Community Development Coordinator is accounted for in this account as well as 21% of the salary of a secretary. Contractual Services reflects the costs of a planning consultant. Publishers Costs have been included in Office Supplies beginning in 2004.

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Number of Zoning Board of Appeals Meetings	5	9	10	9	6
Number of Planning Board Meetings	8	9	11	12	11
Number of Site Plans Reviewed	111	89	216	200	290
Number of Historic District Commission Mtgs.	10	6	n/a	n/a	n/a

**Housing Activity Development Summary for Active Projects  
 Apartments - Condominiums - Manufactured Home Parks  
 February 2007**

<u>Projects</u>	<u>Construction</u>		
	<u>Units Approved</u>	<u>Work in Progress</u>	<u>Pending</u>
<b><u>Apartments</u></b>			
Sunnyside Estates	84	48	36
White Pine Village	138	42	96
Northland Meadow	80	80	0
Total Apartment Units	302	170	132
<b><u>Condominiums</u></b>			
Davidsen Estates	18	2	16
Forest Edge	70	0	70
Lake Street	24	24	0
Total Condominium Units	112	26	86
<b><u>Manufactured Home Parks</u></b>			
Red Pine Village	220	0	220
Total Manufactured Home Park Units	220	0	220
<b><i>Total of all units activity</i></b>	634	196	438

**The Cadillac Housing Market**

The market remains relatively stable with a significant amount of new condominium and apartment construction approved by the Cadillac Planning Board. The majority of the projects are anticipated to be completed by the spring or early summer of 2007. One developer is reassessing the demand for a manufactured housing park. Another filed a rezoning application targeting the future construction of approximately 45 to 60 new condominium units. Two separate developers are interested in constructing senior assisted living facilities. The bulk of the existing and proposed development continues to be focused in the southern part of the city.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b><u>PUBLIC WORKS (Cont.)</u></b>				
<b>Public Works - Miscellaneous</b>				
Salaries	\$3,101	\$2,600	\$3,000	<b>\$4,300</b>
Fringes	1,867	2,000	2,000	<b>2,400</b>
Property Taxes	19	15,000	1,100	<b>900</b>
Street Lighting	89,448	90,000	88,900	<b>92,300</b>
Maintenance of Dam	1,820	3,200	3,200	<b>1,600</b>
Equipment Rental	11,583	12,000	10,000	<b>15,300</b>
Hydrant Rental	22,700	22,700	22,700	<b>23,200</b>
<b>Total Public Works Miscellaneous</b>	<b>\$130,538</b>	<b>\$147,500</b>	<b>\$130,900</b>	<b>\$140,000</b>

**Public Works Miscellaneous**

Property taxes account for the small pieces of property the City obtains from year to year through the tax sale and an attempt is made to resell the property and put it back on the tax roll. Street Lighting is the cost paid to Consumers Energy for the 574 street lights in the City. Hydrant Rental by ordinance is \$50 per hydrant paid to the Utilities Department for the readiness to serve charge for fire protection. There are currently 454 hydrants within the City. Salaries and Equipment Rental are provided by the Stores and Garage Fund on a contractual basis. Salaries and Fringes are costs repaid to the Stores and Garage Fund.



*Busy downtown area*

**Street Lights**

<u>Number of Lights</u>	<u>Lumens</u>	<u>Monthly Rate</u>
10	2,500	\$7.772
3	3,500	\$8.173
96	7,500	\$10.020
183	20,000	\$16.507
281	8,500	\$9.281
1	24,000	\$16.240

	Fiscal Year Ending June 30,			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	BUDGET PROPOSED 2008
<b>PUBLIC WORKS (Cont.)</b>				
<b>Sidewalks</b>				
Salaries	\$7,634	\$8,000	\$7,000	\$9,400
Salaries - Part Time	2,293	1,600	1,500	0
Fringes	3,815	5,000	4,700	5,600
Operating Supplies	2,826	5,000	1,000	4,500
Contractual Services	9,838	0	0	0
Equipment Rental	12,738	16,000	17,000	29,100
<b>Total Sidewalks</b>	<b>\$39,144</b>	<b>\$35,600</b>	<b>\$31,200</b>	<b>\$48,600</b>

**Sidewalks**

This account reflects the maintenance costs for the City-owned sidewalks and the plowing of alleys. In 1998, the city began a special assessment sidewalk replacement project to upgrade severely deteriorated sidewalks throughout the city. The final phase of this project was completed in 2006. The condition of the sidewalks will continue to be monitored and corrective action will be taken to correct the deficiencies.

Miles of sidewalks	Cadillac - 132	Alpena- 115	Petoskey - 28	Greenville - 65
	Manistee - 88	Ludington - 120		Cheboygan - 28
	Marshall - 25	Big Rapids - 60		

**Leaves**

Salaries	\$3,996	\$7,000	6,500	\$5,900
Fringes	2,107	3,500	3,900	3,400
Equipment Rental	24,135	38,000	33,000	36,800
<b>Total Leaves</b>	<b>\$30,238</b>	<b>\$48,500</b>	<b>\$43,400</b>	<b>\$46,100</b>

**Leaves**

Many tree-lined streets adorn the City adding to the beauty but also requiring a large cleanup effort during the fall. Burning of leaves is prohibited and residents are required to purchase special bags to provide an economical way to remove the leaves from private property. The State of Michigan has legislated that no leaves or grass clippings can be deposited in any Michigan landfills.



**Hours spent in leaf pickup:**

1997	266	2001	350
1998	439	2002	437
1999	401	2003	451
2000	333	2004	412
		2005	361
		2006	272

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>PUBLIC WORKS (Cont.)</b>				
<b>Grass &amp; Weed Control</b>				
Salaries	\$8,298	\$7,500	8,400	<b>\$6,900</b>
Fringes	4,310	4,000	4,900	<b>4,000</b>
Equipment Rental	30,334	28,000	24,900	<b>33,300</b>
<b>Total Grass and Weed Control</b>	<b>\$42,942</b>	<b>\$39,500</b>	<b>\$38,200</b>	<b>\$44,200</b>

**Grass and Weed Control**

The City has an ordinance prohibiting noxious weeds. Periodically throughout the summer, crews will mow areas that are in violation of this ordinance. Grass and Weed Control is for maintaining city right of way and city owned lots as well as privately owned lots which are in violation of ordinance.

<b>In response to ordinance:</b>		<b>Hours Spent</b>		<b>Number of</b>
<b>Fiscal Year</b>	<b>Complaints</b>	<b>Mowing</b>		<b>Lots Mowed</b>
2001	83	14.50		12
2002	150	6.00		10
2003	198	27.60		26
2004	219	25.60		29
2005	321	59.00		79
2006	235	45.50		49

**Composting**

Salaries	\$4,369	\$4,800	\$4,900	<b>\$40,000</b>
Fringes	2,239	2,400	2,800	<b>2,700</b>
Equipment Rental	1,958	3,000	3,700	<b>2,400</b>
<b>Total Composting</b>	<b>\$8,566</b>	<b>\$10,200</b>	<b>\$11,400</b>	<b>\$45,100</b>

**Composting**

As a result of a new state law, grass clippings and leaves can not be placed in the landfill. The City has a composting program which is privatized, with the exception of turning the compost pile by City crews. The contractor picks up leaf bags set out by the residents once a week and a portion of the cost is offset by an increase in monthly solid waste collection fees. Contractual Services represents the rental of a screening machine for compost material.

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2006	2007	2007	2008
<b>PUBLIC WORKS (Cont.)</b>				
<b>Waste Removal</b>				
Salaries	\$0	\$100	\$200	\$0
Fringes	0	100	500	0
Operating Supplies	500	500	600	0
Removal Contract	416,774	500,000	497,800	580,000
County Land Fill Fees	44,210	6,000	10,300	4,400
Equipment Rental	0	100	100	0
<b>Total Waste Removal</b>	<b>\$461,484</b>	<b>\$506,800</b>	<b>\$509,500</b>	<b>\$584,400</b>
<b>TOTAL PUBLIC WORKS</b>	<b>\$801,342</b>	<b>\$872,800</b>	<b>\$853,200</b>	<b>\$1,004,700</b>
<b>Public Works per Capita Costs</b>	<b>\$80.13</b>	<b>\$87.28</b>	<b>\$85.32</b>	<b>\$100.47</b>

**Waste Removal**

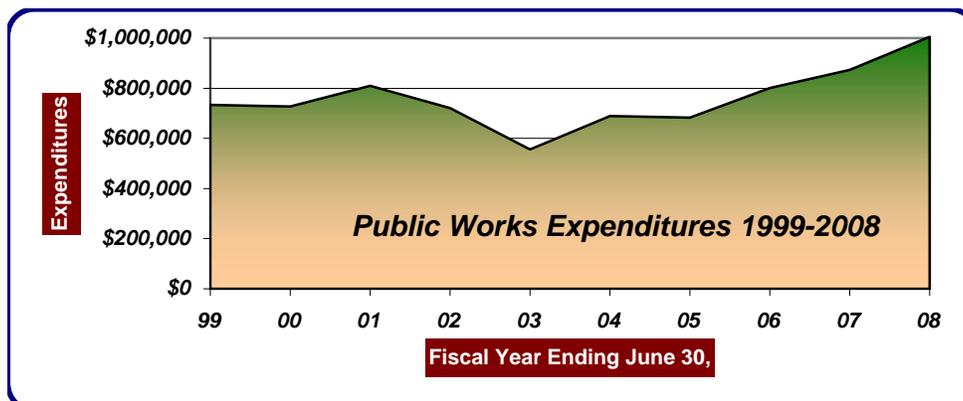
This group of accounts reflects the solid waste contract. The current contract is with Shoreline Waste Disposal. The contractor serves 3,306 customers weekly with curbside pickup. The City does the billing and collects from the customers and reimburses the contractor. In addition the contractor provides a Tidy Tote garbage can (1,773) for a fee of \$2.20 per month of which the City gets \$0.45 for a collection fee. The cost of the contract has increased 37% since July 1, 2005 due primarily to tipping fee increases at the Wexford County Landfill. Each residential customer pays approximately \$4.69 per month for tipping fees or 39% of their monthly solid waste bill. In 2004, approximately 22% of the monthly solid waste bill went for tipping fees.



<u>Fiscal Year</u>	<u>Cost</u>	<u>Increase</u>	
2004	\$8.07	0.875%	Increase in costs over the past five years has been 68.7733%
2005	\$8.18	1.3631%	
2006	\$11.27	37.7751%	
2007	\$11.53	2.3000%	
2008	\$13.62	18.1267%	

<b>Percent of Removal Contract for Landfill fees</b>	
2003	22.30%
2004	21.40%
2005	33.80%
2006	38.80%
2007	48.24%

Wexford County Landfill converted to a per ton charge in April 2005.



	Fiscal Year Ending June 30,			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>CULTURE AND RECREATION</b>				
<b>Arts Council</b>	<b>\$10,500</b>	<b>\$10,500</b>	<b>\$10,500</b>	<b>\$10,500</b>

**Arts Council**

The City contributes funds to the local Arts Council to assist in programming. They support 12 different organizations and expend over \$19,000 annually. Revenues from the various events as well as donations produce enough to offset most of the costs and the City is asked to contribute a portion (55%) of the remaining balance.

**Parks**

Salaries	\$35,887	\$36,000	\$31,200	<b>\$32,000</b>
Salaries - Part Time	38,449	38,000	36,000	<b>49,100</b>
Fringes	20,990	21,000	17,900	<b>22,100</b>
Operating Supplies	14,829	14,500	14,500	<b>15,000</b>
Contractual Services	1,691	2,500	2,200	<b>2,200</b>
Telephone	512	500	500	<b>500</b>
Travel and Education	72	200	300	<b>200</b>
Utilities	17,203	18,000	17,500	<b>17,400</b>
Repair and Maintenance	25,474	25,000	21,300	<b>17,000</b>
Equipment Rental	11,547	13,000	12,900	<b>16,200</b>
Rental Building	(234)	1,100	1,100	<b>1,100</b>
Capital Outlay	40,606	210,000	180,000	<b>5,000</b>
<b>Total Parks</b>	<b>\$207,026</b>	<b>\$379,800</b>	<b>\$335,400</b>	<b>\$177,800</b>

**Parks**

The Parks Division is responsible for maintaining four City Parks, totaling 117 acres. This work is performed by approximately nine summer students, prison laborers, and Street Department personnel. The work is primarily overseen by Parks Superintendent Allen Dumond with part-time assistance from Cemetery personnel. The scope of the work includes spring cleanup, summer lawn maintenance, inspection and repair of playground equipment, cleaning of all bathrooms, landscape work, fall leaf collection and winter storage of tables and equipment. 2007 reflects a new bridge in the park (\$125,000) security cameras (\$31,000), and new sprinkler system(\$48,700), sound system at the pavilion (\$5,300).

<b>Performance Measurements</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
1. Hours spent mowing grass	1,275	1,225	1,200	1,250
2. Hours spent in support of pavilion	200	210	220	195
3. Hours spent on special events	650	700	675	650
4. Number of summer employees	9	9	9	9
5. Hours of litter control in parks	250	350	275	300

<b>TOTAL CULTURE AND RECREATION</b>	<b>\$217,526</b>	<b>\$390,300</b>	<b>\$345,900</b>	<b>\$188,300</b>
<b>Cost per capita</b>	<b>\$21.75</b>	<b>\$39.03</b>	<b>\$34.59</b>	<b>\$18.83</b>

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b><u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u></b>				
<b>Community Promotions</b>				
Salaries	\$6,829	\$11,000	\$10,500	\$9,100
Fringes	3,289	6,000	6,300	5,400
Operating Supplies	1,830	1,900	2,000	1,700
Newsletter	3,301	3,800	2,000	4,000
Contractual Services	4,415	5,500	5,500	5,500
Utilities	1,634	1,800	1,200	1,500
Equipment Rental	6,245	6,600	7,300	9,400
Special Projects	600	0	0	0
Chamber of Commerce	1,000	1,000	1,000	1,000
<b>Total Economic Development and Assistance</b>	<b>\$29,143</b>	<b>\$37,600</b>	<b>\$35,800</b>	<b>\$37,600</b>

**Community Promotions**

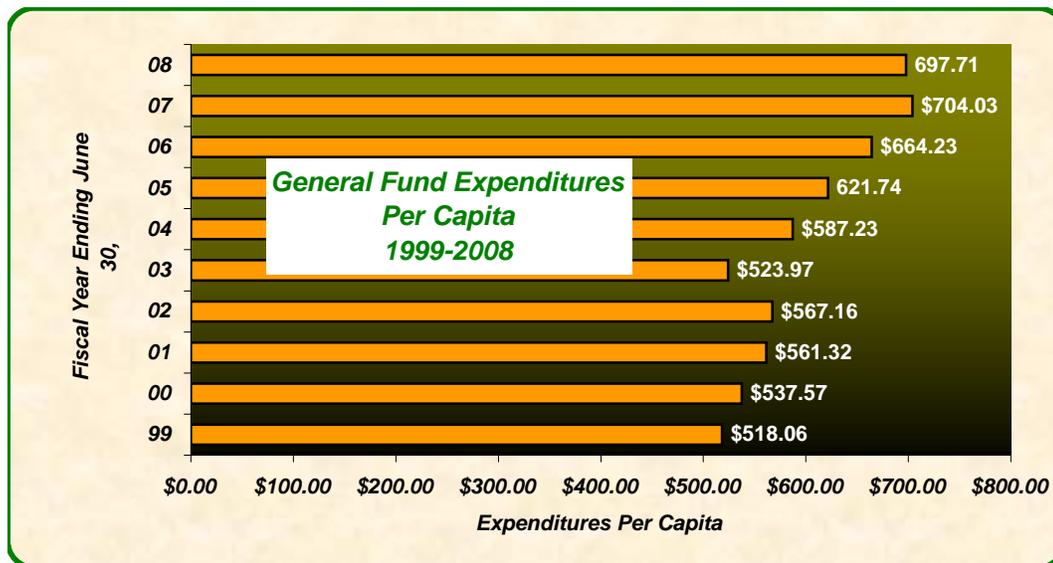
Special projects were eliminated due to lack of funding. Chamber of Commerce is a contribution to help offset their tax burden.

<b><u>INTERGOVERNMENTAL EXPENDITURES</u></b>				
Housing Commission	\$216,239	\$200,000	\$205,000	\$205,000
Clam Lake Township	784	1,100	1,200	1,200
Airport	33,525	27,000	31,800	33,000
Recreation	66,200	66,200	66,200	66,200
Lake Study	0	38,000	35,000	35,000
Special Projects	10,000	0	0	0
<b>Total Intergovernmental Expenditures</b>	<b>\$326,748</b>	<b>\$332,300</b>	<b>\$339,200</b>	<b>\$340,400</b>

**Intergovernmental Expenditures**

Funds are transferred to the Wexford County Airport, which is a joint effort with Wexford County. The County funds 60% and the City 40% of needs after the operational revenues are considered. The County reduced funding along with the City. The County is contributing \$40,000 in 2005-2007, which indicates the City's 40% share is 26,800. The Airport requested \$5,000 for a new roof in 2005, in 2006 the Airport requested to replace office chairs at \$5,000. In 2007, electrical wiring in the Northwood's Building is identified for \$5,000. Recreation is a joint program with the Cadillac Community School system and the total program is over \$300,000 per year, which provides many opportunities for all age groups. The Housing Commission is a pass-through account for their salaries and fringes which they reimburse on a monthly basis. The Lake Study is the city share of the cost for milfoil containment.

	Fiscal Year Ending June 30,			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>OTHER FINANCING</b>				
Transfers to Other Funds:				
Local Street	276,500	344,300	344,300	<b>472,600</b>
Police & Fire Retirement Fund	0	80,000	80,000	<b>80,000</b>
Milfoil Eradication Fund	44,152		0	<b>0</b>
Sick/Vacation Funding	0	0	60,000	<b>0</b>
<b>Total Other Financing</b>	<b>\$320,652</b>	<b>\$424,300</b>	<b>\$484,300</b>	<b>\$552,600</b>
<b>TOTAL EXPENDITURES</b>	<b>6,642,264</b>	<b>7,040,300</b>	<b>7,029,600</b>	<b>6,977,100</b>



Cities	Population	General Fund Budget	Per Capita Expenditures
Manistee	6,586	\$4,894,011	\$743.09
Mt. Pleasant	25,946	\$10,965,170	\$422.62
Big Rapids	10,849	\$7,255,100	\$668.73
Alpena	11,304	\$9,033,776	\$799.17
Traverse City	14,532	\$14,429,200	\$992.93
Sault St. Marie	16,542	\$10,136,575	\$612.78
<b>Cadillac</b>	<b>10,000</b>	<b>\$6,977,100</b>	<b>\$697.71</b>

Cadillac, at a per capita expenditure of \$698 for 2008, is right at the average of \$707 for this list. This indicates the outflow of funds per citizen for the operation of the City of Cadillac is in line with comparable communities in the State of Michigan.

Per Capita costs for Cadillac from 1995 through 1999 are based on a population of 10,104 per 1990 census, while 2000 through 2005 costs are based on a population of 10,000 per 2000 census numbers.

**Capital Outlay Items**

**2007-2008**

**City Hall**

Floor Covering (1)	10,500	
Court yard brick repair (2)	5,000	
Two desks	2,500	
	<hr/>	\$18,000

**Police**

Patrol Vehicle (3)	\$25,500	
Renovate Lobby (4)	\$27,600	
	<hr/>	\$53,100

**Parks**

Mowers and Blowers	5,000	
	<hr/>	\$5,000

Total	<hr/>	<hr/> <b>\$76,100</b>
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**Source of Funds**

State Shared Revenue-Statutory funds	76,100	
	<hr/>	<hr/> <b>\$76,100</b>

**Footnotes:**

- 1 Replace worn carpeting in the administrative section.
- 2 Brick wall in the court yards is beginning to breakdown and needs new mortar.
- 3 Routinely replace a police vehicle each year. Each vehicle will last five years.
- 4 Reconfigure police lobby to provide a waiting room for visitors.

# *Major Street Fund*

CITY OF  
**CADILLAC**  
MICHIGAN



**2007-2008**  
***Annual Operating Budget***

# Major Street Fund

The Major Street Fund is designed to support the operation and maintenance of the 21.53 miles of roadway as well as the 5.19 miles of State Trunklines that flow through the City of Cadillac. The State highways are Old M-55, US-131, and M-115. These three highways are maintained for the State of Michigan by the City under a contract with the Michigan Department of Transportation. In 2004 the State of Michigan turned over a portion of M-55 from Mitchell Street to Crosby Road from the State to the City and made it a major street. The addition of Lake Street as a major street added another 0.03 miles in 2004. This accounted for the increased miles of roadway from 19.66 miles to 21.53 miles and a decrease of state trunklines to 5.19 miles.

The **purpose** of this fund is to:

1. Receive all major street funds paid to the City by the State of Michigan.
2. Account for construction, maintenance and other authorized operations pertaining to all streets classified as major.
3. Receive money paid to the City for state trunkline maintenance.
4. Record costs on a modified accrual basis.

Each Michigan city is required to establish a major street fund in compliance with Act 51 of the Public Acts of 1951.

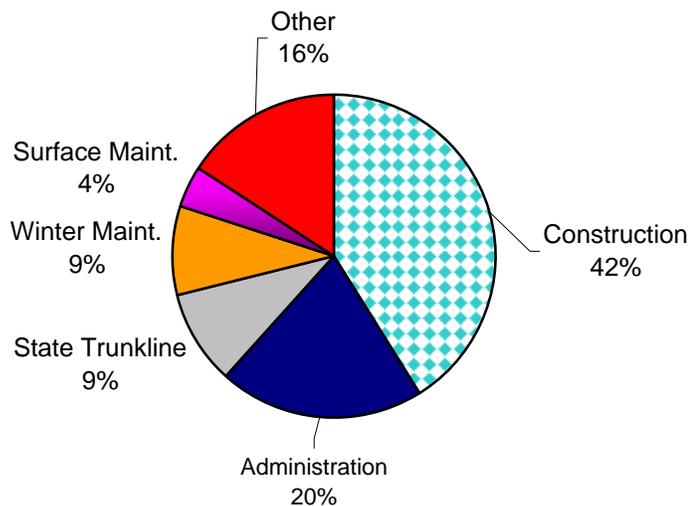
This fund technically has no employees but contracts with the Stores and Garage Fund, the Utilities Fund and the General Fund to furnish manpower, supplies and equipment. The hours worked on each project are supported with time sheets.

## Revenues

The major source of revenue is the gas and weight taxes collected by the State of Michigan and shared with local units of government. The formula received by cities is based on miles of streets, population and a factor placed by the State. In 2008, the estimate from the State has not been published yet so the revenue is based on the anticipated amount received as an average of the last two audited fiscal years. The second major source of revenue is for the state trunkline contract. This revenue item should equal the amount of expenditures for the trunklines.

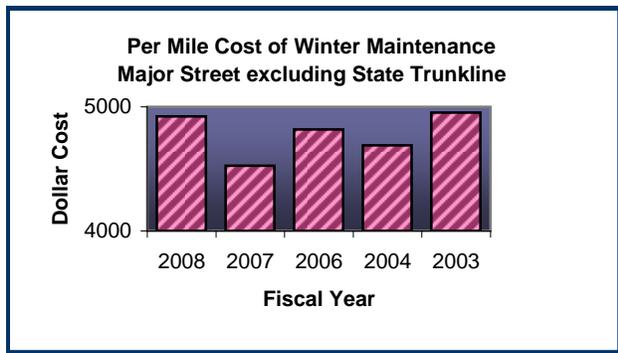
## Construction Activity:

1 North Street from Mitchell to Shelby	\$55,000
2 Ditching between frisbee and 13 Street	\$15,000
3 New Street Signs	\$10,000
4 Park Street	\$425,000
 Total	 <u><u>\$505,000</u></u>



**Expenditures  
2007-2008**

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Motor Vehicle Highway Fund	\$532,066	\$525,000	\$540,300	\$515,000
State Trunkline Maintenance	126,822	85,200	113,800	116,000
State of Michigan	288,376	500,000	630,500	425,000
Interest Income	12,626	5,000	10,000	5,000
Transfer In	1,797	0	0	0
Surplus	0	0	257,800	165,200
<b>TOTAL REVENUES</b>	<b>\$961,687</b>	<b>\$1,115,200</b>	<b>\$1,552,400</b>	<b>\$1,226,200</b>
<b>EXPENDITURES</b>				
Construction	\$433,754	\$600,000	\$838,800	\$505,000
Surface Maintenance	43,749	43,300	54,400	50,400
Sweeping and Flushing	28,539	29,800	36,600	34,600
Forestry	51,501	41,500	46,800	50,200
Drainage	9,571	17,000	13,500	11,100
Catch Basin	13,211	18,600	37,300	23,100
Traffic Services	45,069	57,400	67,800	74,200
Winter Maintenance	94,717	89,000	104,300	110,400
Administration	241,206	240,700	239,100	251,200
State Trunkline	104,621	85,200	114,300	116,000
<b>TOTAL EXPENDITURES</b>	<b>\$1,065,938</b>	<b>\$1,222,500</b>	<b>\$1,552,900</b>	<b>\$1,226,200</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenditures		(\$104,251)	(\$258,300)	(\$165,200)
Fund Balance - Beginning of Year	431,631	327,380	327,380	220,080
<b>FUND BALANCE AT YEAR END</b>	<b>\$327,380</b>	<b>\$220,080</b>	<b>\$69,080</b>	<b>\$54,880</b>

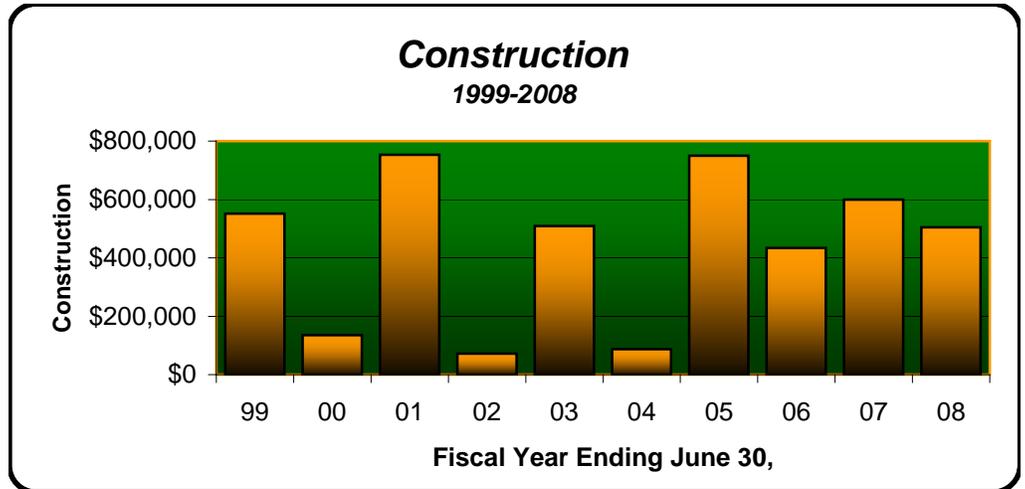


In 2008 it will cost the State of Michigan \$19,750 per mile to maintain US 131, M-55 and M-115 on a contractual basis within the City of Cadillac. This represents 20.3% increase from the previous year.

In 2008 it will cost the City \$15,026 per mile to maintain all Major Streets other than State Trunklines. This compares to \$13,776 anticipated in 2007, and \$13,300 in 2006. This is an increasing cost line over the last three years.

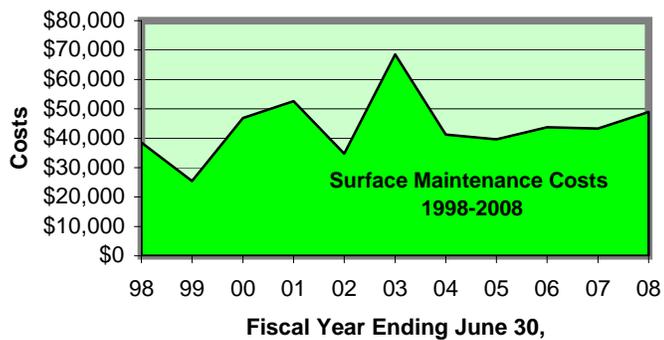
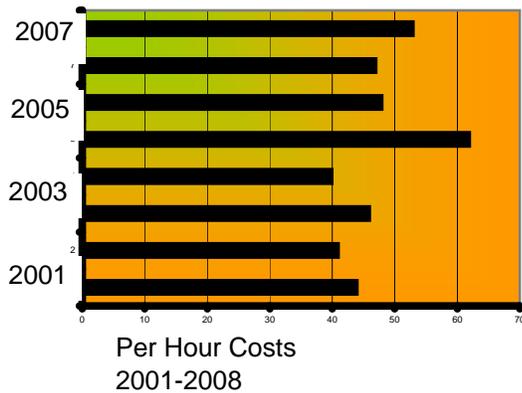
**Construction**

Projects planned for 2007-2008 are Park Street, North Street, a little ditching, and a few new street signs. This total cost of \$505,000 is funded by operation income.



**Surface Maintenance**

Maintaining the surfaces of 26.72 miles of major streets can be a challenge. Out of these 26.72 miles of major streets, 1.46% of them are still gravel. Patching of potholes and crack filling are large tasks as the infrastructure takes a beating from vast changes in temperatures and the increasing number of heavy vehicles on the roadways.



	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>EXPENDITURES</b>				
<b>Construction</b>				
Contractual Services	<b>\$433,754</b>	<b>\$600,000</b>	<b>\$838,800</b>	<b>\$505,000</b>
<b>Surface Maintenance</b>				
Salaries	\$13,507	\$14,000	\$18,000	<b>\$13,500</b>
Fringes	6,467	7,800	10,200	<b>8,000</b>
Operating Supplies	7,887	7,500	8,800	<b>8,900</b>
Equipment Rental	15,888	14,000	17,400	<b>20,000</b>
<b>Total Surface Maintenance</b>	<b>\$43,749</b>	<b>\$43,300</b>	<b>\$54,400</b>	<b>\$50,400</b>
<b>Sweeping and Flushing</b>				
Salaries	\$3,757	\$4,200	\$4,800	<b>\$3,700</b>
Fringes	1,960	2,600	2,900	<b>2,100</b>
Equipment Rental	22,822	23,000	28,900	<b>28,800</b>
<b>Total Sweeping and Flushing</b>	<b>\$28,539</b>	<b>\$29,800</b>	<b>\$36,600</b>	<b>\$34,600</b>

**Sweeping and Flushing**

Sweeping the main arteries of debris and dirt is the emphasis of this account. The major streets are cleaned eight times per year. Average estimated costs in 2007 will be \$116 per hour and it is estimated in 2008 the hourly costs will be \$112 per hour.

<b>Average Cost per Hour</b>			
2000	\$104	2004	\$99
2001	\$85	2005	109
2002	\$99	2006	111
2003	\$104		

**Forestry**

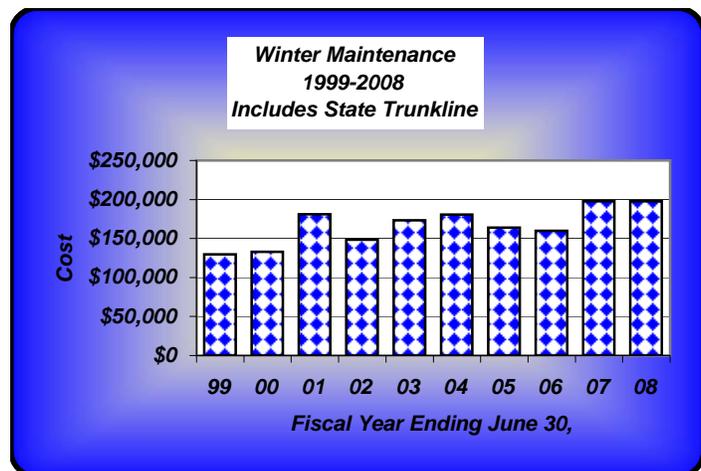
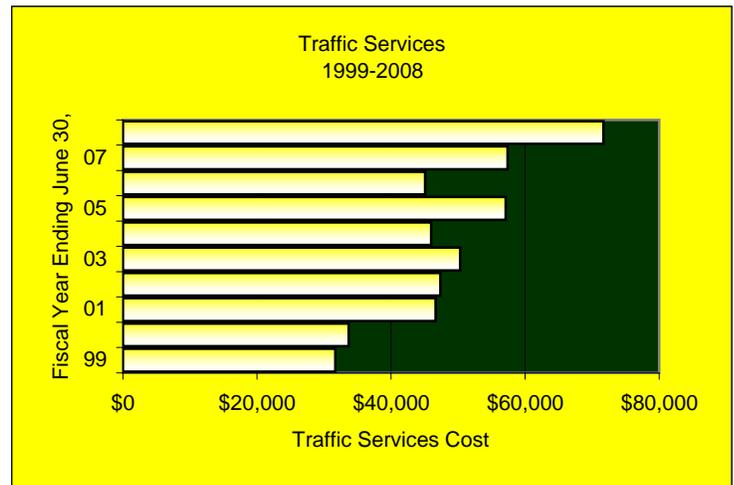
The street department maintains the trees along the major highways that earns the City of Cadillac the distinction of being a Tree City. Forestry hours in 2006 were 793, 2005 they were 549 hours, in 2004 -754 hours, 2003- 2,733 hours, 2002-2,990 hours were spent on the maintenance of the various types of trees.

**Catch Basins**

The Utilities department coordinates the maintenance and improvements to the storm and sanitary sewer systems in the Major Street Fund. Increased costs are reflected as the departmental goal is to improve the drainage systems that receive the run-off water supply from the highways.

**Traffic Services**

This account deals with the various traffic signs and the various needs to allow the traffic to flow smoothly on the major streets.



**Winter Maintenance**

In northern Michigan, dealing with snow and ice is a major issue each winter. Lighter winters result in less winter maintenance expenditures. Snow plowing/hauling are critical in keeping the roadway accessible to the many vehicles that utilize the vast roadway system in this community. Gasoline is a major cost concern as the prices are increasing. In 2006 1,449 man hours were spent on winter maintenance compared to 1,230 in 2005. In 2004- 1,223 man hours, 2003 -1,236 man hours were spent on winter maintenance, up from 1,034 hours in 2002. Total costs for winter maintenance in 2006 was \$158,592 or \$109 per hour; in 2005 total costs were \$164,067 or \$133 per hour, in 2004 total costs were \$180,814 or \$148 per hour. In 2003 the costs were \$173,226 or \$140/hour, 2002 costs were \$148,467, or \$144/hour, to remove snow and ice from the major arteries in the community. In 2001, 1,194 hours or \$152/hour, compared to 1,060 hours in 2000 at an average cost of \$132/hour.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
<b>EXPENDITURES (Cont.)</b>	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>Forestry</b>				
Salaries	\$11,656	13,000	\$13,800	<b>\$9,900</b>
Fringes	5,926	7,800	8,000	<b>5,800</b>
Operating Supplies	6,289	2,700	2,700	<b>6,300</b>
Contractual Services	2,965	1,500	1,500	<b>4,800</b>
Travel	451	500	800	<b>900</b>
Repair and Maintenance	22	0	300	<b>300</b>
Equipment Rental	24,192	16,000	19,700	<b>22,200</b>
<b>Total Forestry</b>	<b>\$51,501</b>	<b>\$41,500</b>	<b>\$46,800</b>	<b>\$50,200</b>
<b>Drainage</b>				
Salaries	\$4,970	\$8,400	\$5,900	<b>\$5,400</b>
Fringes	2,387	5,000	3,500	<b>3,100</b>
Operating Supplies	192	600	500	<b>100</b>
Contractual Services	0	0	1,600	<b>0</b>
Equipment Rental	2,022	3,000	2,000	<b>2,500</b>
<b>Total Drainage</b>	<b>\$9,571</b>	<b>\$17,000</b>	<b>\$13,500</b>	<b>\$11,100</b>
<b>Catch Basin</b>				
Salaries & Wages - Regular	\$3,535	\$3,200	\$3,800	<b>\$2,400</b>
Salaries & Wages - Utilities	0	2,000	2,500	<b>2,500</b>
Fringes	1,615	3,500	3,700	<b>2,900</b>
Operating Supplies	1,391	1,600	1,900	<b>1,300</b>
Contractual Services	2,639	2,300	2,600	<b>3,000</b>
Equipment Rental	4,031	6,000	22,800	<b>11,000</b>
<b>Total Catch Basin</b>	<b>\$13,211</b>	<b>\$18,600</b>	<b>\$37,300</b>	<b>\$23,100</b>
<b>Traffic Services</b>				
Salaries	\$8,688	\$15,000	\$14,200	<b>\$12,900</b>
Fringes	4,512	8,500	8,300	<b>7,400</b>
Operating Supplies	16,799	16,400	16,400	<b>18,500</b>
Contractual	9,428	10,000	21,000	<b>23,000</b>
Equipment Rental	5,642	7,500	7,900	<b>12,400</b>
<b>Total Traffic Services</b>	<b>\$45,069</b>	<b>\$57,400</b>	<b>\$67,800</b>	<b>\$74,200</b>
<b>Winter Maintenance</b>				
Salaries	\$21,294	\$18,000	\$21,600	<b>\$18,900</b>
Fringes	10,056	10,000	12,600	<b>11,000</b>
Operating Supplies	13,046	13,000	15,200	<b>12,400</b>
Equipment Rental	50,321	48,000	54,900	<b>68,100</b>
<b>Total Winter Maintenance</b>	<b>\$94,717</b>	<b>\$89,000</b>	<b>\$104,300</b>	<b>\$110,400</b>

**Administration**

This section contains all of the administrative charges. The salaries are broken down as follows:

<b>Robert Johnson</b> Director of Public Works	<b>20%</b>
<b>Dan Foster</b> Street Superintendent	<b>40%</b>
<b>Allen Dumond</b> Parks and Cemetery Superintendent	<b>25%</b>

Principal and Interest payments are for the debt retirement accounts applied by Major Streets.

**2004 Capital Improvement Bond**

Principal	\$11,550
Interest	\$6,770

<b>Yearly Work Activities by Hours for the Major Streets</b>					
<u>Activity</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Drainage	266.5	257.5	470.5	347.0	338.0
Traffic	952.5	828.5	570.5	1024.0	591.0
Winter Maint.	1033.5	1236.0	1222.5	1230.0	1449.0
Sweeping	257.0	214.5	234.0	170.0	256.0
Surface Maint.					
Blading	91.5	25.0	18.0	0.0	0.0
Dust Control	25.0	12.0	1.0	0.0	0.0
Patching	721.0	803.0	994.5	644.0	919.0
Gravelling	15.5	34.0	11.5	0.0	0.0
Forestry	2990.0	2733.0	754.5	549.0	793.0

Data furnished by Director of Public Works

**Public Works Departmental Goals:** *No new goals from 2005-2006 other than complete previous years.*

**Short Term:** 2006-2007

Forestry-

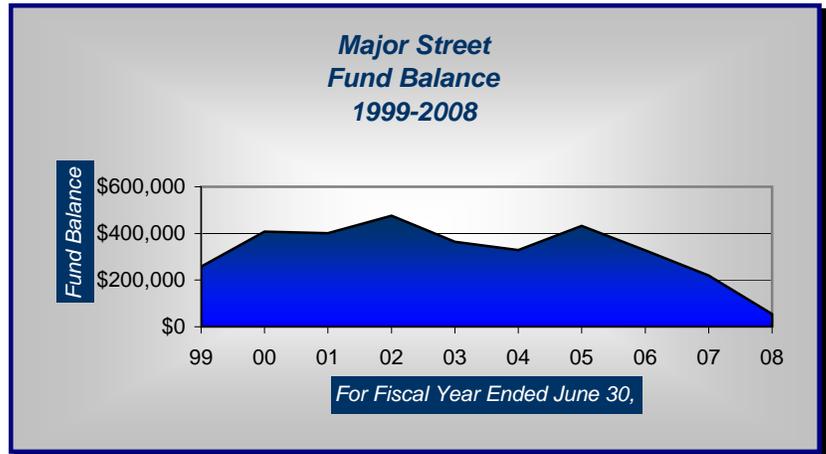
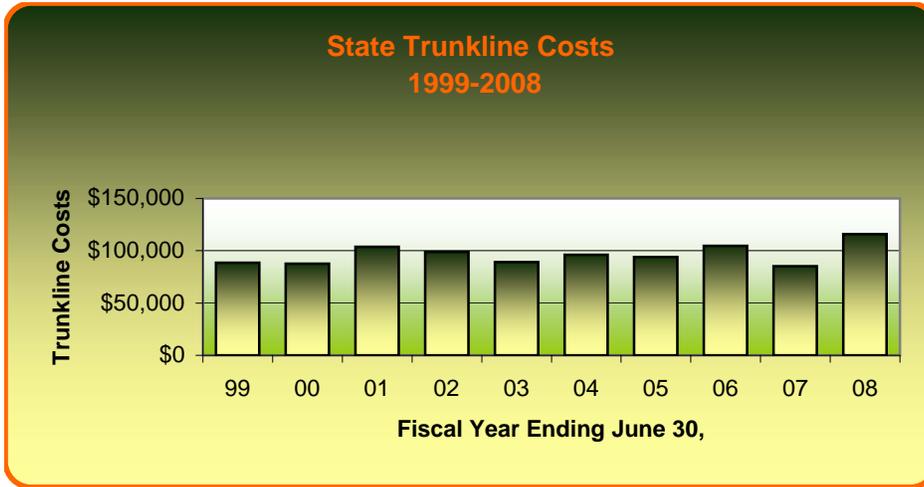
1. Plant 100 trees along city right-of-way as requested by residents and determined by City Forester. **Status: Ongoing**
2. Seek additional grants to plant trees and beautify our city. **Status: Ongoing**

Streets-

1. Crack Seal streets where investment in manpower and materials will be most beneficial. **Status: Ongoing**
2. Identify training programs for personnel to enhance performance. **Status: Ongoing**
3. Review new innovations in equipment. **Status: Ongoing**
4. Upgrade street signs as budget allows

	AUDIT 2006	Budget		PROPOSED 2008
		ESTIMATED 2007	CURRENT 2007	
<b>EXPENDITURES (Cont.)</b>				
<b>Administration</b>				
Salaries	\$44,603	\$45,000	\$43,600	\$46,000
Fringes	16,825	19,000	18,800	20,100
Office Supplies	0	0	100	0
Contractual Services	0	0	0	0
Audit	1,800	1,800	1,800	1,900
Data Processing	17,000	17,000	17,000	17,500
Travel and Education	352	1,500	1,700	700
Equipment Rental	6,526	6,400	6,000	7,500
Administration	38,000	34,400	34,400	41,400
Principal Payment	0	11,500	11,600	0
Interest Expense	0	7,100	7,100	0
Contribution-Local Street	97,000	97,000	97,000	97,000
Transfers Out	19,100	0	0	19,100
<b>Total Administration</b>	<b>\$241,206</b>	<b>\$240,700</b>	<b>\$239,100</b>	<b>\$251,200</b>
<b>State Trunkline</b>				
<b>Surface Maintenance</b>				
Salaries	\$1,972	\$1,000	\$1,200	\$2,200
Fringes	1,108	700	700	1,300
Operating Supplies	1,254	700	1,000	1,700
Equipment Rental	2,332	1,500	1,500	3,200
<b>Total Surface Maintenance</b>	<b>\$6,666</b>	<b>\$3,900</b>	<b>\$4,400</b>	<b>\$8,400</b>
<b>Sweeping &amp; Flushing</b>				
Salaries	\$874	\$500	\$500	\$600
Fringes	391	400	700	400
Equipment Rental	3,237	3,000	3,000	3,400
<b>Total Sweeping &amp; Flushing</b>	<b>\$4,502</b>	<b>\$3,900</b>	<b>\$4,200</b>	<b>\$4,400</b>
<b>Winter Maintenance</b>				
Salaries	\$13,998	\$12,000	\$16,300	\$14,000
Fringes	6,642	9,000	9,600	8,300
Operating Supplies	14,511	12,000	18,300	14,100
Equipment Rental	28,724	25,000	33,900	35,700
<b>Total Winter Maintenance</b>	<b>\$63,875</b>	<b>\$58,000</b>	<b>\$78,100</b>	<b>\$72,100</b>

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>EXPENDITURES (Cont.)</b>				
<b>State Trunkline (Cont.)</b>				
<b>Traffic Signs</b>				
Utilities	\$6,399	\$6,700	\$6,700	\$6,400
<b>Total Traffic Signs</b>	<b>\$6,399</b>	<b>\$6,700</b>	<b>\$6,700</b>	<b>\$6,400</b>
<b>Drainage</b>				
Salaries & Wages - Regular	\$840	\$400	\$200	\$600
Salaries & Wages - Utilities	0	1,500	3,000	3,500
Fringes	278	900	1,800	2,400
Operating Supplies	0	100	100	500
Contractual Services	2,398	0	100	800
Repairs & Maintenance	0	0	100	0
Equipment Rental	2,560	400	100	0
<b>Total Drainage</b>	<b>\$6,076</b>	<b>\$3,300</b>	<b>\$5,400</b>	<b>\$7,800</b>
<b>Trees and Shrubs</b>				
Salaries	\$1,770	\$0	\$0	\$1,000
Fringes	887	0	0	600
Equipment Rental	2,482	0	0	1,800
<b>Total Trees and Shrubs</b>	<b>\$5,139</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,400</b>
<b>Snow Hauling</b>				
Salaries	\$3,510	\$3,000	\$4,400	\$3,400
Fringes	1,652	1,400	2,500	2,000
Equipment Rental	6,802	5,000	8,600	8,100
<b>Total Snow Hauling</b>	<b>\$11,964</b>	<b>\$9,400</b>	<b>\$15,500</b>	<b>\$13,500</b>
<b>Total State Trunkline</b>	<b>\$104,621</b>	<b>\$85,200</b>	<b>\$114,300</b>	<b>\$116,000</b>
<b>TOTAL EXPENDITURES</b>	<b>\$1,065,938</b>	<b>\$1,222,500</b>	<b>\$1,552,900</b>	<b>\$1,226,200</b>



**Source and Use of Funds For Capital Improvements**

2007-2008

**Source of Funds:**

Operations	\$80,000	
Grant	425,000	
<b>TOTAL SOURCE OF FUNDS</b>	\$505,000	

**Use of Funds:**

**Construction Projects:**

North Street	\$55,000
Park Street	\$425,000
Street Signs	10,000
Ditching	15,000

<b>TOTAL USE OF FUNDS</b>	\$505,000
---------------------------	-----------

**Streets in the Major Street System**

<b>Street Name</b>	<b>From</b>	<b>To</b>	<b>Length (Feet)</b>
Haynes Street	Linden Street	N. Lake Street	3,011
N. Lake Street	Pollard Street	Wright Street	4,561
E. North Street	N. Lake Street	Holbrook Street	3,656
E. Harris Street	N. Mitchell Street	Division Street	1,458
W. Harris Street	N. Mitchell Street	N. Lake Street	643
E. Division Street	Park Street	Delmar Street	1,574
Farrar Street	Wright Street	Gunn Street	1,839
Fifth Street	Farrar Street	Eighth Avenue	2,141
Seventh Street	Farrar Street	Fifth Avenue	1,949
Tenth Street	N. Mitchell Street	Second Ave. Ext.	950
Gunn Street	Farrar Street	N. Mitchell Street	496
Chestnut Street	Huston Street	N. Lake Street	7,766
Linden Street	W. Wright Street	Chestnut Street	2,737
Wright Street	Farrar & Lake Streets	Leeson Avenue	5,101
W. Division Street	Linden Street	W. City Limits-Seneca Street	5,277
North Blvd.	Leeson Avenue	M-115	9,109
E. Chapin Street	S. Mitchell Street	Oak Street	1,031
Oak Street	Chapin Street	Hobart Street	1,703
Mosser Street	S. Mitchell Street	Federal Surplus Warehouse	718
W. Cass Street	S. Mitchell Street	S. Lake Street	642
E. Cass Street	Mitchell Street	Crosby Road-East City Limits	5,800
Pine Street	Park Street	N. Lake Street	1,707
Cobbs Street	Mitchell Street	Carmel Street	4,886
Carmel Street	Cobbs Street	Cass Street	675
Park Street	E. River Street	E. Chapin Street	3,441
Whaley Street	Railroad Tracks	S. City Limits	1,084
River Street	Farrar & Lake Streets	N. Park Street	1,763
Bond Street	Haynes Street	Wright Street	1,111
Third Avenue	Wright Street	Fifth Street	967
Shelby Street	E. River Street	E. Chapin Street	3,404
Hobart Street	Cobbs Street	Oak Street	1,141
W. Mason Street	N. Lake Street	N. Mitchell Street	648
W. Chapin Street	S. Mitchell Street	S. Lake Street	691
Leeson Avenue	Chestnut Street	Thirteenth Street	6,588
Paluster Street	N. Mitchell Street	Whaley Street	3,667
Wilcox Street	Paluster Street	S. City Limits	1,654
Laurel Street	Pollard Street	M-55 Granite Street	1,497
South Street	S. Lake Street	S. Mitchell Street	708
W. Bremer Street	N. Mitchell Street	N. Lake Street	653
Spruce Street	N. Mitchell Street	N. Shelby Street	498
Holbrook Street	North Street	E. Division Street	1,798
Sixth Avenue	W. Thirteenth Street	Sixth Street	2,621
E. Thirteenth Street	Business U.S. 131 - Mitchell Street	Plett Road	2,620
Beech Street	N. Mitchell Street	N. Shelby Street	414
Huston Street	Chestnut Street	W. Division Street	1,271
Sixth Street	Leeson Avenue	Fifth Avenue	2,970
Fifth Avenue	Sixth Street	Fifth Street	366
Fourth Avenue	Seventh Street	Thirteenth Street	2,200
<b>Total Feet:</b>			<b>113,205</b>
<b>Total Miles:</b>			<b>21.53</b>

# ***Local Street Fund***

**CITY OF  
CADILLAC  
MICHIGAN**



***2007-2008  
Annual Operating Budget***

# Local Street Fund

The **purpose** of the Local Street Fund is to be used to:

1. Receive all local street funds paid to the City by the State of Michigan.
2. Account for construction, maintenance, traffic services and winter maintenance on all streets classified as local streets within the City.
3. Account for money received from the General Fund contributions. Each Michigan city is required to establish this fund to comply with Act 51 of the Public Acts of 1951. This fund is accounted for on a modified accrual basis.

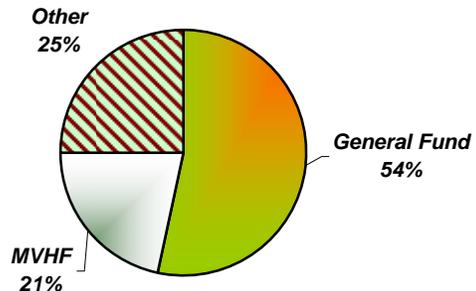
Technically there are no employees working directly for this fund. The personnel, supplies and equipment rental are contracted from the Stores and Garage Fund and the Administration is contracted as well.

## Revenues

The first major source of revenue is the State of Michigan **Motor Vehicle Highway Funds** which are generated from the gas and weight taxes collected state wide and distributed to local governments based on miles of streets, a flat rate established by the State, and the population of the City. Estimates are projecting revenue to be flat in 2008 fiscal year reflecting several issues at the state level including the increase in price of gasoline. The second major source of revenue is a contribution from the **General Fund** which is needed to help balance the fund. Local taxpayers contribute to this fund since State tax collections are not returned in sufficient amounts to maintain and improve the local roadway system. This is typical for local governments with local street funds.

The Local Street system has 41.81 miles of roadway, and 2.38 miles, or 5.6% of the streets are unpaved. The Cadillac City Council has as one of its goals to pave all of the remaining unpaved streets within city limits. In 1997, 25% of the streets were unpaved, so significant progress has been made towards achieving this goal. The local streets represent 66% of all the roads within the City.

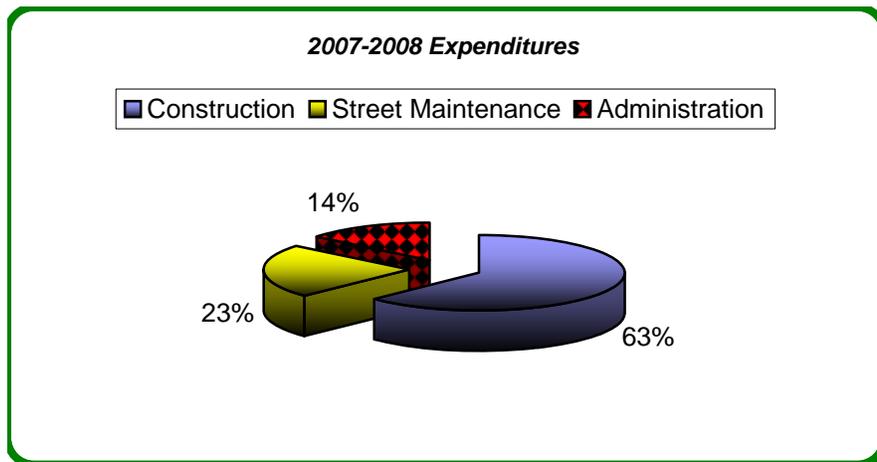
Street Reconstruction	
1 Alley between Evert and Henry	\$10,000
2 Industrial Park Repave	\$880,000
3 Kentucky Street from Michigan to City Limits	\$30,000
4 Nelson Street from Mitchell to Washington	\$136,500
5 Street Signs	\$10,000
6 Jonathan Street from Newland to end	\$47,000
7 Snider Street from Chestnut to Walnut	\$18,000
8 West Garfield	\$25,000
9 South Garfield	\$15,000
<b>Total</b>	<b>\$1,171,500</b>



**Revenues  
2007-2008**

Fiscal Year Ending June 30,

	AUDIT 2006	ESTIMATED 2007	Budget	
			CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Motor Vehicle Highway Fund	\$199,439	\$200,000	\$213,200	\$190,000
Interest Income	8,706	8,000	11,200	0
Grants	1,111	0	0	800,000
Capital Projects Fund	0	0	0	10,000
General Fund	276,500	344,300	344,300	472,600
Major Streets	97,000	97,000	97,000	97,000
Special Assessment	0	0	0	135,000
Private Contributions	0	0	0	40,000
Surplus	0	0	19,000	124,400
<b>TOTAL REVENUES</b>	<b>\$582,756</b>	<b>\$649,300</b>	<b>\$684,700</b>	<b>\$1,869,000</b>
<b>EXPENDITURES</b>				
Construction	\$190,197	\$0	\$45,000	\$1,171,500
Surface Maintenance	52,530	57,000	79,100	64,500
Sweeping and Flushing	46,287	49,700	56,900	70,300
Forestry	101,765	94,000	73,400	100,300
Drainage	13,277	18,200	15,400	17,000
Catch Basin	54,770	46,800	70,100	58,600
Traffic Services	19,720	12,500	19,200	29,800
Winter Maintenance	83,594	54,000	80,000	92,700
Administration	304,420	289,900	245,600	264,300
<b>TOTAL EXPENDITURES</b>	<b>\$866,560</b>	<b>\$622,100</b>	<b>\$684,700</b>	<b>\$1,869,000</b>



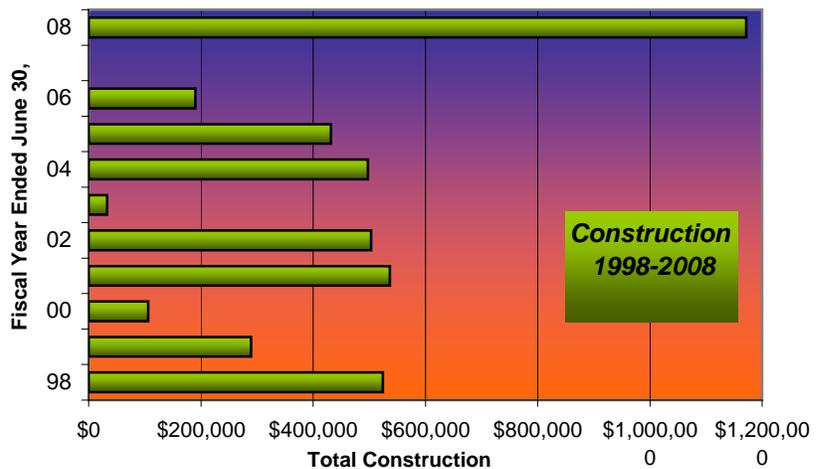
**Construction**

Based on the city engineer's estimates, the total construction costs for 2007-2008 will be \$1,100,000 for the Local Street Fund.

**Construction Activity**

1. Alley-Henry & Evert	\$10,000
2. Industrial Park	\$880,000
3. Kentucky St.	\$30,000
4. Nelson St.	\$136,500
5. Street Signs	\$10,000
6. Jonathan Street	\$47,000
7. Snider Drive	18,000
8. West Garfield	\$25,000
9. South Garfield	\$15,000
<b>Total</b>	<b>\$1,171,500</b>

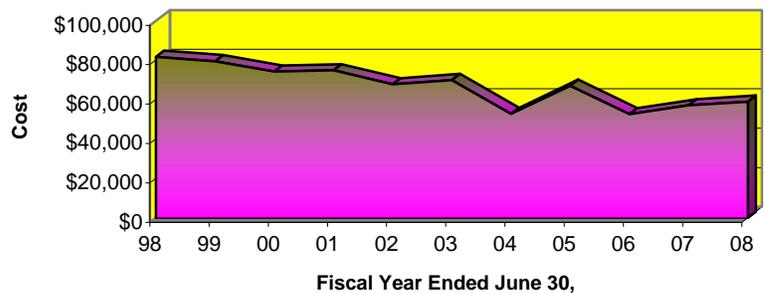
Over the past 11 years the construction has totaled \$4,283,972 or an average of \$389,452. Construction is up due to special assessments and grants.



**Surface Maintenance**

This work is to maintain the infrastructure. The gravelling portion is declining as the gravel streets become paved. Gravel streets are more costly to maintain than paved roadways. Crack sealing prevents deterioration of the roadway.

Surface Maintenance



**Sweeping and Flushing**

Between the spring and the fall city streets are swept free of debris and dirt on an average of five times per year.

Fiscal Year Ending June 30,

<b>EXPENDITURES</b>	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>Construction</b>				
Contractual Services	\$190,197	\$0	\$45,000	\$1,171,500
<b>Surface Maintenance</b>				
Salaries	\$15,423	\$15,000	\$21,300	\$16,400
Fringes	7,779	10,000	12,400	9,700
Operating Supplies	9,448	11,000	14,300	10,700
Equipment Rental	19,880	21,000	31,100	27,700
<b>Total Surface Maintenance</b>	<b>\$52,530</b>	<b>\$57,000</b>	<b>\$79,100</b>	<b>\$64,500</b>
<b>Sweeping and Flushing</b>				
Salaries	\$6,022	\$6,700	\$7,500	\$6,200
Fringes	3,183	4,000	4,400	3,600
Equipment Rental	37,082	39,000	45,000	60,500
<b>Total Sweeping and Flushing</b>	<b>\$46,287</b>	<b>\$49,700</b>	<b>\$56,900</b>	<b>\$70,300</b>
<b>Forestry</b>				
Salaries	\$31,727	\$26,000	\$25,200	\$26,100
Fringes	15,976	13,000	12,700	15,300
Operating Supplies	3,112	4,000	6,200	8,300
Contractual Services	3,000	2,000	2,500	4,800
Equipment Rental	47,950	49,000	26,800	45,800
<b>Total Forestry</b>	<b>\$101,765</b>	<b>\$94,000</b>	<b>\$73,400</b>	<b>\$100,300</b>

<b>Forestry:</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Number of trees removed	23	44	60	70	69
Number of new trees planted	42	102	111	100	119
Hours spent on forestry maintenance	2,158	1,719	1,692	2,733	650

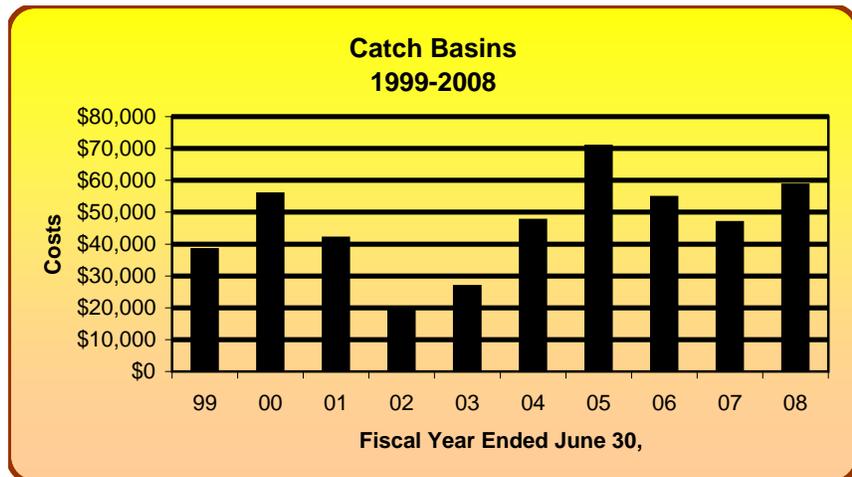
**Drainage**

This account group is to provide a street system free from flooding and other problems related to excessive water. Drainage cost per hour has increased over the last twelve years:

1995	\$24	1998	\$25	2001	\$26	2004	\$29
1996	\$23	1999	\$22	2002	\$23	2005	\$31
1997	\$29	2000	\$21	2003	\$29	2006	\$28

**Catch Basins**

The City of Cadillac utilities department is under contract to this fund to maintain and improve the flow of run-off water. In fiscal years 1994 through 2001 a great deal of attention has been focused on the catch basins. 2002-05 the activity level increased again as the State of Michigan is stressed the monitoring of the groundwater run off into lakes.



**Traffic Services**

This account is to provide traffic control devices necessary for the safe travel on the public thoroughfares. Costs per hour:

1995	\$28	1998	\$25	2001	\$29	2004	\$33
1996	\$25	1999	\$26	2002	\$29	2005	\$33
1997	\$25	2000	\$24	2003	\$29	2006	\$33

Costs have been fairly constant over the past few years but a slight spike occurred in 2004.

**Winter Maintenance**

Keeping the public streets free of snow and ice is a challenge in the Northern Michigan area. Our winters have been varying in their severity, therefore the budget varies as well. 1998 through 2000 were relatively light winters with mild temperatures.

<u>Year</u>	<u>Hours Worked</u>	<u>Cost per Hour</u>	<u>Cost per mile</u>
1998	1,129.0	\$65	\$1,789
1999	1,084.0	\$65	\$1,719
2000	1,035.0	\$67	\$1,680
2001	1,123.0	\$69	\$1,879
2002	1,039.0	\$72	\$1,817
2003	981.0	\$81	\$1,926
2004	1,016.0	\$83	\$2,008
2005	1,010.0	\$73	\$1,770
2006	1,125.0	\$74	\$1,999

Fiscal Year Ending June 30,

EXPENDITURES (Cont.)	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>Drainage</b>				
Salaries	\$7,021	\$10,000	\$7,100	\$7,700
Fringes	3,489	4,000	3,900	4,500
Operating Supplies	0	0	300	300
Equipment Rental	2,767	4,200	4,100	4,500
<b>Total Drainage</b>	<b>\$13,277</b>	<b>\$18,200</b>	<b>\$15,400</b>	<b>\$17,000</b>
<b>Catch Basin</b>				
Salaries - Regular	\$13,544	\$12,000	\$7,000	\$9,000
Salaries - Utilities	0	0	0	2,500
Salaries - DPW	0	0	2,000	0
Fringes	3,981	6,000	5,900	6,500
Operating Supplies	7	0	300	400
Contractual Services	15,557	3,000	2,500	5,000
Utilities	571	800	400	600
Equipment Rental	21,110	25,000	52,000	34,600
<b>Total Catch Basin</b>	<b>\$54,770</b>	<b>\$46,800</b>	<b>\$70,100</b>	<b>\$58,600</b>
<b>Traffic Services</b>				
Salaries	\$8,824	\$4,000	\$7,500	\$11,900
Fringes	3,951	3,500	6,600	6,800
Operating Supplies	3,044	1,600	1,200	5,600
Contractual	0	0	500	500
Equipment Rental	3,901	3,400	3,400	5,000
<b>Total Traffic Services</b>	<b>\$19,720</b>	<b>\$12,500</b>	<b>\$19,200</b>	<b>\$29,800</b>
<b>Winter Maintenance</b>				
Salaries	\$16,534	\$10,000	\$12,500	\$15,300
Fringes	8,001	8,000	9,400	9,000
Operating Supplies	9,057	6,000	11,000	8,400
Equipment Rental	50,002	30,000	47,100	60,000
<b>Total Winter Maintenance</b>	<b>\$83,594</b>	<b>\$54,000</b>	<b>\$80,000</b>	<b>\$92,700</b>

**Administration**

This section includes the administrative salaries portion of the fund. The salaries broken down are as follows:

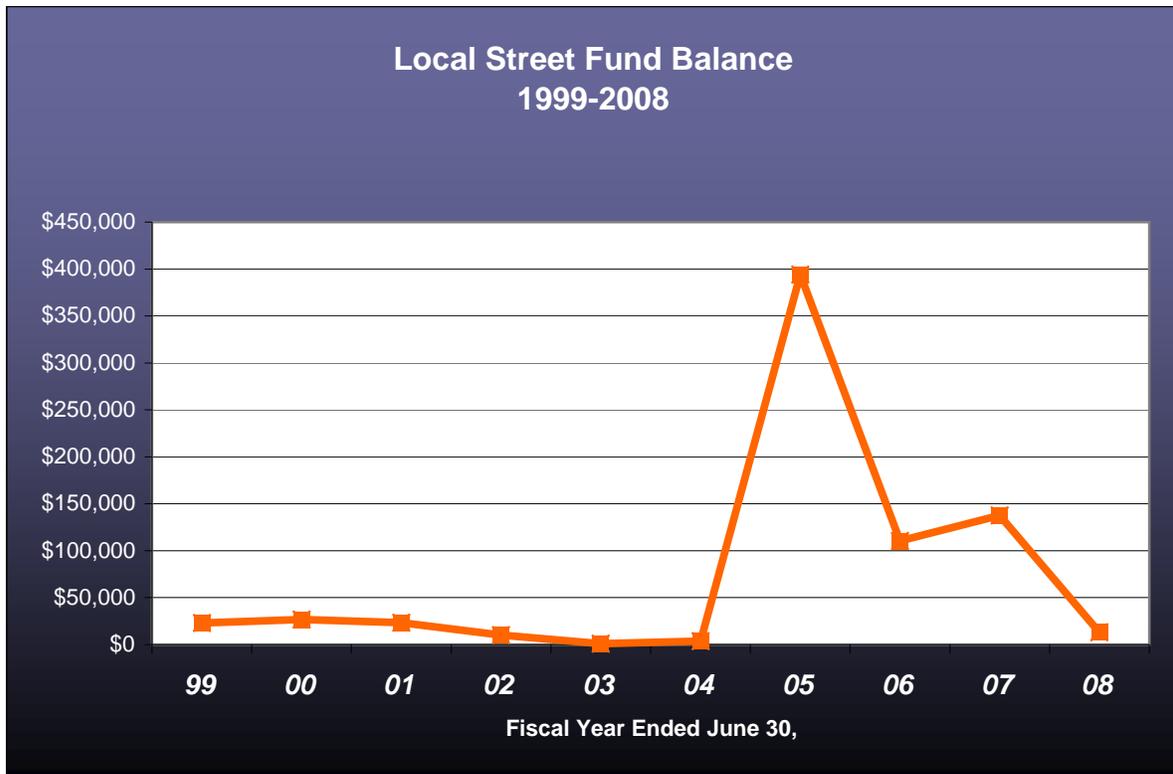
Robert Johnson	Director of Public Works	10%
Dan Foster	Street Superintendent	40%
Allen Dumond	Parks and Cemetery Superintendent	15%

Principal and interest payments are reflective of the various Michigan Transportation Fund (M.T.F.) debt retirement accounts which are the obligation of this fund.

Principal and Interest Payments

2004 GO Capital Improvement			\$67,500	
1996	\$25,400	2000	\$32,400	
1997	\$17,300			
				<b>Total: \$142,600</b>
				<u>\$900</u> Paying agent fees
				<b><u>\$143,500</u></b>

Administrative charges are for the various staff personnel who are not funded directly such as the cashier, accountant, and so forth.



The spike in 2005 is from a bond sale and the proceeds were used in 2006.

Increased activity in construction and improving the infrastructure has reduced the fund balance.

Fiscal Year Ending June 30,

EXPENDITURES (Cont.)	AUDIT 2006	ESTIMATED 2007	Budget	
			CURRENT 2007	PROPOSED 2008
<b>Administration</b>				
Salaries	\$39,992	\$40,000	\$31,500	\$41,200
Fringes	14,783	18,000	16,500	17,600
Office Supplies	0	0	100	0
Audit	1,650	1,700	1,700	1,800
Data Processing	14,000	14,000	14,000	14,500
Equipment Rental	6,870	6,000	6,000	7,500
Administration	35,100	30,200	30,200	38,200
Principal Payment	26,111	125,000	98,500	0
Interest Expense	7,914	55,000	47,100	0
Transfers Out	158,000	0	0	143,500
<b>Total Administration</b>	<b>\$304,420</b>	<b>\$289,900</b>	<b>\$245,600</b>	<b>\$264,300</b>
<b>TOTAL EXPENDITURES</b>	<b>\$866,560</b>	<b>\$622,100</b>	<b>\$684,700</b>	<b>\$1,869,000</b>

**FUND BALANCE AT YEAR END**

Excess (Deficiency) of Revenues Over Expenditures	(\$283,804)	\$27,200	(\$20,000)	(\$124,400)
Fund Balance - Beginning of Year	394,202	110,398	110,398	137,598
<b>FUND BALANCE AT YEAR END</b>	<b>\$110,398</b>	<b>\$137,598</b>	<b>\$90,398</b>	<b>\$13,198</b>

Maintenance operations by a highly skilled staff is becoming a greater portion of the operating budget as the infrastructure begins to age.



**Source and Use of Funds For Capital Improvements**

2007-2008

**Source of Funds:**

Grants	800,000
General Fund	\$186,500
Private Contributions	\$40,000
Special Assessment	135,000
Capital Projects Fund	10,000

**TOTAL SOURCE OF FUNDS**

\$1,171,500

**Use of Funds:**

Construction Projects:

Nelson Street (2)	\$136,500	(2) Resurfacing as a requirement of a previous year grant.
Industrial Park Paving	880,000	
Jonathan Street (1)	47,000	
Snider Street (1)	18,000	
West Garfield	25,000	
South Garfield	15,000	
Kentucky Street (1)	30,000	(1) paving gravel streets which meets the city council goal.
Alley - Evert and Henry (1)	10,000	
Street Signs	10,000	

**TOTAL USE OF FUNDS**

\$1,171,500

Unpaved Local Streets	
Francis	0.13
Huston	0.33
Illinois Ave.	0.10
Indiana Ave.	0.06
Jonathan Drive	0.08
Kentucky Ave.	0.15
Marathon Dr.	0.25
Martina	0.15

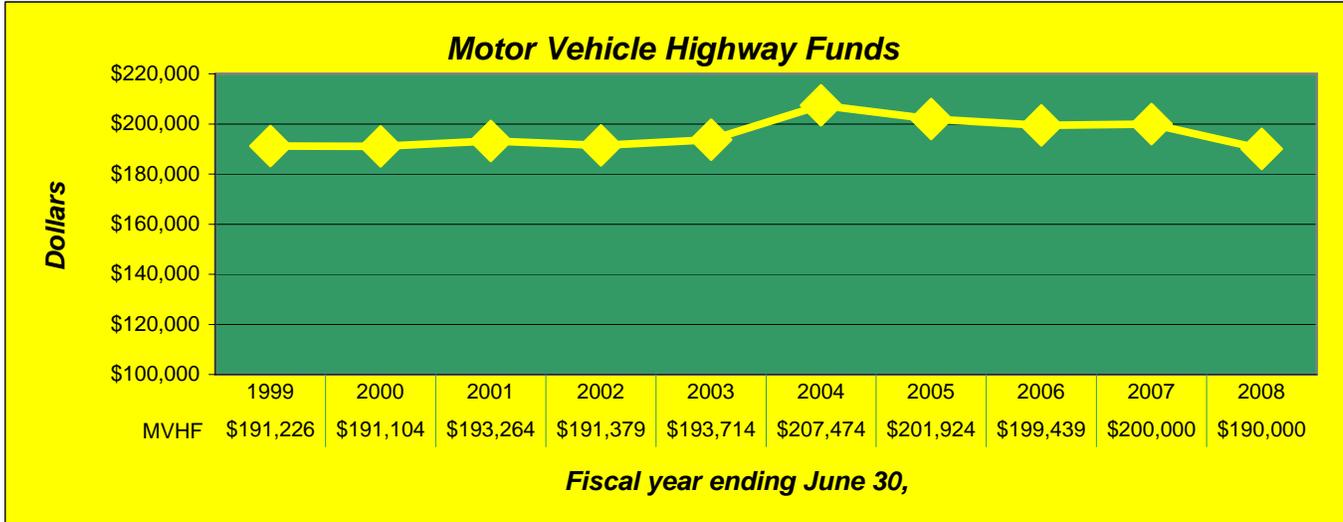
Unpaved Local Streets	Length (miles)
W. Nelson	0.02
Pennsylvania Ave.	0.10
Pollard	0.23
Skate Rd.	0.06
Snider Rd.	0.06
Waldo	0.25
Wall	0.07
Wilcox	0.08

Projected to be paved: 0.39 miles

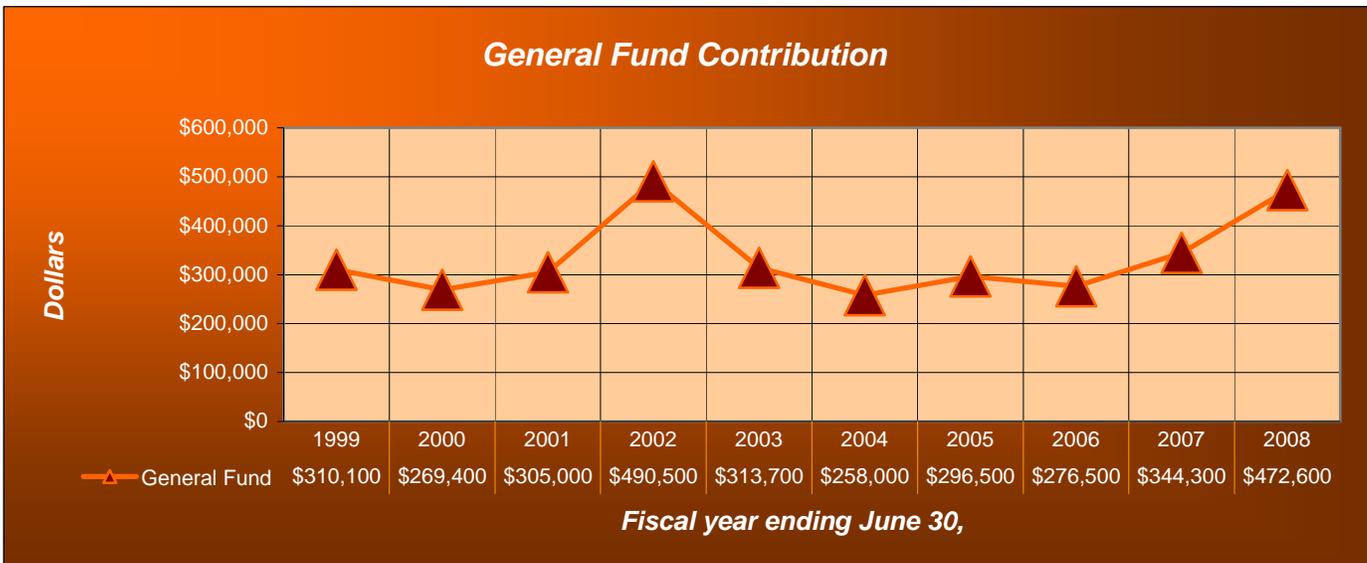
**Total Unpaved Miles of Local Streets 2.12**

Total miles of local streets 41.81  
Unpaved represents 5.07%

1998 total unpaved local streets were 7.03 miles - a reduction of 69.84% over the last 9 years.

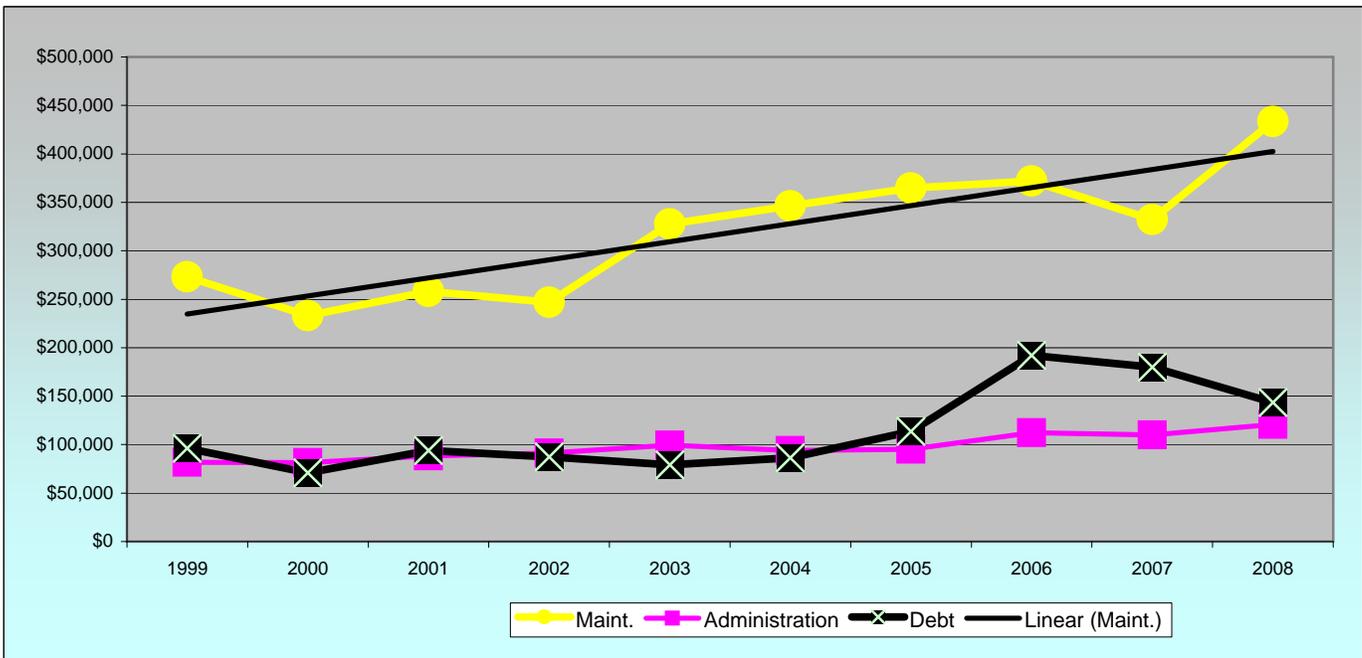


This chart reflects the funds received from the State of Michigan for gas taxes to assist in the maintenance of the local street system have been relatively flat since 1998 and in fact have declined since 2004. The chart below indicates the City's responsibility to increase the contributions to maintain the street system. Over the long term this will not be a healthy situation for the General Fund.





Construction of the local street system is an important goal established by the City Council. As funds have become available the streets are paved on a priority list. In most years construction is 40-50% of the total budgeted costs in this fund. 2008 construction is the result of grant funding for large projects. Costs minus the grants would be below the average in the past few years.



This chart reflects that maintenance over the past few years has been on a steady incline. Administration has been fairly consistent and debt has risen in the past few years due to a debt issue for assistance in the street paving programs. As a percentage of the overall budget, excluding construction the maintenance portion is increasing.

# *Water and Sewer Fund*

CITY OF  
**CADILLAC**  
MICHIGAN



**2007-2008**  
**Annual Operating Budget**

# Water and Sewer Fund

The City Council in 1988 elected to combine the Water System and the Wastewater System into one activity simply called the Water and Sewer Fund. With this combination the assets of \$21.9 million assisted in the financial ability of the utility system to leverage funds. The integrity of each system is to be maintained so water and wastewater activity can be identified.

The **purpose** of the fund is to record the operations of combined Water and Sewer Systems.

The **nature** of the fund is self-supporting, meaning it does business with individuals and firms outside the local unit departments and is therefore classified as an enterprise.

A distinguishing **feature** of this fund is that fixed assets are recorded within the fund and depreciation is charged.

**Authorization** of this fund is by resolution of the City Council. Accounting procedures are prescribed by the Revenue Bond Act of 1933 and provisions of the Railroad and Utility chart of accounts as prescribed by the State of Michigan Public Service Commission. This fund is required by Act 2 of the Public Acts of 1968, as amended.

## Water Fund

Twenty seven percent of the revenues generated in 2007-2008 will be from the sale of water. This percentage is similar to the past years. Water rates are recommended to be increased 4% to keep abreast of inflation.

Number of Customers:	3,524
Average Daily Flow:	2.37 million gallons
Gallons of Flow in 2006:	792,900,000
Miles of Water Mains:	63
No. of employees in operation:	7
Average Water Rate in	
Northern Michigan (1), (2):	\$15.84
Cadillac Average Rate (2):	\$11.62

- (1) 2005 Gosling Czubak Inc. Survey  
 (2) Per 5,000 gallons

## Sewer Fund

Annual revenues from rates charged for the system are estimated to be nearly \$2.1 million. 49% of utility revenues are sewer related. Sewer rates are recommended to be increased 4% to keep abreast of inflation.

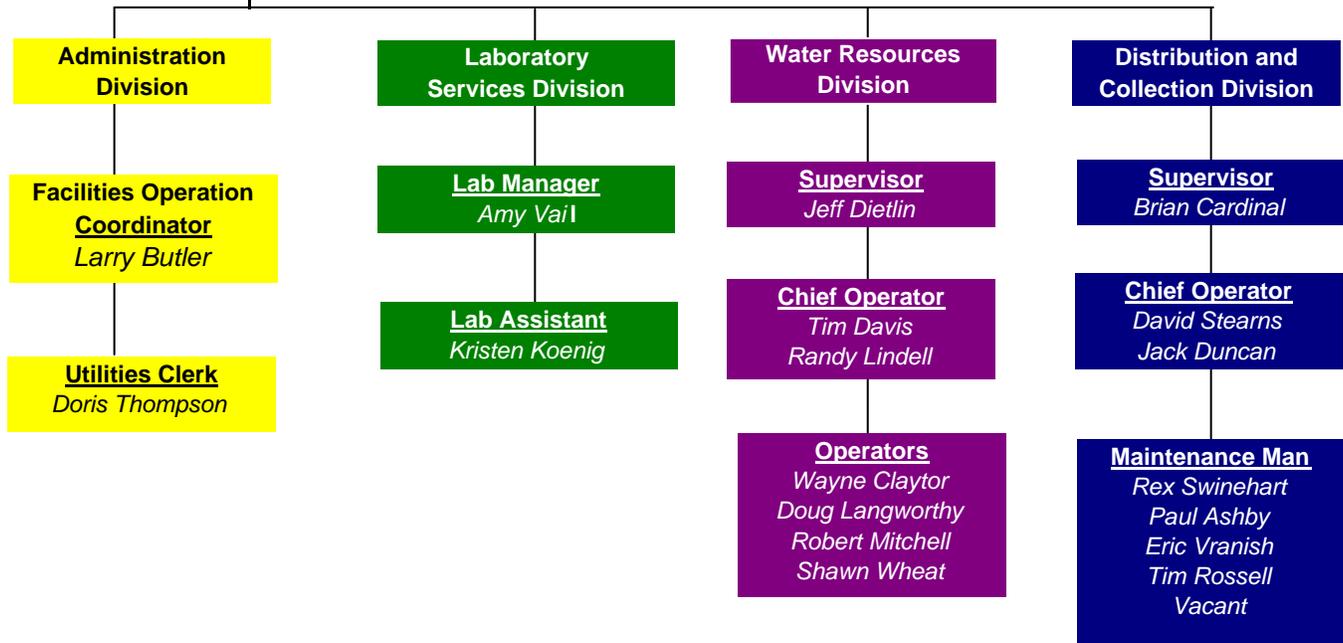
Number of Customers:	3,573
Average Daily Flow:	2.34 million gallons
Gallons of Flow in 2006:	770,900,000
Miles of Sewer Mains:	61
No. of employees in operation:	8
Average Sewer Rate in	
Northern Michigan (1), (2):	\$22.33
Cadillac Average Rate (2):	\$20.43

- (1) 2005 Gosling Czubak Inc. Survey  
 (2) Per 5,000 gallons

The Water and Sewer Fund is operated under the leadership of  
**Larry Campbell**  
*Director of Utilities*



Mr. Campbell was recently named the "**Public Utility Management Professional of the Year**," a distinguished honor from the Michigan Water Environment Association in 2006. The City is very proud of the recognized professionalism demonstrated by staff members.

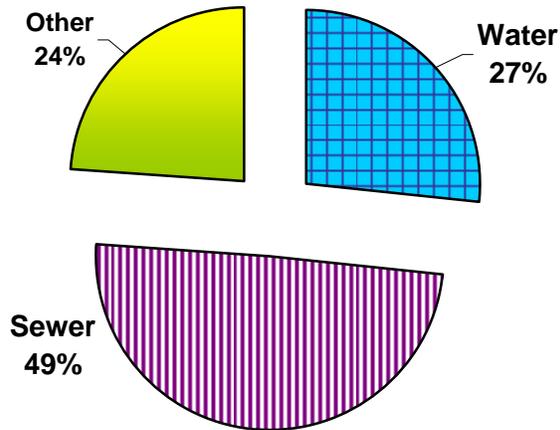


	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	<b>Budget</b>		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Water Sales	\$1,067,273	\$1,020,000	\$1,030,000	<b>\$1,122,000</b>
Sewer Sales - Flat Rate	67,061	60,000	82,000	<b>65,200</b>
Sewer Sales - Metered	1,941,062	1,900,000	1,842,500	<b>2,004,000</b>
Fire Protection	88,975	89,000	70,000	<b>92,500</b>
Hydrant Rental	15,133	22,700	22,700	<b>23,200</b>
Charges for Services	7,692	9,000	7,000	<b>9,500</b>
Services & Materials	24,896	22,000	28,900	<b>23,900</b>
Interest Income	106,827	100,000	67,500	<b>95,000</b>
Sale of Surplus Material	5,059	1,700	5,500	<b>5,000</b>
Wexford County DPW	79,825	50,000	74,000	<b>67,800</b>
Leachate	330,313	400,000	225,000	<b>250,000</b>
Laboratory Fees	38,819	45,000	49,000	<b>43,500</b>
Refunds	3,668	4,000	3,500	<b>3,500</b>
State of Michigan (1)	76,448	0	50,000	<b>394,900</b>
<b>TOTAL REVENUES</b>	<b>\$3,853,051</b>	<b>\$3,723,400</b>	<b>\$3,557,600</b>	<b>\$4,200,000</b>

(1) 2008 reflects an S2 grant fro the wastewater treatment plant engineering.

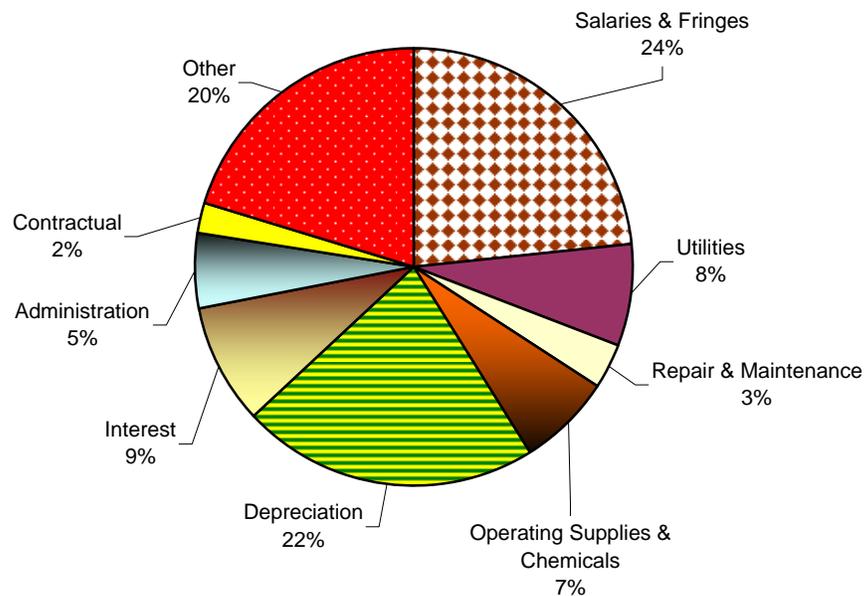
<b>EXPENSES</b>				
<b>Total Administration</b>	<b>\$1,024,862</b>	<b>\$882,900</b>	<b>\$874,300</b>	<b>\$998,400</b>
<b>Water Resources Division:</b>				
Preliminary Treatment	\$15,951	\$20,500	\$17,950	<b>\$19,900</b>
Primary Treatment	15,498	20,900	21,950	<b>31,700</b>
Secondary Treatment	64,766	62,800	68,350	<b>72,400</b>
Tertiary Treatment	49,705	56,500	50,000	<b>64,700</b>
Sludge Removal	177,888	104,600	101,200	<b>116,100</b>
Nutrient Removal	56,307	43,200	52,850	<b>49,900</b>
Effluent Disposal	46,363	41,500	51,750	<b>50,600</b>
Building & Grounds	159,046	178,000	166,300	<b>176,000</b>
Industrial Surveillance	17,392	19,200	32,850	<b>30,300</b>
Lift Station-Sanitary	73,432	82,500	88,800	<b>87,500</b>
Vehicles	12,460	10,600	11,750	<b>13,000</b>
<b>Total Water Resources</b>	<b>\$688,808</b>	<b>\$640,300</b>	<b>\$663,750</b>	<b>\$712,100</b>

**Water and Sewer Fund Revenues  
2007-2008**

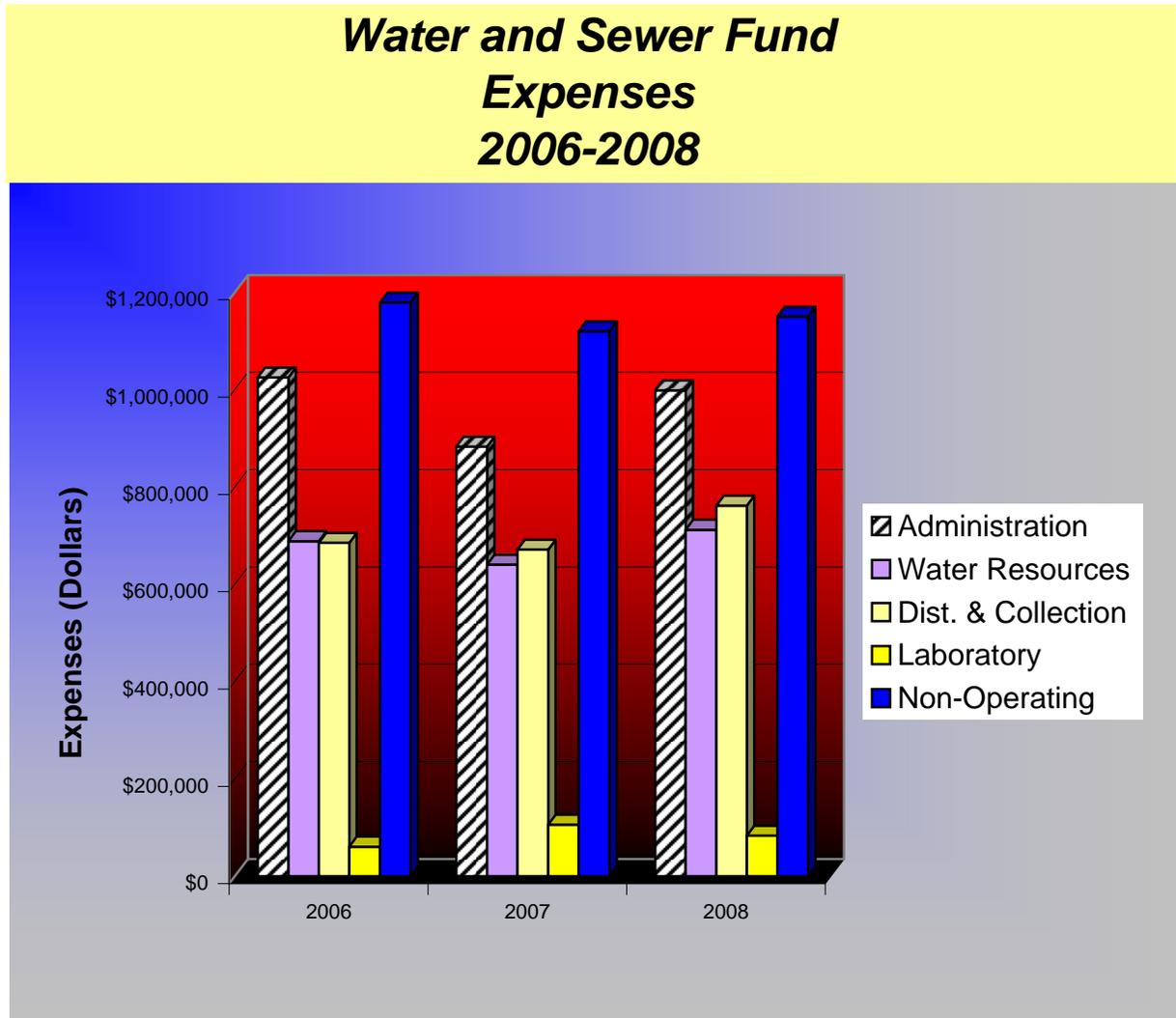


Both water and sewer rates include a recommended 4% increase in metered rates. Revenue from utility sales in fiscal year 2008 is projected to increase minimally over the previous year due to a decrease in usage and interest earnings declining slightly as the investment dollars are used to install new mains.

**Water & Sewer Fund - FY 2008 Expenditures by Type**



	<i>Fiscal Year Ending June 30,</i>			
		<b>Budget</b>		
<b>EXPENSES (Cont.)</b>	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>Distribution and Collection Division:</b>				
Building & Water Tank	\$21,019	\$26,000	\$33,900	<b>\$36,500</b>
Pumping Station	163,009	155,200	162,150	<b>174,700</b>
Wells & Well Field	55,753	63,100	52,850	<b>51,000</b>
General Street Expense	56,766	23,800	19,850	<b>18,200</b>
Meter Reading & Delinquent Accounts	15,974	20,300	26,350	<b>29,400</b>
Meter Operations & Maintenance	105,118	117,000	132,100	<b>130,200</b>
Customer Service	10,843	10,800	12,700	<b>17,400</b>
Maintenance-Mains & Hydrants	126,445	125,000	133,550	<b>130,900</b>
New Water Service	13,679	18,500	32,950	<b>32,400</b>
Water Service Maintenance	3,993	8,000	15,750	<b>15,700</b>
Sanitary Sewer	84,291	77,000	82,750	<b>91,900</b>
Vehicles	28,317	26,700	29,650	<b>33,300</b>
<b>Total Distribution and Collection Division</b>	<b>\$685,207</b>	<b>\$671,400</b>	<b>\$734,550</b>	<b>\$761,600</b>
<b>Laboratory Division</b>				
General Laboratory	\$28,185	\$70,000	\$43,350	<b>\$33,600</b>
Contract Laboratory	32,733	36,100	35,700	<b>49,800</b>
<b>Total Laboratory Division</b>	<b>\$60,918</b>	<b>\$106,100</b>	<b>\$79,050</b>	<b>\$83,400</b>
<b>Total Non-Operating</b>	<b>\$1,179,267</b>	<b>\$1,120,000</b>	<b>\$1,124,500</b>	<b>\$1,150,000</b>
<b>TOTAL EXPENSES</b>	<b>\$3,639,062</b>	<b>\$3,420,700</b>	<b>\$3,476,150</b>	<b>\$3,705,500</b>



Non-Operating expenses fluctuate slightly due to varying interest payments.

Fiscal Year Ending June 30,

EXPENSES	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>Administration</b>				
Salaries	\$405,492	\$300,000	\$278,500	\$324,400
Salaries - Part Time	3,820	8,800	8,500	3,500
Fringes	179,544	135,000	130,400	158,700
Office Supplies	9,203	5,000	7,900	8,400
Postage	14,345	15,000	15,000	17,500
Safety Supplies	7,856	5,000	4,000	4,800
Property Taxes	7,087	7,100	7,100	7,500
Contractual Services	17,789	19,500	21,000	23,000
Engineering Fees	14,182	9,000	12,500	18,500
Audit	4,800	4,800	5,000	5,000
G.I.S. Contractual Services	51,201	37,000	38,000	38,000
Legal Fees	128	1,000	5,000	5,000
State Mandated Fees	14,792	18,000	11,200	18,500
Data Processing	46,000	46,000	50,000	54,000
Liability Insurance	29,440	38,200	38,400	38,000
Dues & Publications	2,616	1,800	2,500	2,400
Telephone	4,644	4,500	4,500	4,500
Alarm Systems	3,372	4,000	4,800	4,400
Travel & Education - Salary	4,924	3,800	5,500	5,500
Travel & Education - Hourly	3,119	3,800	3,500	4,500
Vehicle Repair & Maintenance	681	1,000	500	500
Employee Safety	1,200	1,300	1,200	2,100
Bad Debt Expense	0	0	1,000	1,000
Administration - City	198,100	212,300	212,300	203,800
Grant Match	0	0	5,000	43,900
Public Relations	527	1,000	1,000	1,000
<b>TOTAL ADMINISTRATION</b>	<b>\$1,024,862</b>	<b>\$882,900</b>	<b>\$874,300</b>	<b>\$998,400</b>

**Administration**

This account addresses the assistance given to this fund by other administrative and management personnel of the City. This includes the cashier, accountant, city manager, and other portions of employees' time that is directly related to work with the utilities system.

**Fringes**

Benefit rates are the following:

	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
Administration	37.11%	39.76%	40.69%	45.80%	48.18%
Water Resources Division	46.03%	49.55%	50.08%	48.80%	48.13%
Distribution & Collection Division	46.42%	49.55%	50.85%	48.80%	48.13%
Laboratory Services Division	44.32%	49.38%	49.38%	48.80%	48.13%

**Insurance**

The Utilities Department is a member of the insurance pool with the Michigan Municipal League.

Fiscal Year Ending June 30,

**Budget**

AUDIT	ESTIMATED	CURRENT	PROPOSED
2006	2007	2007	2008

**EXPENSES (Cont.)**

**Water Resources Division:**

**Preliminary Treatment**

Salaries	\$7,108	\$10,000	\$9,100	<b>\$9,400</b>
Fringes	2,847	5,000	4,550	<b>4,700</b>
Operating Supplies	61	500	800	<b>800</b>
Utilities	1,704	1,500	2,000	<b>2,000</b>
Repair & Maintenance	4,231	3,500	1,500	<b>3,000</b>

**Total Preliminary Treatment**

**\$15,951      \$20,500      \$17,950      \$19,900**

**Preliminary Treatment**

Preliminary treatment includes the flow equalization tank, detritor and grit removal. Flow equalization averages the normal 24 hours variances in wastewater flow. By reducing the peak flow, the plant can treat a higher daily average flow.

**Primary Treatment**

Salaries	\$10,989	\$11,500	\$12,400	<b>\$11,500</b>
Fringes	4,090	6,000	6,150	<b>6,200</b>
Operating Supplies	1	200	200	<b>11,500</b>
Repair & Maintenance	418	3,200	3,200	<b>2,500</b>

**Total Primary Treatment**

**\$15,498      \$20,900      \$21,950      \$31,700**

**Primary Treatment**

Primary treatment covers the operation of the primary treatment tanks and related sludge pumping. The primary process removes 30 to 40% of the pollutants in the wastewater.

Fiscal Year Ending June 30,

	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>EXPENSES (Cont.)</b>				
<b>Water Resources Division (Cont.)</b>				
<b>Secondary Treatment</b>				
Salaries	\$13,663	\$13,000	\$16,000	<b>\$16,600</b>
Fringes	4,799	7,500	7,850	<b>8,300</b>
Operating Supplies	0	1,000	2,200	<b>1,800</b>
Utilities	42,588	39,000	40,000	<b>43,000</b>
Repair & Maintenance	3,716	2,300	2,300	<b>2,700</b>
<b>Total Secondary Treatment</b>	<b>\$64,766</b>	<b>\$62,800</b>	<b>\$68,350</b>	<b>\$72,400</b>
<b>Secondary Treatment</b>				
Secondary treatment includes aeration tanks with fine bubble diffusers that have air supplied by centrifugal blowers, secondary clarifiers, return sludge system. Primary effluent flows in the aeration tanks where it is mixed with return sludge that provides the bacteria for treatment. After eight hours of aeration, the mixed liquor is settled in the secondary clarifiers, then returned to the aeration tanks to continue the cycle. The secondary treatment process provides 85 to 90% removal of pollutants.				
<b>Tertiary Treatment</b>				
Salaries	\$12,344	\$12,700	\$13,500	<b>\$21,300</b>
Fringes	4,153	5,800	6,600	<b>10,500</b>
Operating Supplies	4,160	9,000	5,800	<b>5,900</b>
Utilities	19,616	20,000	16,500	<b>20,500</b>
Repair & Maintenance	9,432	9,000	7,600	<b>6,500</b>
<b>Total Tertiary Treatment</b>	<b>\$49,705</b>	<b>\$56,500</b>	<b>\$50,000</b>	<b>\$64,700</b>
<b>Tertiary Treatment</b>				
Tertiary Treatment includes screw pumps and sand filters. The secondary effluent is lifted by the pumps about 18 feet into the RBC system. The average pollutant removal after tertiary treatment is greater than 97%.				
<b>Sludge Treatment</b>				
Salaries	\$27,464	\$25,000	\$26,000	<b>\$33,000</b>
Fringes	9,987	12,000	12,800	<b>16,300</b>
Operating Supplies	2,832	3,000	5,200	<b>5,200</b>
Laboratory	6,928	3,000	5,500	<b>5,500</b>
Injection Contract Cost	113,713	45,000	35,000	<b>39,500</b>
Utilities	8,518	8,000	8,100	<b>8,100</b>
Repair & Maintenance	8,446	8,600	8,600	<b>8,500</b>
<b>Total Sludge Treatment</b>	<b>\$177,888</b>	<b>\$104,600</b>	<b>\$101,200</b>	<b>\$116,100</b>

**City of Cadillac  
Fifteen Largest Water and Sewer Users in 2006**

<u>Customer</u>	<u>Cubic Feet</u>		<u>Gallons</u>		<u>Total Dollars</u>
	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	
Hayes-Lemmerz	10,371,700	7,676,400	77,580,316	57,419,472	\$359,871
Avon Rubber & Plastics	13,460,200	10,872,200	100,682,296	81,324,056	\$276,700
AAR Cadillac Manu.	16,005,700	9,296,900	119,722,636	69,540,812	\$236,871
Paulstra CRC	1,088,000	4,000,800	8,138,240	29,925,984	\$85,292
Mercy Hospital	4,089,000	4,089,000	30,585,720	30,585,720	\$62,776
Cadillac Renewable Energy	602,800	4,529,100	4,508,944	33,877,668	\$51,920
Piranha	4,317,200	4,317,200	32,292,656	32,292,656	\$56,481
Borg-Warner	3,735,200	3,735,200	27,939,296	27,939,296	\$48,800
Michigan Rubber Products	2,568,600	2,568,600	19,213,128	19,213,128	\$35,611
Pheasant Ridge	2,627,000	2,627,000	19,649,960	19,649,960	\$30,771
Country Acres	1,901,400	1,901,400	14,222,472	14,222,472	\$26,873
Four Winns	1,331,200	1,331,200	9,957,376	9,957,376	\$24,547
Lakeshore Linen	288,000	288,000	2,154,240	2,154,240	\$26,204
Leisure Park	707,000	707,000	5,288,360	5,288,360	\$10,420
Kolarevic Car Wash	<u>635,800</u>	<u>635,800</u>	<u>4,755,784</u>	<u>4,755,784</u>	<u>\$8,918</u>
	63,728,800	58,575,800	476,691,424	438,146,984	\$1,342,055

\* CRE has their own well, which is furnished by the LDFA Utilities Fund.

**Sludge Treatment and Disposal**

The sludge Treatment process includes sludge pumps, a 325,000 gallon primary digester, a 325,000 gallon secondary digester, a 550,000 gallon and 675,000 gallon storage tank. Sludge, or bio-solids, is the residual solid produced during the wastewater treatment process. The solids are first pumped into the primary digester which is heated to 95 degrees F where most organic matter is reduced in an anaerobic environment. A useable methane gas is produced (8,500,000 cf per year) along with about two million gallons of treated bio-solids for application to agricultural farm land as fertilizer. The fertilizer injections are done under contract and are estimated at \$47,000 for 2007-2008.

**Nutrient Removal**

Nutrient removal consists of phosphorus and ammonia removal from the wastewater. Both compounds are fertilizers that would promote weed growth and eutrophication of the receiving stream if discharged in excessive amounts. Phosphorus is removed by the addition of ferric chloride. The majority of ammonia is converted in the secondary treatment process. Any remaining ammonia is converted to nitrate by microbes that oxidize the ammonia as the water passes through the Rotating Biological Contractors (RBC's).

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	<b>Budget</b>		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>EXPENSES (Cont.)</b>				
<b>Water Resources Division (Cont.)</b>				
<b>Nutrient Removal</b>				
Salaries	\$8,258	\$7,500	\$15,000	<b>\$9,000</b>
Fringes	2,837	4,000	7,350	<b>4,500</b>
Operating Supplies	2,251	1,200	2,100	<b>1,500</b>
Chemicals	39,484	27,000	26,000	<b>32,500</b>
Repair & Maintenance	3,477	3,500	2,400	<b>2,400</b>
<b>Total Nutrient Removal</b>	<b>\$56,307</b>	<b>\$43,200</b>	<b>\$52,850</b>	<b>\$49,900</b>
<b>Effluent Disposal</b>				
Salaries	\$10,649	\$10,000	\$16,000	<b>\$11,200</b>
Fringes	4,301	5,000	7,850	<b>5,500</b>
Operating Supplies	0	1,000	3,500	<b>3,500</b>
Plant Lab Supplies	8,237	5,000	4,900	<b>6,500</b>
Chemicals	0	1,000	1,000	<b>1,000</b>
Contracted Laboratory	9,874	8,500	8,300	<b>10,500</b>
Utilities	8,542	6,000	5,600	<b>7,000</b>
Repair & Maintenance	4,760	5,000	4,600	<b>5,400</b>
<b>Total Effluent Disposal</b>	<b>\$46,363</b>	<b>\$41,500</b>	<b>\$51,750</b>	<b>\$50,600</b>
<b>Building &amp; Grounds</b>				
Salaries	\$36,881	\$50,000	\$51,200	<b>\$48,400</b>
Salaries - Part Time	\$5,941	\$6,000	\$5,000	<b>\$6,000</b>
Fringes	14,569	25,000	25,000	<b>23,900</b>
Operating Supplies	17,700	19,000	17,300	<b>18,500</b>
Utilities	68,041	60,000	50,000	<b>60,700</b>
Repair & Maintenance	15,914	18,000	17,800	<b>18,500</b>
<b>Total Building &amp; Grounds</b>	<b>\$159,046</b>	<b>\$178,000</b>	<b>\$166,300</b>	<b>\$176,000</b>
<b>Industrial Surveillance</b>				
Salaries	\$10,656	\$10,000	\$16,500	<b>\$15,000</b>
Fringes	4,241	6,000	8,100	<b>7,500</b>
Operating Supplies	514	1,000	3,000	<b>2,500</b>
Laboratory	1,455	2,000	5,000	<b>5,000</b>
Repair & Maintenance	526	200	250	<b>300</b>
<b>Total Industrial Surveillance</b>	<b>\$17,392</b>	<b>\$19,200</b>	<b>\$32,850</b>	<b>\$30,300</b>

**Industrial Surveillance**

The Cadillac Utilities Department administers an Industrial Monitoring and Pretreatment (IMP) program. Sample flows are collected from several industrial plants at varying intervals and analyzed for toxic and hazardous substances. Discharge permits are issued and enforced on 17 users.

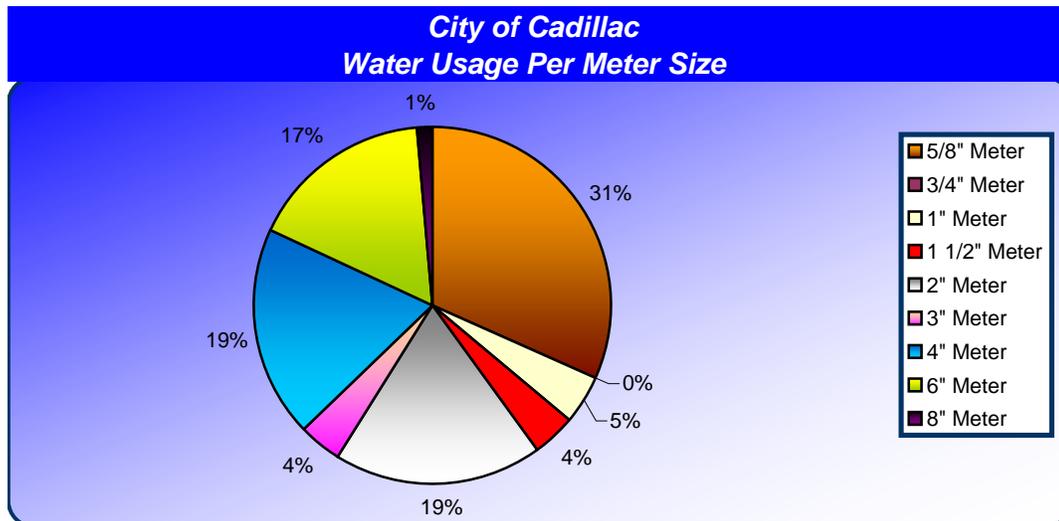
**Effluent Disposal**

Effluent Disposal includes disinfection equipment and tanks. Tertiary effluent flows into a new ultraviolet (UV) process where submerged UV bulbs disinfect the wastewater with ultraviolet energy. This system, constructed in 2003, eliminates the use of chlorine disinfection and sulfur dioxide dechlorination process, but requires increased electrical usage to operate. The treated water is then discharged into the Clam River. The Clam River is monitored at six locations up-stream and down-stream by the Water Resources personnel on a weekly basis.

**Buildings and Grounds**

Buildings and Grounds includes the maintenance and operations of the buildings and grounds at the wastewater treatment plant. The operation and maintenance of the Lift Station buildings and grounds are also included. Water usage in the past few years has not been constant, with significant increases and decreases despite a relatively constant number of users. Much of this can be attributed to factors such as changes in industrial processes which would affect water consumption, or even the weather. Actual water usage per person in Cadillac is approximately 70 gallons per day.

Average usage per service connection per day:		<u>Year</u>	<u>Usage</u>
<u>Year</u>	<u>Usage</u>	2001	660 (gallons per day)
2006	618 (gallons per day)	2002	633
		2003	638
		2004	608
		2005	658



2004/2005 Water Usage	
<u>Meter Size</u>	<u>Cu.Ft./Year</u>
5/8" Meter	30,100,709
3/4" Meter	27,400
1" Meter	4,377,792
1 1/2" Meter	3,485,292
2" Meter	18,091,400
3" Meter	3,685,300
4" Meter	18,266,000
6" Meter	16,017,500
8" Meter	1,199,500

Fiscal Year Ending June 30,

	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>EXPENSES (Cont.)</b>				
<b>Water Resources Division (Cont.)</b>				
<b>Lift Station - Sanitary</b>				
Salaries	\$15,852	\$17,000	\$24,200	\$22,200
Fringes	5,612	9,500	11,800	11,000
Operating Supplies	3,149	5,000	4,500	4,500
Disposal Fees	1,530	1,000	2,000	2,000
Utilities	29,407	30,000	30,100	30,500
Repair & Maintenance	17,882	20,000	16,200	17,300
<b>Total Lift Station - Sanitary</b>	<b>\$73,432</b>	<b>\$82,500</b>	<b>\$88,800</b>	<b>\$87,500</b>
<b>Vehicles</b>				
Salaries	\$1,072	\$1,000	\$1,500	\$1,200
Fringes	332	800	850	800
Operating Supplies	436	200	400	400
Fuel Costs	4,829	4,600	4,500	4,800
Repair & Maintenance	5,791	4,000	4,500	5,800
<b>Total Vehicles</b>	<b>\$12,460</b>	<b>\$10,600</b>	<b>\$11,750</b>	<b>\$13,000</b>
<b>TOTAL WATER RESOURCES DIVISION</b>	<b>688,808</b>	<b>640,300</b>	<b>663,750</b>	<b>712,100</b>

### Lift Stations

Lift stations includes operation and maintenance of the plant lift station, five major and six minor lift stations. These facilities are used to lift up sewage by pump from deep sewers to higher points in the gravity system so that it can flow to the wastewater treatment plant for treatment.

**Wastewater Treatment Panel**



**Vehicles**

Several vehicles and over-the-road pieces of equipment are used in plant operations, lift station operation and maintenance, and building and grounds maintenance. These include:

- |                                          |                                       |
|------------------------------------------|---------------------------------------|
| 1975 Portable Electric Generator (30 KW) | 1997 GMC 4-Wheel Drive Pickup Truck   |
| 2005 Ford Pickup                         | 2000 Dodge 4-Wheel Drive Pickup Truck |
| 2006 Ford 4-wheel drive pickup           |                                       |

**Water Resources Division Responsibilities:**

- \* Lift station operation and maintenance
- \* Industrial pretreatment program
- \* Sludge management program
- \* Floor drain inspection program
- \* Groundwater treatment plant operation
- \* Operation and maintenance of the City of Cadillac's wastewater treatment plant. The plant reclaims the used water of City residents, businesses and industries before discharge to the Clam River. The treatment plant is regulated by the Michigan Department of Natural Resources and staffed by state licensed operators.

**Objective:**

To treat and reclaim over two million gallons of water used by our city and sewer service areas each day.

**Goals:**

**2007-2008**

1. Complete State Revolving Loan Fund
2. Begin wastewater construction projects
3. Lift station improvements
4. Complete NPDES permit renewal

**2006-2007**

1. Obtain State grant for design and engineering for Wastewater Treatment Plant improvements.
2. Renew NPDES Discharge Permit
3. Manage growth of service area.
4. Request State Revolving Loan funds for Wastewater Treatment Plant and lift station improvements.

**Status:**

*Done*  
*Done*  
*update 2007*  
*Done*

**Buildings and Water Tank**

Buildings consist of six well houses that enclose the active wells, one pump station that meters and treats the water, and one supplies garage building. Water storage is provided in a one million gallon elevated storage tank located on the North Street Hill.



**Pumping Station**

The City's pumping station metered and chlorinated in excess of 792,900,000 gallons of water in 2006. This was a decrease of 50 million gallons of water from 2005, or a 6% reduction. The costs of chemicals and utilities are the pumping stations' major costs.

**Water Supply Statistics**

Year	Gallons Pumped	Gallons Sold	% Lost (1)	Average Number of Customers
1996	965,000,000	818,300,000	15.20	3,342
1997	894,900,000	742,200,000	17.10	3,322
1998	837,800,000	763,800,000	8.83	3,375
1999	859,000,000	773,200,000	10.10	3,395
2000	883,500,000	789,000,000	10.70	3,408
2001	821,800,000	760,500,000	7.70	3,414
2002	787,700,000	754,100,000	4.00	3,407
2003	804,800,000	746,300,000	7.28	3,456
2004	773,400,000	736,300,000	4.70	3,487
2005	843,200,000	773,900,000	8.22	3,511
2006	792,900,000	714,000,000	10.00	3,524

**Wells & Well Fields**

The City's single well field contains six active wells and one capped well. All of the wells are considered deep wells, as they are all in excess of 300 feet deep.

**(1) Percentage of Water Lost**

Water loss is the term applied to the difference between water pumped into the system and water sold through water meters. Cadillac's water loss for 2006 was 10%, within the acceptable range of 10-15% for public water supplies. Water loss occurs from meter variances, worn meters, water used for fire purposes, water lost through system flushing, and water lost during run water situations in the winter.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>EXPENSES (Cont.)</b>				
<b>Distribution &amp; Collection Division</b>				
<b>Building &amp; Water Tank</b>				
Salaries	\$945	\$1,000	\$10,000	<b>\$10,700</b>
Salaries - Part Time	6,799	\$6,000	5,000	<b>6,000</b>
Fringes	797	2,000	4,900	<b>5,300</b>
Operating Supplies	12,117	15,000	12,000	<b>12,500</b>
Repair & Maintenance	361	2,000	2,000	<b>2,000</b>
<b>Total Building &amp; Water Tank</b>	<b>\$21,019</b>	<b>\$26,000</b>	<b>\$33,900</b>	<b>\$36,500</b>
<b>Pumping Station</b>				
Salaries - Regular	\$2,531	\$3,000	\$6,500	<b>\$5,500</b>
Fringes	909	1,200	3,250	<b>2,800</b>
Operating Supplies	8,074	10,000	7,500	<b>8,500</b>
Chemicals	27,363	22,000	19,500	<b>26,400</b>
Laboratory Control	20,831	14,000	22,500	<b>21,500</b>
Utilities	102,154	102,000	100,100	<b>106,500</b>
Repair & Maintenance	1,147	3,000	2,800	<b>3,500</b>
<b>Total Pumping Stations</b>	<b>\$163,009</b>	<b>\$155,200</b>	<b>\$162,150</b>	<b>\$174,700</b>
<b>Wells &amp; Well Field</b>				
Salaries - Regular	\$4,262	\$2,100	\$3,700	<b>\$6,000</b>
Salaries - Part time	0	1,000	1,000	<b>0</b>
Fringes	1,846	2,000	2,350	<b>2,900</b>
Operating Supplies	3,110	2,000	3,600	<b>3,600</b>
Wellhead Protection	1,966	3,000	5,500	<b>4,500</b>
Contractual Services	29,967	28,000	24,000	<b>20,500</b>
Repair & Maintenance	14,602	25,000	12,700	<b>13,500</b>
<b>Total Wells &amp; Well Field</b>	<b>\$55,753</b>	<b>\$63,100</b>	<b>\$52,850</b>	<b>\$51,000</b>

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>EXPENSES (Cont.)</b>				
<b>Distribution &amp; Collection Division (Cont.)</b>				
<b>General Street Expense</b>				
Salaries	\$650	\$1,000	<b>\$1,200</b>	<b>\$1,000</b>
Fringes	121	800	<b>750</b>	<b>700</b>
Operating Supplies	44,764	4,000	<b>4,000</b>	<b>4,000</b>
Contractual Services	11,231	18,000	<b>13,900</b>	<b>12,500</b>
<b>Total General Street Expense</b>	<b>\$56,766</b>	<b>\$23,800</b>	<b>\$19,850</b>	<b>\$18,200</b>
<b>Meter Reading &amp; Delinquent Accounts</b>				
Salaries	\$12,045	\$12,000	\$17,500	<b>\$19,500</b>
Fringes	3,766	8,000	8,550	<b>9,600</b>
Operating Supplies	163	300	300	<b>300</b>
<b>Total Meter Reading &amp; Delinquent Accounts</b>	<b>\$15,974</b>	<b>\$20,300</b>	<b>\$26,350</b>	<b>\$29,400</b>
<b>Meter Operations &amp; Maintenance</b>				
Salaries	\$63,617	\$65,000	\$74,000	<b>\$73,500</b>
Fringes	25,696	30,000	36,000	<b>34,000</b>
Operating Supplies	15,805	22,000	22,100	<b>22,700</b>
<b>Total Meter Operations &amp; Maintenance</b>	<b>\$105,118</b>	<b>\$117,000</b>	<b>\$132,100</b>	<b>\$130,200</b>
<b>Customer Service</b>				
Salaries	\$8,132	\$7,000	\$8,500	<b>\$11,600</b>
Fringes	2,711	3,800	4,200	<b>5,800</b>
<b>Total Customer Service</b>	<b>\$10,843</b>	<b>\$10,800</b>	<b>\$12,700</b>	<b>\$17,400</b>
<b>Maintenance - Mains &amp; Hydrants</b>				
Salaries	\$53,559	\$62,000	\$62,500	<b>\$64,300</b>
Fringes	21,913	31,000	30,550	<b>31,600</b>
Operating Supplies	45,466	25,000	33,000	<b>28,500</b>
Contractual Services	5,507	7,000	7,500	<b>6,500</b>
<b>Total Maintenance - Mains &amp; Hydrants</b>	<b>\$126,445</b>	<b>\$125,000</b>	<b>\$133,550</b>	<b>\$130,900</b>

**General Street Expense**

When the Utilities Department needs to perform repairs or maintenance under the City streets, they contract with the City Street Department or other local contractors to replace the street surfaces.

**Meter Reading & Delinquent Accounts**

The utility system bills its customers monthly and the meters of the entire city can be read within one day. The remainder of these employees' time is spent on maintenance of meters. The City has upgraded water meters with a new meter remote that allows for automatic meter reading.

**Meter Operation and Maintenance**

The Utilities Department responded to the following:

	<u>Meter Repairs</u>	<u>New Meter Installations</u>		<u>Meter Repairs</u>	<u>New Meter Installations</u>
1995	585	14	2003	243	12
1996	725	12	2004	185	18
1997	625	35	2005	238	23
1998	599	22	2006	312	41
1999	644	8			
2000	575	7			
2001	521	8			
2002	455	18			

**Customer Services**

Many types of service calls are responded to in the course of a year. MISS-DIGS is also a call this department responds to for construction needs.

	<u>Service Calls</u>	<u>MISS-DIGS</u>		<u>Service Calls</u>	<u>MISS-DIGS</u>
1995	763	511	2003	1,042	949
1996	853	544	2004	1,151	1,385
1997	718	576	2005	1,481	1,198
1998	695	533	2006	1,378	1,481
1999	727	514			
2000	675	507			
2001	1,243	571			
2002	661	1,025			

**Maintenance - Mains and Hydrants**

The City maintains 464 fire hydrants. All fire hydrant records and histories are computerized. The City replaced 2,250 feet of water mains in 2006, 3,185 feet in 2005, 3,450 feet of in 2004, 4,700 feet in 2003, which was down from 6,330 feet of water mains that were replaced in 2002. Replaced four hydrants in 2006 and added six new housing developments.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	<b>Budget</b>		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>EXPENSES (Cont.)</b>				
<b>Distribution &amp; Collection Division (Cont.)</b>				
<b>New Water Service</b>				
Salaries	\$556	\$1,000	\$3,500	<b>\$3,200</b>
Fringes	360	1,000	1,750	<b>1,700</b>
Operating Supplies	12,568	15,000	25,000	<b>25,000</b>
Contractual Services	195	1,500	2,700	<b>2,500</b>
<b>Total New Water Service</b>	<b>\$13,679</b>	<b>\$18,500</b>	<b>\$32,950</b>	<b>\$32,400</b>
<b>Water Service Maintenance</b>				
Salaries	\$836	\$2,000	\$5,500	<b>\$6,500</b>
Fringes	418	3,000	2,750	<b>3,300</b>
Operating Supplies	2,739	2,000	5,500	<b>3,900</b>
Repair & Maintenance	0	1,000	2,000	<b>2,000</b>
<b>Total Water Service Maintenance</b>	<b>\$3,993</b>	<b>\$8,000</b>	<b>\$15,750</b>	<b>\$15,700</b>
<b>Sanitary Sewer</b>				
Salaries	\$32,708	\$40,000	\$39,500	<b>\$43,600</b>
Fringes	7,476	17,000	19,150	<b>21,500</b>
Operating Supplies	11,881	9,000	8,000	<b>9,300</b>
Contractual	29,628	8,000	13,500	<b>13,500</b>
Damage Contractual Services	1,861	2,000	2,000	<b>2,000</b>
Repair & Maintenance	737	1,000	600	<b>2,000</b>
<b>Total Sanitary Sewer</b>	<b>\$84,291</b>	<b>\$77,000</b>	<b>\$82,750</b>	<b>\$91,900</b>
<b>Vehicles</b>				
Salaries	\$0	\$100	\$500	<b>\$1,300</b>
Fringes	0	100	450	<b>800</b>
Operating Supplies	660	500	700	<b>700</b>
Fuel & Oil	16,983	12,000	13,000	<b>15,500</b>
Repair & Maintenance	10,674	14,000	15,000	<b>15,000</b>
<b>Total Vehicles</b>	<b>\$28,317</b>	<b>\$26,700</b>	<b>\$29,650</b>	<b>\$33,300</b>
<b>TOTAL DISTRIBUTION &amp; COLLECTION DIVISION</b>	<b>\$685,207</b>	<b>\$671,400</b>	<b>\$734,550</b>	<b>\$761,600</b>

**New Water Meter Replacements and Upgrades**

In 2004, 113 meters were replaced which is down from 2003 when 260 water meters were replaced with new electronic-read meters under the meter replacement program. The City has replaced all but 4 meters with radio read units.

**Water Service Maintenance**

In 2006, 47 reconnections took place while 2005 had 89 reconnections, in 2004 there were 107. In 2003, 63 reconnected service lines were worked on by personnel. In 2002 91 service lines were worked on, in 2001, the Water Department reconnected 78 domestic water service lines to new or larger mains, 2000 there were 82 reconnects, up from 57 in 1999. In addition, four service lines were abandoned and capped in 2000, with an additional three lines abandoned in 1999 and two in 1998.

**Sanitary Sewer**

This item includes equipment used to clean sanitary sewer, along with the related costs of labor and repairs and maintenance. It also includes costs for outside contractors to do TV inspections. The City inspected 1,1880 feet in 2006 along with two housing developments. In 2005, 3,380 feet were cleaned, 2,949 feet in 2004, 3,670 feet of sanitary sewer in 2003, compared to 4,600 feet in 2002, 2,805 feet in 2001, and 2,150 feet in 2000. In 1999, 3 sanitary sewer manholes were repaired along with 4 storm sewer manholes, while in 2000, 9 sanitary sewer manholes were replaced and 4 storm sewer manholes were replaced. 2001 saw 4 manholes replaced and 16 castings replaced and in 2002 installed two new manholes. In 2003 the Utilities Department cleaned 32,425 feet of sanitary sewer lines and increased that number to 41,500 feet in 2004. In 2005, 31,600 feet were cleaned which was increased to 73,750 feet in 2006.

**Vehicles**

Several vehicles and over-the-road equipment are used in this division. These include:

- |                                    |                                         |
|------------------------------------|-----------------------------------------|
| 1990 Ingersoll-Rand Air Compressor | 2001 VacCon Sewer Machine               |
| 1992 Sewer Jetter                  | 1994 and 2002 JCB Loader/Backhoe        |
| 2005 Ford Pickup                   | 1996 and 2004 Ford Service Van          |
| 1975 International Dump Truck      | 2004 Ford Utility Truck                 |
| 1995 GMC Utility Truck             | 2000 and 1996 Dodge Pickup Truck w/plow |

**Distribution and Collection Division Purpose:**

This division is responsible for the operation of the public water system, sanitary sewer system and storm sewer system. The public water system supplies water to over 3,500 accounts. These accounts range from domestic users to industrial customers using up to 500,000 gallons of water per day. The water system personnel must be licensed by the Michigan Department of Environmental Quality. The sanitary sewer system collects the wastewater from the users and transports it to the wastewater treatment plant. The storm sewer system collects storm water and transports it to the lakes, rivers and seepage ponds.

**Objective:** To supply the water used by our city each day and to maintain the water distribution system, sanitary collection system and storm water collection system.

**Goals:**

**2007-2008**

1. Complete project plan for future drinking water revolving loan fund.
2. Complete water main replacement on East Nelson and Park Streets.
3. Complete Phase II of the Wellfield investigation.

**2006-2007**

1. Replace sanitary sewer on Pine Street
2. Replace water and sewer on West Garfield
3. Replace sewer on Mitchell Street
4. Complete Phase II of the Wellfield investigation.
5. Implement Cadillac Storm Water Management Plan.

**Status:**

- Done*
- Spring of 07*
- During 2009 project*
- Move back to 2009*
- On-going*

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	<b>Budget</b>		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>EXPENSES (Cont.)</b>				
<b>Laboratory Division</b>				
<b>General Laboratory</b>				
Salaries	\$11,928	\$40,000	\$22,800	<b>\$12,200</b>
Fringes	2,169	12,000	6,550	<b>6,100</b>
Operating Supplies	12,053	12,000	11,000	<b>12,000</b>
Repair & Maintenance	1,860	3,000	2,000	<b>2,300</b>
Equipment Rental	175	0	0	<b>0</b>
Research & Development	0	3,000	1,000	<b>1,000</b>
<b>Total General Laboratory</b>	<b>\$28,185</b>	<b>\$70,000</b>	<b>\$43,350</b>	<b>\$33,600</b>
<b>Contract Laboratory</b>				
Salaries	\$14,361	\$12,000	\$11,700	<b>\$23,000</b>
Fringes	1,326	10,000	10,300	<b>11,300</b>
Operating Supplies	7,883	8,000	6,100	<b>7,200</b>
Repair & Maintenance	8,083	5,000	6,000	<b>6,500</b>
Equipment Rental	1,080	500	1,000	<b>1,000</b>
Research & Development	0	600	600	<b>800</b>
<b>Total Contract Laboratory</b>	<b>\$32,733</b>	<b>\$36,100</b>	<b>\$35,700</b>	<b>\$49,800</b>
<b>TOTAL LABORATORY DIVISION</b>	<b>60,918</b>	<b>106,100</b>	<b>79,050</b>	<b>83,400</b>
<b>Non-Operating</b>				
Interest Expense	\$376,823	\$350,000	\$349,500	<b>\$330,000</b>
Depreciation	802,444	770,000	775,000	<b>820,000</b>
<b>Total Non-Operating</b>	<b>\$1,179,267</b>	<b>\$1,120,000</b>	<b>\$1,124,500</b>	<b>\$1,150,000</b>
<b>TOTAL EXPENSES</b>	<b>\$3,639,062</b>	<b>\$3,420,700</b>	<b>\$3,476,150</b>	<b>\$3,705,500</b>
<b>NET ASSETS AT YEAR END</b>				
Change in Net Assets	\$213,989	\$302,700	\$81,450	<b>\$494,500</b>
Total Net Assets				
Beginning of Year	14,029,360	14,243,349	14,243,349	<b>14,546,049</b>
<b>Total Net Assets at Year End</b>	<b>\$14,243,349</b>	<b>\$14,546,049</b>	<b>\$14,324,799</b>	<b>\$15,040,549</b>

**Laboratory Services Division**

This division consists of two distinct areas: general use for internal functions and contract for external purposes. Laboratory Services has now received certification from the State of Michigan in the areas of bacteriological analysis, and metals analysis. Volatile organic testing is completed by a contract laboratory.

<u>Analyses Performed:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Lead and Copper	172	52	81	195	175	64
Metals	10,337	8,939	7,050	8,315	8,980	7,776
Volatile Organic	220	226	280	264	272	148
Bacterial Testing	1,814	1,780	1,313	2,680	3,120	2,452
Wet Chemistry	21,900	20,800	23,200	23,870	24,050	22,976

**Purpose:**

This division provides analytical laboratory support to the water and wastewater operations. Laboratory services also provides contract analytical support to other communities and industries.

**Objective:**

To provide analytical laboratory results required by state and federal regulatory services.

**Goals for:**

**2007-2008**

1. Develop new methods for atomic absorption metals analysis by furnace.
2. Obtain MDEQ Laboratory certification renewal.
3. Expand laboratory contract sample analysis for other municipalities.

**2006-2007**

- |                                                                         |                        |
|-------------------------------------------------------------------------|------------------------|
| 1. Complete U.S. Forest Water Quality testing contract for second year. | <i>Status: Done</i>    |
| 2. Expand contract testing services.                                    | <i>Status: Ongoing</i> |
| 3. Obtain MDEQ Laboratory certification renewal.                        | <i>Status: 2007</i>    |

**Non-Operating**

Four revenue bond issues comprise the interest activity:

**1993 Revenue Refunding Bond** interest payments September 1, 2007 total \$6,050. (final payment).

**1995 Revenue Bond** interest payments September 1, 2007 total \$2,553. (final payment.)

**1999 Revenue Refunding Bond** interest payments September 1, 2007 and March 1, 2008 total \$65,870.

**2001 Revenue and Revenue Refunding Bond** interest payments September 1, 2007 and March 1, 2008 total \$253,389.

Depreciation is increasing slightly due to the age of some of the equipment and the new replacements. Depreciation is calculated from the annual depreciation schedules on a straight line basis.

**History**

In the late 1870's the City began construction of a sanitary sewer collection system which discharged untreated wastewater into Lake Cadillac. In 1889 the City extended a major interceptor along the shores of Lake Cadillac to divert the wastewater flow from Lake Cadillac to the Clam River. Treatment of collected wastewater began in 1918 upon completion of a primitive secondary wastewater treatment facility with a sustained treatment capacity of 0.8 million gallons per day (MGD).

The City's original wastewater treatment facility was replaced in 1963 with the construction of a 2.0 MGD advanced secondary (activated sludge) treatment facility. In 1975 the facility was upgraded to provide ammonia removal and advanced tertiary filtration. In 1990 the City added an 800,000 gallon equalization basin, a 550,000 gallon sludge storage tank and a new secondary clarifier among other major improvements which increased sustained treatment capacity to 3.2 MGD. Average daily flow is approximately 2.3 MGD with average peak flows of approximately 2.8 MGD. In 1995, the City again updated the treatment facility with another \$2.5 million expansion. In 2003, a UV disinfection/chemical storage building was added in addition to replacement of tertiary screw pumps.

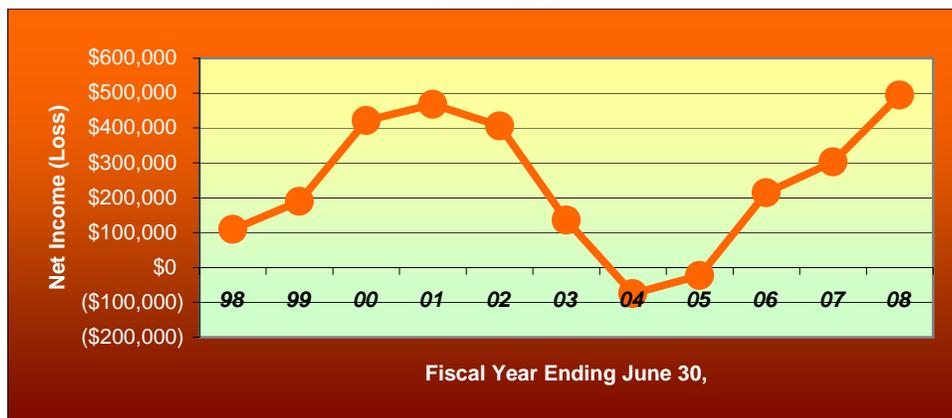
The City is in compliance with the National Pollutant Discharge Elimination System (NPDES) permit granted by the Department of Environmental Quality of the State of Michigan.



*September, 1923 construction of original facilities.  
(Looking north at what are now CASA fields)*

Cadillac was recently awarded a MDEQ S2 grant for \$394,000 to complete engineering and design for a four million dollar wastewater treatment plant improvement using a loan from the State for 1.65% interest. This project will update the plant and lift station equipment that is well over thirty years old.

**Water and Sewer Fund  
Change in Net Assets  
1998-2008**



**Source and Use of Funds For Capital Improvements**

**2007-2008**

**Source of Funds**

Loan-State of Michigan	4,300,000	
Investments - Unrestricted	310,800	
	310,800	\$4,610,800

**Total Source of Funds**

**Use of Funds**

**2006-2007 Main Replacements**

East Nelson Street	\$80,000	
Jonathan Street	\$20,000	
West Garfield	\$10,000	
North Street	35,000	
Park Street	47,000	
	192,000	\$192,000

**Equipment**

Influent Pump	\$190,000	
Primary digester floating cover	325,000	
Primary digester mixing system	172,000	
Secondary digester cover	270,000	
Waste Gas Burner	47,800	
Biosolids Storage Tank and Roof	87,000	
Tertiary filtration system	790,000	
Redundant UV bank	60,000	
Generator at Wastewater Treatment Plant	165,000	
Main control panel	210,000	
Lake Street Pump Station	444,300	
Lesson Ave. Pump Station	487,200	
Leisure Rd Pump Station	368,300	
Lake Street force main	182,200	
Contingency	600,000	
Pickup Truck	20,000	
	4,418,800	4,418,800

**Total Use of Funds**

\$4,610,800

**Footnote:** The green bar items shown above represent items replaced from the low-interest loan from the State of Michigan. Each item has been targeted for replacement due to age and new technology in the field that will increase efficiency in the operation. Cost savings from this replacement will be \$35,000 per year in net savings from maintenance issues thereby making manpower more effective.

**Cash Flow Analysis**

**2007-2008**

**Additions**

Net Income from Operations	\$494,500
Loan-State of Michigan	\$4,300,000
Depreciation	<u>820,000</u>

**Total Additions** 5,614,500

**Deductions**

Principal Payments (1)	\$385,000
Capital Improvements	<u>4,610,800</u>

**Total Deductions** 4,995,800

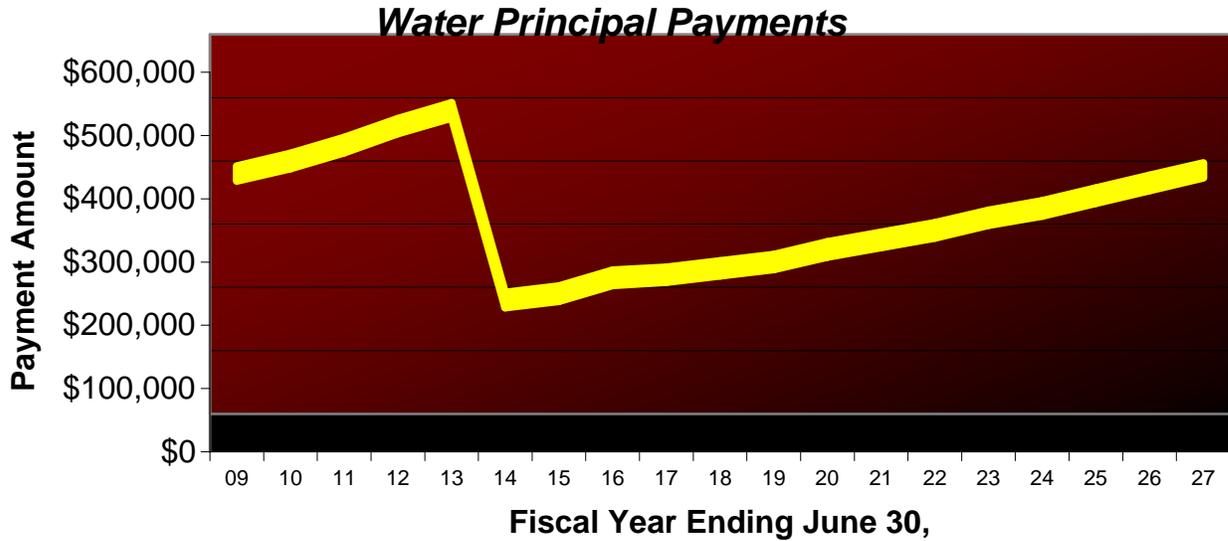
**Net Increase of Available Cash** \$618,700

**Footnotes:**

(1) Principal payments include:

<u>1993 Revenue Refunding Bond</u>		<u>Principal</u>	<u>Interest</u>
September 1, 2007	<i>final payment</i>	\$220,000	
September 1, 2007 5.5%			\$6,050
<u>1995 Revenue Bond</u>			
September 1, 2007	<i>final payment</i>	95,000	
September 1, 2007 5.375%			2,553
<u>1999 Revenue Refunding Bond</u>			
September 1, 2007		60,000	
September 1, 2007 4.15%			33,557
March 1, 2008 4.25%			32,313
<u>2001 Revenue Refunding Bond</u>			
September 1, 2007		10,000	
September 1, 2007 4.25%			126,801
March 1, 2008 4.25%			126,588
<b>Total Debt Payments</b>		<u>\$385,000</u>	<u>\$327,862</u>

Average Interest Rate: 4.6%



**Fiscal Year Ending June 30,**

**Principal Payments**

2009	\$385,000
2010	\$410,000
2011	\$430,000
2012	\$455,000
2013	\$485,000
2014	\$510,000
2015	\$210,000
2016	\$220,000
2017	\$245,000
2018	\$250,000
2019	\$260,000
2020	\$270,000
2021	\$290,000
2022	\$305,000
2023	\$320,000
2024	\$340,000
2025	\$355,000
2026	\$375,000
2027	\$395,000

**Principal payments are on the following:**

1993 Revenue Refunding Bond  
1995 Revenue Bond  
1999 Revenue Refunding Bond  
2001 Revenue and Revenue Refunding Bond

*1993 and 1995 Revenue Bonds will be paid in full at the end of the 2008 fiscal year.*

**Rates and Charges proposed as of July 1, 2007**

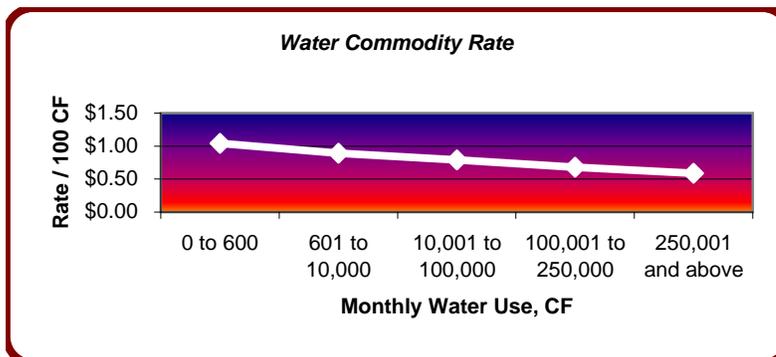
**Ready to serve charge**

<u>Meter Size</u>	<u>Water</u>	<u>Wastewater</u>
5/8"	\$4.95	\$8.05
3/4"	\$7.30	\$12.05
1"	\$12.20	\$20.10
1-1/2"	\$24.40	\$40.15
2"	\$39.00	\$64.30
3"	\$85.40	\$140.65
4"	\$146.35	\$241.00
6"	\$304.90	\$502.15
8"	\$439.10	\$723.10

**Commodity Charge**

**Volume (Cubic Feet - CF)**

0 to 600	\$1.04	
601 to 10,000	\$0.89	
10,001 to 100,000	\$0.79	
100,001 to 250,000	\$0.68	
250,001 and above	\$0.59	
Per 100 cubic feet per month		\$1.81



**Unmetered Users (Flat Rate)**

1. Monthly room charge (Living, Dining, Bedroom and Kitchens)	
1 to 3 rooms	\$6.90
4 to 6 rooms	\$7.80
7 to 8 rooms	\$8.75
Each additional room	\$1.25
2. Additional for each bathtub and shower	\$3.30
3. Additional for each toilet	\$3.65



**City of Cadillac  
Wastewater Treatment  
Operations**



*Valve Replacement*



*Manhole Replacement*



*Application of treated "biosolids" to farm  
fields as fertilizer*

**Revenue as Billed By Meter Classification**

For Fiscal Year Ended June 30, 2006

Meter Classification	Water Supply		Wastewater Treatment	
	Revenue	Percent of Total	Revenue	Percent of Total
Unmetered			\$44,351	2.23
5/8"	\$449,341	44.44	706,627	35.61
3/4"	489	0.05	651	0.03
1"	55,784	5.52	78,690	3.97
1-1/2"	54,940	5.43	72,889	3.67
2"	185,556	18.35	524,900	26.45
3"	28,522	2.82	58,089	2.93
4"	103,290	10.22	239,377	12.06
6"	116,767	11.55	259,034	13.05
8"	16,449	1.63	0	0.00
	<u>\$1,011,138</u>	<u>100.0</u>	<u>\$1,984,608</u>	<u>100.0</u>

**Monthly Wastewater Treatment Ready-To-Serve Charge by Meter Classification**

Fiscal Year Ended or Ending June 30,	Meter Classification								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
1997	6.90	10.40	12.26	15.35	23.38	64.79	88.37	143.48	223.87
1998	7.10	10.71	12.63	15.81	24.08	66.73	91.02	147.78	230.59
1999	7.31	11.03	13.01	16.28	24.80	68.73	93.75	152.21	237.51
2000	7.53	11.36	13.40	16.77	25.54	70.79	96.56	156.78	244.64
2001	6.60	9.90	16.50	33.00	52.80	115.50	198.00	412.50	594.00
2002	6.80	10.20	17.00	34.00	54.38	118.97	203.94	424.88	611.82
2003	7.00	10.50	17.50	35.00	56.00	122.55	210.05	437.60	630.20
2004	7.20	10.80	18.05	36.05	57.70	126.25	216.35	450.35	649.10
2005	7.50	11.25	18.75	37.50	60.00	131.30	225.00	468.80	675.05
2006	7.80	11.70	19.50	39.00	62.40	136.55	234.00	487.55	702.05

Data furnished in compliance with Securities and Exchange Commission rule 15c2-12 which requires the City to annually provide updated information filed for revenue bond issues. *Source: Cadillac Utilities Department*

**Monthly Ready-To-Serve Charge For Fire Protection  
Through Fiscal Year June 30, 2006**

<u>Line Size</u>	<u>Monthly Ready-To-Serve Charge</u>
3/4"	\$1.75
1"	\$2.95
1-1/2"	\$5.90
2"	\$9.45
3"	\$20.60
4"	\$35.40
6"	\$73.90
8"	\$106.40
10"	\$171.40
12"	\$254.10

**Monthly Water Supply Ready-To-Serve Charge By Meter Classification  
Fiscal Years Ended June 30, 1997-2006**

<u>Fiscal Year Ended or Ending June 30,</u>	<u>Meter Classification</u>								
	<u>5/8"</u>	<u>3/4"</u>	<u>1"</u>	<u>1 1/2"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>
1997	4.22	6.39	7.52	9.63	14.47	39.91	54.90	88.68	96.92
1998	4.35	6.58	7.75	9.92	14.90	41.11	56.55	91.34	99.83
1999	4.48	6.78	7.98	10.22	15.35	42.34	58.25	94.08	102.83
2000	4.61	6.98	8.22	10.53	15.81	43.61	60.00	96.90	105.92
2001	4.00	6.01	10.02	20.04	32.06	70.13	120.23	250.47	360.68
2002	4.12	6.19	10.32	20.64	33.02	72.22	123.84	257.98	371.50
2003	4.25	6.40	10.65	21.25	34.00	74.40	127.55	265.70	382.65
2004	4.40	6.60	10.95	21.90	35.00	76.65	131.40	273.65	394.15
2005	4.60	6.85	11.40	22.80	36.40	79.70	136.65	284.60	409.90
2006	4.80	7.10	11.85	23.70	37.85	82.90	142.10	296.00	426.30

**Number of Water Supply and Wastewater Treatment Customers  
Fiscal Years 1997 Through 2006**

<u>Fiscal Year</u>	<u>Water Supply Customers</u>		<u>Wastewater Treatment Customers</u>	
	<u>Number</u>	<u>Percent of Change</u>	<u>Number</u>	<u>Percent of Change</u>
1997	3,342	0.60	3,461	0.50
1998	3,375	1.00	3,477	0.50
1999	3,383	0.20	3,481	0.10
2000	3,408	0.74	3,499	0.52
2001	3,414	0.18	3,504	0.14
2002	3,407	(0.21)	3,493	(0.31)
2003	3,456	1.44	3,526	0.94
2004	3,487	0.90	3,544	0.51
2005	3,520	0.95	3,569	0.71
2006	3,524	0.11	3,573	0.11

**Average Number of Water Supply and Wastewater Treatment Customers  
By Meter Classification  
Fiscal Year Ended June 30, 2006**

<u>Meter Classification</u>	<u>Average Customers</u>	
	<u>Water Supply</u>	<u>Wastewater Treatment</u>
Unmetered	0	182
5/8"	3,202	3,132
3/4"	3	3
1"	131	106
1-1/2"	78	62
2"	81	64
3"	9	9
4"	15	12
6"	4	3
8"	1	0
	<u>3,524</u>	<u>3,573</u>

Data furnished in compliance with Securities and Exchange Commission rule 15c2-12 which requires the City to annually provide updated information filed for revenue bond issues. *Source: Cadillac Utilities Department*

# ***Building Authority Operating Fund***

**CITY OF  
CADILLAC  
MICHIGAN**



***2007-2008  
Annual Operating Budget***

## Building Authority Operating Fund

The Cadillac Building Authority was reestablished by the City Council in accordance with P.A. 31 of 1948. The purpose of the building authority is to facilitate the sale of bonds to fund construction of municipal structures. A building authority was previously used by the City of Cadillac in 1977 to issue bonds for the construction of the Municipal Complex and then in 1994 for the construction of the State of Michigan Department of Environmental Quality (DEQ) building pictured at right.



### Revenues

The City of Cadillac rents the building to the State of Michigan and the rent is based on the operating expenses as well as the debt payments on the bond. Charges for services are paid to the City by the State for cleaning and maintenance of the facility.

### Expenditures

Building Maintenance costs cover the air conditioning, elevator, heating, electrical on other related items that are contracted for or used to maintain the facility. The contractual services reflect the contracts for landscaping, fire suppression system, and snow removal. Administration is the fee paid to the DDA fund for their management oversight of the facility. Transfer to the debt retirement from the rental revenues is for the current principal and interest payment on the outstanding debt on the facility. In 1999 the City refinanced the debt to take advantage of lower interest rates, saving over the life of the bond a net value of \$33,000.

The most recent use of the building authority has been to sell bonds for parking lot renovations. The parking lots were remodeled in the summer of 1998. The bond payments for the parking lots are recorded in the 1997 Building Authority Debt Retirement section of this budget. This fund only records the activity of the DEQ building.

The Building Authority members are appointed by the City Council. Those appointed members are:

### Chairperson:

*Peter D. Stalker*

City Manager  
City of Cadillac

### Vice-Chairperson:

*David L. McCurdy*

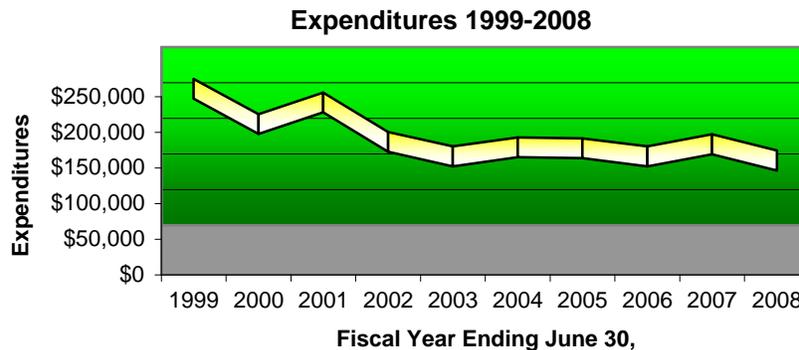
McCurdy & Wotila  
City Attorney  
City of Cadillac

### Secretary - Treasurer:

*Dale M. Walker*

Director of Finance  
City of Cadillac

	Fiscal Year Ending June 30,			
	AUDIT 2006	ESTIMATED 2007	Budget CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Rental Income	\$195,870	\$196,000	\$195,800	<b>\$195,900</b>
Interest Income	4,882	4,000	3,300	<b>5,000</b>
<b>TOTAL REVENUES</b>	<b>\$200,752</b>	<b>\$200,000</b>	<b>\$199,100</b>	<b>\$200,900</b>
<b>EXPENDITURES</b>				
Building Maintenance	5,022	30,000	31,000	<b>5,000</b>
Contractual Services	25,157	24,000	24,000	<b>30,000</b>
Audit	900	900	900	<b>1,000</b>
Liability Insurance	572	600	600	<b>600</b>
Utilities	2,286	3,000	2,500	<b>2,500</b>
Administration	5,000	5,000	5,000	<b>5,000</b>
Depreciation	37,962	34,000	34,000	<b>35,000</b>
Debt Service				
Interest Payment	54,517	51,000	50,900	<b>46,600</b>
<b>TOTAL EXPENDITURES</b>	<b>\$131,416</b>	<b>\$148,500</b>	<b>\$148,900</b>	<b>\$125,700</b>
<b>TOTAL NET ASSETS AT YEAR END</b>				
Change in Net Assets	\$69,336	\$51,500	\$50,200	\$75,200
Total Net Assets - Beginning of Year	325,906	395,242	446,742	<b>446,742</b>
<b>TOTAL NET ASSETS AT YEAR END</b>	<b>\$395,242</b>	<b>\$446,742</b>	<b>\$496,942</b>	<b>\$521,942</b>



Net assets are reserved for debt service and any unanticipated maintenance issues as the building ages gracefully.

Expenditures vary based on the debt transfer and the building maintenance.

**Source and Use of Funds For Capital Improvements**

**2007-2008**

**Source of Funds**

Operational funds 0

**Total Source of Funds** \$0

**Use of Funds**

None 0

**Total Use of Funds** \$0

**Cash Flow Analysis**

**2007-2008**

**Additions:**

Net Gain from Operations 75,200  
 Depreciation 35,000

**Total Additions** \$110,200

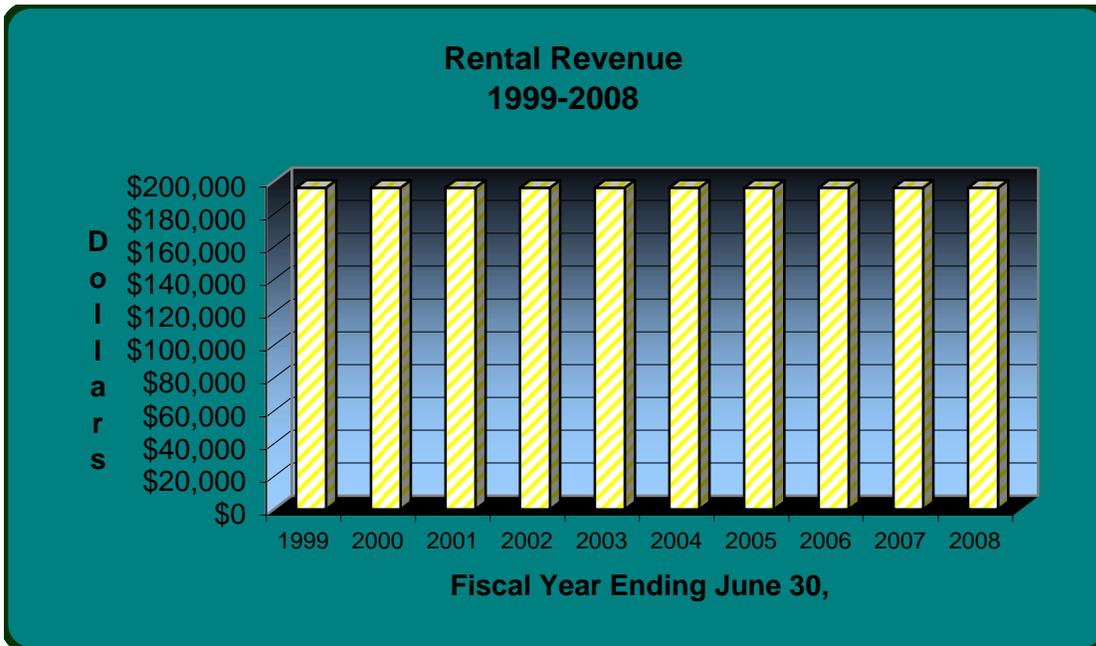
**Deductions:**

Principal Payment 105,000

**Total Deductions** \$105,000

**Net Increase in Cash Flow** \$5,200

Rental revenue is the largest source of revenue in this fund. The State of Michigan provides the rent which covers the operational expenses as well as the debt retirement of the bonded indebtedness.



**Outstanding Debt Issues**

<b>TITLE OF ISSUE</b>	<b>1999 Building Authority Fund Refunding Bonds</b>		
<b>PURPOSE</b>	For the purpose of advance refunding the 1994 Building Authority Bonds dated December 1, 1994 maturing in the years 2006 through and including 2015 on October 1, 1995.		
<b>DATE OF ISSUE</b>	February 2, 1999		
<b>AMOUNT OF ISSUE</b>			\$1,265,000
<b>AMOUNT REDEEMED</b>			
Prior to Current Period	\$85,000		
During Current Period	\$100,000	\$185,000	
<b>BALANCE OUTSTANDING</b>			\$1,080,000

DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2007	4.20%	\$105,000	\$24,138	\$129,138
April 1, 2008			\$21,933	\$21,933
October 1, 2008	4.25%	\$105,000	\$21,933	\$126,933
April 1, 2009			\$19,701	\$19,701
October 1, 2009	4.30%	\$110,000	\$19,701	\$129,701
April 1, 2010			\$17,336	\$17,336
October 1, 2010	4.35%	\$115,000	\$17,336	\$132,336
April 1, 2011			\$14,835	\$14,835
October 1, 2011	4.60%	\$115,000	\$14,835	\$129,835
April 1, 2012			\$12,190	\$12,190
October 1, 2012	4.60%	\$125,000	\$12,190	\$137,190
April 1, 2013			\$9,315	\$9,315
October 1, 2013	4.60%	\$130,000	\$9,315	\$139,315
April 1, 2014			\$6,325	\$6,325
October 1, 2014	4.60%	\$135,000	\$6,325	\$141,325
April 1, 2015			\$3,220	\$3,220
October 1, 2015	4.60%	\$140,000	\$3,220	\$143,220
		\$1,080,000	\$233,848	\$1,313,848

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The budgeting and accounting for this group of funds is done on the modified accrual basis.

**Special Revenue Funds in the City of Cadillac include:**

**Major Special Revenue Funds (Included in Major Fund Section):**

**Major Street Fund** – Used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and the maintenance contract of the state trunklines.

**Local Street Fund** – Receives all local street money paid to cities by the State, accounts for all construction, maintenance, traffic services, and winter maintenance on all streets classified as local.

**Nonmajor Special Revenue Funds (Included in this section):**

**Cemetery Operating Fund** – This fund records the financial activities of running the cemetery. Revenues from endowment funds supplement charges for services to finance these activities.

**H. L. Green Operating Fund** – This fund was established to account for the rental of the H. L. Green building.

**Naval Reserve Center Fund** – This fund was established to account for the rental of the Naval Reserve Center.

**Cadillac Development Fund** – This fund was established with grant monies from an Urban Development Action Grant to assist in economic development and Housing and Urban Development funds to assist low and moderate income families to bring their homes up to the city building codes.

**Clam River Greenway Fund** - This fund was established to account for the ecological and scenic development of the Clam River walkway to the Cadillac Area Sports Association fields.

**Building Inspection Fund** - The fund was established to account for building inspection activities pursuant to Public Act 245 of 1999.

**Milfoil Eradication Fund** - The fund is established for the special assessment of the Lake Cadillac Special Assessment and Treatment Program, which addresses the Eurasian water milfoil in Lake Cadillac

## Nonmajor Special Revenue Funds Summary

**2007-2008**

	Cemetery Fund	H. L. Green Operating Fund	Naval Reserve Center Fund	Clam River Greenway Fund
<b>Revenues</b>				
Interest Income	\$5,300	\$500	\$1,000	
Interest Income-Loan				
Principal Repayment-Loan		29,000		
Rental			\$37,600	
Building Permits				
Heating and Fence Permits				
Charges for Services	\$56,400			
Local Funds	29,700			
Motor Vehicle Highway Funds				
State Trunkline				
State of Michigan Grant				269,500
Local Contributions				109,700
Special Assessment Revenue				
Bond Revenue				
Surplus	1,000	41,100		
<b>Total Revenues</b>	<b>\$92,400</b>	<b>\$70,600</b>	<b>\$38,600</b>	<b>\$379,200</b>
<b>Expenditures</b>				
Audit	600	600	400	400
Operating Expenditures	90,500		38,200	36,500
Capital Outlay	1,300		0	
Transfer to Debt Retirement		70,000		
Construction				342,300
Transfer Out				
<b>Total Expenditures</b>	<b>\$92,400</b>	<b>\$70,600</b>	<b>\$38,600</b>	<b>\$379,200</b>
Excess (Deficiency) of Revenues over Expenditures (1)	(\$1,000)	(\$41,100)	\$0	\$0
Fund Balance-Beginning	86,678	73,374	56,631	1,442
<b>Fund Balance-Ending</b>	<b>\$85,678</b>	<b>\$32,274</b>	<b>\$56,631</b>	<b>\$1,442</b>

(1) Excludes "Surplus". Surplus indicates the use of prior year's earnings to balance the budget. The budget staff has determined that sufficient prior year's earnings are available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section on page 35-40.

**2007-2008**

	<b>Cadillac Building Inspection Fund</b>	<b>Cadillac Development Fund</b>	<b>Milfoil Eradication Fund</b>	<b>Total</b>
<b><u>Revenues</u></b>				
Interest Income		\$46,000	\$1,200	<b>\$54,000</b>
Interest Income-Loan				<b>\$0</b>
Principal Repayment-Loan				<b>\$29,000</b>
Rental				<b>\$37,600</b>
Building Permits	81,000			<b>\$81,000</b>
Heating and Fence Permits	2,700			<b>\$2,700</b>
Charges for Services				<b>\$56,400</b>
Local Funds	17,500			<b>\$47,200</b>
Motor Vehicle Highway Funds				<b>\$0</b>
State Trunkline				<b>\$0</b>
State of Michigan Grant				<b>\$269,500</b>
Local Contributions				<b>\$109,700</b>
Special Assessment Revenue			110,000	<b>\$110,000</b>
Bond Revenue				<b>\$0</b>
Surplus (2)		27,500		<b>\$69,600</b>
<b>Total Revenues</b>	<b>\$101,200</b>	<b>\$73,500</b>	<b>\$111,200</b>	<b>\$866,700</b>
<b><u>Expenditures</u></b>				
Audit	400	1,400	400	<b>\$4,200</b>
Operating Expenditures	100,800	54,600	108,600	<b>\$429,200</b>
Capital Outlay				<b>\$1,300</b>
Transfer to Debt Retirement				<b>\$70,000</b>
Construction				<b>\$342,300</b>
Transfer Out		17,500		<b>\$17,500</b>
<b>Total Expenditures</b>	<b>\$101,200</b>	<b>\$73,500</b>	<b>\$109,000</b>	<b>\$864,500</b>
Excess (Deficiency) of Revenues over Expenditures (1)	\$0	(\$27,500)	\$2,200	<b>(\$67,400)</b>
Fund Balance-Beginning	0	1,622,225	19,600	<b>\$1,859,950</b>
<b>Fund Balance-Ending</b>	<b>\$0</b>	<b>\$1,594,725</b>	<b>\$21,800</b>	<b>\$1,792,550</b>

terminated

## *Glimpses of Cadillac*



*A common site in the early morning hours on Lake Cadillac*

*Each spring, volunteers are eager to get out and beautify Cadillac's parks*



*Beautiful colors are in ample supply during the beautiful autumn months of Northern Michigan.*

# *Cemetery Operating Fund*

CITY OF  
**CADILLAC**  
MICHIGAN



***2007-2008  
Annual Operating Budget***

## Cemetery Operating Fund

The Cemetery Operating Fund is in existence for the operation of the City-owned cemetery located on the southern boundaries of Cadillac. It is a well-manicured facility and is viewed by many people as they travel on U.S. 131, which runs parallel to the facility.

This budget reveals no financial contribution from the General Fund and indicates a self-supporting funding level at the activity proposed. This is a unique situation in Michigan, as most cemeteries are not financially solvent and require contributions from general tax dollars. In order to reduce costs to obtain this level of self-sufficiency, the City Council approved the concept of hiring prison labor to work on the grounds. Due to the change in how the prisoners are handled by the State, the number of prisoners available are fewer. The City contributes administrative oversight to this fund at no cost to the fund.

Article 18, Section 18.1 of the City Charter reflects that an advisory board shall be established to handle policy related cemetery rules and ordinances relating to the cemetery. The City Manager, for all practical purposes, has delegated this responsibility to the Public Works Director. A cemetery superintendent is responsible for the daily activity of cemetery personnel, which consists of one other employee, occasional summer help, and prison labor.

### Advisory Board

**Roy Wohlford, Jr.**  
Chairperson

**Del Packard**

**Nick Nelson**

**Janice Nelson**  
Secretary

**Robert Johnson**  
Ex-Officio  
Public Works Director

Rates were reviewed and increased in 2006. With the perpetual care interest declining due to the severe market conditions, and the increase in daily labor rates to \$15 per prisoner, and the continual threat by the State of Michigan to remove the prisoners from local governmental labor force, the rates were increased. The rates are in the mid range of rates charged in the northern Michigan area. The fund balance has been declining over the past few years as reserves have been used to fund this system.

#### Capital Outlay in fiscal year 2008:

Mowers, Blowers	\$1,300
Total	\$1,300

Phase II of the Cemetery Fence Construction program was completed in May of 2004. The remainder of the project, including fence sections, pillars, and gate repair will be completed as funds are raised.

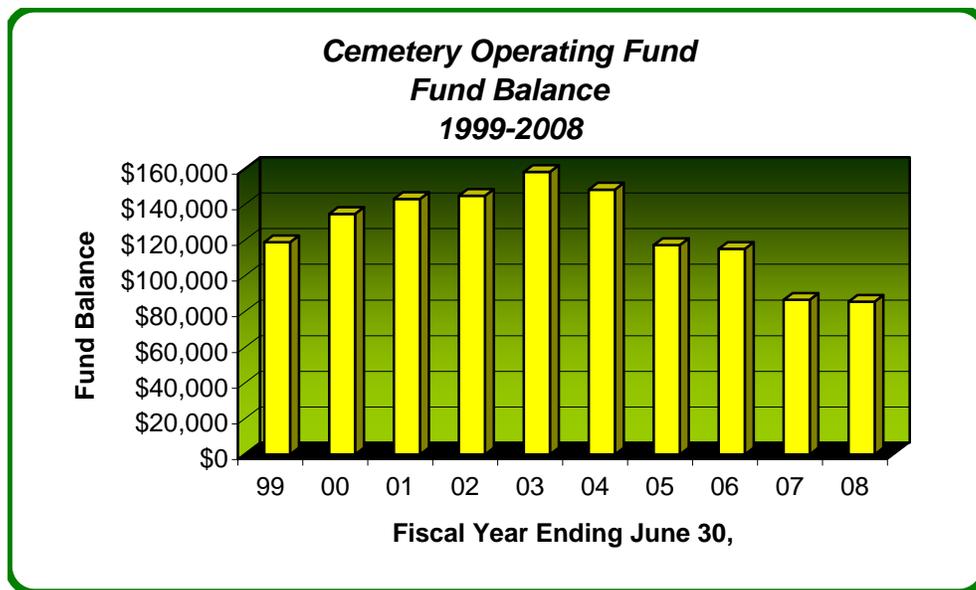
One of the largest revenue items is the transfer from the Perpetual Care Fund. Part of the sale of cemetery lots is for a perpetual care fee which the city uses as an endowment and only uses the interest earned to support the operation of the daily activity in the cemetery. In 2007-2008, it is anticipated interest earnings from Perpetual Care will generate a level revenue stream as compared to the past few years due to the investment market.

The charges and services are based on a three-year trend as it is difficult to predict the accurate number of burials.

<u>Year</u>	<u>Burials</u>	<u>Cremations</u>	<u>Revenue</u>	<u>Lots sold</u>
2006	57	31	\$60,062	45
2005	94	32	\$54,165	60
2004	74	23	\$31,345	21
2003	97	29	\$36,100	27
2002	98	31	\$44,275	57
2001	54	29	\$35,525	51
2000	88	26	\$34,693	44

Fiscal Year Ending June 30,

	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Charges for Services Rendered	\$59,062	\$49,000	\$50,000	\$56,400
Miscellaneous	37,167	28,500	26,600	35,000
Surplus	0	0	17,800	1,000
<b>TOTAL REVENUES</b>	<b>\$96,229</b>	<b>\$77,500</b>	<b>\$94,400</b>	<b>\$92,400</b>
<b>EXPENDITURES</b>				
Salaries & Fringes	\$61,284	\$60,500	\$53,700	\$58,900
Operational Expenses	36,108	32,600	32,800	32,200
Capital Outlay	1,100	12,900	12,900	1,300
<b>TOTAL EXPENDITURES</b>	<b>\$98,492</b>	<b>\$106,000</b>	<b>\$99,400</b>	<b>\$92,400</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenditures	(\$2,263)	(\$28,500)	(\$22,800)	(\$1,000)
Fund Balance - Beginning of Year	117,441	115,178	115,178	86,678
<b>FUND BALANCE AT YEAR END</b>	<b>\$115,178</b>	<b>\$86,678</b>	<b>\$92,378</b>	<b>\$85,678</b>



The fund balance is declining due to the added costs from the lack of the State of Michigan prison labor.

*Fiscal Year Ending June 30,*

	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Charges For Services:				
Sale of Lots & Burial Rites	\$14,200	\$9,000	\$8,000	\$10,300
Grave Openings & Storage	35,675	32,000	33,000	34,800
Foundations & Miscellaneous	9,187	8,000	9,000	11,300
Miscellaneous:				
Interest Income	4,883	3,500	1,600	5,300
Transfer In - Perpetual Care	30,370	25,000	25,000	29,700
Contributions from Private Sources	1,914	0	5,000	0
Surplus	0	0	17,800	1,000
<b>TOTAL REVENUES</b>	<b>\$96,229</b>	<b>\$77,500</b>	<b>\$99,400</b>	<b>\$92,400</b>

**EXPENDITURES**

**General Government**

Salaries - Regular	\$26,868	\$26,000	\$25,100	\$26,500
Salaries - Part Time	19,962	20,000	13,000	16,500
Fringes	14,454	14,500	15,600	15,900
Liability Insurance	76	100	100	100
Operating Supplies	9,610	9,000	8,800	7,500
Audit	600	600	700	600
Utilities	8,758	10,000	10,000	9,000
Telephone	537	400	400	300
Equipment Rental	4,646	3,500	4,200	5,300
Data Processing	4,000	4,000	4,000	4,500
Travel & Education	487	300	300	400
Repair and Maintenance	7,394	4,700	4,300	4,500
Capital Outlay	1,100	12,900	12,900	1,300
<b>TOTAL EXPENDITURES</b>	<b>\$98,492</b>	<b>\$106,000</b>	<b>\$99,400</b>	<b>\$92,400</b>

**Capital Outlay** in 2008 is for assorted lawn mowers and blowers used in the cemetery. In 2007 capital items were for the riding lawnmower and a utility vehicle.

In order to hold down costs only a portion of administrative salaries are allocated to this fund.

Allen Dumond	Parks & Cemetery Superintendent	5.0%
Bryan Elenbaas	Cemetery Supervisor	60.0%
Lynn Davis	Secretary	3.0%

The current Michigan Department of Corrections policy pertaining to prisoner monitoring continues to impact the productivity of the labor force at the cemetery. The number of prisoners has been down significantly over the last couple of fiscal years. It is unsure if this trend will change in the current and upcoming fiscal years. Current daily rate is \$15 per prisoner.



Bryan Elenbaas  
Cemetery Supervisor



*Allen Dumond*

*City of Cadillac  
Superintendent of  
Parks and Cemetery*

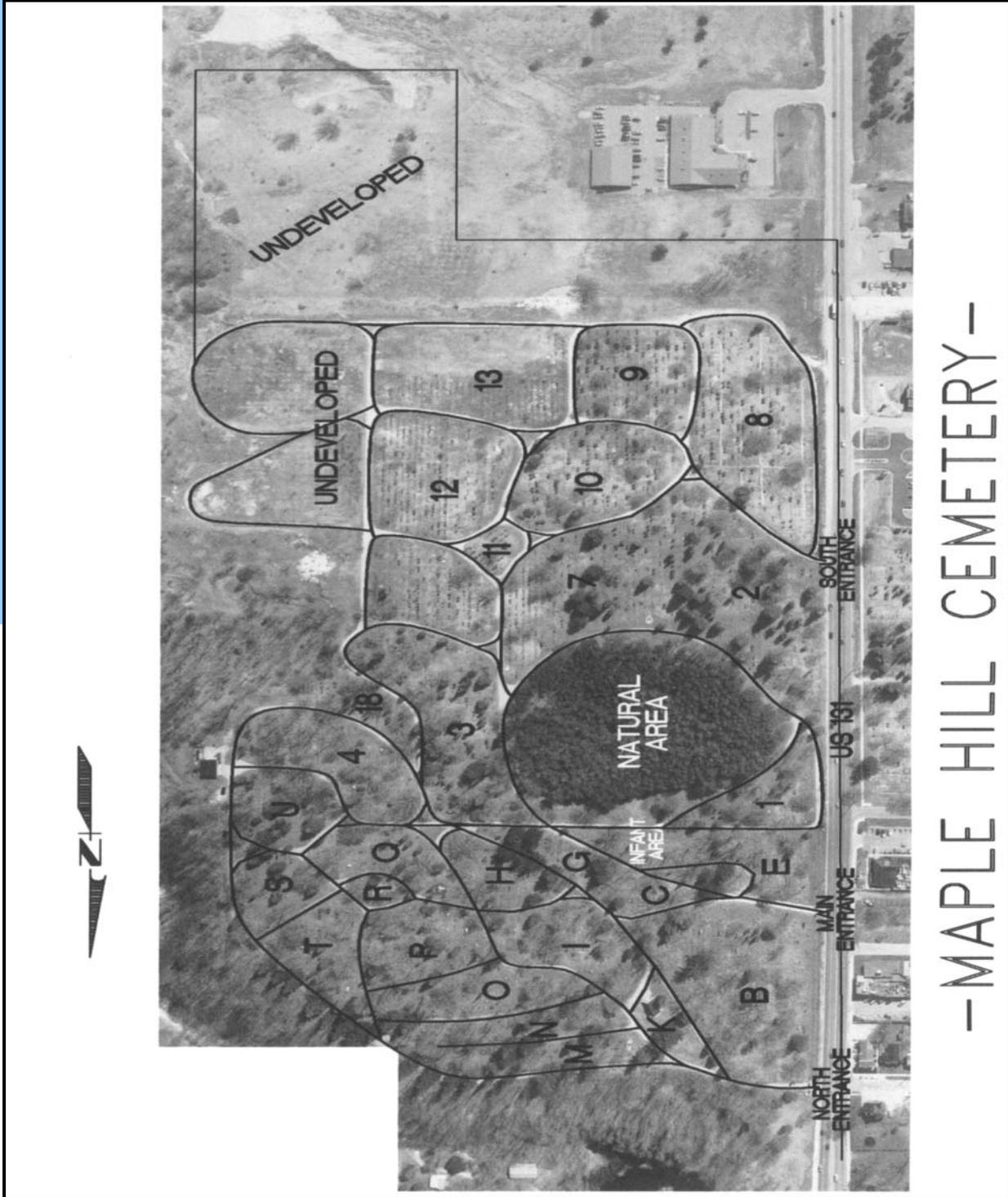
*Board of Directors  
Michigan Association of  
Municipal Cemeteries*

*2007-2010*

**How do our rates compare with other communities of similar size?**

A recent survey taken in the winter of 2007 revealed the following comparisons of charges, along with the most recent budgets and the percentage of the budget funded by General Fund contributions:

	<u>Cadillac</u>	<u>Petoskey</u>	<u>Alpena</u>	<u>Traverse City</u>	<u>Midland</u>
<b><u>Lot Sales</u></b>					
Infant	\$175	\$85-\$1,475	\$175	\$175	\$155
Single	\$475	\$450 - \$3,450	\$515	\$500	\$525
Family	\$2,125	n/a	n/a	n/a	n/a
<b><u>Vault Storage</u></b>	n/a	\$200	\$195	n/a	n/a
<b><u>Foundations</u></b>					
Per Square Inch	\$0.40	\$0.27	n/a	\$0.30	\$0.40
<b><u>Grave Openings</u></b>					
Normal Working Hours					
4/16 to 10/31	\$500	\$400	\$515	\$475	\$485
11/1 to 4/15	\$575	\$400	n/a	\$575	n/a
Sat. or after 3:30 P.M.	\$550	\$550	\$780	\$300	\$830
Infants 4/16 to 11/14	\$165	\$100	\$330	\$325	\$220
Infants 11/15 to 4/15	\$190				
Sat. or after 3:30 P.M.	n/a	\$550	\$915	\$875	\$565
11/15 to 4/14	\$190	n/a	\$915	\$575	525-625
<b><u>Cremations</u></b>					
Saturdays	\$250	\$190	\$240	\$250	\$125
	\$275	\$290	n/a	n/a	n/a
<b>Percent of General Fund Contribution</b>	<b>0%</b>	<b>82%</b>	<b>60%</b>	<b>78%</b>	<b>77%</b>
<b>Annual Budget</b>	<b>\$92,400</b>	<b>\$575,500</b>	<b>\$152,000</b>	<b>\$358,600</b>	<b>\$156,000</b>



-MAPLE HILL CEMETERY-

# *H.L. Green Operating Fund*

CITY OF  
**CADILLAC**  
MICHIGAN



**2007-2008**  
**Annual Operating Budget**

## H.L. Green Operating Fund

In 1994 the City Council agreed to purchase a vacant building located in downtown Cadillac at 105-109 South Mitchell Street, commonly known as the H.L. Green building. This structure, originally built in the 1800's, had been vacant for three years since its last tenant, the H.L. Green Dime Store, went out of business. With the aid and vision of the Cadillac Downtown Development Authority and the Cadillac Downtown Fund, the building was purchased and renovated. A low-interest loan from the Michigan Jobs Commission and the Urban Land Assembly Fund (ULAF) for \$200,000 was secured to fund the renovation of the structure into three separate storefronts. With all of the storefronts renovated, the City of Cadillac sold the building to Rick and Tammy Grant in 1997 on a land contract.

The **purpose** of this fund is to track revenues and expenses associated with the operation of the building, to assure receipt of land contract payments, and payments of the ULAF loan.

### Revenues

The major source of revenue in this fund is from the land contract, which will be paid by 2012. The current monthly payment is \$2,500.

### Expenditures

Repayment of transfer from Community Development Fund.

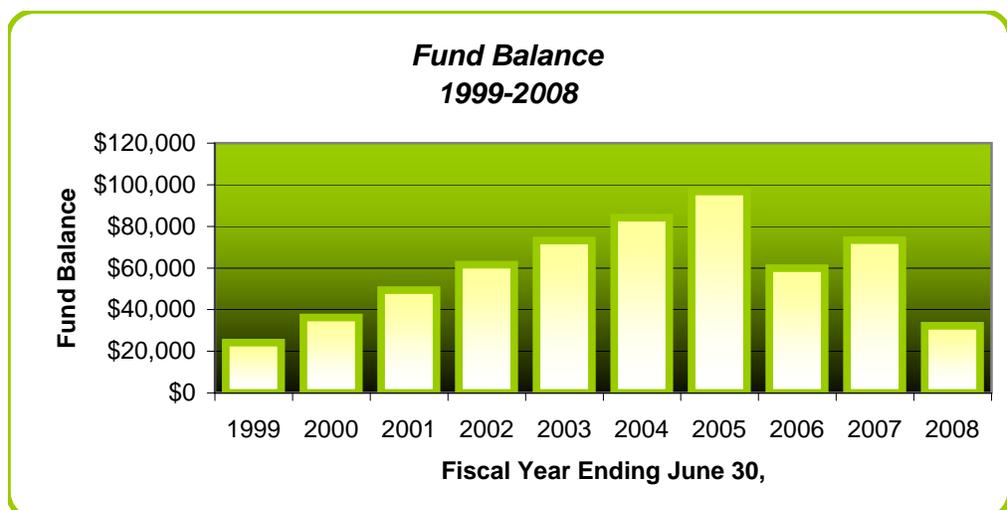


The H.L. Green Building

Fiscal Year Ending June 30,

	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Land Contract - Grant	\$21,894	\$23,500	\$25,000	\$29,000
Interest Income	7,354	9,000	7,800	500
Surplus	0	0	0	41,100
<b>TOTAL REVENUES</b>	<b>\$29,248</b>	<b>\$32,500</b>	<b>\$32,800</b>	<b>\$70,600</b>
<b>EXPENDITURES</b>				
Audit	\$600	\$600	\$700	\$600
Principal Payment (1)	41,500	12,500	10,000	70,000
Cadillac Development Fund	23,884	6,000	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$65,984</b>	<b>\$19,100</b>	<b>\$10,700</b>	<b>\$70,600</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenditures	(\$36,736)	\$13,400	\$22,100	(\$41,100)
Fund Balance - Beginning of Year	96,710	59,974	59,974	73,374
<b>FUND BALANCE AT YEAR END</b>	<b>\$59,974</b>	<b>\$73,374</b>	<b>\$82,074</b>	<b>\$32,274</b>

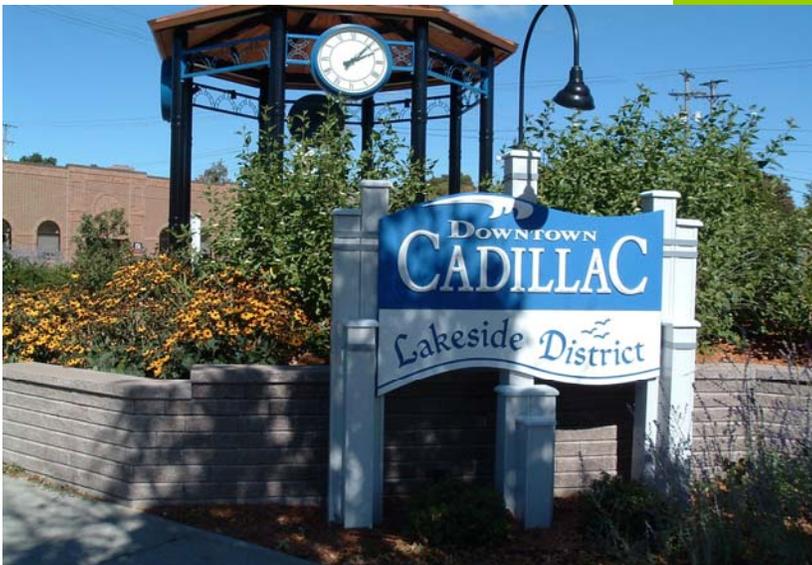
- (1) Final payment on the interest free loan from the Urban Land Assembly Fund. \$41,500 due May 1, 2006, and final payment of \$23,900 to Cadillac Development Fund in 2006. 2007 begins payment to Community Development Fund. Balance outstanding is \$86,843.





"The City's newest offerings each with charming scenarios that combine Up North ambience with a forward thinking, upbeat appeal. Coffee shops dot the landscape, some in bookstores, home décor shops brim with upscale interior design, Generation X clothing shops feature cutting edge styles. Retail shops sell gourmet offerings.. All this and more are putting a refreshing spin on Cadillac's image"....

*AAA Michigan Living January 2000*



Entrance  
to downtown  
Cadillac

# *Naval Reserve Center Fund*

CITY OF  
**CADILLAC**  
MICHIGAN



*2007-2008  
Annual Operating Budget*

## Naval Reserve Center Fund

In 1947 the City of Cadillac began leasing the Naval Reserve Center to the Department of Navy. The lease was for \$1 per year. During this time the Navy was responsible for all operational costs of the Naval Reserve Center including all utilities and property and building maintenance. This resulted in no cost to the City of Cadillac. Due to military downsizing by the federal government, the Department of Navy vacated the Naval Reserve Center on June 1, 1996.

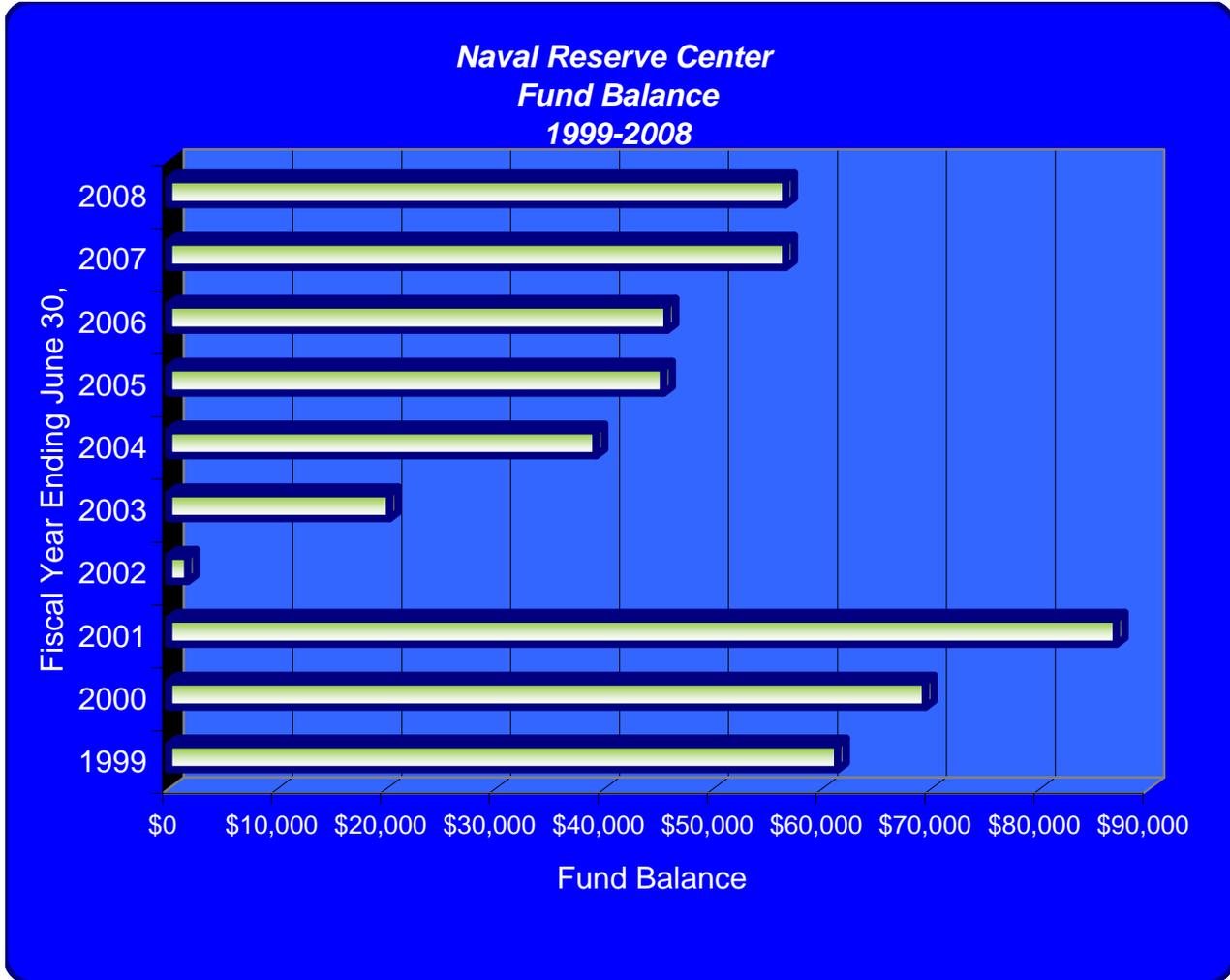


The City of Cadillac has converted the Naval Reserve Center into a Community Building. The OASIS/Family Resource Center, YMCA Teen Center, Cadillac Footliters Community Theater, Senior Citizens Center, Cadillac Genealogy Society, and City of Cadillac Parks Division currently reside in the building. The City is the landlord and is responsible for lawn care and snow removal in the parking lot, structural maintenance and upkeep, and assuring that the building is capable of housing tenants in accordance with applicable building and zoning ordinances. Rental rates are kept low in order to reflect the City's desire to provide affordable space to these non-profit agencies.

The City was able to improve and expand the parking lot in 2002. The flat section of the roof was anticipated to be replaced but it will be postponed until a later date when funds are available. Funds are being set aside to accomplish the roofing project.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>REVENUES</b>				
Interest Income	\$1,905	\$1,500	\$1,000	\$1,000
Rental Income:				
City of Cadillac Parks Division	1,100	1,100	1,100	1,500
Oasis Rental	20,342	21,000	14,000	22,400
Senior Citizens Center	3,454	6,500	3,500	4,000
YMCA	5,624	5,800	5,800	5,800
Footliters	1,969	5,000	2,100	3,300
Wexford Genealogical Society	0	500	0	600
Surplus	0	0	1,500	0
<b>TOTAL REVENUES</b>	<b>\$34,394</b>	<b>\$41,400</b>	<b>\$29,000</b>	<b>\$38,600</b>
<b>EXPENDITURES</b>				
Building Maintenance	\$11,113	\$6,500	\$6,900	\$13,600
Audit	400	\$400	400	400
Liability Insurance	583	600	700	600
Utilities	21,984	23,000	21,000	24,000
Capital Outlay	0		0	0
<b>TOTAL EXPENDITURES</b>	<b>\$34,080</b>	<b>\$30,500</b>	<b>\$29,000</b>	<b>\$38,600</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenditures	\$314	\$10,900	\$0	\$0
Fund Balance - Beginning of Year	45,417	45,731	45,731	56,631
<b>FUND BALANCE AT YEAR END</b>				
Unreserved	39,542	39,228	47,628	37,728
Reserved- Roof replacement	6,189	12,789	0	12,789
	<b>\$45,731</b>	<b>\$56,631</b>	<b>\$45,731</b>	<b>\$56,631</b>

Assistant City Manager Precia Garland functions as the landlord for the City, providing management oversight. City Building Official Bob Hunt and Municipal Complex Custodian Jim Givens provide their expertise in assuring structural and mechanical systems remain in working order.



The fund balance has declined due to renovation projects such as repaving the parking lot and repainting the lake side of the building. The fund balance is beginning to build again aiming to repair the exterior.

# *Clam River Greenway Fund*



***2007-2008  
Annual Operating Budget***

## Clam River Greenway Fund

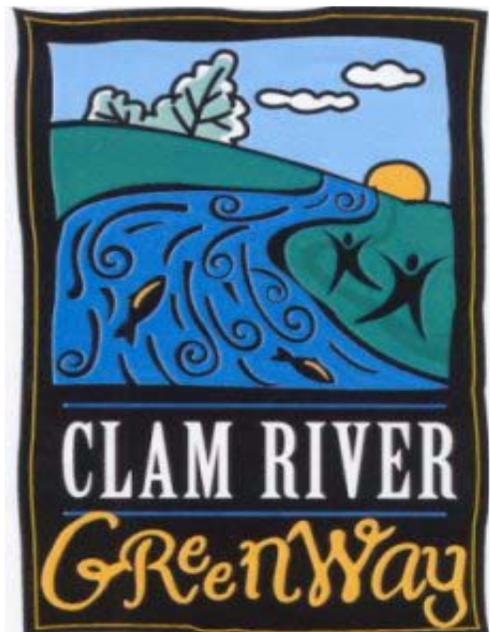
The Clam River Greenway Project is designed to be one part of a series of non-motorized trails that courses throughout the City of Cadillac and provides increased opportunity for biking, in-line skating, and other pedestrian activities. The Greenway will be paved in concrete and run parallel to the Clam River as it courses through the City of Cadillac. Within the city limits, the greenway will provide a safe place for children to travel between home and school and other popular destinations, without travel on busy roadways. Construction of the greenway will also incorporate several small river restoration projects. Upon completion, the Clam River Greenway will link to other trails throughout the State of Michigan.

Spearheading the Clam River Greenway Project is the Clam River Greenway Committee, established by the Cadillac City Council on January 18, 1999. The Committee has worked very hard to educate the public regarding its greenway vision and to raise local funds to enable its future construction. During the fall of 2000, the Committee's efforts were bolstered with the award of two state grants to the City. A Michigan Department of Natural Resources Trust Fund Recreation Grant was received in the amount of \$178,178 and funded the section of the greenway from the Headwaters and Simons Street sections of the Greenway project. A local match of \$76,362 was raised as part of this grant. The first grant received by the City was a Michigan Department of Transportation TEA-21 grant in the amount of \$177,840. This grant funded Ayer Street through the CASA All-Sports Park. A local match of \$50,160 was raised to fulfill the terms of the grant. Efforts are now focused on the third segment of the greenway, which will lay between Haynes and River Streets. In 2005, a \$10,000 grant was received from the Cadillac Area Community Foundation to assist with easement acquisition, legal fees, and environmental assessments associated with the Phase III project. As of February 2006, all easements have been secured to facilitate Phase III of the greenway. In December 2006, the Committee was notified it was awarded a \$269,500 grant from the MDNR Trust Fund to enable the third and final construction phase for the Greenway in the City of Cadillac. Construction is anticipated during the summer of 2007. The Cadillac Rotary Club has committed to raising \$108,000 of the required local grant match and non-participating costs.

### Clam River Greenway Committee:

Ed Stehouwer, Chairperson  
Connie Houk  
John Grix  
Steve Cunningham  
Precia Garland, Co-Chairperson  
Sherri Spoelman

Sue Conradson  
Peter Stalker  
Kurt Schindler  
Dee Williams

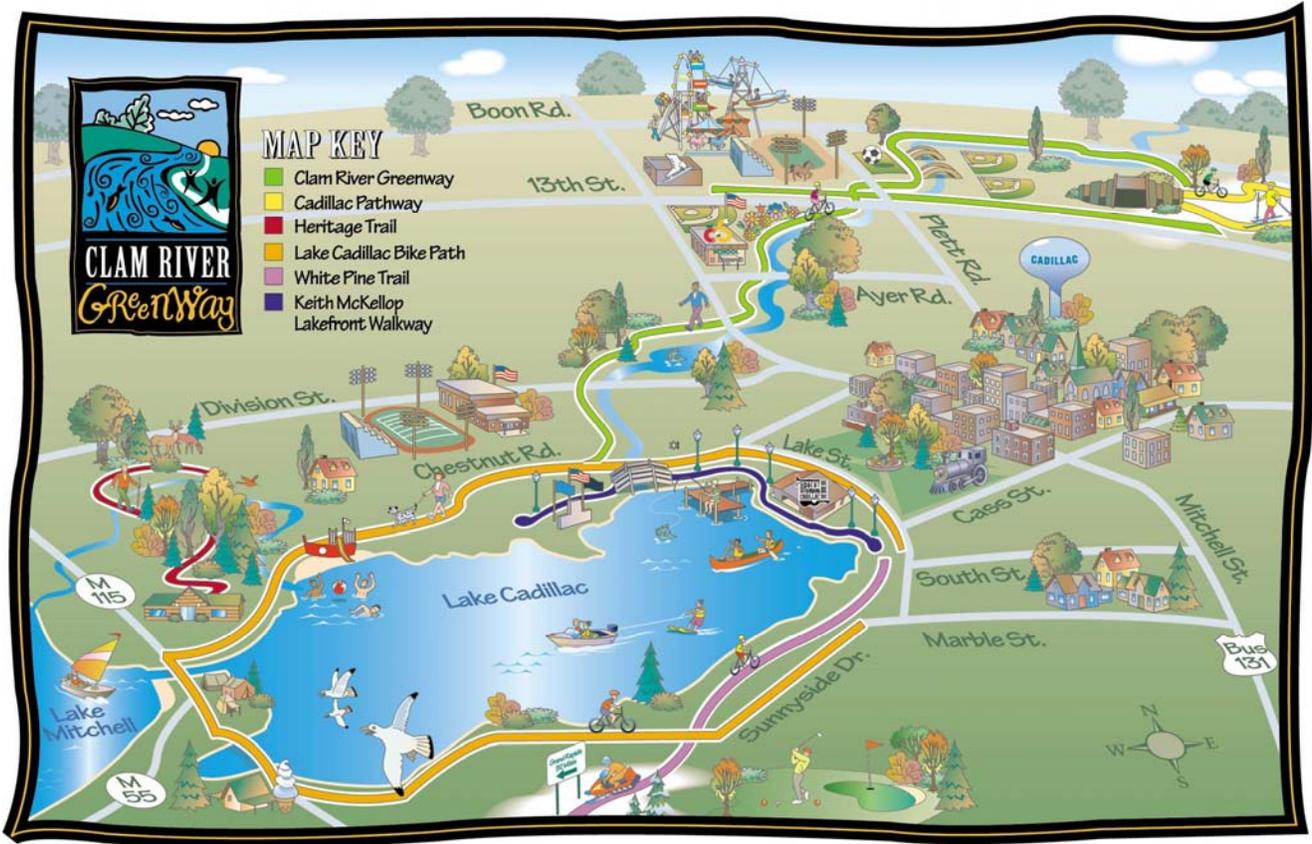


	Fiscal Year Ending June 30,			
	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Local Contributions	\$10,000	\$1,000	\$95,200	<b>\$109,700</b>
State of Michigan	0	0	172,200	<b>269,500</b>
Interest Income	176	100	0	<b>0</b>
<b>TOTAL REVENUES</b>	<b>\$10,176</b>	<b>\$1,100</b>	<b>\$267,400</b>	<b>\$379,200</b>
<b>EXPENDITURES</b>				
Engineering Fees	\$4,332	\$5,000	\$23,100	<b>\$36,500</b>
Audit	0	400	400	<b>400</b>
Construction	1,092	0	230,100	<b>342,300</b>
Loan Repayment	1,280	0	13,800	<b>0</b>
<b>TOTAL EXPENDITURES</b>	<b>\$6,704</b>	<b>\$5,400</b>	<b>\$267,400</b>	<b>\$379,200</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues over Expenditures	\$3,472	(\$4,300)	\$0	<b>\$0</b>
Fund Balance - Beginning of Year	2,270	5,742	1,442	<b>1,442</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$5,742</b>	<b>\$1,442</b>	<b>\$1,442</b>	<b>\$1,442</b>

(1) Short term loan in 2004 from the Cadillac Development Fund (\$27,000) -repayment over three years.

<u>Due Date</u>		3%	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
9/10/2005	Paid		\$980.69	\$13,500.00	\$14,480.69
3/10/2006	Paid		\$202.50		\$202.50
9/10/2006			\$202.50	\$13,500.00	\$13,702.50

Principal remains unpaid. Funds contributed for any interest payments have not been forthcoming since the spring of 2006.



**Construction of the Clam River Greenway is underway.**



Pathway begin developed along the Clam River during the first phase of the project.

Bridge being installed over the Clam River during the second phase of the project.



# ***Building Inspection Fund***

***CITY OF  
CADILLAC  
MICHIGAN***



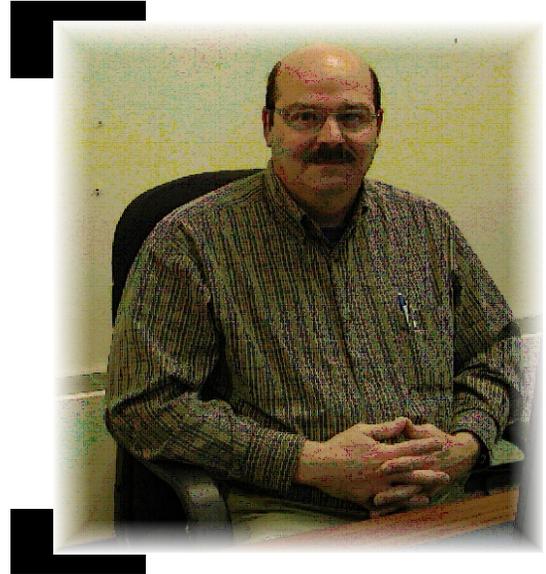
***2007-2008  
Annual Operating Budget***

# Building Inspection Fund

## Bob Hunt

Building Inspector

Bob joined the City of Cadillac in January of 2006 as Building Inspector, Electrical Inspector and Plan Reviewer. Before joining the City he was employed by Otsego County in a similar capacity. Bob owned and operated a building and electrical contracting business for sixteen years prior to becoming a State of Michigan Registered Building and Electrical Inspector and Plan Reviewer.



**Cindy Cornell**  
Secretary



### Bob functions as the following:

- Building Official
- Flood Plan Manager
- Plan Reviewer
- Electrical Inspector
- Soil Erosion Enforcement Officer
- Rental Housing Director

### Customer Survey for Building and Zoning - 2006

		<u>Yes</u>	<u>No</u>	<u>Percentage</u>
1	Did the inspector respond in a timely manner?	79	1	98.75%
2	Was the inspector courteous and professional?	80	0	100.00%
3	Was the inspector able to assist you?	80	0	100.00%
4	What was the nature of the inspector's contact with you?			
	Phone	10		12.50%
	Letter	3		3.75%
	Personal	67		83.75%

Fiscal Year Ending June 30,

	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Building Permits	\$61,247	\$85,000	\$72,000	<b>81,000</b>
Heating and Fence Permits	12,135	1,000	7,000	<b>2,700</b>
Cadillac Development Fund	60,484	4,700	34,500	<b>17,500</b>
Sale of Code Books	262	0	200	<b>0</b>
Interest Income	198	500	200	<b>0</b>
<b>TOTAL REVENUES</b>	<b>\$134,326</b>	<b>\$91,200</b>	<b>\$113,900</b>	<b>\$101,200</b>
<b>EXPENDITURES</b>				
Salaries	\$87,069	\$55,000	\$55,100	<b>\$57,500</b>
Fringes	37,282	27,000	29,600	<b>31,800</b>
Office Supplies	3,704	2,000	3,500	<b>2,800</b>
Postage	897	1,000	1,200	<b>1,100</b>
Audit	400	400	400	<b>400</b>
Data Processing	3,200	3,200	3,200	<b>4,000</b>
Dues & Publications	534	300	600	<b>600</b>
Telephone	0	0	100	<b>0</b>
Travel & Education	799	1,800	1,200	<b>2,000</b>
Publishing Costs	0	0	0	<b>500</b>
Equipment Rental	441	500	1,000	<b>500</b>
<b>TOTAL EXPENDITURES</b>	<b>\$134,326</b>	<b>\$91,200</b>	<b>\$95,900</b>	<b>\$101,200</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues over Expenditures	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
<b>FUND BALANCE AT YEAR END</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Fringes reflect the retirement of John Saari.

Fiscal year 2000 was the first year this fund was shown separate. State of Michigan Construction Code Act Number 230 of Public Acts 1972 states in Section 22, "The legislative body of a governmental subdivision shall only use fees generated under this section for the operation of the enforcing agency or the construction board of appeals, or both and shall not use the fees for any other purpose."

**Building Permit Fee Schedule**

<b><u>New Construction -</u></b>	<b><u>Current Fees</u></b> <b><u>Approved 7/1/05</u></b>
Residential (living area)	\$0.15/sq. ft.
Residential (unfinished basements, carports, breezeways, enclosed porches)	\$0.12/sq. ft.
Garage/shed/deck	\$0.12/sq. ft.
Mobile Homes	\$0.15/sq. ft.
Commercial (including churches)	\$0.16/sq. ft.
Industrial	\$0.16/sq. ft.
<b>Foundation Only Permits</b>	50% of total building permit fee
<b>Demolition</b>	\$0.02/sq. ft.
<b>Remodeling/alteration/repair</b>	\$305 plus \$2 per thousand over \$1,000
<b>Base Fee, including Zoning Permit</b>	\$30
<b>Special/Additional/Overtime Inspections</b>	\$30/hour or fraction thereof
<b>New Construction/Remodeling Inspections</b>	\$50 plus \$0.03/sq. ft.
Plan Reviews (for other than single family dwellings less than 3,500 sq. ft. and utility buildings - Use Group U)	
<b>System Plan Reviews</b> (fire sprinklers, alarms, etc.)	\$30

*It has been the City Council's intent to have the building permits keep pace with the fees charged by Wexford County so that there will not be any major differences.*

**Summary of Building Permits Issued  
1998-2006**

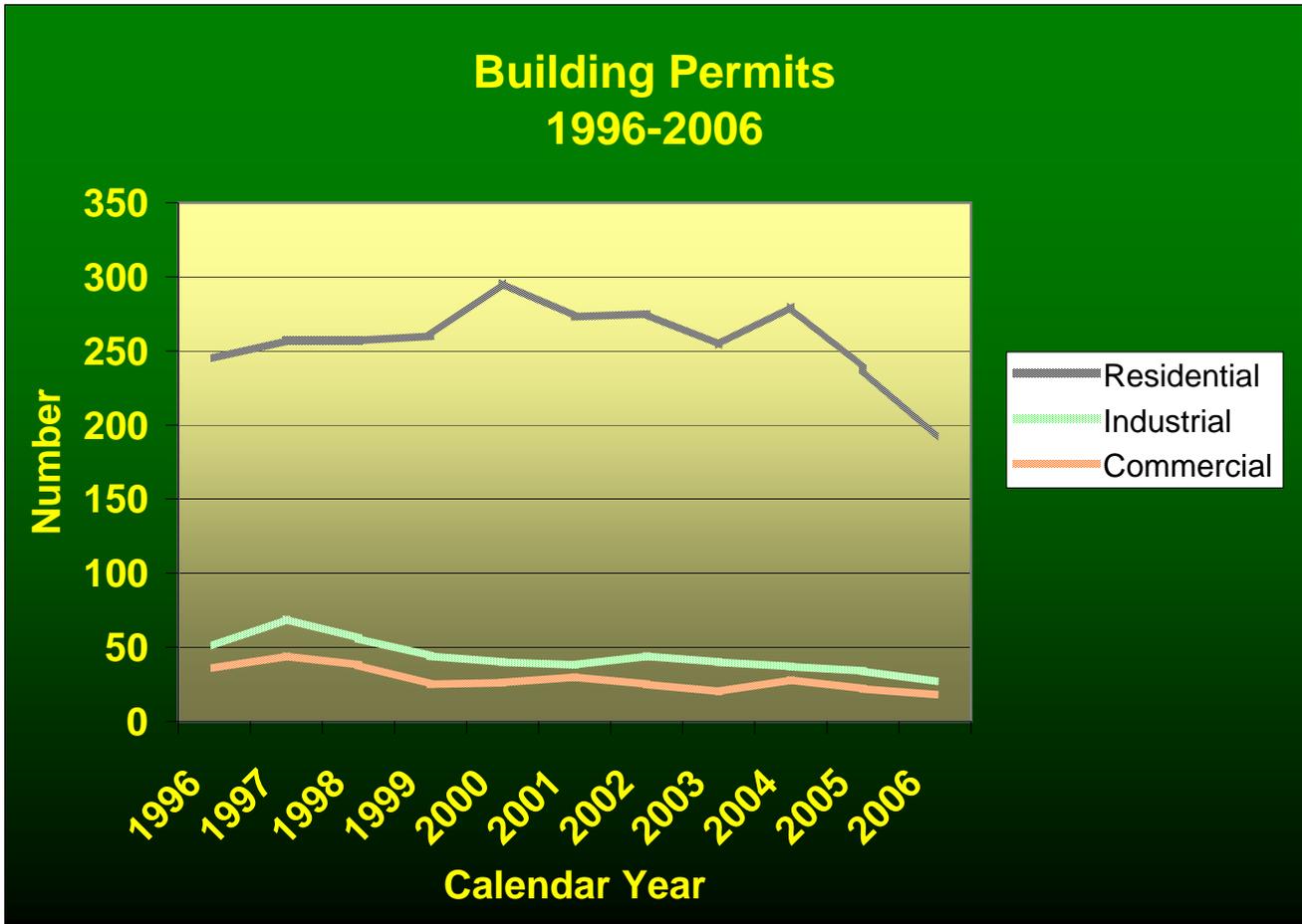
<u>Description</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Multi-Family	2	1	5	8	5	3	3	8	21
New Single Family	41	36	44	21	42	27	36	30	14
Houses Razed	9	7	9	5	7	6	8	3	5
Home Additions/Repairs	109	138	150	161	153	138	170	140	116
New Garages/Sheds	39	34	47	34	22	38	23	23	8
Garages Razed	1	0	1	6	2	2	3	0	1
Church Additions/Repairs	0	2	4	3	3	4	2	2	3
<b><u>Industrial:</u></b>									
New	2	1	1	0	1	4	0	0	0
Razed	2	0	0	0	0	1	1	0	0
Addition/Repairs	14	18	13	8	18	15	8	12	6
<b><u>Commercial:</u></b>									
New	3	1	3	4	1	3	0	0	0
Razed	5	2	4	3	1	0	1	0	0
Addition/Repairs	30	22	19	23	23	17	27	22	18
<b><u>Public Building:</u></b>									
Addition/Repairs	0	1	0	1	7	0	1	0	0
Excavation/Fill	6	6	2	1	5	3	2	1	1
<b>Total</b>	<b>263</b>	<b>269</b>	<b>302</b>	<b>278</b>	<b>290</b>	<b>261</b>	<b>285</b>	<b>241</b>	<b>193</b>

<u>Summary</u>									
Residential	201	218	260	238	231	214	243	204	165
Industrial	18	19	14	8	19	20	9	12	9
Commercial	38	25	26	30	25	20	28	22	18
Public	6	7	2	4	7	0	1	0	0
Other	0	0	0	1	8	7	4	3	1
<b>Total</b>	<b>263</b>	<b>269</b>	<b>302</b>	<b>281</b>	<b>290</b>	<b>261</b>	<b>285</b>	<b>241</b>	<b>193</b>

<u>Total Permits Issued</u>		<u>Additional Permits:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
2006	403	Fences	44	45	39	41	40	33
2005	466	Mechanical	165	192	198	169	168	64
2004	525	Signs	25	38	25	30	17	21
2003	523	Electrical	0	0	0	0	0	92
2002	565							
2001	512							
2000	571							

Data furnished by the City Building Department

The Insurance Services Office, Inc. (ISO) provides advisory insurance underwriting and rating information to insurers and has completed the review of the City of Cadillac Building Inspection operation. In their independent analysis of the building codes adopted by the City of Cadillac and the effort put forth to properly enforce those codes, the resulting Building Code Effectiveness Grading Classification is 4 for a one and two family residential property and a 4 for commercial and industrial property. The highest rating is a 1 and the lowest is a 10. The Building Code Effectiveness Grading Schedule is an information tool and indicates the diligence of the building department.



**Cadillac Development Fund**



**2007-2008  
Annual Operating Budget**

## Cadillac Development Fund

This fund was established as the result of an \$800,000 UDAG grant to the City, which in turn was loaned to assist construction of the Hampton Inn. The Inn was constructed on schedule and the loan was paid in full in fiscal year 2000.



It is the City Council's desire to reuse these funds as low interest loans to enhance commercial development in the future. In cooperation with the Cadillac Downtown Development Authority, a Low-Interest Façade Improvement Program was created in 1999. All commercial properties in the DDA district are eligible to apply for a maximum \$30,000 loan to undertake approved facade improvements. A design review committee of the Downtown Development Authority helps to administer the program. A total of ten loans have been made to date. Additional commercial redevelopment programs and opportunities are currently under exploration.



**Precia Garland**

Community Development Director

### Façade Improvement Loans Granted

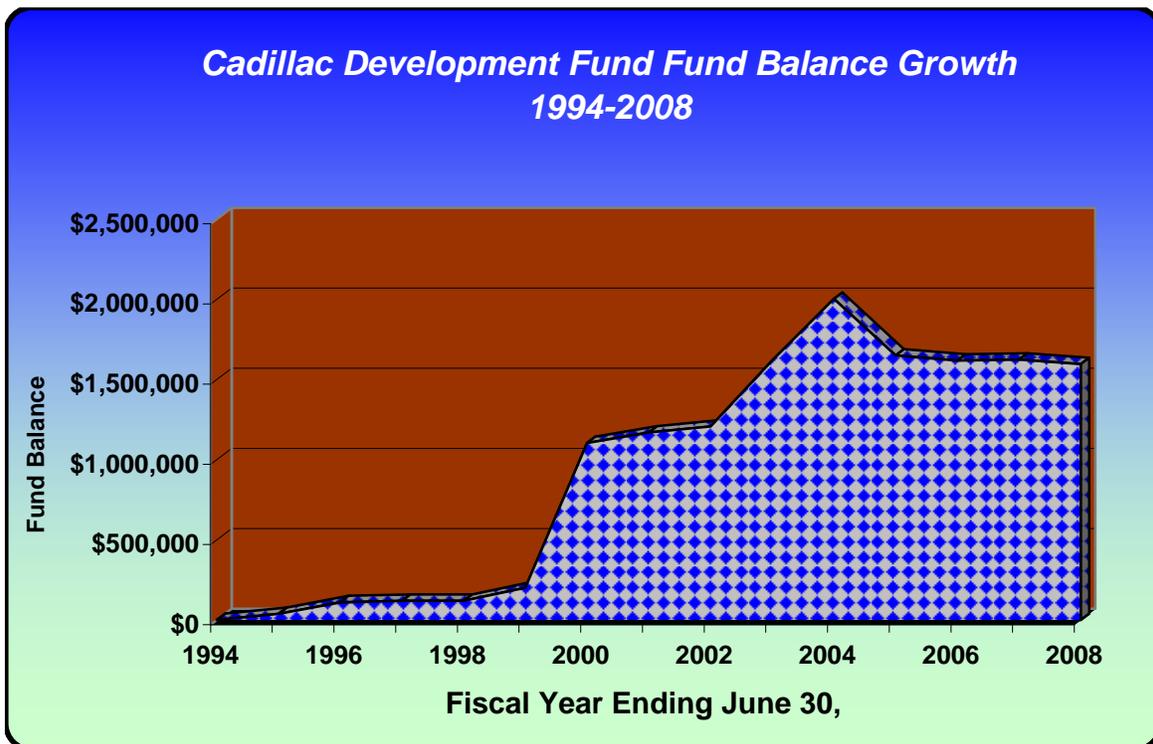
- 108 Beech Street
- 102 South Mitchell Street
- 106 South Mitchell Street
- 112 South Mitchell Street
- 114 South Mitchell Street
- 118 South Mitchell Street
- 134 West Harris Street
- 408 North Mitchell Street
- 823 North Mitchell Street

Fiscal Year Ending June 30,

	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Interest Income	\$42,233	\$46,000	\$38,000	\$46,000
Interest Income - Loans	12,723	\$0	\$100	\$0
Loan Principal Collection	1,854	\$0	\$45,000	\$0
Private contributions- Rotary Club	0	\$3,300	\$4,000	\$0
Transfer In	23,844	12,500	0	0
Surplus	0	0	0	27,500
<b>TOTAL REVENUES</b>	<b>\$80,654</b>	<b>\$61,800</b>	<b>\$87,100</b>	<b>\$73,500</b>

Transfer in from H.L. Green - \$86,843 loan at 0% repaid \$12,500 in 2007 and the balance in 2008.

Community Development Fund was merged with this fund in 2008. Funds originated from many Federal and State Community Development Block Grants. The purpose of the grants were to bring homes of qualifying residents up to the current building codes. In some cases grants were given to residents when need was shown and in other cases, low interest loans were issued, with the City obtaining a secured mortgage position on the collateral. Assets were beginning to decline as the fund matures and it was decided to merge with this fund.



**EXPENDITURES**

**Urban Redevelopment and Housing Administration**

Office Supplies	\$145	\$100	\$200	\$100
Postage	10	100	\$200	\$200
Data Processing	4,000	4,000	\$4,000	\$4,500
Audit	1,350	1,400	\$1,300	\$1,400
Contractual Services	130	0	\$0	\$0
Administration	17,600	15,000	\$15,000	\$17,600
Transfer out-Building Inspection Fund	60,484	4,700	\$34,500	\$17,500

**Total Administration** \$83,719 \$25,300 \$55,200 \$41,300

**Community Development Director (1)**

Salaries	\$23,283	\$25,000	\$23,500	\$25,000
Fringes	3,042	5,000	\$5,400	\$4,900
Office Supplies	196	300	\$300	\$300
Postage	56	200	\$300	\$300
Dues and Publications	627	400	\$400	\$500
Telephone	(3)	100	\$200	\$200
Travel & Education	1,328	900	\$1,000	\$1,000

**Total Community Development Director** \$28,529 \$31,900 \$31,100 \$32,200

**TOTAL EXPENDITURES** \$112,248 \$57,200 \$86,300 \$73,500

**FUND BALANCE AT YEAR END**

Excess (Deficiency) of Revenues Over Expenditures	(\$31,594)	\$4,600	\$800	(\$27,500)
Fund Balance - Beginning of Year	1,649,219	1,617,625	1,617,625	<b>1,622,225</b>

**FUND BALANCE AT YEAR END** \$1,617,625 \$1,622,225 \$1,618,425 \$1,594,725

**Building Inspection Fund**

Transfers are made to the Building Inspection Fund to keep the fund solvent.

**Cadillac Development Fund Goals:**

1. Continue to make funds available to the DDA's low interest loan facade improvement program at 0% interest.
2. Partner efforts with the Cadillac DDA to encourage redevelopment of key commercial sites and leverage grants.
3. Maintain the principal and use the interest for grants as much as possible.

(1) The community development director is a full-time position funded 40% by the Community Development Fund, 25% by the General Fund and 35% by the Downtown Development Authority. This position works primarily with the downtown merchants and the related promotions and recruitment. The Director is under the direct supervision of the City Manager. Salary reflects the obligation of the Community Development Fund. Salaries are being budgeted to the various accounts.

# *Milfoil Eradication Fund*

CITY OF  
**CADILLAC**  
MICHIGAN



*2007-2008  
Annual Operating Budget*

## Milfoil Eradication Fund

This fund is for the special assessment of the Lake Cadillac Special Assessment and Treatment Program, which addresses the Eurasian water milfoil problem in Lake Cadillac. The City of Cadillac is the largest property owner on Lake Cadillac and will contribute one third of the cost or approximately \$33,000. This is designed to be a three year project. The City Council and the residents on Lake Cadillac have chosen to eradicate the milfoil over a period of time before it does serious damage to the delicate balance of nature in the lake.

Eurasian milfoil  
*Myriophyllum spicatum*



	<i>Fiscal Year Ending June 30,</i>			
	<b>Budget</b>			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Special Assessment Payments	\$0	\$80,000	\$79,000	\$110,000
Contributions From Private Sources	1,100	0	0	0
Interest Income	298	0	0	1,200
Transfer In - General Fund	44,152	30,000	30,000	0
<b>TOTAL REVENUES</b>	<b>\$45,550</b>	<b>\$110,000</b>	<b>\$109,000</b>	<b>\$111,200</b>
<b>EXPENDITURES</b>				
Contractual Services	\$45,550	\$90,000	\$109,000	\$106,100
Audit	0	400	0	400
Supplies	0	0	0	2,500
<b>TOTAL EXPENDITURES</b>	<b>\$45,550</b>	<b>\$90,400</b>	<b>\$109,000</b>	<b>\$109,000</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues over Expenditures	\$0	\$19,600	\$0	\$2,200
Fund Balance - Beginning of Year	0	0	19,600	19,600
<b>FUND BALANCE AT YEAR END</b>	<b>\$0</b>	<b>\$19,600</b>	<b>\$19,600</b>	<b>\$21,800</b>



Milfoil has the potential of choking out the lake



Milfoil as seen on Lake Mitchell

*Contractual Costs:*

<b>2008</b>	(second full year of operation)		
EnviroScience- Weevil Contractors		\$34,100	
Professional Lake Management - Chemicals		65,000	
Progressive Engineering		7,000	
		<u>          </u>	\$106,100
<b>2007</b>	(first full year of operation)		
EnviroScience- Weevil Contractors		34,000	
Professional Lake Management - Chemicals		50,000	
Progressive Engineering		5,600	
Baird, Cotter, and Bishop- audit		\$400	
		<u>          </u>	\$90,000
<b>2006</b>			
Progressive Engineering		10,750	
Professional Lake Management - Chemicals		34,800	
		<u>          </u>	\$45,550
	<b>Total</b>		<u><u><b>241,650</b></u></u>

Summer of 2006  
Milfoil on Lake  
Cadillac



### **Debt Management Policy**

All of the City's Debt Service funds qualify as nonmajor funds. These funds are accounted and budgeted for on a modified accrual basis. Due to its conservative basis of accounting for tax revenues, the City of Cadillac is not required to borrow money for operations.

When incurred, the City's long-term general obligation and special assessment debt is handled through a debt service fund. The revenue bond requirements are handled through the Enterprise Fund. When appropriate for the type of debt incurred, a forty-five day referendum is held before the debt may officially be sold. By virtue of the State of Michigan, local government can not issue debt in excess of 10% of the assessed valuation of the taxable property.

The following objectives for debt management are the result of the goal to be fiscally responsible with the taxpayers' money in a conservative and prudent manner:

1. Long-term debt will be confined to capital improvements that can not be financed from current revenues.
2. The payback period of the debt will not exceed the expected useful life of the project.
3. The general obligation debt will not exceed ten percent of the assessed valuation of the taxable property.
4. Long-term debt will not be used for operations.
5. The City of Cadillac will maintain good communications with the bond rating agencies about its financial condition and will follow a policy of full disclosure on every financial report and bond prospectus.



## Nonmajor Debt Service Funds Summary

### LEGAL DEBT MARGIN

JUNE 30, 2006

Taxable Valuation		<u>\$253,662,303</u>
Statutory Debt Limit - 10% of Assessed Valuation		\$25,366,230
Amount of Debt Applicable to Limit:		
Gross Bonded Debt	\$11,548,000	
Less		
Assets Available for Debt Service	5,905	
Bond Debt Not Subject To Limit:		
Special Assessment Bonds	625,000	
Revenue Bonds	8,470,000	
Other Debt	928,000	
Total Amount of Debt Applicable to Debt Limit	<u>10,028,905</u>	<u>1,519,095</u>
<b>LEGAL DEBT MARGIN</b>		<u><u>\$23,847,135</u></u>

### DIRECT AND OVERLAPPING DEBT

JUNE 30, 2006

	GROSS BONDED DEBT	(1) EXCLUSIONS	NET BONDED DEBT
<u>DIRECT DEBT:</u>			
Outstanding Bonds			
General Obligation	\$1,525,000	\$5,905	\$1,519,095
Special Assessment	625,000	625,000	0
Revenue Bonds			
Water and Sewer	7,290,000	7,290,000	0
Primary Government	1,180,000	1,180,000	0
Other	928,000	928,000	0
Total Direct Debt	<u>\$11,548,000</u>	<u>\$10,028,905</u>	<u>\$1,519,095</u>
<u>GROSS OVERLAPPING DEBT</u>			
		(2)	
		<u>% APPLICABLE</u>	
Cadillac Area Public Schools	\$4,936,000	38.70%	\$4,936,000
Wexford County	1,417,000	27.89%	1,417,000
Total Gross Overlapping Debt	<u>\$6,353,000</u>	<u>\$0</u>	<u>\$6,353,000</u>
<b>NET DIRECT AND OVERLAPPING DEBT</b>	<u><u>\$17,901,000</u></u>	<u><u>\$10,028,905</u></u>	<u><u>\$7,872,095</u></u>

#### NOTES:

- (1) Exclusions represent all bonds which are not general obligation bonds of the City of Cadillac, and general obligation bonds which are self-supporting.
- (2) Percentage applicable to the City of Cadillac calculated using state taxable valuation of City divided by state taxable valuation of taxing district.

### Debt Summary 2007-2008

<u>Description of Debt</u>	<u>Fund Servicing Debt</u>	<u>Debt Outstanding June 30, 2007</u>	July 1, 2007 - June 30, 2008 Debt Service Payments	
			<u>Principal</u>	<u>Interest</u>
<b>Bonds and Installment Notes</b>				
1993	Special Assessment	15,000	15,000	420
1996	Special Assessment	85,000	30,000	3,864
1997	Special Assessment	120,000	25,000	5,795
2000	Special Assessment	85,000	20,000	4,103
2002	Special Assessment	180,000	30,000	7,094
1997	Building Authority	165,000	20,000	7,843
1999	Building Authority	1,080,000	105,000	46,071
<b>Revenue Bonds</b>				
1993	Water and Wastewater	220,000	220,000	6,050
1995	Water and Wastewater	95,000	95,000	2,553
1999	Water and Wastewater	1,445,000	60,000	65,870
2001	Water and Wastewater	5,165,000	10,000	253,389
<b>Michigan Transportation Bonds</b>				
1996	Local Street	95,000	20,000	4,675
1997	Local Street	30,000	15,000	1,203
2000	Local Street	220,000	20,000	11,550
<b>General Obligation Bonds</b>				
2004	Major/Local Streets	885,000	55,000	30,986
<b>Total Debt</b>		<b>\$9,885,000</b>	<b>\$740,000</b>	<b>\$451,466</b>

<b>Fiscal Year Ending June 30,</b>	<b><u>Total Debt Per Capita</u> (inclusive of all funds) 2000 Census - 10,000</b>	<b><u>Rate of Principal Retirement</u></b>	
1999	1,513.95	1999	5.67%
2000	1,436.86	2000	5.09%
2001	1,446.26	2001	6.46%
2002	1,711.70	2002	9.16%
2003	2,093.00	2003	27.10%
2004	1,366.00	2004	9.96%
2005	1,295.50	2005	14.67%
2006	1,165.50	2006	6.18%
2007	1,062.00	2007	6.92%
2008	988.50	2007	7.49%

## Nonmajor Debt Service Funds Summary

**2007-2008**

	1993 S.A.	1996 S.A.	1997 S.A.	2000 S.A.
<b>Revenues:</b>				
Local Contribution - Local Street				
Local Contribution - Major Street				
Rental Income				
Special Assessments	\$8,000	\$15,000	\$20,000	\$10,200
Interest Income - Assessments	800	5,000	6,000	2,000
Interest Income	700	0	0	0
Transfer in				0
Surplus	7,800	14,900	36,000	13,000
<b>Total Revenues</b>	<b>\$17,300</b>	<b>\$34,900</b>	<b>\$62,000</b>	<b>\$25,200</b>
<b>Expenditures</b>				
Audit	\$600	\$600	\$600	\$600
Bond Principal Payment	15,000	30,000	25,000	20,000
Interest Expense	1,000	4,300	6,400	4,600
Transfer out			30,000	
<b>Total Expenditures</b>	<b>\$16,600</b>	<b>\$34,900</b>	<b>\$62,000</b>	<b>\$25,200</b>
<b>Revenue Over (Under) Expenditures (1)</b>	<b>(\$7,100)</b>	<b>(\$14,900)</b>	<b>(\$36,000)</b>	<b>(\$13,000)</b>

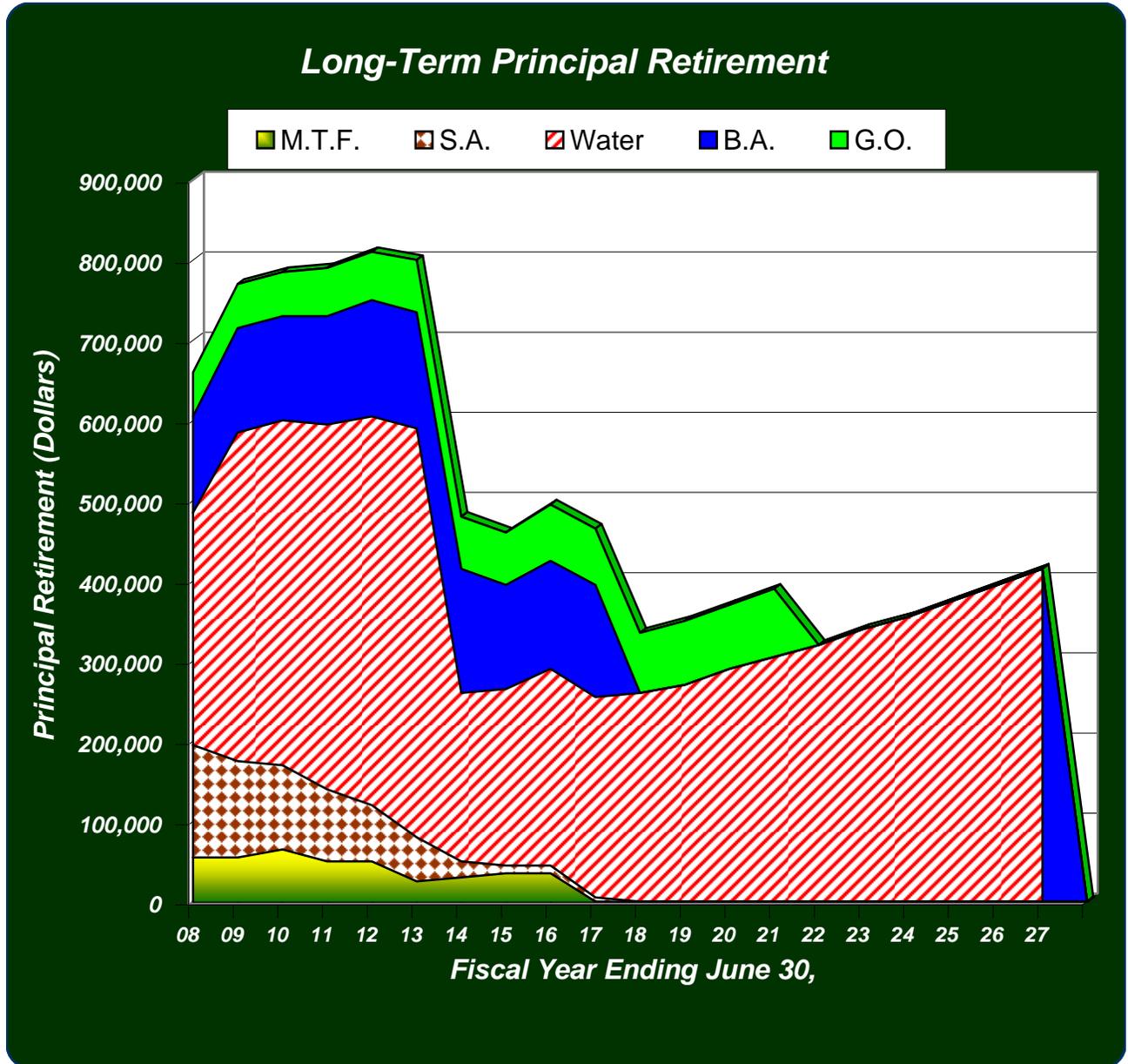
	2002 S.A.	1997 Building Authority	1996 M.T.F.	1997 M.T.F.	2000 M.T.F.
<b>Revenues:</b>					
Local Contribution - Local Street			\$25,400	\$17,300	\$32,400
Local Contribution - Major Street					
Rental Income		33,300			
Special Assessments	\$15,000				
Interest Income - Assessments	3,000				
Interest Income					
Transfer In	30,000				
Surplus					
<b>Total Revenues</b>	<b>\$48,000</b>	<b>\$33,300</b>	<b>\$25,400</b>	<b>\$17,300</b>	<b>\$32,400</b>
<b>Expenditures</b>					
Audit	\$600	\$400	\$400	\$600	\$400
Bond Principal Payment	30,000	25,000	20,000	15,000	20,000
Interest Expense	7,500	8,200	5,000	1,700	12,000
<b>Total Expenditures</b>	<b>\$38,100</b>	<b>\$33,600</b>	<b>\$25,400</b>	<b>\$17,300</b>	<b>\$32,400</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$9,900</b>	<b>(\$300)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**2007-2008**

	2004 G.O. Capital Imp. Bonds	Total
<b>Revenues:</b>		
Local Contribution - Local Street	\$67,500	\$142,600
Local Contribution - Major Street	19,100	19,100
Rental Income		33,300
Special Assessments		68,200
Interest Income - Assessments		16,800
Interest Income		700
Transfer In		30,000
Surplus		71,700
<b>Total Revenues</b>	\$86,600 (2)	\$382,400
<b>Expenditures</b>		
Audit	\$0	\$4,800
Bond Principal Payment	55,000	255,000
Interest Expense	31,600	82,300
Transfer Out		30,000
<b>Total Expenditures</b>	\$86,600	\$372,100
<b>Revenue Over (Under) Expenditures (1)</b>	\$0	(\$61,400)

(1) Excludes "Surplus." Surplus indicates the use of prior year's earnings to balance current budget. The budget staff has determined that sufficient prior year's earnings are available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section on page 35-40.



B.A. = Building Authority Bonds  
 S.A. = Special Assessment Bonds  
 M.T.F. = Michigan Transportation Funds  
 L.D.F.A. = Local Development Finance Authority Bonds  
 Water = Water Revenue and Refunding Bonds

**1993 Special Assessment Debt Retirement Fund**



**2007-2008  
Annual Operating Budget**

# CITY OF CADILLAC

<b>TITLE OF ISSUE</b>	<b>1993 Special Assessment Limited Tax Bonds</b>		
<b>PURPOSE</b>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
<b>DATE OF ISSUE</b>	June 1, 1993		
<b>AMOUNT OF ISSUE</b>	\$220,000		
<b>AMOUNT REDEEMED</b>			
Prior to Current Period	\$190,000		
During Current Period	\$15,000	\$205,000	
<b>BALANCE OUTSTANDING</b>	\$15,000		

<b>DUE DATES</b>	<b>REQUIREMENTS</b>			
	<b>RATE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
October 1, 2007	5.60%	\$15,000	\$420	\$15,420
		\$15,000	\$420	\$15,420

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>REVENUES</b>				
Special Assessments	\$9,463	\$8,500	\$7,500	<b>\$8,000</b>
Penalties and Interest	0	0	0	<b>0</b>
Interest Income	2,099	3,000	0	<b>700</b>
Interest Income - Assessments	1,027	1,500	2,500	<b>800</b>
Transfer In - 1992 Special Assessment	0	3,900	0	<b>0</b>
Surplus	0	0	31,300	<b>7,800</b>
<b>TOTAL REVENUES</b>	<b>\$12,589</b>	<b>\$16,900</b>	<b>\$41,300</b>	<b>\$17,300</b>
<b>EXPENDITURES</b>				
Audit	\$540	\$600	\$600	<b>\$600</b>
Bond Principal Paid	15,000	15,000	15,000	<b>15,000</b>
Interest Expense	2,370	2,300	1,700	<b>1,000</b>
Transfer Out - 2000 S.A. Debt	20,000	24,000	24,000	<b>0</b>
<b>TOTAL EXPENDITURES</b>	<b>\$37,910</b>	<b>\$41,900</b>	<b>\$41,300</b>	<b>\$16,600</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenditures	(\$25,321)	(\$25,000)	(\$31,300)	<b>(\$7,100)</b>
Fund Balance - Beginning of Year	72,901	47,580	22,580	<b>22,580</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$47,580</b>	<b>\$22,580</b>	<b>(\$8,720)</b>	<b>\$15,480</b>

Bond principal payment  
will be paid in full on  
October 1, 2007.

**Five Year Projections**

	Fiscal Year Ending June 30,				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Income - Assessments	0	0	0	0	0
Surplus	0	0	0	0	0
<b>Total Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Expenditures</b>					
Audit	\$0	\$0	\$0	\$0	\$0
Principal Payment	0	0	0	0	0
Interest Expense	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# ***1996 Special Assessment Debt Retirement Fund***

**CITY OF  
CADILLAC  
MICHIGAN**



***2007-2008  
Annual Operating Budget***

# CITY OF CADILLAC

<b>TITLE OF ISSUE</b>	<b>1996 Special Assessment Limited Tax Bonds</b>		
<b>PURPOSE</b>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
<b>DATE OF ISSUE</b>	May 1, 1996		
<b>AMOUNT OF ISSUE</b>	\$425,000		
<b>AMOUNT REDEEMED</b>			
Prior to Current Period	\$310,000		
During Current Period	\$30,000	\$340,000	
<b>BALANCE OUTSTANDING</b>	\$85,000		

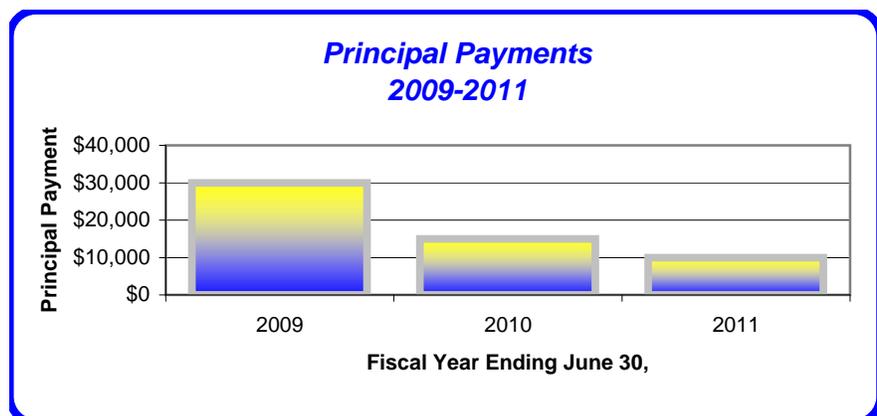
<b>DUE DATES</b>	<b>REQUIREMENTS</b>			
	<b>RATE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
October 1, 2007	5.40%	\$30,000	\$2,337	\$32,337
April 1, 2008			\$1,527	\$1,527
October 1, 2008	5.50%	\$30,000	\$1,527	\$31,527
April 1, 2009			\$703	\$703
October 1, 2009	5.60%	\$15,000	\$703	\$15,703
April 1, 2010			\$283	\$283
October 1, 2010	5.65%	\$10,000	\$283	\$10,283
		\$85,000	\$7,363	\$92,363

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>REVENUES</b>				
Special Assessments	\$16,178	\$14,000	\$14,000	\$15,000
Penalties and Interest	0	0	0	0
Interest Income	3,085	5,000	5,000	0
Interest Income - Assessments	5,266	6,000	6,000	5,000
Surplus	0	11,300	11,300	14,900
<b>TOTAL REVENUES</b>	<b>\$24,529</b>	<b>\$36,300</b>	<b>\$36,300</b>	<b>\$34,900</b>
<b>EXPENDITURES</b>				
Audit	\$540	\$600	\$600	\$600
Bond Principal Paid	30,000	30,000	30,000	30,000
Interest Expense	7,377	5,700	5,700	4,300
Transfer Out	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$37,917</b>	<b>\$36,300</b>	<b>\$36,300</b>	<b>\$34,900</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenses	(\$13,388)	\$0	(\$11,300)	(\$14,900)
Fund Balance - Beginning of Year	134,222	120,834	120,834	120,834
<b>FUND BALANCE AT YEAR END</b>	<b>\$120,834</b>	<b>\$120,834</b>	<b>\$109,534</b>	<b>\$105,934</b>

**Transfer Out**

As Fund Balance increases beyond the need of the debt service, funds are transferred out to the next debt retirement fund.

Bond principal payment  
will be paid in full on  
October 1, 2010.



**Five Year Projections**

	Fiscal Year Ending June 30,				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Special Assessments	\$18,000	\$14,000	\$10,000	\$0	\$0
Interest Income - Assessments	7,500	2,700	1,200	0	0
Surplus	7,700	200	0	0	0
<b>Total Revenues</b>	<b>\$33,200</b>	<b>\$16,900</b>	<b>\$11,200</b>	<b>\$0</b>	<b>\$0</b>
<b>Expenditures</b>					
Audit	\$600	\$700	\$700	\$0	\$0
Principal Payment	30,000	15,000	10,000	0	0
Interest Expense	2,600	1,200	500	0	0
<b>Total Expenditures</b>	<b>\$33,200</b>	<b>\$16,900</b>	<b>\$11,200</b>	<b>\$0</b>	<b>\$0</b>

Paid in full in fiscal year 2011.

**1997 Special Assessment Debt Retirement Fund**



**2007-2008  
Annual Operating Budget**

# CITY OF CADILLAC

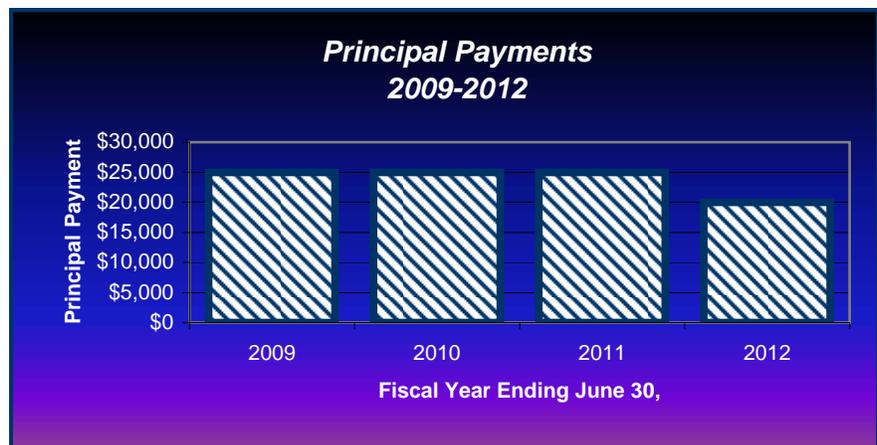
<b>TITLE OF ISSUE</b>	<b>1997 Special Assessment Limited Tax Bonds</b>		
<b>PURPOSE</b>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
<b>DATE OF ISSUE</b>	May 1, 1997		
<b>AMOUNT OF ISSUE</b>	\$360,000		
<b>AMOUNT REDEEMED</b>			
Prior to Current Period	\$215,000		
During Current Period	\$25,000	\$240,000	
<b>BALANCE OUTSTANDING</b>	\$120,000		

<b>DUE DATES</b>	<b>REQUIREMENTS</b>			
	<b>RATE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
October 1, 2007	5.35%	\$25,000	\$3,232	\$28,232
April 1, 2008			\$2,563	\$2,563
October 1, 2008	5.35%	\$25,000	\$2,563	\$27,563
April 1, 2009			\$1,894	\$1,894
October 1, 2009	5.40%	\$25,000	\$1,894	\$26,894
April 1, 2010			\$1,220	\$1,220
October 1, 2010	5.40%	\$25,000	\$1,220	\$26,220
April 1, 2011			\$545	\$545
October 1, 2011	5.45%	\$20,000	\$545	\$20,545
		\$120,000	\$15,676	\$135,676

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>REVENUES</b>				
Special Assessments	\$18,531	\$16,000	\$16,000	<b>\$20,000</b>
Interest Income - Assessments	6,019	7,000	9,000	<b>6,000</b>
Interest Income	619	700	1,500	<b>0</b>
Surplus	0	0	106,000	<b>36,000</b>
<b>TOTAL REVENUES</b>	<b>\$25,169</b>	<b>\$23,700</b>	<b>\$132,500</b>	<b>\$62,000</b>
<b>EXPENDITURES</b>				
Audit	\$540	\$600	\$600	<b>\$600</b>
Bond Principal Paid	25,000	25,000	25,000	<b>25,000</b>
Interest Expense	8,740	7,500	7,500	<b>6,400</b>
Transfer Out - 2002 S.A. Debt	0	100,000	100,000	<b>30,000</b>
<b>TOTAL EXPENDITURES</b>	<b>\$34,280</b>	<b>\$133,100</b>	<b>\$133,100</b>	<b>\$62,000</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenses	(\$9,111)	(\$109,400)	(\$106,600)	<b>(\$36,000)</b>
Fund Balance - Beginning of Year	288,327	279,216	279,216	<b>169,816</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$279,216</b>	<b>\$169,816</b>	<b>\$172,616</b>	<b>\$133,816</b>

Transfer in is from 1996 Special Assessment Debt Retirement Fund

Bond principal payment  
will be paid in full on  
October 1, 2011.



**Five Year Projections**

	Fiscal Year Ending June 30,				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Special Assessments	\$14,000	\$13,000	\$10,000	\$10,000	\$0
Interest Income - Assessments	7,000	6,000	4,000	4,000	0
Surplus	9,300	10,000	13,700	7,700	0
<b>Total Revenues</b>	<b>\$30,300</b>	<b>\$29,000</b>	<b>\$27,700</b>	<b>\$21,700</b>	<b>\$0</b>
<b>Expenditures</b>					
Audit	\$600	\$700	\$700	\$700	\$0
Principal Payment	25,000	25,000	25,000	20,000	0
Interest Expense	4,800	3,500	2,000	1,000	0
<b>Total Expenditures</b>	<b>\$30,400</b>	<b>\$29,200</b>	<b>\$27,700</b>	<b>\$21,700</b>	<b>\$0</b>

***2000 Special Assessment Debt Retirement Fund***



***2007-2008  
Annual Operating Budget***

# CITY OF CADILLAC

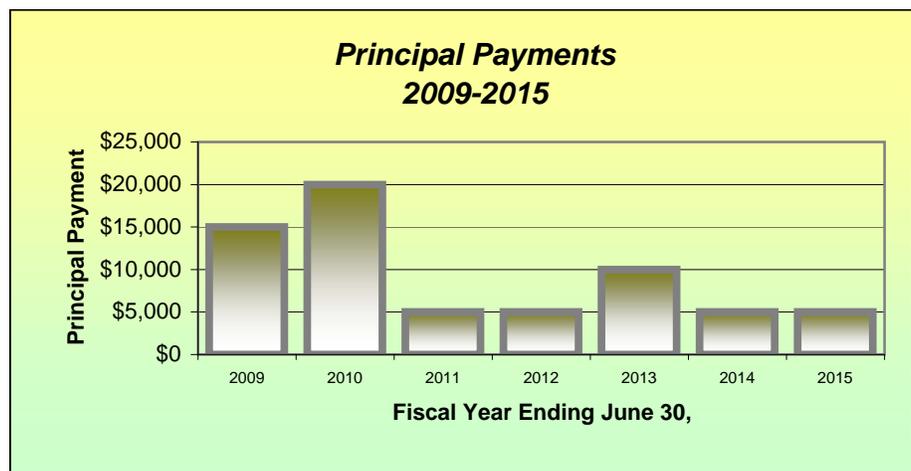
<b>TITLE OF ISSUE</b>	<i>2000 Special Assessment Limited Tax Bonds</i>		
<b>PURPOSE</b>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
<b>DATE OF ISSUE</b>	June 1, 2000		
<b>AMOUNT OF ISSUE</b>	\$210,000		
<b>AMOUNT REDEEMED</b>			
Prior to Current Period	\$105,000		
During Current Period	\$20,000	\$125,000	
<b>BALANCE OUTSTANDING</b>	\$85,000		

<b>DUE DATES</b>	<b>REQUIREMENTS</b>			
	<b>RATE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
October 1, 2007	5.40%	\$20,000	\$2,322	\$22,322
April 1, 2008			\$1,781	\$1,781
October 1, 2008	5.45%	\$15,000	\$1,781	\$16,781
April 1, 2009			\$1,373	\$1,373
October 1, 2009	5.45%	\$20,000	\$1,373	\$21,373
April 1, 2010			\$827	\$827
October 1, 2010	5.50%	\$5,000	\$827	\$5,827
April 1, 2011			\$690	\$690
October 1, 2011	5.50%	\$5,000	\$690	\$5,690
April 1, 2012			\$553	\$553
October 1, 2012	5.50%	\$10,000	\$553	\$10,553
April 1, 2013			\$277	\$277
October 1, 2013	5.55%	\$5,000	\$277	\$5,277
April 1, 2014			\$139	\$139
October 1, 2014	5.55%	\$5,000	\$139	\$5,139
		\$85,000	\$13,602	\$98,602

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>REVENUES</b>				
Special Assessments	\$10,614	\$12,000	\$12,000	<b>\$10,200</b>
Interest Income - Assessments	2,282	3,000	3,000	<b>2,000</b>
Transfer In	105,000	24,000	24,000	<b>0</b>
Surplus	0	0	0	<b>13,000</b>
<b>TOTAL REVENUES</b>	<b>\$117,896</b>	<b>\$39,000</b>	<b>\$39,000</b>	<b>\$25,200</b>
<b>EXPENDITURES</b>				
Audit	\$540	\$600	\$600	<b>\$600</b>
Bond Principal Paid	20,000	20,000	20,000	<b>20,000</b>
Interest Expense	6,532	5,500	5,500	<b>4,600</b>
Transfer Out	3,142	0	0	<b>0</b>
<b>TOTAL EXPENDITURES</b>	<b>\$30,214</b>	<b>\$26,100</b>	<b>\$26,100</b>	<b>\$25,200</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenses	\$87,682	\$12,900	\$12,900	(\$13,000)
Fund Balance - Beginning of Year	30,872	118,554	118,554	<b>131,454</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$118,554</b>	<b>\$131,454</b>	<b>\$131,454</b>	<b>\$118,454</b>

Transfer in is from 1992 and 1993 Special Assessment Debt Retirement Fund

Bond principal payment will be paid in full on October 1, 2014.



**Five Year Projections**

	Fiscal Year Ending June 30,				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Special Assessments	\$13,000	\$12,500	\$11,000	\$10,000	\$10,000
Interest Income - Assessments	4,000	4,000	3,000	2,500	2,000
Surplus	2,600	6,700	0	0	0
<b>Total Revenues</b>	<b>\$19,600</b>	<b>\$23,200</b>	<b>\$14,000</b>	<b>\$12,500</b>	<b>\$12,000</b>
<b>Expenditures</b>					
Audit	\$600	\$700	\$700	\$700	\$700
Principal Payment	15,000	20,000	5,000	5,000	10,000
Interest Expense	4,000	2,500	1,700	1,700	1,300
<b>Total Expenditures</b>	<b>\$19,600</b>	<b>\$23,200</b>	<b>\$7,400</b>	<b>\$7,400</b>	<b>\$12,000</b>

***2002 Special Assessment Debt Retirement Fund***

**CITY OF  
CADILLAC  
MICHIGAN**



***2007-2008  
Annual Operating Budget***

# CITY OF CADILLAC

<b>TITLE OF ISSUE</b>	<b>2002 Special Assessment Limited Tax Bonds</b>		
<b>PURPOSE</b>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
<b>DATE OF ISSUE</b>	June 1, 2002		
<b>AMOUNT OF ISSUE</b>	\$325,000		
<b>AMOUNT REDEEMED</b>			
Prior to Current Period	\$115,000		
During Current Period	\$30,000	\$145,000	
<b>BALANCE OUTSTANDING</b>	\$180,000		

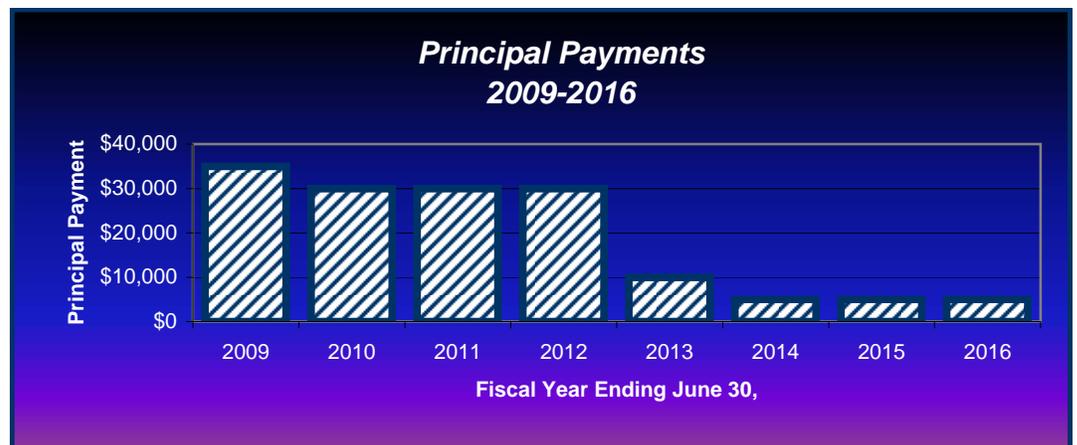
<b>DUE DATES</b>	<b>REQUIREMENTS</b>			
	<b>RATE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
October 1, 2007	3.80%	\$30,000	\$3,832	\$33,832
April 1, 2008			\$3,262	\$3,262
October 1, 2008	4.00%	\$35,000	\$3,262	\$38,262
April 1, 2009			\$2,562	\$2,562
October 1, 2009	4.20%	\$30,000	\$2,562	\$32,562
April 1, 2010			\$1,932	\$1,932
October 1, 2010	4.40%	\$30,000	\$1,932	\$31,932
April 1, 2011			\$1,272	\$1,272
October 1, 2011	4.50%	\$30,000	\$1,272	\$31,272
April 1, 2012			\$597	\$597
October 1, 2012	4.60%	\$10,000	\$597	\$10,597
April 1, 2013			\$367	\$367
October 1, 2013	4.75%	\$5,000	\$367	\$5,367
April 1, 2014			\$248	\$248
October 1, 2014	4.90%	\$5,000	\$248	\$5,248
April 1, 2015			\$125	\$125
October 1, 2015	5.00%	\$5,000	\$125	\$5,125
		\$180,000	\$24,562	\$204,562

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>REVENUES</b>				
Special Assessments	\$13,443	\$19,000	\$19,000	\$15,000
Interest Income - Assessments	4,768	2,600	2,600	3,000
Transfer In - 1992 S.A. Debt	0	47,200	47,200	0
Transfer In - 1997 S.A. Debt	0	100,000	100,000	30,000
Transfer In - 2000 S.A. Debt	3,142	0	0	0
<b>TOTAL REVENUES</b>	<b>\$21,353</b>	<b>\$168,800</b>	<b>\$168,800</b>	<b>\$48,000</b>
<b>EXPENDITURES</b>				
Audit	\$540	\$600	\$600	\$600
Bond Principal Paid	35,000	30,000	30,000	30,000
Interest Expense	9,528	8,700	8,700	7,500
<b>TOTAL EXPENDITURES</b>	<b>\$45,068</b>	<b>\$39,300</b>	<b>\$39,300</b>	<b>\$38,100</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenses	(\$23,715)	\$129,500	\$129,500	\$9,900
Fund Balance - Beginning of Year	23,715	0	129,500	129,500
<b>FUND BALANCE AT YEAR END</b>	<b>\$0</b>	<b>\$129,500</b>	<b>\$259,000</b>	<b>\$139,400</b>

**Transfer In**

Transfer In- other debt retirement surplus funds that have cash exceeding the debt outstanding. These excess available funds are transferred to the next outstanding debt retirement fund.

Bond principal payment will be paid in full on October 1, 2015.



**Five Year Projections**

	Fiscal Year Ending June 30,				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Special Assessments	\$18,000	\$18,000	\$16,000	\$14,000	\$14,000
Interest Income - Assessments	2,600	4,200	4,000	3,500	3,500
Surplus	\$21,400	\$13,500	\$14,500	\$15,500	\$0
<b>Total Revenues</b>	<b>\$42,000</b>	<b>\$35,700</b>	<b>\$34,500</b>	<b>\$33,000</b>	<b>\$17,500</b>
<b>Expenditures</b>					
Audit	\$600	\$700	\$700	\$700	\$700
Principal Payment	35,000	30,000	30,000	30,000	10,000
Interest Expense	6,400	5,000	3,800	2,300	1,400
<b>Total Expenditures</b>	<b>\$42,000</b>	<b>\$35,700</b>	<b>\$34,500</b>	<b>\$33,000</b>	<b>\$12,100</b>

**1997 Building Authority Debt Retirement Fund**



**2007-2008  
Annual Operating Budget**

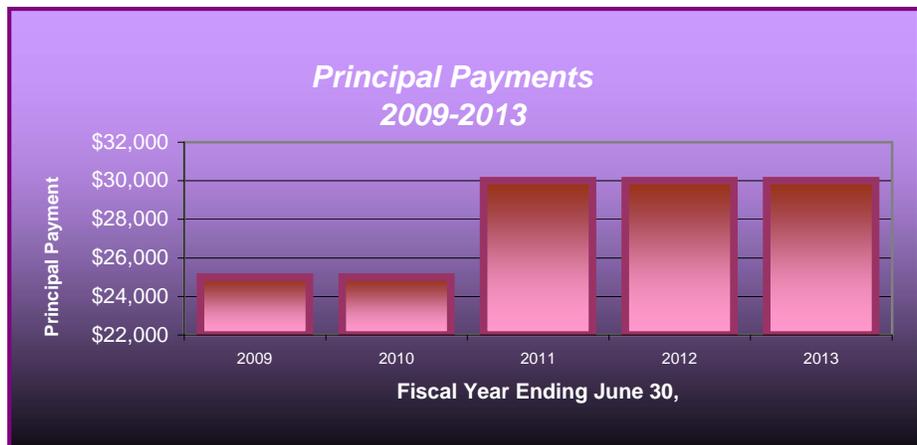
# CITY OF CADILLAC

<b>TITLE OF ISSUE</b>	<b>1997 Building Authority Fund Bonds</b>		
<b>PURPOSE</b>	Pay all or part of the cost of public parking lot improvements in the City of Cadillac		
<b>DATE OF ISSUE</b>	December 1, 1997		
<b>AMOUNT OF ISSUE</b>	\$310,000		
<b>AMOUNT REDEEMED</b>			
Prior to Current Period	\$125,000		
During Current Period	\$20,000	\$145,000	
<b>BALANCE OUTSTANDING</b>	\$165,000		

<b>DUE DATES</b>	<b>REQUIREMENTS</b>			
	<b>RATE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
October 1, 2007	5.00%	\$25,000	\$4,234	\$29,234
April 1, 2008			\$3,609	\$3,609
October 1, 2008	5.05%	\$25,000	\$3,609	\$28,609
April 1, 2009			\$2,978	\$2,978
October 1, 2009	5.10%	\$25,000	\$2,978	\$27,978
April 1, 2010			\$2,340	\$2,340
October 1, 2010	5.15%	\$30,000	\$2,340	\$32,340
April 1, 2011			\$1,568	\$1,568
October 1, 2011	5.20%	\$30,000	\$1,568	\$31,568
April 1, 2012			\$788	\$788
October 1, 2012	5.25%	\$30,000	\$788	\$30,788
		\$165,000	\$26,800	\$191,800

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2006	2007	2007	2008
<b>REVENUES</b>				
Tax Increment Financing Revenues	\$30,647	\$30,000	\$29,700	<b>\$33,300</b>
<b>TOTAL REVENUES</b>	<b>\$30,647</b>	<b>\$30,000</b>	<b>\$29,700</b>	<b>\$33,300</b>
<b>EXPENDITURES</b>				
Audit	\$400	\$400	\$400	<b>\$400</b>
Bond Principal Paid	20,000	20,000	20,000	<b>25,000</b>
Interest Expense	10,248	9,300	9,300	<b>8,200</b>
<b>TOTAL EXPENDITURES</b>	<b>\$30,648</b>	<b>\$29,700</b>	<b>\$29,700</b>	<b>\$33,600</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenses	(\$1)	\$300	\$0	<b>(\$300)</b>
Fund Balance - Beginning of Year	1	0	300	<b>300</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$0</b>	<b>\$300</b>	<b>\$300</b>	<b>\$0</b>

Bond principal payment  
will be paid in full on  
October 1, 2012.



**Five Year Projections**

	Fiscal Year Ending June 30,				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Tax Increment Financing Revenues	\$30,500	\$30,000	\$33,000	\$33,000	\$31,400
Interest Income - TIF	1,800	1,300	1,800	400	400
<b>Total Revenues</b>	<b>\$32,300</b>	<b>\$31,300</b>	<b>\$34,800</b>	<b>\$33,400</b>	<b>\$31,800</b>
<b>Expenditures</b>					
Audit	\$500	\$500	\$600	\$600	\$600
Principal Payment	25,000	25,000	30,000	30,000	30,000
Interest Expense	6,800	5,800	4,200	2,800	1,200
<b>Total Expenditures</b>	<b>\$32,300</b>	<b>\$31,300</b>	<b>\$34,800</b>	<b>\$33,400</b>	<b>\$31,800</b>

**1996 Michigan Transportation Debt Retirement Fund**

**CITY OF  
CADILLAC  
MICHIGAN**



**2007-2008  
Annual Operating Budget**

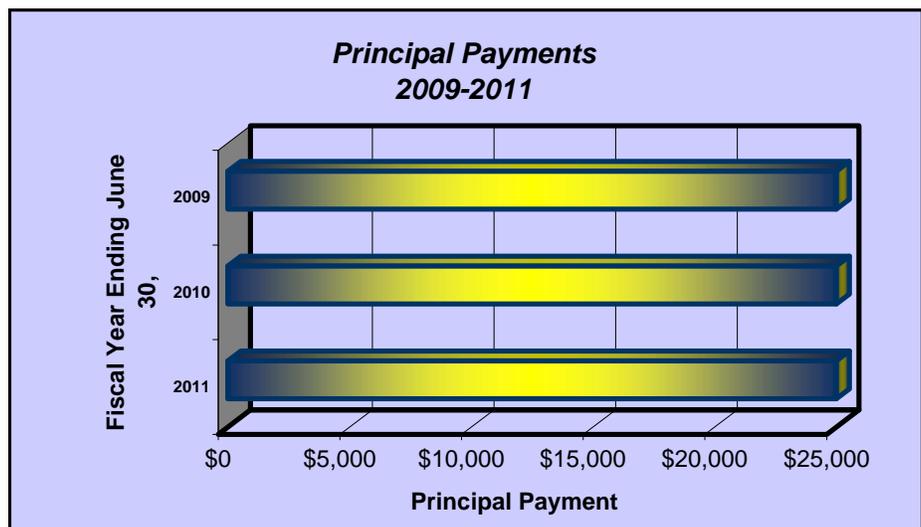
# CITY OF CADILLAC

<b>TITLE OF ISSUE</b>	<b>1996 Michigan Transportation Fund Bonds</b>		
<b>PURPOSE</b>	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952.		
<b>DATE OF ISSUE</b>	May 1, 1996		
<b>AMOUNT OF ISSUE</b>	\$230,000		
<b>AMOUNT REDEEMED</b>			
Prior to Current Period	\$115,000		
During Current Period	\$20,000	\$135,000	
<b>BALANCE OUTSTANDING</b>	\$95,000		

<b>DUE DATES</b>	<b>REQUIREMENTS</b>			
	<b>RATE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
October 1, 2007	5.50%	\$20,000	\$2,612	\$22,612
April 1, 2008			\$2,063	\$2,063
October 1, 2008	5.50%	\$25,000	\$2,063	\$27,063
April 1, 2009			\$1,375	\$1,375
October 1, 2009	5.50%	\$25,000	\$1,375	\$26,375
April 1, 2010			\$687	\$687
October 1, 2010	5.50%	\$25,000	\$687	\$25,687
<b>Total</b>		\$95,000	\$10,862	\$105,862

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget CURRENT	PROPOSED
	2006	2007	2007	2008
<b>REVENUES</b>				
Local Contribution - Local Street	\$27,100	\$26,400	\$26,400	\$25,400
<b>TOTAL REVENUES</b>	<b>\$27,100</b>	<b>\$26,400</b>	<b>\$26,400</b>	<b>\$25,400</b>
<b>EXPENDITURES</b>				
Audit	\$400	\$400	\$400	\$400
Bond Principal Paid	20,000	20,000	20,000	20,000
Interest Expense	7,178	6,000	6,000	5,000
<b>TOTAL EXPENDITURES</b>	<b>\$27,578</b>	<b>\$26,400</b>	<b>\$26,400</b>	<b>\$25,400</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenses	(\$478)	\$0	\$0	\$0
Fund Balance - Beginning of Year	4,902	4,424	4,424	4,424
<b>FUND BALANCE AT YEAR END</b>	<b>\$4,424</b>	<b>\$4,424</b>	<b>\$4,424</b>	<b>\$4,424</b>

Bond principal payment  
will be paid in full on  
October 1, 2010.



**Five Year Projections**

	Fiscal Year Ending June 30,				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Local Contribution - Local Street	\$29,400	\$27,700	\$26,400	\$0	\$0
<b>Total Revenues</b>	<b>\$29,400</b>	<b>\$27,700</b>	<b>\$26,400</b>	<b>\$0</b>	<b>\$0</b>
<b>Expenditures</b>					
Audit	\$400	\$400	\$400	\$0	\$0
Principal Payment	25,000	25,000	25,000	0	0
Interest Expense	4,000	2,300	1,000	0	0
<b>Total Expenditures</b>	<b>\$29,400</b>	<b>\$27,700</b>	<b>\$26,400</b>	<b>\$0</b>	<b>\$0</b>

**1997 Michigan Transportation Debt Retirement Fund**

**CITY OF  
CADILLAC  
MICHIGAN**



**2007-2008  
Annual Operating Budget**

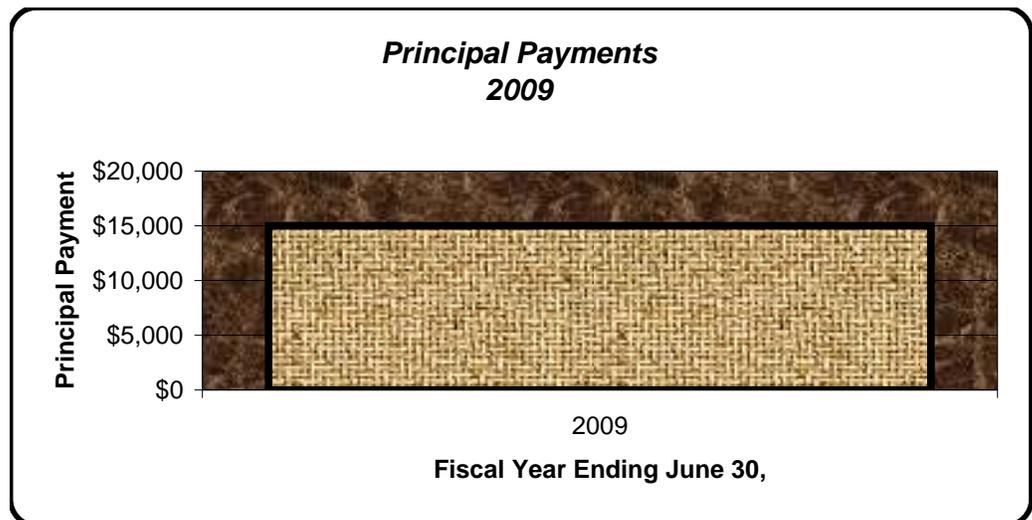
## **CITY OF CADILLAC**

<b>TITLE OF ISSUE</b>	<b>1997 Michigan Transportation Fund Bonds</b>		
<b>PURPOSE</b>	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952.		
<b>DATE OF ISSUE</b>	May 1, 1997		
<b>AMOUNT OF ISSUE</b>	\$110,000		
<b>AMOUNT REDEEMED</b>			
Prior to Current Period	\$65,000		
During Current Period	\$15,000	\$80,000	
<b>BALANCE OUTSTANDING</b>	\$30,000		

<b>DUE DATES</b>	<b>REQUIREMENTS</b>			
	<b>RATE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
October 1, 2007	5.35%	\$15,000	\$802	\$15,802
April 1, 2008			\$401	\$401
October 1, 2008	5.35%	\$15,000	\$401	\$15,401
<b>Total</b>		\$30,000	\$1,604	\$31,604

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	ESTIMATED	Budget CURRENT	PROPOSED
	2006	2007	2007	2008
<b>REVENUES</b>				
Local Contribution - Local Street	\$13,000	\$17,600	\$17,600	\$17,300
<b>TOTAL REVENUES</b>	<b>\$13,000</b>	<b>\$17,600</b>	<b>\$17,600</b>	<b>\$17,300</b>
<b>EXPENDITURES</b>				
Audit	\$400	\$400	\$400	\$600
Bond Principal Paid	10,000	15,000	15,000	15,000
Interest Expense	2,960	2,200	2,200	1,700
<b>TOTAL EXPENDITURES</b>	<b>\$13,360</b>	<b>\$17,600</b>	<b>\$17,600</b>	<b>\$17,300</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenses	(\$360)	\$0	\$0	\$0
Fund Balance - Beginning of Year	1,472	1,112	1,112	1,112
<b>FUND BALANCE AT YEAR END</b>	<b>\$1,112</b>	<b>\$1,112</b>	<b>\$1,112</b>	<b>\$1,112</b>

Bond principal payment  
will be paid in full on  
October 1, 2008.



**Five Year Projections**

	Fiscal Year Ending June 30,				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Local Contribution - Local Street	\$15,800	\$0	\$0	\$0	\$0
<b>Total Revenues</b>	<b>\$15,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Expenditures</b>					
Audit	\$400	\$0	\$0	\$0	\$0
Principal Payment	15,000	0	0	0	0
Interest Expense	400	0	0	0	0
<b>Total Expenditures</b>	<b>\$15,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

***2000 Michigan Transportation Debt Retirement Fund***

**CITY OF  
CADILLAC  
MICHIGAN**



***2007-2008  
Annual Operating Budget***

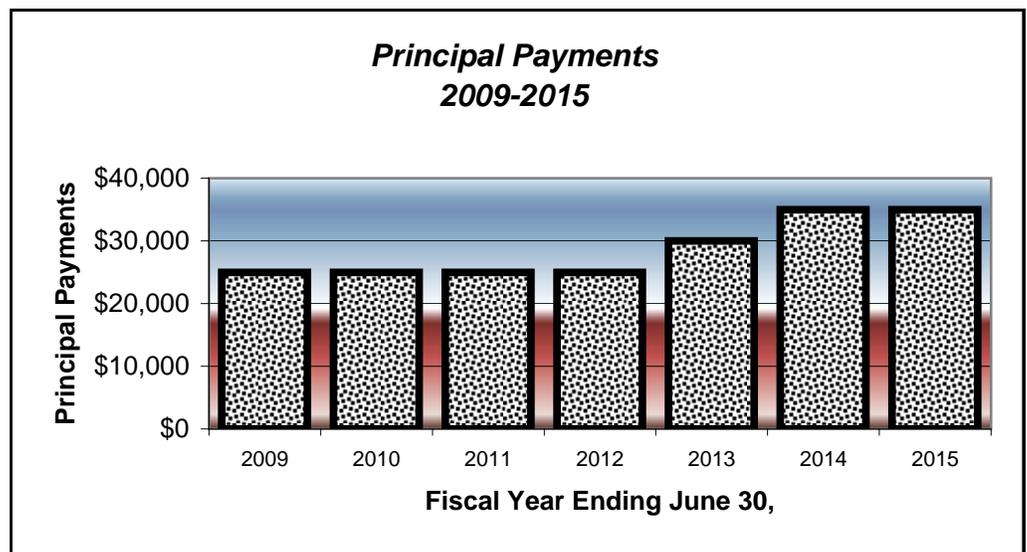
# CITY OF CADILLAC

<b>TITLE OF ISSUE</b>	<b>2000 Michigan Transportation Fund Bonds</b>		
<b>PURPOSE</b>	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952, as amended.		
<b>DATE OF ISSUE</b>	June 1, 2000		
<b>AMOUNT OF ISSUE</b>	\$300,000		
<b>AMOUNT REDEEMED</b>			
Prior to Current Period	\$60,000		
During Current Period	\$20,000	\$80,000	
<b>BALANCE OUTSTANDING</b>	\$220,000		

<b>DUE DATES</b>	<b>REQUIREMENTS</b>			
	<b>RATE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
October 1, 2007	5.40%	\$20,000	\$6,045	\$26,045
April 1, 2008			\$5,505	\$5,505
October 1, 2008	5.45%	\$25,000	\$5,505	\$30,505
April 1, 2009			\$4,824	\$4,824
October 1, 2009	5.45%	\$25,000	\$4,824	\$29,824
April 1, 2010			\$4,142	\$4,142
October 1, 2010	5.50%	\$25,000	\$4,142	\$29,142
April 1, 2011			\$3,455	\$3,455
October 1, 2011	5.50%	\$25,000	\$3,455	\$28,455
April 1, 2012			\$2,768	\$2,768
October 1, 2012	5.50%	\$30,000	\$2,768	\$32,768
April 1, 2013			\$1,943	\$1,943
October 1, 2013	5.55%	\$35,000	\$1,943	\$36,943
April 1, 2014			\$971	\$971
October 1, 2014	5.55%	\$35,000	\$971	\$35,971
		\$220,000	\$53,261	\$273,261

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT 206	ESTIMATED 2007	Budget CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Local Contribution - Local Street	\$28,897	\$33,100	\$33,100	\$32,400
<b>TOTAL REVENUES</b>	<b>\$28,897</b>	<b>\$33,100</b>	<b>\$33,100</b>	<b>\$32,400</b>
<b>EXPENDITURES</b>				
Audit	\$400	\$400	\$400	\$400
Bond Principal Paid	15,000	20,000	20,000	20,000
Interest Expense	13,846	12,700	12,700	12,000
<b>TOTAL EXPENDITURES</b>	<b>\$29,246</b>	<b>\$33,100</b>	<b>\$33,100</b>	<b>\$32,400</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenses	(\$349)	\$0	\$0	\$0
Fund Balance - Beginning of Year	350	1	1	1
<b>FUND BALANCE AT YEAR END</b>	<b>\$1</b>	<b>\$1</b>	<b>\$1</b>	<b>\$1</b>

Bond principal payment  
will be paid in full on  
October 1, 2014.



**Five Year Projections**

	Fiscal Year Ending June 30,				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Local Contribution - Local Street	\$35,900	\$34,900	\$33,200	\$33,200	\$35,600
<b>Total Revenues</b>	<b>\$35,900</b>	<b>\$34,900</b>	<b>\$33,200</b>	<b>\$33,200</b>	<b>\$35,600</b>
<b>Expenditures</b>					
Audit	\$400	\$400	\$400	\$400	\$400
Principal Payment	25,000	25,000	25,000	25,000	30,000
Interest Expense	10,500	9,500	7,800	6,700	5,200
<b>Total Expenditures</b>	<b>\$35,900</b>	<b>\$34,900</b>	<b>\$33,200</b>	<b>\$32,100</b>	<b>\$35,600</b>

**2004 General Obligation Capital Improvement Bonds  
Debt Retirement Fund**

**CITY OF  
CADILLAC  
MICHIGAN**

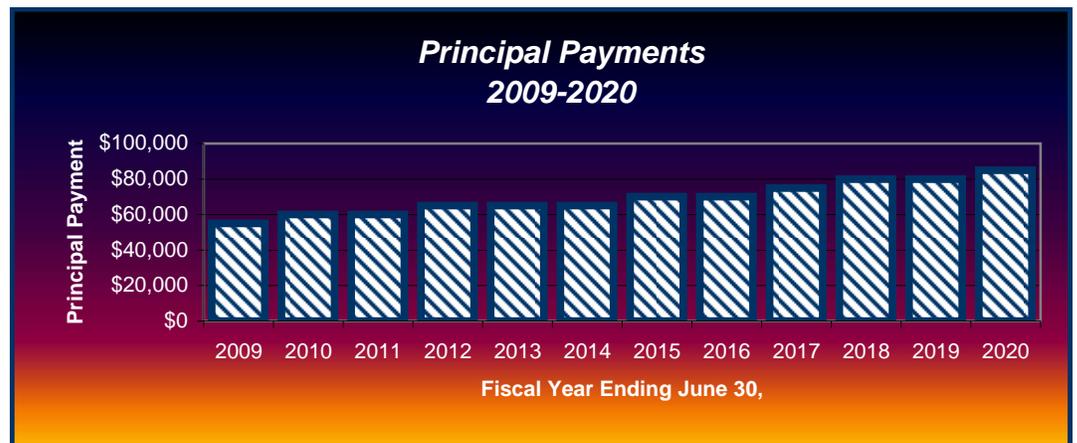


**2007-2008  
Annual Operating Budget**



	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2006	2007	2007	2008
<b>REVENUES</b>				
Local Contribution - Local Street Fund	\$69,900	\$69,300	\$69,300	<b>\$67,500</b>
Local Contribution - Major Street Fund	19,100	18,600	\$18,600	<b>19,100</b>
Surplus	0	0	0	<b>0</b>
<b>TOTAL REVENUES</b>	<b>\$89,000</b>	<b>\$87,900</b>	<b>\$87,900</b>	<b>\$86,600</b>
<b>EXPENDITURES</b>				
Audit	0	400	400	<b>0</b>
Bond Principal Paid	55,000	55,000	55,000	<b>55,000</b>
Interest Expense	33,632	32,500	32,500	<b>31,600</b>
<b>TOTAL EXPENDITURES</b>	<b>\$88,632</b>	<b>\$87,900</b>	<b>\$87,900</b>	<b>\$86,600</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenses	\$368	\$0	\$0	<b>\$0</b>
Fund Balance - Beginning of Year	0	368	368	<b>368</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$368</b>	<b>\$368</b>	<b>\$368</b>	<b>\$368</b>

Bond principal payment  
will be paid in full on  
September 1, 2019



**Five Year Projections**

	Fiscal Year Ending June 30,				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Local Contribution - Local Street Fund	\$64,300	\$70,000	\$68,500	\$71,000	\$69,100
Local Contribution - Major Street Fund	17,800	18,500	18,200	18,900	18,900
Surplus					
<b>Total Revenues</b>	<b>\$82,100</b>	<b>\$88,500</b>	<b>\$86,700</b>	<b>\$89,900</b>	<b>\$88,000</b>
<b>Expenditures</b>					
Audit	\$400	\$400	\$400	\$400	\$400
Principal Payment	55,000	60,000	60,000	65,000	65,000
Interest Expense	26,700	28,100	26,300	24,500	22,600
<b>Total Expenditures</b>	<b>\$82,100</b>	<b>\$88,500</b>	<b>\$86,700</b>	<b>\$89,900</b>	<b>\$88,000</b>

Fiscal year ended June 30,

	Major Street Fund		Local Street Fund		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	11,550	6,770	43,450	25,467	<b>\$55,000</b>	<b>\$32,237</b>
2008	11,550	6,507	43,450	24,479	<b>\$55,000</b>	<b>\$30,986</b>
2009	11,550	6,221	43,450	23,404	<b>\$55,000</b>	<b>\$29,625</b>
2010	12,600	5,888	47,400	22,152	<b>\$60,000</b>	<b>\$28,040</b>
2011	12,600	5,507	47,400	20,718	<b>\$60,000</b>	<b>\$26,225</b>
2012	13,650	5,080	51,350	19,111	<b>\$65,000</b>	<b>\$24,191</b>
2013	13,650	4,613	51,350	17,352	<b>\$65,000</b>	<b>\$21,965</b>
2014	13,650	4,125	51,350	15,517	<b>\$65,000</b>	<b>\$19,642</b>
2015	14,700	3,600	55,300	13,543	<b>\$70,000</b>	<b>\$17,143</b>
2016	14,700	3,041	55,300	11,442	<b>\$70,000</b>	<b>\$14,483</b>
2017	15,750	2,447	59,250	9,207	<b>\$75,000</b>	<b>\$11,654</b>
2018	16,800	1,796	63,200	6,756	<b>\$80,000</b>	<b>\$8,552</b>
2019	16,800	1,107	63,200	4,165	<b>\$80,000</b>	<b>\$5,272</b>
2020	17,850	379	67,150	1,427	<b>\$85,000</b>	<b>\$1,806</b>
	197,400	57,082	742,600	214,739	<b>940,000</b>	<b>271,821</b>

### Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The accounting for this group of accounts is on the modified accrual basis.

**Industrial Park Fund** - The purpose is acquisition and development of a 300 acre tract of land into an industrial park for manufacturing companies. Part of the development costs of the project have been through a small cities grant from the State of Michigan and the Department of Commerce.

**Special Assessment Capital Projects Fund** - Accounts for preliminary and construction work on projects that are subsequently paid from special assessments.

**2007-2008**

	<b>Industrial Park Fund</b>	<b>Special Assessments Capital Projects</b>	<b>Total</b>
<b><u>Revenues</u></b>			
Sale of Property	\$35,000		<b>\$35,000</b>
Interest Income	7,000	2,000	<b>9,000</b>
Interest Income-Sp. Assessment		\$20,000	<b>20,000</b>
Special Assessment Principal		175,000	<b>175,000</b>
Bond Issue			<b>0</b>
Grants - State of Michigan			<b>0</b>
Water and Sewer Fund			<b>0</b>
Major Street Fund			<b>0</b>
Local Street Fund			<b>0</b>
Capital Projects Fund			<b>0</b>
Local Funds			<b>0</b>
Surplus			<b>0</b>
<b>Total Revenue</b>	<b>\$42,000</b>	<b>\$197,000</b>	<b>\$239,000</b>
<b><u>Expenditures</u></b>			
Audit	\$700	\$2,200	<b>2,900</b>
Fees and Commissions	3,500		<b>3,500</b>
Administration	4,200		<b>4,200</b>
Office Supplies			<b>0</b>
Principal Payment	17,800	11,300	<b>29,100</b>
Interest Payment		500	<b>500</b>
Special Projects		95,000	<b>95,000</b>
<b>Total Expenditures</b>	<b>\$26,200</b>	<b>\$109,000</b>	<b>\$135,200</b>
Excess (Deficiency) of Revenues over Expenditures	\$15,800	\$88,000	<b>\$103,800</b>
Fund Balance - Beginning	\$424,090	\$320,827	<b>\$744,917</b>
Fund Balance - Ending	<b>\$439,890</b>	<b>\$408,827</b>	<b>\$848,717</b>

# ***Industrial Park Fund***

**CITY OF  
CADILLAC  
MICHIGAN**



***2007-2008  
Annual Operating Budget***

## Industrial Park Fund

In 1981, as a result of a 48-acre parcel of land an industrial park was established known as the Cadillac Industrial Park. This park is now full with the following industries:

Kendall Electric  
Michigan Rubber Products  
Avon Automotive World Headquarters  
Four Winns Main Plant  
Four Winns Engineering Facility  
FIAMM  
NOC, Inc.  
Metal Punch, Inc.

Industrial growth in the 80's and 90's has been a reflection of the City's ability to purchase and develop enough land to encourage an industrial explosion. Demands were great for a second park so the 200-acre Harry VanderJagt Industrial Park was established. The streets and utilities were put in place with a Federal Economic Development Administration Grant. In this park the current residents include:

Arvco Corporation  
United Parcel Services  
Four Winns Trailer Company  
Decker/NRG Electric  
Cadillac Fabrication  
Northwest Human Services  
Big Foot Manufacturing  
7-UP Distributing  
Fibertech  
Fed-Ex Ground  
Four Winns Small Parts Plant

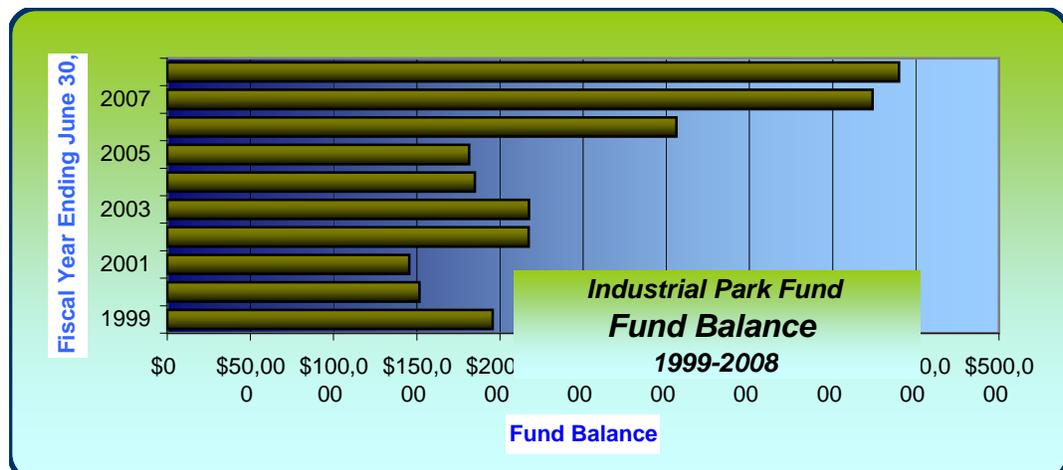
This park is nearly full at this time and additional inquiries are routinely received by the City. A third park has now been constructed as a result of the continuing demand for industrial space. This newest facility, The James E. Potvin Industrial Park, has been broken into two phases, with phase one being complete. All public utilities are in place for this phase, which encompasses 14 lots over a 65 acre area. Current tenants include:

Piranha Hose

It is anticipated that one three acre lot will be sold each year. The fund balance is increasing and is used to purchase additional land and necessary infrastructure. Fees and commissions are paid to the Cadillac Industrial Fund which is the group used to market the industrial park. The commission paid on land sales is 10% of the sale price.

	Fiscal Year Ending June 30,			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	BUDGET PROPOSED 2008
<b>REVENUES</b>				
Sale of Property	\$169,000	\$152,000	\$152,000	\$35,000
Interest Income	12,796	7,000	4,500	7,000
<b>TOTAL REVENUES</b>	<b>\$181,796</b>	<b>\$159,000</b>	<b>\$156,500</b>	<b>\$42,000</b>
<b>EXPENDITURES</b>				
Property Taxes	\$4,120	\$4,200	\$4,200	\$4,200
Audit	650	700	700	700
Contractual Services (1)	3,642	3,000	3,000	0
Land Purchase	13,345	17,800	17,800	17,800
State of Michigan- Interest Free Principal Repayment	26,582	0	0	0
Fees and Commissions	8,840	15,300	15,500	3,500
<b>TOTAL EXPENDITURES</b>	<b>\$57,179</b>	<b>\$41,000</b>	<b>\$41,200</b>	<b>\$26,200</b>
1) 2004 construction of gas lines to the new industrial park				
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues over Expenditures	\$124,617	\$118,000	\$115,300	\$15,800
Fund Balance - Beginning of Year	181,473	306,090	424,090	424,090
<b>FUND BALANCE AT YEAR END</b>	<b>\$306,090</b>	<b>\$424,090</b>	<b>\$539,390</b>	<b>\$439,890</b>

The James E. Potvin Industrial Park is a "**Certified Business Park**". The Harry VanderJagt Industrial Park and the Cadillac Industrial Park were built as **Certified Industrial Parks**.





James E. Potvin  
Industrial Park  
Speculation  
Building  
is the second  
building  
within the new  
industrial park

Available for  
sale.



***Special Assessment Capital Projects Fund***



***2007-2008  
Annual Operating Budget***

## 2007-2008 Major Construction Projects

Project Name	<i>Source of Funds:</i>					Total
	Special Assessment	Grant	Local Street	Utilities Fund	Major Street	
Alley from Evert and Henry			\$10,000			<b>\$10,000</b>
Industrial Park Repaving	\$40,000	\$800,000	\$40,000			<b>\$880,000</b>
Kentucky Street from Michigan to city limits	\$30,000					<b>\$30,000</b>
Nelson Street from Mitchell to Washington			\$136,500	\$80,000		<b>\$216,500</b>
Jonathan Street from Newland to end	\$47,000			\$20,000		<b>\$67,000</b>
Snider Street from Chestnut to Walnut	\$18,000					<b>\$18,000</b>
West Garfield Street from May to South Garfield			\$25,000	\$10,000		<b>\$35,000</b>
South Garfield Street from West of Holbrook			\$15,000			<b>\$15,000</b>
North Street from Mitchell to Shelby				\$35,000	\$55,000	<b>\$55,000</b>
Park Street from River to Chapin Street		\$450,000		\$40,000		<b>\$490,000</b>
<b>Total Projects</b>	<b>\$135,000</b>	<b>\$1,250,000</b>	<b>\$40,000</b>	<b>\$185,000</b>	<b>\$0</b>	<b>\$1,610,000</b>

Note: The Special Assessment portions of the construction activity are accounted for in this fund.



***River Street  
Bridge Project  
2005***

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>REVENUES</b>				
State of Michigan	\$0	\$275,000	\$630,400	<b>\$0</b>
Water & Sewer	0	31,000	114,500	<b>0</b>
Major Streets	0	426,500	208,400	<b>0</b>
Local Streets	0	0	45,000	<b>0</b>
Interest Income - Special Assessment	20,653	20,000	6,000	<b>20,000</b>
Special Assessment	88,132	1,000	30,000	<b>175,000</b>
Interest Income	2,263	2,000	1,000	<b>2,000</b>
<b>TOTAL REVENUES</b>	<b>\$111,048</b>	<b>\$755,500</b>	<b>\$1,035,300</b>	<b>\$197,000</b>
<b>EXPENDITURES</b>				
Audit	\$2,000	\$2,000	\$2,200	<b>\$2,200</b>
Principal Payment	11,250	\$11,300	0	<b>11,300</b>
Interest Expense	1,647	\$700	0	<b>500</b>
Special Projects	94,523	458,500	998,300	<b>95,000</b>
<b>TOTAL EXPENDITURES</b>	<b>\$109,420</b>	<b>\$472,500</b>	<b>\$1,000,500</b>	<b>\$109,000</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenses	\$1,628	\$283,000	\$34,800	<b>\$88,000</b>
Fund Balance - Beginning of Year	36,199	37,827	320,827	<b>320,827</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$37,827</b>	<b>\$320,827</b>	<b>\$355,627</b>	<b>\$408,827</b>

	Fiscal Year Ending June 30,			
	AUDIT 2006	ESTIMATED 2007	Budget CURRENT 2007	PROPOSED 2008
<b>EXPENDITURES</b>				
Audit	\$2,000	\$2,000	\$2,200	\$2,200
Principal Payment	11,250	11,300	0	11,300
Interest Expense	1,647	700	0	500
<b>Total Other</b>	<b>\$14,897</b>	<b>\$14,000</b>	<b>\$2,200</b>	<b>\$14,000</b>

**Principal and Interest Payments**

These payments come from an internal loan made in 2004 from the Cadillac Development Fund. The outstanding balance on this loan is \$22,500. 2008 this loan will be paid in full.

Special Projects - Listed Below:

**Construction - Utilities**

Nelson Street	\$0	\$0	\$0	\$0
North Street	\$0	\$0	\$0	0
Jonathan Street	\$0	\$0	\$0	0
North Boulevard	0	0	38,500	0
Pine Street	0	20,000	30,000	0
Paulster Street	0	7,000	0	0
Chestnut Street	0	4,000	0	0
Park Street	0	0	36,000	0
West Garfield Street	0	0	10,000	0
<b>Total Construction - Utilities</b>	<b>\$0</b>	<b>\$31,000</b>	<b>\$114,500</b>	<b>\$0</b>



**Sixth Street before**

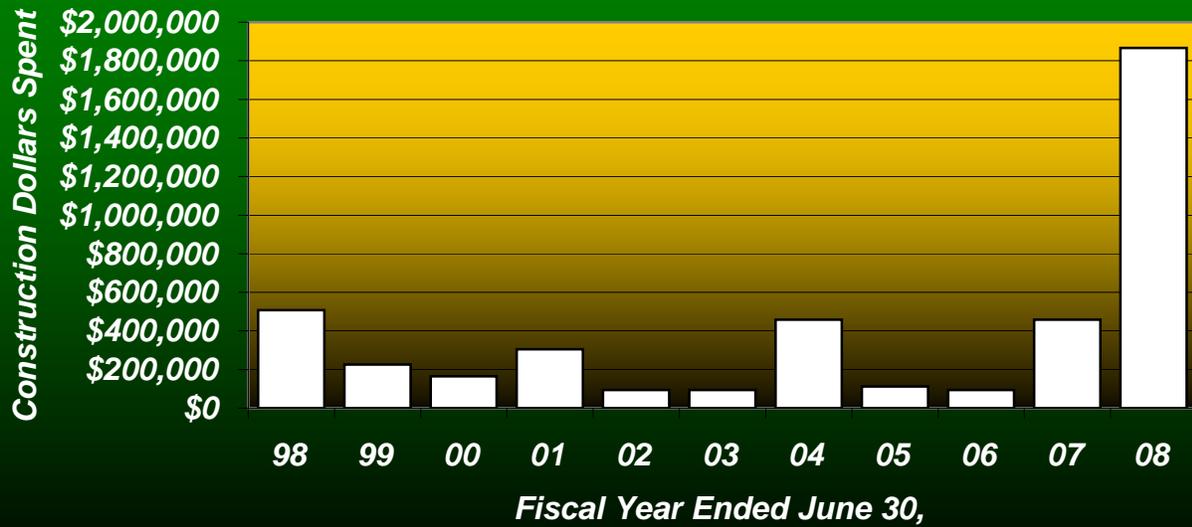


**Sixth Street after**

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b><u>EXPENDITURES (CONT'D)</u></b>				
<b>Construction - Local Street</b>				
Industrial Park Paving	0	0	0	\$0
Alley- Evert/Henry	0	0	0	0
Nelson Street	0	0	0	0
West Garfield	0	0	30,000	0
South Garfield	0	0	15,000	0
<b>Total Construction - Local Street</b>	<b>\$0</b>	<b>\$0</b>	<b>\$45,000</b>	<b>\$0</b>
<b>Construction - Special Assessment</b>				
Sidewalk	\$94,523	\$0	\$0	\$0
Kentucky Street	\$0	\$0	\$0	30,000
Jonathan Drive	0	500	0	47,000
Snider Street	0	500	0	18,000
<b>Total Construction - Special Assessment</b>	<b>\$94,523</b>	<b>\$1,000</b>	<b>\$0</b>	<b>\$95,000</b>
<b>Construction - Major Street</b>				
Ditch	0	0	0	\$0
North Street	0	0	0	0
River Street	0	10,000	0	0
North Boulevard	0	136,500	250,000	0
Chestnut Street	0	0	250,000	0
Park Street	0	20,000	50,000	0
Shelby Street	0	0	20,000	0
Lake Street Storm Sewer	0	0	133,800	0
Pine Street	0	260,000	135,000	0
<b>Total Construction - Major Street</b>	<b>\$0</b>	<b>\$426,500</b>	<b>\$838,800</b>	<b>\$0</b>
<b>TOTAL EXPENDITURES</b>	<b>\$109,420</b>	<b>\$472,500</b>	<b>\$1,000,500</b>	<b>\$109,000</b>

**Note:** A change in the way that major construction projects are accounted for has likewise changed the way that the projects are budgeted for. Costs of construction projects will be budgeted for only in the fund that will report the costs at year end.

## Construction Projects



Stimson Street before construction



Stimson Street after construction

The Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Permanent Funds, Pension Trust, and Agency Funds. Permanent Funds and Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Agency funds are custodial in nature and are not budgeted.

### **Pension Trust Fund**

**Police and Fire Retirement System** - Maintained under the State of Michigan Act 345, this retirement fund is for police and fire personnel of the City.

### **Permanent Funds**

**Cemetery Perpetual Care Fund** - Perpetual care of a cemetery lot is part of the purchase price. This principal amount is an endowment and the interest is used to maintain the cemetery operation.

**Capital Projects Trust Fund** - The gain from the sale of the City's investment in an electric cogeneration plant has been set aside as an endowment for capital projects. Investment earnings from the endowment will be used for capital projects as deemed appropriate by the City Council.

**2007-2008**

	Police and Fire Retirement	Cemetery Perpetual Care	Capital Projects Trust	Total
<b>Revenues</b>				
Employer Contributions	\$440,000			<b>\$440,000</b>
Employee Contributions	45,000			<b>45,000</b>
Interest Income	131,000	29,700	39,000	<b>199,700</b>
Realized gains	300,000	10,000	20,000	<b>330,000</b>
Investment Expenses	(60,000)			<b>(60,000)</b>
Sale of Lots		10,700		<b>10,700</b>
Contribution-Private Sources				<b>0</b>
<b>Total Revenues</b>	<b>856,000</b>	<b>50,400</b>	<b>59,000</b>	<b>965,400</b>
<b>Expenditures</b>				
Retirement Benefits	465,000			<b>465,000</b>
Audit	1,500	1,000	400	<b>2,900</b>
Actuarial	18,000			<b>18,000</b>
Contribution - Cemetery Operating		29,700		<b>29,700</b>
Contribution - Local Street			10,000	<b>10,000</b>
<b>Total Expenditures</b>	<b>484,500</b>	<b>30,700</b>	<b>10,400</b>	<b>525,600</b>
Excess (Deficiency) of Revenues Over Expenditures	371,500	19,700	48,600	<b>439,800</b>
Beginning Fund Balance	5,888,357	486,740	771,302	<b>7,146,399</b>
Ending Fund Balance	<b>6,259,857</b>	<b>506,440</b>	<b>819,902</b>	<b>7,586,199</b>

# ***Police and Fire Retirement Fund***

***CITY OF  
CADILLAC  
MICHIGAN***



***2007-2008  
Annual Operating Budget***

# City of Cadillac Police and Fire Retirement System

The retirement system was authorized by a vote of the Citizens of Cadillac in 1977 when they agreed to an added millage to cover the costs of the retirement system for the police and fire employees. Michigan Public Act 345 governs the activities of the system. The board of directors have the responsibility of governing the system and maintaining an actuarially sound fund.

The *financial objective* is to establish and receive contributions, expressed as a percent of active payroll, which will remain approximately level from year to year and will not be increased for future generations. The system is supported by City contributions and investment income from the retirement assets. To fund the system, the City contributes 35.39% of the police member salaries and 35.40% of the fire members' salaries. Unfunded actuarial liabilities are amortized as a level percent of active member payroll over a period of years. Asset valuation method is the smoothed market value basis and the system uses the entry age normal actuarial cost method. The system is meeting its funding requirements. The system is 62.8% funded. In 2001 the police officers and the fire officers agreed to an employee deduction to cover the actuarial costs of increasing the retirement factor from 2.0 to 2.5. This resulted in an employee contribution negotiated and capped at 3%, therefore the City is required to make up any difference

In July 2006 the Police and Fire Retirement System removed their investment managers and contracted with the Municipal Employees Retirement System of Michigan to manage the investments. Since then the returns have been more significant.

There are twenty eight retirees and beneficiaries on the *retirement rolls* as of June 30, 2006. Annual pensions of \$429,435 are paid from the revenue stream of the retirement system. The average annual pension is \$15,337, which increased 3.15% from last year. The average age at retirement was 52.5 years of age and those retirees current average age is 66.3 years old.

There are 27 *active members* in this retirement system. The average age of the active members is 42.6 and the average length of service is 14.1 years. The average salary is \$53,225. This is 0.6% lower than the previous year.

For every retiree there is one active employee in the retirement system.

The board, in conformance with P.A. 345, consists of two citizens approved by the City Council, the City treasurer, a firefighter and a police officer.

## Board of Directors:

Jay Thiebaut - *Chairperson*  
Citizen

Jan Nelson - *Secretary/Treasurer*  
City Treasurer

Dan Brooks  
Citizen

Chris Shankland  
Firefighter

Eric Eller  
Police Officer

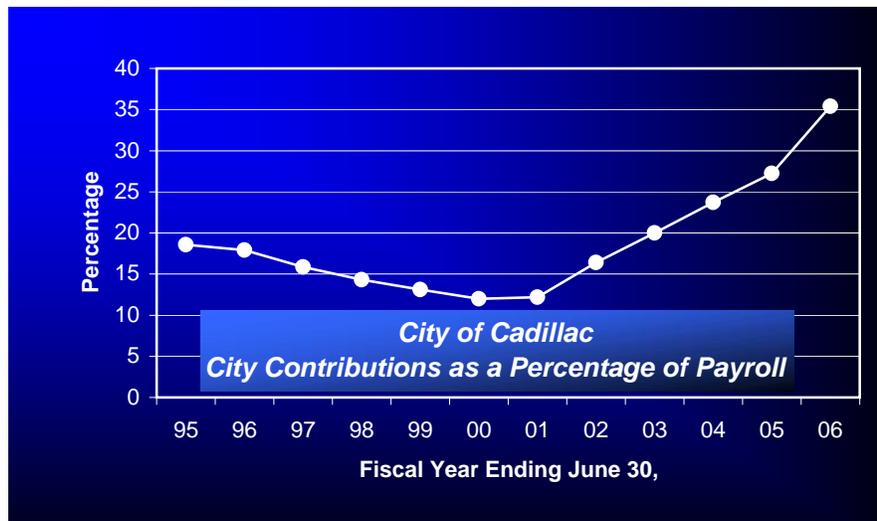
Jay Thiebaut, a local CPA and Dan Brooks, a local insurance agent, have been on the Police and Fire Retirement Board volunteering their time for over twenty years. These gentlemen reflect the dedication and commitment to this community by countless numbers of citizens who give freely of their time to make this an exceptional area to live.

	<i>Fiscal Year Ending June 30,</i>			
	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b><u>ADDITIONS</u></b>				
Contributions - Employer	469,725	\$365,000	\$500,000	<b>\$440,000</b>
Contributions - Employee	42,125	\$46,000	\$60,000	<b>45,000</b>
Interest and Dividend Income	130,581	115,000	\$100,000	<b>131,000</b>
Realized and Unrealized Appreciation (Depreciation) in Aggregate Current Value of Securities	295,734	60,000	100,000	<b>300,000</b>
Investment Expenses	(58,521)	(60,000)	(60,000)	<b>(60,000)</b>
<b>TOTAL ADDITIONS</b>	<b>\$879,644</b>	<b>\$526,000</b>	<b>\$700,000</b>	<b>\$856,000</b>
<b><u>DEDUCTIONS</u></b>				
Benefit Payments				
Retirement	\$434,449	\$440,000	\$440,000	<b>465,000</b>
Administrative Expenses				
Audit	0	1,400	1,400	<b>1,500</b>
Actuarial	10,175	10,000	20,000	<b>18,000</b>
<b>TOTAL DEDUCTIONS</b>	<b>\$444,624</b>	<b>\$451,400</b>	<b>\$461,400</b>	<b>\$484,500</b>
<b>Net Increase (Decrease) in Plan Assets</b>	<b>\$435,020</b>	<b>\$74,600</b>	<b>\$238,600</b>	<b>\$371,500</b>
Net Assets Held in Trust for Pension Benefits				
Beginning of Year	<b>\$5,378,737</b>	<b>\$5,813,757</b>	<b>\$5,813,757</b>	<b>\$5,888,357</b>
End of Year	<b>\$5,813,757</b>	<b>\$5,888,357</b>	<b>\$6,052,357</b>	<b>\$6,259,857</b>

	<u>Police</u>	<u>Fire</u>
Average Age	43.2	41.7
Average Years of Service	15.8	11.7
Average Annual Pay	\$54,117	\$51,928

**Summary of Active Members**

Valuation Date	Active Members	Valuation Payroll	Age	Average Service	Average Payroll
June 30, 1996	29	1,135,240	39.1	11.6	\$39,146
1997	30	1,197,184	39.2	11.8	\$39,906
1998	29	1,188,026	39.7	12.2	\$40,966
1999	29	1,274,419	39.8	11.6	\$43,945
2000	29	1,347,171	40.8	12.6	\$46,454
2001	29	1,406,654	41.8	13.6	\$48,505
2002	28	1,352,466	41.4	12.5	\$48,302
2003	26	1,237,171	41.5	13.1	\$47,584
2004	27	1,391,450	41.2	12.6	\$51,535
2005	27	1,446,234	41.6	13.1	\$53,564
2006	27	1,437,073	42.6	14.1	\$53,225

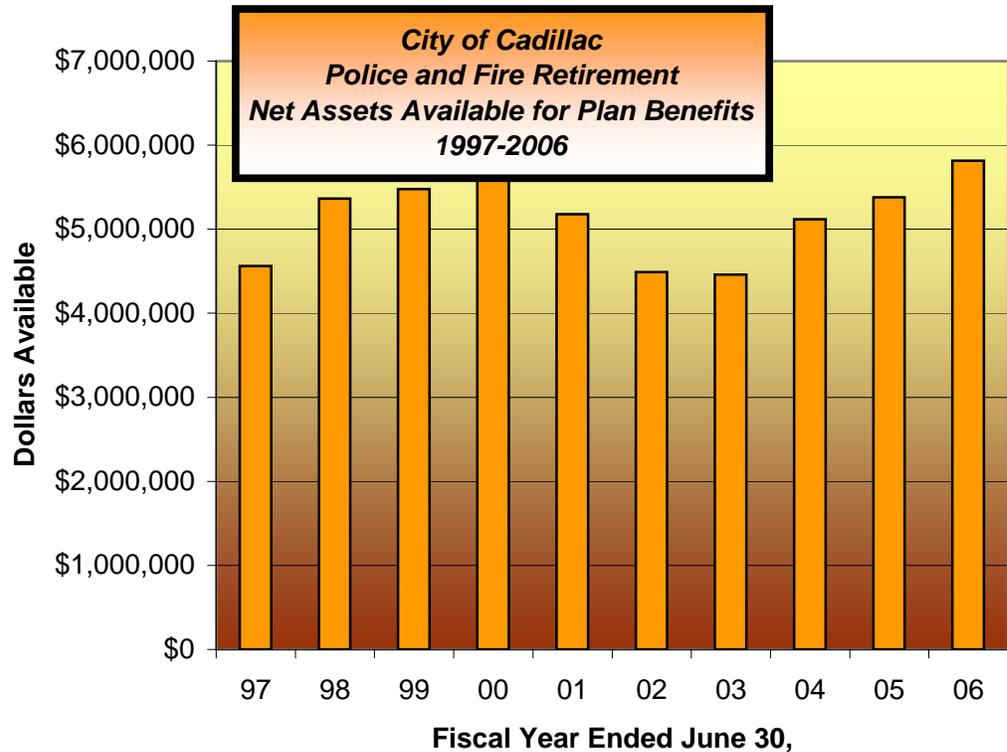


The rates are moving upward as a result of a declining stock market, low interest rates, and additional benefits.

**Contribution Rates**

The Retirement System is supported by City contributions and investment income generated by retirement system assets. Contributions which satisfy the funding objective are determined by an annual actuarial valuation and are sufficient to:

1. Cover the actuarial present value of benefits assigned to the current year by the actuarial cost methods; and
2. Amortize over a period of future years the actuarial present value of benefits not covered by valuation assets and anticipated future normal costs (unfunded actuarial accrued liability).



City Dive Team during practice rescue

**Summary of Actuarial Methods and Assumptions**

Valuation Date	June 30, 2004
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	14
Asset Valuation Method	5-year smoothed market

**Assumptions:**

Investment Rate of Return	7.0%
Projected Salary Increases	4.5%
Assumed Rate of Payroll Growth	4.0%
Assumed Rate of Membership Growth	0.0%

Recognized Rate of Investment Return for the Fiscal Year Ended June 30,

2006	1.80%	2002	0.80%
2005	-1.20%	2001	5.70%
2004	-0.70%	2000	9.60%
2003	-2.10%	1999	11.00%

**Five year average recognized rate of investment return is (0.5%).**

**Brief Summary of Act 345 Benefits & Conditions:**

**Eligibility:**

**Amount:**

***Regular Retirement***

Age 50 with 25 or more years of service or age 60 regardless of service.

Straight life pension equals 2.5% of 5 year average final compensation (AFC) times first 25 years of service plus 1% of AFC times years of service in excess of 25 years.

***Deferred Retirement***

10 or more years of service.

Computed as service retirement but based upon service, AFC and benefit in effect at termination. Benefit begins at the date the member would have been eligible to retire if employment had continued.

***Death After Retirement***

Payable to a surviving spouse, if any, upon the death of a retired member who was receiving a straight life pension which was effective July 1, 1975 or later.

Spouse's pension equals 60% of the straight life pension the deceased retiree was receiving.

***Duty Disability Retirement***

Payable upon the total and permanent disability of a member in the line of duty.

To age 55: 50% of AFC. At age 55: same credit as service retirement pension with service credit from date of disability to age 55.

***Non-Duty Disability Retirement***

Payable upon the total and permanent disability of a member with 5 or more years of service.

To age 55: 1.5% of AFC times years of service. At age 55: same as service retirement pension.

***Duty Death in Service Retirement***

Payable upon the expiration of worker's compensation to the survivors of a member who died in the line of duty.

Same amount that was paid by Worker's Compensation.

***Non-Duty Death in Service Retirement***

Payable to a surviving spouse, if any, upon the death of a member with 20 or more years of service.

Accrued straight life pension actuarially reduced in accordance with an Option 1 election.

**Member Contribution:**

Police members contribute 3% to the system to pay for an increase in the benefit multiplier.

*Fire responded to by City Fire Department*



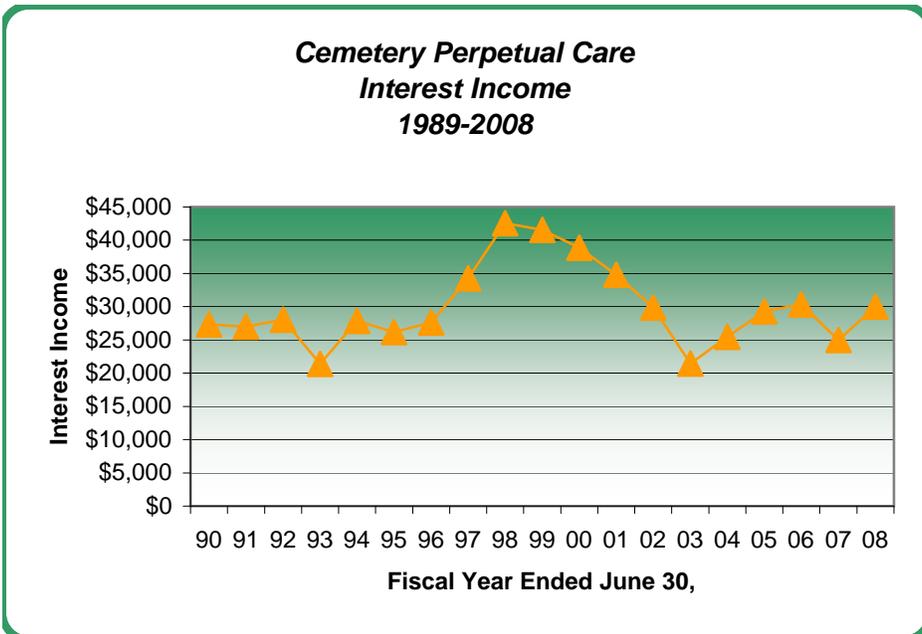
# *Cemetery Perpetual Care Fund*



**2007-2008  
Annual Operating Budget**

## Cemetery Perpetual Care

The **Cemetery Perpetual Care Fund** is a non-expendable trust fund established to maintain the operation of the cemetery. With endowed assets of \$500,000, the generation of interest income from the funds is used for the primary purpose of maintaining the cemetery on a self-funding basis and helps offset normal operating costs. This fund is accounted for on an accrual basis. Revenue projections for the investments are based on the estimated investment climate, while the sale of cemetery lots which generate perpetual care income is based on a historical trend. All of the interest income is transferred to the Cemetery Operating Fund to assist in the daily operation of the cemetery.



Interest income declined as the market conditions reflect a receding investment climate from 1998 through 2003. Market conditions are looking more favorable in 2004-2008.

A portion of each sale of a cemetery lot is designated for perpetual care and is set aside into this trust fund to maintain a well manicured cemetery. A normal burial plot costs \$475 and 50% of the cost is set aside into this fund for endowment. The amount of interest earned is dependent upon the investment market each year.

*Through foresight and planning, the Cemetery Board of Directors helps ensure a stable and self-sufficient cemetery operation. This cemetery is one of only a handful in Michigan that is self-supporting from operational monies and is not supported with tax dollars.*

The Maple Hill Cemetery Fence Project is now in its second phase. Phase I, which cost approximately \$47,000 to complete, involved the installation of nearly 2,100 linear feet of decorative fencing along the west property line of the cemetery. Phase II involves the purchase and installation of two pillars at the south entrance and the relocation of an existing pillar to the south property corner. Phase II also includes the refurbishment of the existing wrought iron gates at the north and center entrances to the cemetery. The Cemetery Fence Committee is currently working on a plan to raise the estimated \$65,000 needed to complete Phase II. To date, approximately \$60,000 has been raised to cover the cost of both phases which is estimated \$112,000.



Fiscal Year Ending June 30,

Budget

**REVENUES**

Perpetual Care of Lots  
Gain on investments  
Interest Income

**TOTAL REVENUES**

**EXPENDITURES**

Audit  
Transfer out - Cemetery Operating

**TOTAL EXPENDITURES**

**FUND BALANCE AT YEAR END**

Net Change in Fund Balance

Fund Balance - Beginning of Year

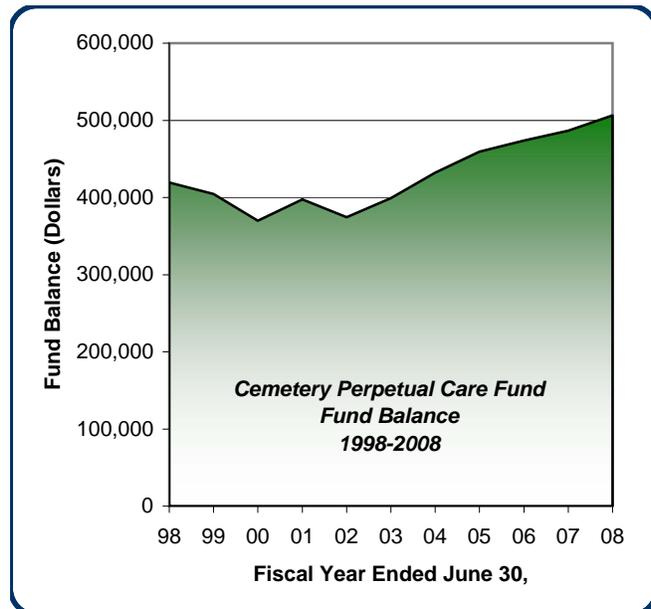
**FUND BALANCE - END OF YEAR**

	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
Perpetual Care of Lots	\$14,393	\$14,000	\$10,000	<b>\$10,700</b>
Gain on investments	815	0	0	<b>10,000</b>
Interest Income	30,370	25,000	25,000	<b>29,700</b>
<b>TOTAL REVENUES</b>	<b>\$45,578</b>	<b>\$39,000</b>	<b>\$35,000</b>	<b>\$50,400</b>
Audit	\$1,000	\$1,000	\$1,000	<b>\$1,000</b>
Transfer out - Cemetery Operating	30,370	25,000	25,000	<b>29,700</b>
<b>TOTAL EXPENDITURES</b>	<b>\$31,370</b>	<b>\$26,000</b>	<b>\$26,000</b>	<b>\$30,700</b>
Net Change in Fund Balance	\$14,208	\$13,000	\$9,000	<b>\$19,700</b>
Fund Balance - Beginning of Year	459,532	473,740	486,740	<b>486,740</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$473,740</b>	<b>\$486,740</b>	<b>\$495,740</b>	<b>\$506,440</b>

**Board of Directors:**

Roy Wohlford, Jr., Chairperson  
Nick Nelson  
Del Packard  
Janice Nelson, Secretary  
Robert Johnson, Ex-Officio

The accumulated fund balance will grow in direct proportion with the number of cemetery lots sold. The principal will not be used as it preserves the future maintenance of the cemetery.





**Cemetery Facts:**

The Cemetery rates were last increased in 2006 by the City Council.

No sales staff solicits the sale of lots, so the number of lots sold will vary from year to year.

Only the interest earned is transferred for the operation of the cemetery.



**Maple Hill Cemetery**  
at a glance

# *Capital Projects Trust Fund*

CITY OF  
**CADILLAC**  
MICHIGAN



**2007-2008**  
***Annual Operating Budget***

## Capital Projects Trust Fund

Established in 1998, this fund is an endowment fund created by the City Council with the intent to be used for capital items such as public infrastructure. The City Council's intent is to use only the interest generated from the principal of the endowment. The funds came from the sale of the City's partnership interest in the electric cogeneration power plant. It is estimated that the investible funds will earn approximately 5% per annum under current market conditions. Several projects have been accomplished over the past few years as interest will allow. The City Council has a goal of paving all of the gravel streets within the City and this fund has helped in achieving that goal.

This fund is a Permanent Fund and is part of the Fiduciary Fund types. Permanent Funds are accounted and budgeted for in essentially the same manner as Proprietary Funds since capital maintenance is critical.



**Construction of Leisure Road**



### Fund Balance at June 30, 2006

Reserved for Capital Projects Endowment	\$728,102
Total	\$728,102

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2006	2007	2007	2008
<b>REVENUES</b>				
Contribution - Private Sources	\$0	\$0	\$0	0
Interest Income	3,803	3,600	5,000	39,000
Gain on Investments	55,460	60,000	0	20,000
<b>TOTAL REVENUES</b>	<b>\$59,263</b>	<b>\$63,600</b>	<b>\$5,000</b>	<b>\$59,000</b>
<b>EXPENDITURES</b>				
Audit	\$400	\$400	\$500	\$400
Contribution - Local Street	0	20,000	0	10,000
<b>TOTAL EXPENDITURES</b>	<b>\$400</b>	<b>\$20,400</b>	<b>\$500</b>	<b>\$10,400</b>
<b>FUND BALANCE</b>				
Excess (Deficiency) of Revenues Over Expenditures	\$58,863	\$43,200	\$4,500	\$48,600
Fund Balance - Beginning of Year	669,239	728,102	771,302	771,302
<b>FUND BALANCE - END OF YEAR</b>	<b>\$728,102</b>	<b>\$771,302</b>	<b>\$775,802</b>	<b>\$819,902</b>

Contributions

<u>Fiscal Year</u>	<u>Project</u>	<u>Amount</u>
1999	Cummer Street	\$12,028
2000	Alley behind Milliken's	\$10,194
2001	No activity	\$0
2002	Elm Street Triangle (gravel street)	\$33,900
2003	No activity	\$0
2004	Balsam Street (gravel street)	\$10,000
2005	No activity	\$0
2006	No activity	\$0
2007	Leisure Road (gravel street)	\$20,000
2008	Alley between Henry and Evert Streets (gravel)	\$10,000



**Leisure Road before construction. A gravel street was paved to accomplish one of the city council's goals.**

# ***Auto Parking Fund***

**CITY OF  
CADILLAC  
MICHIGAN**



***2007-2008  
Annual Operating Budget***

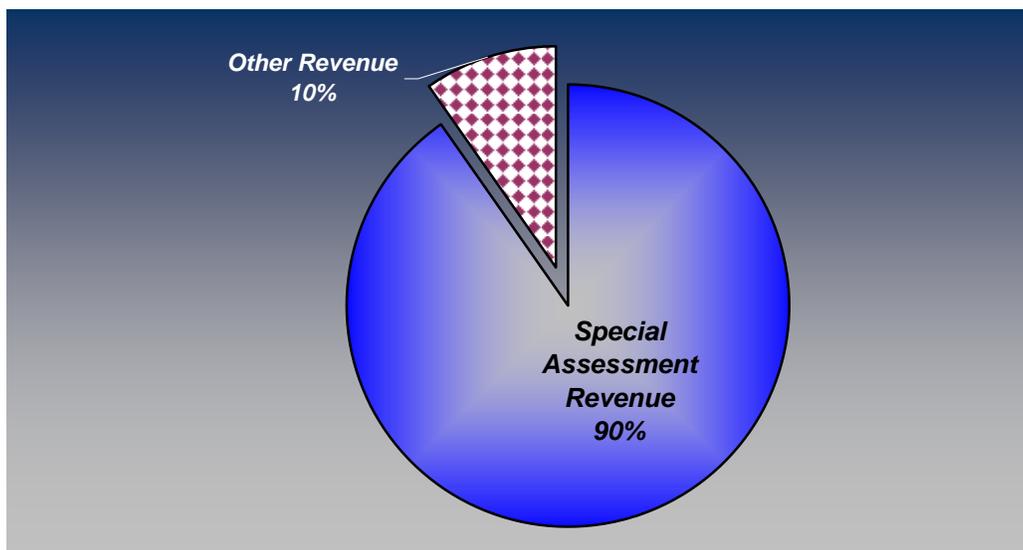
## Auto Parking Fund

The Auto Parking Fund is an enterprise fund established to collect revenues and pay expenses associated with maintenance, operation, enforcement and improvement to the downtown off-street parking lot system. The accounting as well as the budgeting occurs on an accrual basis.

The Auto Parking Fund has undergone significant change in the last thirty years. For many years and up to 1989, parking was funded by parking meters. From 1990 to 1994 it was funded through a voluntary contract system. Given the difficulties with non-payment and the fact that the contract system expired June 30, 1995, a special assessment was adopted as prescribed in the Shopping Area Redevelopment Act, P.A. 120 of 1961 (as amended) for a five year period, which expired June 30, 2000. A second five year special assessment was established through June 30, 2005 at the same rate. A third five year special assessment has been approved through the year 2010.

The current special assessment roll was developed by separating the downtown properties into two zones based on location: the Mitchell Street Zone and the Side Street Zone. Each property was then calculated an assessment based 50% on its assessable front footage and 50% on its net assessable square footage. A 200 square feet per private parking space parking credit was also included in the formula. Given the district over which the assessment is spread, it is estimated that \$45,600 per year will be received. The assessment represents 90% of the total revenues in this fund, which are used to cover the maintenance and snow removal of the parking lots.

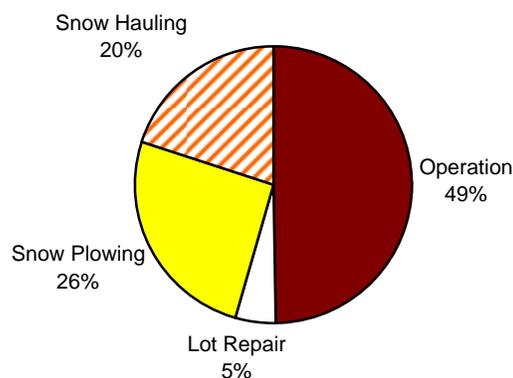
**Auto Parking Fund Revenue 2007-2008**



	Fiscal Year Ending June 30,			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>REVENUES</b>				
Parking Violations	\$3,070	\$2,500	\$2,000	<b>\$2,500</b>
Parking Permit Fees	1,507	1,900	1,600	<b>1,200</b>
Interest Income	3,741	4,000	2,300	<b>3,000</b>
Special Assessment	45,620	44,900	44,600	<b>45,000</b>
Surplus	0	0	0	<b>3,500</b>
<b>TOTAL REVENUES</b>	<b>\$53,938</b>	<b>\$53,300</b>	<b>\$50,500</b>	<b>\$55,200</b>
<b>EXPENDITURES</b>				
Operation	\$24,750	\$24,900	<b>\$25,000</b>	<b>\$27,500</b>
Lot Repair	2,110	5,600	<b>5,100</b>	<b>2,500</b>
Snow Plowing	11,472	9,400	<b>10,000</b>	<b>14,100</b>
Snow Hauling	9,402	9,000	<b>10,400</b>	<b>11,100</b>
<b>TOTAL EXPENDITURES</b>	<b>\$47,734</b>	<b>\$48,900</b>	<b>\$50,500</b>	<b>\$55,200</b>
<b>NET ASSETS AT YEAR END</b>				
Change in Net Assets	\$6,204	\$4,400	\$0	(\$3,500)
Net Assets - Beginning of Year	765,948	772,152	776,552	776,552
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$772,152</b>	<b>\$776,552</b>	<b>\$776,552</b>	<b>\$773,052</b>

**Expenses  
2007-2008**

Snow issues represent almost half of the budget.



	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>EXPENDITURES</b>				
<b>Operations</b>				
Salaries-Enforcement	\$2,716	\$2,500	\$2,500	<b>\$2,800</b>
Fringes	1,431	1,700	1,700	<b>2,400</b>
Office Supplies	149	200	200	<b>200</b>
Audit	800	800	900	<b>800</b>
Data Processing	2,900	2,900	2,900	<b>3,300</b>
Depreciation	16,754	16,800	16,800	<b>18,000</b>
<b>Total Operations</b>	<b>\$24,750</b>	<b>\$24,900</b>	<b>\$25,000</b>	<b>\$27,500</b>
<b>Lot Repair</b>				
Salaries	\$442	\$200	\$300	<b>\$0</b>
Fringes	229	100	0	<b>0</b>
Operating Supplies	1,156	5,000	4,800	<b>2,500</b>
Equipment Rental	283	300	0	<b>0</b>
<b>Total Lot Repair</b>	<b>\$2,110</b>	<b>\$5,600</b>	<b>\$5,100</b>	<b>\$2,500</b>
<b>Snow Plowing</b>				
Salaries	\$2,687	\$2,100	\$2,600	<b>\$2,700</b>
Fringes	1,247	1,200	1,500	<b>1,600</b>
Operating Supplies	9	100	0	<b>0</b>
Equipment Rental	7,529	6,000	5,900	<b>9,800</b>
<b>Total Snow Plowing</b>	<b>\$11,472</b>	<b>\$9,400</b>	<b>\$10,000</b>	<b>\$14,100</b>
<b>Snow Hauling</b>				
Salaries	\$2,541	\$2,000	\$2,200	<b>\$2,300</b>
Fringes	1,210	1,000	1,300	<b>1,300</b>
Equipment Rental	5,651	6,000	6,900	<b>7,500</b>
<b>Total Snow Hauling</b>	<b>\$9,402</b>	<b>\$9,000</b>	<b>\$10,400</b>	<b>\$11,100</b>
<b>TOTAL EXPENDITURES</b>	<b>\$47,734</b>	<b>\$48,900</b>	<b>\$50,500</b>	<b>\$55,200</b>

**Source and Use of Funds For Capital Improvements**

2007-2008

**Source of Funds**

Operational funds \$0

**Total Source of Funds** \$0

**Use of Funds**

No projects planned 0

**Total Use of Funds** \$0

**Cash Flow Analysis**

2007-2008

**Additions:**

Excess Revenue over Expenditures (\$3,500)  
 Depreciation \$18,000

**Total Additions** \$14,500

**Deductions:**

0

**Total Deductions** \$0

**Net Increase in Cash Flow** \$14,500



Lakeside Title purchased a historic building in the downtown area and remodeled it to a modern office building complex.



Internal Service Funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the City. Since the services and commodities are supplied exclusively to programs under the City's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in general, special revenue or enterprise funds.

The City of Cadillac Central Stores and Municipal Garage Fund, Data Processing Fund, Self-Insurance Fund and Safety Fund make up the Internal Service Funds category.

**Central Stores and Municipal Garage Fund** - Operates the motor pool for the City.

**Data Processing Fund** - Provides computer services to the various internal and external agencies that use the City's computers.

**Self-Insurance Fund** - A self-funded account that provides for hospitalization and life insurance for municipal employees at a limited amount of risk to the City.

**Safety Fund** - This fund was created to educate and encourage safety throughout the City organization.

**2007-2008**

<u>Revenues</u>	<u>Stores and Garage</u>	<u>Data Processing</u>	<u>Self-Insurance</u>	<u>Employee Safety Fund</u>	<u>Total</u>
Services and Materials	\$26,000				\$26,000
Equipment Rental	659,000				659,000
Interest Income	2,900	\$3,500	\$20,000	400	26,800
Sale of Surplus Material	6,000	\$2,000			8,000
Intergovernmental Services		325,300		\$9,000	334,300
Employer Contribution			971,300		971,300
Employee Contribution			40,000		40,000
Surplus				8,000	8,000
<b>Total Revenues</b>	<b>\$693,900</b>	<b>\$330,800</b>	<b>\$1,031,300</b>	<b>\$17,400</b>	<b>\$2,073,400</b>
<b>Expenditures</b>					
Administration	\$613,800		\$18,400	\$17,000	\$649,200
Outside Work	21,300				21,300
Building & Grounds	3,800				3,800
Operating		298,800			298,800
Audit			1,000	400	1,400
Reinsurance			572,000		572,000
Benefit Payments			325,500		325,500
<b>Total Expenditures</b>	<b>\$638,900</b>	<b>\$298,800</b>	<b>\$916,900</b>	<b>\$17,400</b>	<b>\$1,872,000</b>
<b>Change in Net Assets (1)</b>	<b>\$55,000</b>	<b>\$32,000</b>	<b>\$114,400</b>	<b>(\$8,000)</b>	<b>\$193,400</b>
<b>Total Net Assets - Beginning of Year</b>	<b>551,696</b>	<b>312,245</b>	<b>1,055,692</b>	<b>11,967</b>	<b>1,931,600</b>
<b>Total Net Assets - End of Year</b>	<b>\$606,696</b>	<b>\$344,245</b>	<b>\$1,170,092</b>	<b>\$3,967</b>	<b>\$2,125,000</b>

(1) Excludes "Surplus." Surplus indicates the use of prior year's earnings to balance current budget. The budget staff has determined that sufficient prior year's earnings are available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section on page 35-40.

## ***Stores and Garage Fund***

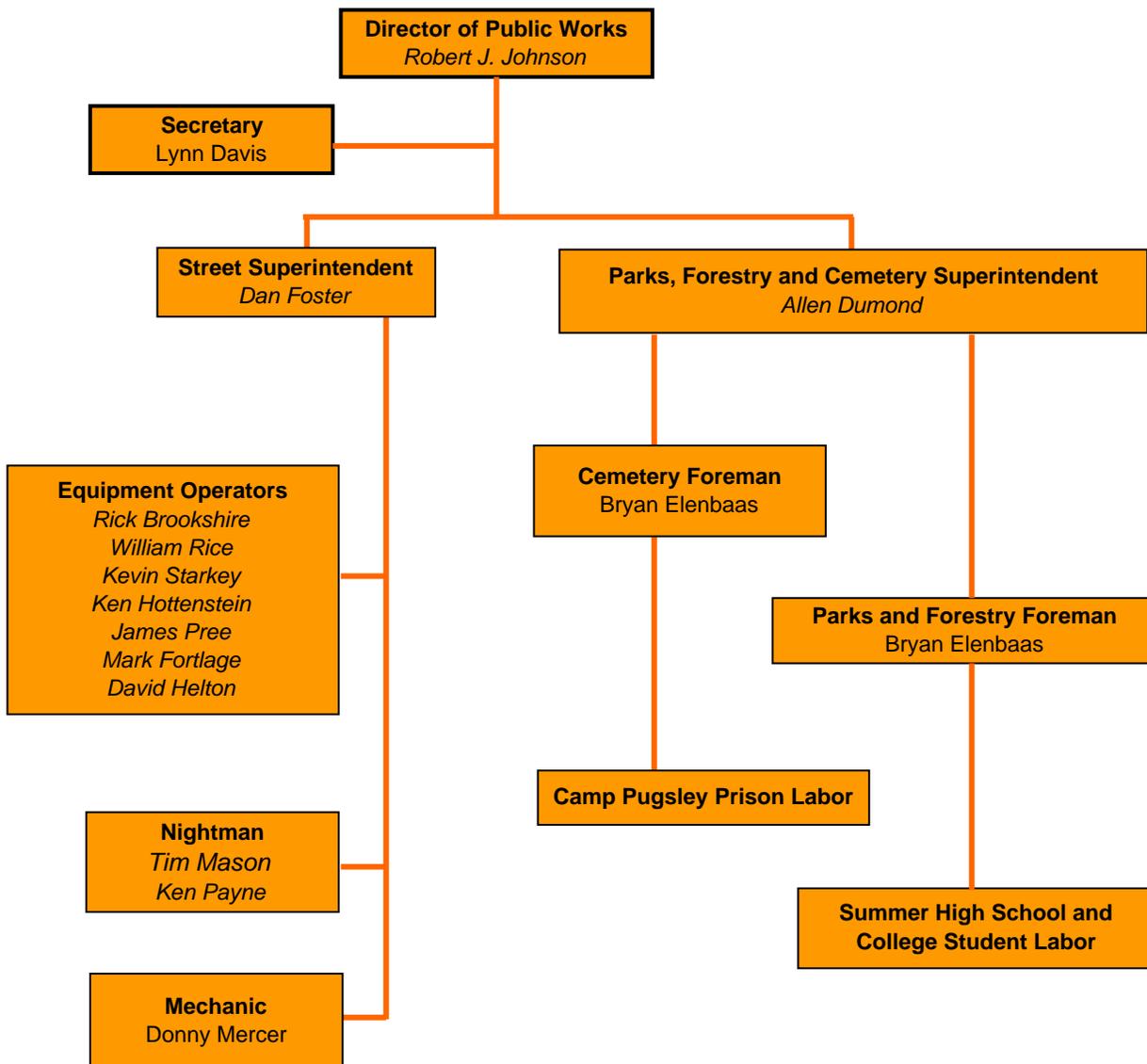
**CITY OF  
CADILLAC  
MICHIGAN**



***2007-2008  
Annual Operating Budget***

## Central Stores and Municipal Garage Fund

This fund is used to record the operations of the Central Stores Purchasing Department as well as provide equipment and manpower for various street construction and maintenance activities. This fund provides services to the Major Street Fund, Local Street Fund, General Fund, Cemetery Operating Fund, and several other City-operated funds. The major source of revenue for this fund is supplied by equipment rental rates. This fund owns all of its own equipment and rents it to the other funds at a base rate established by the State of Michigan. Occasionally an internal factor is added to the base rate to cover future equipment acquisitions. The internal rate for 2004 - 2007 is 3%. In 2007-2008 it will be raised to 25% to cover additional costs.. Services and materials revenue is for work done for taxpayers such as brush removal, parking lot cleaning and/or tree removal.



	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Charges for Services:				
Services & Materials	\$31,067	\$22,700	\$15,000	<b>\$26,000</b>
Equipment Rental	498,347	462,300	568,700	<b>659,000</b>
Miscellaneous				
Interest Income	55	100	0	<b>2,900</b>
Sale of Surplus Material	6,623	0	0	<b>6,000</b>
Refunds and Rebates	958	0	100	<b>0</b>
Surplus	0	0	0	<b>0</b>
<b>TOTAL REVENUES</b>	<b>\$537,050</b>	<b>\$485,100</b>	<b>\$583,800</b>	<b>\$693,900</b>
<b>EXPENSES</b>				
Administration	\$631,478	\$599,500	\$581,800	<b>\$613,800</b>
Outside Work	17,780	18,900	25,000	<b>21,300</b>
Building & Grounds	6,136	4,400	4,600	<b>3,800</b>
<b>TOTAL EXPENSES</b>	<b>\$655,394</b>	<b>\$622,800</b>	<b>\$611,400</b>	<b>\$638,900</b>
<b>NET ASSETS AT YEAR END</b>				
Change in Net Assets	(\$118,344)	(\$137,700)	(\$27,600)	<b>\$55,000</b>
Total Net Assets - Beginning of Year	807,740	689,396	551,696	<b>551,696</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$689,396</b>	<b>\$551,696</b>	<b>\$524,096</b>	<b>\$606,696</b>

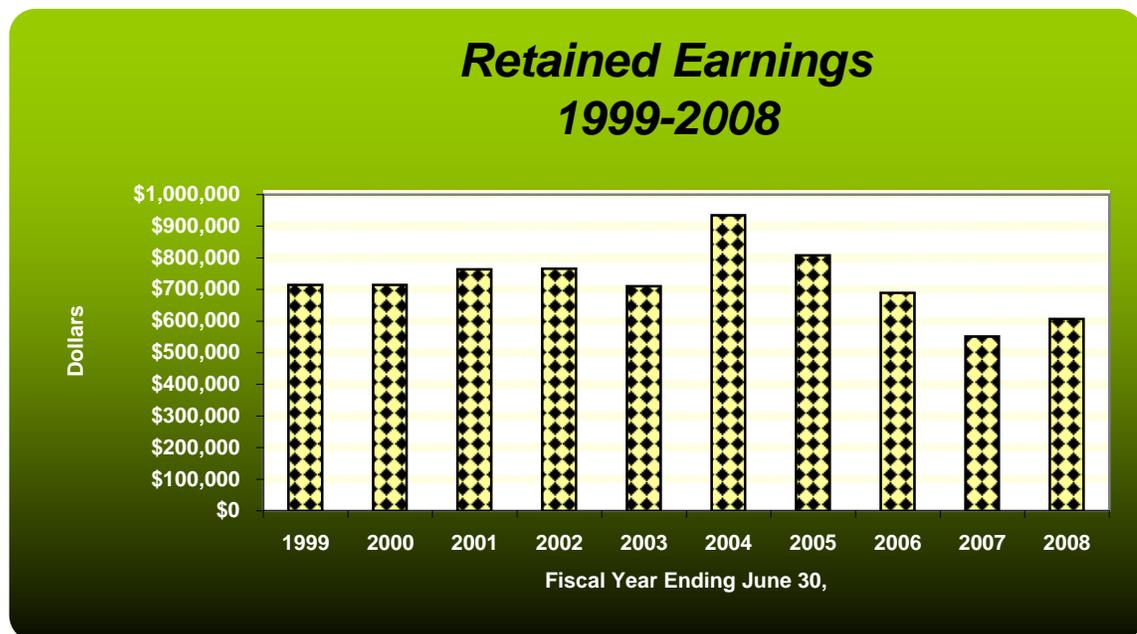
Equipment Rental is responsible for 95% of the revenues for 2007-2008. This increase from the previous year is a result of increasing charges for equipment. Over 150 pieces of equipment are in this fund ranging from plow trucks to trailers. In addition to equipment, the Stores and Garage Fund is responsible for the City inventory of items such as salt, salt/sand mix and other items used on a regular basis. This fund had deficits planned in the past few years in an effort to reduce the size of the Retained Earnings but will begin to develop a profit basis once again. The trucks used by Public Works Superintendents have been leased.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	ESTIMATED	Budget	
<b>EXPENSES</b>	2006	2007	CURRENT 2007	PROPOSED 2008
<b>Administration</b>				
Salaries - Regular	162,801	171,400	154,900	<b>155,500</b>
Salaries - Part Time	52	0	0	<b>0</b>
Fringes	94,012	87,900	78,800	<b>80,200</b>
Operating Supplies	116,765	85,100	79,900	<b>80,100</b>
Property Taxes	1,646	2,100	0	<b>2,100</b>
Contractual Services	38	1,000	1,000	<b>1,000</b>
Legal	0	0	0	<b>1,000</b>
Audit	3,000	3,000	3,000	<b>3,200</b>
Data Processing	21,000	21,000	21,000	<b>21,000</b>
Travel & Education	1,351	1,500	2,900	<b>1,400</b>
Insurance	18,748	15,300	20,000	<b>19,300</b>
Utilities	22,397	20,000	25,700	<b>22,700</b>
Telephone	1,057	1,100	1,100	<b>1,100</b>
Employee Safety	900	900	900	<b>1,700</b>
Administration	44,000	47,400	47,400	<b>45,700</b>
Depreciation	125,896	122,000	117,000	<b>130,000</b>
Equipment Maintenance	10,138	12,000	18,600	<b>15,000</b>
Vehicle Lease	7,677	7,800	9,600	<b>7,800</b>
Interest Expense	0	0	0	<b>25,000</b>
<b>Total Administration</b>	<b>\$631,478</b>	<b>\$599,500</b>	<b>\$581,800</b>	<b>\$613,800</b>

Administrative salaries are divided among several funds and this fund has an allocation of:

<b>Robert Johnson</b>	<i>Director of Public Works</i>	60%
<b>Dan Foster</b>	<i>Street Superintendent</i>	20%
<b>Al Dumond</b>	<i>Parks/Cemetery Superintendent</i>	15%
<b>Lynn Davis</b>	<i>Secretary</i>	55%

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>EXPENSES (Cont.)</b>				
<b>Outside Work</b>				
Salaries	\$5,015	\$6,200	\$8,400	<b>\$6,800</b>
Fringes	2,510	3,200	4,800	<b>4,000</b>
Supplies	7,258	2,500	4,900	<b>5,200</b>
Equipment Rental	2,997	7,000	6,900	<b>5,300</b>
<b>Total Outside Work</b>	<b>\$17,780</b>	<b>\$18,900</b>	<b>\$25,000</b>	<b>\$21,300</b>
<b>Building &amp; Grounds</b>				
Salaries	\$1,798	\$1,200	\$2,200	<b>\$1,900</b>
Fringes	765	800	1,300	<b>1,000</b>
Operating Supplies	62	1,400	100	<b>100</b>
Contractual Services	378	1,000	1,000	<b>300</b>
Repair and Maintenance	2,433	0	0	<b>500</b>
Equipment Rental	700	0	0	<b>0</b>
<b>Total Building &amp; Grounds</b>	<b>\$6,136</b>	<b>\$4,400</b>	<b>\$4,600</b>	<b>\$3,800</b>
<b>TOTAL EXPENSES</b>	<b>\$655,394</b>	<b>\$622,800</b>	<b>\$611,402</b>	<b>\$638,900</b>



**Source and Use of Funds For Capital Improvements**

2006-2007

**Source of Funds:**

Investments	\$135,000	
<b>Total Source of Funds</b>	<u>135,000</u>	<u><u>\$135,000</u></u>

**Use of Funds:**

**Equipment:**

Salt Storage Building	135,000	
	<u>135,000</u>	
<b>Total Use of Funds</b>		<u><u>\$135,000</u></u>

*Footnote:* Replace an outdated and inefficient building with a new state-of-the-art facility. Cost savings from manpower and material repairs is approximately \$1,200 per year.

**Cash Flow Analysis**

2006-2007

**ADDITIONS:**

Depreciation	\$130,000	
Net Income (Loss)	55,000	
<b>TOTAL ADDITIONS</b>	<u>185,000</u>	<b>\$185,000</b>

**DEDUCTIONS:**

Principal Payment	\$50,000	
Capital Items	135,000	
<b>TOTAL DEDUCTIONS</b>	<u>185,000</u>	<b>\$185,000</b>

<b>NET INCREASE (DECREASE) OF AVAILABLE CASH</b>		<u><u>\$0</u></u>
--------------------------------------------------	--	-------------------

**GASOLINE USAGE**

<u>2002-2003</u>			<u>Cost Per Gallon</u>	<u>2003-2004</u>			<u>Cost Per Gallon</u>
<u>Month</u>	<u>Gallons</u>	<u>Dollars</u>		<u>Month</u>	<u>Gallons</u>	<u>Dollars</u>	
<u>2002</u>				<u>2003</u>			
July	1,755.600	\$1,577.56	\$0.90	July	1,878.600	\$1,844.13	\$0.98
August	1,648.700	\$1,447.88	\$0.88	August	1,683.300	\$1,829.99	\$1.09
September	1,416.700	\$1,302.12	\$0.92	September	1,314.400	\$1,337.77	\$1.02
October	1,890.000	\$1,860.65	\$0.98	October	2,063.600	\$2,102.18	\$1.02
November	1,528.300	\$1,400.72	\$0.92	November	1,311.600	\$1,278.43	\$0.97
December	1,776.300	\$1,599.44	\$0.90	December	1,907.000	\$1,875.68	\$0.98
<u>2003</u>				<u>2004</u>			
January	3,404.900	\$3,282.16	\$0.96	January	4,889.900	\$5,315.63	\$1.09
February	3,609.900	\$4,212.98	\$1.17	February	3,952.100	\$4,314.08	\$1.09
March	2,081.100	\$2,442.38	\$1.17	March	1,655.000	\$1,941.65	\$1.17
April	2,236.400	\$2,237.74	\$1.00	April	1,647.500	\$2,058.92	\$1.20
May	1,938.700	\$1,860.01	\$0.96	May	2,021.600	\$2,761.19	\$1.37
June	1,879.200	\$1,846.07	\$0.98	June	2,004.900	\$2,604.66	\$1.40
<b>Total 02-03</b>	<b>25,165.800</b>	<b>25,069.710</b>	<b>\$1.00</b>	<b>Total 03-04</b>	<b>26,329.500</b>	<b>29,264.310</b>	<b>\$1.11</b>
Average Month	2,097.150	\$2,089.14	\$1.00	Average Month	2,194.125	\$2,438.69	\$1.11

<u>2004-2005</u>			<u>Cost Per Gallon</u>	<u>2005-2006</u>			<u>Cost Per Gallon</u>
<u>Month</u>	<u>Gallons</u>	<u>Dollars</u>		<u>Month</u>	<u>Gallons</u>	<u>Dollars</u>	
<u>2004</u>				<u>2005</u>			
July	1,991.500	\$2,654.37	\$1.33	July	2,007.000	\$3,422.57	\$1.71
August	1,693.300	\$2,299.32	\$1.36	August	1,713.200	\$3,744.78	\$2.19
September	1,305.900	\$1,797.07	\$1.38	September	1,806.110	\$4,324.54	\$2.39
October	1,570.100	\$2,468.57	\$1.57	October	1,702.800	\$3,809.04	\$2.24
November	1,491.300	\$2,151.11	\$1.44	November	2,600.000	\$4,811.65	\$1.85
December	3,179.200	\$4,231.08	\$1.33	December	3,164.200	\$5,792.29	\$1.83
<u>2005</u>				<u>2006</u>			
January	3,031.200	\$4,125.12	\$1.36	January	2,593.100	\$4,739.06	\$1.83
February	2,350.300	\$3,405.52	\$1.45	February	3,013.600	\$5,480.47	\$1.82
March	1,799.400	\$2,879.34	\$1.60	March	2,011.700	\$3,915.26	\$1.95
April	1,991.300	\$3,296.38	\$1.66	April	1,699.900	\$3,761.22	\$2.21
May	1,925.900	\$3,014.71	\$1.57	May	1,853.200	\$4,124.19	\$2.23
June	1,891.000	\$3,128.38	\$1.65	June	1,553.800	\$3,497.50	\$2.25
<b>Total 04-05</b>	<b>24,220.400</b>	<b>35,450.970</b>	<b>\$1.46</b>	<b>Total 05-06</b>	<b>25,718.610</b>	<b>51,422.570</b>	<b>\$2.00</b>
Average Month	2,018.367	\$2,954.25	\$1.46	Average Month	2,143.218	\$4,285.21	\$2.00

Over half a million dollars will be spent in the next four years to replace the worn out equipment in the fleet. By planning the purchase of new equipment this fund can efficiently manage the maintenance and the appearance of the equipment. No equipment will be purchased in 2008. This decision will slightly affect maintenance costs of the fleet.

**Robert J. Johnson**  
*Director of Public Works*



The Director of Public Works reviews the fleet annually and recommends replacements and upgrades that are necessary to maintain a sufficient equipment inventory. Listed below are the anticipated Capital Improvements for the next four fiscal years July 1, 2008 through June 30, 2012.

<u>2010-2011</u>	
Ariel Lift Truck	\$91,000
Wood Chipper	\$33,500
Pickup Truck	22,000
Crack Sealer	<u>\$39,500</u>
<b>Total</b>	<b>\$186,000</b>

<u>2011-2012</u>	
Pickup Truck	\$23,000
Dump Truck	29,500
Wheel Loader	<u>100,000</u>
<b>Total</b>	<b>\$152,500</b>

<u>2009-2010</u>	
Underbody Plow	\$6,000
Street Sweeper	<u>160,000</u>
<b>Total</b>	<b>\$166,000</b>

<u>2008-2009</u>	
Pickup Truck	\$42,000
Patch Trailer	24,500
Underbody Plow	6,000
Sidewalk Tractor	\$45,000
Pave driveway	5,000
Duropatcher	<u>49,000</u>
<b>Total</b>	<b>\$171,500</b>

**CITY OF CADILLAC**

<b>TITLE OF ISSUE</b>	<b>2007 Stores and Garage Cash Flow Note</b>
<b>PURPOSE</b>	To assist the fund with a cash flow shortage after purchasing equipment. Internal loan from the Cadillac Development Fund.
<b>DATE OF ISSUE</b>	December 14, 2006
<b>AMOUNT OF ISSUE</b>	\$500,000
<b>AMOUNT REDEEMED</b>	
Prior to Current Period	\$0
During Current Period	\$50,000
<b>BALANCE OUTSTANDING</b>	<u><u>\$450,000</u></u>

<b>DUE DATES</b>	<b>REQUIREMENTS</b>		<b>INTEREST</b>	<b>TOTAL</b>
	<b>RATE</b>	<b>PRINCIPAL</b>		
September 1, 2008	5.25%	\$50,000	\$11,813	\$61,813
March 1, 2009			\$10,500	\$10,500
September 1, 2009	5.25%	\$50,000	\$10,500	\$60,500
March 1, 2010			\$9,188	\$9,188
September 1, 2010	5.25%	\$50,000	\$9,188	\$59,188
March 1, 2011			\$7,875	\$7,875
September 1, 2011	5.25%	\$50,000	\$7,875	\$57,875
March 1, 2012			\$6,563	\$6,563
September 1, 2012	5.25%	\$50,000	\$6,563	\$56,563
March 1, 2012			\$5,250	\$5,250
September 1, 2013	5.25%	\$50,000	\$5,250	\$55,250
March 1, 2013			\$5,250	\$5,250
September 1, 2014	5.25%	\$50,000	\$3,938	\$53,938
March 1, 2014			\$3,938	\$3,938
September 1, 2015	5.25%	\$50,000	\$2,625	\$52,625
March 1, 2015			\$2,625	\$2,625
September 1, 2016	5.25%	\$50,000	\$1,313	\$51,313
March 1, 2016			\$1,313	\$1,313
Total		<u><u>\$450,000</u></u>	<u><u>\$111,563</u></u>	<u><u>\$561,563</u></u>



An active street department crew does many different type of jobs and needs equipment to handle the diversity.



**Data Processing Fund**



**2007-2008  
Annual Operating Budget**

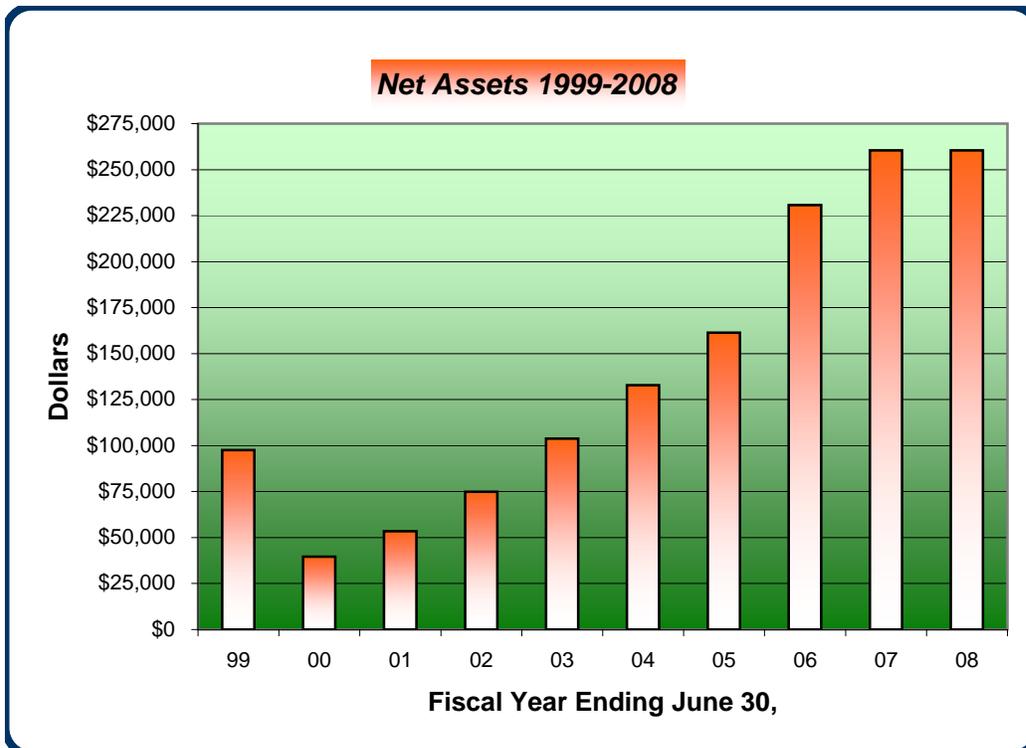
## Data Processing Fund



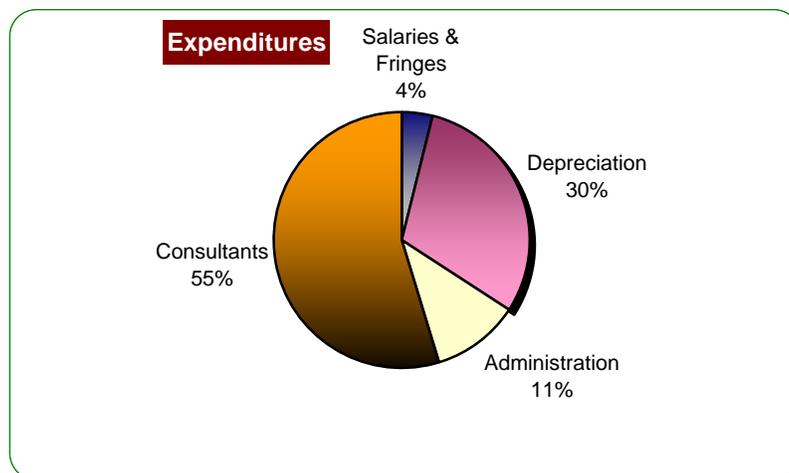
The City of Cadillac is fully computerized and reliant upon the systems dependability and efficiency. Since our community is several miles away from a major computer repair center, the decision to standardize hardware on Hewlett Packard has been beneficial. The reliability of the equipment and quick service has been advantageous.

Terrapin Networks, Mr. Tim Gillen, operates as our Chief Technology Officer. As the consulting firm in charge of the information systems, he has responsibilities ranging from review of programs to assisting with the maintaining of equipment to developing a long range strategy. In 2007 it was decided to privatize our information technology operation with a firm that has an outstanding reputation and provides the City of Cadillac with a sophisticated approach to a complex operation.

Currently the computer operation has 60 personal computers, 26 printers, seven servers and an IBM AS/400.



	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Intergovernmental Services	\$296,800	\$300,800	\$300,800	<b>\$325,300</b>
Interest Income	2,102	2,500	2,500	<b>3,500</b>
Sale of Property	1,837	1,700	1,500	<b>2,000</b>
<b>TOTAL REVENUES</b>	<b>\$300,739</b>	<b>\$305,000</b>	<b>\$304,800</b>	<b>\$330,800</b>
<b>EXPENDITURES</b>				
Operating	\$231,282	\$223,500	\$257,400	<b>\$298,800</b>
<b>TOTAL EXPENDITURES</b>	<b>\$231,282</b>	<b>\$223,500</b>	<b>\$257,400</b>	<b>\$298,800</b>
<b>NET ASSETS AT YEAR END</b>				
Change in Net Assets	\$69,456	\$81,500	\$47,400	\$32,000
Total Net Assets - Beginning of Year	161,289	230,745	312,245	<b>312,245</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$230,745</b>	<b>\$312,245</b>	<b>\$359,645</b>	<b>\$344,245</b>



	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	<b>Budget</b>		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
<b>Intergovernmental</b>				
General Fund				
City Manager	\$3,200	\$3,200	\$3,200	\$4,000
Administrative Services	3,200	3,200	3,200	4,000
Finance	16,000	16,000	16,000	18,500
Assessor	46,400	46,400	46,400	47,000
Treasurer	39,000	39,000	39,000	40,000
Police	50,000	50,000	50,000	55,000
Fire	7,700	7,700	7,700	10,000
Engineering	16,000	16,000	16,000	17,500
Planning and Zoning	3,200	3,200	3,200	4,000
Water	46,000	50,000	50,000	54,000
Stores and Garage	21,000	21,000	21,000	23,000
Major Street	17,000	17,000	17,000	17,500
Auto Parking	2,900	2,900	2,900	3,300
Local Street	14,000	14,000	14,000	14,500
Community Development	4,000	4,000	4,000	4,500
Cemetery	4,000	4,000	4,000	4,500
Building Inspector	3,200	3,200	3,200	4,000
<b>Total Intergovernmental</b>	<b>\$296,800</b>	<b>\$300,800</b>	<b>\$300,800</b>	<b>\$325,300</b>
<b>Other</b>				
Interest Income	\$2,102	\$2,500	\$2,500	\$3,500
Sale of Property	1,837	1,700	1,500	2,000
<b>Total Other Revenues</b>	<b>\$3,939</b>	<b>\$4,200</b>	<b>\$4,000</b>	<b>\$5,500</b>
<b>TOTAL REVENUE</b>	<b>\$300,739</b>	<b>\$305,000</b>	<b>\$304,800</b>	<b>\$330,800</b>

	<i>Fiscal Year Ending June 30,</i>			
	<b>Budget</b>			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>EXPENDITURES</b>				
<b>Operating</b>				
Salaries	\$43,077	\$25,000	\$43,200	\$5,000
Fringes	21,756	10,000	23,400	2,700
Office Supplies	6,143	11,900	11,900	10,100
Hardware & Accessories	6,657	0	0	0
Audit	800	800	800	900
Programming (1)	68,840	100,000	77,000	107,000
Liability Insurance	159	200	200	200
Dues & Publications	78	200	200	200
Telephone	569	600	600	600
Travel and Education	3,635	2,000	2,000	2,500
Repair and Maintenance	2,488	5,000	5,000	2,700
Depreciation	55,881	47,500	47,500	59,000
Administration	21,200	20,300	20,300	21,900
Capital Outlay	0	0	25,300	86,000
<b>Total Operating</b>	<b>\$231,282</b>	<b>\$223,500</b>	<b>\$257,400</b>	<b>\$298,800</b>
<b>TOTAL EXPENDITURES &amp; OTHER USES</b>	<b>\$231,282</b>	<b>\$223,500</b>	<b>\$257,400</b>	<b>\$298,800</b>

**(1) Programming**

Costs in this line item are derived from a number of sources. First, the new software system implemented throughout 2004 and 2005 requires an annual subscription to ongoing support and maintenance. This will be approximately \$28,000 in 2007. The City has also undertaken an aggressive re-working of its computer network and so an additional amount is allocated to cover the costs of a professional network consultant, which will constitute about \$30,000 in 2007. An additional \$7,500 is spent on the City's dedicated T-1 line, providing high speed internet access and electronic communication capabilities to City departments. The remaining allocation is to fund ongoing software needs throughout the year.

**Source and Use of Funds For Capital Improvements**

**2007-2008**

**Source of Funds:**

Investments - Unrestricted	
Investments	<u>86,000</u>

**Total Source of Funds** \$86,000

**Use of Funds**

Computer Replacement	\$25,000
Printer	\$6,000
Projector	5,000
Tape Back-up	5,000
Network Server	20,000
GIS - Police and Fire	<u>25,000</u>

**Total Use of Funds** \$86,000

**Footnote:** Replacement of essential equipment within this department. All of the items are replaced due to age and the need to upgrade technology, with the exception of the Geographical Information System (GIS) for police and fire. This will become a new software program that will improve response time and locations but will have a minor added cost for manpower to keep current information in the system.

**Cash Flow Analysis**

**2007-2008**

**Additions**

Depreciation	\$59,000
Net Income (Loss)	<u>32,000</u>

**Total Additions** \$91,000

**Deductions**

Capital Items	<u>86,000</u>
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**Total Deductions** \$86,000

**Net Increase in Available Cash** \$5,000

# ***Self-Insurance Fund***

**CITY OF  
CADILLAC  
MICHIGAN**

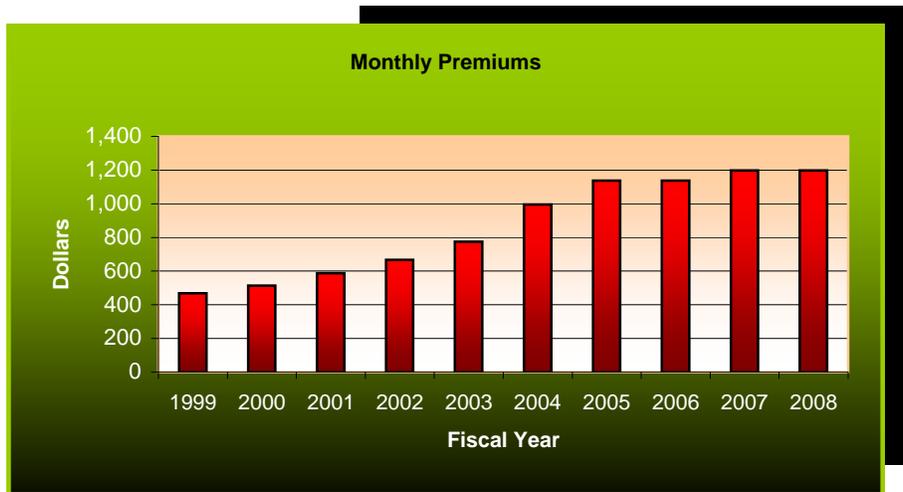


***2007-2008  
Annual Operating Budget***

## Self-Insurance Fund

This fund provides for the health and life insurance of all City employees and their families, as well as recent retirees. The various funds within the City are charged an employer contribution rate equivalent to the following on a per month per employee cost basis:

Fiscal Year Ending June 30,	Hospitalization	Dental	Optical	Life	Monthly Total
1999	422	35	8	4	469
2000	464	38	8	4	514
2001	534	40	9	4	587
2002	614	40	9	4	667
2003	718	43	9	4	774
2004	934	47	10	5	996
2005	1,075	48	10	5	1,138
2006	1,075	48	10	5	1,138
2007	1,129	50	11	8	1,198
2008	1,129	50	11	8	1,198

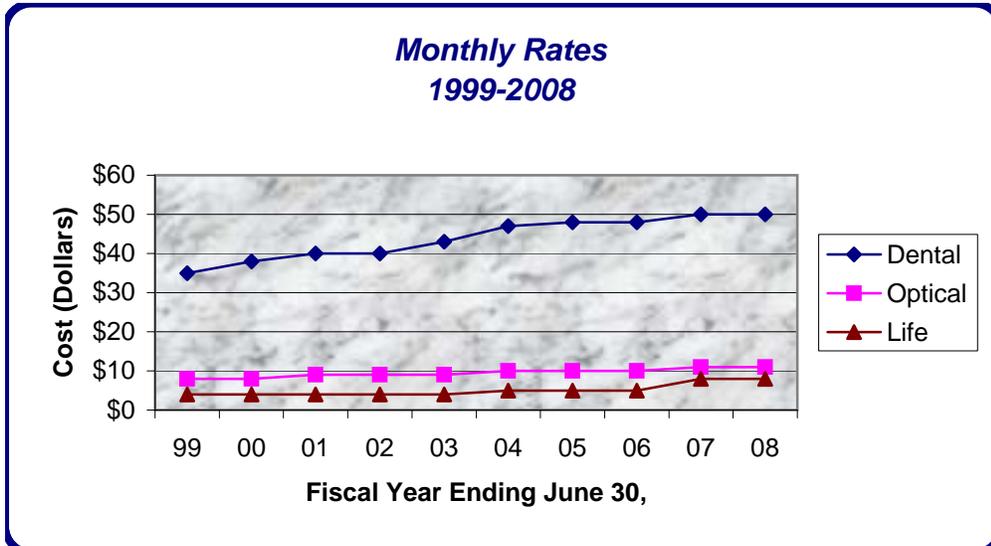


**0.0 %  
increase over 2007**

The City also provides for a small life insurance policy for qualified retirees. A \$2,500 policy is provided to all retired employees except the non-union employees, who receive a \$2,500 policy if retired before July 1, 1999, a \$4,500 policy if retired between July 1, 1999 and June 30, 2000, or a \$5,500 policy if retired after July 1, 2000. The fire personnel who retire after July 1, 1993 receive a \$3,500 policy, while those retiring after July 1, 1994 receive a \$4,500 policy. The benefit is paid to the employees' estate upon their death.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Employer Contributions	\$819,234	\$850,000	\$894,000	\$910,000
Employer Contributions-Dental	40,952	43,000	46,000	45,000
Employer Contributions-Optical	8,133	9,200	9,600	9,300
Employer Contributions-Life	12,945	7,000	7,100	7,000
Employee Contribution	47,034	40,000	42,900	40,000
Interest Income	20,448	15,000	15,000	20,000
<b>TOTAL REVENUES</b>	<b>\$948,747</b>	<b>\$964,200</b>	<b>\$1,014,600</b>	<b>\$1,031,300</b>
<b>EXPENDITURES</b>				
Audit	\$400	\$400	\$400	\$1,000
Reinsurance Premiums	475,736	500,000	\$600,000	572,000
Administration	17,782	20,000	\$15,000	18,400
Benefit Payments				
Health Insurance	281,476	250,000	\$300,000	322,000
Life Insurance	9,405	3,500	4,800	3,500
<b>TOTAL EXPENDITURES</b>	<b>\$784,799</b>	<b>\$773,900</b>	<b>\$920,200</b>	<b>\$916,900</b>
<b>NET ASSETS AT YEAR END</b>				
Change in Net Assets	\$163,948	\$190,300	\$94,400	\$114,400
Total Net Assets - Beginning of Year	701,444	865,392	1,055,692	1,055,692
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$865,392</b>	<b>\$1,055,692</b>	<b>\$1,150,092</b>	<b>\$1,170,092</b>

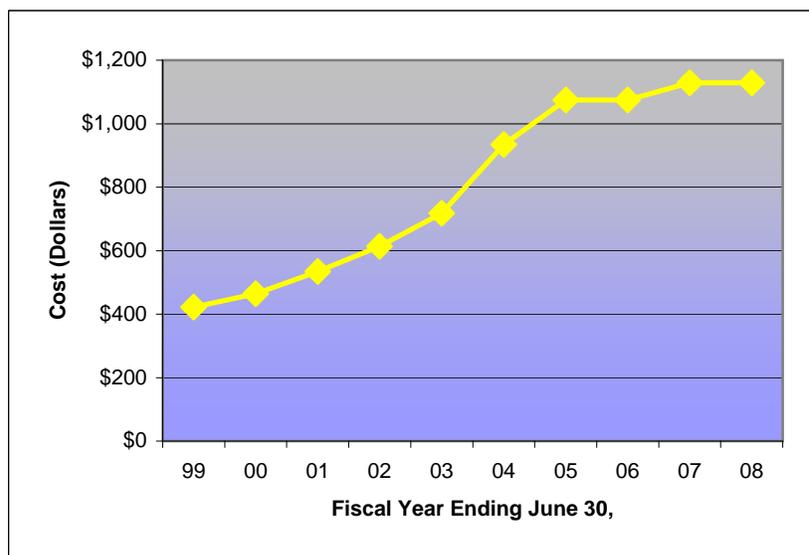
The City self-insures the medical claims of each employee and their family up to an annual total of \$10,000. If the claim exceeds the \$10,000 limit, a Blue Cross Med-Wrap plan will then take over coverage.



City medical costs have increased in the past at a slower pace than the medical inflation rate.

In 2007-2008, the medical rates are proposed to reflect a modest increase as health claims have remained lower than expectations as well as the cost of reinsurance premiums. This fund has provided the City with the flexibility to either increase or reduce rates in the face of a fluctuating market. In the current economic environment the decision to develop a self-insurance fund has been beneficial. The Fund Balance is proposed to grow to offset any unforeseen increases in medical costs.

**Monthly Rates  
1999-2008  
Basic & Master Medical**



# ***Safety Fund***

**CITY OF  
CADILLAC  
MICHIGAN**



***2007-2008  
Annual Operating Budget***

## Safety Fund

The Safety Coordinator is tasked with assisting employees in maintaining a safe and healthy work environment. The Safety Coordinator chairs the City of Cadillac Safety Committee, which is comprised of representatives from each city department. The Safety Committee meets frequently to discuss and address safety issues, evaluate training, and review on the job accidents.

The Safety Coordinator also ensures that all city departments are in compliance with MIOSHA (Michigan Occupational Safety and Health Administration) regulations. This is accomplished through continuing education, review of MIOSHA material, and preventative inspections coordinated through the Consultation, Education and Training section of MIOSHA.

Employee safety is a priority at the City of Cadillac. In 2005, City of Cadillac employees logged more than 200,000 productive hours, with 3 lost time days due to injury or less than 1% of lost production due to injury.

The Fire Department accounted for the total lost time days due to injury in 2005. Two days of lost time injuries were back related and one day as a result of an ankle injury. Back safety training program has been offered to all city employees. The program focused on the anatomy of the back, proper lifting techniques, and exercises to aid with flexibility and injury reduction.

The Safety Committee held regular meetings with the employee safety committee, and brief but regular refresher training on important safety topics.

**Tremendous accomplishment!**

<u>Department</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Administration	0	1	0	1	0	0
Fire	0	0	11	72	3	0
Police	0	98	2	0	0	0
Public Works	0	0	0	0	0	0
Utilities	0	10	0	0	0	0
<b>Total</b>	0	109	13	73	3	0

**Mission Statement**  
*Enhance employee performance by assisting employees in maintaining the highest possible level of health and safety.*

Goals: 2005-2006

- |                                                                                                     |                                              |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------|
| 1. Coordinate MIOSHA CET preventative inspection.                                                   | <i>Accomplished- inspection performed</i>    |
| 2. Reduce lost time injuries through education, investigation, and inspection.                      | <i>Accomplished - reduced to 3 lost days</i> |
| 3. Schedule and coordinate training for all city employees regarding health and safety.             | <i>Accomplished</i>                          |
| 4. Inventory safety training materials and add additional programs as recommended by the committee. | <i>Accomplished</i>                          |

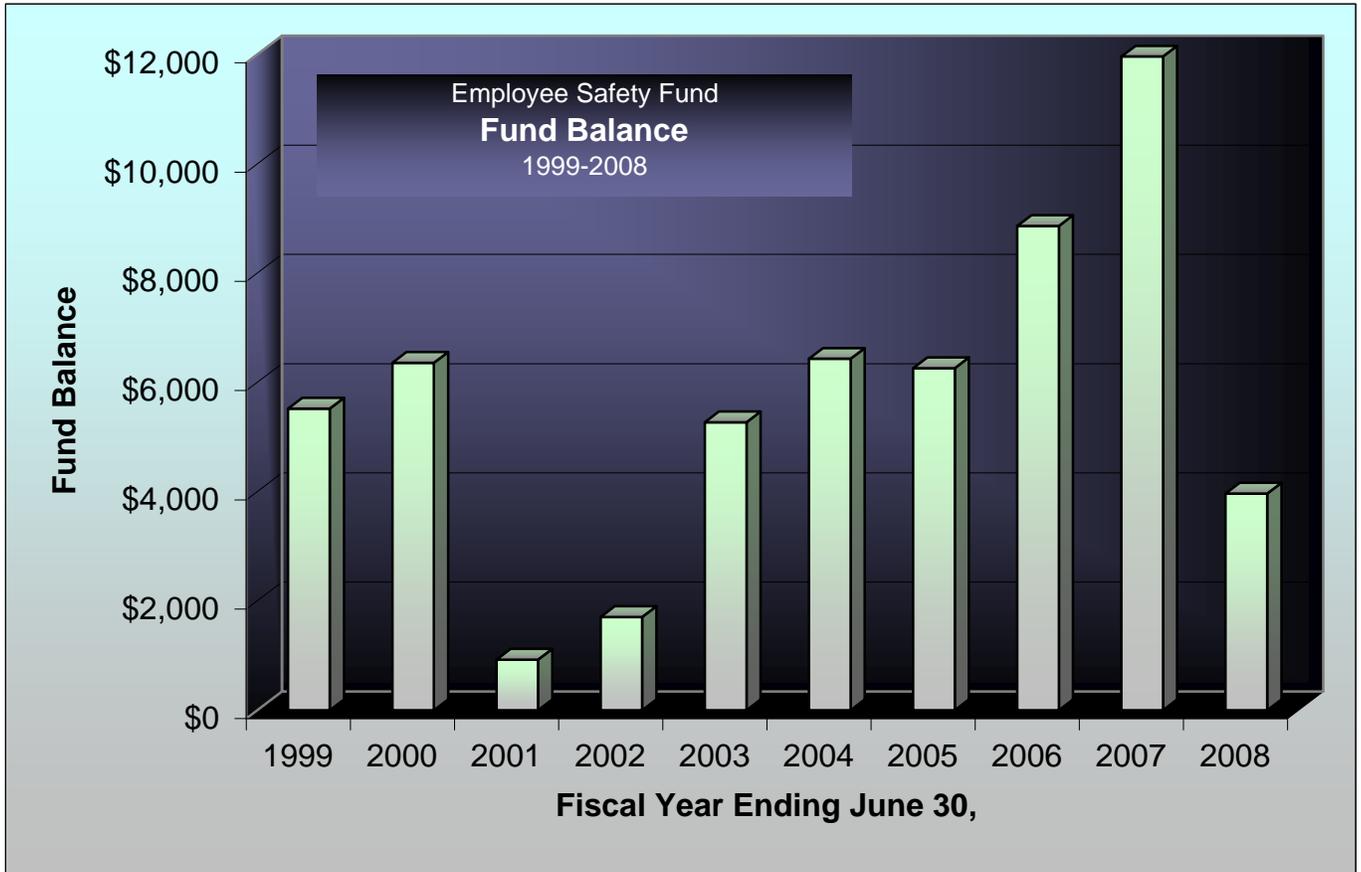
Goals: 2006-2007

1. Decrease reportable injuries by 25%.
2. Continue monthly safety newsletter
3. Schedule and coordinate health and safety training for all city employees.



	<i>Fiscal Year Ending June 30,</i>			
	<b>Budget</b>			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2006	2007	2007	2008
<b>REVENUES</b>				
Interest Income	\$307	\$400	\$0	<b>\$400</b>
General Fund	3,200	3,200	3,200	<b>5,200</b>
Water Fund	1,200	1,200	1,200	<b>2,100</b>
Stores & Garage Fund	900	900	900	<b>1,700</b>
Surplus	0	0	700	<b>8,000</b>
<b>TOTAL REVENUES</b>	<b>\$5,607</b>	<b>\$5,700</b>	<b>\$5,300</b>	<b>\$17,400</b>
<b>EXPENDITURES</b>				
Salaries and Wages	1,334	\$1,200	\$2,000	<b>\$12,000</b>
Operating Supplies	699	500	2,000	<b>3,000</b>
Audit	400	400	400	<b>400</b>
Dues and Publications	437	400	1,300	<b>500</b>
Travel and Education	130	100	300	<b>1,500</b>
<b>TOTAL EXPENDITURES</b>	<b>\$3,000</b>	<b>\$2,600</b>	<b>\$6,000</b>	<b>\$17,400</b>
<b>NET ASSETS AT YEAR END</b>				
Change in Net Assets	\$2,607	\$3,100	(\$700)	<b>(\$8,000)</b>
Total Net Assets - Beginning of Year	6,260	8,867	11,967	<b>11,967</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$8,867</b>	<b>\$11,967</b>	<b>\$11,267</b>	<b>\$3,967</b>

The Safety Committee is comprised of employees from various departments with a total of 7 members. 2008 reflects an increased emphasis on the workplace safety.



The Fund Balance was reduced in Fiscal Year 2001 and 2008 by using the excess balance to make the annual departmental contributions.

This section contains the discretely presented component units, which are reported separately to indicate their legal separation from the City, but which are financially accountable to the City as a reporting entity.

### Major Component Unit Funds

**Local Development Finance Authority (LDFA)** - The LDFA was created by the City Council pursuant to the provisions of Act 251, Public Acts of 1986. The members of the board of the LDFA are appointed by the City Council. The LDFA has a stated purpose to provide for the acquisition, construction and financing of a groundwater treatment facility, which will consist of a complex of wells and pumps installed on property where contaminated groundwater is located, piping sufficient to carry the contaminated groundwater to the cleaning facility, and the cleaning facility itself. The LDFA has also indicated that, if funds are available, they will construct roads, water and sewer lines within the VanderJagt Industrial Park. Money to finance these projects will come from tax increments attributed to increases in the value of real and personal property resulting from new construction, and property value increases within the industrial park.

### Nonmajor Component Unit Funds

**Downtown Development Authority (DDA)** - The DDA was established through City Ordinance under Act 197 of the Public Acts of Michigan of 1975. The City Council determined that it was necessary and in the best interest of the City to halt property value deterioration, to eliminate the causes and to promote economic growth in the downtown area. The members of the board of the DDA are appointed by the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council. The DDA is authorized to impose an ad valorem tax (2 mill maximum) on all taxable property within the established DDA district. The DDA is a volunteer organization.

**Downtown Development Authority Capital Projects Fund** - This fund was established to provide a source of revenue for the DDA to undertake various capital and public infrastructure improvements within the DDA Development District.

**Local Development Finance Authority Utilities Fund** - This fund was established to provide water utility services to the cogeneration plant located within the boundaries of the LDFA.

**Brownfield Redevelopment Authority** - This fund identifies contaminated sites and remediates them, as well as provides the financing to do so. This fund was established pursuant to Michigan Public Act 381 of 1996.

<b>2007-2008</b>	<b>Major Fund</b>	<b>Nonmajor Funds</b>	
	<b>Local Development Finance Authority Operating</b>	<b>Downtown Development Authority</b>	<b>Downtown Development Authority Capital Projects</b>
<b><u>Revenues</u></b>			
Tax Revenues	\$220,000	\$32,000	\$107,000
Interest Income	67,500	700	1,000
Management Fees		5,000	
Water Revenues			
Contributions		2,500	
Loan Proceeds			
Surplus	43,550	3,700	
<b>Total Revenues</b>	<b>\$331,050</b>	<b>\$43,900</b>	<b>\$108,000</b>
<b><u>Expenditures</u></b>			
Salaries - Regular	\$17,100	\$22,000	
Salaries - Part Time		3,000	
Fringes	8,800	5,400	
Operating Supplies	10,000	1,500	
Chemicals	200		
Carbon	3,000		
Postage		500	
Contractual Services	42,500	8,000	
Audit	400	700	400
Publisher's Costs			
Travel		300	
Downtown Marketing		2,500	
Loan Repayment			
Capital Outlay			
Principal Payment			25,000
Interest Payment			8,000
Contracted Lab Costs	41,000		
Utilities	118,000		
Repair & Maintenance	11,500		
Engineering Fees	35,000		
Depreciation			
<b>Total Expenditures</b>	<b>\$287,500</b>	<b>\$43,900</b>	<b>\$33,400</b>
Excess (Deficiency) of Revenues Over Expenditures (1)	0	(3,700)	74,600
Beginning Fund Balance	1,696,616	8,695	81,222
Ending Fund Balance	<b>1,696,616</b>	<b>4,995</b>	<b>155,822</b>

(1) Excludes "Surplus." Surplus indicates the use of prior year's earnings to balance current budget. The budget staff has determined that sufficient prior year's earnings are available to offset current year deficiencies.

2007-2008	Nonmajor Funds		Total
	Local Development Finance Authority Utilities	Brownfield Redevelopment Authority Operating	
<b>Revenues</b>			
Tax Revenues		\$27,000	\$386,000
Interest Income	\$4,700	\$2,000	75,900
Management Fees			5,000
Water Revenues	14,800		14,800
Contributions			2,500
Surplus			0
<b>Total Revenues</b>	\$19,500	\$29,000 (2)	\$484,200
<b>Expenditures</b>			
Salaries - Regular	\$2,100		\$41,200
Salaries - Part Time			3,000
Fringes	1,400		15,600
Operating Supplies	500		12,000
Chemicals			200
Carbon			3,000
Postage			500
Contractual Services	4,500	28,200	83,200
Audit	400	\$800	2,700
Publisher's Costs			0
Downtown Marketing			0
Capital Outlay			0
Principal Payment			25,000
Interest Payment			8,000
Contracted Lab Costs			41,000
Utilities			118,000
Repair & Maintenance			11,500
Engineering Fees			35,000
Depreciation	5,000		5,000
<b>Total Expenditures</b>	\$13,900	\$29,000	\$404,900
Excess (Deficiency) of Revenues Over Expenditures (1)	\$5,600	\$0	\$79,300
Beginning Fund Balance	\$333,020	\$103,001	\$2,222,554
Ending Fund Balance	\$338,620	\$103,001	\$2,301,854

(1) Excludes "Surplus." Surplus indicates the use of prior year's earnings to balance current budget. The budget staff has determined that sufficient prior year's earnings are available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section on page 35-40.

## *Glimpse of Cadillac*



*Lakeside Title Remodeled in downtown Cadillac*



*New Condominium being built  
on the corner of Lake Street and  
Chestnut Street.*

***Local Development Finance Authority Operating Fund***

**CITY OF  
CADILLAC  
MICHIGAN**



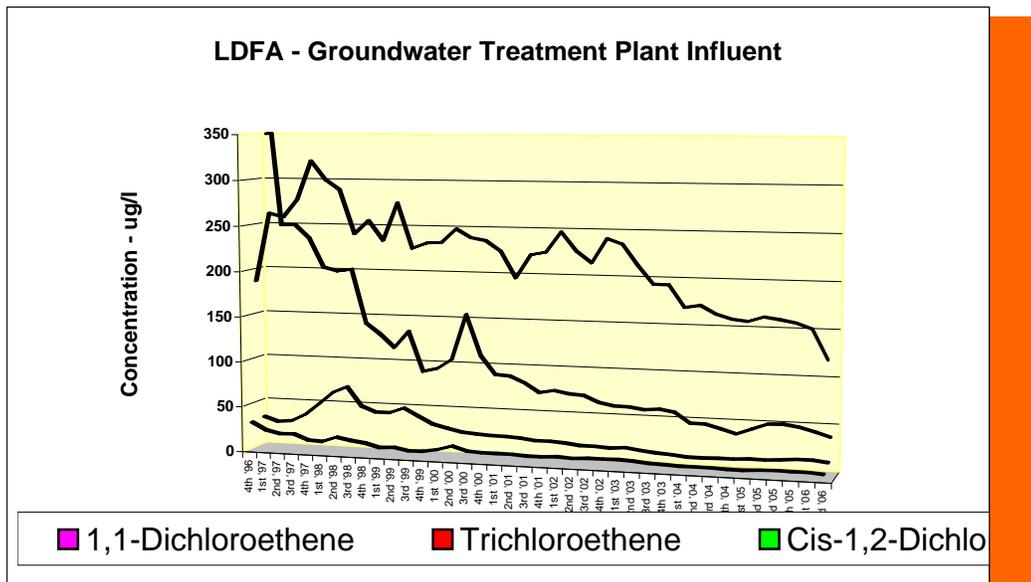
***2007-2008  
Annual Operating Budget***

# Local Development Financing Authority Operating Fund

The Local Development Finance Authority (LDFA) established an operating fund which reflects the operational costs of the groundwater cleanup process in the industrial park. This fund has a sole source of revenue which is the special assessments paid by the industrial community within the contaminated area. In 2002 the City Council approved the next multi-year assessment. The cleanup process of the groundwater is a benefit to the industrial park area and is not intended to identify any plant or organization as contaminating the groundwater but instead presents a positive solution to an existing challenge. The City Council approves the special assessment roll based on acreage owned by a property owner which establishes a corresponding percentage of the total operational costs to effectively monitor the clean-up. Fiscal year 2007 will be the thirteenth full year the plant has been in operation.

The purge and treat system was constructed during 1995 and 1996 with start-up in September of 1996. System design includes a chromium removal process and dual stage air stripping for volatile organic chemical (VOC) removal. Maximum design flow for the treatment system is 3.2 million gallons per day (MGD). During 2006 the daily average was 2.39 MGD. Treated groundwater is discharged to the Clam River near the old Lake Cadillac dam.

Groundwater is pumped from 18 purge wells located in two defined water bearing formations referred to as the upper and intermediate aquifers. In 1996, influent VOC concentrations exceeded 600 parts per billion (ppb). Last year, influent VOC concentrations were just below 200 ppb. (One part per billion is approximately equal to one second in 32 years.) Chromium concentrations have been reduced to clean-up criteria and U.S.EPA has been petitioned for closure of the chromium treatment process.



## Board of Directors:

<b>Peter D. Stalker - Chairperson</b>	City Manager, City of Cadillac
<b>David Crooks - Vice Chairperson</b>	Attorney
<b>Jack Benson</b>	Retired Bank President
<b>Paul Liabenow</b>	Superintendent, Cadillac Area Public Schools
<b>Steve Frisbie</b>	Owner, Frisco Management
<b>Bill Tencza</b>	President, Cadillac Area Chamber of Commerce
<b>Dennis Brovont</b>	President, Michigan Rubber Products
<b>Jim Petersen</b>	Retired Bank President
<b>Pat Briggs</b>	Assistant Superintendent of Operations and Personnel, Cadillac Area Public Schools

Fiscal Year Ending June 30,

	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Tax Revenue	\$285,200	\$195,000	\$195,000	<b>\$220,000</b>
Penalties & Interest	4,018	0	400	<b>0</b>
Interest Income	58,223	48,000	53,000	<b>67,500</b>
Surplus	0	0	23,550	<b>0</b>
<b>TOTAL REVENUES</b>	<b>\$347,441</b>	<b>\$243,000</b>	<b>\$271,950</b>	<b>\$287,500</b>
<b>EXPENDITURES</b>				
Salaries and Wages - Regular	\$16,607	\$15,000	12,500	<b>17,100</b>
Fringes	6,265	6,500	6,650	<b>8,800</b>
Operating Supplies	9,020	9,000	10,000	<b>10,000</b>
Chemicals	0	0	200	<b>200</b>
Contractual Services	16,844	25,000	33,000	<b>33,000</b>
Legal Contractual Services	4,150	10,000	6,000	<b>9,500</b>
Audit	400	400	400	<b>400</b>
Contracted Lab Costs	34,978	35,000	38,000	<b>41,000</b>
Utilities	109,439	112,000	121,000	<b>118,000</b>
Carbon	0	0	3,000	<b>3,000</b>
Repair & Maintenance	10,334	12,000	9,200	<b>11,500</b>
Engineering Fees	19,519	12,000	32,000	<b>35,000</b>
<b>TOTAL EXPENDITURES</b>	<b>\$227,556</b>	<b>\$236,900</b>	<b>\$271,950</b>	<b>\$287,500</b>
<b>FUND BALANCE</b>				
Excess (Deficiency) of Revenues over Expenditures	\$119,885	\$6,100	(\$23,550)	<b>\$0</b>
Fund Balance - Beginning of Year	1,570,631	1,690,516	1,696,616	<b>1,696,616</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$1,690,516</b>	<b>\$1,696,616</b>	<b>\$1,673,066</b>	<b>\$1,696,616</b>

Fund Balance is reserved for capitalized interest and assessment shortfalls

**Engineering Fees**

In fiscal year 2006-2007, it is proposed to close the the Soil Vapor Extraction site.

**Uncollected Assessments**

As of June 30, 2006, uncollected assessments were none.



**L.D.F.A. Groundwater Treatment Statistics:**

*Volume of groundwater pumped and treated:*

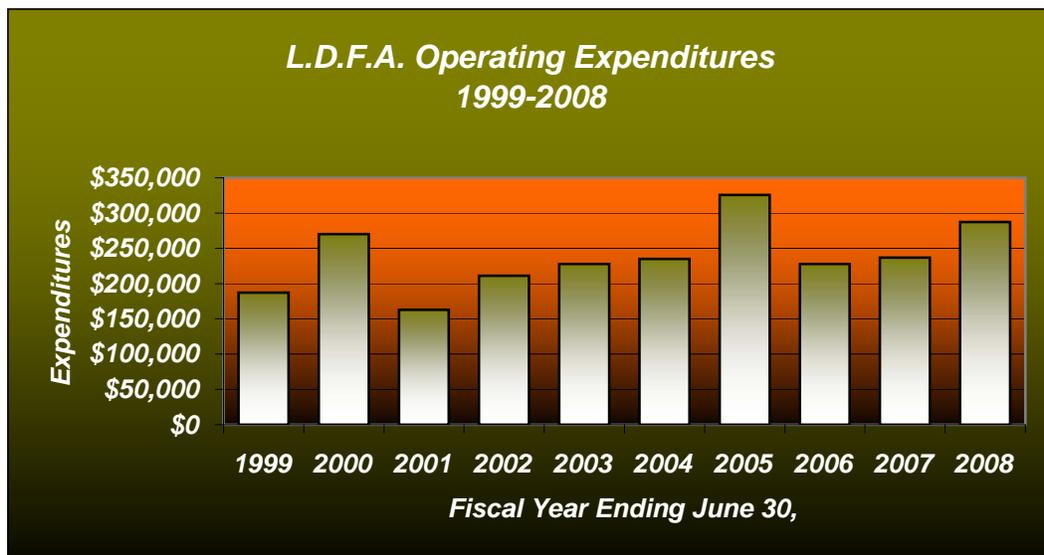
	<u>Gallons per Year</u>	<u>Gallons per Day</u>
1997	967,100,000	2,650,000
1998	924,000,000	2,530,000
1999	889,330,000	2,436,500
2000	880,000,000	2,410,000
2001	870,180,000	2,384,000
2002	845,000,000	2,315,100
2003	851,000,000	2,331,500
2004	878,600,000	2,407,100
2005	853,850,000	2,339,300
2006	871,400,000	2,387,000

*Estimated pounds of volatile organics stripped from the water:*

1997	4,840 pounds per year	2002	2,322 pounds per year
1998	3,466 pounds per year	2003	2,090 pounds per year
1999	2,761 pounds per year	2004	1,715 pounds per year
2000	2,628 pounds per year	2005	1,673 pounds per year
2001	2,402 pounds per year	2006	1,453 pounds per year

*Hours spent in operation and maintenance:*

1997	750 hours	2002	890 hours
1998	580 hours	2003	940 hours
1999	380 hours	2004	970 hours
2000	435 hours	2005	830 hours
2001	770 hours	2006	940 hours



***Downtown Development Authority Operating Fund***



***2007-2008  
Annual Operating Budget***

# Cadillac Downtown Development Authority

**Purpose:** The volunteer board members of the Cadillac Downtown Development Authority (DDA) are charged with the responsibility of encouraging economic development and halting declining property values in the Downtown Development District, for the benefit of the Downtown District's businesses and the community at large, as prescribed according to the provisions of Public Act 197 of 1975 (as amended). The DDA's purpose is to use its various resources to invest in the Downtown Development District and fund public improvements that will spur additional private investment and development in the downtown area. This economic development purpose requires the DDA to recognize the infrastructure and marketing needs of the downtown, and then to prioritize and act upon those needs so that the downtown will incur economic growth as a result.

**Objectives:** The objective of the Cadillac DDA is to promote economic development and halt deteriorating property values within the DDA Development District by undertaking public improvements, planning and marketing for the area. These activities shall meet public purposes and be financially supported by legally ascribed funding methods. The DDA shall also work with other organizations such as the Downtown Fund, the Downtown Cadillac Association, and the City of Cadillac to pool resources and coordinate development efforts whenever possible.

**DDA Staff:** The DDA employs a director with the assistance from the City of Cadillac. Ms. Precia Garland has served as DDA Director since May, 1992. She holds a Master of Public Administration degree from Central Michigan University. Prior to coming to the City, Mrs. Garland worked as an Administrative Intern for the City of Mt. Pleasant for nearly two years. Approximately 35% of her time is spent with the DDA program. In addition, during the summer months a part-time summer employee is hired to clean and monitor the downtown area to enhance the image of our community.

There are 315 parcels of property within the Downtown Development District (including real and personal property) on which taxes are paid. These parcels are anticipated to generate \$31,800 in property tax revenue from the DDA's two mill levy, which averages \$101 per parcel of property taxes paid per year in the district. The State of Michigan Department of Environmental Quality pays this fund for oversight of the building they rent from the City of Cadillac at 120 W. Chapin Street.

## **Overview of the Cadillac Downtown Development Authority Strategic Plan:**

### **The Downtown Development Authority (DDA) Board shall:**

- 1. Establish a maintenance schedule for various downtown infrastructure. Continue with annual resetting of the sunken sidewalk brick pavers and also continue employment of a downtown maintenance worker to carry out maintenance activities.**
- 2. Implement the physical improvements recommended in the Mitchell Street Corridor Study to calm downtown traffic. This includes lane re-stripping, intersection bump-outs and gateway enhancements. Seek grant funds to facilitate implementation.**
- 3. Evaluate long-term physical improvements such as:**
  - **Public parking lot in conjunction with Harris Milling site redevelopment;**
  - **Development of additional parking on east side of Mitchell Street;**
  - **Development of a speculative building for retail;**
  - **Property acquisition for future redevelopment projects.**
- 4. Planning and Design issues:**
  - **Undertake design/study of loading and unloading zones and short-term parking needs.**
- 5. Marketing Issues:**
  - **Conduct a market study oriented specifically to downtown Cadillac.**
  - **Develop a business retention plan with action steps to retain key downtown businesses.**
  - **Participate in a comprehensive marketing campaign with other organizations interested in downtown growth and redevelopment.**

Fiscal Year Ending June 30,

	Budget			
	AUDIT 2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Interest Income	\$802	\$700	\$400	<b>\$700</b>
Tax Revenue	30,619	31,100	32,300	<b>32,000</b>
DEQ Management Fee	5,000	5,000	5,000	<b>5,000</b>
Contributions From Private Sources	3,245	0	3,200	<b>2,500</b>
Refunds & Rebates	54	0	0	<b>0</b>
Surplus	0	0	1,800	<b>3,700</b>
<b>TOTAL REVENUES</b>	<b>\$39,720</b>	<b>\$36,800</b>	<b>\$42,700</b>	<b>\$43,900</b>
<b>EXPENDITURES</b>				
Salaries and Wages - Regular	\$20,643	\$21,000	\$20,500	<b>\$22,000</b>
Salaries and Wages - Part Time	2,165	2,000	1,500	<b>3,000</b>
Fringes	2,849	3,000	4,200	<b>5,400</b>
Office Supplies	407	400	500	<b>1,500</b>
Postage	340	400	500	<b>500</b>
Contractual Services	7,390	6,000	8,500	<b>8,000</b>
Audit	700	700	700	<b>700</b>
Travel and Education	8	300	300	<b>300</b>
Publisher's Costs	1,695	1,000	1,000	<b>0</b>
Downtown Marketing	2,015	1,000	5,000	<b>2,500</b>
<b>TOTAL EXPENDITURES</b>	<b>\$38,212</b>	<b>\$35,800</b>	<b>\$42,700</b>	<b>\$43,900</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenses	\$1,508	\$1,000	(\$1,800)	<b>(\$3,700)</b>
Fund Balance - Beginning of Year	6,187	7,695	7,695	<b>8,695</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$7,695</b>	<b>\$8,695</b>	<b>\$5,895</b>	<b>\$4,995</b>

**Downtown Marketing** Marketing Brochure \$2,000; Sign Repairs \$1,000; Retail Bounties \$2,000. These items total the 2007 budget.

**Contractual Services** New flower baskets are purchased each year. Funds for the purchase of the baskets and the subsequent summer flower watering are appropriated in this account.

**Cadillac Downtown Development Authority  
Board of Directors**

**Bill Cinco**

Owner  
Trend Designers

**Mike Stephan**

Owner  
110 N. Mitchell Street

**Tim Coffey**

Owner  
Coffey Insurance Agency

**Margo Copley**

Assistant Manager  
Lakeside Title Company

**Robert Levand - Vice Chairperson**

Resident  
DDA District

**Chris Huckle**

Owner/Publisher  
Cadillac News

**Curtis Schultz**

Owner  
Kodiak's Coffeehouse & Deli

**Peter D. Stalker - Secretary/Treasurer**

City Manager  
City of Cadillac

**Hermann Suhs**

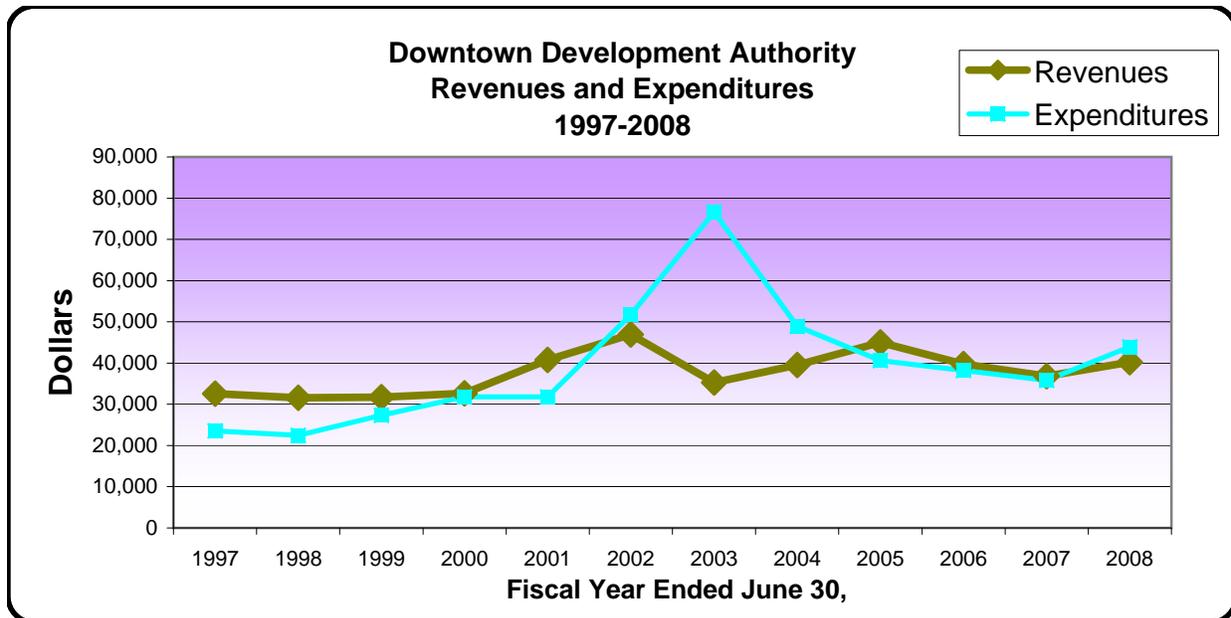
Owner  
Hermann's European Café

**Stephanie Trombly**

Owner  
Bridal Expressions

**Deb Christie - Chairperson**

Branch Officer  
First Bank



Revenues have not exceeded expenditures since the late 1990's

***Downtown Development Authority Capital Projects Fund***



***2007-2008  
Annual Operating Budget***

## Downtown Development Authority Capital Projects Fund

In November, 1992 the Cadillac Downtown Development Authority (DDA) and the Cadillac City Council approved the DDA's Development and Tax Increment Financing (TIF) plans. The purpose of these plans is to provide a source of revenue for the DDA to undertake various capital and public infrastructure improvements within the DDA Development District. It is anticipated that this public investment will in turn enhance the Development District and initiate spin-off private investment, resulting in an overall increase in downtown economic development and the elimination of declining property taxes.

While the plans were established in 1992, the first TIF capture was not realized until the 1996-1997 fiscal year. In order for a TIF capture to be realized, the base property value for the entire DDA Development District must be exceeded by future years property values. From 1993 to 1995, property values in the DDA Development District continued to show an overall net decline. It was not until 1996 that the district's overall property values (\$12,167,709) exceeded the 1992 base value (\$11,654,550), producing a TIF revenue capture of \$13,000 ( $\$12,167,709 - \$11,654,550 \times 25.33$  mills equals \$13,000). Since 1996, property values have steadily increased. During the 2007-2008 fiscal year, a TIF revenue capture of \$107,000 is anticipated.

In accordance with the Michigan Public Act of 1975, as amended (the DDA Act), the Cadillac DDA must spend its TIF revenues only as prescribed by law and only on projects listed in its Development Plan. Typically, these projects are of a public infrastructure nature, but can include overall district marketing efforts and some operational expenditures, as directly related to the DDA office and staff. The Cadillac DDA has detailed a number of such public improvements in its Development Plan, including additional sidewalks and lighting improvements along downtown side streets, parking lot improvements, public water and sewer improvements associated with private developments, and building acquisitions/demolitions, to name a few. In 1998, significant public parking lot improvements were completed. Limited general obligation bonds were issued by the City's Building Authority to finance the improvements. Revenues from TIF captures are now being used in part to repay this fifteen year bond issue.

Efforts are currently underway to plan for a major streetscape project in 2009 on Mitchell Street. During the 2007-2008 fiscal year, it is expected that grant funding will be secured, design engineering will be largely completed, and the Downtown Development Authority will explore other funding options to provide the required grant match.

The purpose of the Cadillac DDA Capital Project Fund is to receive these DDA TIF revenues and track their expenditures on Development Plan projects.

	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		
	2006	ESTIMATED 2007	CURRENT 2007	PROPOSED 2008
<b>REVENUES</b>				
Tax Revenue	\$105,389	\$105,000	\$105,000	<b>\$107,000</b>
Interest Income	658	1,000	500	<b>\$1,000</b>
<b>TOTAL REVENUES</b>	<b>\$106,047</b>	<b>\$106,000</b>	<b>\$105,500</b>	<b>\$108,000</b>
<b>EXPENDITURES</b>				
Audit	0	400	400	<b>400</b>
Contractual Services	21,481	45,000	48,500	<b>0</b>
Construction	0	1,500	1,500	<b>0</b>
Transfer to Debt Retirement Fund				
Principal Payment	0	20,000	20,000	<b>25,000</b>
Interest Payment	0	10,000	10,000	<b>8,000</b>
Public Works	32,444	0	0	<b>0</b>
<b>TOTAL EXPENDITURES</b>	<b>\$53,925</b>	<b>\$76,900</b>	<b>\$80,400</b>	<b>\$33,400</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues Over Expenses	\$52,122	\$29,100	\$25,100	\$74,600
Fund Balance - Beginning of Year	0	52,122	81,222	<b>81,222</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$52,122</b>	<b>\$81,222</b>	<b>\$106,322</b>	<b>\$155,822</b>

2006 fiscal year reflects construction for traffic calming consultants and a study. Public Works was related to the Harris Street improvement project with raised flower box planters and on street paved parking.

2007 contractual is for engineering services for Mitchell Street project.

This drawing depicts the improved Mitchell/Cass Street intersection planned for 2009.

2009 streetscape project will likely result in a bond issue for the renovation project.



**CITY OF CADILLAC**

<b>TITLE OF ISSUE</b>	<i>1997 Building Authority Fund Bonds</i>		
<b>PURPOSE</b>	Pay all or part of the cost of public parking lot improvements in the City of Cadillac		
<b>DATE OF ISSUE</b>	December 1, 1997		
<b>AMOUNT OF ISSUE</b>			\$310,000
<b>AMOUNT REDEEMED</b>			
Prior to Current Period		\$125,000	
During Current Period		\$20,000	\$145,000
<b>BALANCE OUTSTANDING</b>			\$165,000

<b>DUE DATES</b>	<b>REQUIREMENTS</b>			
	<b>RATE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
October 1, 2007	5.00%	\$25,000	\$4,234	\$29,234
April 1, 2008			\$3,609	\$3,609
October 1, 2008	5.05%	\$25,000	\$3,609	\$28,609
April 1, 2009			\$2,978	\$2,978
October 1, 2009	5.10%	\$25,000	\$2,978	\$27,978
April 1, 2010			\$2,340	\$2,340
October 1, 2010	5.15%	\$30,000	\$2,340	\$32,340
April 1, 2011			\$1,568	\$1,568
October 1, 2011	5.20%	\$30,000	\$1,568	\$31,568
April 1, 2012			\$788	\$788
October 1, 2012	5.25%	\$30,000	\$788	\$30,788
		\$165,000	\$26,800	\$191,800

***Local Development Finance Authority Utilities Fund***

**CITY OF  
CADILLAC  
MICHIGAN**



***2007-2008  
Annual Operating Budget***

## Local Development Financing Authority Utilities Fund

The Local Development Finance Authority (LDFA) developed a deep well to provide cooling water for the Power Plant. This water is untreated and can be used only for industrial purposes. Water is also available from the LDFA Groundwater Treatment Plant for the same purposes.

Revenue from the sale of water is used to pay for the cost of providing the water. The rates are established by the LDFA and are not part of the City's Utilities Ordinance.

The LDFA contracts with the City Utilities Department to provide operational and maintenance expertise.

### *Volume of Water Pumped (Gallons)*

1997	163,720,000
1998	161,000,000
1999	158,620,100
2000	143,838,000
2001	152,795,000
2002	162,571,000
2003	168,144,588
2004	152,780,000
2005	140,912,000
2006	148,930,000

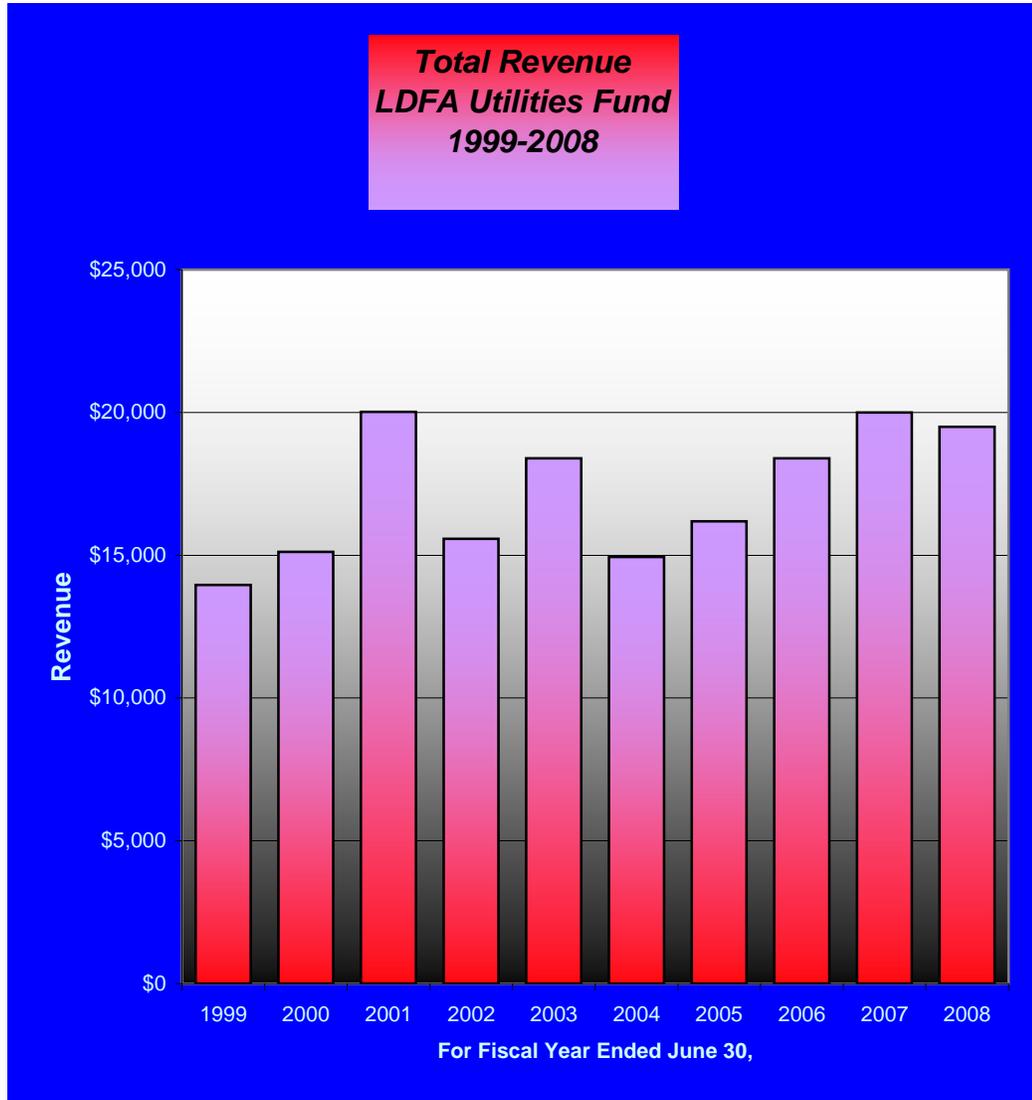
### *Hours spent in operation and maintenance*

1997	160
1998	156
1999	168
2000	154
2001	148
2002	122
2003	115
2004	170
2005	134
2006	125



	<i>Fiscal Year Ending June 30,</i>			
	AUDIT	Budget		PROPOSED
	2006	ESTIMATED 2007	CURRENT 2007	2008
<b>REVENUES</b>				
Water Revenue	\$12,519	\$15,000	\$15,600	<b>\$14,800</b>
Interest Income	5,874	5,000	3,500	<b>4,700</b>
<b>TOTAL REVENUES</b>	<b>\$18,393</b>	<b>\$20,000</b>	<b>\$19,100</b>	<b>\$19,500</b>
<b>EXPENDITURES</b>				
Salaries and Wages - Regular	\$1,838	\$2,300	\$2,300	<b>\$2,100</b>
Fringes	658	1,200	1,200	<b>1,400</b>
Operating Supplies	0	100	500	<b>500</b>
Contractual Services	0	5,000	5,500	<b>4,500</b>
Audit	400	400	400	<b>400</b>
Depreciation	4,416	4,300	4,300	<b>5,000</b>
<b>TOTAL EXPENDITURES</b>	<b>\$7,312</b>	<b>\$13,300</b>	<b>\$14,200</b>	<b>\$13,900</b>
<b>NET ASSETS AT YEAR END</b>				
Change in Net Assets	\$11,082	\$6,700	\$4,900	<b>\$5,600</b>
Total Net Assets - Beginning of Year	315,238	326,320	333,020	<b>333,020</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$326,320</b>	<b>\$333,020</b>	<b>\$337,920</b>	<b>\$338,620</b>

The fund balance is at a level to assist in replacement of the well or any major repairs.  
Contractual Services are to replace RPZ valve.



The customer water rate is tied to the electrical rate Consumers Energy pays for wholesale power. Only one customer is served, Cadillac Renewable Energy, and they provide the electrical energy for the well operation.

***Brownfield Redevelopment Authority Fund***

**CITY OF  
CADILLAC  
MICHIGAN**



***2007-2008  
Annual Operating Budget***

## Brownfield Redevelopment Fund

The Cadillac Brownfield Redevelopment Authority (BRA) was established on December 6, 1996. It was the first Brownfield Authority established in the State of Michigan, in accordance with Michigan Public Act 381 of 1996. The Brownfield Redevelopment Authority is charged with the redevelopment of Brownfield sites throughout the City of Cadillac. A "Brownfield" is defined as a previously developed property that is either perceived or known to have environmental contamination. Prior to the economic development tools and incentives authorized under P.A. 381, a number of Brownfield sites sat idle throughout the Cadillac community and steadily declined in property value due to perceived or confirmed contamination. Due to the increased risks and costs associated with Brownfield sites, prior to P.A. 381, many developers consistently opted to invest in "greenfields", or previously undeveloped parcels. The rapid development of greenfields is known statewide to have contributed to the growing problem of urban sprawl and the costly, unwarranted extension of public utilities (i.e., water and sewer).

After creating the Cadillac BRA, efforts were undertaken by this new board to establish a Brownfield Redevelopment Authority Plan. The Plan was first approved on August 4, 1997 and has since been amended and re-approved four times, most recently on May 1, 2006. The Brownfield Redevelopment Plan identifies brownfields throughout the City of Cadillac, and defines "eligible activities" (i.e., environmental assessment, environmental remediation) that will be undertaken by the BRA to reduce or eliminate known contamination, so that it is economically feasible for the private sector to redevelop these properties. Eligible activities are funded through the capture of tax dollars via tax increment financing, which is enabled by the private redevelopment of Brownfield sites. It is often necessary for the City of Cadillac to front these expenses and then receive reimbursement from the BRA once private redevelopment has occurred.

At present, the Cadillac Brownfield Redevelopment Plan identifies ten Brownfield sites, which are as follows:

- > 403 W. Seventh Street - the Metal Casters site (former foundry)
- > 1405 Sixth Avenue - the Four Starr site (former manufacturing facility)
- > 314 S. Mitchell Street - the Brasseur site (former gas station)
- > 301 N. Lake Street - the Kraft site (former manufacturing/storage facility)
- > 1002 Sixth Street - the Northernaire Plating site (former metal plating site)
- > 117 W. Cass Street - the Sundstrom building site (former real estate office)
- > 115 S. Mitchell Street - the Stage/Milliken building site (former department store)
- > 1033 W. Sixth Street - the Emerald Tree Farm site (former tree farm)
- > 302 South Mitchell Street (former YMCA site)
- > 111 West Chapin Street (former Harris Milling Site)

To date, 403 W. Seventh Street and 1405 Sixth Avenue have both been remediated and redeveloped by the private sector. A rubber recycling facility owned by Avon Rubber & Plastics now operates at 403 W. Seventh Street and AAR Cadillac Manufacturing has constructed the largest manufacturing facility in Cadillac's Industrial Park on the 1405 Sixth Avenue site. Remediation efforts were completed at the Brasseur site (314 S. Mitchell Street), and 1002 Sixth Street will be addressed once a private developer has been identified to redevelop the site. At the former Emerald Tree site, emergency remediation funds were secured from the MDEQ in 2002 to address two leaking barrels and other debris that was illegally dumped on the site.

Additionally, 117 W. Cass Street, the Sundstrom building site, was purchased by Lakeside Title, LLC. Unfortunately, a two story office building as originally planned for the site could not be constructed, due to the poor condition of the neighboring building. The site was subsequently donated to the Cadillac Area Community Foundation and is currently vacant. The Stage-Milliken's building site at 115 S. Mitchell Street is now occupied by Horizon Books, Bridal Expressions, and The Clothesline. The south half of the building, now under separate ownership by Horizon Books, was issued an Obsolete Property Rehabilitation exemption Certificate to encourage its comprehensive rehabilitation and reuse. The Kraft site is under construction and will soon feature a three-story condominium development. The YMCA and Harris Milling sites were added to the BRA Plan in 2006 and await redevelopment.

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2006	2007	2007	2008
<b>REVENUES</b>				
Current Property Taxes	\$1,659	\$27,000	\$27,800	\$27,000
Interest Income	2,300	2,000	2,000	2,000
<b>TOTAL REVENUES</b>	<b>\$3,959</b>	<b>\$29,000</b>	<b>\$29,800</b>	<b>\$29,000</b>
<b>EXPENDITURES</b>				
Contractual Services	750	27,000	27,800	28,200
Audit	800	800	800	800
<b>TOTAL EXPENDITURES</b>	<b>\$1,550</b>	<b>\$27,800</b>	<b>\$28,600</b>	<b>\$29,000</b>
<b>FUND BALANCE AT YEAR END</b>				
Excess (Deficiency) of Revenues over Expenditures	\$2,409	\$1,200	\$1,200	\$0
Fund Balance - Beginning of Year	99,392	101,801	103,001	103,001
<b>FUND BALANCE AT YEAR END</b>	<b>\$101,801</b>	<b>\$103,001</b>	<b>\$104,201</b>	<b>\$103,001</b>

**Brownfield Redevelopment Authority Board of Directors:**

<b>Mike Figliomeni</b>	<b>Regan O'Neill</b>
<b>Jack Benson</b>	<b>Peter D. Stalker</b>
<b>Ron Swanson</b>	

Contractual Services are for Baseline Environmental Assessment activities in 2007. 2008 reflects the beginning phase of possible purchase of Harris Milling.

In accordance with the development agreement between Lakeside Development, Inc. and the Cadillac Brownfield Redevelopment Authority, tax increment financing (TIF) revenues captured from the Kraft Site (301 Lake Street) will fund burial and relocation of overhead utility lines and other minor public infrastructure improvements. The total allowable cost for these activities is \$368,000. As TIF revenues are collected annually from this site, they will be transferred to Lakeside Development, Inc. up to the maximum allowable. It is anticipated TIF capture will be necessary through 2015 for this purpose.

The Kraft site at 301 Lake Street is under construction and will soon feature a three story 24 unit condominium development.



Artist rendering of project

Construction beginning



Construction nearing completion

# *Capital Improvement Program*

CITY OF  
**CADILLAC**  
MICHIGAN



**2007-2008**  
***Annual Operating Budget***

# CAPITAL IMPROVEMENT PROGRAM

A Capital Improvement Program normally consists of major projects undertaken that are generally not recurring on a "year in, year out" basis and fit within one or more of the following categories:

1. All projects requiring debt obligation or borrowing
2. Any acquisition or lease of land
3. Purchase of major equipment and vehicles valued in excess of \$5,000 with a life expectancy of five years or more.
4. Construction of new buildings or facilities including engineering design and pre-construction costs with an estimated total cost in excess of \$5,000.
5. Major building improvements that are not routine expenses and that substantially enhance the value of a structure.
6. Major equipment or furnishing required to furnish new buildings or other projects.
7. Major studies requiring the employment of outside professional consultants in excess of \$5,000.

## **What is a Capital Budget?**

A Capital Budget is a detailed list of those capital expenditures to be incurred during the next fiscal year. It covers all capital expenditures for the first year of the five year capital improvements program, shows project priorities, cost estimates, financing methods, tax schedules and estimated annual operating and maintenance costs. The information presented in the capital budget is incorporated into the annual operation budget for appropriation of monies.

An effective and ongoing capital improvements program is beneficial to elected officials, staff and the general public. Among the benefits that can be received from an adopted and well maintained capital improvement program and annual capital budget are:

1. Coordination of the community's physical planning with its fiscal planning capabilities;
2. Ensuring that public improvements are undertaken in the most desirable order of priority;
3. Assisting in the stabilization of the tax rate over a period of years;
4. Producing savings in total project costs by promoting a "pay as you go" policy of capital financing thereby eliminating additional interest and other extra charges;
5. Providing adequate time for planning and engineering of proposed projects;
6. Ensuring the maximum benefit of the monies expended for public improvements; and,
7. Permitting municipal construction activities to be coordinated with those of other public agencies within the community.

These benefits are important for the Cadillac community. Capital improvements programming and capital budgeting allow officials and citizens to set priorities for capital expenditures and accrue maximum physical benefit for a minimum of capital expenditures through an orderly process of project development, scheduling and implementation.

## **Who is responsible for the preparation?**

### ***City Council***

The City Council has final responsibility of authorizing expenditures of public monies for capital improvements projects. In order to make the capital improvements program and annual capital budget an effective tool for good government and management, it must, after review and adoption, be used as a guide in final budgetary decisions. The City Council must review, conduct a public hearing, and then adopt the capital improvements budget.

### ***City Manager***

The City Manager has the responsibility of submitting the proposed capital improvements program and annual capital budget to the City Council for their review. It is the responsibility of the City Manager to review the proposed program as to content, timing, coordination, and its affect on the overall fiscal policy and abilities of the City.

### ***Finance Department***

The Finance Department has the responsibility of coordinating the actual preparation of the proposed capital improvements program and capital budget. The Director of Finance coordinates and reviews individual department projects and assembles project lists and other materials for the program document. This department is also responsible for providing supporting information regarding the City's revenue and expenditure capabilities and limitations.

### ***Departments***

The Department head has the most knowledge and information regarding the department's functions and needs. They are responsible for critically analyzing plans and projects desired for inclusion in the capital improvements program and annual capital budget. They are also responsible for obtaining the input and approval of proposed projects by the various boards and commissions concerned with their activities. Along with information regarding each project, the department heads are responsible for ranking proposed projects in order of priority within their division and department.

### ***Citizens of Cadillac***

The Citizens of Cadillac have a responsibility to express their concerns and desires of the capital project needs of the community through meeting with the City Council, City staff, and the various boards and advisory commissions created by the City.

## **What projects are to be included and what are their priorities?**

A wide range and variety of capital improvements could be included in the Capital Improvement Program. Listed below are several criteria to aid in the review of potential projects:

- relationship to overall community needs
- relationship to other projects
- distribution of projects throughout the City
- required to fulfill any federal or state judicial or administrative requirements
- impact on annual operating and maintenance costs
- relationship to other community plans
- relationship to source and availability of funds
- relationship to overall fiscal policy and capabilities
- project's readiness for implementation

A list of proposed projects resulting from a consideration of these criteria need to be ranked in their order of importance to the Cadillac community. The initial responsibility for assigning priorities to individual projects rests with the department heads. The definitions listed below should be used in determining the priority for each project.

**Priority #1:** Project can not be postponed as it is essential, partially completed, meets an emergency situation or the City is committed by contractual arrangement. Only essential projects should be so classified.

**Priority #2:** Projects should be carried out within a few years to meet anticipated needs of a current program or for replacement of unsatisfactory facilities. Needed to maintain the agency/activity program at current level of performance.

**Priority #3:** Project is needed for the proper expansion of a program or facility with the exact timing waiting until funds are available. Projects that are desirable but need further study.

**Priority #4:** Project needed for an ideal operation but can not yet be recommended for action. Can safely be deferred beyond the third year of the five-year projection.

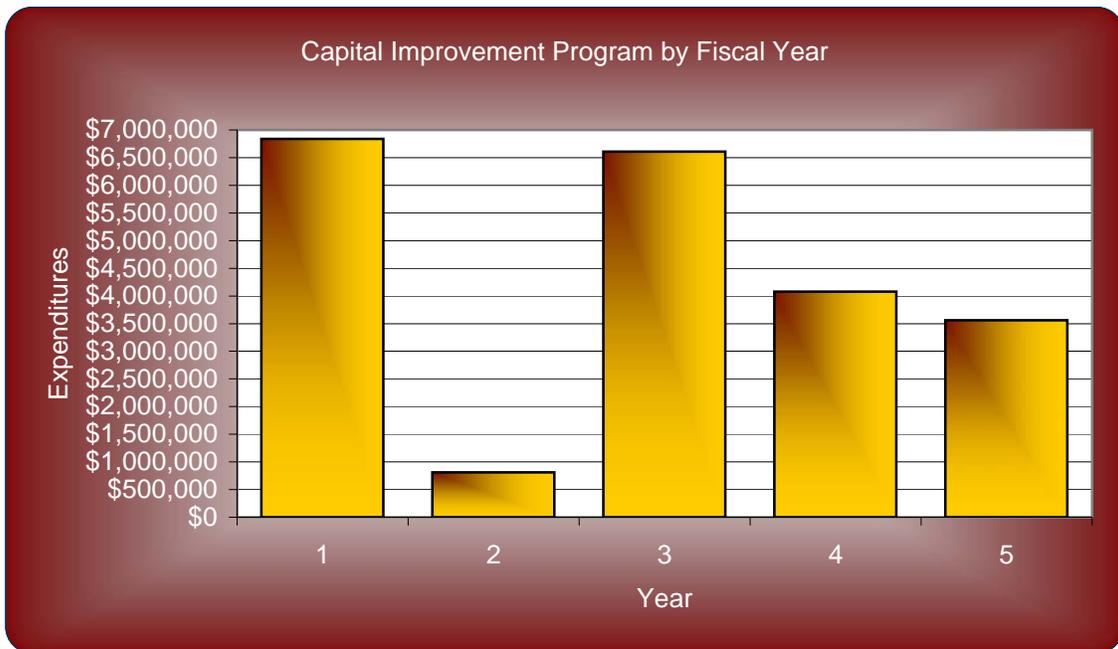
The City of Cadillac's Capital Improvement Program was approved by the City Council and has been placed throughout the operating budget where the appropriate fund could financially afford the improvement.

The effect of the inclusion of these expenditures within the operating budgets will have minor impact on the budget. The various pieces of equipment reflect replacement of worn and obsolete assets. The maintenance costs will be reduced slightly. Many of the street projects are resurfacing the aging infrastructure and will reduce the costs of filling the potholes and the man hours will be able to be reassigned to other projects requiring attention. Construction of unpaved streets has been a priority goal of the City Council and several streets will be paved in 2007-2008. The net cost savings is minimal when compared to the total budget.

This section provides only a brief summary of the capital projects that have been budgeted for the next five years. Each year, the City produces an entire document devoted to the five year Capital Improvement Plan. For additional detail, this document is available by request from City Hall.

**City of Cadillac**  
**Capital Improvement Program**  
**2007-2012**

<u>Fund</u>	<u>Year One</u> <u>2007-2008</u>	<u>Year Two</u> <u>2008-2009</u>	<u>Year Three</u> <u>2009-2010</u>	<u>Year Four</u> <u>2010-2011</u>	<u>Year Five</u> <u>2011-2012</u>	<u>Total</u>	<u>Average</u> <u>Percent</u>
General Fund	\$529,200	\$212,700	\$165,000	\$138,400	\$64,700	<b>\$1,110,000</b>	5.07%
Major Street Fund	80,000	10,000	4,487,000	70,000	1,500,000	<b>6,147,000</b>	28.08%
Local Street Fund	1,305,000	280,000	220,000	193,200	679,000	<b>2,677,200</b>	12.23%
Cemetery Fund	6,100	31,000	90,500	6,100	7,400	<b>141,100</b>	0.64%
Industrial Park Fund	0	0	525,000	0	0	<b>525,000</b>	2.40%
Water & Wastewater Fund	4,680,200	95,000	918,500	3,460,000	1,129,300	<b>10,283,000</b>	46.97%
Stores & Garage Fund	155,000	145,500	166,000	186,000	152,500	<b>805,000</b>	3.68%
Data Processing Fund	86,000	34,000	34,000	25,000	25,000	<b>204,000</b>	0.93%
<b>Total</b>	<b>\$6,841,500</b>	<b>\$808,200</b>	<b>\$6,606,000</b>	<b>\$4,078,700</b>	<b>\$3,557,900</b>	<b>\$21,892,300</b>	<b>100.00%</b>



**City of Cadillac  
Capital Improvement Program  
Summary**

**2007-2008**

<b>Department</b>	<b>Project</b>	<b>Rank</b>	<b>Units</b>	<b>Amount</b>	<b>Summary</b>	<b>Impact on Operating Costs</b>
Municipal Complex	Wall Covering	1	172	\$5,000	Replacement	(\$600)
Municipal Complex	Floor Covering	1	527	\$19,700	Replacement	(\$300)
Municipal Complex	Brick Wall	2	2	\$5,000	Replacement	(\$500)
Municipal Complex	Office Desks	2	2	\$5,000	Replacement	(\$100)
Municipal Complex	Engineer Pickup	1	1	\$17,000	Replacement	(\$500)
Police	Patrol Vehicle	1	1	\$25,500	Replacement	(\$3,000)
Police	Lobby Renovation	1	1	\$27,600	Replacement	\$30
Police	Wireless Communication	1	14	\$48,400	Upgrade	\$1,000
Fire	Breathing Apparatus	1	20	\$90,000	Replacement	(\$600)
Fire	Micro Pump	1	1	\$15,000	New	\$500
Parks Department	Hedge Trimmers	1	9	\$5,300	Replacement	(\$500)
Parks Department	Pavilion sound system	2	1	\$5,000	Replacement	(\$200)
Parks Department	Parking Lot	2	1	\$30,000	Replacement	(\$100)
Parks Department	Pavilion sound system	2	1	\$5,000	Replacement	(\$200)
Parks Department	Clam River Greenway	1	1	\$252,700	Improve Existing	\$2,000
Major Street	North Street	2	1	\$55,000	Improve Existing	(\$1,200)
Major Street	Street Signs	2	1	\$10,000	Replacement	(\$200)
Major Street	Ditching	2	1	\$15,000	Improve Existing	(\$500)
Local Street	Nelson	2	1	\$150,000	Improve Existing	(\$2,000)
Local Street	Industrial Park	2	1	\$600,000	Improve Existing	(\$1,200)
Local Street	Kentucky Street	2	1	\$30,000	Improve Existing	(\$500)
Local Street	Street Signs	2	1	\$10,000	Replacement	(\$200)
Local Street	Marathon Drive	2	1	\$161,000	New	(\$6,000)
Local Street	Arthur Street	2	1	\$344,000	New	(\$500)
Local Street	Alley- Ewart and Henry	3	1	\$10,000	new	(\$500)
Cemetery Operating	Leaf Blower, Trimmers	1	9	\$6,100	Replacement	(\$300)
Water & Wastewater	Nelson Street	3	1	\$80,000	Replacement	(\$1,000)
Water & Wastewater	East North Street	1	1	\$35,000	Replacement	(\$1,500)
Water & Wastewater	South Street	1	1	\$32,500	Replacement	(\$1,000)
Water & Wastewater	Pickup Truck	3	1	\$20,000	Replacement	(\$300)
Water & Wastewater	Lake Street Pump Station	3	1	\$461,000	Replacement	(\$4,000)
Water & Wastewater	Leeson Pump Station	2	1	\$691,000	Replacement	(\$3,000)
Water & Wastewater	Leisure Street Pump Station	2	1	\$450,000	Replacement	(\$4,000)
Water & Wastewater	Lake Street Force Main	1	1	\$169,000	Replacement	(\$1,000)
Water & Wastewater	Influent Pumps	3	1	\$250,000	Replacement	(\$1,500)
Water & Wastewater	Primary digester	1	1	\$262,500	Replacement	(\$2,000)
Water & Wastewater	Primary Digester	1	1	\$137,500	Replacement	(\$1,500)
Water & Wastewater	Secondary Digester	1	1	\$306,300	Replacement	(\$1,000)
Water & Wastewater	Biosolids Storage	1	1	\$74,100	Replacement	(\$500)
Water & Wastewater	Tertiary Treatment	1	1	\$816,300	Replacement	(\$500)
Water & Wastewater	Redundant UV	1	1	\$75,000	Replacement	(\$3,500)
Water & Wastewater	Backup Generator	1	1	\$206,000	Replacement	(\$500)
Water & Wastewater	Main Control Panel	1	1	\$262,000	Replacement	(\$500)
Water & Wastewater	Marathon Drive	1	1	\$151,000	Replacement	(\$2,500)
Water & Wastewater	Arthur Street	1	1	\$174,000	Replacement	(\$500)
Stores and Garage	Pickup Truck	1	1	\$20,000	Replacement	(\$200)
Stores and Garage	Salt Storage Building	1	1	\$135,000	Replacement	(\$1,200)

Data Processing	Projector	1	2	\$5,000	Replacement	(\$100)
Data Processing	Printer	1	1	\$6,000	Replacement	(\$500)
Data Processing	Computer Replacement	1	16	\$25,000	Replacement	(\$200)
Data Processing	Tape Backup Drive	1	1	\$5,000	New	\$200
Data Processing	Network Servers	1	4	\$20,000	Replacement	(\$1,200)
Data Processing	GIS Police/Fire	1	4	\$25,000	New	(\$500)
<b>Total</b>				<b>\$6,841,500</b>		<b>(\$50,170)</b>

Footnotes:

1. Clam River Greenway is the final phase of a walking path through the northern section of town. Additional costs should be minor maintenance of the path throughout the year. Majority of funding will be through a grant and donations.
2. Water and Wastewater from the Lake Street Pump Station listed above through the Main Control Panel are replacement of older equipment. The funding is from a low interest loan from the State of Michigan. Capital improvement items for the next five years are added to this item so in the near future there should be less spent on capital items. Cost savings from repairs.
3. Salt storage building is not designed for the chemical activity of salt storage. A new building will reduce the needed maintenance from the harsh weather and the salt. Funding will be from internal investments.

**City of Cadillac  
Capital Improvement Program  
Summary**

2008-2009

Department	Project	Rank	Units	Amount	Summary	Impact on Operating Costs
Municipal Complex	Wall Covering	1	172	\$5,000	Replacement	(\$600)
Municipal Complex	Staff Vehicle	1	1	\$18,000	Replacement	(\$500)
Municipal Complex	Office Desks	2	3	\$17,000	Replacement	(\$100)
Municipal Complex	Utilities Front Counter	1	1	\$10,000	Replacement	(\$100)
Police Department	Patrol Vehicle	1	1	\$27,000	Replacement	(\$600)
Police Department	Wireless Data Common.	2	8	\$35,000	New Equipment	(\$1,000)
Fire	Light Rescue Vehicle	1	1	\$38,000	Replacement	(\$300)
Fire	Radios	1	11	\$7,700	Replacement	(\$500)
Parks	Pump Motor	1	1	\$5,000	Replacement	(\$500)
Parks	Kenwood Paving	2	1	\$50,000	Improve Existing	(\$2,000)
Major Streets	Signage	2	20	\$10,000	Improve Existing	(\$500)
Local Street	East Bremer	2	1	\$120,000	Improve Existing	(\$1,000)
Local Street	Lincoln Street	2	1	\$100,000	Improve Existing	(\$1,200)
Local Street	South Street	2	1	\$50,000	Improve Existing	(\$1,200)
Local Street	Street Signs	2	10	\$10,000	Improve Existing	(\$500)
Cemetery	Iron Gates	1	4	\$10,000	Restoration	(\$300)
Cemetery	Pickup Truck	1	1	\$21,000	Replacement	(\$750)
Water & Wastewater	East Bremer	1	1	\$50,000	Replacement	(\$400)
Water & Wastewater	Lincoln Street	2	1	\$10,000	Replacement	(\$1,200)
Water & Wastewater	Sanitary Manhole	2	5	\$25,000	Replacement	(\$500)
Water & Wastewater	Water Main Valves	2	5	\$10,000	Replacement	(\$500)
Stores & Garage	Pickup Truck	1	1	\$21,000	Replacement	(\$600)
Stores & Garage	Patch Trailer	1	1	\$24,500	Replacement	(\$200)
Stores & Garage	Underbody Plow	1	1	\$6,000	Replacement	(\$800)
Stores & Garage	Sidewalk Tractor	1	1	\$45,000	Replacement	(\$900)
Stores & Garage	Duopatcher	1	1	\$49,000	Replacement	(\$1,000)
Data Processing	Hardware Replacement	1	16	\$25,000	Replacement	(\$5,000)
Data Processing	Printer	1	1	\$9,000	Replacement	(\$1,200)
<b>Total</b>				<b>\$808,200</b>		<b>(\$23,950)</b>

**City of Cadillac  
Capital Improvement Program  
Summary**

**2009-2010**

<b>Department</b>	<b>Project</b>	<b>Rank</b>	<b>Units</b>	<b>Amount</b>	<b>Summary</b>	<b>Impact on Operating Costs</b>
Municipal Complex	Wall Covering	3	172	\$5,000	Replacement	(\$600)
Municipal Complex	Bathrooms	2	9	\$25,000	Replacement	(\$600)
Municipal Complex	Desks	1	3	\$10,000	Replacement	(\$100)
Police Department	Patrol Vehicle	1	1	\$28,000	Replacement	(\$500)
Police Department	Wireless Communication	1	1	\$54,000	New	\$1,000
Fire	Radios	1	11	\$7,700	Replacement	(\$500)
Parks	Equipment	2	9	\$5,300	Replacement	(\$750)
Parks	Chestnut Street	2	1	\$30,000	Replacement	(\$500)
Parks	Potvin Industrial Park	1	1	\$525,000	Replacement	\$2,000
Major Street	Mitchell Street	2	1	\$2,127,000	Replacement	(\$6,000)
Major Street	Mitchell Street	2	1	\$1,900,000	Replacement	(\$5,000)
Major Street	Park Street	1	1	\$450,000	Replacement	(\$6,000)
Major Street	Street Signs	2	10	\$10,000	Replacement	(\$500)
Local Street	Selma Street	2	1	\$100,000	Improve Existing	(\$1,200)
Local Street	May Street	1	1	\$30,000	Improve Existing	(\$500)
Local Street	Washington Street	2	1	\$70,000	Improve Existing	(\$600)
Local Street	Alley-Washington	2	1	\$10,000	Improve Existing	(\$500)
Local Street	Signs	2	10	\$10,000	Replacement	(\$500)
Cemetery	Paving	1	1	\$35,000	Replacement	(\$500)
Cemetery	Pillars	1	2	\$50,000	Restoration	(\$500)
Cemetery	Mower	1	1	\$5,500	Replacement	(\$5,500)
Water & Wastewater	Park Street	1	1	\$40,000	Replacement	(\$500)
Water & Wastewater	Selma Street	2	1	\$91,000	Replacement	(\$500)
Water & Wastewater	Mitchell Street	1	1	\$380,000	Replacement	(\$5,000)
Water & Wastewater	Mitchell Street	3	1	\$280,000	Replacement	(\$5,000)
Water & Wastewater	May Street	2	5	\$13,500	Replacement	(\$500)
Water & Wastewater	Washington Street	3	1	\$49,000	Replacement	(\$2,000)
Water & Wastewater	Tractor Backhoe	3	1	\$25,000	Replacement	(\$200)
Water & Wastewater	Pickup Truck	3	2	\$40,000	Replacement	(\$500)
Stores & Garage	Underbody Plow	1	1	\$6,000	Replacement	(\$400)
Stores & Garage	Street Sweeper	1	1	\$160,000	Replacement	(\$1,500)
Data Processing	Computer Replacement	1	16	\$25,000	Replacement	(\$5,000)
Data Processing	Email Server	1	1	\$9,000	Replacement	(\$500)
<b>Total</b>				<b>\$6,606,000</b>		<b>(\$49,450)</b>

**City of Cadillac  
Capital Improvement Program  
Summary**

**2010-2011**

<b>Department</b>	<b>Project</b>	<b>Rank</b>	<b>Units</b>	<b>Amount</b>	<b>Summary</b>	<b>Impact on Operating Costs</b>
Municipal Complex	Desks	1	4	\$12,000	Replacement	\$100
Police Department	Patrol Vehicle	1	1	\$34,500	Replacement	(\$600)
Police Department	Body Armor	1	20	\$16,000	Replacement	(\$600)
Fire	Thermal Imaging Camera	1	1	\$8,500	Replacement	(\$500)
Parks	Skate Park Equipment	2	1	\$60,000	New	\$3,000
Parks	Riding Lawn Mower	2	1	\$7,400	Replacement	(\$500)
Major Street	Carmel Street	2	1	\$30,000	Improve Existing	(\$600)
Major Street	West Bremer	2	1	\$40,000	Improve Existing	(\$500)
Local Street	Cherry Street	2	1	\$40,000	Improve Existing	(\$400)
Local Street	Cedar Street	1	1	\$13,200	Improve Existing	(\$400)
Local Street	Wheeler Street	2	1	\$90,000	Improve Existing	(\$1,000)
Local Street	Lynn Street	2	1	\$40,000	Improve Existing	(\$400)
Local Street	Signs	2	10	\$10,000	Replacement	(\$500)
Cemetery	Leaf Blowers	1	9	\$6,100	Replacement	(\$600)
Water & Wastewater	Cherry Street	3	1	\$15,000	Replacement	(\$300)
Water & Wastewater	Wheeler Street	3	1	\$65,000	Replacement	(\$500)
Water & Wastewater	Lynn Street	1	1	\$84,000	Replacement	(\$1,000)
Water & Wastewater	West Bremer	3	1	\$38,000	Replacement	(\$400)
Water & Wastewater	Water Tower Painting	2	1	\$210,000	Replacement	(\$1,000)
Water & Wastewater	Water Supply Improvement	2	1	\$3,000,000	New	\$2,000
Water & Wastewater	Service Truck	2	1	\$23,000	Replacement	(\$200)
Water & Wastewater	Carmel Street	3	1	\$25,000	Replacement	(\$1,200)
Stores & Garage	Pickup Truck	1	1	\$22,000	Replacement	(\$800)
Stores & Garage	Aerial Lift Truck	1	1	\$91,000	Replacement	(\$500)
Stores & Garage	Wood Chipper	1	1	\$33,500	Replacement	(\$1,000)
Stores & Garage	Crack Sealer	1	1	\$39,500	Replacement	(\$1,000)
Data Processing	Computer Replacement	1	16	\$27,000	Replacement	(\$5,000)
<b>Total</b>				<b>\$4,080,700</b>		<b>(\$14,400)</b>

**City of Cadillac  
Capital Improvement Program  
Summary**

**2011-2012**

<b>Department</b>	<b>Project</b>	<b>Rank</b>	<b>Units</b>	<b>Amount</b>	<b>Summary</b>	<b>Impact on Operating Costs</b>
Municipal Complex	Desks	1	2	\$7,000	Replacement	(\$100)
Police Department	Vehicle	1	1	\$34,500	Replacement	(\$600)
Fire	Rescue Tools	2	1	\$12,000	Replacement	(\$800)
Parks	Equipment	2	9	\$5,300	Replacement	(\$750)
Parks	Mower	2	1	\$5,900	Replacement	(\$300)
Major Street	Mitchell Street	2	1	\$1,500,000	Improve Existing	(\$5,000)
Local Street	Holly Road	2	1	\$99,000	Improve Existing	(\$1,000)
Local Street	Crippen Street	1	1	\$105,000	Improve Existing	(\$1,000)
Local Street	Hersey Street	2	1	\$100,000	Improve Existing	(\$1,200)
Local Street	Ayers Street	2	1	\$70,000	Improve Existing	(\$1,000)
Local Street	Blodgett Street	2	1	\$65,000	Improve Existing	(\$1,000)
Local Street	Aldrich	2	1	\$60,000	Improve Existing	(\$1,000)
Local Street	East Garfield	1	1	\$120,000	Improve Existing	(\$2,000)
Local Street	East Bremer	3	1	\$50,000	Improve Existing	(\$2,000)
Local Street	Signs	3	10	\$10,000	Replacement	(\$500)
Cemetery	Lawn Mower	1	1	\$7,400	Replacement	(\$500)
Water & Wastewater	Blodgett Street	3	1	\$23,800	Replacement	(\$500)
Water & Wastewater	Crippen Street	1	1	\$58,000	Replacement	(\$500)
Water & Wastewater	Hersey Street	2	1	\$35,000	Replacement	(\$500)
Water & Wastewater	Ayers Street	2	1	\$17,500	Replacement	(\$500)
Water & Wastewater	Mitchell Street	2	1	\$600,000	Replacement	(\$5,000)
Water & Wastewater	East Bremer	2	1	\$50,000	Replacement	(\$1,000)
Water & Wastewater	Aldrich Street	2	1	\$40,000	Replacement	(\$1,000)
Water & Wastewater	Mitchell Alley	3	1	\$45,000	Replacement	(\$1,000)
Water & Wastewater	Tractor Backhoe	3	1	\$60,000	Replacement	(\$2,500)
Water & Wastewater	Sewer Vacuum Truck	3	1	\$200,000	Replacement	(\$2,500)
Stores & Garage	Pickup Truck	1	1	\$23,000	Replacement	(\$750)
Stores & Garage	Dump Truck	1	1	\$29,500	Replacement	(\$1,000)
Stores & Garage	Wheel Loader	2	1	\$100,000	Replacement	(\$1,000)
Data Processing	Computer Replacement	1	16	\$27,000	Replacement	(\$5,000)
<b>Total</b>				<b>\$3,559,900</b>		<b>(\$41,500)</b>



**Annual Budget Calendar  
2007-2008**



**2006**

- November 9 Department heads submit goals.
- November 20 City Council work session to discuss City wide-goals.
- November 28 City Manager and Director of Finance have preliminary discussions regarding budget objectives.
- December 6 City Council approves City wide-goals.

**2007**

- January 16 Staff meeting held to discuss the general guidelines for the 2007-2008 annual budget preparation. Departments begin to receive budget folders.
- January 31 Additional personnel requests, if any, are submitted to Human Resources.
- February 2 All budget folders are submitted to Finance for review.
- March 2 Finance review completed. Information on balance budget submitted to the City Manager for review and approval.
- March 9 City Manager concludes review and preliminary budget is prepared.
- March 31 Administrative budget is completed and in accordance with the City Charter is submitted to the City Council for their deliberation.
- April 2 City Clerk makes public notice of public hearing on the budget.
- April 16 City Council holds budget work session.
- May 7 Public hearing held on the preliminary budget.
- May 21 Budget adoption and tax levy authorization.
- June 22 Prepare the tax roll.
- June 30 Mail the tax bills.
- July 1 New budget takes effect.

## City of Cadillac Budgetary Policies

1. The annual operating budget including proposed expenditures and the means of financing them, must be presented by the City Manager to the City Council on March 31<sup>st</sup> of each year.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to May 31<sup>st</sup>, the budget is legally enacted through the passage of a budget ordinance. Budgets are submitted on a line item basis but adopted by the City Council on a major function basis.
4. All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by City Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental type funds may not exceed appropriations at the total fund level.
5. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
6. Budgets are reviewed, monthly, and amended, if needed, quarterly. The budget is amended on a fund basis for all funds other than the general fund, which is amended on a departmental basis.

## Accounting Policies

1. The accounts of the City of Cadillac are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.
2. The City of Cadillac has the following fund types and account groups:
  - A. **Governmental funds** are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, franchise taxes, license, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Special Revenue Funds** account for revenue sources that are legally restricted to expenditures for specific purposes.

The **Debt Service Funds** account for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

B. **Proprietary Funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable Financial Accounting Standards Board pronouncements in accounting and reporting for the proprietary operations. Proprietary funds include the following fund types:

The **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**Internal Service Funds** account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

C. **Fiduciary Funds** account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

The **Permanent Funds** and **Pension Trust Funds** are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Permanent funds account for assets of which the principal may not be spent. The pension trust fund accounts for the assets of the government's public safety employees' pension plan.

## Fund Balance Policies

Fund balances will vary by each fund and fund type but as a general rule the State of Michigan has indicated in Public Act 2 the fund balance shall not be negative. In the General Fund, the Cadillac City Council has established a policy of striving to keep the reserve for working capital at 15% of the operating budget. This reserve is for unexpected decreases in revenues or increases in expenditures. A reserve account records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure. The City Council has identified several reserved accounts in the General Fund. These funds typically can be turned quickly into liquid assets. Fund balances are shown in all funds with the exception of proprietary funds which involves retained earnings. Retained earnings are not as liquid since often the assets are equipment or water lines or some other form of illiquid asset.

## Basis of Budgeting

The City of Cadillac does not distinguish between Basis of Budgeting and Basis of Accounting. The principles set forth as the Basis of Accounting are strictly observed in the budgeting process. A fund's Basis of Budgeting and Basis of Accounting determines when a transaction or event is recognized within a fund's operating statement. The State of Michigan has indicated in Public Act 2 the fund balance shall not be negative.

• Major Governmental Funds	Modified Accrual
• Major Proprietary Funds	Full Accrual
• Non Major Special Revenue Funds	Modified Accrual
• Non Major Debt Service Funds	Modified Accrual
• Non Major Capital Project Funds	Modified Accrual
• Non Major Permanent Funds	Modified Accrual
• Non Major Proprietary Funds	Full Accrual
• Internal Service Funds	Full Accrual
• Pension Trust Funds	Modified Accrual
• Major Component Unit Funds	Modified Accrual
• Non Major Component Unit Funds	Modified Accrual

**CITY OF CADILLAC, MICHIGAN INVESTMENT POLICY**  
To Comply With Act 20 PA 1943, as amended

**PURPOSE** - It is the policy of the City of Cadillac to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the City and comply with all state statutes governing the investment of public funds.

**SCOPE** - This investment policy applies to all financial assets of the City of Cadillac. These assets are accounted for in the various funds of the City and include the general fund, special revenue funds, debt service funds and capital project funds (unless bond ordinances and resolutions are more restrictive), enterprise funds, internal service funds, trust and agency funds and any new funds established by the City of Cadillac.

**OBJECTIVES** - The primary objectives, in priority order, of the City's investment activities shall be:

**SAFETY** - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

**DIVERSIFICATION** - The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

**LIQUIDITY** - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

**RETURN ON INVESTMENT** – The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

**DELEGATION OF AUTHORITY TO MAKE INVESTMENTS** - Authority to manage the investment program is derived from the following: The Cadillac City Council's most current resolution designating depositories and Section 7.4 of the Cadillac City Charter designates the City Treasurer to be the custodian of the City's funds. Management responsibility for the investment program is hereby delegated to the Director of Finance who shall establish written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, cash purchase or delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Director of Finance is limited to investments authorized by Act 20 of 1943, as amended December 31, 1997, and may invest in the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Bankers' acceptance of United States banks.
- (e) Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than 1 standard rating service.
- (f) Mutual funds registered under the investment company act of 1940, title 1 of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share. The City may also include mutual funds whose net asset value may fluctuate on a periodic basis.
- (g) Investment pools through an inter-local agreement under the urban cooperation act of 1967. 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- (h) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.129.111 to 129.118.
- (i) The City shall not deposit or invest funds in a financial institution that is not eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- (j) Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investments of paragraphs a - i.

**SAFEKEEPING AND CUSTODY** - All security transactions, including financial institution deposits, entered into by the Director of Finance shall be on a delivery vs. payment basis. Securities may be held by a third party custodian designated by the Director of Finance and evidenced by safekeeping receipts.

**DIVERSIFICATION** - The City of Cadillac will diversify its investments by security type and institution. With exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

**AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS** – The City of Cadillac finance department will maintain a list of financial institutions authorized to provide investment services in Michigan as well as their credit worthiness. No public deposit shall be made except in a qualified public depository as established by the State of Michigan. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the City with certification of having read this investment policy.

**MAXIMUM MATURITIES** - To the extent possible, the City of Cadillac will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

**REPORTING** - The Director of Finance shall provide to the City Council quarterly investment reports which provide a clear picture of the status of the current investment portfolio. The management report should include comments of the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies. Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category
- Average life and final maturity of all investments listed
- Coupon, discount or earnings rate
- Par value, amortized book value and market value
- Percentage of the portfolio represented by each investment category

**PERFORMANCE STANDARDS** - The investment portfolio shall be designated with the objective of obtaining a rate of return throughout the budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The City's investment strategy can be either active or passive depending on the fund and objectives. The basis to determine whether market yields are being achieved shall be the average daily FED fund rates and the six-month U.S. Treasury bill.

**ETHICS AND CONFLICTS OF INTEREST** - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager any material financial interests in financial institutions that conduct business within the City, and shall further disclose any large personal financial/investment positions that could be related to the performance of the City, particularly with regard to the time of purchases and sales.

**PRUDENCE** - Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**INVESTMENT POLICY ADOPTION** - This policy supersedes any previously adopted investment policies. The City of Cadillac's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually and any modifications will be approved by the City Council.

Approved by Cadillac City Council  
October 16, 1998

## **INVESTMENT POLICY GLOSSARY**

**AGENCIES:** Federal agency securities.

**ASKED:** The price at which securities are offered.

**BANKERS' ACCEPTANCE (BA):** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BID:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** The official annual report for the City of Cadillac. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

**COUPON:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DEBENTURE:** A bond secured only by the general credit of the issuer.

**DELIVERY VERSUS PAYMENT:** There are two methods of delivery of securities: delivery versus payment and the delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**DERIVATIVES:** (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**DISCOUNT:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$100,000.00 per deposit.

**FEDERAL FUNDS RATE:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

## **INVESTMENT POLICY GLOSSARY**

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit: sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

**PORTFOLIO:** Collection of securities held by an investor.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**PRUDENT PERSON RULE:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state--the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

## **INVESTMENT POLICY GLOSSARY**

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**REPURCHASE AGREEMENT (RE OR REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SEC RULE 15C3-1:** See Uniform Net Capital Rule.

**STRUCTURED NOTES:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY BONDS:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

**TREASURY NOTES:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

# CITY CHARTER

## ARTICLE 10

### GENERAL FINANCE

Section (10.1) **Fiscal Year.** The Fiscal Year of the city shall begin on the first day of July of each year and end on the thirtieth day of June of the following year.

Section (10.2) **Budget Procedures.** On or before the first day of April in each year, the City Clerk and the City Manager, acting upon recommendations submitted by the various department heads and the City Council, shall draw up the ensuing fiscal year, specifying in detail all proposed expenditures for the support of the various departments, and for every other purpose for which any money will be required to be paid from any of the several general funds of the city during the year; and also the estimated amount of revenue from all sources other than tax levy. The estimate thus made shall be called "The Annual City Budget" and filed with the City Clerk.

Section (10.3) **Budget Hearing.** A public hearing on the proposed budget shall be held before its final adoption, in the second half of the month of April as the City Council shall direct.

Notice of such public hearing, a summary of the proposed budget and notice that the proposed budget is on file in the office of the Clerk shall be published at least ten (10) days in advance of the hearing. The complete proposed budget shall be on file for public inspection during office hours at such office for a period of not less than ten (10) days prior to such public hearing.

Section (10.4) **Adoption of Budget.** Not before the 10th day of May, nor later than the last day in May in each year, the City Council shall by ordinance adopt a budget for the next fiscal year, shall appropriate the money needed for municipal purposes during the next fiscal year of the city and shall provide for a levy of the amount necessary to be raised by taxes upon real and personal property for municipal purposes, subject to the limitations contained in Section 1 (11).

Section (10.5) **Budget Control.** Except for expenditures which are to be financed by the issuance of bonds or by special assessment, or for other expenditures not chargeable to a budget appropriation, no money shall be drawn from the treasury of the city except in accordance with an appropriation thereof for such specific purposes, nor shall any obligation for the expenditure on money be incurred without an appropriation covering all payments which will be due under such obligation in the current fiscal year. The City Council by resolution may transfer any unencumbered appropriation balance or any portion thereof, from one account, department, fund, or agency to another.

The City Council may make additional appropriations during the fiscal year for unanticipated expenditures required of the city, but such additional appropriations shall not exceed the amount by which actual and anticipated revenues of the year are exceeding the revenues as estimated in the budget unless the appropriations are necessary to relieve an emergency endangering the public health, peace or safety. No expenditure may be charged directly to the contingency fund. Instead, the necessary part of the appropriation for the contingency fund or similar other fund shall be transferred to the appropriate account and the expenditure thus charged to such account.

At the beginning of each quarterly period during the fiscal year, and more often if required by the City Council, the City Treasurer shall submit to the City Council data showing the relationship between the estimated and actual revenues and expenditures to date; and if it shall appear that the revenues are less than anticipated, the City Council may reduce appropriations, except amounts required for debt and interest charges, to such a degree as may be necessary to keep expenditures within the revenues. Along with such reports, the City Treasurer shall report operating revenues and disbursements of cemetery funds with a copy furnished the Cemetery Board.

Section (10.6) **Depository.** The City Council shall designate the depository or depositories for the city funds, and shall provide for the regular deposit of all city monies.

Section (10.7) **Independent Audit:** An independent audit shall be made of all accounts including special and trust funds of the city government at least annually. Such audit shall be made as soon after the close of the fiscal year as possible by certified public accountants selected by the City Council.

**Annual report:** The City Manager shall have annual reports prepared of the affairs of the city and copies of such audit and annual reports shall be made available for public inspection at the office of the City Clerk.



**Command Officers Association of Michigan**

Expiration Date: June 30, 2007

**Police Officers Association of Michigan**

Expiration Date: June 30, 2008

**International Association of Firefighters Local 704**

Expiration Date: June 30, 2009

**United Steelworkers of America Local 14317**

Expiration Date: June 30, 2007

Each union contract is designed as a three-year agreement.



## Administrative Leadership

### City Manager

#### **Peter D. Stalker, C.C.M.**

Mr. Stalker joined the City staff as Director of Administrative Services in 1987. He was appointed to the position of Assistant City Manager in 1989, and subsequently was appointed City Manager of the City of Cadillac in 1995. He came to the City from the Village of Holly, where he held the position of Assistant to the Village Manager. Previously, he was an Administrative Intern to the City of Flint. Mr. Stalker holds a Bachelor Degree and a Master Degree in Public Administration from the University of Michigan. He is a member of International City Management Association and the Michigan Local Government Management Association. He holds the designation of a Credentialed City Manager from the International City Management Association. He also is a past member and board Chairperson of the Michigan Municipal Workers Compensation Fund and serves on the Michigan Municipal League Transportation and Infrastructure Committee. Mr. Stalker is also a member of the Cadillac Rotary Club, serves on the Board of Directors for Cadillac Mercy Hospital, is a member of the Board of Directors for Lakeview Lutheran Manor, and a member of the Michigan State University Extension Advisory Committee. Mr. Stalker was recognized as the "Outstanding Citizen of the Year" by the Cadillac Area Chamber of Commerce in 2002.

### Deputy City Manager and Director of Finance

#### **Dale M. Walker, C.G.F.M., C.C.M.**

Mr. Walker was appointed to the position of Director of Finance in 1977, and also serves as the Deputy City Manager. He served as the first Director of Finance for the City of Owosso. He also has been an internal auditor for a college and the corporate treasurer for a retirement complex. He holds a Bachelor Degree in Accounting from Ferris State University and a Master Degree in Business Administration from Central Michigan University. Mr. Walker is a member of the International City Management Association, Michigan Local Government Management Association, Governmental Finance Officers' Association, Michigan Municipal Finance Officers Association, Municipal Treasurers' Association, and the Association of Government Accountants. He also attended Syracuse University for Advanced Training through the Government Finance Officers Association. He holds the designation of a Certified Government Financial Manager from the Association of Government Accountants as well as the designation of Credentialed City Manager from the International City Management Association. Mr. Walker is a past member of the board of directors for the Michigan Municipal Finance Officers' and the Michigan Municipal Treasurers' Association. Currently he serves as Chairman of the Board of Directors for the Municipal Employees Retirement System of Michigan and on the Board of Directors for Premier Health and Welfare Benefit Trust. He is also listed in Who's Who in America, and Who's Who in Finance.

### Assistant City Manager

#### **Precia Garland**

Ms. Garland began her employment with the City of Cadillac as DDA/Community Development Director in 1992. She was appointed to Personnel Administrator in 1996 and then Director of Administrative Services in 1998 and Assistant City Manager in 2002. Ms. Garland holds both a Bachelor's Degree and a Master of Public Administration Degree from Central Michigan University. Prior to her employment with the City of Cadillac, Ms. Garland was an Administrative Intern with the City of Mt. Pleasant. She is a member of several professional organizations, including the Society of Human Resource Management, International City Management Association, the Michigan Local Government Management Association, and the Michigan Downtown Association. Ms. Garland also serves on the Board of Directors for the Michigan Community Development Corporation, the Cadillac Area Community Health Clinic, and is a member of the Cadillac Mercy Hospital Quality Committee.



## Administrative Leadership

### Director of City Engineering

#### **Bruce DeWitt, P.E.**

Mr. DeWitt has held the position of City Engineer in Cadillac since 1983 and prior to that he was the Assistant City Engineer for four years. He has held intern positions at Grand Haven and Ottawa County Road Commissions. He holds a Bachelor's Degree from Michigan Technological University and is a licensed professional engineer. He is a member of the American Society of Civil Engineering, National Society of Professional Engineers, and the American Public Works Association.

### Director of Utilities

#### **Larry Campbell**

Mr. Campbell began his employment with the City of Cadillac in 1981 as Wastewater Division Superintendent. He became the Director of Utilities in 1993. Prior experience includes eight years with Oakland County Department of Public Works as an operator and chemist. He has a Bachelor Degree in Chemistry from Oakland University. He holds a State of Michigan "Class A" municipal wastewater license and sixteen industrial treatment licenses. He is also licensed by the Michigan Department of Public Health as a D-2, S-4, and F-4 Water Plant Operator. Mr. Campbell is a member of the Water Environment Federation and the American Water Works Association. Mr. Campbell was recognized in 2005 as the "Public Utility Management Professional of the Year" by the Michigan Water Environment Association.

### Director of Public Safety

#### **Jeff Hawke**

Mr. Hawke was appointed Director of Public Safety in December 2002. He began his career with the City of Cadillac as a Police Officer in 1986. He has served the police department in various capacities including K-9 Handler, Detective with the Traverse Narcotics Team, Youth Services Officer, Tactical Team Leader, Police Recovery Diver, Patrol Sergeant, Summer Patrol Coordinator, City Safety Coordinator, and Captain. Mr. Hawke is a 1982 graduate of Cadillac High School and holds an Associate Degree in Police Administration from Kirtland College and a Bachelor Degree from Baker College. He is a graduate of Eastern Michigan University School of Police Staff and Command and Central Michigan University Law Enforcement Executive Leadership Institute. Mr. Hawke is a member of the Michigan Association of Chiefs of Police, International Association of Fire Chiefs, Michigan Fire Chiefs Association, Northflight Board of Directors, Law Enforcement Executive Leadership Advisory Board, Northwest Regional Community Correctional Board of Directors, Baker College Career Services Advisory Board, and is currently pursuing a Master's Degree.

### Director of Public Works

#### **Robert J. Johnson**

Mr. Johnson joined the City staff in May 1992. He holds a Bachelor Degree in Industrial Engineering from North Dakota State University and a Master Degree in Management from the Naval Postgraduate School. Prior to joining the City, he served 20 years in the U.S. Navy, the last eleven years in the Civil Engineer Corps. He is a member of several professional organizations, including the American Public Works Association and the Tau Beta Pi (Engineering Honor Society).

### City Clerk and City Treasurer

#### **Janice E. Nelson, C.M.C., C.M.F.A.**

Mrs. Nelson started with the City of Cadillac in 1980 as a cashier. She progressed to the position of Clerk-Treasurer in 1986. Holding an extensive background in the education field, Mrs. Nelson holds a Bachelor and Master Degree from Michigan State University. She is a member of the Municipal Treasurer's Association, the International Institute of Municipal Clerks and a member of the Michigan chapters of both organizations. She holds the distinguished designation of Certified Municipal Clerk and Certified Municipal Finance Administrator.

# Cadillac, MICHIGAN

## Population:

2000 Census 10,000  
Trading and labor drawing  
area - 65,000 population

## Area within the City:

9 sq. miles  
Large lake incorporated within  
city limits. Located approximately  
100 miles north of Grand Rapids and  
50 miles southeast of Traverse City.

## Government:

Incorporated in 1877; Council/Manager form  
of government (one of the first in Michigan);  
County Seat for Wexford County.

## Major Industries:

Boat Manufacturer  
Rubber Products  
Medical Care  
Vacuum Cleaner Manufacturer  
Truck Parts and Commercial Freezers Manufacturer  
Automobile Parts Manufacturer  
Iron Foundry  
Military Hardware  
Tourism  
Beverage Distributing  
Fastest growing industrial sector north of Grand Rapids.

## Employment Data:

2006 – 15,066 labor force in the County; 8.1% unemployment rate\*  
2006 – 21,808 labor force in the Cadillac Micropolitan Statistical area\*  
36% of wages paid in Wexford County are derived from the manufacturing sector

\*Source: Michigan Department of Labor and Economic Growth; Retrieved from: [www.michlmi.org](http://www.michlmi.org)

## Other:

- Class 5 fire department rating.
- 57 police officers including City, Wexford County Sheriff officers (24) and State Police officers (17).
- Cadillac is the County seat of Wexford County and as such, many legal and financial experts reside and practice here.
- 97 bed hospital
- Six truck lines serve the area and railroad, bus line and airport develop the transportation network.



## WHAT'S THE WEATHER?

Local citizens like to say that if you don't like the weather, just wait a few hours.

A true four-seasons climate awaits you in Cadillac. Spring is exciting with its annual renewal of the lush foliage and flowers and the appearance of the much-awaited May mushrooms. Summer is pleasant with moderately warm temperatures and, for the most part, comfortable humidity levels. Fall, with nature's glorious color show, is a very special time of year. Winter provides abundant snow for a full range of winter activities.

CLIMATE as reported by weather station at Cadillac:

January Average Minimum:	10F./-12C.	Average Maximum:	24F./-4C.
July Average Minimum:	54F./ 12C.	Average Maximum:	79F./26C.
Growing Season:	100 days		
Days below 0F. or -18C:	23	Average Annual Rainfall:	31 in./79cm.
Days above 90F. or 32C:	5	Average Annual Snowfall:	71 in./180cm.

## DID YOU KNOW?

The City was founded based on the lumbering of large tracts of pine timber.

The Shay Locomotive was invented in Cadillac by Ephraim Shay in 1878. The Shay Locomotive was one of the first to have the ability to haul logs on uneven terrain, sharp curves and up steep hills. Shay Locomotives were used throughout the United States between 1880 and 1945.

The canal between Lake Mitchell and Lake Cadillac is one of the man-made wonders of the world. It freezes before either of the lakes, thaws after the lakes have frozen, and does not freeze again for the rest of the winter.

In 1840, Wexford County was called "Kautawaubet" an Indian name supposedly meaning "broken tooth", after a chief of the Potawatami tribe that signed the Great Peace Treaty of 1825. In 1843, it was named Wexford after a county in Ireland.

Cadillac previously was known as the Village of Clam Lake until 1843, when it was renamed in honor of the French explorer, Antoine de la Mothe Cadillac.

Tourism became a major industry after World War II with the expansion of the Caberfae Ski Resort.

Famous "Humpty-Dumpty" folding egg crates were designed in Cadillac.

Cadillac was world renown for its production process of maple and hardwood flooring.

Cadillac had its beginnings on the eastern shore of Lake Cadillac (then known as the Little Clam Lake). George Mitchell, Cadillac's founding father, is responsible for naming the first streets. Streets were named for the natural surroundings he encountered such as Lake, Pine, Beech and Spruce Streets. Mr. Mitchell named several of the streets after his friends and business associates. On the western boundary of the city, Mr. Mitchell established a park – now known as Mitchell State Park – surrounded by the lakes – now known as Lake Mitchell and Lake Cadillac – and a swamp. Sawdust and soil removed from the east side of Mitchell Street was used to fill in and elevate the park property. Leeson Avenue was named after Cadillac's first doctor, Dr. John Leeson. Cummer Street was named for Jacob Cummer, lumberman and pioneer in the manufacture of hardwood furniture, ladders and novelties. Our streets reflect our area and people who helped build this community we are part of today.

CITY OF CADILLAC, MICHIGAN  
TAXABLE VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property Valuation	Personal Property Valuation	Total Taxable Valuation	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
1997	\$ 130,428,194	\$ 31,998,600	\$ 162,426,794	\$ 391,131,998	41.53%	\$ 13.9200
1998	134,086,505	32,023,100	166,109,605	397,886,136	41.75%	13.9600
1999	138,456,334	35,290,222	173,746,556	411,683,512	42.20%	13.9600
2000	143,791,718	33,979,991	177,771,709	398,922,200	44.56%	14.0900
2001	153,053,692	35,377,232	188,430,924	429,828,200	43.84%	14.0371
2002	165,243,210	31,372,200	196,615,410	470,913,500	41.75%	13.9907
2003	168,351,258	43,240,100	211,591,358	508,916,600	41.58%	13.9473
2004	178,542,129	42,307,800	220,849,929	544,632,400	40.55%	13.9473
2005	184,439,086	44,176,605	228,615,691	572,448,210	39.94%	13.9473
2006	195,913,798	57,748,505	253,662,303	598,120,000	42.41%	13.9473

**Source:** City of Cadillac Treasurer's Office

**Note:** Property in the City is reassessed each year. Property is assessed at 50% of estimated actual value. Due to State legislation, however, annual increases in taxable value are limited to 5% or a state-determined rate of inflation, whichever is less. When homes are sold, taxable values are then "uncapped" and brought up to their assessed value. tax rates are per \$1,000 of taxable value.

CITY OF CADILLAC, MICHIGAN  
PRINCIPAL PROPERTY TAX PAYERS  
2006 AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2006</u>			<u>1997</u>		
	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value <sup>a</sup></u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value <sup>b</sup></u>
Cadillac Renewable Energy <sup>c</sup>	\$ 11,311,600	1	4.46%	\$ 17,082,100	2	10.52%
Cadillac Casting <sup>d</sup>	6,938,100	2	2.74%	17,887,700	1	11.01%
Cadillac Rubber & Plastics	7,181,334	3	2.83%	7,570,700	3	4.66%
Consumers Energy	5,887,587	4	2.32%	4,489,200	7	2.76%
Rexair, Inc.	5,516,058	5	2.17%	6,975,400	4	4.29%
Michigan Rubber Products	4,775,254	6	1.88%	4,591,400	5	2.83%
AAR Cadillac Manufacturing	4,822,958	7	1.90%			
Paulstra CRC Corporation	4,190,394	8	1.65%			
Four Winns Boats, LLC	3,468,988	9	1.37%	3,728,300	9	2.30%
FIAMM Technologies, Inc.	4,849,016	10	1.91%	3,810,700	8	2.35%
Transpro Group				4,515,300	6	2.78%
Michigan Consolidated Gas Co.				2,587,400	10	1.59%
Totals	<u>\$ 58,941,289</u>		<u>23.24%</u>	<u>\$ 73,238,200</u>		<u>45.09%</u>

**Source:** City of Cadillac Treasurer's Office

<sup>a</sup> Based on total taxable value of \$253,662,303.

<sup>b</sup> Based on total taxable value of \$162,426,794.

<sup>c</sup> In 1997, owned by Beaver MI Associates LTD Partnership

<sup>d</sup> In 1997, owned by CMI Cast Parts

CITY OF CADILLAC, MICHIGAN  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date <sup>a</sup>	
		Fiscal year of Levy			Percentage	
		Amount	of Levy		Amount	of Levy
1997	\$ 2,678,943	\$ 2,550,403	95.20%	\$ 128,540	\$ 2,678,943	100.00%
1998	2,760,777	2,614,120	94.69%	146,657	2,760,777	100.00%
1999	2,785,428	2,641,637	94.84%	143,791	2,785,428	100.00%
2000	2,879,032	2,740,866	95.20%	138,166	2,879,032	100.00%
2001	3,107,601	2,950,978	94.96%	156,623	3,107,601	100.00%
2002	3,167,040	3,029,463	95.66%	137,577	3,167,040	100.00%
2003	3,265,098	3,136,141	96.05%	128,957	3,265,098	100.00%
2004	3,481,675	3,364,230	96.63%	117,445	3,481,675	100.00%
2005	3,648,449	3,529,267	96.73%	119,182	3,648,449	100.00%
2006	3,803,126	3,691,936	97.08%	111,190	3,803,126	100.00%

**Source:** City of Cadillac Treasurer's Office

<sup>a</sup> In 1977 the Wexford County Treasurer began pooling all delinquent taxes together and financing delinquencies through bond sales. The proceeds from the bond sale are paid to the City giving the effect of 100% tax collection in a given year. The responsibility for the collection of the delinquent tax is shifted to the county treasurer. Delinquent personal properties remain with the City, but these amounts are negligible.

CITY OF CADILLAC, MICHIGAN  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS

<u>Fiscal Year</u>	<u>Population<sup>1</sup></u>	<u>Personal Income</u> (amounts expressed in thousands)	<u>Per Capita Personal Income<sup>2</sup></u>	<u>School Enrollment<sup>3</sup></u>	<u>Local Unemployment Percentage Rate<sup>4</sup></u>	<u>State Unemployment Percentage Rate<sup>4</sup></u>	<u>Civilian Labor Force<sup>4</sup></u>
1997	10,104	\$ 191,582	\$ 18,961	3,980	8.9	4.3	20,561
1998	10,104	199,574	19,752	3,834	8.2	4.0	20,802
1999	10,104	213,114	21,092	3,787	6.4	3.8	22,267
2000	10,000	221,670	22,167	3,608	6.4	3.7	22,596
2001	10,000	217,780	21,778	3,514	9.4	5.2	21,836
2002	10,000	223,750	22,375	3,465	8.3	6.2	21,369
2003	10,000	227,810	22,781	3,639	9.8	7.1	21,298
2004	10,000	239,200	23,920	3,674	8.2	7.0	21,553
2005	10,000	N/A	N/A	3,614	7.3	6.7	21,707
2006	10,000	N/A	N/A	3,479	7.9	7.1	22,088

**Data Sources:**

<sup>1</sup> Bureau of the Census

<sup>2</sup> Bureau of Economic Analysis

<sup>3</sup> School Districts

<sup>4</sup> Michigan Department of Labor & Economic Growth

**Note:** Personal income information is a total for the year. Unemployment rate is a seasonally adjusted yearly average. School enrollment is based on the school census at the start of the school year and includes public and private schools.

CITY OF CADILLAC, MICHIGAN  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Four Winns Boats	870	1	4.24%	575	2	3.09%
Avon Rubber & Plastics	696	2	3.39%	648	1	3.48%
Mercy Hospital Cadillac	600	3	2.92%	538	4	2.89%
Cadillac Area Public Schools	504	4	2.46%	320	8	1.72%
AAR Cadillac Manufacturing	490	5	2.39%	323	7	1.74%
Michigan Rubber Products	423	6	2.06%	457	5	2.46%
Cadillac Castings <sup>1</sup>	356	7	1.73%	454	6	2.44%
Lakeview Lutheran Manor	240	8	1.17%	153	10	0.82%
Rexair, Inc.	234	9	1.14%	550	3	2.96%
BorgWarner Cooling Systems <sup>2</sup>	200	10	0.97%	170	9	0.91%
	<u>4,613</u>		<u>22.48%</u>	<u>4,188</u>		<u>22.52%</u>

Source: Michigan Department of Labor & Economic Growth; Cadillac Area Chamber of Commerce

<sup>1</sup> Formerly known as CMI Cadillac.

<sup>2</sup> Formerly known as Kysor of Cadillac.

CITY OF CADILLAC, MICHIGAN  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

<u>Function</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	7	7	7	7	7	9	9	9	9	9
<b>Fire</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	7	7	7	7	7	6	6	6	6	6
<b>Culture and Recreation</b>										
Parks Acreage	117	117	117	117	117	117	117	117	117	117
Parks	4	4	4	4	4	4	4	4	4	4
<b>Streets</b>										
Streets (Miles)	66	66	66	66	66	68	68	68	68	68
Street Lights	572	572	572	568	570	571	573	574	574	574
<b>Water</b>										
Fire Hydrants	405	406	414	422	432	432	453	455	454	454
Miles of Water Mains	59	61	61	61	61	63	63	63	63	64
Water Mains Replaced (Feet)	8,630	6,000	7,000	7,858	7,200	6,330	4,700	3,450	3,185	200 <sup>(1)</sup>
<b>Wastewater</b>										
Miles of Sewer Mains	62	63	63	63	63	59	59	59	59	59
Feet of Sanitary Sewers										
Inspected with TV Cameras	950	4,687	2,010	2,150	2,805	4,600	3,670	2,949	3,380	1,900

(1) Water mains replaced was low in 2006, but the main projects through the year, including North Boulevard, Paluster Street and Kenwood Street were all projects where a total of one mile of new water mains were added.

Note: Capital asset statistics are not available for the general government function.

Source: Various government departments

CITY OF CADILLAC, MICHIGAN  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

<u>Function</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Police</b>										
Traffic Citations	2,209	1,491	2,843	1,699	1,167	895	857	1,530	1,468	1,251
<b>Fire</b>										
Number of Fire Inspections	21	41	30	50	30	50	50	57	129	71
Number of Fires Reported	49	29	70	63	52	33	57	54	64	51
Number of EMT Runs	934	984	837	516	463	949	1,347	1,414	1,322	1,080
<b>Building Inspection</b>										
Number of Permits Issued	543	540	560	571	512	565	523	525	466	403
<b>Water</b>										
Total Customers	3,342	3,375	3,383	3,408	3,414	3,407	3,456	3,487	3,520	3,524
Average Daily Consumption (thousands of gallons)	2,636	2,320	2,298	2,417	2,349	2,132	2,202	2,155	2,252	2,310
<b>Wastewater</b>										
Total Customers	3,461	3,477	3,481	3,499	3,504	3,493	3,526	3,544	3,569	3,573
Average Daily Treatment (thousands of gallons)	2,498	2,225	2,028	2,227	2,260	2,231	2,087	2,103	2,173	2,098

Note: Indicators are not available for the general government function.

Source: Various government departments

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## **GLOSSARY**

The Annual Budget contains specialized and technical terminology unique to public finance and budgeting. To assist the reader of the Annual Budget document in understanding these terms, a budget glossary has been included in the document.

### **ACCRUAL ACCOUNTING**

A basis of accounting in which revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they are incurred.

### **AGENCY FUND**

A fund used to account for assets held by the city as an agent for individuals, private organizations, other governments and/or other funds.

### **ANNEXATION**

The incorporation of a land area into an existing city or village with a resulting change in the boundaries of that unit of local government.

### **APPROVED BUDGET**

The revenue and expenditure plan for the City for the fiscal year as reviewed and given final approval by the City Council.

### **ASSESSED VALUATION**

The taxable value placed upon property as a basis for levying taxes, equal to 50% of market value, as required by state law.

### **AUTOMOBILE PARKING SYSTEM FUND**

This fund accounts for Operations of the on-street and off-street parking facilities within the City.

### **AUDIT**

A comprehensive review of the manner in which the government's resources were actually utilized. The main purpose of an audit is to issue an opinion over the presentation of financial statements and to test the controls over the safekeeping of assets while making any recommendations for improvements where necessary.

### **BALANCED BUDGET**

A balanced budget is where the revenues and other financing sources match the expenditures and other financing uses or expenses.

### **BOCA**

Initials for Building Officials and Code Administrator's, an international consensus code group. Authors of the current State building and mechanical codes, fire prevention codes, and property maintenance codes.

### **BOND**

A certificate or instrument certifying the existence of a debt. Local units of government only have those powers to borrow monies expressly granted by law. Municipal obligations are generally classified as either general obligation or special obligation bonds. A special obligation bond is payable from a specially identified source; general obligation bond is payable without reference to a specific source.

### **BONDED DEBT**

That portion of indebtedness represented by outstanding bonds.

### **BUDGET ADJUSTMENT**

Adjustment made to the budget during the fiscal year by the City Council to properly account for unanticipated changes which occur in revenues and/or expenditures and for programs initially approved during the fiscal year.

### **BUDGET**

Under the Michigan Uniform Budgeting and Accounting Act (MCL 141.421 et.seq.), budget means a plan of financial operation for a given period of time, including an estimate of all proposed expenditures from the funds of a local unit and the proposed means of financing the expenditures. It does not include a fund for which the local unit acts as a trustee or agent, an intragovernmental service fund, and enterprise fund, a public improvement or building fund or a special assessment fund.

**BUDGET CALENDAR**

The schedule of key dates or milestones which the City departments follow in the preparation, adoption, and administration of the budget.

**CAPPED VALUE**

The capped value will be the previous year's final SEV minus losses increased by the consumer price index or 5%, whichever is less, plus additions. Loss is a component of property which is physically removed, for example the removal of a garage. Addition is a component of property which is physically added such as a family room or finishing a basement.

**CALEA**

Commission on Accreditation for Law Enforcement Agencies.

**CAPTIAL EXENDITURES**

Tangible capital-type items should be capitalized if they have an estimated useful life of at least two years following the date of acquisition. Capitalization thresholds are best applied to individual items rather than to groups of similar items. Threshold is \$5,000 or greater of any individual item. Infrastructure assets are treated separately from other capital assets for purposes of establishing capitalization thresholds. As a general rule, capitalization thresholds for non-infrastructure items should be designed to encompass approximately 80 percent of a government's total non-infrastructure tangible capital-type items.

**CAPITAL IMPROVEMENT PROGRAM**

The first year of the CIP is the Capital Improvements Budget and funding for the improvements identified therein is contained in the proposed annual budget. The remaining four years of the CIP lists the capital projects identified for implementation and its estimated cost. Through placement in a year, the priority is indicated and each year, the list of projects is reviewed for need, cost and priority.

**CAPITAL PROJECTS FUND**

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds and trust funds).

**CAPITAL OUTLAY**

Expenditures relating to the purchase of equipment, facility modifications, land, and other fixed assets.

**CEMETERY OPERATING FUND**

This funds records the financial activities of running the cemetery. Revenues from endowment funds supplement charges for services to finance these activities.

**COMMUNITY DEVELOPMENT FUND**

This is a revolving fund established with grant monies from H.U.D. to assist low and moderate income families to bring their homes up to the City building codes. Assistance is given through low-interest loans to qualifying individuals. As loans are repaid, money is made available for new loans.

**COUNCIL**

A legislative, executive, advisory or administrative governmental body whose elected or appointed members are assigned certain duties and responsibilities by law such as a city council or a citizen's advisory council.

**CURRENT TAX COLLECTIONS**

The City functions as the collection agent for the schools and county.

**DEBT SERVICE FUNDS**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The accounting for this group of funds is the modified accrual method.

**DEPRECIATION**

The process of estimating and recording the expired useful life of a fixed asset which is distributed over its revenue producing year.

**DOWNTOWN DEVELOPMENT AUTHORITY FUND**

This fund is designed to assist in the economic growth of the central business district from parking plans to mall development. A tax levy of two mills maximum can be levied by the board when needed.

## **ENTERPRISE FUNDS**

Enterprise funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supported by user charges. The significant characteristic of Enterprise Funds is that the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprises. Thus, the reports of enterprise funds are self-contained and creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as they can the performance of investor-owned enterprises in the same industry.

## **FIDUCIARY FUND**

Funds Used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

## **FISCAL YEAR**

The twelve month period designated as the operating year for an entity. The fiscal year for the City of Cadillac is July 1 – June 30.

## **FUND**

An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other financial resources, together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

## **FUND BALANCE**

The excess of the assets of an expendable fund, or of a nonexpendable trust fund, over its liabilities.

## **GENERAL FUND**

The General Fund is the general operating fund of the City. It is used to account for the resources devoted to finance the services traditionally associated with local government, except those activities that are required to be accounted for in another fund. Transactions are recorded on the modified accrual basis.

## **GENERAL OBLIGATION BONDS**

Bonds that finance a variety of public improvement projects which pledges the full faith and credit of the City.

## **GOAL**

The activity or function to which the city council and/or the department wants to direct the focus of their efforts.

## **HOME RULE**

The authority of local government to frame, adopt or change their own charter and to manage their own affairs with minimal state interference.

## **INFRASTRUCTURE**

The basic physical framework or foundation of the City, referring to its buildings, roads, bridges, sidewalks, water and sewer systems.

## **INVENTORY**

A detailed listing of property currently held by the government.

## **INTERNAL SERVICE FUNDS**

Internal Service funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the City. Since the services and commodities are supplied exclusively to programs under the City jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in general, special revenue or enterprise funds.

The City of Cadillac Central Stores and Municipal Garage Fund, Data Processing Fund and Self Insurance Fund make up the internal service fund category. The Central Stores and Municipal Garage Fund is the fund that operates the motor pool for the City. The Data Processing Fund provides data processing services in the various internal and external agencies that use the City's computer system. Self Insurance Fund records the hospitalization, dental, optical and similar insurance benefits.

## **LOCAL STREET FUND**

Receives all local street money paid to the cities by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

**LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA)**

Financing authority used to capture taxes within specific district. The board of directors is appointed by the City Council. The LDFA has the ability to bond for construction related projects and oversee the district.

**LEGAL LEVEL OF CONTROL**

The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions which alter the total expenditures of any fund or the transfer of funds between departments must be approved by the City Council.

**MAJOR STREET FUND**

Used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and the maintenance contract of the state trunklines.

**MILL**

A taxation unit equal to one dollar of tax obligation for every \$1,000 of assessed valuation of property.

**MILLAGE**

The total tax obligation per \$1,000 of assessed valuation of property.

**MODIFIED ACCRUAL ACCOUNTING**

A basis of accounting in which expenditures are accrued but revenues are accounted for when they become measurable and available.

**NPDES**

National Pollutant Discharge Elimination System. A permit issued by the State of Michigan for the wastewater treatment plant to discharge treated effluent in the State's waters.

**OBJECTIVE**

The methods for which the goal is to be obtained. More defined definition to the goal and a focused effort.

**OPEB**

Other Post Employment Benefits.

**PERMANENT FUNDS**

Governmental fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government of its citizenry).

**POLICEMAN AND FIREMAN RETIREMENT SYSTEM**

Maintained under the State of Michigan Act 345. This retirement fund is for police and fire personnel of the City.

**PROPOSED BUDGET**

City's revenue and expenditure plan for the fiscal year as prepared and recommended by the City Manager for the Mayor and the City Council's consideration.

**PROPERTY TAX**

A tax based on the assessed value of property, either real or personal. Tax liability falls on the owner of record as of tax day. Real property includes all lands, buildings and fixtures on the land. Personal property is generally movable and not affixed to land. It includes equipment, furniture, electric and gas transmission and distribution equipment and the like.

**RISK MANAGEMENT**

An organized attempt to protect a government's assets against accidental loss in the most economical method.

**RESERVE**

Funds designated to be allocated in order to meet potential liabilities during the fiscal year.

**RESOLUTION**

Official action of a legislative body, primarily administrative or ministerial in nature.

**REVENUE BOND INDEBTEDNESS**

Bonds of the City which are supported by the revenue generating capacity of the water and wastewater system.

## **SELF-INSURANCE FUNDS**

Special Revenue Funds are used to account for the proceeds of specified revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

## **STATE EQUALIZED VALUATION (SEV)**

The assessed valuation of property in the City as determined by the local assessor and then reviewed and adjusted, if necessary, by the county and state, to assure that it equals 50% of market value, as required by the State of Michigan.

## **SURPLUS**

Prior years' earnings used to balance the current operating budget. An excess of the assets of a fund over its liabilities and reserves.

## **TAXABLE VALUE**

Taxable value is simply the lesser of the assessed value or capped value.

## **TAX BASE**

The total value of taxable property in the City.

## **TAX INCREMENT FINANCING**

A tax incentive designed to attract business investment by the dedication of property tax revenue from the redevelopment of an area (tax increment district) to finance development related costs in that district. Tax increment financing divides tax revenue from the area into two categories: 1. taxes on the predevelopment value of the tax base that are kept by each taxing body; and 2. taxes from increased property values resulting from redevelopment that are deposited by some taxing entities in a tax increment fund and are used to finance public improvements in the redevelopment area. In Michigan, there are four different types of authorities with tax increment financing powers:

1. tax increment finance authority ( no longer an option for a new authority),
2. downtown development authority,
3. local development financing authority, and
4. brownfield redevelopment authority.

## **TAX RATE**

An amount levied on assessed property value, real and personal, within the City of Cadillac. The City Council establishes the tax rate each year at budget time in order to finance various funds.

## **TRANSFER OF FUNDS**

A procedure established by the city charter used to revise a budgeted amount after the budget has been adopted by the city council.

## **UDAG**

Initials for federal grant program issued by the U.S. Department of Housing and Urban Development. The funding of this program no longer exists at the federal level. Urban Development Action Grant (UDAG).

## **VARIANCE**

Authorization for the construction of a structure or for the establishment of a use which is prohibited by a zoning ordinance. Generally, a variance may not be granted unless the literal enforcement of the zoning ordinance would cause a property owner "practical difficulties or unnecessary hardship."

## **WATER AND WASTEWATER DISPOSAL SYSTEM FUND**

The customers of the City's tertiary treatment plant have the revenues and expenses of the system accounted for in this fund as well as the financial activity of the seven well water systems which provide water to the City.

## **WWTP**

Initials for Wastewater Treatment Plant.

## **ZONING**

Division of a municipality into districts, the regulation of structures according to their construction, nature, and extent of use and the regulation of land according to nature and use.

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