



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012



200 N. Lake Street
 Cadillac, MI 49601
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 www.cadillac-mi.net



ELECTED OFFICIALS

William Barnett, Mayor
 At Large

Shari Spoelman, Councilmember
 First Ward

Antoinette Schippers, Councilmember
 Second Ward

Art Stevens, Councilmember
 Third Ward

Douglas Mellema, Councilmember
 Fourth Ward

CITY ADMINISTRATION

City Manager	<i>Marcus Peccia</i>
Director of Finance	<i>Owen Roberts</i>
Director of Public Utilities	<i>Jeff Dietlin</i>
Director of Public Works and Engineering	<i>Bruce DeWitt</i>
Community Development Director	<i>Jerry Adams</i>
City Clerk	<i>Chris Benson</i>
City Treasurer	<i>Keri Lanning</i>
City Attorney	<i>Foster, Swift, Collins & Smith, PC</i>



Comprehensive Annual Financial Report

***For the Fiscal Year Ended June 30, 2012
Owen Roberts, Director of Finance***

City of Cadillac

Elected Officials Information



Mayor William S. Barnett

Councilmember from City at Large
Population of City: 10,355
Occupation: Attorney
Term Expires: December 31, 2013
Annual Salary: \$4,100



Art Stevens

Mayor Pro-Tem
Councilmember from Ward 3
Occupation: Financial Advisor
Term Expires: December 31, 2015
Annual Salary: \$2,800



Shari Spoelman

Councilmember from Ward 1
Occupation: MSU Extension Director
Term Expires: December 31, 2015
Annual Salary: \$2,800



Douglas Mellema

Councilmember from Ward 4
Occupation: Retired
Term Expires: December 31, 2013
Annual Salary: \$2,800



Antoinette Schippers

Councilmember from Ward 2
Occupation: Teacher
Term Expires: December 31, 2013
Annual Salary: \$2,800

CITY OF CADILLAC, MICHIGAN

JUNE 30, 2012

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

December 21, 2012

To the Citizens of the City of Cadillac:

The comprehensive annual financial report of the City of Cadillac for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State statutes require an annual audit by independent certified public accountants. The accounting firm of Baird, Cotter and Bishop, P.C., was selected once again this year to conduct the audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2012 are free of material misstatement. The firm concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Cadillac's financial statements for the fiscal year ended June 30, 2012 are fairly presented in conformity with generally accepted accounting principles (GAAP).

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the basic financial statements and the combining and individual fund financial statements and schedules, as well as the auditor's report on the financial statements and schedules. This year's financial section also includes, in accordance with GAAP, a narrative introduction, overview, and analysis to accompany the basic financial statements called Management's Discussion and Analysis (MD&A). The MD&A can be found immediately following the auditor's report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on an annual basis. The single audit section includes an audit of expenditures of federal awards in accordance with OMB-Circular A-133.

PROFILE OF GOVERNMENT

The City of Cadillac was incorporated in 1877 and serves as the county seat of Wexford County. It is located in beautiful Northern Michigan and offers four very separate and

distinct seasons which provide a variety of recreational opportunities for visitors. The community is also recognized as the largest manufacturing base north of Grand Rapids, and therefore provides employment opportunities which create an excellent quality of life for the year-round residents. Cadillac occupies nine square miles, which includes a lake that is entirely within the city limits. The City government operates under a council/manager form of government and was one of the first municipalities in the state of Michigan to adopt this form of local governance. The City Council consists of four council members and a mayor elected at large. The council members are elected on a nonpartisan basis to staggered four-year terms based on four districts within the city. The mayor serves a two year term. The chief function of the City Council is to hire a City Manager and take legislative action as appropriate.

The City provides a full range of services. These services include police and fire protection; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the City is financially accountable for the Cadillac Building Authority, the Downtown Development Authority, the Local Development Finance Authority, the Economic Development Corporation, the Brownfield Redevelopment Authority and the Policemen and Firemen Retirement System; therefore, these activities are included in the reporting entity. However, the Wexford County Airport Authority, the Cadillac Area Public School District, the Cadillac-Wexford Transit Authority, and the Cadillac Housing Commission have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

Management of the City of Cadillac is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonability recognizes that: 1) The cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

The City of Cadillac maintains budgeting controls to ensure compliance with legal provisions embodied in the annual appropriation budget approved by the City Council. All activities of the City are budgeted and included in the annual appropriation budget in compliance with the State of Michigan P.A. 621. Project-length financial plans are adopted for the capital projects funds. The level of budgetary control for all transfers for the budget amounts within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the City Council. General Fund expenditures may not legally exceed appropriations at the major function level. Expenditures in all other funds may not exceed appropriations at the total fund level. The budget is approved by the city council annually by ordinance and amended by resolution quarterly as needed.

Cadillac is an extremely stable local unit of government, serving a well-rounded community. This stability has allowed for a long-term philosophy to be incorporated into the budgeting process for the City of Cadillac.

ECONOMIC CONDITION AND FUTURE OUTLOOK

Economic conditions in our community continue to improve, in part due to national and statewide unemployment rates continuing to drop and stabilize. Michigan's unemployment fell to around 9%, and our local economy does appear to be bouncing back, albeit still at a slow pace.

Cadillac continues to hold the distinction of being the largest manufacturing base north of Grand Rapids, which includes a significant concentration of automotive suppliers, specialty product manufacturers that produce unique components and products for the Department of Defense, packaging and containers, vacuum cleaners, castings, metal fabrication and boats. It is without any doubt that the City's industrial base, composed of over fifty companies that employ over four thousand people and produce approximately \$1 billion worth of products annually is an incredibly valuable and important factor in the fiscal sustainability of our City.

The success of our local industry is significant and it does impact our local economy and unemployment rates. Fortunately, at this time it appears that our industry is doing very well as reinvestment continues to occur and additional jobs - although many are temporary - seem to be getting filled. Earlier this fall, as an example, two local industries invested nearly \$2 million in new equipment, and last summer one industry received approximately \$500,000 worth of incentives from the State to reinvest and grow. The most significant way, however, for the City to feel the positive impact from the success of our industry will be from the increase of property value. This is most achievable by the physical expansion of current facilities or especially the acquisition of available parcels and the development of new business.

Applications for new industrial facilities tax (IFTs) exemptions are still being received and are being granted by the Cadillac City Council. These exemptions are typically granted for real and personal property for qualified acquisitions and development at 50% for up to 12 years. Still, there is certainly some concern over what the future may hold for City-wide tax revenues due to significant tax reform that the State of Michigan approved on the last day of session for 2012 regarding the elimination of the industrial personal property tax (PPT).

The debate over the PPT, a personal property tax only on industry and business, has been argued for quite some time from business advocacy groups that have argued that it is an unfair tax on industry and makes Michigan a less desirable location for new industry to locate. Although a strong coalition was formed to help communicate to the State that time is needed for a diligent analysis to be done and study to determine the true impact of such tax reform, the reform was approved and tie-barred to a future statewide vote to redirect a

portion of the State's Use Tax to reimburse municipalities up to 80% of their losses, excluding funding losses for police, fire and ambulance operations (public safety). Public safety operations could be reimbursed up to 100% should the municipalities implement a new special assessment on industrial parcels as authorized by the new tax reform laws, but there is no guarantee that the special assessments will be implemented or if so, implemented at 100%.

The impact of these reforms on Cadillac could be devastating if the tax is not replaced since taxes from our industrial parcels equate to approximately 20% or more of our entire tax revenues. Unlike larger, more urban cities located in southeast Michigan that may provide a variety of social type services that benefit seniors, recreation, youth, or things aside from the essentials such as utilities, public safety and public works, our City has only but the core that we offer, and even less ability to reduce/restructure since non-core services are already very limited and therefore are not able to be cut, especially if they currently don't exist. Additionally, Cadillac's industrial sector is its strongest, and therefore has more to lose if full replacement is not provided.

The State's current proposal is very complicated with a number of issues that need clarification and amicable resolution. Several open points of issue, as compiled by the Michigan Municipal League include:

- Guaranteed replacement revenue is an absolute requirement. The cut or elimination of the PPT must not take effect if the ballot proposal to dedicate the use tax to replacement revenues is not approved by Michigan voters. The two must be tie-barred. If the use tax is not approved by Michigan voters, the cut to PPT must not take effect.
- What are the formulas for calculating the Essential Services Assessment (ESA) and the reallocation of the use tax? Without an opportunity to fully vet the formulas against community data, we can't be sure of their impact on our communities.
- Is there an opportunity for a local referendum to block the ESA?
- Why create a new level of government with its added cost and bureaucracy that appears to have broad power with little to no state oversight? This authority could create new conditions on funding that is vital for local operations.
- This new bureaucracy can also intercept 2% of already-diminished revenue.
- 80% reimbursement is not acceptable; we need to get closer to 100% replacement funding.
- The ESA should be allowed for all public safety, not just police, fire, and ambulance. It must include all public safety functions, including jails, 9-1-1 authorities, special public safety millages, public health, etc. These are neither viewed nor typically funded separately at the local level.

- Cutting our revenue by varying amounts across the state without providing relief from our obligations will force locals to make up the revenue elsewhere.
- This combined with the ESA shifts the taxing burden from the state to the locally elected body. Assessing a new tax or increasing an existing tax is as unpopular locally as it is on the state level.
- What about debt millages? If the money isn't there from the ESA or use tax, that represents an automatic tax increase for homeowners.
- How will revenue from special millages like street lights or refuse be reimbursed?
- How will Treasury determine "total restricted qualified loss"?
- Will the ESA pass scrutiny under a Bolt review?
- What revenue has been identified to keep TIFAs and DDAs whole?

Fortunately this major tax reform has been tie-barred to the successful passage of the statewide vote. Since there still are some significant issues left open, such as how local development finance authorities, downtown development authorities and other tax increment financing districts may be reimbursed, there will likely be additional calls for further reform via amendments before the statewide vote and therefore the opportunity for additional public commenting.

At the local level, Cadillac's downtown continues to thrive with longstanding businesses sustaining themselves and new businesses opening. There also seems to be a small resurgence of new business in areas that are not exactly defined within the area of our downtown, which seems to be a good sign of the willingness for new investment in our community.

Cadillac's west-side business area - Cadillac West - is also sustaining itself, and the City Council will be considering the establishment of a new corridor improvement authority in the area. This new authority is very similar to a downtown development authority for that area as a way to try and incentivize new investment and reinvestment in the area. Once the new authority is in place, and the value of property appreciates, a funding mechanism is then established to capture the incremental increase of tax revenues in the district. These revenues are then earmarked to be used solely for infrastructure (both hardscape and softscape) within the district. Eventually it may be possible for new lighting, landscaping, sidewalks, trails or similar infrastructure to be installed using the corridor's funding similar to how the DDA was the primary funding source for downtown related improvements and infrastructure.

The State of Michigan is still in a recovery mode; however, given that the State is recovering versus sinking, that definitely helps to keep the light lit at the end of the tunnel that Cadillac is still navigating its way through.

In an effort to foster good relations and county-wide economic development and growth, the City remains dedicated to working with Wexford County, its neighbors, the Michigan Economic Development Corporation, Northwest Michigan Council of Governments, and other economic development centric agencies. Recently, the University of Michigan initiated an incubator study funded by a \$50,000 grant. The goal of this project is to help identify various needs for business incubation in the community. With sharper focus, the Cadillac City Council has updated its purchasing ordinance that establishes new local bidder preferences that take into consideration the Townships that surround Cadillac, and provides the opportunity for businesses located within the Townships the ability to potentially match lower bid pricing if their bids are within a 3% margin.

Cadillac continues to see positive opportunities on the horizon. There has been a lot of positive movement on collaborating with area Townships regarding sanitary sewer infrastructure, and it seems likely that in the upcoming year there will be new agreements to cover current as well as provide new areas with sanitary sewer service. That may also include allowing the City to be responsible for providing the on-going operational services necessary to run and maintain the system.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cadillac for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the twenty-sixth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City of Cadillac published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2012. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide, and a communications device. This award has been received twenty-eight consecutive years.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

Sincerely,



MARCUS A. PECCIA
CITY MANAGER



OWEN E. ROBERTS
DIRECTOR OF FINANCE

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cadillac
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandison

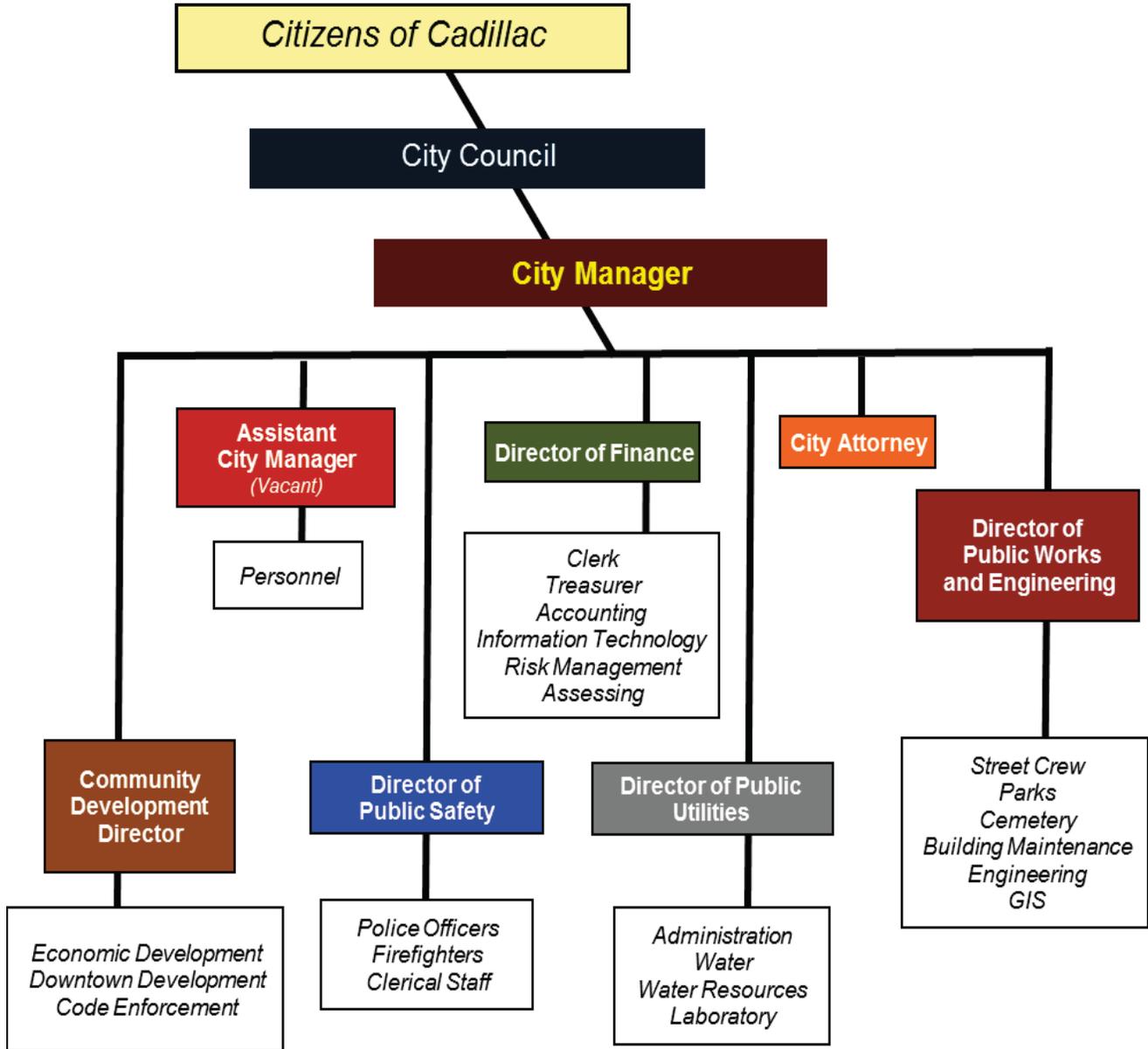
President

Jeffrey R. Emer

Executive Director

City of Cadillac Chart of Organization

As of June 30, 2012



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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
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December 21, 2012

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Cadillac, Michigan

We have audited the accompanying financial statements of the governmental activities, the business – type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cadillac, Michigan, as of and for the year ended June 30, 2012, which collectively comprise the City of Cadillac’s basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City of Cadillac’s nonmajor governmental, internal service, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the City of Cadillac, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cadillac, Michigan, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund, internal service fund, and fiduciary fund of the City of Cadillac, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison schedules for the special revenue, debt service, and capital projects funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012, on our consideration of the City of Cadillac, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii through xiv and required supplementary information on pages 62 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cadillac, Michigan's financial statements as a whole. The introductory section, debt and tax roll schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, debt and tax roll schedules, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CITY OF CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Management's Discussion and Analysis

The management of the City of Cadillac, Michigan ("the City") offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012, for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the City's financial activity. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and with the financial statements as a whole, which can be found in this report.

Financial Highlights

Government-Wide

- The assets of the City exceeded its liabilities at the close of this fiscal year by \$37.5 million (shown as *Net Assets*), representing an increase of \$768,431 over the previous fiscal year. Governmental Activities decreased \$227,853, while the Net Assets of the Business-Type activities increased by \$996,284.
- Of the total net assets, \$6,065,368 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

Fund Level Financial Highlights

- As of June 30, 2012, the governmental funds of the City of Cadillac reported combined ending fund balances of \$6,204,681. This is an increase of \$233,421. The increase was the result of several factors. First, year-end state shared revenues were \$100,585 more than budgeted for the year. Second, due to an extended vacancy of a Director of Public Safety, public safety expenditures in the General Fund were \$139,639 under appropriations. Both the Major Street Fund and the Local Street Fund benefited from lower than anticipated snow removal expenditures due to a moderate winter season.
- In accordance with the City's policy, an amount equal to 15% of total General Fund expenditures has been committed as a working capital reserve.
- In the General Fund, total Assigned and Unassigned Fund Balance increased to \$2,103,835 as of June 30, 2012 which is up from \$1,890,226 a year earlier due to the factors detailed in the first bullet point above. A portion of this amount - \$320,880 – represents fund balance that is unassigned and therefore available for future appropriation.

Long-Term Debt

The City of Cadillac's total outstanding debt **increased** by \$1,131,000 during the fiscal year. This increase is the result of new revenue bond issuance through the State of Michigan's Drinking Water Revolving Fund program for relocation of the City's well field in the amount of \$2,025,000. Normal debt service payments on the city's other outstanding bond issues offset the increase.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Cadillac's basic financial statements. The City of Cadillac's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

CITY OF CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Government-Wide Financial Statements The *government-wide financial statements* are designed to provide a broad overview of the City's financial position. They are presented using a method of accounting that is similar to a private-sector business.

The *Statement of Net Assets* (Pages 1-2) presents information on all of the City's assets and liabilities, the difference between the two being reported as the net assets of the City. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the City is improving or deteriorating. An increase in net assets would indicate an improvement in financial condition. On the other hand, a consistent decrease over time in net assets may indicate a decline in the financial health of the organization.

The *Statement of Activities* (Page 3) gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

Both of these statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the City include general government, public safety, major and local streets, public works, culture and recreation, and economic development and assistance. Business-type activities of the City include water and sewer utility services, an auto parking activity as well as the operation of a building authority.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The City of Cadillac uses fund accounting to ensure compliance with finance-related legal requirements. All of the funds of the City of Cadillac can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds Many of the City's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual basis of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the governmental fund statements on the Statement of Revenues, Expenditures and Changes in Fund Balance as expenditures. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt.

Governmental funds for the City include the General Fund as well as the special revenue, capital project, debt service and permanent funds. The information is presented individually in the basic financial statements for the General Fund, Major Street Fund, and Local Street Fund, all of which are considered to be major funds. Individual data for each of the remaining nonmajor governmental funds is found elsewhere in this report.

The basic governmental fund financial statements can be found on pages 4-9 of this report.

CITY OF CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Proprietary Funds Proprietary funds account for services for which the City charges its customers for the services they are provided. These charges can be to external customers or other agencies within the City. There are two types of proprietary funds:

- Enterprise funds are used to report business-like activities of the City. These activities intend to recover the full cost of the services through the fee charged to the customers. The City has three enterprise funds, which are the Water and Sewer Fund, the Automobile Parking System, and the Building Authority Operating Fund.
- Internal Service funds are the second type of proprietary funds. These funds provide services to other departments within the City. These funds allow the City to allocate costs of centralized services such as the City's vehicle fleet and information technology services. The City has four internal service funds, including the Central Stores and Municipal Garage Fund, Information Technology Fund, Self-Insurance Fund and Safety Fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available for supporting the City's programs. These funds are accounted for using the full accrual method of accounting, much like the Proprietary funds.

Component Units The City's Comprehensive Annual Financial Report includes reporting on separate legal entities for which the City has some level of financial responsibility. These funds are shown in a separate column. The City's component units include the Downtown Development Authority, the Downtown Development Authority Capital Projects, the Local Development Finance Authority Operating, Capital Projects and Utilities Funds, the Brownfield Redevelopment Authority Fund, and the Economic Development Corporation.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes can be found beginning on Page 27 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements. This information can be found beginning on Page 62 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The assets of the City exceeded liabilities by \$37,469,600 at June 30, 2012, meaning that the City's assets were greater than its liabilities by this amount. A comparison with the previous fiscal year is presented in order to show the change in Net Assets over the previous fiscal year.

CITY OF CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

City of Cadillac

Net Assets

(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 9,280	\$ 8,806	\$ 5,113	\$ 4,271	\$ 14,393	\$ 13,077
Capital Assets	13,456	14,144	24,199	22,170	37,655	36,314
Total Assets	\$ 22,736	\$ 22,950	\$ 29,312	\$ 26,441	\$ 52,048	\$ 49,391
Current and other liabilities	\$ 1,468	\$ 1,361	\$ 1,995	\$ 1,244	\$ 3,463	\$ 2,605
Long-term liabilities	1,380	1,474	9,736	8,611	11,116	10,085
Total Liabilities	\$ 2,848	\$ 2,835	\$ 11,731	\$ 9,855	\$ 14,579	\$ 12,690
Net Assets						
Invested in capital assets net of related debt	12,618	13,114	13,558	12,789	26,176	25,903
Restricted	3,865	4,325	1,363	1,350	5,228	5,675
Unrestricted	3,404	2,676	2,661	2,447	6,065	5,123
Total Net Assets	\$ 19,887	\$ 20,115	\$ 17,582	\$ 16,586	\$ 37,469	\$ 36,701

The most significant portion of the City's Net Assets (70%) represents investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the City used to acquire or construct the asset. These assets are used by the City of Cadillac to provide public services to its citizens; consequently, these assets are not available for future spending.

The City has \$6,065,368 (16% of Total Net Assets) in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by City policies regarding their use. An additional portion of net assets (14%) represents resources that are subject to external restrictions on how they may be used.

The total net assets of the City increased \$768,431 during the fiscal year. The Net Assets of the governmental activities decreased by \$227,853. The primary reason for the decrease was normal depreciation of the Governmental activities capital assets.

A grant received to forgive a portion of the principal borrowed through the issuance of revenue bonds via the State of Michigan's Drinking Water Revolving Fund accounted for much of the increase in the net assets of the business-type activities. In addition, the City received \$209,170 from Haring Township to purchase treatment capacity in the City's waste water treatment plant. Additionally, metered user charges exceeded the budgeted amounts.

CITY OF CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

The following table illustrates and summarizes the results of the changes in the net assets for the City. The condensed information was derived from the government-wide statement of activities.

City of Cadillac
Change in Net Assets
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$ 1,297	\$ 1,240	\$ 4,190	\$ 4,056	\$ 5,487	\$ 5,296
Operating Grants and Contributions	1,119	1,059	0	0	1,119	1,059
Capital Grants	269	104	509	0	778	104
General Revenues						
Property Taxes and Assessments	4,443	4,610	0	0	4,443	4,610
State Shared Revenue	896	896	0	0	896	896
Unrestricted Investment Earnings	103	203	14	65	117	268
Gain on Sale of Capital Assets	3	2	0	0	3	2
Other	16	5	209	0	225	5
Total Revenues	\$ 8,146	\$ 8,119	\$ 4,922	\$ 4,121	\$ 13,068	\$ 12,240
<u>Expenses</u>						
General Government, Administrative	\$ 1,796	\$ 1,746	\$ 0	\$ 0	\$ 1,796	\$ 1,746
Public Safety	3,236	3,427	0	0	3,236	3,427
Public Works	2,513	2,634	0	0	2,513	2,634
Recreation and Culture	538	421	0	0	538	421
Redevelopment and Housing	0	0	0	0	0	0
Economic Development/Assistance	244	255	0	0	244	255
Interest on Long-Term Debt	47	55	0	0	47	55
Water and Sewer	0	0	3,767	3,823	3,767	3,823
Automobile Parking System	0	0	114	107	114	107
Building Authority Operating	0	0	45	57	45	57
Total Expenses	\$ 8,374	\$ 8,538	\$ 3,926	\$ 3,987	\$ 12,300	\$ 12,525
Changes in Net Assets	\$ (228)	\$ (419)	\$ 996	\$ 134	\$ 768	\$ (285)
Beginning Net Assets	20,115	20,534	16,586	16,452	36,701	36,986
Ending Net Assets	\$ 19,887	\$ 20,115	\$ 17,582	\$ 16,586	\$ 37,469	\$ 36,701

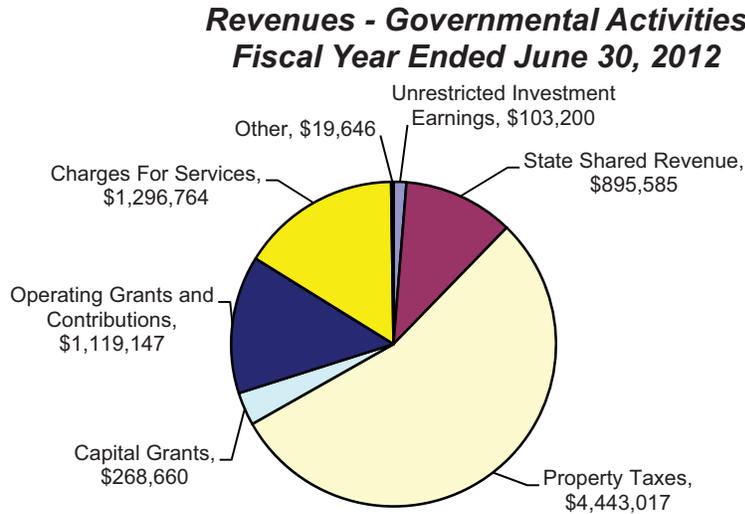
CITY OF CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Governmental Activities

The following chart details the revenue sources for the governmental activities of the City for the fiscal year ended June 30, 2012:



Governmental activities accounted for a total of \$8,146,019 in revenue for the fiscal year which was up \$26,844, or less than 1%, from the previous year. This slight increase is mainly due to the increased operating and capital grants.

The most significant portion of the revenue for all governmental activities of the City of Cadillac comes from Property Taxes (55%). This figure includes property tax levies as well as assessments on properties that are used for debt service on the City's special assessment debt. The City's operating millage remained the same in FY2012 at 13.9473 mills. The City's charter allows the City to levy up to 15 mills for operations. Due to state statutes, the City is currently at its maximum tax levy, and can only raise the levy to the charter maximum with the approval of the voters.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax and motor fuel and weight taxes. In 2012, state shared revenue received by the City was essentially unchanged from the prior year, but this important source of revenue continues on a downward trend, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

Capital Grants represents grant dollars and contributions - whether federal, state, or local - that the City has secured or received in order to assist in capital asset construction/acquisition and infrastructure improvement within the City. During this fiscal year, these grants helped the City construct a new picnic pavilion at the Diggins Hill Tennis Courts, and complete street construction projects on Gunn, Seventh and Farrar Streets.

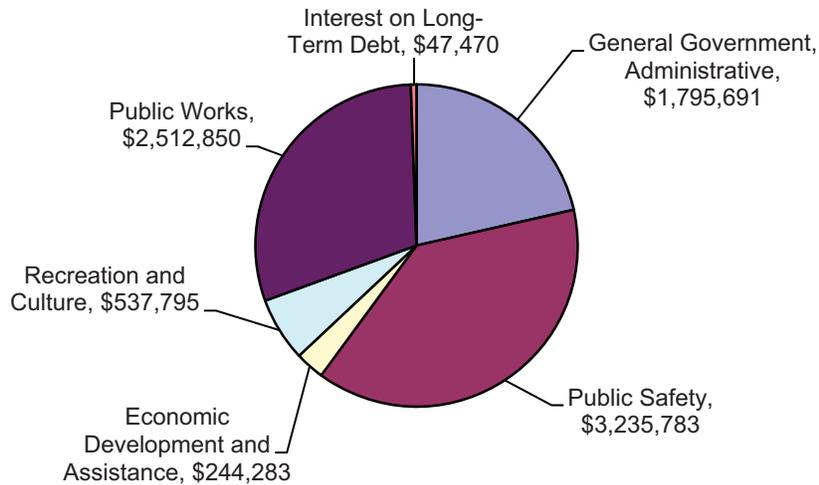
CITY OF CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

The following chart depicts expenses of the governmental activities of the City for the fiscal year ended June 30, 2012:

**Expenses - Governmental Activities
Fiscal Year Ended June 30, 2012**



Governmental activities accounted for total expenses of \$8,373,872. This was down from \$8,537,924 in the prior year, a decrease of 2%. The City consolidated and combined several staff positions in order to achieve savings within General Government Administrative functions and vacancies within the Public Safety function yielded expenditure savings as well.

The City's governmental activities expenses are dominated by the Public Safety expenses that total 39% of total expenses. The City spent over \$3.2 million in FY2012 on Public Safety. Public Works represented the next largest portion of expenses, accounting for \$2.5 million, or 30% of total governmental activities. The Major Street Fund and Local Street Fund represent the majority of the Public Works expenses. General Government, Administrative expenses also consumed significant resources, totaling \$1.8 million during the year, which represents 21% of the expenses within the governmental activities.

Business-Type Activities

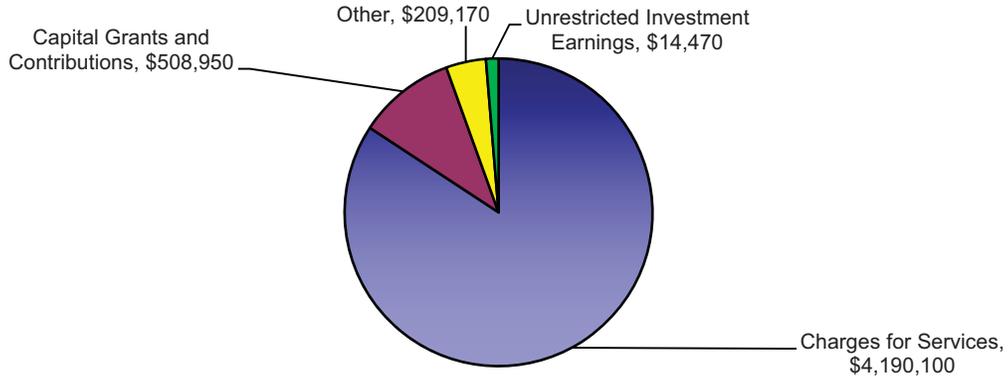
The following charts illustrate the revenue and expense activity within the City's business-type activities. These activities accounted for an increase of \$996,284 in the City's Net Assets for the fiscal year ended June 30, 2012.

The Business-type activities of the City include the Water and Sewer Fund, which provides water and sewer utility services to City residents as well as commercial customers, the Auto Parking Fund, which maintains City-owned parking lots, and the Building Authority Operating Fund, which manages the operation of a commercial office facility, currently being rented by the Michigan Department of Environmental Quality.

CITY OF CADILLAC, MICHIGAN

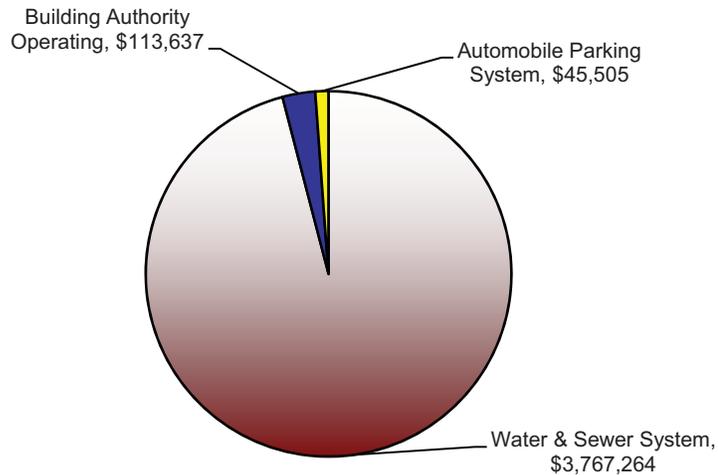
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Revenues by Source - Business Type Activities
Fiscal Year Ended June 30, 2012



The Water and Sewer activity represents a significant portion of the business-type activities of the City. This activity accounts for 96% of the total expenses and 95% of the total revenue of the business-type activities.

Expenses by Function - Business Type Activities
Fiscal Year Ended June 30, 2012



CITY OF CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Financial Analysis of the Government's Funds

Governmental Funds At the completion of the City's fiscal year ended June 30, 2012, its governmental funds reported combined ending fund balances of \$6,204,681. This ending fund balance is \$233,421 higher than the end of the previous fiscal year. Of the total ending fund balance, \$1,211,780, or 20%, is nonspendable because of legal or contractual obligations to keep certain endowment funds intact. An additional amount of \$1,357,000, or 22%, is restricted to spending for specific purposes, including street projects, lake treatment, and perpetual care of Maple Hill Cemetery. Pursuant to a City policy, an amount equal to 15% of total General Fund expenditures has been assigned as a Working Capital Reserve, as well as an amount that would fully fund the governmental funds portion of accrued sick and vacation leave. These two amounts total \$1,511,458 which represents another 24% of total fund balance. Portions of total fund balance have also been assigned for other various uses totaling \$1,814,297, or 29% of the total. Finally, \$310,146 is unassigned and available for appropriation at the discretion of the City.

Detailed information regarding the various classifications of fund balance on hand as of June 30, 2012 can be found on page 5 of this report.

General Fund – The General Fund is the main operating fund of the City. The fund balance in the General Fund at June 30, 2012 was \$2,182,752. This represents a 7% increase from the prior year. An amount equal to 15% of total annual expenditures is assigned as a working capital reserve in accordance with City policy. This level has been maintained or exceeded for several years. There is also \$479,336 assigned to fund sick and vacation benefits that have accrued but have not yet been paid out.

Overall, the total fund balance in the City of Cadillac's General Fund increased by \$142,800 in the current fiscal year. This increase was mainly due to funds received from the State of Michigan in excess of original budget estimations, as well as vacancies in the police and fire departments allowing public safety expenditures to end approximately \$140,000 below budget.

Major Street Fund – The Major Street Fund completed \$318,140 in street improvements in this fiscal year, highlighted by the reconstruction of portions of Seventh, Gunn and Farrar Streets. The fund balance of the Major Street Fund ended the year at \$181,951 which was \$103,595 higher than the end of the previous fiscal year. A mild winter allowed total expenditures to be below appropriated amounts by \$90,920.

Local Street Fund – The Local Street Fund completed \$118,313 in street construction and improvements in this fiscal year, which represented the replacement of street signs and a street improvement project on Ayer Street. Fund balance ended the year at \$173,970 which was \$18,760 lower than the previous year. The proceeds of the sale of a property formerly owned by the City (former Harris Milling site) were transferred to the Local Street Fund in 2009 in order to fund street projects for the next couple of years. The use of fund balance to cover a portion of the FY2012 construction was anticipated and accounted for the decrease in total fund balance for 2012. Because of a mild winter, only \$18,760 of prior fund balance was used, well below the planned use of \$68,100.

Proprietary Funds The City's proprietary funds provide virtually the same information as the government-wide statements; however, more detail may be found in the fund financial statements.

Water and Sewer Fund – The Water and Sewer Fund ended this fiscal year with \$2,363,346 in unrestricted net assets. This was up \$269,888, or 13%, from the previous year. All Water and Sewer rates were increased by 4.5% for this fiscal year. Overall, the system saw total operating revenues increase \$171,641. Total revenues exceeded budgeted revenues by \$870,823. This is due to the receipt of a grant

CITY OF CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

from the State of Michigan related to the well field relocation project (\$508,950), the purchase of treatment capacity in the waste water treatment plant (\$209,170), and the increase in operating revenues previously mentioned. This combination contributed to the increase in net assets during the fiscal year.

This fund remains in sound fiscal condition moving forward. With over \$2 million in unrestricted net assets, the system has over 6 months operating costs in reserve. This stabilizes the finances and helps provide funds for pay-as-you-go capital financing.

Building Authority Operating Fund – The net assets of the Building Authority Operating Fund increased in this fiscal year by \$80,091. Rental income from the Michigan Department of Environmental Quality totaled \$193,704, which holds steady from year to year in accordance with the City's lease with the State of Michigan.

General Fund Budgetary Highlights

Budget Amendments

During the year one budget amendment was approved by City Council. This amendment increased total General Fund appropriations by \$110,000. The major appropriation increases were related to the following:

- A local recreation project to construct a pavilion at the Diggins Hill Tennis Courts was budgeted in the prior fiscal year, but not undertaken until this fiscal year. Costs of the project were covered primarily by a Wexford County Recreation Grant received in prior years. Recreation Grant dollars were also received in the year for signage at Kenwood Park. The total for this increase was \$35,000.
- City activities that required legal assistance from the City Attorney were higher than anticipated. Additional appropriations of \$25,000 were required.
- Delinquent taxes that were uncollectible by Wexford County had to be reimbursed to the County. Final amounts for the year were higher than expected by approximately \$20,000.
- Grant dollars were received in prior years to fund a Cadillac Area Marketability Study and to perform a Rotary Park Pavilion Master Plan. These projects were completed during this fiscal year. Additional appropriations required for these projects were \$30,000.

Grant revenue that was received in prior years was amended into the FY2012 budget to fund the project costs related to the grants. Additional grant revenue was received to fund the costs of the new grant projects. State revenue sharing funds in excess of the original budget estimates as well as surplus funds on hand in excess of the City's 15% fund balance reserve policy were used to fund other additional costs.

Budget Variances

Overall, actual expenditures were \$376,390 below the legal appropriations. Several factors contributed to this positive variance:

- A switch in carriers for property and liability insurance resulted in further savings of \$10,000;
- Costs for the solid waste removal contract were approximately \$70,000 below appropriations;

CITY OF CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

- Public Safety Director position continues to be vacant after previous director retired, helping the Police and Fire Departments end the year approximately \$140,000 below appropriations;
- Reduction in billings for street lighting costs yielded savings, with expenditures ending the year approximately \$11,500 below budget;
- General savings and additional cost-saving measures accounted for the remainder of the variances.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for the governmental and business-type activities as of June 30, 2012 amounted to \$37,655,253 (net of accumulated depreciation). This represents an increase of \$1,341,551, or 3.6%, over the prior year. The City added \$3,455,032 in assets during the year. These were primarily in the form of infrastructure and capital equipment, including the well field relocation project, and reconstruction of portions of Carmel Street, Ayer Street, Seventh Street, Gunn Street, and Farrar Street. Accumulated depreciation on the City's capital assets increased by \$2,113,481. The City has invested in a broad range of capital assets, as detailed below:

City of Cadillac

Capital Assets

(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Infrastructure	\$ 18,701	\$ 18,270	\$ 0	\$ 0	\$ 18,701	\$ 18,270
Land and Land Improvements	3,456	3,456	1,402	1,402	4,858	4,858
Buildings	4,540	4,513	2,666	2,666	7,206	7,179
Improvements Other than Buildings	0	0	34,101	33,691	34,101	33,691
Machinery and Equipment	5,335	5,277	1,251	1,243	6,586	6,520
Subtotal	\$ 32,032	\$ 31,516	\$ 39,420	\$ 39,002	\$ 71,452	\$ 70,518
Construction in Progress	8	19	3,063	531	3,071	550
Accumulated Depreciation	(18,584)	(17,391)	(18,284)	(17,363)	(36,868)	(34,754)
Net Capital Assets	\$ 13,456	\$ 14,144	\$ 24,199	\$ 22,170	\$ 37,655	\$ 36,314

Capital assets of the City include any items purchased that cost in excess of \$5,000 and have an expected useful life greater than one year. Additional information regarding the City's capital assets can be found in the Notes to Financial Statements section on Page 33 and Pages 39-41.

Long-Term Debt. As of June 30, 2012, the City had total long-term debt outstanding of \$12,343,000. This is an increase of \$1,131,000, or 10%, over the prior fiscal year. The City issued water and sewer revenue bonds through the State of Michigan's Drinking Water Revolving Fund program in the amount of \$2,025,000 during the year. Normal debt service requirements on the City's other outstanding debt reduced other outstanding principal.

CITY OF CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Of the City's total outstanding debt, \$720,000 comprises debt backed by the full faith and credit of the City, while \$45,000 is special assessment debt for which the City is liable only in the event of default by the property owners subject to assessment. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources. Most of the City's revenue bonds are associated with the Water and Sewer Fund (\$10,145,000), are backed by revenues from the Water and Sewer system, and have been used to finance major capital projects within the system.

City of Cadillac
General Obligation and Revenue Bonds

(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General Obligation Bonds	\$ 720	\$ 840	\$ 0	\$ 0	\$ 720	\$ 840
Special Assessment Debt with governmental commitment	45	100	0	0	45	100
Contracts and Notes	903	852	0	0	903	852
Revenue Bonds	0	0	10,675	9,420	10,675	9,420
Total	<u>\$ 1,668</u>	<u>\$ 1,792</u>	<u>\$ 10,675</u>	<u>\$ 9,420</u>	<u>\$ 12,343</u>	<u>\$ 11,212</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation based on the City's assessed valuation of \$253,295,719 is \$25,329,572 which significantly exceeds the City's outstanding general obligation debt of \$720,000. More information on the City's long-term debt is available in the Notes to Financial Statements section of this document, on Pages 44-49.

Economic Condition and Outlook

The City saw its unemployment dip this year from 10.6% a year ago to 9.3% as of October 31, 2012. This is slightly above the statewide unemployment rate of 9.1%, which is also down from 9.9% last year. Though this is a positive turn and there are early signs of a slow recovery, the State of Michigan continues to suffer economically, which coupled with the economic turmoil being felt across the national economy is a significant concern for our local financial condition.

More information regarding the economic outlook of the City can be found in the Transmittal Letter.

Contacting the City's Financial Services Department

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances and demonstrate the City's accountability for the resources entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the City of Cadillac, Director of Finance, 200 N. Lake Street, Cadillac, Michigan 49601, or call us at (231) 775-0181.

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CITY OF CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2012

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
<u>CURRENT ASSETS</u>				
Cash	\$ 1,051,669	\$ 869,722	\$ 1,921,391	\$ 381,303
Investments	6,211,650	3,377,090	9,588,740	2,451,599
Receivables				
Taxes	19,165	0	19,165	196
Accounts	72,728	252,871	325,599	3,092
Unbilled Services	0	308,353	308,353	0
Cylinder Deposits	0	5,900	5,900	0
Mortgages and Notes	142,576	0	142,576	0
Accrued Interest	29,119	265	29,384	21,176
Special Assessments	157,238	0	157,238	0
External Parties (Agency Funds)	371,609	22,086	393,695	0
Internal Balances	(34,238)	34,238	0	0
Due from Other Governments	297,989	0	297,989	212,640
Inventory	89,395	200,839	290,234	0
Prepaid Expenses	120,269	12,555	132,824	49
 Total Current Assets	 \$ 8,529,169	 \$ 5,083,919	 \$ 13,613,088	 \$ 3,070,055
 <u>NONCURRENT ASSETS</u>				
<u>CAPITAL ASSETS</u>				
Land and Land Improvements	\$ 3,455,992	\$ 1,401,898	\$ 4,857,890	\$ 1,190,046
Buildings	4,540,191	2,666,174	7,206,365	0
Improvements Other Than Buildings	0	34,100,853	34,100,853	226,767
Machinery and Equipment	5,334,484	1,250,849	6,585,333	0
Infrastructure	18,700,945	0	18,700,945	0
Construction Work in Progress	8,151	3,063,490	3,071,641	0
	\$ 32,039,763	\$ 42,483,264	\$ 74,523,027	\$ 1,416,813
Less Accumulated Depreciation	18,583,777	18,283,997	36,867,774	183,946
Net Capital Assets	\$ 13,455,986	\$ 24,199,267	\$ 37,655,253	\$ 1,232,867
 <u>OTHER ASSETS</u>				
Net Other Post Employment Benefits Asset	\$ 198,075	\$ 0	\$ 198,075	\$ 0
Net Pension Asset	545,832	0	545,832	0
Deferred Charge - Bond Issuance Costs	6,458	29,281	35,739	0
Total Other Assets	\$ 750,365	\$ 29,281	\$ 779,646	\$ 0
 Total Noncurrent Assets	 \$ 14,206,351	 \$ 24,228,548	 \$ 38,434,899	 \$ 1,232,867
 TOTAL ASSETS	 \$ 22,735,520	 \$ 29,312,467	 \$ 52,047,987	 \$ 4,302,922

The accompanying notes are an integral part of the financial statements.

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 425,733	\$ 827,413	\$ 1,253,146	\$ 15,593
Accrued Expenses	78,380	145,999	224,379	456
Accrued Interest	10,054	109,517	119,571	0
Due to Other Governments	411,776	0	411,776	0
External Parties Payable (Fiduciary Funds)	232,159	0	232,159	0
Utility Deposits	0	5,640	5,640	0
Deferred Revenue - Unearned	21,080	0	21,080	0
Current Portion of Long-Term Debt	288,832	906,050	1,194,882	15,000
Total Current Liabilities	\$ 1,468,014	\$ 1,994,619	\$ 3,462,633	\$ 31,049
<u>LONG-TERM LIABILITIES</u>				
Revenue Bonds				
(Net of Deferred Refunding Amount)	\$ 0	\$ 10,641,778	\$ 10,641,778	\$ 0
General Obligation Bonds	720,000	0	720,000	0
Special Assessment Bonds	45,000	0	45,000	0
Notes Payable	158,080	0	158,080	188,324
Net Other Post Employment Benefits Liability	266,442	0	266,442	0
Accrued Compensated Sick and Vacation	479,336	0	479,336	6,901
Less: Current Portion	(288,832)	(906,050)	(1,194,882)	(15,000)
Total Long-Term Liabilities	\$ 1,380,026	\$ 9,735,728	\$ 11,115,754	\$ 180,225
TOTAL LIABILITIES	\$ 2,848,040	\$ 11,730,347	\$ 14,578,387	\$ 211,274
<u>EQUITY</u>				
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 12,617,698	\$ 13,557,489	\$ 26,175,187	\$ 1,187,867
Restricted for Debt Service	255,460	1,363,333	1,618,793	0
Restricted for Groundwater Cleanup	0	0	0	1,713,717
Restricted for Capital Projects				724,041
Temporarily Restricted	99,016	0	99,016	0
Permanently Restricted	511,666	0	511,666	0
Restricted for Cemetery Perpetual Care				
Temporarily Restricted	265,470	0	265,470	0
Permanently Restricted	245,000	0	245,000	0
Restricted for Life Insurance	173,866	0	173,866	0
Restricted for Employees' Life and Health Insurance	990,080	0	990,080	0
Restricted for Pension Benefits	477,465	0	477,465	0
Restricted for Special Purposes	847,689	0	847,689	0
Unrestricted	3,404,070	2,661,298	6,065,368	466,023
TOTAL NET ASSETS	\$ 19,887,480	\$ 17,582,120	\$ 37,469,600	\$ 4,091,648

The accompanying notes are an integral part of the financial statements.

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CITY OF CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS			
	EXPENSES	OPERATING		CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		COMPONENT UNITS	
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS		GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		TOTALS
<u>PRIMARY GOVERNMENT</u>								
<u>GOVERNMENTAL ACTIVITIES</u>								
General Government, Administrative	\$ 1,795,691	\$ 481,921	\$ 0	\$ 0	\$ (1,313,770)	\$ 0	\$ (1,313,770)	\$ 0
Public Safety	3,235,783	265,972	83,155	0	(2,886,656)	0	(2,886,656)	0
Public Works	2,512,850	546,955	872,894	223,614	(869,387)	0	(869,387)	0
Recreation and Culture	537,795	1,916	128,393	45,046	(362,440)	0	(362,440)	0
Economic Development and Assistance	244,283	0	1,005	0	(243,278)	0	(243,278)	0
Interest on Long-Term Debt	47,470	0	33,700	0	(13,770)	0	(13,770)	0
Total Governmental Activities	\$ 8,373,872	\$ 1,296,764	\$ 1,119,147	\$ 268,660	\$ (5,689,301)	\$ 0	\$ (5,689,301)	\$ 0
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water and Sewer System	\$ 3,767,264	\$ 3,994,834	\$ 0	\$ 508,950	\$ 0	\$ 736,520	\$ 736,520	\$ 0
Building Authority Operating	113,637	193,704	0	0	0	80,067	80,067	0
Automobile Parking System	45,505	1,562	0	0	0	(43,943)	(43,943)	0
Total Business-Type Activities	\$ 3,926,406	\$ 4,190,100	\$ 0	\$ 508,950	\$ 0	\$ 772,644	\$ 772,644	\$ 0
TOTAL PRIMARY GOVERNMENT	\$ 12,300,278	\$ 5,486,864	\$ 1,119,147	\$ 777,610	\$ (5,689,301)	\$ 772,644	\$ (4,916,657)	\$ 0
<u>COMPONENT UNITS</u>								
Local Development Finance Authority	\$ 254,730	\$ 18,127	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (236,603)
Non-Major Component Units	277,551	0	1,515	0	0	0	0	(276,036)
TOTAL COMPONENT UNITS	\$ 532,281	\$ 18,127	\$ 1,515	\$ 0	\$ 0	\$ 0	\$ 0	\$ (512,639)
<u>GENERAL REVENUES</u>								
Property Taxes and Assessments				\$ 4,443,017	\$ 0	\$ 4,443,017	\$ 452,165	
State Shared Revenue - Unrestricted				895,585	0	895,585	0	
Investment Earnings - Unrestricted				103,200	14,470	117,670	36,520	
Gain on Sale of Capital Assets				3,482	0	3,482	0	
Other				16,164	209,170	225,334	5,000	
Total General Revenues				\$ 5,461,448	\$ 223,640	\$ 5,685,088	\$ 493,685	
Change in Net Assets				\$ (227,853)	\$ 996,284	\$ 768,431	\$ (18,954)	
NET ASSETS - Beginning of Year				20,115,333	16,585,836	36,701,169	4,110,602	
NET ASSETS - End of Year				\$ 19,887,480	\$ 17,582,120	\$ 37,469,600	\$ 4,091,648	

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2012

	<u>GENERAL</u> <u>FUND</u>	<u>MAJOR</u> <u>STREET</u>	<u>LOCAL</u> <u>STREET</u>	<u>NONMAJOR</u> <u>FUNDS</u>	<u>TOTALS</u>
<u>ASSETS</u>					
Cash	\$ 78,248	\$ 89,388	\$ 41,804	\$ 699,925	\$ 909,365
Investments	2,431,359	0	100,000	2,539,160	5,070,519
Receivables					
Taxes	18,915	0	0	250	19,165
Accounts	62,445	0	0	0	62,445
Mortgages and Notes	0	0	0	142,576	142,576
Accrued Interest	7,528	0	3,348	9,985	20,861
Special Assessments					
Current	0	0	0	44,942	44,942
Deferred	0	0	0	112,296	112,296
Due from Other Funds	376,113	0	0	7,986	384,099
Advance to Other Funds	0	0	0	350,000	350,000
Due from Other Governments	170,018	95,295	32,676	0	297,989
Prepaid Expenditures	36,033	822	1,234	1,216	39,305
TOTAL ASSETS	<u>\$ 3,180,659</u>	<u>\$ 185,505</u>	<u>\$ 179,062</u>	<u>\$ 3,908,336</u>	<u>\$ 7,453,562</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 288,638	\$ 1,577	\$ 2,867	\$ 40,378	\$ 333,460
Accrued Expenditures	32,907	1,977	2,225	649	37,758
Due to Other Funds	237,958	0	0	12,070	250,028
Due to Other Governments	411,776	0	0	0	411,776
Deferred Revenue	26,628	0	0	189,231	215,859
Total Liabilities	<u>\$ 997,907</u>	<u>\$ 3,554</u>	<u>\$ 5,092</u>	<u>\$ 242,328</u>	<u>\$ 1,248,881</u>

The accompanying notes are an integral part of the financial statements.

	GENERAL FUND	MAJOR STREET	LOCAL STREET	NONMAJOR FUNDS	TOTALS
<u>FUND BALANCE</u>					
Nonspendable:					
Prepaid Expenditures	\$ 36,033	\$ 822	\$ 1,234	\$ 1,216	\$ 39,305
Trust Funds	0	0	0	245,000	245,000
Capital Projects Endowment	0	0	0	511,666	511,666
Advances	0	0	0	350,000	350,000
Notes Receivable	0	0	0	65,809	65,809
Restricted for:					
Veterans Memorial	1,855	0	0	0	1,855
Youth Services	844	0	0	0	844
Drug Forfeiture	4,650	0	0	0	4,650
Fire Safety House	1,859	0	0	0	1,859
Blackburn Skate Park	2,057	0	0	0	2,057
White Pine Trail	1,859	0	0	0	1,859
Diggins Hill Park	4,760	0	0	0	4,760
CAMA Lighthouse	25,000	0	0	0	25,000
Street Improvements	0	181,129	172,736	0	353,865
Clam River Greenway	0	0	0	19,051	19,051
Milfoil Eradication	0	0	0	41,142	41,142
Debt Service	0	0	0	244,440	244,440
Special Assessment Project Construction	0	0	0	281,154	281,154
Cemetery Perpetual Care	0	0	0	265,470	265,470
Capital Projects	0	0	0	108,994	108,994
Assigned for:					
Sick and Vacation	479,336	0	0	0	479,336
Working Capital	1,032,122	0	0	0	1,032,122
Mayor Wedding Fees	650	0	0	0	650
Pistol Range	3,027	0	0	0	3,027
CASA Field Use	2,520	0	0	0	2,520
Subsequent Year Budgeted Use of Fund Balance	265,300	0	0	0	265,300
H.L. Green Operating	0	0	0	99,012	99,012
Future Economic Development Loans	0	0	0	981,380	981,380
Roof Replacement	0	0	0	23,151	23,151
Industrial Development	0	0	0	439,257	439,257
Unassigned (Deficit):	320,880	0	0	(10,734)	310,146
Total Fund Balance	\$ 2,182,752	\$ 181,951	\$ 173,970	\$ 3,666,008	\$ 6,204,681
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,180,659	\$ 185,505	\$ 179,062	\$ 3,908,336	\$ 7,453,562

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total Fund Balances for Governmental Funds	\$		6,204,681
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Land and Land Improvements	\$	3,362,021	
Buildings		4,062,010	
Machinery and Equipment		2,683,088	
Infrastructure		18,700,945	
Construction Work in Progress		8,151	
Accumulated Depreciation		<u>(16,202,022)</u>	12,614,193
Bond issuance costs are reported as expenditures in the governmental fund.			6,458
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.			
Special Assessments Receivable	\$	112,296	
Personal Property Taxes Receivable		5,716	
Deferred Revenue - Loans Receivable		<u>76,767</u>	194,779
Internal service funds are used by management to charge costs of certain activities, such as insurance and data processing, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets			1,836,612
Internal service funds are used by management to charge costs of certain activities, such as insurance and data processing, to individual funds. The net result of the look-back adjustment as it relates to enterprise fund customers are treated as interfund payables and receivables between governmental activities and business-type activities.			(34,238)
Governmental assets and liabilities for other post employment benefits are not financial resources and therefore are not reported in the funds.			
Net Other Post Employment Benefits Asset			198,075
Net Other Post Employment Benefits Liability			(266,442)
Net Pension Asset			545,832
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
General Obligation Bonds Payable	\$	(720,000)	
Special Assessment Bonds Payable		(45,000)	
Notes Payable		(158,080)	
Accrued Interest Payable		(10,054)	
Compensated Absences		<u>(479,336)</u>	(1,412,470)
NET ASSETS OF GOVERNMENTAL ACTIVITIES			<u>\$ 19,887,480</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	GENERAL FUND	MAJOR STREET	LOCAL STREET	NONMAJOR FUNDS	TOTALS
<u>REVENUES</u>					
Taxes	\$ 4,437,301	\$ 0	\$ 0	\$ 179,372	\$ 4,616,673
Licenses and Permits	109,775	0	0	0	109,775
Federal Grants	72,656	0	0	0	72,656
State Grants	942,224	864,453	196,821	0	2,003,498
Contributions from Local Units	171,915	0	0	33,700	205,615
Charges for Services	923,906	0	0	55,553	979,459
Fines and Forfeits	20,001	0	0	0	20,001
Interest and Rents	30,996	22	2,019	95,203	128,240
Gain (Loss) on Investments	0	0	0	(17,101)	(17,101)
Other Revenue	314,836	0	0	34,605	349,441
Total Revenues	<u>\$ 7,023,610</u>	<u>\$ 864,475</u>	<u>\$ 198,840</u>	<u>\$ 381,332</u>	<u>\$ 8,468,257</u>
<u>EXPENDITURES</u>					
General Government	\$ 1,514,797	\$ 0	\$ 0	\$ 157,685	\$ 1,672,482
Public Safety	3,196,361	0	0	0	3,196,361
Public Works	848,743	767,780	558,656	0	2,175,179
Culture and Recreation	249,348	0	0	94,169	343,517
Community and Economic Development	170,555	0	0	55,586	226,141
Capital Outlay	0	0	0	4,114	4,114
Debt Service	0	0	29,244	236,792	266,036
Intergovernmental	351,006	0	0	0	351,006
Total Expenditures	<u>\$ 6,330,810</u>	<u>\$ 767,780</u>	<u>\$ 587,900</u>	<u>\$ 548,346</u>	<u>\$ 8,234,836</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 692,800</u>	<u>\$ 96,695</u>	<u>\$ (389,060)</u>	<u>\$ (167,014)</u>	<u>\$ 233,421</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	\$ 0	\$ 25,000	\$ 475,000	\$ 319,768	\$ 819,768
Transfers Out	(550,000)	(18,100)	(104,700)	(146,968)	(819,768)
Total Other Financing Sources (Uses)	<u>\$ (550,000)</u>	<u>\$ 6,900</u>	<u>\$ 370,300</u>	<u>\$ 172,800</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 142,800	\$ 103,595	\$ (18,760)	\$ 5,786	\$ 233,421
<u>FUND BALANCE</u> - Beginning of Year	<u>2,039,952</u>	<u>78,356</u>	<u>192,730</u>	<u>3,660,222</u>	<u>5,971,260</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 2,182,752</u>	<u>\$ 181,951</u>	<u>\$ 173,970</u>	<u>\$ 3,666,008</u>	<u>\$ 6,204,681</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Net Change in Fund Balance - Total Governmental Funds \$ 233,421

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, the costs of those assets are allocated over their estimated useful lives and reported as depreciation in the statement of activities.

Depreciation Expense	(1,028,008)
Capital Outlay	497,206

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid.

Accrued Interest Payable - Beginning of Year	12,187
Accrued Interest Payable - End of Year	(10,054)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).

218,832

Repayments of loan receivables are revenues in the governmental funds, but not in the statement of activities (where they are a reduction of assets).

(26,930)

The effects of bond issuance costs, premiums, discounts, and similar items are reported in the governmental funds when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

(1,554)

Under the modified accrual basis of accounting, revenue is recognized when measurable and available. The entity wide statements recognize revenue when earned.

Special assessment revenue previously recognized when earned for the entity wide statements.	(51,725)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in personal property tax revenue deferred using the modified accrual method	5,716
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The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Employees compensated absences are reported on the accrual method in the statement of activities, and recorded as expenditures when financial resources are used in the governmental funds.

Compensated Absences - Beginning of Year	446,113
Compensated Absences - End of Year	(479,336)

Expense for the unfunded portion of the other post employment benefit obligation reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.

Other Post Employment Benefit Obligation - Beginning of Year	23,297
Other Post Employment Benefit Obligation - End of Year	(68,367)
Net Pension Asset - Beginning of Year	(425,970)
Net Pension Asset - End of Year	545,832

Internal service funds are used by management to charge costs of certain activities, such as motor pool, insurance and data processing, to individual funds. The net revenue (expense) of the internal service funds is reported within the governmental activities.

(118,513)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ (227,853)

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER AND SEWER</u>	<u>BUILDING AUTHORITY OPERATING</u>	<u>NONMAJOR ENTERPRISE FUND</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 721,797	\$ 131,584	\$ 16,341
Investments	1,887,019	175	126,563
Receivables			
Accounts	252,871	0	0
Unbilled Services	308,353	0	0
Accrued Interest	265	0	0
Cylinder Deposits	5,900	0	0
Due from Other Funds	0	0	0
Due from External Parties (Fiduciary Funds)	22,086	0	0
Inventory, At Cost	200,839	0	0
Prepaid Expense	12,533	0	22
	<hr/>		
Total Current Assets	\$ 3,411,663	\$ 131,759	\$ 142,926
<hr/>			
<u>NONCURRENT ASSETS</u>			
<u>RESTRICTED ASSETS</u>			
Investments			
Bond Reserve Account	\$ 859,392	\$ 0	\$ 0
Bond Replacement Account	503,941	0	0
	<hr/>		
Total Restricted Assets	\$ 1,363,333	\$ 0	\$ 0
<hr/>			
<u>CAPITAL ASSETS</u>			
Land and Land Improvements	\$ 500,412	\$ 0	\$ 811,041
Buildings	930,747	1,735,427	0
Improvements Other Than Buildings	34,100,853	90,445	0
Machinery and Equipment	1,250,849	0	0
Construction Work In Progress	3,063,490	0	0
	<hr/>		
	\$ 39,846,351	\$ 1,825,872	\$ 811,041
Less Accumulated Depreciation	17,462,326	570,643	251,028
Net Capital Assets	\$ 22,384,025	\$ 1,255,229	\$ 560,013
<hr/>			
<u>OTHER ASSETS</u>			
Deferred Charge - Bond Issuance Costs	\$ 25,508	\$ 3,773	\$ 0
	<hr/>		
Total Noncurrent Assets	\$ 23,772,866	\$ 1,259,002	\$ 560,013
	<hr/>		
TOTAL ASSETS	\$ 27,184,529	\$ 1,390,761	\$ 702,939
<hr/>			

The accompanying notes are an integral part of the financial statements.

TOTALS	INTERNAL SERVICE FUNDS
\$ 869,722	\$ 142,304
2,013,757	1,141,131
252,871	10,283
308,353	0
265	8,258
5,900	0
0	5,379
22,086	0
200,839	89,395
12,555	80,964
<u>\$ 3,686,348</u>	<u>\$ 1,477,714</u>
\$ 859,392	\$ 0
503,941	0
<u>\$ 1,363,333</u>	<u>\$ 0</u>
\$ 1,311,453	\$ 93,971
2,666,174	478,181
34,191,298	0
1,250,849	2,651,396
3,063,490	0
<u>\$ 42,483,264</u>	<u>\$ 3,223,548</u>
18,283,997	2,381,755
<u>\$ 24,199,267</u>	<u>\$ 841,793</u>
\$ 29,281	\$ 0
<u>\$ 25,591,881</u>	<u>\$ 841,793</u>
<u>\$ 29,278,229</u>	<u>\$ 2,319,507</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER AND SEWER</u>	<u>BUILDING AUTHORITY OPERATING</u>	<u>NONMAJOR ENTERPRISE FUND</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	\$ 818,764	\$ 8,649	\$ 0
Accrued Interest	103,422	6,095	0
Other Accrued Expenses	145,999	0	0
Utility Deposits	5,640	0	0
Due to Other Governments	0	0	0
Current Portion of Long-Term Debt	781,050	125,000	0
Total Current Liabilities	<u>\$ 1,854,875</u>	<u>\$ 139,744</u>	<u>\$ 0</u>
<u>LONG-TERM LIABILITIES</u>			
2007 Wastewater System Junior Lien Revenue Bonds	\$ 3,185,205	\$ 0	\$ 0
2011 Wastewater System Junior Lien Revenue Bonds	1,928,504	0	0
1999 Revenue Refunding Bonds (Net of Deferred Refunding Amount)	1,049,908	405,000	0
2001 Revenue Bonds (Net of Deferred Refunding Amount)	3,167,111	0	0
Advance from Other Funds	0	0	0
Total Long-Term Liabilities	<u>\$ 9,330,728</u>	<u>\$ 405,000</u>	<u>\$ 0</u>
TOTAL LIABILITIES	<u>\$ 11,185,603</u>	<u>\$ 544,744</u>	<u>\$ 0</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt Restricted for Debt Service	\$ 12,272,247	\$ 725,229	\$ 560,013
Restricted for Benefit Programs	1,363,333	0	0
Unrestricted (Deficit)	0	0	0
	2,363,346	120,788	142,926
TOTAL NET ASSETS	<u>\$ 15,998,926</u>	<u>\$ 846,017</u>	<u>\$ 702,939</u>

The accompanying notes are an integral part of the financial statements.

<u>TOTALS</u>	<u>INTERNAL SERVICE FUNDS</u>
\$ 827,413	\$ 92,273
109,517	0
145,999	40,622
5,640	0
0	0
906,050	0
<u>\$ 1,994,619</u>	<u>\$ 132,895</u>
\$ 3,185,205	\$ 0
1,928,504	0
1,454,908	0
3,167,111	0
0	350,000
<u>\$ 9,735,728</u>	<u>\$ 350,000</u>
<u>\$ 11,730,347</u>	<u>\$ 482,895</u>
\$ 13,557,489	\$ 841,793
1,363,333	0
0	1,163,946
2,627,060	(169,127)
<u>\$ 17,547,882</u>	<u>\$ 1,836,612</u>

The accompanying notes are an integral part of the financial statements.

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CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS

RECONCILIATION OF THE STATEMENT OF NET ASSETS OF PROPRIETARY FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total Net Assets - Total Proprietary Funds	\$ 17,547,882
Amounts reported for proprietary activities in the statement of net assets are different because:	
Internal service funds are used by management to charge costs of certain activities, such as motor pool, insurance and data processing, to individual funds. The net result of the look-back adjustment as it relates to enterprise fund customers are treated as interfund payables and receivables between governmental activities and business-type activities.	<u>34,238</u>
NET ASSETS OF PROPRIETARY FUNDS	<u><u>\$ 17,582,120</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30, 2012

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER AND SEWER</u>	<u>BUILDING AUTHORITY OPERATING</u>	<u>NONMAJOR ENTERPRISE FUND</u>
<u>OPERATING REVENUES</u>			
Operating Revenues	\$ 3,994,834	\$ 193,704	\$ 1,562
<u>OPERATING EXPENSES</u>			
Personal Services	\$ 867,348	\$ 0	\$ 8,920
Contractual Services	388,196	41,107	14,953
Supplies	368,870	0	395
Utilities	366,421	3,037	0
Depreciation and Amortization	876,513	38,451	16,754
Employee Benefits	353,951	0	4,483
Administrative	201,900	5,000	0
Total Operating Expenses	\$ 3,423,199	\$ 87,595	\$ 45,505
Operating Income (Loss)	\$ 571,635	\$ 106,109	\$ (43,943)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Gain on Sale of Capital Assets	\$ 0	\$ 0	\$ 0
Federal Grants	412,606	0	0
State Grants	96,344	0	0
Interest Revenue	13,869	24	577
Sale of System Capacity	209,170	0	0
Interest and Fiscal Charges	(313,947)	(26,042)	0
Total Nonoperating Revenues (Expenses)	\$ 418,042	\$ (26,018)	\$ 577
Change in Net Assets	\$ 989,677	\$ 80,091	\$ (43,366)
<u>TOTAL NET ASSETS</u> - Beginning of Year	15,009,249	765,926	746,305
<u>TOTAL NET ASSETS</u> - End of Year	\$ 15,998,926	\$ 846,017	\$ 702,939

The accompanying notes are an integral part of the financial statements.

<u>TOTALS</u>	<u>INTERNAL SERVICE FUNDS</u>
<u>\$ 4,190,100</u>	<u>\$ 1,698,152</u>
\$ 876,268	\$ 120,362
444,256	248,093
369,265	131,228
369,458	20,662
931,718	172,351
358,434	1,080,084
<u>206,900</u>	<u>60,100</u>
<u>\$ 3,556,299</u>	<u>\$ 1,832,880</u>
<u>\$ 633,801</u>	<u>\$ (134,728)</u>
\$ 0	\$ 135
412,606	0
96,344	0
14,470	4,578
209,170	0
<u>(339,989)</u>	<u>(18,616)</u>
<u>\$ 392,601</u>	<u>\$ (13,903)</u>
\$ 1,026,402	\$ (148,631)
<u>16,521,480</u>	<u>1,985,243</u>
<u><u>\$ 17,547,882</u></u>	<u><u>\$ 1,836,612</u></u>

The accompanying notes are an integral part of the financial statements.

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CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Net Change in Fund Net Assets - Total Proprietary Funds	\$ 1,026,402
Amounts reported for proprietary activities in the statement of activities are different because:	
Internal service funds are used by management to charge costs of certain activities, such as motor pool, insurance and data processing, to individual funds. The net result of the look-back adjustment as it relates to enterprise fund customers are treated as interfund payables and receivables between governmental activities and business-type activities.	<u>(30,118)</u>
CHANGE IN NET ASSETS OF PROPRIETARY FUNDS	<u><u>\$ 996,284</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER AND SEWER</u>	<u>BUILDING AUTHORITY OPERATING</u>	<u>NONMAJOR ENTERPRISE FUND</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 4,108,891	\$ 193,704	\$ 1,562
Cash Received from Interfund Services Provided and Used	0	0	0
Cash Payments to Suppliers for Goods and Services	(1,256,986)	(40,836)	(19,848)
Cash Payments to Employees for Services	(1,287,330)	0	(9,030)
Net Cash Provided by Operating Activities	<u>\$ 1,564,575</u>	<u>\$ 152,868</u>	<u>\$ (27,316)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	\$ (2,266,475)	\$ 0	\$ 0
Proceeds from Sales of Capital Assets	0	0	0
Sale of System Capacity	209,170	0	0
Loan Proceeds	2,024,554	0	0
Capital Grants Received	508,950	0	0
Principal Paid	(655,000)	(115,000)	0
Interest Paid	(307,811)	(27,365)	0
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>\$ (486,612)</u>	<u>\$ (142,365)</u>	<u>\$ 0</u>
Cash Flows from Investing Activities:			
Interest Received	\$ 29,874	\$ 24	\$ 793
Purchase of Investment Securities	(531,880)	0	(782)
Proceeds from Sale and Maturities of Investment Securities	44,476	0	0
Net Cash Provided (Used) by Investing Activities	<u>\$ (457,530)</u>	<u>\$ 24</u>	<u>\$ 11</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 620,433</u>	<u>\$ 10,527</u>	<u>\$ (27,305)</u>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<u>101,364</u>	<u>121,057</u>	<u>43,646</u>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u>\$ 721,797</u>	<u>\$ 131,584</u>	<u>\$ 16,341</u>

The accompanying notes are an integral part of the financial statements.

TOTALS	INTERNAL SERVICE FUNDS
\$ 4,304,157	\$ 0
0	1,706,697
(1,317,670)	(1,603,012)
(1,296,360)	(130,137)
<u>\$ 1,690,127</u>	<u>\$ (26,452)</u>
\$ (2,266,475)	\$ (15,308)
0	135
209,170	0
2,024,554	0
508,950	0
(770,000)	0
(335,176)	(37,232)
<u>\$ (628,977)</u>	<u>\$ (52,405)</u>
\$ 30,691	\$ 2,790
(532,662)	0
44,476	97,229
<u>\$ (457,495)</u>	<u>\$ 100,019</u>
\$ 603,655	\$ 21,162
266,067	121,142
<u>\$ 869,722</u>	<u>\$ 142,304</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
MAJOR FUNDS		
WATER AND SEWER	BUILDING AUTHORITY OPERATING	NONMAJOR ENTERPRISE FUND

RECONCILIATION OF OPERATING INCOME

TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$ 571,635	\$ 106,109	\$ (43,943)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	\$ 876,513	\$ 38,451	\$ 16,754
(Increase) Decrease in Current Assets			
Accounts Receivable	162,261	0	0
Due from Other Funds	249	0	0
Due from External Parties (Fiduciary Funds)	(22,086)	0	0
Inventory	27,364	0	0
Prepaid Expense	26,879	0	(17)
Increase (Decrease) in Current Liabilities			
Accounts Payable	14,868	8,308	0
Other Accrued Expenses	(66,031)	0	(110)
Due to Other Funds	0	0	0
Due to Other Governments	(26,367)	0	0
Utility Deposits	(710)	0	0
 Total Adjustments	 \$ 992,940	 \$ 46,759	 \$ 16,627
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 \$ 1,564,575	 \$ 152,868	 \$ (27,316)

The accompanying notes are an integral part of the financial statements.

<u>TOTALS</u>	<u>INTERNAL SERVICE FUNDS</u>
\$ 633,801	\$ (134,728)
\$ 931,718	\$ 172,351
162,261	(2,071)
249	10,616
(22,086)	0
27,364	(11,067)
26,862	9,576
23,176	(60,626)
(66,141)	(9,775)
0	(728)
(26,367)	0
(710)	0
<u>\$ 1,056,326</u>	<u>\$ 108,276</u>
<u>\$ 1,690,127</u>	<u>\$ (26,452)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012

	PENSION TRUST FUND	AGENCY
<u>ASSETS</u>		
Cash	\$ 457,306	\$ 613,330
Investments		
Mutual Funds	7,098,566	0
Due from Other Funds	232,158	0
Due from Other Governments	0	4,290
	<hr/>	<hr/>
TOTAL ASSETS	\$ 7,788,030	\$ 617,620
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 393,694
Due to Other Governments	0	223,926
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 0	\$ 617,620
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Held in Trust for Employees' Pension Benefits	\$ 7,788,030	\$ 0
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2012

	<u>PENSION TRUST FUND</u>
<u>ADDITIONS</u>	
Contributions	
Employer	\$ 666,098
Employee	43,916
Total Contributions	<u>\$ 710,014</u>
Investment Income	
Interest and Dividend Income	\$ 151
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	20,033
Investment Expenses	<u>(9,939)</u>
Net Investment Income (Loss)	<u>\$ 10,245</u>
Total Additions (Deletions)	<u>\$ 720,259</u>
<u>DEDUCTIONS</u>	
Benefit Payments	
Retirement	\$ 625,919
Administrative Expenses	
Contracted Services	<u>7,000</u>
Total Deductions	<u>\$ 632,919</u>
Net Increase (Decrease) in Plan Assets	\$ 87,340
<u>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</u>	
Beginning of Year	<u>7,700,690</u>
End of Year	<u>\$ 7,788,030</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
COMPONENT UNITS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	LOCAL DEVELOPMENT FINANCE AUTHORITY	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION
<u>ASSETS</u>			
Cash	\$ 185,436	\$ 32,138	\$ 1,167
Investments	2,400,456	51,143	0
Receivables			
Accounts	3,092	0	0
Taxes	0	196	0
Accrued Interest	21,176	0	0
Due from Other Governments	98,869	104,526	0
Prepaid Expenses	0	49	0
Total Current Assets	<u>\$ 2,709,029</u>	<u>\$ 188,052</u>	<u>\$ 1,167</u>
<u>CAPITAL ASSETS</u>			
Land Improvements	\$ 0	\$ 1,190,046	\$ 0
Improvements Other Than Buildings	226,767	0	0
	<u>\$ 226,767</u>	<u>\$ 1,190,046</u>	<u>\$ 0</u>
Less Accumulated Depreciation	77,454	106,492	0
Net Capital Assets	<u>\$ 149,313</u>	<u>\$ 1,083,554</u>	<u>\$ 0</u>
TOTAL ASSETS	<u>\$ 2,858,342</u>	<u>\$ 1,271,606</u>	<u>\$ 1,167</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	\$ 9,799	\$ 5,794	\$ 0
Accrued Expenses	308	148	0
Current Portion of Long-Term Debt	0	15,000	0
Total Current Liabilities	<u>\$ 10,107</u>	<u>\$ 20,942</u>	<u>\$ 0</u>
<u>LONG-TERM LIABILITIES</u>			
Notes Payable	\$ 0	\$ 45,000	\$ 0
Accrued Compensated Sick and Vacation	0	6,901	0
Less: Current Portion	0	(15,000)	0
Total Long-Term Liabilities	<u>\$ 0</u>	<u>\$ 36,901</u>	<u>\$ 0</u>
TOTAL LIABILITIES	<u>\$ 10,107</u>	<u>\$ 57,843</u>	<u>\$ 0</u>
<u>EQUITY</u>			
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 149,313	\$ 1,038,554	\$ 0
Restricted for Groundwater Clean-Up	1,713,717	0	0
Restricted for Capital Projects	724,041	0	0
Unrestricted	261,164	175,209	1,167
TOTAL NET ASSETS	<u>\$ 2,848,235</u>	<u>\$ 1,213,763</u>	<u>\$ 1,167</u>

The accompanying notes are an integral part of the financial statements.

BROWNFIELD REDEVELOPMENT AUTHORITY		TOTALS
\$	162,562	\$ 381,303
	0	2,451,599
	0	3,092
	0	196
	0	21,176
	9,245	212,640
	0	49
\$	171,807	\$ 3,070,055
<hr/>		
\$	0	\$ 1,190,046
	0	226,767
\$	0	\$ 1,416,813
	0	183,946
\$	0	\$ 1,232,867
<hr/>		
\$	171,807	\$ 4,302,922
<hr/>		
\$	0	\$ 15,593
	0	456
	0	15,000
\$	0	\$ 31,049
<hr/>		
\$	143,324	\$ 188,324
	0	6,901
	0	(15,000)
\$	143,324	\$ 180,225
<hr/>		
\$	143,324	\$ 211,274
<hr/>		
\$	0	\$ 1,187,867
	0	1,713,717
	0	724,041
	28,483	466,023
\$	28,483	\$ 4,091,648
<hr/>		

The accompanying notes are an integral part of the financial statements.

CITY OF CADILLAC, MICHIGAN
COMPONENT UNITS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS					
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	LOCAL DEVELOPMENT FINANCE AUTHORITY	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTALS
Local Development Finance Authority	\$ 254,730	\$ 18,127	\$ 0	\$ 0	\$ (236,603)	\$ 0	\$ 0	\$ 0	\$ (236,603)
Downtown Development Authority	120,582	0	1,515	0	0	(119,067)	0	0	(119,067)
Brownfield Redevelopment Authority	156,969	0	0	0	0	0	0	(156,969)	(156,969)
TOTAL COMPONENT UNITS	\$ 532,281	\$ 18,127	\$ 1,515	\$ 0	\$ (236,603)	\$ (119,067)	\$ 0	\$ (156,969)	\$ (512,639)
<u>GENERAL REVENUES</u>									
Property Taxes				\$ 308,635	\$ 134,285	\$ 0	\$ 0	\$ 9,245	\$ 452,165
Unrestricted Investment Earnings				35,178	1,294	0	0	48	36,520
Other				0	5,000	0	0	0	5,000
Total General Revenues				\$ 343,813	\$ 140,579	\$ 0	\$ 0	\$ 9,293	\$ 493,685
Change in Net Assets				\$ 107,210	\$ 21,512	\$ 0	\$ 0	\$ (147,676)	\$ (18,954)
NET ASSETS - Beginning of Year				2,741,025	1,192,251	1,167		176,159	4,110,602
NET ASSETS - End of Year				\$ 2,848,235	\$ 1,213,763	\$ 1,167	\$ 1,167	\$ 28,483	\$ 4,091,648

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Cadillac, Michigan, was incorporated March 9, 1877, and adopted its current charter on November 2, 1976. The City has a population of about 10,000 residents, and operates under a Council-Manager form of government. The Council is composed of five elected members, one of whom is the Mayor. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Data from these units are combined with data of the primary government. Discretely presented component units on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the primary government. Each blended and discretely presented component unit has a June 30 year end.

BLENDED COMPONENT UNITS

City of Cadillac Policemen and Firemen Retirement System - The City's police and fire employees participate in the Policemen and Firemen Retirement System (PFRS). PFRS functions for the benefit of the employees and is governed by a five-member pension board. The City's treasurer, one fireman, one police officer, and two members appointed by the mayor constitute the pension board. The City is responsible for funding all PFRS costs based on actuarial valuations. These costs are paid for out of an unlimited tax levy approved by the voters of the City. The City is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

Cadillac Building Authority - The Cadillac Building Authority is a municipal, nonprofit, nonstock corporation organized under the laws of the State of Michigan solely for the purpose of acquiring and owning buildings for lease to the City. Due to this special financing relationship, the Authority is considered a component of the City's reporting entity.

DISCRETELY PRESENTED COMPONENT UNITS

Downtown Development Authority (DDA) - The DDA was established through City Ordinance under Act No. 197 of the Public Acts of Michigan 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. 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.

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Economic Development Corporation of the City of Cadillac (EDC) - The EDC is a nonstock, nonprofit corporation. Its purpose is to act as an economic development corporation for the City of Cadillac in accordance with state law. Directors of the corporation are appointed by the mayor with the advice and consent of the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council.

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. Its operational and capital budgets and bonded debt must be approved 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 a 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 increase within the industrial park.

Brownfield Redevelopment Authority (BRA) - The BRA was established through City Ordinance under Michigan Public Act 381 of 1996. Its purpose is to identify contaminated sites and remediate them, as well as, to provide the financing to do so. The members of the board of the BRA are appointed by the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council.

Financial statements of the individual component units are included as supplemental information in the comprehensive annual financial report of the City of Cadillac, Michigan located at 200 N. Lake Street, Cadillac, Michigan 49601. The component units do not issue separate financial reports.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially responsible.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

The accounts of the City are organized on the basis of funds. 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 are maintained consistent with legal and managerial requirements.

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The City of Cadillac reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The *Local Street Fund* receives all local street money paid to the city by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

The City of Cadillac reports the following major proprietary funds:

The *Water and Sewer Fund* records financial activity of the seven-well water system which provides water to customers and the operations of the City's tertiary treatment plant.

The *Building Authority Operating Fund* accounts for the rental of the DEQ office building.

Additionally the City of Cadillac reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The *debt service funds* account for the servicing of long-term debt not being financed by proprietary or nonexpendable trust funds.

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *permanent funds* are accounted for using the modified accrual basis of accounting. Permanent funds account for assets that are legally restricted to the extent that only the earnings, and not the principal, may be used.

The *proprietary funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *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.

The *pension trust fund* is accounted for using the accrual method of accounting. The pension trust fund accounts for the assets of the government's public safety employee's pension plan which is required to be held in trust for the members and beneficiaries.

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Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund, the Automobile Parking System, and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

Investments - The City's investment policy is in compliance with state law and authorizes the City to invest in passbook savings accounts, negotiable and nonnegotiable certificates of deposit, repurchase agreements backed by the United States government or federal agency obligations, United States Treasury bills and bonds, bankers acceptances, federal agency instruments, money market funds and commercial paper. Investments in commercial paper must be rated in one of the two highest rating categories by Standard and Poor's or Moody's and are limited to fifty percent of a funds portfolio in accordance with state statutes. The Policemen and Firemen Retirement System Trust Fund and Cemetery Perpetual Care Fund are also authorized to invest in corporate common and preferred stocks and bonds.

Investments are stated at fair value, which is determined using selected bases. Securities traded on a national exchange are valued at the last reported sales price. Managed funds not listed on an established market are reported at fair value as determined by the respective fund managers based on quoted prices of underlying securities.

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2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. City, county taxes, 50% of Cadillac Area Public School and 100% state education taxes are levied and due July 1, and become delinquent after August 14. The remaining millages are levied and due December 1, and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. City property tax revenues are recognized when they become both measurable and available for use to finance City operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2011 taxable valuation of the City of Cadillac totaled \$253,295,719, on which ad valorem taxes levied consisted of 13.9473 mills for the City of Cadillac operating purposes, 2.6000 mills for the City of Cadillac Policemen and Firemen Retirement System, and .5000 mills for Milfoil Eradication. These levies raised approximately \$3,532,767 for operating purposes, \$658,559 for the Policemen and Firemen Retirement System, and \$127,435 for Milfoil Eradication. These amounts are recognized in the respective General Fund or Special Revenue Fund financial statements as taxes receivable or as tax revenue. Portions of these taxes levied were captured by the Downtown Development Authority, the Local Development Finance Authority, and the Brownfield Redevelopment Authority.

3. *Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

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4. *Restricted Assets*

Certain resources of the Water and Sewer Fund which are set aside for repayment of revenue bonds, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond reserve" account is used to report resources set aside to make current debt service payments and to make up potential future deficiencies in the funds available for debt service. The "bond replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

5. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items acquired subsequent to July 1, 1979. The government was able to estimate the historical cost for the initial reporting of these assets by reviewing prior financial records. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on any invested debt proceeds over the same period.

Property, plant and equipment of the primary government, as well as the component units are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Building Improvements	20
Public Domain Infrastructure	50
System Infrastructure	30
Vehicles	5
Equipment	5-10

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6. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for nonvesting, unpaid accumulated sick leave. Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. *Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Equity*

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – Includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Includes amounts that can only be used for specific purposes determined by a formal action by Council Resolution. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (Council Resolution) that was employed when the funds were initially committed.

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Assigned – Includes amounts a government intends to use for a specific purpose. The Council has, by resolution, authorized the Director of Finance to assign fund balance. The Council may also assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned – Includes amounts that are available for any purpose. Positive amounts are only reported in the General Fund.

As stated in Note IC above, restricted resources are used first when an expense is incurred for which both restricted and unrestricted resources are available. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Council has provided otherwise in its commitment or assignment actions.

9. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

1. Prior to April 1, the City Manager submits to the City Council a proposed operating budget for all governmental funds for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to May 31, the budget is legally enacted through passage of a budget ordinance. Budgets are submitted on a line-item basis but adopted by the 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 the City Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental 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.

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6. Budgets for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end. Budgeted amounts are as originally adopted, or as amended by the City Council from time to time throughout the year. Two budget amendments were made during the year in a legally permissible manner.
7. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2012, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More Than 10 Years</u>
Primary Government					
U.S. Government Agencies	\$ 1,226,587	\$ 75,922	\$ 800,357	\$ 100,308	\$ 250,000
Local Government Notes	78,333	26,111	52,222	0	0
	<u>\$ 1,304,920</u>	<u>\$ 102,033</u>	<u>\$ 852,579</u>	<u>\$ 100,308</u>	<u>\$ 250,000</u>
Component Units:					
U.S. Government Agencies	\$ 450,000	\$ 0	\$ 450,000	\$ 0	\$ 0

Substantially all of the bonds are callable at various future dates.

Interest Rate Risk. The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, investments are purchased with the intent of holding them until they mature or are called.

Credit Risk. The City minimizes Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by: limiting investments to the types of securities listed in the City's investment policy; and pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business in accordance with the City's investment policy.

Concentration of Credit Risk. The City minimizes Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, as follows: with the exception of U.S. Treasury and agency 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.

CITY OF CADILLAC, MICHIGAN
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Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. As of June 30, 2012, \$2,221,622 of the City’s bank balance of \$6,130,336 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of the same date the discretely presented component unit’s had exposure to custodial credit risk because \$396,167 of the bank balance of \$2,376,113 was uninsured and uncollateralized. Neither the government nor the discretely presented component unit’s have a deposit policy for custodial credit risk.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City’s investments in U.S. Government Securities, Corporate Bonds and Notes, Stocks and Government Notes have custodial credit risk exposure because they are uninsured, and unregistered and the securities are held by brokers in the City’s name. The government does not have an investment policy for custodial credit risk.

Foreign Currency Risk. The City is not authorized to invest in investments with this type of risk; therefore the investment policy does not address this type of risk.

As of June 30, 2012, the City had the following investments:

	CARRYING AMOUNT	FAIR VALUE
Investments - Primary Government		
U.S. Government Agency		
Securities	\$ 1,226,587	\$ 1,226,587
Common Stocks	189,215	189,215
Government Notes	78,333	78,333
Money Funds	2,101,963	2,101,963
Mutual Funds	10,019,177	10,019,177
	\$ 13,615,275	\$ 13,615,275
	CARRYING AMOUNT	FAIR VALUE
Investments - Component Units		
U.S. Government Agency		
Securities	\$ 450,000	\$ 450,000
Money Funds	6,789	6,789
	\$ 456,789	\$ 456,789

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A reconciliation of cash and investments follows:

	PRIMARY GOVERNMENT	COMPONENT UNITS
Cash on Hand	\$ 300	\$ 0
Carrying amount of Deposits	6,063,779	2,376,113
Carrying amount of Investment	13,615,254	456,789
	\$ 19,679,333	\$ 2,832,902
	PRIMARY GOVERNMENT	COMPONENT UNITS
Government-Wide Statement of Net Assets		
Cash	\$ 1,921,391	\$ 381,303
Investments	9,588,740	2,451,599
Statement of Fiduciary Net Assets		
Cash	1,070,636	0
Investments	7,098,566	0
	\$ 19,679,333	\$ 2,832,902

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Local Street	Water and Sewer	Nonmajor and Other Funds	Total
Receivables					
Taxes	\$ 18,915	\$ 0	\$ 0	\$ 250	\$ 19,165
Accounts Unbilled	62,445	0	252,871	10,283	325,599
Services	0	0	308,353	0	308,353
Special Assessments					
Current	0	0	0	44,942	44,942
Deferred	0	0	0	112,296	112,296
Mortgages and Notes	0	0	0	142,576	142,576
Accrued Interest	7,528	3,348	265	18,243	29,384
Cylinder Deposits	0	0	5,900	0	5,900
Receivables	\$ 88,888	\$ 3,348	\$ 567,389	\$ 328,590	\$ 988,215

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By ordinance, the City can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred Revenue		
	Unavailable	Unearned	
Grant Funds (General Fund)	\$ 0	\$ 21,080	
Taxes Receivable (General Fund)	5,548	0	
Taxes Receivable (Special Revenue Funds)	168	0	
Mortgages and notes receivable (Special Revenue Funds)	76,767	0	
Special assessment receivables (Debt Service Funds)	15,887	0	
Special assessment receivables (Capital Projects Funds)	96,409	0	
	<u>\$ 194,779</u>	<u>\$ 21,080</u>	<u>\$ 215,859</u>

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated				
Land	\$ 2,480,493	\$ 0	\$ 0	\$ 2,480,493
Construction in Progress	19,034	546	11,429	8,151
Total Capital Assets, Not Being Depreciated	<u>\$ 2,499,527</u>	<u>\$ 546</u>	<u>\$ 11,429</u>	<u>\$ 2,488,644</u>
Capital Assets, Being Depreciated				
Buildings	\$ 4,512,720	\$ 27,471	\$ 0	\$ 4,540,191
Land Improvements	975,499	0	0	975,499
Machinery and Equipment	5,276,790	65,369	7,675	5,334,484
Infrastructure	18,270,388	430,557	0	18,700,945
Total Capital Assets, Being Depreciated	<u>\$ 29,035,397</u>	<u>\$ 523,397</u>	<u>\$ 7,675</u>	<u>\$ 29,551,119</u>

CITY OF CADILLAC, MICHIGAN

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JUNE 30, 2012

	Beginning Balance	Increases	Decreases	Ending Balance
Less Accumulated Depreciation For:				
Buildings	\$ 3,036,328	\$ 101,823	\$ 0	\$ 3,138,151
Land Improvements	551,351	32,969	0	584,320
Machinery and Equipment	3,851,636	312,691	7,675	4,156,652
Infrastructure	9,951,778	752,876	0	10,704,654
Total Accumulated Depreciation	\$ 17,391,093	\$ 1,200,359	\$ 7,675	\$ 18,583,777
Total Capital Assets, Being Depreciated, Net	\$ 11,644,304	\$ (676,962)	\$ 0	\$ 10,967,342
Governmental Activities Capital Assets, Net	\$ 14,143,831	\$ (676,416)	\$ 11,429	\$ 13,455,986

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 712,319	\$ 0	\$ 0	\$ 712,319
Construction in Progress	531,184	2,597,130	64,824	3,063,490
Total Capital Assets, Not Being Depreciated	\$ 1,243,503	\$ 2,597,130	\$ 64,824	\$ 3,775,809
Capital Assets, Being Depreciated				
Buildings	\$ 2,666,174	\$ 0	\$ 0	\$ 2,666,174
Improvements Other Than Buildings	34,380,034	410,398	0	34,790,432
Machinery and Equipment	1,243,360	7,489	0	1,250,849
Total Capital Assets, Being Depreciated	\$ 38,289,568	\$ 417,887	\$ 0	\$ 38,707,455
Less Accumulated Depreciation For:				
Buildings	\$ 1,210,907	\$ 45,607	\$ 0	\$ 1,256,514
Improvements Other Than Buildings	15,064,593	844,739	0	15,909,332
Machinery and Equipment	1,087,700	30,451	0	1,118,151
Total Accumulated Depreciation	\$ 17,363,200	\$ 920,797	\$ 0	\$ 18,283,997
Total Capital Assets, Being Depreciated, Net	\$ 20,926,368	\$ (502,910)	\$ 0	\$ 20,423,458
Business-Type Activities Capital Assets, Net	\$ 22,169,871	\$ 2,094,220	\$ 64,824	\$ 24,199,267

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 69,397
Public Safety	129,768
Public Works, Including Depreciation of General Infrastructure Assets	680,183
Recreation and Culture	134,072
Economic Development and Assistance	14,588
Capital Assets Held by Internal Service Funds Are Charged to Various Functions Based on Their Usage of the Assets	<u>172,351</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,200,359</u></u>

Business-Type Activities:

Water and Sewer	\$ 867,635
Automobile Parking System	16,754
Building Authority Operating	<u>36,408</u>
Total depreciation expense - business-type activities	<u><u>\$ 920,797</u></u>

Construction Commitments:

The City has active construction projects as of June 30, 2012. The construction projects are for street construction and water well installation. The remaining commitments total \$334,247. The projects are being funded by general revenues, loan proceeds, and Act 51 Street Revenues.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Discretely Presented Component Units:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated				
Improvements Other Than Buildings	\$ 1,190,046	\$ 0	\$ 0	\$ 1,190,046
Less Accumulated Depreciation For:				
Improvements Other Than Buildings	65,981	40,511	0	106,492
Governmental Activities Capital Assets, Net	<u>\$ 1,124,065</u>	<u>\$ (40,511)</u>	<u>\$ 0</u>	<u>\$ 1,083,554</u>
<u>Business-Type Activities</u>				
Capital Assets, Being Depreciated				
Improvements Other Than Buildings	\$ 226,767	\$ 0	\$ 0	\$ 226,767
Less Accumulated Depreciation For:				
Improvements Other Than Buildings	72,919	4,535	0	77,454
Total Capital Assets, Being Depreciated, Net	<u>\$ 153,848</u>	<u>\$ (4,535)</u>	<u>\$ 0</u>	<u>\$ 149,313</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Economic Development and Assistance	<u>\$ 40,511</u>
Business-type activities	
Utilities	<u>\$ 4,535</u>

D. Interfund Receivables, Payables and Transfers

The composition of due to/due from balances as of June 30, 2012, is as follows:

	General Fund	Water and Sewer Fund	Nonmajor Governmental Funds	Internal Service Funds	Pension Trust Fund	Total Due to
Due to						
General Fund	\$ 0	\$ 0	\$ 5,800	\$ 0	\$ 232,158	\$ 237,958
Nonmajor						
Governmental Funds	5,345	0	1,346	5,379	0	12,070
Agency Funds	370,768	22,086	840	0	0	393,694
Total Due from	<u>\$ 376,113</u>	<u>\$ 22,086</u>	<u>\$ 7,986</u>	<u>\$ 5,379</u>	<u>\$ 232,158</u>	<u>\$ 643,722</u>

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2012, are expected to be repaid within one year.

The composition of advances to/advances from balances as of June 30, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Cadillac Development	Stores and Garage	\$ 350,000

The amounts payable to the Cadillac Development Fund relates to working capital loans made to the stores and garage fund. \$50,000 of the balance is expected to be paid in fiscal year 2012-2013.

The interfund transfers during the year ended June 30, 2012, are as follows:

	Major Street	Local Street	Nonmajor Governmental Funds	Total Transfers Out
Transfers Out				
General Fund	\$ 0	\$ 475,000	\$ 75,000	\$ 550,000
Major Street Fund	0	0	18,100	18,100
Local Street Fund	0	0	104,700	104,700
Nonmajor Governmental Funds	25,000	0	121,968	146,968
 Total Transfers In	 \$ 25,000	 \$ 475,000	 \$ 319,768	 \$ 819,768

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

E. Leases

Operating Leases - The City is committed under one noncancelable lease for office equipment and one non-cancelable lease for vehicles. The leases are operating leases with no contingent lease payments. The equipment may be purchased at the end of the lease for fair market value. Total costs for these leases were approximately \$6,901 for the year ended June 30, 2012. Future minimum lease payments are as follows:

<u>YEAR ENDED JUNE 30,</u>	
2013	\$ 6,752
2014	6,752
	\$ 13,504

F. Long-Term Debt

1. Primary Government

The following is a summary of debt transactions of the City of Cadillac for the year ended June 30, 2012 (in thousands of dollars):

Governmental Activities:

	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	OTHER LONG-TERM DEBT	NET OPEB OBLIGATION	SICK AND VACATION PAY	TOTAL
Debt Payable at July 1, 2011	\$ 840	\$ 100	\$ 202	\$ 204	\$ 446	\$ 1,792
New Debt Incurred	0	0	0	150	381	531
Debt Retired	(120)	(55)	(44)	(88)	(348)	(655)
Debt Payable at June 30, 2012	\$ 720	\$ 45	\$ 158	\$ 266	\$ 479	\$ 1,668
Portion due within one year	\$ 125	\$ 20	\$ 44	\$ 0	\$ 100	\$ 289

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Debt payable at June 30, 2012 is comprised of the following individual issues (in thousands of dollars):

General Obligation Bonds:

\$300,000 2000 Michigan Transportation Fund Bonds due in annual installments of \$30,000 to \$35,000 through October 1, 2014; interest at 5.50 to 5.55 percent	\$	100
\$310,000 1997 Building Authority Bonds due in annual installments of \$30,000 through October 1, 2012; interest at 5.25 percent		30
\$995,000 2004 General Obligation Capital Improvement Bonds due in annual installments of \$65,000 to \$85,000 through September 1, 2019; interest at 3.50 to 4.25 percent		590
	<u>\$</u>	<u>720</u>

Special Assessment Bonds

\$210,000 Special Assessment Limited Tax Bonds due in annual installments of \$5,000 to \$10,000 through October 1, 2014; interest at 5.50 to 5.55 percent	\$	20
\$325,000 Special Assessment Limited Tax Bonds due in annual installments of \$5,000 to \$10,000 through October 1, 2015; interest at 4.60 to 5.00 percent		25
	<u>\$</u>	<u>45</u>

Other Long-Term Debt:

\$212,653 Michigan Jobs Commission loan due in quarterly installments of \$4,430 beginning September 1, 2005 and running through December 1, 2016; this loan is interest-free	\$	80
\$235,000 Construction Loan, due in annual installments of \$26,111 through 2014; interest at 3.00 percent		78
Net OPEB obligation		266
Vested sick and vacation pay owed to City employees under various contracts and collective bargaining agreements (this debt is payable from the General Fund and various Special Revenue Funds)		479
	<u>\$</u>	<u>903</u>
	<u>\$</u>	<u>1,668</u>

The General Fund has typically been used in prior years to liquidate the net OPEB obligation and vested sick and vacation pay for the governmental activities.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The annual requirements to amortize debt outstanding other than the net OPEB obligation and vested sick and vacation pay as of June 30, 2012, are as follows (in thousands of dollars):

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	OTHER LONG-TERM DEBT	TOTAL
2013				
PRINCIPAL	\$ 125	\$ 20	\$ 44	\$ 189
INTEREST	27	2	2	31
TOTAL	<u>\$ 152</u>	<u>\$ 22</u>	<u>\$ 46</u>	<u>\$ 220</u>
2014				
PRINCIPAL	\$ 100	\$ 10	\$ 44	\$ 154
INTEREST	23	1	2	26
TOTAL	<u>\$ 123</u>	<u>\$ 11</u>	<u>\$ 46</u>	<u>\$ 180</u>
2015				
PRINCIPAL	\$ 105	\$ 10	\$ 44	\$ 159
INTEREST	18	1	1	20
TOTAL	<u>\$ 123</u>	<u>\$ 11</u>	<u>\$ 45</u>	<u>\$ 179</u>
2016				
PRINCIPAL	\$ 70	\$ 5	\$ 18	\$ 93
INTEREST	14	0	0	14
TOTAL	<u>\$ 84</u>	<u>\$ 5</u>	<u>\$ 18</u>	<u>\$ 107</u>
2017				
PRINCIPAL	\$ 75	\$ 0	\$ 8	\$ 83
INTEREST	12	0	0	12
TOTAL	<u>\$ 87</u>	<u>\$ 0</u>	<u>\$ 8</u>	<u>\$ 95</u>
2018-2022				
PRINCIPAL	\$ 245	\$ 0	\$ 0	\$ 245
INTEREST	16	0	0	16
TOTAL	<u>\$ 261</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 261</u>
GRAND TOTAL				
PRINCIPAL	\$ 720	\$ 45	\$ 158	\$ 923
INTEREST	110	4	5	119
TOTAL	<u><u>\$ 830</u></u>	<u><u>\$ 49</u></u>	<u><u>\$ 163</u></u>	<u><u>\$ 1,042</u></u>

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Business-Type Activities:

The following is a summary of debt transactions of the City of Cadillac for the year ended June 30, 2012, (in thousands of dollars) reported in Business-Type Activities:

	REVENUE BONDS
Debt Payable at July 1, 2011	\$ 9,420
New Debt Incurred	2,025
Debt Retired	(770)
Debt Payable at June 30, 2012	\$ 10,675

Revenue Bonds:

\$3,865,205 Wastewater System Junior Lien Revenue Bonds due in annual installments of \$175,000 to \$220,205 through October 1, 2028; interest at 1.625 percent	\$ 3,360
\$2,110,000 Water Supply and Wastewater System Revenue and Revenue Refunding Bonds due in annual installments of \$5,000 to \$175,000 through September 1, 2019; interest at 4.70 to 4.90 percent	1,065
\$2,416,000 Water Supply and Wastewater System Revenue Junior Lien Revenue Bonds due in annual installments of \$95,000 to \$150,000 through April 1, 2032; interest at 2.50 percent	2,025
\$5,215,000 Water and Sewer Revenue and Revenue Refunding Bonds due in annual installments of \$80,000 to \$505,000 through September 1, 2026; interest at 4.60 to 5.125 percent	3,695
\$1,265,000 1999 Building Authority Refunding Bonds due in annual installments of \$125,000 to \$140,000 through October 1, 2015; interest at 4.60 percent	530
	\$ 10,675
Less unamortized deferred charges	33
Long-term debt per Statement of Net Assets	\$ 10,642

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The annual requirements to amortize debt outstanding reported in business-type activities as of June 30, 2012, are as follows (in thousands of dollars):

<u>YEAR ENDING</u> <u>JUNE 30,</u>	<u>REVENUE</u> <u>BONDS</u>
2013	
PRINCIPAL	\$ 906
INTEREST	346
TOTAL	<u>\$ 1,252</u>
2014	
PRINCIPAL	\$ 610
INTEREST	322
TOTAL	<u>\$ 932</u>
2015	
PRINCIPAL	\$ 635
INTEREST	300
TOTAL	<u>\$ 935</u>
2016	
PRINCIPAL	\$ 665
INTEREST	278
TOTAL	<u>\$ 943</u>
2017	
PRINCIPAL	\$ 540
INTEREST	257
TOTAL	<u>\$ 797</u>
2018-2022	
PRINCIPAL	\$ 2,980
INTEREST	997
TOTAL	<u>\$ 3,977</u>
2023-2027	
PRINCIPAL	\$ 3,570
INTEREST	419
TOTAL	<u>\$ 3,989</u>
2028-2032	
PRINCIPAL	\$ 769
INTEREST	22
TOTAL	<u>\$ 791</u>
GRAND TOTAL	
PRINCIPAL	\$ 10,675
INTEREST	2,941
TOTAL	<u><u>\$ 13,616</u></u>

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

\$244,440 is available in the Debt Service Funds to service the General Obligation and Special Assessment bonds. There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

2. Component Units

The following is a summary of debt transactions of the City of Cadillac for the year ended June 30, 2012, (in thousands of dollars) reported in discretely presented component units:

	OTHER LONG-TERM DEBT	SICK AND VACATION PAY	TOTAL
Debt Payable at July 1, 2011	\$ 60	\$ 6	\$ 66
New Debt Incurred	143	1	144
Debt Retired	(15)	0	(15)
Debt Payable at June 30, 2012	<u>\$ 188</u>	<u>\$ 7</u>	<u>\$ 195</u>

Other Long-Term Debt:

\$75,000 Working Capital Loan, due in annual installments of \$15,000 through 2015; interest at 3.00 percent	\$ 45
\$143,324 Brownfield Remediation Loan from the Department of Environmental Quality, due in annual installments of \$14,021 starting in October 2016 and through 2026; interest at 1.50 percent	143
Vested sick and vacation pay owed to employees under various contracts and collective bargaining agreements	7
	<u>\$ 195</u>

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

G. Net Assets Restrictions

In order to comply with generally accepted accounting principles and meet certain legal requirements, the City has restricted net assets in various funds. These restrictions are detailed in the following schedule:

NET ASSETS

Restricted

General Fund

Veterans Memorial	\$	1,855	
Youth Services		844	
Drug Forfeiture		4,650	
Fire Safety House		1,859	
Blackburn Skate Park		2,057	
White Pine Trail		1,859	
Diggins Hill Park		4,760	
CAMA Lighthouse		25,000	\$ 42,884

Special Revenue Funds

Major Street Fund

Street Improvements		181,951	
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Local Street Fund

Street Improvements		173,970	
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Cemetery Operating Fund

Cemetery Operating		11,128	
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Clam River Greenway Fund

Clam River Greenway		19,051	
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Milfoil Eradication Fund

Milfoil Eradication		41,142	427,242
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Capital Project Funds

Special Assessment Capital Project Funds

Capital Projects			377,563
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Debt Service Funds

1997 Building Authority Fund

Debt Service		1,235	
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2000 Special Assessment Fund

Debt Service		218,779	
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2000 Michigan Transportation Fund

Debt Service		2,188	
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2002 Special Assessment Fund

Debt Service		33,258	255,460
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CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Permanent Funds		
Cemetery Perpetual Care		
Expendable	265,470	
Nonexpendable	245,000	
Capital Projects Trust Fund		
Expendable	99,016	
Nonexpendable	511,666	1,121,152
Internal Service Funds		
Self-Insurance Fund		
Retirees' Life Insurance	173,866	
Employees' Life and Health Insurance	990,080	1,163,946
Restricted for Pension Benefits		477,465
Water and Sewer Fund		
Debt Service		1,363,333
		\$ 5,229,045

IV. OTHER INFORMATION

A. Amortization of Bond Issuance Costs

The City incurred bond issuance costs in connection with Water and Sewer revenue bonds and Building Authority Operating Bonds of \$406,052 and \$50,158, respectively. These costs have been capitalized and are amortized using the “interest” method, as prescribed in Accounting Principles Board Opinion Number 21, over the repayment period of the bonds.

The City also incurred bond issuance cost in connection with the City of Cadillac 2004 General Obligation Capital Improvement Bonds of \$20,337. These costs have been expenses on the Fund Financial Statements, but are capitalized and amortized using the “interest” method over the repayment period of the bonds on the Government-Wide Statements.

B. Mortgages and Notes Receivable

Mortgages and Notes Receivable as reported in the Special Revenue Funds consist of the following:

Mortgages resulted from loans made with H.U.D. grant monies to assist low and moderate income families to bring their homes up to the City building code. These loans are either low interest or interest free. As loans are repaid, money is made available for new loans.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

C. City Obligation for Special Assessment Debts

As described in Note III-F, the City has special assessment bonds payable totaling \$45,000. In the event that property owners default on the special assessments levied to pay these bonds, the City is obligated to make payment from its own funds. The City currently has funds set aside totaling \$233,744 to be used for retirement of these bonds. This amount is on deposit in the various special assessment debt retirement funds.

D. Wexford County Airport Authority

The Wexford County Airport Authority is a joint venture created to construct, maintain, operate and improve the Wexford County Airport. Authority board members are appointed by the mayor with the advice and consent of the City Council and by the Wexford County Board of Commissioners. The Authority receives funding from the City and from Wexford County. The Authority's fiscal year corresponds with the County's and, because the County has majority representation on the board and provides 60% of the Authority's funding, its financial statements are included in the County's comprehensive annual financial report rather than the City's. The following financial information was taken from the Authority's December 31, 2011, audited financial statements:

Total Assets	\$ 3,253,569
Total Liabilities	10,572
Investment in Capital Assets	2,790,413
Net Assets Invested in Capital Assets	2,790,413
Net Assets - Unrestricted	452,584
Total Revenues - Governmental and Business Type Activities	873,939
Total Expenses - Governmental and Business Type Activities	625,987
Change in Net Assets	247,952

The Wexford County Airport Authority's total liabilities can be broken down as follows:

Accounts Payable	\$ 1,497
Payroll Withholdings	2,026
Accrued Payroll	948
Customer Deposits	6,101
	<hr/>
Total	\$ 10,572
	<hr/> <hr/>

Complete financial statements may be obtained at: 8040 East 34 Road, Cadillac, Michigan 49601.

E. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

F. Due from Other Governments

Amounts due from other governments consist of \$297,989 in state-shared revenues, undrawn grants and contributions from local units.

G. Contingent Liabilities

Currently, the City has several cases being brought to the Michigan Tax Tribunal for reduction of assessed values due to proposed changes in the calculations of valuations on assets of certain taxpayers. If successful in their petition for reduced taxable values, the City's tax revenues may be reduced; the amount of potential reduction is not known. The City collects and disburses taxes, payments in lieu of taxes, and other receipts to various other units of government. Occasionally, chargebacks, tax tribunals, and various other situations occur where the City is directed to change the way collections have been previously disbursed. These changes could include money the City has previously recognized as income in its own various funds. There is no reasonable estimate of potential costs, if any, that are not already reflected in the financial statements. Under the terms of various federal and state grants and regulatory requirements, periodic audits are required and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. However, as of June 30, 2012 the City does not believe such disallowances, if any, would be material to the financial position of the district.

H. Other Post Employment Benefits

Governmental Accounting Standards Board Statement No. 45 – *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions* applies to the City's basic financial statements instead of the trust fund financial statements. The OPEB obligations are reported as an asset and a liability on the City's entity-wide statement of net assets.

Plan Descriptions. The City of Cadillac contributes to two agent multi-employer defined benefit healthcare plans: General Retiree Health Care Plan (GRHCP) and Policemen and Firemen Retiree Health Care Plan (PFRHP). Each plan provides medical benefits to eligible retired city employees and beneficiaries.

Benefit provisions for GRHCP and PFRHP are established and amended through negotiations between the City and respective unions.

Funding Policy and Annual OPEB Cost. For GRHCP, contribution requirements of the plan members and the City are established and may be amended through negotiations between the City and the union. For PFRHP, the board of trustees of the plan establishes and may amend the contribution requirements of plan members and the city. The City's annual other post employment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for the current year and the related information for each plan are as follows:

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

	<u>General Retiree Health Care Plan</u>	<u>Policemen and Firemen Retiree Health Care Plan</u>
Contribution rates:		
City	Percentage of Payroll 4.75%	Percentage of Payroll 9.29%
Plan Members	\$40/Month - Single \$80/Month - Family	\$40/Month - Single \$80/Month - Family
Annual required contribution	\$ 93,520	\$ 135,197
Interest on net OPEB obligation	(13,589)	15,337
Adjustment to annual required contribution	9,289	(11,159)
Annual OPEB cost	<u>89,220</u>	<u>139,375</u>
Contributions made	<u>(106,100)</u>	<u>(77,425)</u>
Increase (Decrease) in net OPEB obligation	(16,880)	61,950
Net OPEB obligation - Beginning of Year	<u>(181,195)</u>	<u>204,492</u>
Net OPEB obligation - End of Year	<u><u>\$ (198,075)</u></u>	<u><u>\$ 266,442</u></u>

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2012 and the two preceding years were as follows:

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
General Retiree Health Care Plan	6/30/2010	\$ 220,078	83.83%	\$ (138,443)
	6/30/2011	86,055	149.68%	(181,195)
	6/30/2012	89,220	118.92%	(198,075)
Policemen and Firemen Retiree	6/30/2010	\$ 255,125	98.72%	\$ 188,187
	6/30/2011	134,045	87.84%	204,492
	6/30/2012	139,375	55.55%	266,442

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Funded Status and Funding Progress. The funded status of the plans as of January 1, 2010, which was the latest valuation, was as follows:

	General Retiree Health Care Plan	Policemen and Firemen Retiree Health Care Plan
Actuarial accrued liability (a)	\$ 1,616,777	\$ 2,182,156
Actuarial value of plan assets (b)	969,841	1,229,891
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 646,936	\$ 952,265
Funded ratio (b) / (a)	59.99%	56.36%
Covered payroll (c)	\$ 1,967,512	\$ 1,455,683
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) - (b))/(c))	32.88%	65.42%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Actuarial Methods and Assumptions. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the city and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	<u>Care Plan</u>	<u>Care Plan</u>
Valuation Date	1/1/2010	1/1/2010
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Amortization Method	Level Percent Open	Level Percent Open
Remaining Amortization Period	30 years	30 years
Asset Valuation Method	Market Value	Market Value
Actuarial assumptions:		
Interest Rate	7.50% Per Year	7.50% Per Year
Inflation Rates		
Projected Salary Increases	4.50%	4.00%
Valuation Health Care Cost Trend Rate		
Medical	10% in 2010, grading to 4.5% in 2020	10% in 2010, grading to 4.5% in 2020
Prescription Drug	10% in 2010, grading to 4.5% in 2021	10% in 2010, grading to 4.5% in 2021
Dental/Vision	10% in 2010, grading to 4.5% in 2021	10% in 2010, grading to 4.5% in 2021

I. Employee Retirement Systems

The City maintains a single-employer, defined benefit pension plan (Policemen and Firemen Retirement System) which covers all policemen and firemen, and participates in an agent multi-employer defined benefit pension plan with the Municipal Employees Retirement System (MERS), administered by the State of Michigan for coverage of substantially all of the City's general employees and the Water and Sewer System employees.

Plan Description. The **Policemen and Firemen Retirement System** (PFRS) is a single-employer defined benefit pension plan which is administered by the City. The PFRS provides retirement, disability and death benefits to all full-time members of the City's police and fire departments and their beneficiaries. Act No. 345 of the Public Acts of 1937, as amended, and the Michigan Constitution assign authority to the City's retirement board to establish and amend benefit provisions. The Cadillac Policeman and Fireman Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for a single-employer pension plan. That report may be obtained by writing to the City of Cadillac, 200 North Lake Street, Cadillac, Michigan 49601.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Funding Policy. The contribution requirements of the City are established and may be amended by the retirement board. Police and fire department members are required to contribute 3.00% of their annual covered payroll. The City is required to contribute at actuarially determined rates; the current rates are 34.10% for police and 30.41% for fire of annual covered payroll. The City pays all costs of administering the plan.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to the PFRS for the current year were as follows:

Annual required contribution	\$ 528,577
Interest on net pension obligation	(31,947)
Adjustment to annual required contribution	49,606
Annual pension cost	<u>\$ 546,236</u>
Contributions made	<u>(666,098)</u>
Increase (decrease) in net pension obligation	\$ (119,862)
Net pension obligation (asset) beginning of year	<u>(425,970)</u>
Net pension obligation (asset) end of year	<u><u>\$ (545,832)</u></u>

Three-Year Trend Information for PFRS

Year Ending	Pension Cost (APC)	of APC Contributed	Pension Obligation
6/30/2010	\$ 504,692	100.0%	\$ 0
6/30/2011	625,509	168.1%	(425,970)
6/30/2012	546,236	121.9%	(545,832)

Funded Status and Funding Progress. As of June 30, 2012, the most recent actuarial valuation date, the plan was approximately 73 percent funded. The actuarial accrued liability for benefits was \$11.2 million, and the actuarial value of assets was \$8.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.0 million, and the ratio of the UAAL to covered payroll was 190.32 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Actuarial Methods and Assumptions. The annual required contribution for the current year was determined as part of the June 30, 2012, actuarial valuation using the entry-age normal cost valuation method. The actuarial assumptions included (a) 7.50% investment rate of return (administrative expenses are paid by the City) and (b) projected salary increases ranging from 4.0% to 8.0% per year. Both (a) and (b) included an inflation component of 4.00%. The assumptions did not include post-retirement benefit increases, which are currently not provided for in the plan. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over a period of 10 future years except for the liability increase due to a plan amendment on July 1, 2010 which was amortized on a closed basis over a period of 19 future years.

Plan Description. Substantially all full-time employees of the City who are not members of the Policeman and Fireman Retirement System are members of the **Municipal Employees Retirement System of Michigan** (MERS) which provides retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer pension plan administered by the State of Michigan. Act No. 427 of the Public Acts of 1984, as amended, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities. In this case, the authority rests with the City. The MERS issues a publicly available financial report that includes statements and required supplementary information for MERS. That report may be obtained by writing to The Retirement Board, Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy. MERS members are not required to make any contributions to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 0.00% to 14.19% of annual covered payroll depending on division of employees. The contribution requirements of plan members and the City are established and may be amended by the MERS board of trustees.

Annual Pension Cost. For the year ended June 30, 2012, the annual pension cost of \$174,308 was equal to the City's required and actual contributions.

Three-Year Trend Information for MERS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$ 90,623	100.0%	\$ 0
6/30/2011	159,007	100.0%	0
6/30/2012	174,308	100.0%	0

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Actuarial Methods and Assumptions. The required contribution was most recently determined as part of the December 31, 2011 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions include (a) 8.0% investment rate of return (net of administrative expenses), and (b) projected salary increases ranging from 4.50% to 12.90% per year. Both (a) and (b) include an inflation component of 4.50%. The actuarial value of assets was determined on the basis of a method that calculates expected investment income at the valuation rate of return and adds a portion of the difference between the expected investment income and actual investment income earned on a market value basis. The difference in investment income between expected return and market return is recognized over a 10 year period at the rate of 10% per year. Positive unfunded accrued liability (if any) is amortized on an open basis as a level percentage of payroll over a period of 27 years, while negative unfunded liability (if any) is amortized as a level percentage of payroll on an open basis over a period of 10 years.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was 93.7 percent funded. The actuarial accrued liability for benefits was \$12.4 million, and the actuarial value of assets was \$11.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$788,000. The covered payroll (annual payroll of active employees covered by the plan) was \$2.6 million, and the ratio of the UAAL to the covered payroll was 30.88 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

J. Component Unit Disclosures

The following presents the condensed financial statements for each of the four discretely presented component units.

Condensed Financial Statements - Discretely Presented Component Units
Statement of Net Assets

	LOCAL				TOTAL
	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	DEVELOPMENT FINANCE AUTHORITY	BROWNFIELD REDEVELOPMENT AUTHORITY	
Assets					
Current Assets	\$ 188,052	\$ 1,167	\$ 2,709,029	\$ 171,807	\$ 3,070,055
Capital Assets - Net	1,083,554	0	149,313	0	1,232,867
TOTAL ASSETS	\$ 1,271,606	\$ 1,167	\$ 2,858,342	\$ 171,807	\$ 4,302,922
Liabilities					
Current Liabilities	\$ 20,942	\$ 0	\$ 10,107	\$ 0	\$ 31,049
Long-Term Liabilities	36,901	0	0	143,324	180,225
TOTAL LIABILITIES	\$ 57,843	\$ 0	\$ 10,107	\$ 143,324	\$ 211,274

CITY OF CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

	LOCAL				TOTAL
	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	DEVELOPMENT FINANCE AUTHORITY	BROWNFIELD REDEVELOPMENT AUTHORITY	
Equity					
Invested in Capital Assets, Net of Related Debt	\$ 1,038,554	\$ 0	\$ 149,313	\$ 0	\$ 1,187,867
Net Assets	175,209	1,167	2,698,922	28,483	2,903,781
Total Equity	\$ 1,213,763	\$ 1,167	\$ 2,848,235	\$ 28,483	\$ 4,091,648
TOTAL LIABILITIES AND EQUITY	\$ 1,271,606	\$ 1,167	\$ 2,858,342	\$ 171,807	\$ 4,302,922

Statements of Changes in Net Assets

	LOCAL				TOTAL
	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	DEVELOPMENT FINANCE AUTHORITY	BROWNFIELD REDEVELOPMENT AUTHORITY	
Revenues	\$ 142,094	\$ 0	\$ 361,940	\$ 9,293	\$ 513,327
Expenses					
Operating and Other	\$ 86,882	\$ 0	\$ 254,730	\$ 156,969	\$ 498,581
Intergovernmental	33,700	0	0	0	33,700
Total Expenses	\$ 120,582	\$ 0	\$ 254,730	\$ 156,969	\$ 532,281
Change in Net Assets	\$ 21,512	\$ 0	\$ 107,210	\$ (147,676)	\$ (18,954)
Equity - Beginning of Year	1,192,251	1,167	2,741,025	176,159	4,110,602
Equity - End of Year	\$ 1,213,763	\$ 1,167	\$ 2,848,235	\$ 28,483	\$ 4,091,648

K. Beginning Balances Restated

The City's June 30, 2011 net assets on the government-wide statement of activities and beginning fund balance of the general fund were overstated by \$395,091 and have been restated due to amounts related to payments in lieu of taxes previously recognized as income that should have been distributed to other units of governments in prior years.

CITY OF CADILLAC, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

L. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees (workers' compensation); medical benefits provided to employees, and natural disasters. The City has purchased commercial insurance for health claims, general liability and property. The City participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

CITY OF CADILLAC, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2012

	GENERAL FUND			MAJOR STREET FUND			LOCAL STREET FUND					
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>												
Taxes	\$ 4,427,200	\$ 4,427,200	\$ 4,437,301	\$ 10,101	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	99,200	99,200	109,775	10,575	0	0	0	0	0	0	0	0
Federal Grants	70,000	70,000	72,656	2,656	0	0	0	0	0	0	0	0
State Grants	798,000	838,000	942,224	104,224	831,000	831,000	864,453	33,453	183,500	183,500	196,821	13,321
Contributions from Local Units	170,000	170,000	171,915	1,915	0	0	0	0	0	0	0	0
Charges for Services	1,013,100	1,013,100	923,906	(89,194)	0	0	0	0	0	0	0	0
Fines and Forfeits	30,000	30,000	20,001	(9,999)	0	0	0	0	0	0	0	0
Interest and Rents	71,500	71,500	30,996	(40,504)	0	0	22	22	500	500	2,019	1,519
Other Revenue	271,500	294,300	314,836	20,536	0	0	0	0	0	0	0	0
Total Revenues	\$ 6,950,500	\$ 7,013,300	\$ 7,023,610	\$ 10,310	\$ 831,000	\$ 831,000	\$ 864,475	\$ 33,475	\$ 184,000	\$ 184,000	\$ 198,840	\$ 14,840
<u>EXPENDITURES</u>												
General Government	\$ 1,550,400	\$ 1,595,400	\$ 1,514,797	\$ 80,603	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	3,336,000	3,336,000	3,196,361	139,639	0	0	0	0	0	0	0	0
Public Works	982,200	982,200	848,743	133,457	858,700	858,700	767,780	90,920	592,200	592,200	558,656	33,544
Community and Economic Development	148,200	178,200	170,555	7,645	0	0	0	0	0	0	0	0
Culture and Recreation	228,900	263,900	249,348	14,552	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0	30,200	30,200	29,244	956
Intergovernmental	351,500	351,500	351,006	494	0	0	0	0	0	0	0	0
Total Expenditures	\$ 6,597,200	\$ 6,707,200	\$ 6,330,810	\$ 376,390	\$ 858,700	\$ 858,700	\$ 767,780	\$ 90,920	\$ 622,400	\$ 622,400	\$ 587,900	\$ 34,500
Excess (Deficiency) of Revenues Over Expenditures	\$ 353,300	\$ 306,100	\$ 692,800	\$ 386,700	\$ (27,700)	\$ (27,700)	\$ 96,695	\$ 124,395	\$ (438,400)	\$ (438,400)	\$ (389,060)	\$ 49,340
<u>OTHER FINANCING SOURCES (USES)</u>												
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,000	\$ 25,000	\$ 25,000	\$ 0	\$ 475,000	\$ 475,000	\$ 475,000	\$ 0
Transfers Out	(550,000)	(550,000)	(550,000)	0	(18,100)	(18,100)	(18,100)	0	(104,700)	(104,700)	(104,700)	0
Total Other Financing Sources (Uses)	\$ (550,000)	\$ (550,000)	\$ (550,000)	\$ 0	\$ 6,900	\$ 6,900	\$ 6,900	\$ 0	\$ 370,300	\$ 370,300	\$ 370,300	\$ 0
Net Change in Fund Balance	\$ (196,700)	\$ (243,900)	\$ 142,800	\$ 386,700	\$ (20,800)	\$ (20,800)	\$ 103,595	\$ 124,395	\$ (68,100)	\$ (68,100)	\$ (18,760)	\$ 49,340
FUND BALANCE - Beginning of Year	2,301,305	2,435,043	2,039,952	(395,091)	26,255	78,356	78,356	0	117,042	192,730	192,730	0
FUND BALANCE - End of Year	\$ 2,104,605	\$ 2,191,143	\$ 2,182,752	\$ (8,391)	\$ 5,455	\$ 57,556	\$ 181,951	\$ 124,395	\$ 48,942	\$ 124,630	\$ 173,970	\$ 49,340

CITY OF CADILLAC, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

General Health Care Plan

Actuarial Valuation Date	Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2004	6/30/2005	\$ 50,000	\$ 1,133,778	\$ 1,083,778	4.41%	\$1,384,857	78.26%
12/31/2004	6/30/2006	167,234	1,133,778	966,544	14.75%	1,447,176	66.79%
12/31/2006	6/30/2007	162,619	1,963,259	1,800,640	8.28%	1,512,299	119.07%
12/31/2006	6/30/2008	217,839	1,963,259	1,745,420	11.10%	1,490,557	117.10%
12/31/2006	6/30/2009	290,223	1,963,259	1,673,036	14.78%	1,557,632	107.41%
12/31/2006	6/30/2010	365,738	1,963,259	1,597,521	18.63%	1,627,725	98.14%
1/1/2010	6/30/2011	738,227	1,469,797	731,570	50.23%	1,882,787	38.86%
1/1/2010	6/30/2012	969,841	1,616,777	646,936	59.99%	1,967,512	32.88%

Policemen and Firemen Retiree Health Care

Actuarial Valuation Date	Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2004	6/30/2005	\$ 50,000	\$ 2,045,075	\$ 1,995,075	2.44%	\$1,111,519	179.49%
12/31/2004	6/30/2006	185,623	2,045,075	1,859,452	9.08%	1,161,537	160.09%
12/31/2006	6/30/2007	263,030	2,634,900	2,371,870	9.98%	1,213,806	195.41%
12/31/2006	6/30/2008	399,724	2,634,900	2,235,176	15.17%	1,385,573	161.32%
12/31/2006	6/30/2009	538,241	2,634,900	2,096,659	20.43%	1,440,996	145.50%
12/31/2006	6/30/2010	675,353	2,634,900	1,959,547	25.63%	1,498,636	130.76%
1/1/2010	6/30/2011	936,173	1,983,778	1,047,605	47.19%	1,399,695	74.85%
1/1/2010	6/30/2012	1,229,891	2,182,156	952,265	56.36%	1,455,683	65.42%

CITY OF CADILLAC, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

(Dollar amounts in thousands)

Policemen and Firemen Retirement System

Actuarial Valuation Date	Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
6/30/2009	6/30/2010	\$ 6,549	\$ 9,985	\$ 3,436	65.6%	\$ 1,400	245.43%
6/30/2010	6/30/2011	7,188	10,326	3,138	69.6%	1,586	197.86%
6/30/2012	6/30/2012	8,200	11,247	3,047	72.9%	1,601	190.32%

Municipal Employees Retirement System of Michigan

Actuarial Valuation Date	Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2009	6/30/2010	\$ 11,520	\$ 11,657	\$ 137	98.8%	\$ 2,743	4.99%
12/31/2010	6/30/2011	11,570	11,896	326	97.3%	2,494	13.07%
12/31/2011	6/30/2012	11,623	12,411	788	93.7%	2,552	30.88%

CITY OF CADILLAC, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

I. Budgetary Information

1. Prior to April 1, the City Manager submits to the City Council a proposed operating budget for all governmental funds for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to May 31, the budget is legally enacted through passage of a budget ordinance. Budgets are submitted on a line-item basis but adopted by the 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 the City Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental 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 for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget for the Special Assessment Capital Projects Fund is not required to be presented as required supplemental information. All appropriations lapse at year end. Budgeted amounts are as originally adopted, or as amended by the City Council from time to time throughout the year. Two budget amendments were made during the year in a legally permissible manner.
7. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the 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.

MAJOR STREET FUND

The Major Street Fund accounts for the financial activity of the streets designated by the State of Michigan as major thoroughfares and for the maintenance contract of the state trunklines.

LOCAL STREET FUND

The Local Street Fund receives all local street money paid to the City by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 78,248	\$ 43,740
Investments	2,431,359	2,416,696
Receivables		
Taxes	18,915	5,585
Accounts	62,445	47,859
Accrued Interest	7,528	16,175
Due from Other Funds	376,113	5,486
Due from Other Governments	170,018	180,668
Prepaid Expenditures	36,033	91,453
TOTAL ASSETS	\$ 3,180,659	\$ 2,807,662
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 288,638	\$ 142,340
Accrued Expenditures	32,907	123,670
Due to Other Funds	237,958	59,424
Due to Other Governments	411,776	411,776
Deferred Revenue	26,628	30,500
TOTAL LIABILITIES	\$ 997,907	\$ 767,710
<u>FUND BALANCE</u>		
Nonspendable:		
Prepaid Expenditures	\$ 36,033	\$ 91,453
Restricted for:		
Veterans Memorial	1,855	1,855
Youth Services	844	844
Drug Forfeiture	4,650	3,802
Fire Safety House	1,859	1,859
Blackburn Skate Park	2,057	1,409
White Pine Trail	1,859	2,394
Diggins Hill Park	4,760	500
CAMA Lighthouse	25,000	25,000
Leadership Pride Project	0	20,610
Assigned for:		
Sick and Vacation	479,336	446,113
Working Capital	1,032,122	1,128,301
Mayor Wedding Fees	650	300
Pistol Range	3,027	2,127
CASA Field Use	2,520	2,520
Subsequent Year Budgeted Use of Fund Balance	265,300	196,700
Unassigned	320,880	114,165
Total Fund Balance	\$ 2,182,752	\$ 2,039,952
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,180,659	\$ 2,807,662

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>BUDGET</u>		<u>2012</u>	<u>2011</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Taxes	\$ 4,427,200	\$ 4,427,200	\$ 4,437,301	\$ 4,503,250
Licenses and Permits	99,200	99,200	109,775	108,717
Federal Grants	70,000	70,000	72,656	111,133
State Grants	798,000	838,000	942,224	1,000,954
Contributions from Local Units	170,000	170,000	171,915	171,891
Charges for Services	1,013,100	1,013,100	923,906	962,675
Fines and Forfeits	30,000	30,000	20,001	37,966
Interest and Rents	71,500	71,500	30,996	59,346
Other Revenue	271,500	294,300	314,836	313,445
Total Revenues	\$ 6,950,500	\$ 7,013,300	\$ 7,023,610	\$ 7,269,377
<u>EXPENDITURES</u>				
General Government	\$ 1,550,400	\$ 1,595,400	\$ 1,514,797	\$ 1,495,943
Public Safety	3,336,000	3,336,000	3,196,361	3,699,986
Public Works	982,200	982,200	848,743	849,227
Community and Economic Development	148,200	178,200	170,555	176,257
Culture and Recreation	228,900	263,900	249,348	378,232
Intergovernmental	351,500	351,500	351,006	324,964
Total Expenditures	\$ 6,597,200	\$ 6,707,200	\$ 6,330,810	\$ 6,924,609
Excess (Deficiency) of Revenues Over Expenditures	\$ 353,300	\$ 306,100	\$ 692,800	\$ 344,768
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(550,000)	(550,000)	(550,000)	(597,400)
Net Change in Fund Balance	\$ (196,700)	\$ (243,900)	\$ 142,800	\$ (252,632)
<u>FUND BALANCE</u> - Beginning of Year	2,301,305	2,435,043	2,039,952	2,292,584
<u>FUND BALANCE</u> - End of Year	\$ 2,104,605	\$ 2,191,143	\$ 2,182,752	\$ 2,039,952

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

<u>REVENUES</u>	<u>BUDGET</u>		<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	
Taxes			
Property Tax	\$ 4,055,000	\$ 4,055,000	\$ 4,127,414
Industrial Facilities Tax	100,000	100,000	110,167
Property Tax Administration Fee	130,000	130,000	136,237
Trailer Park Fees	2,200	2,200	2,130
Penalties and Interest	45,000	45,000	37,978
Payments in Lieu of Tax			
Housing Commission	95,000	95,000	23,375
Total Taxes	<u>\$ 4,427,200</u>	<u>\$ 4,427,200</u>	<u>\$ 4,437,301</u>
Licenses and Permits			
Community Antenna Television	\$ 98,000	\$ 98,000	\$ 108,320
Business Licenses	1,200	1,200	1,455
Total Licenses and Permits	<u>\$ 99,200</u>	<u>\$ 99,200</u>	<u>\$ 109,775</u>
Federal Grants			
COPS CHRP Grant	\$ 70,000	\$ 70,000	\$ 72,656
State Grants			
Sales and Use Tax	\$ 755,000	\$ 795,000	\$ 895,585
Telecommunications Right of Way Maintenance	32,000	32,000	35,135
Liquor Licenses	8,000	8,000	7,564
MJTC Grant	3,000	3,000	2,935
Other State Grants	0	0	1,005
Total State Grants	<u>\$ 798,000</u>	<u>\$ 838,000</u>	<u>\$ 942,224</u>
Contributions from Local Units			
Fire Protection	\$ 170,000	\$ 170,000	\$ 171,915

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Charges for Services			
Northflight Ambulance	\$ 56,000	\$ 56,000	\$ 59,008
Zoning Fees	2,000	2,000	2,190
Exemption Certificate Fees	1,500	1,500	1,800
Police Charges	3,000	3,000	2,398
Rental Housing Ordinance Fees	7,000	7,000	6,395
Engineering Fees	10,000	10,000	810
Solid Waste Collection	622,000	622,000	546,955
Sale of Maps and Ordinances	1,000	1,000	183
Administration	309,600	309,600	301,100
CCTV	1,000	1,000	1,916
Miscellaneous	0	0	1,151
	<hr/>	<hr/>	<hr/>
Total Charges for Services	\$ 1,013,100	\$ 1,013,100	\$ 923,906
	<hr/>	<hr/>	<hr/>
Fines and Forfeits			
Violation Bureau and Ordinance Fines	\$ 30,000	\$ 30,000	\$ 20,001
	<hr/>	<hr/>	<hr/>
Interest and Rents			
Interest	\$ 70,000	\$ 70,000	\$ 28,686
Land and Building Rental	1,500	1,500	2,310
	<hr/>	<hr/>	<hr/>
Total Interest and Rents	\$ 71,500	\$ 71,500	\$ 30,996
	<hr/>	<hr/>	<hr/>
Other Revenue			
Contributions and Donations from Private Sources	\$ 10,000	\$ 32,800	\$ 45,046
Reimbursements - Housing Commission	250,000	250,000	250,279
Sale of Property and Equipment	1,500	1,500	847
Miscellaneous (Refunds and Rebates)	10,000	10,000	18,664
	<hr/>	<hr/>	<hr/>
Total Other Revenue	\$ 271,500	\$ 294,300	\$ 314,836
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	\$ 6,950,500	\$ 7,013,300	\$ 7,023,610
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
<u>GENERAL GOVERNMENT</u>			
Legislative			
Personal Services	\$ 15,300	\$ 15,300	\$ 16,138
Employee Benefits	1,300	1,300	1,252
Office Supplies	1,600	1,600	318
Contractual Services	1,500	1,500	1,187
Data Processing	5,000	5,000	5,000
Dues and Publications	7,000	7,000	6,256
Travel and Education	5,000	5,000	5,503
Ordinances and Proceedings	5,000	5,000	6,301
	<u>\$ 41,700</u>	<u>\$ 41,700</u>	<u>\$ 41,955</u>
City Manager			
Personal Services	\$ 155,000	\$ 155,000	\$ 149,012
Employee Benefits	43,500	43,500	50,946
Office Supplies	2,500	2,500	1,612
Postage	1,200	1,200	0
Data Processing	7,000	7,000	7,000
Dues and Publications	4,800	4,800	2,996
Telephone	1,600	1,600	1,740
Travel and Education	8,500	8,500	6,382
Car Allowance	4,200	4,200	3,850
Suggestion Award Program	1,000	1,000	0
	<u>\$ 229,300</u>	<u>\$ 229,300</u>	<u>\$ 223,538</u>
Finance			
Personal Services	\$ 122,500	\$ 122,500	\$ 124,759
Employee Benefits	45,700	45,700	43,777
Office Supplies	7,500	7,500	9,134
Postage	2,500	2,500	0
Audit	9,500	9,500	7,700
Data Processing	28,000	28,000	28,000
Dues and Publications	3,000	3,000	1,739
Telephone	900	900	1,170
Travel and Education	4,500	4,500	4,144
	<u>\$ 224,100</u>	<u>\$ 224,100</u>	<u>\$ 220,423</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Assessor			
Personal Service	\$ 0	\$ 0	\$ 707
Employee Benefits	0	0	54
Postage	3,000	3,000	2,314
Contractual Services	10,000	10,000	13,152
Wexford County Contract	110,000	110,000	97,955
Data Processing	18,000	18,000	18,000
Board of Review	2,000	2,000	70
	<u>\$ 143,000</u>	<u>\$ 143,000</u>	<u>\$ 132,252</u>
City Clerk/Treasurer			
Personal Services	\$ 129,000	\$ 129,000	\$ 128,911
Employee Benefits	74,600	74,600	69,467
Office Supplies	3,000	3,000	2,448
Postage	9,500	9,500	12,539
Data Processing	30,000	30,000	30,000
Dues and Publications	600	600	609
Travel and Education	4,000	4,000	2,850
Bad Debt Expense	15,000	35,000	36,015
	<u>\$ 265,700</u>	<u>\$ 285,700</u>	<u>\$ 282,839</u>
Election			
Personal Services	\$ 7,500	\$ 7,500	\$ 3,180
Employee Benefits	0	0	171
Office Supplies	4,000	4,000	4,656
Contractual Services	5,000	5,000	637
	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 8,644</u>
Building and Grounds			
Personal Services	\$ 39,000	\$ 39,000	\$ 40,189
Employee Benefits	34,700	34,700	12,067
Operating Supplies	13,600	13,600	9,477
Contractual Services	6,400	6,400	36,018
Service and Lease Contracts	11,600	11,600	6,770
Travel and Education	4,500	4,500	3,248
Data Processing	5,500	5,500	5,500
Insurance	65,000	65,000	55,536
Utilities	87,000	87,000	80,983
Repairs and Maintenance	20,800	20,800	11,453
Equipment Rental	7,200	7,200	7,299
Capital Outlay	9,000	9,000	699
Parking Lot	2,300	2,300	0
	<u>\$ 306,600</u>	<u>\$ 306,600</u>	<u>\$ 269,239</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Legal			
Office Supplies	\$ 1,500	\$ 1,500	\$ 1,929
Contractual Services	105,000	130,000	129,207
Wexford County Contract	35,000	35,000	32,975
	<u>\$ 141,500</u>	<u>\$ 166,500</u>	<u>\$ 164,111</u>
Engineer			
Personal Services	\$ 97,500	\$ 97,500	\$ 99,309
Employee Benefits	50,300	50,300	37,596
Office Supplies	2,900	2,900	2,937
Postage	200	200	0
Contractual Services	8,000	8,000	8,400
Data Processing	20,000	20,000	20,000
Dues and Publications	600	600	125
Telephone	500	500	480
Travel and Education	800	800	368
Equipment Rental	1,200	1,200	2,581
	<u>\$ 182,000</u>	<u>\$ 182,000</u>	<u>\$ 171,796</u>
Total General Government	<u>\$ 1,550,400</u>	<u>\$ 1,595,400</u>	<u>\$ 1,514,797</u>

PUBLIC SAFETY

Police Department			
Personal Services			
Supervisory	\$ 100,500	\$ 100,500	\$ 78,273
Regular	770,000	770,000	802,454
Staff	45,000	45,000	25,815
Crossing Guards	7,500	7,500	6,345
Volunteers	5,000	5,000	1,540
Summer Patrol	18,000	18,000	19,421
Overtime	65,000	65,000	62,686
Employee Benefits	745,700	745,700	743,812
Office Supplies	7,500	7,500	5,506
Operating Supplies	37,000	37,000	43,437
Community Service Supplies	1,000	1,000	718
Uniform Cleaning	9,500	9,500	9,000
Data Processing	55,000	55,000	58,000
Dues and Publications	2,000	2,000	1,282
Radio and Equipment Maintenance	4,500	4,500	5,507

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Telephone	3,000	3,000	2,353
Travel and Education	20,000	20,000	21,420
Vehicle Repairs and Maintenance	23,500	23,500	17,175
Uniforms and Maintenance	10,000	10,000	5,327
Equipment Rental	6,500	6,500	2,928
Copier Lease	3,000	3,000	2,962
Capital Outlay	34,800	34,800	32,848
	<u>\$ 1,974,000</u>	<u>\$ 1,974,000</u>	<u>\$ 1,948,809</u>
Code Enforcement			
Personal Services	\$ 17,000	\$ 17,000	\$ 18,306
Employee Benefits	10,200	10,200	9,706
Office Supplies	1,000	1,000	465
	<u>\$ 28,200</u>	<u>\$ 28,200</u>	<u>\$ 28,477</u>
Fire Department			
Personal Services			
Supervisory	\$ 37,500	\$ 37,500	\$ 0
Regular	520,000	520,000	456,642
Staff	10,000	10,000	0
Volunteers	30,000	30,000	22,488
Overtime	125,000	125,000	141,583
Employee Benefits	467,300	467,300	453,011
Office Supplies	2,000	2,000	911
Operating Supplies	22,500	22,500	21,432
Community Service Supplies	1,500	1,500	1,960
Uniform Cleaning	2,800	2,800	2,406
Subsistence Allowance	14,600	14,600	17,270
Data Processing	11,000	11,000	11,845
Dues and Publications	2,500	2,500	2,334
Radio and Equipment Maintenance	7,500	7,500	7,192
Telephone	1,200	1,200	973
Travel and Education	11,000	11,000	6,704
Vehicle Repairs and Maintenance	22,500	22,500	31,818
Uniforms and Maintenance	14,000	14,000	11,819
Vehicle Lease	1,200	1,200	0
Employee Safety	5,200	5,200	5,200
Capital Outlay	24,500	24,500	23,487
	<u>\$ 1,333,800</u>	<u>\$ 1,333,800</u>	<u>\$ 1,219,075</u>
Total Public Safety	<u>\$ 3,336,000</u>	<u>\$ 3,336,000</u>	<u>\$ 3,196,361</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
<u>PUBLIC WORKS</u>			
Miscellaneous			
Personal Services	\$ 75,100	\$ 75,100	\$ 59,941
Employee Benefits	36,800	36,800	27,794
Telephone	0	0	1,077
Street Lighting	130,000	130,000	118,495
Maintenance of Dam	2,500	2,500	4,739
Equipment Rental	14,800	14,800	9,121
Hydrant Rental	24,100	24,100	24,400
Property Taxes	5,000	5,000	3,420
	<u>\$ 288,300</u>	<u>\$ 288,300</u>	<u>\$ 248,987</u>
Sidewalks and Alleys			
Personal Services	\$ 7,500	\$ 7,500	\$ 4,378
Employee Benefits	4,600	4,600	2,112
Operating Supplies	2,000	2,000	1,079
Equipment Rental	16,000	16,000	10,349
	<u>\$ 30,100</u>	<u>\$ 30,100</u>	<u>\$ 17,918</u>
Leaves			
Personal Services	\$ 4,600	\$ 4,600	\$ 5,598
Employee Benefits	2,800	2,800	2,733
Equipment Rental	24,700	24,700	22,603
	<u>\$ 32,100</u>	<u>\$ 32,100</u>	<u>\$ 30,934</u>
Grass and Weed Control			
Personal Services	\$ 7,200	\$ 7,200	\$ 6,049
Employee Benefits	4,400	4,400	2,533
Equipment Rental	20,100	20,100	14,239
	<u>\$ 31,700</u>	<u>\$ 31,700</u>	<u>\$ 22,821</u>
Composting			
Personal Services	\$ 1,500	\$ 1,500	\$ 322
Employee Benefits	1,000	1,000	166
Equipment Rental	1,000	1,000	1,136
	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$ 1,624</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
Waste Removal			
Personal Services	\$ 100	\$ 100	\$ 209
Employee Benefits	100	100	103
Operating Supplies	100	100	0
Removal Contract	592,000	592,000	522,763
Equipment Rental	100	100	67
County Landfill Fees	4,100	4,100	3,317
	<u>\$ 596,500</u>	<u>\$ 596,500</u>	<u>\$ 526,459</u>
Total Public Works	<u>\$ 982,200</u>	<u>\$ 982,200</u>	<u>\$ 848,743</u>

COMMUNITY AND ECONOMIC DEVELOPMENT

Economic Development			
Community Development	\$ 0	\$ 30,000	\$ 32,754
Planning and Zoning			
Personal Services	\$ 73,000	\$ 73,000	\$ 69,606
Employee Benefits	32,400	32,400	32,087
Office Supplies	2,000	2,000	3,137
Postage	500	500	50
Contractual Services	0	0	1,338
Data Processing	2,500	2,500	2,500
Dues and Publications	400	400	812
Telephone	500	500	480
Travel and Education	1,500	1,500	683
Publisher's Costs	1,000	1,000	1,122
	<u>\$ 113,800</u>	<u>\$ 113,800</u>	<u>\$ 111,815</u>
Community Promotions			
Personal Services	\$ 7,200	\$ 7,200	\$ 7,232
Employee Benefits	4,400	4,400	3,275
Operating Supplies	2,000	2,000	1,686
Newsletter	2,500	2,500	0
Contractual Services	7,800	7,800	4,372
Utilities	1,600	1,600	1,841
Equipment Rental	6,900	6,900	5,580
Chamber of Commerce	2,000	2,000	2,000
	<u>\$ 34,400</u>	<u>\$ 34,400</u>	<u>\$ 25,986</u>
Total Community and Economic Development	<u>\$ 148,200</u>	<u>\$ 178,200</u>	<u>\$ 170,555</u>

CITY OF CADILLAC, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	BUDGET		ACTUAL
	ORIGINAL	FINAL	
<u>CULTURE AND RECREATION</u>			
Arts Commission			
Contractual Services	\$ 10,500	\$ 10,500	\$ 10,500
CCTV			
Personal Services	\$ 22,500	\$ 22,500	\$ 14,801
Employee Benefits	2,200	2,200	1,132
Office Supplies	1,000	1,000	2,920
Contractual Services	5,000	5,000	1,775
	<u>\$ 30,700</u>	<u>\$ 30,700</u>	<u>\$ 20,628</u>
Municipal Parks			
Personal Services	\$ 81,800	\$ 81,800	\$ 91,444
Employee Benefits	19,500	19,500	34,418
Operating Supplies	20,300	20,300	23,376
Contractual Services	2,200	2,200	3,325
Data Processing	1,000	1,000	1,000
Telephone	500	500	660
Travel and Education	200	200	23
Utilities	21,400	21,400	22,479
Repairs and Maintenance	21,400	21,400	19,625
Equipment Rental	9,800	9,800	10,850
Building Rental	1,100	1,100	1,100
Capital Outlay	8,500	43,500	9,920
	<u>\$ 187,700</u>	<u>\$ 222,700</u>	<u>\$ 218,220</u>
Total Culture and Recreation	<u>\$ 228,900</u>	<u>\$ 263,900</u>	<u>\$ 249,348</u>
<u>INTERGOVERNMENTAL EXPENDITURES</u>			
Recreation			
Cadillac Community Schools Recreation Program	\$ 66,200	\$ 66,200	\$ 66,200
Housing			
Cadillac Housing Commission	250,000	250,000	250,279
Airport			
Wexford County Airport Authority	33,000	33,000	33,000
Clam Lake Township	2,300	2,300	1,527
	<u>\$ 351,500</u>	<u>\$ 351,500</u>	<u>\$ 351,006</u>
Total Intergovernmental Expenditures	<u>\$ 351,500</u>	<u>\$ 351,500</u>	<u>\$ 351,006</u>
TOTAL EXPENDITURES	<u>\$ 6,597,200</u>	<u>\$ 6,707,200</u>	<u>\$ 6,330,810</u>
<u>OTHER FINANCING USES</u>			
Transfers Out			
Local Street Fund	\$ 475,000	\$ 475,000	\$ 475,000
Cemetery Operating Fund	75,000	75,000	75,000
	<u>\$ 550,000</u>	<u>\$ 550,000</u>	<u>\$ 550,000</u>

CITY OF CADILLAC, MICHIGAN
MAJOR STREET FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 89,388	\$ 11,730
Due from Other Governments	95,295	91,813
Prepaid Expenditures	822	276
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 185,505</u>	<u>\$ 103,819</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,577	\$ 2,129
Accrued Expenditures	1,977	7,339
Due to Other Funds	0	15,995
	<hr/>	<hr/>
Total Liabilities	<u>\$ 3,554</u>	<u>\$ 25,463</u>
<u>FUND BALANCE</u>		
Nonspendable:		
Prepaid Expenditures	\$ 822	\$ 276
Restricted:		
Street Improvements	181,129	78,080
	<hr/>	<hr/>
Total Fund Balance	<u>\$ 181,951</u>	<u>\$ 78,356</u>
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 185,505</u>	<u>\$ 103,819</u>

CITY OF CADILLAC, MICHIGAN
MAJOR STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>BUDGET</u>		<u>2012</u>	<u>2011</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
State Grants				
Motor Vehicle Highway Fund (Act 51)	\$ 495,000	\$ 495,000	\$ 544,030	\$ 496,647
State Trunkline Maintenance	126,000	126,000	96,809	142,460
Other State Grants	210,000	210,000	223,614	3,430
Interest and Rents				
Interest	0	0	22	31
 Total Revenues	 \$ 831,000	 \$ 831,000	 \$ 864,475	 \$ 642,568
<u>EXPENDITURES</u>				
Major Streets				
Construction - Streets	\$ 297,500	\$ 297,500	\$ 318,140	\$ 58,088
Surface Maintenance				
Personal Services	\$ 14,600	\$ 14,600	\$ 16,577	\$ 19,902
Employee Benefits	8,500	8,500	7,739	5,662
Materials	11,500	11,500	13,817	11,495
Equipment Rental	14,800	14,800	14,642	15,025
	\$ 49,400	\$ 49,400	\$ 52,775	\$ 52,084
Sweeping and Flushing				
Personal Services	\$ 3,300	\$ 3,300	\$ 2,658	\$ 4,601
Employee Benefits	2,000	2,000	1,276	1,922
Equipment Rental	18,800	18,800	14,853	20,075
	\$ 24,100	\$ 24,100	\$ 18,787	\$ 26,598
Forestry				
Personal Services	\$ 11,100	\$ 11,100	\$ 15,119	\$ 17,089
Employee Benefits	6,800	6,800	7,073	6,317
Materials	4,400	4,400	4,523	4,920
Contractual Services	4,000	4,000	2,059	4,000
Travel and Education	800	800	229	150
Repairs and Maintenance	300	300	1,176	122
Equipment Rental	18,500	18,500	17,536	18,342
	\$ 45,900	\$ 45,900	\$ 47,715	\$ 50,940

CITY OF CADILLAC, MICHIGAN
MAJOR STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>BUDGET</u>		<u>2012</u>	<u>2011</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Catch Basins				
Personal Services	\$ 9,300	\$ 9,300	\$ 9,839	\$ 10,873
Employee Benefits	5,700	5,700	4,489	2,882
Materials	600	600	113	693
Contractual Services	2,500	2,500	0	0
Equipment Rental	9,300	9,300	1,133	8,556
	<u>\$ 27,400</u>	<u>\$ 27,400</u>	<u>\$ 15,574</u>	<u>\$ 23,004</u>
Drainage				
Personal Services	\$ 6,000	\$ 6,000	\$ 8,089	\$ 9,233
Employee Benefits	3,700	3,700	3,776	2,926
Materials	200	200	300	400
Equipment Rental	3,100	3,100	5,633	3,394
	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 17,798</u>	<u>\$ 15,953</u>
Traffic Services				
Personal Services	\$ 16,800	\$ 16,800	\$ 16,482	\$ 25,214
Employee Benefits	9,800	9,800	8,059	8,705
Materials	13,000	13,000	8,065	13,845
Contractual Services	15,000	15,000	13,244	6,808
Equipment Rental	8,800	8,800	6,544	10,034
	<u>\$ 63,400</u>	<u>\$ 63,400</u>	<u>\$ 52,394</u>	<u>\$ 64,606</u>
Winter Maintenance				
Personal Services	\$ 25,700	\$ 25,700	\$ 18,826	\$ 36,826
Employee Benefits	15,900	15,900	9,220	11,745
Materials	22,400	22,400	18,882	23,985
Equipment Rental	78,000	78,000	48,940	73,032
	<u>\$ 142,000</u>	<u>\$ 142,000</u>	<u>\$ 95,868</u>	<u>\$ 145,588</u>
Administration				
Personal Services	\$ 22,000	\$ 22,000	\$ 22,057	\$ 5,226
Employee Benefits	28,800	28,800	10,696	18,228
Materials	100	100	39	59
Audit	2,000	2,000	2,000	0
Data Processing	0	0	0	8,000
Travel and Education	800	800	492	145
Equipment Rental	6,300	6,300	7,449	7,449
Administrative	10,000	10,000	10,000	10,000
	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 52,733</u>	<u>\$ 49,107</u>

CITY OF CADILLAC, MICHIGAN
MAJOR STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>BUDGET</u>		<u>2012</u>	<u>2011</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
State Trunkline Maintenance				
Surface Maintenance				
Personal Services	\$ 500	\$ 500	\$ 96	\$ 2,860
Employee Benefits	300	300	43	976
Materials	500	500	177	1,316
Equipment Rental	500	500	78	1,261
	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 394</u>	<u>\$ 6,413</u>
Sweeping and Flushing				
Personal Services	\$ 800	\$ 800	\$ 451	\$ 1,046
Employee Benefits	500	500	231	454
Equipment Rental	5,100	5,100	2,617	4,030
	<u>\$ 6,400</u>	<u>\$ 6,400</u>	<u>\$ 3,299</u>	<u>\$ 5,530</u>
Traffic Signals				
Utilities	\$ 6,900	\$ 6,900	\$ 3,109	\$ 7,722
Trees and Shrubs				
Personal Services	\$ 600	\$ 600	\$ 0	\$ 459
Employee Benefits	400	400	0	206
Materials	0	0	155	0
Equipment Rental	300	300	0	467
	<u>\$ 1,300</u>	<u>\$ 1,300</u>	<u>\$ 155</u>	<u>\$ 1,132</u>
Drainage				
Personal Services	\$ 4,300	\$ 4,300	\$ 907	\$ 728
Employee Benefits	2,700	2,700	355	218
Materials	0	0	0	169
Equipment Rental	1,400	1,400	584	76
	<u>\$ 8,400</u>	<u>\$ 8,400</u>	<u>\$ 1,846</u>	<u>\$ 1,191</u>
Winter Maintenance				
Personal Services	\$ 15,800	\$ 15,800	\$ 12,694	\$ 21,845
Employee Benefits	9,700	9,700	6,204	7,297
Materials	23,000	23,000	28,191	33,702
Equipment Rental	38,100	38,100	28,148	36,119
	<u>\$ 86,600</u>	<u>\$ 86,600</u>	<u>\$ 75,237</u>	<u>\$ 98,963</u>

CITY OF CADILLAC, MICHIGAN
MAJOR STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>BUDGET</u>		<u>2012</u>	<u>2011</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Snow Hauling				
Personal Services	\$ 3,700	\$ 3,700	\$ 3,241	\$ 8,003
Employee Benefits	2,300	2,300	1,583	2,451
Equipment Rental	8,600	8,600	7,132	13,094
	<u>\$ 14,600</u>	<u>\$ 14,600</u>	<u>\$ 11,956</u>	<u>\$ 23,548</u>
Total Expenditures	<u>\$ 858,700</u>	<u>\$ 858,700</u>	<u>\$ 767,780</u>	<u>\$ 630,467</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (27,700)</u>	<u>\$ (27,700)</u>	<u>\$ 96,695</u>	<u>\$ 12,101</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)				
Capital Projects Trust Fund	\$ 25,000	\$ 25,000	\$ 25,000	\$ 20,000
2004 Capital Improvement Bonds Debt Retirement Fund	<u>(18,100)</u>	<u>(18,100)</u>	<u>(18,100)</u>	<u>(18,300)</u>
Net Other Financing Sources (Uses)	<u>\$ 6,900</u>	<u>\$ 6,900</u>	<u>\$ 6,900</u>	<u>\$ 1,700</u>
Net Change in Fund Balance	\$ (20,800)	\$ (20,800)	\$ 103,595	\$ 13,801
<u>FUND BALANCE</u> - Beginning of Year	<u>26,255</u>	<u>78,356</u>	<u>78,356</u>	<u>64,555</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 5,455</u>	<u>\$ 57,556</u>	<u>\$ 181,951</u>	<u>\$ 78,356</u>

CITY OF CADILLAC, MICHIGAN
LOCAL STREET FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 41,804	\$ 70,643
Investments	100,000	100,000
Accrued Interest Receivable	3,348	1,342
Due from Other Governments	32,676	30,026
Prepaid Expenditures	1,234	621
	<hr/>	<hr/>
TOTAL ASSETS	\$ 179,062	\$ 202,632
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 2,867	\$ 0
Accrued Expenditures	2,225	9,902
	<hr/>	<hr/>
Total Liabilities	\$ 5,092	\$ 9,902
	<hr/> <hr/>	<hr/> <hr/>
<u>FUND BALANCE</u>		
Nonspendable:		
Prepaid Expenditures	\$ 1,234	\$ 621
Restricted:		
Street Improvements	172,736	192,109
	<hr/>	<hr/>
Total Fund Balance	\$ 173,970	\$ 192,730
	<hr/> <hr/>	<hr/> <hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 179,062	\$ 202,632
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	BUDGET		2012	2011
	ORIGINAL	FINAL	ACTUAL	ACTUAL
<u>REVENUES</u>				
State Grants				
Motor Vehicle Highway Fund (Act 51)	\$ 183,500	\$ 183,500	\$ 196,821	\$ 186,096
Other State Grants	0	0	0	3,430
Interest and Rents				
Interest	500	500	2,019	1,442
Total Revenues	<u>\$ 184,000</u>	<u>\$ 184,000</u>	<u>\$ 198,840</u>	<u>\$ 190,968</u>
<u>EXPENDITURES</u>				
Street Construction				
Contractual Services	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 118,313</u>	<u>\$ 142,733</u>
Surface Maintenance				
Personal Services	\$ 18,900	\$ 18,900	\$ 24,137	\$ 17,235
Employee Benefits	11,000	11,000	10,743	7,620
Materials	13,900	13,900	41,065	12,300
Equipment Rental	21,000	21,000	33,836	19,807
	<u>\$ 64,800</u>	<u>\$ 64,800</u>	<u>\$ 109,781</u>	<u>\$ 56,962</u>
Sweeping and Flushing				
Personal Services	\$ 7,000	\$ 7,000	\$ 6,218	\$ 6,430
Employee Benefits	4,300	4,300	3,065	3,533
Equipment Rental	40,000	40,000	33,542	34,624
	<u>\$ 51,300</u>	<u>\$ 51,300</u>	<u>\$ 42,825</u>	<u>\$ 44,587</u>
Forestry				
Personal Services	\$ 21,000	\$ 21,000	\$ 30,550	\$ 25,585
Employee Benefits	13,000	13,000	14,551	12,242
Materials	5,700	5,700	5,671	3,115
Contractual Services	2,700	2,700	3,317	1,990
Equipment Rental	35,000	35,000	40,089	37,111
	<u>\$ 77,400</u>	<u>\$ 77,400</u>	<u>\$ 94,178</u>	<u>\$ 80,043</u>

CITY OF CADILLAC, MICHIGAN
LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	BUDGET		2012	2011
	ORIGINAL	FINAL	ACTUAL	ACTUAL
Catch Basins				
Personal Services	\$ 19,500	\$ 19,500	\$ 4,545	\$ 9,657
Employee Benefits	9,200	9,200	1,841	3,305
Materials	700	700	104	433
Utilities	700	700	2,254	1,369
Equipment Rental	24,000	24,000	4,241	12,728
	<u>\$ 54,100</u>	<u>\$ 54,100</u>	<u>\$ 12,985</u>	<u>\$ 27,492</u>
Drainage				
Personal Services	\$ 8,000	\$ 8,000	\$ 9,960	\$ 8,199
Employee Benefits	4,300	4,300	4,692	3,480
Materials	100	100	14	120
Equipment Rental	3,700	3,700	4,093	4,692
	<u>\$ 16,100</u>	<u>\$ 16,100</u>	<u>\$ 18,759</u>	<u>\$ 16,491</u>
Traffic Services				
Personal Services	\$ 15,300	\$ 15,300	\$ 10,274	\$ 9,274
Employee Benefits	9,400	9,400	5,084	4,084
Materials	1,500	1,500	1,552	472
Equipment Rental	3,100	3,100	4,251	4,349
	<u>\$ 29,300</u>	<u>\$ 29,300</u>	<u>\$ 21,161</u>	<u>\$ 18,179</u>
Winter Maintenance				
Personal Services	\$ 17,900	\$ 17,900	\$ 13,719	\$ 16,132
Employee Benefits	10,700	10,700	6,753	6,989
Materials	11,600	11,600	13,732	17,444
Equipment Rental	56,600	56,600	38,197	48,474
	<u>\$ 96,800</u>	<u>\$ 96,800</u>	<u>\$ 72,401</u>	<u>\$ 89,039</u>
Administration				
Personal Services	\$ 32,500	\$ 32,500	\$ 32,972	\$ 43,021
Employee Benefits	31,500	31,500	16,132	16,056
Materials	300	300	0	0
Audit	1,700	1,700	1,700	2,000
Data Processing	0	0	0	8,000
Equipment Rental	6,400	6,400	7,449	7,449
Administrative	10,000	10,000	10,000	17,900
	<u>\$ 82,400</u>	<u>\$ 82,400</u>	<u>\$ 68,253</u>	<u>\$ 94,426</u>

CITY OF CADILLAC, MICHIGAN
LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>BUDGET</u>		<u>2012</u>	<u>2011</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Debt Service				
Principal	\$ 26,200	\$ 26,200	\$ 26,111	\$ 26,111
Interest	4,000	4,000	3,133	3,917
	<u>\$ 30,200</u>	<u>\$ 30,200</u>	<u>\$ 29,244</u>	<u>\$ 30,028</u>
 Total Expenditures	 <u>\$ 622,400</u>	 <u>\$ 622,400</u>	 <u>\$ 587,900</u>	 <u>\$ 599,980</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>\$ (438,400)</u>	 <u>\$ (438,400)</u>	 <u>\$ (389,060)</u>	 <u>\$ (409,012)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)				
General Fund	\$ 475,000	\$ 475,000	\$ 475,000	\$ 525,000
1996 Michigan Transportation Fund Debt Retirement Fund	0	0	0	(22,700)
2000 Michigan Transportation Fund Debt Retirement Fund	(32,300)	(32,300)	(32,300)	(34,000)
2004 Capital Improvement Bonds Debt Retirement Fund	(72,400)	(72,400)	(72,400)	(69,100)
	<u>\$ 370,300</u>	<u>\$ 370,300</u>	<u>\$ 370,300</u>	<u>\$ 399,200</u>
Net Other Financing Sources (Uses)	<u>\$ 370,300</u>	<u>\$ 370,300</u>	<u>\$ 370,300</u>	<u>\$ 399,200</u>
 Net Change in Fund Balance	 <u>\$ (68,100)</u>	 <u>\$ (68,100)</u>	 <u>\$ (18,760)</u>	 <u>\$ (9,812)</u>
 <u>FUND BALANCE</u> - Beginning of Year	 <u>117,042</u>	 <u>192,730</u>	 <u>192,730</u>	 <u>202,542</u>
 <u>FUND BALANCE</u> - End of Year	 <u>\$ 48,942</u>	 <u>\$ 124,630</u>	 <u>\$ 173,970</u>	 <u>\$ 192,730</u>

MAJOR PROPRIETARY FUNDS

WATER AND SEWER FUND

The Water and Sewer Fund records financial activity of the seven-well water system which provides water to customers and the operations of the City's tertiary treatment plant.

BUILDING AUTHORITY OPERATING FUND

The Building Authority Operating Fund was established to account for the rental of the DEQ building.

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	2012	2011
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 721,797	\$ 101,364
Investments	1,887,019	1,412,771
Receivables		
Accounts	252,871	424,428
Unbilled Services	308,353	298,957
Accrued Interest	265	16,270
Cylinder Deposits	5,900	6,000
Due from Other Funds	0	249
Due from External Parties (Fiduciary Funds)	22,086	0
Inventory, At Cost	200,839	228,203
Prepaid Expense	12,533	39,412
	<u>\$ 3,411,663</u>	<u>\$ 2,527,654</u>
Total Current Assets		
 <u>NONCURRENT ASSETS</u>		
<u>RESTRICTED ASSETS</u>		
Investments		
Bond Reserve Account	\$ 859,392	\$ 859,392
Bond Replacement Account	503,941	490,785
	<u>\$ 1,363,333</u>	<u>\$ 1,350,177</u>
Total Restricted Assets		
 <u>CAPITAL ASSETS</u>		
Land and Land Improvements	\$ 500,412	\$ 500,412
Buildings	930,747	930,747
Improvements Other than Buildings	34,100,853	33,690,455
Machinery and Equipment	1,250,849	1,243,360
Construction Work in Progress	3,063,490	531,184
	<u>\$ 39,846,351</u>	<u>\$ 36,896,158</u>
Less Accumulated Depreciation	17,462,326	16,594,691
Net Capital Assets	<u>\$ 22,384,025</u>	<u>\$ 20,301,467</u>
 <u>OTHER ASSETS</u>		
Deferred Charge - Bond Issuance Costs	\$ 25,508	\$ 31,688
	<u>\$ 23,772,866</u>	<u>\$ 21,683,332</u>
Total Noncurrent Assets		
TOTAL ASSETS	<u>\$ 27,184,529</u>	<u>\$ 24,210,986</u>

	<u>2012</u>	<u>2011</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 818,764	\$ 120,178
Accrued Interest	103,422	100,959
Other Accrued Expenses	145,999	212,030
Utility Deposits	5,640	6,350
Due to Other Governments	0	26,367
Current Portion of Revenue Bonds	781,050	655,000
	<hr/>	
Total Current Liabilities	\$ 1,854,875	\$ 1,120,884
	<hr/>	
<u>LONG-TERM LIABILITIES</u>		
2007 Wastewater System Junior Lien Revenue Bonds	\$ 3,185,205	\$ 3,360,205
2011 Wastewater System Junior Lien Revenue Bonds	1,928,504	0
1999 Revenue Refunding Bonds (Net of Deferred Refunding Amount)	1,049,908	1,052,762
2001 Revenue Bonds (Net of Deferred Refunding Amount)	3,167,111	3,667,886
	<hr/>	
Total Long-Term Liabilities	\$ 9,330,728	\$ 8,080,853
	<hr/>	
TOTAL LIABILITIES	\$ 11,185,603	\$ 9,201,737
	<hr/>	
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt Restricted for Debt Service	\$ 12,272,247	\$ 11,565,614
Unrestricted	1,363,333	1,350,177
	2,363,346	2,093,458
	<hr/>	
TOTAL NET ASSETS	\$ 15,998,926	\$ 15,009,249
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CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	2012	2011
<u>OPERATING REVENUES</u>		
Sewer Charges to Customers	\$ 2,276,580	\$ 2,134,406
Water Charges to Customers	1,283,488	1,186,073
Fire Protection	108,454	104,519
Hydrant Rental	12,433	12,433
Sales of Services and Materials	313,879	385,762
Total Operating Revenues	\$ 3,994,834	\$ 3,823,193
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 867,348	\$ 867,435
Contractual Services	388,196	447,927
Supplies	368,870	327,659
Heat, Light and Power	366,421	357,964
Depreciation and Amortization	876,513	906,837
Employee Benefits	353,951	366,996
Administrative	201,900	201,900
Total Operating Expenses	\$ 3,423,199	\$ 3,476,718
Operating Income	\$ 571,635	\$ 346,475
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Federal Grants	\$ 412,606	\$ 0
State Grants	96,344	0
Interest Revenue	13,869	63,657
Sale of System Capacity	209,170	0
Interest and Fiscal Charges	(313,947)	(327,020)
Total Nonoperating Revenues (Expenses)	\$ 418,042	\$ (263,363)
Change in Net Assets	\$ 989,677	\$ 83,112
<u>TOTAL NET ASSETS</u> - Beginning of Year	15,009,249	14,926,137
<u>TOTAL NET ASSETS</u> - End of Year	\$ 15,998,926	\$ 15,009,249

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	2012	2011
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 4,108,891	\$ 3,775,583
Cash Payments to Suppliers for Goods and Services	(1,256,986)	(1,301,971)
Cash Payments to Employees for Services	(1,287,330)	(1,232,449)
Net Cash Provided by Operating Activities	\$ 1,564,575	\$ 1,241,163
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	\$ (2,266,475)	\$ (307,787)
Sale of System Capacity	209,170	0
Loan Proceeds	2,024,554	0
Federal Grants	412,606	0
State Grants	96,344	0
Principal Paid	(655,000)	(625,000)
Interest Paid	(307,811)	(329,606)
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (486,612)	\$ (1,262,393)
Cash Flows from Investing Activities:		
Interest Received	\$ 29,874	\$ 59,940
Purchase of Investment Securities	(531,880)	(110,203)
Proceeds from Sale and Maturities of Investment Securities	44,476	114,604
Net Cash Provided (Used) by Investing Activities	\$ (457,530)	\$ 64,341
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 620,433	\$ 43,111
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	101,364	58,253
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 721,797	\$ 101,364

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	2012	2011
 <u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 571,635	\$ 346,475
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities		
Depreciation and Amortization	\$ 876,513	\$ 906,837
(Increase) Decrease in Current Assets		
Accounts Receivable	162,261	(90,163)
Due from Other Funds	249	20,384
Due from External Parties (Fiduciary Funds)	(22,086)	0
Due from Other Governments	0	22,169
Inventory	27,364	(6,176)
Prepaid Expense	26,879	(11,579)
Increase (Decrease) in Current Liabilities		
Accounts Payable	14,868	49,244
Other Accrued Expenses	(66,031)	1,982
Utility Deposits	(710)	1,990
Due to Other Governments	(26,367)	0
Total Adjustments	\$ 992,940	\$ 894,688
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,564,575	\$ 1,241,163

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>ADMINISTRATIVE</u>			
Personal Services	\$ 342,500	\$ 350,053	\$ 345,685
Employee Benefits	158,000	133,453	148,429
Office Supplies	9,000	11,472	7,388
Postage	19,500	19,160	23,155
Safety Supplies	4,800	865	2,007
Property Taxes	7,600	7,553	7,553
Contractual Services	61,000	46,870	48,897
Engineering Fees	18,000	0	16,094
Legal Fees	15,000	41,054	86,820
Audit	4,000	4,000	4,000
State Mandated Fees	22,500	21,579	15,981
Data Processing	55,000	55,000	55,000
Insurance	30,000	28,000	25,215
Dues and Publications	2,000	2,930	3,179
Repairs and Maintenance	500	464	460
Telephone	7,800	5,473	7,455
Alarm System	4,400	3,914	5,224
Travel and Education	10,000	8,236	9,104
Employee Safety	3,500	3,500	211
Public Relations	2,500	3,505	2,320
Administration	202,900	201,900	201,900
	<u>\$ 980,500</u>	<u>\$ 948,981</u>	<u>\$ 1,016,077</u>
<u>BUILDINGS AND WATER TANK</u>			
Personal Services	\$ 7,400	\$ 3,633	\$ 12,349
Employee Benefits	2,300	1,076	1,816
Operating Supplies	14,500	14,819	10,648
Repairs and Maintenance	2,000	241	440
	<u>\$ 26,200</u>	<u>\$ 19,769</u>	<u>\$ 25,253</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>GENERAL STREET EXPENSE</u>			
Personal Services	\$ 800	\$ 98	\$ 246
Employee Benefits	400	43	122
Operating Supplies	4,000	16,381	2,169
Contractual Services	19,400	7,019	13,661
	<u>\$ 24,600</u>	<u>\$ 23,541</u>	<u>\$ 16,198</u>
<u>METER READING AND COLLECTION</u>			
Personal Services	\$ 14,500	\$ 41,366	\$ 13,517
Employee Benefits	7,300	18,020	4,937
Operating Supplies	300	0	0
	<u>\$ 22,100</u>	<u>\$ 59,386</u>	<u>\$ 18,454</u>
<u>CUSTOMER SERVICES</u>			
Personal Services	\$ 26,500	\$ 15,350	\$ 17,505
Employee Benefits	13,000	6,656	6,046
	<u>\$ 39,500</u>	<u>\$ 22,006</u>	<u>\$ 23,551</u>
<u>PUMPING STATION</u>			
Personal Services	\$ 4,700	\$ 3,451	\$ 4,463
Employee Benefits	2,400	1,375	1,472
Operating Supplies	8,500	11,980	10,846
Chemicals	28,500	27,049	20,680
Laboratory Control	22,000	15,660	10,550
Utilities	121,000	146,088	147,513
Repairs and Maintenance	2,500	1,808	2,372
	<u>\$ 189,600</u>	<u>\$ 207,411</u>	<u>\$ 197,896</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>MAINTENANCE - MAINS AND HYDRANTS</u>			
Personal Services	\$ 44,000	\$ 41,619	\$ 37,024
Employee Benefits	20,500	16,461	10,635
Operating Supplies	21,500	24,301	20,103
Contractual Services	7,500	2,578	392
	<u>\$ 93,500</u>	<u>\$ 84,959</u>	<u>\$ 68,154</u>
<u>MAINTENANCE - SERVICE CONNECTIONS</u>			
Personal Services	\$ 3,300	\$ 1,546	\$ 1,721
Employee Benefits	1,700	688	749
Operating Supplies	3,900	988	4,478
Repairs and Maintenance	800	0	1,021
	<u>\$ 9,700</u>	<u>\$ 3,222</u>	<u>\$ 7,969</u>
<u>METER - OPERATIONS</u>			
Personal Services	\$ 90,000	\$ 106,730	\$ 128,226
Employee Benefits	45,000	48,096	54,574
Operating Supplies	20,700	22,241	27,159
	<u>\$ 155,700</u>	<u>\$ 177,067</u>	<u>\$ 209,959</u>
<u>WELLS AND WELL FIELDS</u>			
Personal Services	\$ 4,700	\$ 3,346	\$ 4,722
Employee Benefits	2,500	1,360	2,735
Operating Supplies	5,700	13,328	1,962
Contractual Services	25,000	17,128	15,348
Repairs and Maintenance	12,800	10,778	5,573
Special Projects	0	0	10,000
	<u>\$ 50,700</u>	<u>\$ 45,940</u>	<u>\$ 40,340</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>NEW SERVICES</u>			
Personal Services	\$ 1,500	\$ 3,943	\$ 5,842
Employee Benefits	800	1,821	2,438
Operating Supplies	18,000	9,605	5,834
Contractual Services	1,200	1,636	0
	<u>\$ 21,500</u>	<u>\$ 17,005</u>	<u>\$ 14,114</u>
<u>PRELIMINARY TREATMENT</u>			
Personal Services	\$ 10,000	\$ 9,110	\$ 12,205
Employee Benefits	5,000	3,903	6,253
Operating Supplies	800	114	207
Utilities	2,400	2,896	2,707
Repairs and Maintenance	2,000	1,368	90
	<u>\$ 20,200</u>	<u>\$ 17,391</u>	<u>\$ 21,462</u>
<u>PRIMARY TREATMENT</u>			
Personal Services	\$ 10,000	\$ 10,423	\$ 12,955
Employee Benefits	5,000	4,495	6,549
Operating Supplies	3,000	114	416
Repairs and Maintenance	2,000	138	503
	<u>\$ 20,000</u>	<u>\$ 15,170</u>	<u>\$ 20,423</u>
<u>SECONDARY TREATMENT</u>			
Personal Services	\$ 12,000	\$ 8,859	\$ 11,367
Employee Benefits	6,000	3,732	5,911
Operating Supplies	1,400	114	983
Utilities	54,000	72,401	67,681
Repairs and Maintenance	4,200	1,583	7,413
	<u>\$ 77,600</u>	<u>\$ 86,689</u>	<u>\$ 93,355</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>TERTIARY TREATMENT</u>			
Personal Services	\$ 13,000	\$ 8,391	\$ 10,428
Employee Benefits	6,600	3,643	5,311
Operating Supplies	7,400	114	5,121
Utilities	35,000	49,176	44,306
Repairs and Maintenance	8,500	718	7,979
	<u>\$ 70,500</u>	<u>\$ 62,042</u>	<u>\$ 73,145</u>
<u>SLUDGE TREATMENT AND DISPOSAL</u>			
Personal Services	\$ 24,000	\$ 18,870	\$ 20,576
Employee Benefits	12,000	8,009	10,045
Operating Supplies	3,400	114	1,623
Laboratory Control	5,500	3,140	5,467
Injection Contract Costs	45,000	41,238	50,007
Utilities	20,000	20,556	16,003
Repairs and Maintenance	7,000	118	3,324
	<u>\$ 116,900</u>	<u>\$ 92,045</u>	<u>\$ 107,045</u>
<u>NUTRIENT REMOVAL</u>			
Personal Services	\$ 9,100	\$ 7,976	\$ 9,178
Employee Benefits	4,500	3,544	4,664
Operating Supplies	700	973	207
Chemicals	41,000	41,818	42,263
Repairs and Maintenance	5,400	6,727	3,737
	<u>\$ 60,700</u>	<u>\$ 61,038</u>	<u>\$ 60,049</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>EFFLUENT DISPOSAL</u>			
Personal Services	\$ 12,000	\$ 9,062	\$ 12,388
Employee Benefits	6,000	3,862	6,367
Operating Supplies	2,500	2,967	1,935
Plant Lab Supplies	8,000	506	4,351
Chemicals	500	353	0
Laboratory Control	11,000	9,337	9,500
Utilities	11,500	14,480	13,536
Repairs and Maintenance	4,000	4,037	2,963
	<u>\$ 55,500</u>	<u>\$ 44,604</u>	<u>\$ 51,040</u>
<u>INDUSTRIAL SURVEILLANCE</u>			
Personal Services	\$ 10,400	\$ 10,349	\$ 11,011
Employee Benefits	5,200	4,630	4,831
Operating Supplies	1,200	740	711
Laboratory Control	4,000	2,151	2,398
Repairs and Maintenance	100	0	0
	<u>\$ 20,900</u>	<u>\$ 17,870</u>	<u>\$ 18,951</u>
<u>BUILDINGS AND GROUNDS</u>			
Personal Services	\$ 94,500	\$ 140,694	\$ 120,483
Employee Benefits	43,000	58,015	51,814
Operating Supplies	24,500	35,084	33,655
Utilities	20,000	13,221	15,657
Repairs and Maintenance	15,000	8,942	5,666
	<u>\$ 197,000</u>	<u>\$ 255,956</u>	<u>\$ 227,275</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>SANITARY SEWERS</u>			
Personal Services	\$ 33,500	\$ 20,706	\$ 24,915
Employee Benefits	16,600	8,853	6,335
Operating Supplies	10,500	5,699	9,032
Contractual Services	11,100	8,574	750
Repairs and Maintenance	1,000	0	546
	<u>\$ 72,700</u>	<u>\$ 43,832</u>	<u>\$ 41,578</u>
<u>LIFT STATIONS</u>			
Personal Services	\$ 18,100	\$ 18,359	\$ 16,723
Employee Benefits	9,100	8,076	8,037
Operating Supplies	9,500	11,974	7,786
Disposal Fees	1,800	1,288	1,660
Utilities	38,200	38,216	37,882
Repairs and Maintenance	12,000	18,850	12,961
	<u>\$ 88,700</u>	<u>\$ 96,763</u>	<u>\$ 85,049</u>
<u>VEHICLES - WATER</u>			
Personal Services	\$ 1,000	\$ 323	\$ 695
Employee Benefits	500	144	339
Operating Supplies	500	1,248	1,768
Fuel and Oil	6,200	14,202	11,285
Repairs and Maintenance	4,300	8,569	2,337
	<u>\$ 12,500</u>	<u>\$ 24,486</u>	<u>\$ 16,424</u>

CITY OF CADILLAC, MICHIGAN
WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>VEHICLES - DISTRIBUTION</u>			
Personal Services	\$ 800	\$ 0	\$ 226
Employee Benefits	400	0	33
Operating Supplies	1,200	3,222	2,976
Fuel and Oil	17,500	20,185	13,951
Repairs and Maintenance	15,000	17,321	17,783
	<u>\$ 34,900</u>	<u>\$ 40,728</u>	<u>\$ 34,969</u>
<u>LABORATORY</u>			
Personal Services	\$ 36,200	\$ 33,091	\$ 32,985
Employee Benefits	19,000	13,996	16,554
Operating Supplies	26,900	26,852	25,045
Repairs and Maintenance	8,700	3,480	5,439
Equipment Rental	1,000	522	453
Research and Development	2,500	844	675
	<u>\$ 94,300</u>	<u>\$ 78,785</u>	<u>\$ 81,151</u>
<u>OTHER EXPENSE</u>			
Depreciation and Amortization	\$ 925,000	\$ 876,513	\$ 906,837
TOTAL OPERATING EXPENSES	<u><u>\$ 3,481,000</u></u>	<u><u>\$ 3,423,199</u></u>	<u><u>\$ 3,476,718</u></u>

CITY OF CADILLAC, MICHIGAN
BUILDING AUTHORITY OPERATING FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	2012	2011
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 131,584	\$ 121,057
Investments	175	175
Total Current Assets	\$ 131,759	\$ 121,232
 <u>NONCURRENT ASSETS</u>		
<u>CAPITAL ASSETS</u>		
Improvements Other Than Buildings	\$ 90,445	\$ 90,445
Buildings	1,735,427	1,735,427
Less Accumulated Depreciation	570,643	534,235
Net Capital Assets	\$ 1,255,229	\$ 1,291,637
 <u>OTHER ASSETS</u>		
Deferred Charge - Bond Issuance Costs	3,773	5,816
Total Noncurrent Assets	\$ 1,259,002	\$ 1,297,453
TOTAL ASSETS	\$ 1,390,761	\$ 1,418,685

	<u>2012</u>	<u>2011</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 8,649	\$ 341
Accrued Interest	6,095	7,418
Current Portion of Revenue Bonds	125,000	115,000
	<hr/>	<hr/>
Total Current Liabilities	\$ 139,744	\$ 122,759
<u>LONG-TERM LIABILITIES</u>		
1999 Revenue Refunding Bonds	405,000	530,000
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 544,744	\$ 652,759
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 725,229	\$ 646,637
Unrestricted	120,788	119,289
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TOTAL NET ASSETS	\$ 846,017	\$ 765,926
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CITY OF CADILLAC, MICHIGAN
BUILDING AUTHORITY OPERATING FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	2012	2011
<u>OPERATING REVENUES</u>		
Building Rental	\$ 193,704	\$ 195,870
<u>OPERATING EXPENSES</u>		
Contractual Services	\$ 28,413	\$ 19,152
Audit	800	700
Insurance	0	453
Building Maintenance	11,894	8,328
Utilities	3,037	3,274
Depreciation and Amortization	38,451	38,840
Administration	5,000	5,000
Total Operating Expenses	\$ 87,595	\$ 75,747
Operating Income (Loss)	\$ 106,109	\$ 120,123
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	\$ 24	\$ 37
Interest Expense	(26,042)	(31,221)
Total Nonoperating Revenues (Expenses)	\$ (26,018)	\$ (31,184)
Change in Net Assets	\$ 80,091	\$ 88,939
<u>TOTAL NET ASSETS - Beginning of Year</u>	765,926	676,987
<u>TOTAL NET ASSETS - End of Year</u>	\$ 846,017	\$ 765,926

CITY OF CADILLAC, MICHIGAN
BUILDING AUTHORITY OPERATING FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 193,704	\$ 195,870
Cash Payments to Suppliers for Goods and Services	(40,836)	(37,513)
Net Cash Provided (Used) by Operating Activities	<u>\$ 152,868</u>	<u>\$ 158,357</u>
Cash Flows from Capital and Related Financing Activities:		
Principal Paid	\$ (115,000)	\$ (115,000)
Interest Paid	(27,365)	(32,471)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>\$ (142,365)</u>	<u>\$ (147,471)</u>
Cash Flows from Investing Activities:		
Interest Received	\$ 24	\$ 37
Proceeds from Sale and Maturities of Investment Securities	0	53,500
Net Cash Provided (Used) by Investing Activities	<u>\$ 24</u>	<u>\$ 53,537</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 10,527	\$ 64,423
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<u>121,057</u>	<u>56,634</u>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u>\$ 131,584</u>	<u>\$ 121,057</u>

CITY OF CADILLAC, MICHIGAN
BUILDING AUTHORITY OPERATING FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	<u>\$ 106,109</u>	<u>\$ 120,123</u>
Adjustments to Reconcile Operating Income		
To Net Cash Provided by Operating Activities:		
Depreciation and Amortization	\$ 38,451	\$ 38,840
Increase (Decrease) in Current Liabilities		
Accounts Payable	<u>8,308</u>	<u>(606)</u>
Total Adjustments	<u>\$ 46,759</u>	<u>\$ 38,234</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 152,868</u></u>	<u><u>\$ 158,357</u></u>

CITY OF CADILLAC, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING BALANCE SHEET

JUNE 30, 2012

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>
<u>ASSETS</u>			
Cash	\$ 269,856	\$ 24,917	\$ 257,397
Investments	931,717	216,541	417,505
Receivables			
Taxes	250	0	0
Mortgages and Notes	142,576	0	0
Accrued Interest	1,224	1,477	7,284
Special Assessments			
Current	0	5,371	39,571
Deferred	0	15,887	96,409
Due from Other Funds	6,507	1,479	0
Advance to Other Funds	350,000	0	0
Prepaid Expenditures	1,216	0	0
TOTAL ASSETS	\$ 1,703,346	\$ 265,672	\$ 818,166
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 40,378	\$ 0	\$ 0
Accrued Expenditures	649	0	0
Due to Other Funds	5,379	5,345	1,346
Deferred Revenue	76,935	15,887	96,409
Total Liabilities	\$ 123,341	\$ 21,232	\$ 97,755
<u>FUND BALANCE</u>			
Nonspendable	\$ 417,025	\$ 0	\$ 0
Restricted	70,171	244,440	281,154
Assigned	1,103,543	0	439,257
Unassigned	(10,734)	0	0
Total Fund Balance	\$ 1,580,005	\$ 244,440	\$ 720,411
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,703,346	\$ 265,672	\$ 818,166

PERMANENT			
FUNDS		TOTALS	
\$	147,755	\$	699,925
	973,397		2,539,160
	0		250
	0		142,576
	0		9,985
	0		44,942
	0		112,296
	0		7,986
	0		350,000
	0		1,216
<u>\$</u>	<u>1,121,152</u>	<u>\$</u>	<u>3,908,336</u>

\$	0	\$	40,378
	0		649
	0		12,070
	0		189,231
<u>\$</u>	<u>0</u>	<u>\$</u>	<u>242,328</u>

\$	756,666	\$	1,173,691
	364,486		960,251
	0		1,542,800
	0		(10,734)
<u>\$</u>	<u>1,121,152</u>	<u>\$</u>	<u>3,666,008</u>

<u>\$</u>	<u>1,121,152</u>	<u>\$</u>	<u>3,908,336</u>
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CITY OF CADILLAC, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS
<u>REVENUES</u>			
Taxes and Special Assessments	\$ 128,393	\$ 6,126	\$ 44,853
Contributions from Local Units	0	33,700	0
Charges for Services	55,553	0	0
Interest and Rents	35,203	4,368	11,368
Gain (Loss) on Investments	0	0	0
Other Revenue	26,930	0	0
	<hr/>		
Total Revenues	\$ 246,079	\$ 44,194	\$ 56,221
<u>EXPENDITURES</u>			
General Government	\$ 156,085	\$ 0	\$ 0
Culture and Recreation	94,169	0	0
Community and Economic Development	55,586	0	0
Capital Outlay	0	0	4,114
Debt Service	0	219,071	17,721
	<hr/>		
Total Expenditures	\$ 305,840	\$ 219,071	\$ 21,835
Excess (Deficiency) of Revenues Over Expenditures	\$ (59,761)	\$ (174,877)	\$ 34,386
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 75,000	\$ 244,768	\$ 0
Transfers Out	0	(121,968)	0
	<hr/>		
Total Other Financing Sources (Uses)	\$ 75,000	\$ 122,800	\$ 0
Net Change in Fund Balances	\$ 15,239	\$ (52,077)	\$ 34,386
<u>FUND BALANCES - Beginning of Year</u>	1,564,766	296,517	686,025
	<hr/>		
<u>FUND BALANCES - End of Year</u>	\$ 1,580,005	\$ 244,440	\$ 720,411
	<hr/> <hr/>		

PERMANENT		
FUNDS	TOTALS	
\$ 0	\$ 179,372	
0	33,700	
0	55,553	
44,264	95,203	
(17,101)	(17,101)	
7,675	34,605	
<u>\$ 34,838</u>	<u>\$ 381,332</u>	
\$ 1,600	\$ 157,685	
0	94,169	
0	55,586	
0	4,114	
0	236,792	
<u>\$ 1,600</u>	<u>\$ 548,346</u>	
<u>\$ 33,238</u>	<u>\$ (167,014)</u>	
\$ 0	\$ 319,768	
(25,000)	(146,968)	
<u>\$ (25,000)</u>	<u>\$ 172,800</u>	
\$ 8,238	\$ 5,786	
1,112,914	3,660,222	
<u>\$ 1,121,152</u>	<u>\$ 3,666,008</u>	

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NONMAJOR SPECIAL REVENUE FUNDS

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

Nonmajor Special Revenue Funds in the City of Cadillac include:

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 until it was sold on a land contract.

Cadillac Development Fund - This fund was established with grant monies from an Urban Development Action Grant to assist in economic development. As loans are repaid, money is made available for new loans.

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

Clam River Greenway Fund - This fund was established to account for the ecological and scenic development of the Clam River Greenway.

Milfoil Eradication Fund - This fund was established to account for milfoil eradication efforts in Lake Cadillac.

CITY OF CADILLAC, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	<u>CEMETERY</u>	<u>H.L. GREEN</u>	<u>CADILLAC</u>
	<u>OPERATING</u>	<u>OPERATING</u>	<u>DEVELOPMENT</u>
<u>ASSETS</u>			
Cash	\$ 4,223	\$ 99,012	\$ 48,470
Investments	0	0	931,686
Receivables			
Taxes Receivable	0	0	0
Mortgages, Notes and Land Contracts	0	17,295	125,281
Accrued Interest	0	0	1,224
Due from Other Funds	5,800	0	0
Advance to Other Funds	0	0	350,000
Prepaid Expenditures	1,150	0	66
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 11,173	\$ 116,307	\$ 1,456,727
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 4,751	\$ 0	\$ 0
Accrued Expenditures	649	0	0
Due to Other Funds	5,379	0	0
Deferred Revenue	0	17,295	59,472
	<hr/>	<hr/>	<hr/>
Total Liabilities	\$ 10,779	\$ 17,295	\$ 59,472
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>FUND BALANCES</u>			
Nonspendable:			
Prepaid Expenditures	\$ 1,150	\$ 0	\$ 66
Notes Receivable	0	0	65,809
Advances	0	0	350,000
Restricted:			
Capital Improvements	9,978	0	0
Parks and Recreation	0	0	0
Milfoil Eradication	0	0	0
Assigned:			
H.L. Green Building Operations	0	99,012	0
Future Economic Development Loans	0	0	981,380
Roof Replacement	0	0	0
Unassigned	(10,734)	0	0
	<hr/>	<hr/>	<hr/>
Total Fund Balances	\$ 394	\$ 99,012	\$ 1,397,255
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,173	\$ 116,307	\$ 1,456,727
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NAVAL RESERVE CENTER	CLAM RIVER GREENWAY	MILFOIL ERADICATION	TOTALS
\$ 23,781	\$ 19,051	\$ 75,319	\$ 269,856
0	0	31	931,717
0	0	250	250
0	0	0	142,576
0	0	0	1,224
0	0	707	6,507
0	0	0	350,000
0	0	0	1,216
<u>\$ 23,781</u>	<u>\$ 19,051</u>	<u>\$ 76,307</u>	<u>\$ 1,703,346</u>

\$ 630	\$ 0	\$ 34,997	\$ 40,378
0	0	0	649
0	0	0	5,379
0	0	168	76,935
<u>\$ 630</u>	<u>\$ 0</u>	<u>\$ 35,165</u>	<u>\$ 123,341</u>

\$ 0	\$ 0	\$ 0	\$ 1,216
0	0	0	65,809
0	0	0	350,000
0	0	0	9,978
0	19,051	0	19,051
0	0	41,142	41,142
0	0	0	99,012
0	0	0	981,380
23,151	0	0	23,151
0	0	0	(10,734)
<u>\$ 23,151</u>	<u>\$ 19,051</u>	<u>\$ 41,142</u>	<u>\$ 1,580,005</u>

<u>\$ 23,781</u>	<u>\$ 19,051</u>	<u>\$ 76,307</u>	<u>\$ 1,703,346</u>
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CITY OF CADILLAC, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	<u>CEMETERY OPERATING</u>	<u>H.L. GREEN OPERATING</u>	<u>CADILLAC DEVELOPMENT</u>
<u>REVENUES</u>			
Property Taxes	\$ 0	\$ 0	\$ 0
Charges for Services	55,553	0	0
Interest and Rents	0	971	23,477
Other Revenue	0	26,530	400
Total Revenues	<u>\$ 55,553</u>	<u>\$ 27,501</u>	<u>\$ 23,877</u>
<u>EXPENDITURES</u>			
General Government	\$ 132,193	\$ 0	\$ 0
Cultural and Recreation	0	0	0
Community and Economic Development	0	500	55,086
Total Expenditures	<u>\$ 132,193</u>	<u>\$ 500</u>	<u>\$ 55,086</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (76,640)	\$ 27,001	\$ (31,209)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	75,000	0	0
Net Change in Fund Balances	\$ (1,640)	\$ 27,001	\$ (31,209)
<u>FUND BALANCES</u> - Beginning of Year	<u>2,034</u>	<u>72,011</u>	<u>1,428,464</u>
<u>FUND BALANCES</u> - End of Year	<u>\$ 394</u>	<u>\$ 99,012</u>	<u>\$ 1,397,255</u>

NAVAL RESERVE CENTER	CLAM RIVER GREENWAY	MILFOIL ERADICATION	TOTALS
\$ 0	\$ 0	\$ 128,393	\$ 128,393
0	0	0	55,553
10,274	5	476	35,203
0	0	0	26,930
\$ 10,274	\$ 5	\$ 128,869	\$ 246,079
\$ 23,892	\$ 0	\$ 0	\$ 156,085
0	0	94,169	94,169
0	0	0	55,586
\$ 23,892	\$ 0	\$ 94,169	\$ 305,840
\$ (13,618)	\$ 5	\$ 34,700	\$ (59,761)
0	0	0	75,000
\$ (13,618)	\$ 5	\$ 34,700	\$ 15,239
36,769	19,046	6,442	1,564,766
\$ 23,151	\$ 19,051	\$ 41,142	\$ 1,580,005

CITY OF CADILLAC, MICHIGAN
CEMETERY OPERATING FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 4,223	\$ 2,274
Due from Other Funds	5,800	5,800
Prepaid Expenditures	1,150	303
	\$ 11,173	\$ 8,377
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 4,751	\$ 3,138
Accrued Expenditures	649	3,205
Due to Other Funds	5,379	0
	\$ 10,779	\$ 6,343
<u>FUND BALANCE</u>		
Nonspendable:		
Prepaid Expenditures	\$ 1,150	\$ 303
Restricted:		
Capital Improvements	9,978	9,803
Unassigned	(10,734)	(8,072)
	\$ 394	\$ 2,034
	\$ 11,173	\$ 8,377

CITY OF CADILLAC, MICHIGAN
CEMETERY OPERATING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Charges for Services			
Sale of Lots and Burial Rights	\$ 9,800	\$ 7,025	\$ 8,312
Grave Openings and Storage	33,000	40,855	33,000
Foundations and Miscellaneous	8,400	7,673	9,543
Total Revenues	<u>\$ 51,200</u>	<u>\$ 55,553</u>	<u>\$ 50,855</u>
<u>EXPENDITURES</u>			
General Government			
Personal Services	\$ 60,800	\$ 58,985	\$ 63,389
Employee Benefits	24,000	25,519	20,560
Operating Supplies	10,400	15,363	14,951
Audit	500	500	450
Data Processing	1,000	0	2,500
Insurance	100	0	65
Travel and Education	400	243	253
Utilities	10,100	11,519	10,325
Repairs and Maintenance	5,300	4,075	3,637
Equipment Rental	3,800	4,973	4,414
Administration	8,500	0	2,700
Capital Outlay	8,500	11,016	0
Total Expenditures	<u>\$ 133,400</u>	<u>\$ 132,193</u>	<u>\$ 123,244</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (82,200)</u>	<u>\$ (76,640)</u>	<u>\$ (72,389)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
General Fund	\$ 75,000	\$ 75,000	\$ 72,400
Cemetery Perpetual Care Fund	7,500	0	0
Total Other Financing Sources	<u>\$ 82,500</u>	<u>\$ 75,000</u>	<u>\$ 72,400</u>
Net Change In Fund Balance	<u>\$ 300</u>	<u>\$ (1,640)</u>	<u>\$ 11</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>2,034</u>	<u>2,034</u>	<u>2,023</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 2,334</u>	<u>\$ 394</u>	<u>\$ 2,034</u>

CITY OF CADILLAC, MICHIGAN
H.L. GREEN OPERATING FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 99,012	\$ 90,908
Note Receivable	17,295	43,825
	<hr/>	<hr/>
TOTAL ASSETS	\$ 116,307	\$ 134,733
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 18,897
Deferred Revenue	17,295	43,825
	<hr/>	<hr/>
Total Liabilities	\$ 17,295	\$ 62,722
 <u>FUND BALANCE</u>		
Assigned:		
H.L. Green Building Operations	99,012	72,011
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 116,307	\$ 134,733
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
H.L. GREEN OPERATING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	2012		2011
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Interest and Rents			
Interest on Installment Note	\$ 1,200	\$ 971	\$ 1,980
Other Revenue			
Note Principal Collections	26,500	26,530	28,055
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 27,700	\$ 27,501	\$ 30,035
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Community and Economic Development			
Audit	\$ 500	\$ 500	\$ 450
Debt Service			
Principal Payments	0	0	18,897
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 500	\$ 500	\$ 19,347
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 27,200	\$ 27,001	\$ 10,688
<u>FUND BALANCE - Beginning of Year</u>	<hr/>	<hr/>	<hr/>
	72,011	72,011	61,323
<u>FUND BALANCE - End of Year</u>	<hr/>	<hr/>	<hr/>
	\$ 99,211	\$ 99,012	\$ 72,011
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CADILLAC DEVELOPMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 48,470	\$ 64,658
Investments	931,686	905,543
Receivables		
Notes	65,809	86,786
Mortgages	59,472	59,872
Accrued Interest	1,224	22,207
Advance to Other Funds	350,000	350,000
Prepaid Expenditures	66	160
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,456,727</u>	<u>\$ 1,489,226</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accrued Expenditures	\$ 0	\$ 890
Deferred Revenues		
Installment Notes and Mortgages	59,472	59,872
	<hr/>	<hr/>
Total Liabilities	<u>\$ 59,472</u>	<u>\$ 60,762</u>
<u>FUND BALANCE</u>		
Nonspendable:		
Prepaid Expenditures	\$ 66	\$ 160
Notes Receivable	65,809	86,786
Advances	350,000	350,000
Assigned:		
Future Economic Development Loans	981,380	991,518
	<hr/>	<hr/>
Total Fund Balance	<u>\$ 1,397,255</u>	<u>\$ 1,428,464</u>
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,456,727</u>	<u>\$ 1,489,226</u>

CITY OF CADILLAC, MICHIGAN
CADILLAC DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest on Investments	\$ 35,000	\$ 23,477	\$ 41,235
Other Revenue			
Loan Principal Collections	0	400	1,571
Total Revenues	<u>\$ 35,000</u>	<u>\$ 23,877</u>	<u>\$ 42,806</u>
<u>EXPENDITURES</u>			
Community and Economic Development			
Personal Services	\$ 25,500	\$ 24,088	\$ 24,088
Employee Benefits	10,100	9,073	9,073
Audit	700	700	650
Office Supplies	400	0	221
Postage	500	0	0
Data Processing	2,000	2,000	4,500
Administrative	19,100	19,100	19,100
Travel and Education	1,000	0	0
Dues and Publications	600	125	325
Contractual Services	2,500	0	0
Total Expenditures	<u>\$ 62,400</u>	<u>\$ 55,086</u>	<u>\$ 57,957</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (27,400)	\$ (31,209)	\$ (15,151)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
Building Inspection Fund	0	0	(9,376)
Net Change in Fund Balance	\$ (27,400)	\$ (31,209)	\$ (24,527)
<u>FUND BALANCE</u> - Beginning of Year	<u>1,428,464</u>	<u>1,428,464</u>	<u>1,452,991</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,401,064</u>	<u>\$ 1,397,255</u>	<u>\$ 1,428,464</u>

CITY OF CADILLAC, MICHIGAN
NAVAL RESERVE CENTER FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 23,781	\$ 36,569
Prepaid Expenditures	0	500
TOTAL ASSETS	<u>\$ 23,781</u>	<u>\$ 37,069</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 630	\$ 300
 <u>FUND BALANCE</u>		
Nonspendable:		
Prepaid Expenditures	\$ 0	\$ 500
Assigned:		
Roof Replacement	23,151	23,508
Building Maintenance	0	12,761
Total Fund Balance	<u>\$ 23,151</u>	<u>\$ 36,769</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 23,781</u>	<u>\$ 37,069</u>

CITY OF CADILLAC, MICHIGAN
NAVAL RESERVE CENTER FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 100	\$ 9	\$ 38
Rents	7,000	10,265	5,629
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 7,100	\$ 10,274	\$ 5,667
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
General Government			
Audit	\$ 500	\$ 500	\$ 450
Insurance	700	500	453
Utilities	17,500	15,647	16,869
Building Maintenance	8,000	7,245	2,362
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 26,700	\$ 23,892	\$ 20,134
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (19,600)	\$ (13,618)	\$ (14,467)
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE</u> - Beginning of Year	36,769	36,769	51,236
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 17,169	\$ 23,151	\$ 36,769
	<hr/>	<hr/>	<hr/>

CITY OF CADILLAC, MICHIGAN
CLAM RIVER GREENWAY FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 19,051	\$ 19,046
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Restricted:		
Parks and Recreation	19,051	19,046
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,051	\$ 19,046

CITY OF CADILLAC, MICHIGAN
CLAM RIVER GREENWAY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 5	\$ 15
<u>EXPENDITURES</u>		
Cultural and Recreation		
Construction	<u> 0</u>	<u> 5,087</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 5	\$ (5,072)
<u>FUND BALANCE</u> - Beginning of Year	<u> 19,046</u>	<u> 24,118</u>
<u>FUND BALANCE</u> - End of Year	<u><u> \$ 19,051</u></u>	<u><u> \$ 19,046</u></u>

CITY OF CADILLAC, MICHIGAN
MILFOIL ERADICATION FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 75,319	\$ 6,411
Investments	31	31
Taxes Receivable	250	0
Due from Other Funds	707	0
	<hr/>	<hr/>
Total Assets	\$ 76,307	\$ 6,442
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 34,997	\$ 0
Deferred Revenue	168	0
	<hr/>	<hr/>
Total Liabilities	35,165	0
<u>FUND BALANCE</u>		
Restricted:		
Milfoil Eradication	41,142	6,442
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 76,307	\$ 6,442
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
MILFOIL ERADICATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes			
Property Taxes	\$ 120,000	\$ 128,393	\$ 0
Interest and Rents			
Interest	500	476	4
	<u>500</u>	<u>476</u>	<u>4</u>
Total Revenues	<u>\$ 120,500</u>	<u>\$ 128,869</u>	<u>\$ 4</u>
<u>EXPENDITURES</u>			
Cultural and Recreation			
Office Supplies	\$ 0	\$ 0	\$ 50
Operating Supplies	1,500	0	0
Audit	500	500	450
Contracted Services	118,500	93,669	5,250
	<u>118,500</u>	<u>93,669</u>	<u>5,250</u>
Total Expenditures	<u>\$ 120,500</u>	<u>\$ 94,169</u>	<u>\$ 5,750</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 0	\$ 34,700	\$ (5,746)
<u>FUND BALANCE</u> - Beginning of Year	<u>6,442</u>	<u>6,442</u>	<u>12,188</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 6,442</u>	<u>\$ 41,142</u>	<u>\$ 6,442</u>

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NONMAJOR DEBT SERVICE FUNDS

Nonmajor Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general obligation bond principal, interest, and related costs from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment. The accounting for this group of funds is on the modified accrual basis.

The purpose of the bonds which the various debt service funds are paying are as follows:

1996 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

1997 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of public improvements in certain special assessment districts.

1997 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

1997 Building Authority Debt Retirement Fund - A 1998 Building Authority Bond issue to construct parking lots.

2000 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of public improvements in certain special assessment districts.

2000 Michigan Transportation Fund Debt Retirement Fund - To pay the City's share of the cost of street improvements.

2002 Special Assessment Debt Retirement Fund - To pay the property owner's share of the cost of street improvements.

2004 Capital Improvement Bond Debt Retirement Fund - A 2004 General Obligation Bond issue to acquire and construct various street improvements.

CITY OF CADILLAC, MICHIGAN
NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	1996 MICHIGAN TRANSPORTATION FUND	1997 SPECIAL ASSESSMENT	1997 MICHIGAN TRANSPORTATION FUND
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 0
Investments	0	0	0
Receivables			
Accrued Interest	0	0	0
Special Assessments			
Current	0	0	0
Deferred	0	0	0
Due from Other Funds	0	0	0
TOTAL ASSETS	\$ 0	\$ 0	\$ 0
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 0	\$ 0
Deferred Revenues	0	0	0
Total Liabilities	\$ 0	\$ 0	\$ 0
 <u>FUND BALANCES</u>			
Restricted:			
Debt Service	0	0	0
TOTAL LIABILITIES AND FUND BALANCE	\$ 0	\$ 0	\$ 0

1997 BUILDING AUTHORITY	2000 SPECIAL ASSESSMENT	2000 MICHIGAN TRANSPORTATION FUND	2002 SPECIAL ASSESSMENT	2004 CAPITAL IMPROVEMENT BOND	TOTALS
\$ 1,629	\$ 786	\$ 3,571	\$ 16,417	\$ 2,514	\$ 24,917
0	216,541	0	0	0	216,541
0	623	0	854	0	1,477
0	2,192	0	3,179	0	5,371
0	4,259	0	11,628	0	15,887
0	0	0	1,479	0	1,479
<u>\$ 1,629</u>	<u>\$ 224,401</u>	<u>\$ 3,571</u>	<u>\$ 33,557</u>	<u>\$ 2,514</u>	<u>\$ 265,672</u>
\$ 0	\$ 5,345	\$ 0	\$ 0	\$ 0	\$ 5,345
0	4,259	0	11,628	0	15,887
\$ 0	\$ 9,604	\$ 0	\$ 11,628	\$ 0	\$ 21,232
1,629	214,797	3,571	21,929	2,514	244,440
<u>\$ 1,629</u>	<u>\$ 224,401</u>	<u>\$ 3,571</u>	<u>\$ 33,557</u>	<u>\$ 2,514</u>	<u>\$ 265,672</u>

CITY OF CADILLAC, MICHIGAN
NON-MAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	<u>1996</u>		<u>1997</u>		<u>1997</u>
	<u>MICHIGAN</u>		<u>SPECIAL</u>		<u>MICHIGAN</u>
	<u>TRANSPORTATION</u>		<u>ASSESSMENT</u>		<u>TRANSPORTATION</u>
	<u>FUND</u>		<u>FUND</u>		<u>FUND</u>
<u>REVENUES</u>					
Taxes and Special Assessments	\$	0	\$	0	\$
Contributions from Local Units		0		0	0
Interest and Rents		0		2,975	0
		<hr/>			
Total Revenues	\$	0	\$	2,975	\$
		<hr/>			
<u>EXPENDITURES</u>					
Debt Service					
Principal Retirement	\$	0	\$	20,000	\$
Interest and Fiscal Charges		0		845	0
Audit		0		600	0
		<hr/>			
Total Expenditures	\$	0	\$	21,445	\$
		<hr/>			
Excess (Deficiency) of Revenues Over Expenditures	\$	0	\$	(18,470)	\$
		<hr/>			
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	\$	0	\$	0	\$
Transfers Out		(782)		(121,186)	0
		<hr/>			
Total Other Financing Sources (Uses)	\$	(782)	\$	(121,186)	\$
		<hr/>			
Net Change in Fund Balances	\$	(782)	\$	(139,656)	\$
		<hr/>			
<u>FUND BALANCES</u> - Beginning of Year		782		139,656	0
		<hr/>			
<u>FUND BALANCES</u> - End of Year	\$	0	\$	0	\$
		<hr/> <hr/>			

1997 BUILDING AUTHORITY	2000 SPECIAL ASSESSMENT	2000 MICHIGAN TRANSPORTATION FUND	2002 SPECIAL ASSESSMENT	2004 CAPITAL IMPROVEMENT BOND	TOTALS
\$ 0	\$ 3,798	\$ 0	\$ 2,328	\$ 0	\$ 6,126
33,700	0	0	0	0	33,700
0	432	0	961	0	4,368
\$ 33,700	\$ 4,230	\$ 0	\$ 3,289	\$ 0	\$ 44,194
\$ 30,000	\$ 5,000	\$ 25,000	\$ 30,000	\$ 65,000	\$ 175,000
2,655	4,231	6,498	2,126	24,416	40,771
500	600	500	600	500	3,300
\$ 33,155	\$ 9,831	\$ 31,998	\$ 32,726	\$ 89,916	\$ 219,071
\$ 545	\$ (5,601)	\$ (31,998)	\$ (29,437)	\$ (89,916)	\$ (174,877)
\$ 0	\$ 121,186	\$ 33,082	\$ 0	\$ 90,500	\$ 244,768
0	0	0	0	0	(121,968)
\$ 0	\$ 121,186	\$ 33,082	\$ 0	\$ 90,500	\$ 122,800
\$ 545	\$ 115,585	\$ 1,084	\$ (29,437)	\$ 584	\$ (52,077)
1,084	99,212	2,487	51,366	1,930	296,517
\$ 1,629	\$ 214,797	\$ 3,571	\$ 21,929	\$ 2,514	\$ 244,440

CITY OF CADILLAC, MICHIGAN
1996 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 0	\$ 782
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Restricted:		
Debt Service	0	782
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	\$ 0	\$ 782

CITY OF CADILLAC, MICHIGAN
1996 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2012	2011
<u>REVENUES</u>	\$ 0	\$ 0
<u>EXPENDITURES</u>		
Debt Retirement		
Principal Retirement	\$ 0	\$ 25,000
Interest and Fiscal Charges	0	987
Audit	0	450
	\$ 0	\$ 26,437
Total Expenditures		
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (26,437)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In (Out)		
2000 MTF Debt Retirement Fund	(782)	0
Local Street Fund	0	22,700
	\$ (782)	22,700
Total Other Financing Sources (Uses)		
Net Change in Fund Balance	\$ (782)	\$ (3,737)
<u>FUND BALANCE - Beginning of Year</u>	782	4,519
<u>FUND BALANCE - End of Year</u>	\$ 0	\$ 782

CITY OF CADILLAC, MICHIGAN
1997 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 562
Investments	0	123,824
Receivables		
Accrued Interest	0	1,072
Special Assessments - Current	0	14,198
TOTAL ASSETS	\$ 0	\$ 139,656
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Restricted:		
Debt Service	0	139,656
TOTAL LIABILITIES AND FUND BALANCE	\$ 0	\$ 139,656

CITY OF CADILLAC, MICHIGAN
1997 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 0	\$ 0	\$ 15,289
Interest and Rents			
Interest on Investments	0	2,958	3,200
Interest on Assessments	0	17	892
Total Revenues	\$ 0	\$ 2,975	\$ 19,381
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 20,000	\$ 20,000	\$ 25,000
Interest and Fiscal Charges	1,200	845	2,065
Audit	600	600	600
Total Expenditures	\$ 21,800	\$ 21,445	\$ 27,665
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (21,800)	\$ (18,470)	\$ (8,284)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
2000 Special Assessment Debt Fund	\$ (115,000)	\$ (121,186)	\$ 0
Net Change in Fund Balance	\$ (136,800)	\$ (139,656)	\$ (8,284)
<u>FUND BALANCE</u> - Beginning of Year	139,656	139,656	147,940
<u>FUND BALANCE</u> - End of Year	\$ 2,856	\$ 0	\$ 139,656

CITY OF CADILLAC, MICHIGAN
1997 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 0	\$ 1,104
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 1,104
<u>FUND BALANCE</u>	0	0
TOTAL LIABILITIES AND FUND BALANCE	\$ 0	\$ 1,104

CITY OF CADILLAC, MICHIGAN
1997 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>REVENUES</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>EXPENDITURES</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF CADILLAC, MICHIGAN
1997 BUILDING AUTHORITY DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 1,629	\$ 1,084
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Restricted:		
Debt Service	1,629	1,084
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,629	\$ 1,084

CITY OF CADILLAC, MICHIGAN
1997 BUILDING AUTHORITY DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Contributions from Local Units	\$ 33,700	\$ 33,700	\$ 35,100
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 30,000	\$ 30,000	\$ 30,000
Interest and Fiscal Charges	3,200	2,655	4,207
Audit	500	500	450
Total Expenditures	\$ 33,700	\$ 33,155	\$ 34,657
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 0	\$ 545	\$ 443
<u>FUND BALANCE</u> - Beginning of Year	1,084	1,084	641
<u>FUND BALANCE</u> - End of Year	\$ 1,084	\$ 1,629	\$ 1,084

CITY OF CADILLAC, MICHIGAN
2000 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 786	\$ 3,301
Investments	216,541	90,636
Receivables		
Accrued Interest	623	2,550
Special Assessments - Current	2,192	2,725
Special Assessments - Deferred	4,259	8,051
TOTAL ASSETS	\$ 224,401	\$ 107,263
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 5,345	\$ 0
Deferred Revenues	4,259	8,051
TOTAL LIABILITIES	\$ 9,604	\$ 8,051
<u>FUND BALANCE</u>		
Restricted:		
Debt Service	214,797	99,212
TOTAL LIABILITIES AND FUND BALANCE	\$ 224,401	\$ 107,263

CITY OF CADILLAC, MICHIGAN
2000 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 2,700	\$ 3,798	\$ 2,726
Interest and Rents			
Interest on Investments	3,000	0	3,847
Interest on Assessments	500	432	710
Total Revenues	<u>\$ 6,200</u>	<u>\$ 4,230</u>	<u>\$ 7,283</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 5,000	\$ 5,000	\$ 5,000
Interest and Fiscal Charges	2,000	4,231	1,793
Audit	600	600	600
Total Expenditures	<u>\$ 7,600</u>	<u>\$ 9,831</u>	<u>\$ 7,393</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,400)	\$ (5,601)	\$ (110)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
1997 Special Assessment Debt Fund	0	121,186	\$ 0
Net Change in Fund Balance	(1,400)	115,585	(110)
<u>FUND BALANCE</u> - Beginning of Year	<u>99,212</u>	<u>99,212</u>	<u>99,322</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 97,812</u>	<u>\$ 214,797</u>	<u>\$ 99,212</u>

CITY OF CADILLAC, MICHIGAN
2000 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 3,571	\$ 1,383
Due from Other Funds	0	1,104
	\$ 3,571	\$ 2,487
TOTAL ASSETS	\$ 3,571	\$ 2,487
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Restricted:		
Debt Service	3,571	2,487
	3,571	2,487
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,571	\$ 2,487

CITY OF CADILLAC, MICHIGAN
2000 MICHIGAN TRANSPORTATION FUND DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 25,000	\$ 25,000	\$ 25,000
Interest and Fiscal Charges	6,800	6,498	7,872
Audit	500	500	450
Total Expenditures	<u>\$ 32,300</u>	<u>\$ 31,998</u>	<u>\$ 33,322</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (32,300)</u>	<u>\$ (31,998)</u>	<u>\$ (33,322)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
1996 MTF Debt Retirement Fund	782	782	0
Local Street Fund	32,300	32,300	34,000
Total Other Financing Sources (Uses)	<u>\$ 33,082</u>	<u>33,082</u>	<u>34,000</u>
Net Change in Fund Balance	\$ 0	\$ 1,084	\$ 678
<u>FUND BALANCE</u> - Beginning of Year	<u>2,487</u>	<u>2,487</u>	<u>1,809</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 2,487</u>	<u>\$ 3,571</u>	<u>\$ 2,487</u>

CITY OF CADILLAC, MICHIGAN
2002 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 16,417	\$ 39,017
Receivables		
Accrued Interest	854	1,401
Special Assessments - Current	3,179	10,000
Special Assessments - Deferred	11,628	14,807
Due from Other Funds	1,479	948
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 33,557</u>	<u>\$ 66,173</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 11,628	\$ 14,807
<u>FUND BALANCE</u>		
Restricted:		
Debt Service	21,929	51,366
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 33,557</u>	<u>\$ 66,173</u>

CITY OF CADILLAC, MICHIGAN
2002 SPECIAL ASSESSMENT DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 3,100	\$ 2,328	\$ 9,932
Interest and Rents			
Interest on Assessments	800	961	1,452
	<u>3,900</u>	<u>3,289</u>	<u>11,384</u>
Total Revenues	\$	\$	\$
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 30,000	\$ 30,000	\$ 30,000
Interest and Fiscal Charges	2,500	2,126	3,453
Audit	600	600	600
	<u>33,100</u>	<u>32,726</u>	<u>34,053</u>
Total Expenditures	\$	\$	\$
Excess (Deficiency) of			
Revenues Over Expenditures	\$ (29,200)	\$ (29,437)	\$ (22,669)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
1997 Special Assessment Debt Retirement Fund	115,000	0	69,046
	<u>85,800</u>	<u>(29,437)</u>	<u>46,377</u>
Net Change in Fund Balance	\$	\$	\$
<u>FUND BALANCE</u> - Beginning of Year	<u>51,366</u>	<u>51,366</u>	<u>4,989</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 137,166</u>	<u>\$ 21,929</u>	<u>\$ 51,366</u>

CITY OF CADILLAC, MICHIGAN
2004 CAPITAL IMPROVEMENT BONDS DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 2,514	\$ 1,430
	\$ 2,514	\$ 1,430
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Restricted:		
Debt Service	2,514	1,930
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	\$ 2,514	\$ 1,930

CITY OF CADILLAC, MICHIGAN
2004 CAPITAL IMPROVEMENT BONDS DEBT RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 0	\$ 0	\$ 0
<u>EXPENDITURES</u>			
Debt Service			
Principal Retirement	\$ 65,000	\$ 65,000	\$ 60,000
Interest and Fiscal Charges	25,000	24,416	26,450
Audit	500	500	450
Total Expenditures	<u>\$ 90,500</u>	<u>\$ 89,916</u>	<u>\$ 86,900</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (90,500)</u>	<u>\$ (89,916)</u>	<u>\$ (86,900)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
Major Street Fund	\$ 18,100	\$ 18,100	\$ 18,300
Local Street Fund	72,400	72,400	69,100
Total Other Financing Sources (Uses)	<u>\$ 90,500</u>	<u>\$ 90,500</u>	<u>\$ 87,400</u>
Net Change in Fund Balance	\$ 0	\$ 584	\$ 500
<u>FUND BALANCE - Beginning of Year</u>	<u>1,930</u>	<u>1,930</u>	<u>1,430</u>
<u>FUND BALANCE - End of Year</u>	<u><u>\$ 1,930</u></u>	<u><u>\$ 2,514</u></u>	<u><u>\$ 1,930</u></u>

NONMAJOR CAPITAL PROJECTS FUNDS

Nonmajor 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 funds is on the modified accrual basis.

Industrial Park Fund - The purpose is the acquisition and development of a 240 acre tract of land into an industrial park for light manufacturing companies. Part of the development costs of 95.5 acres have been through a Small Cities Grant from the State of Michigan Department of Commerce.

Special Assessments Capital Projects Fund - The purpose is to account for preliminary and construction work on projects that are subsequently paid from special assessments.

CITY OF CADILLAC, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	INDUSTRIAL PARK	SPECIAL ASSESSMENTS CAPITAL PROJECTS	TOTALS
<u>ASSETS</u>			
Cash	\$ 21,752	\$ 235,645	\$ 257,397
Investments	417,505	0	417,505
Receivables			
Accrued Interest	0	7,284	7,284
Special Assessments - Current	0	39,571	39,571
Special Assessments - Deferred	0	96,409	96,409
 TOTAL ASSETS	 \$ 439,257	 \$ 378,909	 \$ 818,166
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 1,346	\$ 1,346
Deferred Revenues	0	96,409	96,409
 Total Liabilities	 \$ 0	 \$ 97,755	 \$ 97,755
 <u>FUND BALANCES</u>			
Restricted for:			
Special Assessment Project Construction	\$ 0	\$ 281,154	\$ 281,154
Assigned for:			
Industrial Development	439,257	0	439,257
 Total Fund Balance	 \$ 439,257	 \$ 281,154	 \$ 720,411
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 439,257	 \$ 378,909	 \$ 818,166

CITY OF CADILLAC, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	INDUSTRIAL PARK	SPECIAL ASSESSMENTS CAPITAL PROJECTS		TOTALS
<u>REVENUES</u>				
Taxes and Special Assessments	\$ 0	\$ 44,853	\$	44,853
Interest and Rents	3,610	7,758		11,368
	<hr/>			
Total Revenues	\$ 3,610	\$ 52,611	\$	56,221
<hr/>				
<u>EXPENDITURES</u>				
Capital Outlay	\$ 2,714	\$ 1,400	\$	4,114
Debt Service	17,721	0		17,721
	<hr/>			
Total Expenditures	\$ 20,435	\$ 1,400	\$	21,835
<hr/>				
Excess (Deficiency) of Revenues Over Expenditures	\$ (16,825)	\$ 51,211	\$	34,386
<hr/>				
<u>FUND BALANCES</u> - Beginning of Year	456,082	229,943		686,025
<hr/>				
<u>FUND BALANCES</u> - End of Year	\$ 439,257	\$ 281,154	\$	720,411
<hr/> <hr/>				

CITY OF CADILLAC, MICHIGAN
INDUSTRIAL PARK FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 21,752	\$ 42,177
Investments	417,505	413,416
Accrued Interest Receivable	0	489
	<hr/>	<hr/>
TOTAL ASSETS	\$ 439,257	\$ 456,082
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Assigned for Industrial Development	439,257	456,082
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 439,257	\$ 456,082
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
INDUSTRIAL PARK FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 4,000	\$ 3,610	\$ 4,124
Other Revenue			
Sale of Property	35,000	0	0
	<hr/>		<hr/>
Total Revenues	\$ 39,000	\$ 3,610	\$ 4,124
	<hr/>		<hr/>
<u>EXPENDITURES</u>			
Capital Outlay			
Contracted Services	\$ 0	\$ 250	\$ 250
Fees and Commissions	3,500	0	0
Property Taxes	2,000	1,664	1,665
Audit	800	800	600
Debt Service			
Principal Payments	17,800	17,721	17,721
	<hr/>		<hr/>
Total Expenditures	\$ 24,100	\$ 20,435	\$ 20,236
	<hr/>		<hr/>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 14,900	\$ (16,825)	\$ (16,112)
	<hr/>		<hr/>
<u>FUND BALANCE</u> - Beginning of Year	456,082	456,082	472,194
	<hr/>		<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 470,982	\$ 439,257	\$ 456,082
	<hr/>		<hr/>

CITY OF CADILLAC, MICHIGAN
SPECIAL ASSESSMENTS CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 235,645	\$ 179,162
Receivables		
Accrued Interest	7,284	9,895
Special Assessments - Current	39,571	41,834
Special Assessments - Deferred	96,409	141,163
	\$ 378,909	\$ 372,054
TOTAL ASSETS	\$ 378,909	\$ 372,054
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 1,346	\$ 948
Deferred Revenues	96,409	141,163
	\$ 97,755	\$ 142,111
Total Liabilities	\$ 97,755	\$ 142,111
<u>FUND BALANCE</u>		
Restricted for Special Assessment Project Construction	281,154	229,943
	\$ 378,909	\$ 372,054
TOTAL LIABILITIES AND FUND BALANCE	\$ 378,909	\$ 372,054

CITY OF CADILLAC, MICHIGAN
SPECIAL ASSESSMENTS CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes and Special Assessments			
Special Assessments	\$ 41,700	\$ 44,853	\$ 46,235
Interest and Rents			
Interest on Assessments	7,700	7,699	10,361
Interest on Investments	500	59	115
	<u>500</u>	<u>7,758</u>	<u>10,476</u>
Total Revenues	\$ 49,900	\$ 52,611	\$ 56,711
<u>EXPENDITURES</u>			
Capital Outlay			
Audit	1,400	1,400	1,300
	<u>1,400</u>	<u>1,400</u>	<u>1,300</u>
Excess (Deficiency) of			
Revenues Over Expenditures	\$ 48,500	\$ 51,211	\$ 55,411
<u>FUND BALANCE - Beginning of Year</u>	<u>229,943</u>	<u>229,943</u>	<u>174,532</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 278,443</u>	<u>\$ 281,154</u>	<u>\$ 229,943</u>

NONMAJOR PERMANENT FUNDS

Nonmajor Permanent funds are 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.

In this category, the City of Cadillac administers the transactions of the:

Cemetery Perpetual Care Fund - Perpetual care of a cemetery lot is part of the purchase price. This principal amount is an endowment and the investment income 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.

CITY OF CADILLAC, MICHIGAN
NONMAJOR PERMANENT FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	<u>CEMETERY PERPETUAL CARE</u>	<u>CAPITAL PROJECTS TRUST</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash	\$ 95,167	\$ 52,588	\$ 147,755
Investments	415,303	558,094	973,397
TOTAL ASSETS	<u>\$ 510,470</u>	<u>\$ 610,682</u>	<u>\$ 1,121,152</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 <u>FUND BALANCES</u>			
Nonspendable:			
Trust Funds	\$ 245,000	\$ 0	\$ 245,000
Capital Projects Endowment	0	511,666	511,666
Restricted for:			
Cemetery Perpetual Care	265,470	0	265,470
Capital Projects	0	99,016	99,016
Total Fund Balances	<u>\$ 510,470</u>	<u>\$ 610,682</u>	<u>\$ 1,121,152</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 510,470</u>	<u>\$ 610,682</u>	<u>\$ 1,121,152</u>

CITY OF CADILLAC, MICHIGAN
NONMAJOR PERMANENT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	<u>CEMETERY PERPETUAL CARE</u>	<u>CAPITAL PROJECTS TRUST</u>	<u>TOTALS</u>
<u>REVENUES</u>			
Interest and Rents			
Interest	\$ 13,791	\$ 30,473	\$ 44,264
Gain (Loss) on Investments	(34,628)	17,527	(17,101)
Other Revenues	7,675	0	7,675
	<hr/>		
Total Revenues	\$ (13,162)	\$ 48,000	\$ 34,838
 <u>EXPENDITURES</u>			
General Government			
Audit	1,100	500	1,600
	<hr/>		
Excess (Deficiency) of Revenues Over Expenditures	\$ (14,262)	\$ 47,500	\$ 33,238
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers (Out)			
Major Street Fund	0	(25,000)	(25,000)
	<hr/>		
Net Change in Fund Balance	\$ (14,262)	\$ 22,500	\$ 8,238
 <u>FUND BALANCES - Beginning of Year</u>	 524,732	 588,182	 1,112,914
	<hr/>		
<u>FUND BALANCES - End of Year</u>	<u>\$ 510,470</u>	<u>\$ 610,682</u>	<u>\$ 1,121,152</u>

CITY OF CADILLAC, MICHIGAN
CEMETERY PERPETUAL CARE FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 95,167	\$ 88,567
Investments	415,303	436,165
	\$ 510,470	\$ 524,732
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Nonspendable, Trust Funds	245,000	245,000
Restricted for Cemetery Perpetual Care	265,470	279,732
	510,470	524,732
	\$ 510,470	\$ 524,732

CITY OF CADILLAC, MICHIGAN
CEMETERY PERPETUAL CARE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30,

	2012	2011
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 13,791	\$ 15,048
Gain (Loss) on Investments	(34,628)	54,003
Other Revenue		
Perpetual Care of Lots	7,675	8,312
Total Revenues	\$ (13,162)	\$ 77,363
<u>EXPENDITURES</u>		
General Government		
Audit	1,100	1,000
Excess (Deficiency) of Revenues Over Expenditures	\$ (14,262)	\$ 76,363
<u>FUND BALANCE</u> - Beginning of Year	524,732	448,369
<u>FUND BALANCE</u> - End of Year	\$ 510,470	\$ 524,732

CITY OF CADILLAC, MICHIGAN
CAPITAL PROJECTS TRUST FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 52,588	\$ 78,066
Investments	558,094	510,116
	<hr/>	<hr/>
TOTAL ASSETS	\$ 610,682	\$ 588,182
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
	<hr/>	<hr/>
	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Nonspendable, Capital Projects Endowment	511,666	511,666
Restricted for Capital Projects	99,016	76,516
	<hr/>	<hr/>
Total Fund Balances	610,682	588,182
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 610,682	\$ 588,182
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CAPITAL PROJECTS TRUST FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>REVENUES</u>		
Interest and Rents		
Interest	\$ 30,473	\$ 23,804
Gain (Loss) on Investments	17,527	(16,502)
	<hr/>	<hr/>
Total Revenues	\$ 48,000	\$ 7,302
 <u>EXPENDITURES</u>		
General Government		
Audit	500	450
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	\$ 47,500	\$ 6,852
 <u>OTHER FINANCING SOURCES (USES)</u>		
Transfers (Out)		
Major Street Fund	(25,000)	(20,000)
	<hr/>	<hr/>
Net Change in Fund Balance	\$ 22,500	\$ (13,148)
 <u>FUND BALANCE</u> - Beginning of Year	 <hr/>	 <hr/>
	588,182	601,330
 <u>FUND BALANCE</u> - End of Year	 <hr/>	 <hr/>
	\$ 610,682	\$ 588,182

NONMAJOR PROPRIETARY FUND

Proprietary funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges. The significant characteristic of Proprietary 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 proprietary 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 evaluate the performance of investor-owned enterprises in the same industry.

Automobile Parking System Fund - This fund accounts for operations of the on-street and off-street parking facilities within the City.

CITY OF CADILLAC, MICHIGAN

AUTOMOBILE PARKING SYSTEM

COMPARATIVE STATEMENT OF NET ASSETS

JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 16,341	\$ 43,646
Investments	126,563	125,781
Accrued Interest Receivable	0	216
Prepaid Expense	22	5
	<hr/>	<hr/>
Total Current Assets	\$ 142,926	\$ 169,648
	<hr/>	<hr/>
<u>NONCURRENT ASSETS</u>		
<u>CAPITAL ASSETS</u>		
Land	\$ 249,221	\$ 249,221
Land Improvements	561,820	561,820
	<hr/>	<hr/>
Less Accumulated Depreciation	\$ 811,041	\$ 811,041
	<hr/>	<hr/>
Net Capital Assets	\$ 560,013	\$ 576,767
	<hr/>	<hr/>
TOTAL ASSETS	\$ 702,939	\$ 746,415
	<hr/>	<hr/>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Other Accrued Expenses	\$ 0	\$ 110
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 560,013	\$ 576,767
Unrestricted	142,926	169,538
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 702,939	\$ 746,305
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
AUTOMOBILE PARKING SYSTEM

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	2012	2011
<u>OPERATING REVENUES</u>		
Charges for Services		
Parking Lot Assessments	\$ 0	\$ 33,327
Parking Violations	448	1,564
Courtesy Parking	1,114	1,373
	\$ 1,562	\$ 36,264
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 3,295	\$ 2,995
Employee Benefits	1,725	1,690
Office Supplies	163	236
Audit	700	600
Data Processing	1,500	3,000
Depreciation	16,754	16,754
Snow Removal		
Personal Services	5,528	6,830
Employee Benefits	2,696	3,085
Operating Supplies	232	60
Equipment Rental	12,679	18,987
Lot Maintenance		
Personal Services	97	48
Employee Benefits	62	21
Operating Supplies	0	13
Equipment Rental	74	25
	\$ 45,505	\$ 54,344
Total Operating Expenses		
Operating Income (Loss)	\$ (43,943)	\$ (18,080)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	577	1,211
	\$ (43,366)	\$ (16,869)
Change in Net Assets		
<u>TOTAL NET ASSETS - Beginning of Year</u>	746,305	763,174
<u>TOTAL NET ASSETS - End of Year</u>	\$ 702,939	\$ 746,305

CITY OF CADILLAC, MICHIGAN

AUTOMOBILE PARKING SYSTEM

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 1,562	\$ 36,264
Cash Payments to Suppliers for Goods and Services	(19,848)	(27,715)
Cash Payments to Employees for Services	(9,030)	(9,904)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ (27,316)	\$ (1,355)
	<hr/>	<hr/>
Cash Flows from Investing Activities:		
Interest Received	\$ 793	\$ 995
Purchase of Investment Securities	(782)	(44,674)
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ 11	\$ (43,679)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (27,305)	\$ (45,034)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<hr/> 43,646	<hr/> 88,680
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<hr/> \$ 16,341	<hr/> \$ 43,646

CITY OF CADILLAC, MICHIGAN

AUTOMOBILE PARKING SYSTEM

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (43,943)	\$ (18,080)
Adjustments to Reconcile Operating Income		
To Net Cash Provided by Operating Activities:		
Depreciation	\$ 16,754	\$ 16,754
(Increase) Decrease in Current Assets		
Prepaid Expense	(17)	2
Increase (Decrease) in Current Liabilities		
Other Accrued Expenses	(110)	(31)
Total Adjustments	\$ 16,627	\$ 16,725
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (27,316)</u>	<u>\$ (1,355)</u>

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'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, Information Technology 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.

Information Technology Fund - Provides computer services to the various other funds that use the City's network.

Self-Insurance Fund - Is 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 organizations.

CITY OF CADILLAC, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>CENTRAL STORES AND MUNICIPAL GARAGE</u>	<u>INFORMATION TECHNOLOGY</u>
<u>ASSETS</u>		
Cash	\$ 4,076	\$ 120,045
Investments	0	0
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Accounts	10,283	0
Accrued Interest	0	0
Due from Other Funds	5,379	0
Inventory, At Cost	89,395	0
Prepaid Expenses	12,501	23
Capital Assets (Net of Accumulated Depreciation)	619,989	221,804
	\$ 741,623	\$ 341,872
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 24,697	\$ 581
Other Accrued Expenses	38,416	2,206
	\$ 63,113	\$ 2,787
<u>LONG-TERM LIABILITIES</u>		
Advance from Other Funds	350,000	0
	\$ 413,113	\$ 2,787
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 619,989	\$ 221,804
Restricted for:		
Retirees' Life Insurance	0	0
Employees' Life and Health Insurance	0	0
Unrestricted (Deficit)	(291,479)	117,281
	\$ 328,510	\$ 339,085

SELF- INSURANCE	SAFETY	TOTALS
\$ 12,871	\$ 5,312	\$ 142,304
1,141,131	0	1,141,131
0	0	10,283
8,258	0	8,258
0	0	5,379
0	0	89,395
68,440	0	80,964
0	0	841,793
<u>\$ 1,230,700</u>	<u>\$ 5,312</u>	<u>\$ 2,319,507</u>
\$ 66,754	\$ 241	\$ 92,273
0	0	40,622
<u>\$ 66,754</u>	<u>\$ 241</u>	<u>\$ 132,895</u>
0	0	350,000
<u>\$ 66,754</u>	<u>\$ 241</u>	<u>\$ 482,895</u>
\$ 0	\$ 0	\$ 841,793
173,866	0	173,866
990,080	0	990,080
0	5,071	(169,127)
<u>\$ 1,163,946</u>	<u>\$ 5,071</u>	<u>\$ 1,836,612</u>

CITY OF CADILLAC, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2012

	CENTRAL STORES AND MUNICIPAL GARAGE	INFORMATION TECHNOLOGY
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 451,001	\$ 255,000
Other Revenue	0	0
Total Operating Revenues	\$ 451,001	\$ 255,000
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 108,807	\$ 8,562
Contractual Services	66,427	146,724
Supplies	121,251	7,274
Utilities	20,194	468
Depreciation	111,734	60,617
Employee Benefits	60,639	3,455
Benefit Payments	0	0
Equipment Rental	8,733	0
Administrative	30,100	30,000
Total Operating Expenses	\$ 527,885	\$ 257,100
Operating Income (Loss)	\$ (76,884)	\$ (2,100)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Gain on Sale of Capital Assets	\$ 135	\$ 0
Interest Revenue	0	16
Interest Expense	(18,616)	0
Total Nonoperating Revenues (Expenses)	\$ (18,481)	\$ 16
Changes In Net Assets	\$ (95,365)	\$ (2,084)
<u>TOTAL NET ASSETS</u> - Beginning of Year	423,875	341,169
<u>TOTAL NET ASSETS</u> - End of Year	\$ 328,510	\$ 339,085

SELF- INSURANCE	SAFETY	TOTALS
\$ 872,309	\$ 11,300	\$ 1,589,610
108,542	0	108,542
<u>\$ 980,851</u>	<u>\$ 11,300</u>	<u>\$ 1,698,152</u>
\$ 0	\$ 2,993	\$ 120,362
24,011	2,198	239,360
0	2,703	131,228
0	0	20,662
0	0	172,351
0	0	64,094
1,015,990	0	1,015,990
0	0	8,733
0	0	60,100
<u>\$ 1,040,001</u>	<u>\$ 7,894</u>	<u>\$ 1,832,880</u>
<u>\$ (59,150)</u>	<u>\$ 3,406</u>	<u>\$ (134,728)</u>
\$ 0	\$ 0	135
4,562	0	4,578
0	0	(18,616)
<u>\$ 4,562</u>	<u>\$ 0</u>	<u>\$ (13,903)</u>
\$ (54,588)	\$ 3,406	\$ (148,631)
1,218,534	1,665	1,985,243
<u>\$ 1,163,946</u>	<u>\$ 5,071</u>	<u>\$ 1,836,612</u>

CITY OF CADILLAC, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2012

	<u>CENTRAL</u>	<u>STORES AND</u>
	<u>MUNICIPAL</u>	<u>INFORMATION</u>
	<u>GARAGE</u>	<u>TECHNOLOGY</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Interfund Services		
Provided and Used	\$ 459,546	\$ 255,000
Cash Payments to Suppliers for Goods and Services	(295,342)	(195,177)
Cash Payments to Employees for Services	(118,617)	(8,527)
Net Cash Provided (Used) by Operating Activities	<u>\$ 45,587</u>	<u>\$ 51,296</u>
Cash Flows from Capital and Related		
Financing Activities:		
Interest Paid	\$ (37,232)	\$ 0
Acquisition and Construction of Capital Assets	(7,480)	(7,828)
Proceeds from Sales of Capital Assets	135	0
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>\$ (44,577)</u>	<u>\$ (7,828)</u>
Cash Flows from Investing Activities:		
Interest Received	\$ 0	\$ 16
Proceeds from Sale and Maturities of Investment Securities	0	0
Net Cash Provided (Used) for Investing Activities	<u>\$ 0</u>	<u>\$ 16</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,010	\$ 43,484
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<u>3,066</u>	<u>76,561</u>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 4,076</u>	<u>\$ 120,045</u>

SELF- INSURANCE	SAFETY	TOTALS
\$ 980,851	\$ 11,300	\$ 1,706,697
(1,106,864)	(5,629)	(1,603,012)
0	(2,993)	(130,137)
<hr/>		
\$ (126,013)	\$ 2,678	\$ (26,452)
<hr/>		
\$ 0	\$ 0	\$ (37,232)
0	0	(15,308)
0	0	135
<hr/>		
\$ 0	\$ 0	\$ (52,405)
<hr/>		
\$ 2,774	\$ 0	\$ 2,790
97,229	0	97,229
<hr/>		
\$ 100,003	\$ 0	\$ 100,019
<hr/>		
\$ (26,010)	\$ 2,678	\$ 21,162
38,881	2,634	121,142
<hr/>		
\$ 12,871	\$ 5,312	\$ 142,304
<hr/> <hr/>		

CITY OF CADILLAC, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2012

	<u>CENTRAL</u>	<u>STORES AND</u>
	<u>MUNICIPAL</u>	<u>INFORMATION</u>
	<u>GARAGE</u>	<u>TECHNOLOGY</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u>		
<u>PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (76,884)	\$ (2,100)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	\$ 111,734	\$ 60,617
(Increase) Decrease in Current Assets		
Accounts Receivable	(2,071)	0
Due from Other Funds	10,616	0
Inventory	(11,067)	0
Prepaid Expense	13,785	283
Increase (Decrease) in Current Liabilities		
Accounts Payable	9,284	(7,539)
Other Accrued Expenses	(9,810)	35
Due to Other Funds	0	0
Total Adjustments	\$ 122,471	\$ 53,396
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 45,587	\$ 51,296

SELF- INSURANCE	SAFETY	TOTALS
\$ (59,150)	\$ 3,406	\$ (134,728)
\$ 0	\$ 0	\$ 172,351
0	0	(2,071)
0	0	10,616
0	0	(11,067)
(4,492)	0	9,576
(62,371)	0	(60,626)
0	0	(9,775)
0	(728)	(728)
\$ (66,863)	\$ (728)	\$ 108,276
\$ (126,013)	\$ 2,678	\$ (26,452)

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	2012	2011
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 4,076	\$ 3,066
Receivables		
Accounts	10,283	8,212
Due from Other Funds	5,379	15,995
Inventory, At Cost	89,395	78,328
Prepaid Expense	12,501	26,286
Total Current Assets	\$ 121,634	\$ 131,887
 <u>CAPITAL ASSETS</u>		
Land and Land Improvements	\$ 93,971	\$ 93,971
Buildings	478,181	478,181
Machinery and Equipment	1,670,591	1,663,111
	\$ 2,242,743	\$ 2,235,263
Less Accumulated Depreciation	1,622,754	1,511,020
Net Capital Assets	\$ 619,989	\$ 724,243
TOTAL ASSETS	\$ 741,623	\$ 856,130

	<u>2012</u>	<u>2011</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 24,697	\$ 15,413
Accrued Interest	0	18,616
Other Accrued Expenses	38,416	48,226
Total Current Liabilities	\$ 63,113	\$ 82,255
 <u>LONG-TERM LIABILITIES</u>		
Advance from Other Funds	350,000	350,000
TOTAL LIABILITIES	\$ 413,113	\$ 432,255
 <u>NET ASSETS</u>		
Invested in Capital Assets	\$ 619,989	\$ 724,243
Unrestricted (Deficit)	(291,479)	(300,368)
TOTAL NET ASSETS	\$ 328,510	\$ 423,875

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	2012	2011
<u>OPERATING REVENUES</u>		
Charges for Services		
Services and Materials	\$ 22,312	\$ 27,290
Equipment Rentals	428,689	519,979
Total Operating Revenues	\$ 451,001	\$ 547,269
 <u>OPERATING EXPENSES</u>		
Salaries and Wages	\$ 99,657	\$ 202,396
Employee Benefits	56,150	76,709
Contractual Services	5,674	0
Operating Supplies	118,473	121,087
Audit	2,800	2,550
Data Processing	13,500	13,500
Insurance	16,200	13,577
Property Taxes	2,000	2,000
Travel and Education	6,678	1,825
Utilities	20,194	22,189
Equipment Maintenance	14,417	20,611
Equipment Rental	1,195	404
Employee Safety	3,731	0
Depreciation	111,734	119,745
Outside Work		
Salaries and Wages	9,150	8,263
Employee Benefits	4,489	3,831
Contractual Services	475	252
Operating Supplies	2,778	2,248
Equipment Maintenance	952	3,339
Equipment Rental	7,538	6,574
Administrative	30,100	30,100
Total Operating Expenses	\$ 527,885	\$ 651,200
Operating Income (Loss)	\$ (76,884)	\$ (103,931)

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Gain on Sale of Capital Assets	\$ 135	\$ 1,706
Interest Revenue	0	2
Interest Expense	(18,616)	(18,616)
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	\$ (18,481)	\$ (16,908)
	<hr/>	<hr/>
Change in Net Assets	\$ (95,365)	\$ (120,839)
<u>TOTAL NET ASSETS</u> - Beginning of Year	<hr/> 423,875	<hr/> 544,714
<u>TOTAL NET ASSETS</u> - End of Year	<hr/> <u>\$ 328,510</u>	<hr/> <u>\$ 423,875</u>

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Interfund Services Provided and Used	\$ 459,546	\$ 563,811
Cash Payments to Suppliers for Goods and Services	(295,342)	(315,039)
Cash Payments to Employees for Services	(118,617)	(227,477)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 45,587	\$ 21,295
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities		
Interest Paid	\$ (37,232)	\$ 0
Acquisition and Construction of Capital Assets	(7,480)	(72,048)
Proceeds from Sales of Capital Assets	135	4,592
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (44,577)	\$ (67,456)
	<hr/>	<hr/>
Cash Flows from Investing Activities:		
Interest Received	\$ 0	\$ 2
Proceeds from Sale of Investment Securities	0	357
	<hr/>	<hr/>
Net Cash Provided (Used) By Investing Activities	\$ 0	\$ 359
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,010	\$ (45,802)
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<u>3,066</u>	<u>48,868</u>
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 4,076</u>	<u>\$ 3,066</u>
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
CENTRAL STORES AND MUNICIPAL GARAGE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	2012	2011
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (76,884)	\$ (103,931)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	\$ 111,734	\$ 119,745
(Increase) Decrease in Current Assets		
Accounts Receivable	(2,071)	6,827
Due from Other Funds	10,616	9,715
Inventory	(11,067)	15,548
Prepaid Expense	13,785	(9,224)
Increase (Decrease) in Current Liabilities		
Accounts Payable	9,284	(567)
Accrued Expenses	(9,810)	(16,818)
Total Adjustments	\$ 122,471	\$ 125,226
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 \$ 45,587	 \$ 21,295

CITY OF CADILLAC, MICHIGAN
INFORMATION TECHNOLOGY FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 120,045	\$ 76,561
Prepaid Expense	23	306
Total Current Assets	<u>\$ 120,068</u>	<u>\$ 76,867</u>
<u>CAPITAL ASSETS</u>		
Furniture, Fixtures and Equipment	\$ 980,805	\$ 972,977
Less Accumulated Depreciation	<u>759,001</u>	<u>698,384</u>
Net Capital Assets	<u>\$ 221,804</u>	<u>\$ 274,593</u>
TOTAL ASSETS	<u>\$ 341,872</u>	<u>\$ 351,460</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 581	\$ 8,120
Other Accrued Expenses	<u>2,206</u>	<u>2,171</u>
TOTAL LIABILITIES	<u>\$ 2,787</u>	<u>\$ 10,291</u>
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 221,804	\$ 274,593
Unrestricted	<u>117,281</u>	<u>66,576</u>
TOTAL NET ASSETS	<u><u>\$ 339,085</u></u>	<u><u>\$ 341,169</u></u>

CITY OF CADILLAC, MICHIGAN
INFORMATION TECHNOLOGY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES</u>		
Interdepartmental Billings	\$ 255,000	\$ 291,800
<u>OPERATING EXPENSES</u>		
Salaries and Wages	\$ 8,562	\$ 8,562
Employee Benefits	3,455	5,161
Audit	700	600
Insurance	300	194
Computer Programming	134,914	149,286
Telephone	468	340
Travel and Education	82	52
Office Supplies	7,274	6,712
Depreciation	60,617	67,170
Repairs and Maintenance	10,728	441
Administrative	30,000	28,600
Total Operating Expenses	\$ 257,100	\$ 267,118
Operating Income (Loss)	\$ (2,100)	\$ 24,682
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	16	10
Change In Net Assets	\$ (2,084)	\$ 24,692
<u>TOTAL NET ASSETS</u> - Beginning of Year	341,169	316,477
<u>TOTAL NET ASSETS</u> - End of Year	\$ 339,085	\$ 341,169

CITY OF CADILLAC, MICHIGAN
INFORMATION TECHNOLOGY FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	2012	2011
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Interfund Services Provided and Used	\$ 255,000	\$ 291,800
Cash Payments to Suppliers for Goods and Services	(195,177)	(184,265)
Cash Payments to Employees for Services	(8,527)	(8,579)
	\$ 51,296	\$ 98,956
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	\$ (7,828)	\$ (32,777)
Cash Flows from Investing Activities:		
Interest Received	\$ 16	\$ 10
	\$ 43,484	\$ 66,189
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	76,561	10,372
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	\$ 120,045	\$ 76,561

CITY OF CADILLAC, MICHIGAN
INFORMATION TECHNOLOGY FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	2012	2011
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (2,100)	\$ 24,682
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	\$ 60,617	\$ 67,170
(Increase) Decrease in Current Assets		
Prepaid Expense	283	296
Increase (Decrease) in Current Liabilities		
Accounts Payable	(7,539)	7,417
Other Accrued Expenses	35	(17)
	\$ 53,396	\$ 74,866
Total Adjustments		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 51,296	\$ 99,548

CITY OF CADILLAC, MICHIGAN
SELF-INSURANCE FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 12,871	\$ 38,881
Investments	1,141,131	1,238,360
Receivables		
Accrued Interest	8,258	6,470
Prepaid Expenses	68,440	63,948
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,230,700	\$ 1,347,659
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Accounts Payable	\$ 66,754	\$ 129,125
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Restricted for:		
Retirees' Life Insurance	\$ 173,866	\$ 186,366
Employees' Life and Health Insurance	990,080	1,032,168
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 1,163,946	\$ 1,218,534
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
SELF-INSURANCE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES</u>		
Charges for Services		
Employer Contributions	\$ 872,309	\$ 863,472
Other Revenue	108,542	76,410
Total Operating Revenues	\$ 980,851	\$ 939,882
<u>OPERATING EXPENSES</u>		
Contractual Services		
Administration	\$ 24,011	\$ 39,620
Benefit Payments		
Insurance Premiums	850,370	679,133
Medical Claims	105,620	166,638
Other Benefits	60,000	115,000
Total Operating Expenses	\$ 1,040,001	\$ 1,000,391
Operating Income (Loss)	\$ (59,150)	\$ (60,509)
<u>NONOPERATING REVENUES</u>		
Interest Income	4,562	25,728
Change in Net Assets	\$ (54,588)	\$ (34,781)
<u>TOTAL NET ASSETS</u> - Beginning of Year	1,218,534	1,253,315
<u>TOTAL NET ASSETS</u> - End of Year	\$ 1,163,946	\$ 1,218,534

CITY OF CADILLAC, MICHIGAN
SELF-INSURANCE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Interfund Services		
Provided and Used	\$ 980,851	\$ 940,157
Cash Payments to Suppliers for Goods and Services	(1,106,864)	(976,540)
Net Cash Provided (Used) by Operating Activities	<u>\$ (126,013)</u>	<u>\$ (36,383)</u>
Cash Flows from Investing Activities:		
Interest Received	\$ 2,774	\$ 25,098
Proceeds from Sale and Maturities of Investment Securities	97,229	29,223
Net Cash Provided (Used) by Investing Activities	<u>\$ 100,003</u>	<u>\$ 54,321</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (26,010)	\$ 17,938
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<u>38,881</u>	<u>20,943</u>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 12,871</u>	<u>\$ 38,881</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	<u>\$ (59,150)</u>	<u>\$ (60,509)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
(Increase) Decrease in Current Assets		
Accounts Receivable	\$ 0	\$ 275
Prepaid Expenses	(4,492)	(63,948)
Increase (Decrease) in Current Liabilities		
Accounts Payable	(62,371)	87,799
Total Adjustments	<u>\$ (66,863)</u>	<u>\$ 24,126</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (126,013)</u>	<u>\$ (36,383)</u>

CITY OF CADILLAC, MICHIGAN
SAFETY FUND

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 5,312	\$ 2,634
 <u>LIABILITIES</u>		
Accounts Payable	<u>241</u>	<u>969</u>
 <u>NET ASSETS</u>		
Unrestricted	<u>\$ 5,071</u>	<u>\$ 1,665</u>

CITY OF CADILLAC, MICHIGAN
SAFETY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES</u>		
Interdepartmental Billings	\$ 11,300	\$ 0
<u>OPERATING EXPENSES</u>		
Salaries and Wages	\$ 2,596	\$ 2,836
Employee Benefits	397	412
Operating Supplies	2,703	1,727
Dues and Publications	295	433
Audit	500	450
Travel and Education	1,403	680
Total Operating Expenses	<u>\$ 7,894</u>	<u>\$ 6,538</u>
Operating Income (Loss)	\$ 3,406	\$ (6,538)
<u>NONOPERATING REVENUE (EXPENSES)</u>		
Interest Revenue	<u>0</u>	<u>4</u>
Change in Net Assets	\$ 3,406	\$ (6,534)
<u>TOTAL NET ASSETS - Beginning of Year</u>	<u>1,665</u>	<u>8,199</u>
<u>TOTAL NET ASSETS - End of Year</u>	<u>\$ 5,071</u>	<u>\$ 1,665</u>

CITY OF CADILLAC, MICHIGAN
SAFETY FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	2012	2011
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Interfund Services		
Provided and Used	\$ 11,300	\$ 0
Cash Payments to Suppliers for Goods and Services	(5,629)	(2,321)
Cash Payments to Employees for Services	(2,993)	(3,248)
	\$ 2,678	\$ (5,569)
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Investing Activities		
Interest Received	0	4
	\$ 2,678	\$ (5,565)
Net Increase (Decrease) in Cash and Cash Equivalents		
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	2,634	8,199
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	\$ 5,312	\$ 2,634
 <u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 3,406	\$ (6,538)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Increase (Decrease) in Current Liabilities		
Accounts Payable	(728)	969
	\$ 2,678	\$ (5,569)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		

PENSION TRUST FUND

The Policemen and Firemen Retirement System accounts for assets of the government's public safety employees pension plan which is required to be held in trust for the members and beneficiaries.

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM

COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 457,306	\$ 562,600
Investments		
Municipal Employees' Retirement System	7,098,566	7,084,715
Due from Other Funds	232,158	53,375
	<u>\$ 7,788,030</u>	<u>\$ 7,700,690</u>
 <u>LIABILITIES</u>	 \$ 0	 \$ 0
 <u>NET ASSETS</u>		
Held in Trust for Employees' Pension Benefits	<u>\$ 7,788,030</u>	<u>\$ 7,700,690</u>

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM

COMPARATIVE STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30,

	2012	2011
<u>ADDITIONS</u>		
Contributions		
Employer	\$ 666,098	\$ 1,051,479
Employee	43,916	46,839
Total Contributions	\$ 710,014	\$ 1,098,318
Investment Income		
Interest and Dividend Income	\$ 151	\$ 161
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	20,033	1,283,435
Investment Expenses	(9,939)	(29,712)
Net Investment Income (Loss)	\$ 10,245	\$ 1,253,884
Total Additions (Deletions)	\$ 720,259	\$ 2,352,202
<u>DEDUCTIONS</u>		
Benefit Payments		
Retirement	\$ 625,919	\$ 631,266
Administrative Expenses		
Contracted Services		
Actuarial and Audit Fees	7,000	10,575
Total Deductions	\$ 632,919	\$ 641,841
Net Increase (Decrease) in Plan Assets	\$ 87,340	\$ 1,710,361
<u>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</u>		
Beginning of Year	7,700,690	5,990,329
End of Year	\$ 7,788,030	\$ 7,700,690

AGENCY FUND

The Current Tax Collection Fund functions as the property tax collection agent for the area schools and county.

CITY OF CADILLAC, MICHIGAN

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2012

	<u>BALANCE</u>			<u>BALANCE</u>
	<u>7/1/2011</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>6/30/2012</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>ASSETS</u>				
Cash	\$ 50,158	\$ 8,270,148	\$ 7,706,976	\$ 613,330
Due from Other Governments	20,588	4,290	20,588	4,290
Total Assets	<u>\$ 70,746</u>	<u>\$ 8,274,438</u>	<u>\$ 7,727,564</u>	<u>\$ 617,620</u>
<u>LIABILITIES</u>				
Due to Other Governments	\$ 65,260	\$ 7,875,257	\$ 7,716,591	\$ 223,926
Due to Other Funds	5,486	393,694	5,486	393,694
Total Liabilities	<u>\$ 70,746</u>	<u>\$ 8,268,951</u>	<u>\$ 7,722,077</u>	<u>\$ 617,620</u>

COMPONENT UNITS

MAJOR COMPONENT UNIT

L.D.F.A. Operating Fund - This fund was established to operate the groundwater cleanup facility located in the industrial park.

L.D.F.A. Capital Projects Fund - This fund was established to provide a source of revenue for the L.D.F.A. to undertake various capital and public infrastructure improvements within the L.D.F.A. district.

L.D.F.A. Utilities Fund - This fund was established to provide water utility services to the cogeneration plant located within the boundaries of the L.D.F.A.

NONMAJOR COMPONENT UNITS

Downtown Development Authority- This fund is designed to assist in the economic growth of the central business district from parking plans to mall development. A 2 mill maximum tax levy can be levied by the board when needed.

D.D.A. Capital Projects Fund - This fund was established to provide a source of revenue for the D.D.A. to undertake various capital and public infrastructure improvements within the D.D.A. district.

Economic Development Corporation - This fund was established to act as an economic development corporation for the City of Cadillac in accordance with State law.

Brownfield Redevelopment Authority - This fund identifies contaminated sites and remediates them, and provides financing to do so. This fund was established pursuant to Michigan Public Act 381 of 1996.

CITY OF CADILLAC, MICHIGAN

MAJOR AND NONMAJOR COMPONENT UNITS
COMBINING BALANCE SHEET

JUNE 30, 2012

	<u>MAJOR</u>	<u>TOTAL NONMAJOR COMPONENT</u>	
<u>ASSETS</u>	<u>L.D.F.A.</u>	<u>UNITS</u>	<u>TOTALS</u>
<u>CURRENT ASSETS</u>			
Cash	\$ 185,436	\$ 195,867	\$ 381,303
Investments	2,400,456	51,143	2,451,599
Receivables			
Accounts	3,092	0	3,092
Taxes	0	196	196
Accrued Interest	21,176	0	21,176
Due from Other Governments	98,869	113,771	212,640
Prepaid Expenditures	0	49	49
	<hr/>	<hr/>	<hr/>
TOTAL CURRENT ASSETS	\$ 2,709,029	\$ 361,026	\$ 3,070,055
<u>CAPITAL ASSETS</u>			
Investment in System	\$ 226,767	\$ 0	\$ 226,767
Less Accumulated Depreciation	77,454	0	77,454
	<hr/>	<hr/>	<hr/>
Net Capital Assets	\$ 149,313	\$ 0	\$ 149,313
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,858,342	\$ 361,026	\$ 3,219,368
<hr/>			
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 9,799	\$ 5,794	\$ 15,593
Accrued Expenditures	308	148	456
Deferred Revenue	0	174	174
Total Liabilities	<hr/>	<hr/>	<hr/>
	\$ 10,107	\$ 6,116	\$ 16,223

CITY OF CADILLAC, MICHIGAN

MAJOR AND NONMAJOR COMPONENT UNITS
COMBINING BALANCE SHEET

JUNE 30, 2012

	MAJOR L.D.F.A.	TOTAL NONMAJOR COMPONENT UNITS	TOTALS
<u>EQUITY</u>			
Net Assets			
Invested in Capital Assets	\$ 149,313	\$ 0	\$ 149,313
Unrestricted	261,164	0	261,164
Fund Balance			
Nonspendable, Prepaid Expenditures	0	49	49
Restricted for:			
Capital Projects	724,041	167,295	891,336
Ground Water Clean-up	1,713,717	0	1,713,717
Economic Development	0	187,566	187,566
Total Net Assets/Fund Balance	\$ 2,848,235	\$ 354,910	\$ 3,203,145
TOTAL LIABILITIES AND EQUITY	\$ 2,858,342	\$ 361,026	\$ 3,219,368

CITY OF CADILLAC, MICHIGAN

MAJOR AND NONMAJOR GOVERNMENTAL COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	MAJOR L.D.F.A.	TOTAL NONMAJOR COMPONENT UNITS	TOTALS
<u>REVENUES</u>			
Taxes	\$ 308,635	\$ 143,356	\$ 451,991
Interest and Rents	33,695	1,342	35,037
Other Revenues	0	6,515	6,515
Total Revenues	\$ 342,330	\$ 151,213	\$ 493,543
<u>EXPENDITURES</u>			
Economic Development	\$ 0	\$ 200,548	\$ 200,548
Public Works	246,420	0	246,420
Intergovernmental Expenditures	0	33,700	33,700
Debt Service	0	16,825	16,825
Total Expenditures	\$ 246,420	\$ 251,073	\$ 497,493
Excess (Deficiency) of Revenues Over Expenditures	\$ 95,910	\$ (99,860)	\$ (3,950)
<u>OTHER FINANCING SOURCES (USES)</u>			
Loan Proceeds	0	143,324	143,324
Net Change in Fund Balance	\$ 95,910	\$ 43,464	\$ 139,374
<u>FUND BALANCES - Beginning of Year</u>	2,341,848	311,446	2,653,294
<u>FUND BALANCES - End of Year</u>	\$ 2,437,758	\$ 354,910	\$ 2,792,668

CITY OF CADILLAC, MICHIGAN
L.D.F.A. GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2012

	OPERATING FUND	CAPITAL PROJECTS FUND	UTILITIES FUND	TOTAL
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$ 50,344	\$ 6,911	\$ 128,181	\$ 185,436
Investments	1,654,092	617,000	129,364	2,400,456
Due from Other Governments	0	98,869	0	98,869
Receivables				
Accounts	0	0	3,092	3,092
Accrued Interest	19,388	1,261	527	21,176
 Total Current Assets	 \$ 1,723,824	 \$ 724,041	 \$ 261,164	 \$ 2,709,029
<u>CAPITAL ASSETS</u>				
Investment in System	\$ 0	\$ 0	\$ 226,767	\$ 226,767
Less Accumulated Depreciation	0	0	77,454	77,454
 Net Capital Assets	 \$ 0	 \$ 0	 \$ 149,313	 \$ 149,313
 TOTAL ASSETS	 \$ 1,723,824	 \$ 724,041	 \$ 410,477	 \$ 2,858,342
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 9,799	\$ 0	\$ 0	\$ 9,799
Accrued Expenditures	308	0	0	308
 Total Liabilities	 \$ 10,107	 \$ 0	 \$ 0	 \$ 10,107
<u>EQUITY</u>				
Net Assets				
Invested in Capital Assets	\$ 0	\$ 0	\$ 149,313	\$ 149,313
Unrestricted	0	0	261,164	261,164
Fund Balance				
Restricted for:				
Capital Projects	0	724,041	0	724,041
Ground Water Cleanup	1,713,717	0	0	1,713,717
 Total Net Assets/Fund Balance	 \$ 1,713,717	 \$ 724,041	 \$ 410,477	 \$ 2,848,235
 TOTAL LIABILITIES AND EQUITY	 \$ 1,723,824	 \$ 724,041	 \$ 410,477	 \$ 2,858,342

CITY OF CADILLAC, MICHIGAN

L.D.F.A. GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	OPERATING FUND	CAPITAL PROJECTS FUND	TOTAL
<u>REVENUES</u>			
Taxes	\$ 209,766	\$ 98,869	\$ 308,635
Interest and Rents	21,418	12,277	33,695
Total Revenues	\$ 231,184	\$ 111,146	\$ 342,330
<u>EXPENDITURES</u>			
Public Works	245,920	500	246,420
Excess (Deficiency) of Revenues Over Expenditures	\$ (14,736)	\$ 110,646	\$ 95,910
<u>FUND BALANCE</u> - Beginning of Year	1,728,453	613,395	2,341,848
<u>FUND BALANCE</u> - End of Year	\$ 1,713,717	\$ 724,041	\$ 2,437,758

CITY OF CADILLAC, MICHIGAN
L.D.F.A. OPERATING FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 50,344	\$ 99,062
Investments	1,654,092	1,642,541
Receivables		
Accrued Interest	19,388	10,385
TOTAL ASSETS	<u>\$ 1,723,824</u>	<u>\$ 1,751,988</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 9,799	\$ 22,481
Accrued Expenditures	308	1,054
Total Liabilities	\$ 10,107	\$ 23,535
 <u>FUND BALANCE</u>		
Restricted for Groundwater Cleanup	1,713,717	1,728,453
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,723,824</u>	<u>\$ 1,751,988</u>

CITY OF CADILLAC, MICHIGAN
L.D.F.A. OPERATING FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	2012		2011
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes and Special Assessments			
Groundwater Cleanup Special Assessment	\$ 219,000	\$ 209,766	\$ 219,227
Interest and Rents			
Interest	25,000	21,418	17,269
Total Revenues	<u>\$ 244,000</u>	<u>\$ 231,184</u>	<u>\$ 236,496</u>
<u>EXPENDITURES</u>			
Public Works			
Personal Services	\$ 18,500	\$ 19,857	\$ 16,589
Employee Benefits	9,200	8,835	6,981
Audit	900	900	850
Legal Fees	9,500	0	0
Supplies	14,700	14,810	10,531
Contractual Services	87,200	47,826	57,010
Heat, Light and Power	125,000	146,261	142,375
Equipment Maintenance	15,500	7,431	7,630
Total Expenditures	<u>\$ 280,500</u>	<u>\$ 245,920</u>	<u>\$ 241,966</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (36,500)</u>	<u>\$ (14,736)</u>	<u>\$ (5,470)</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>1,728,453</u>	<u>1,728,453</u>	<u>1,733,923</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,691,953</u>	<u>\$ 1,713,717</u>	<u>\$ 1,728,453</u>

CITY OF CADILLAC, MICHIGAN
L.D.F.A. CAPITAL PROJECTS FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET
JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 6,911	\$ 56,956
Investments	617,000	554,841
Due from Other Governments	98,869	0
Receivables		
Accrued Interest	1,261	1,598
	\$ 724,041	\$ 613,395
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Restricted for Capital Projects	724,041	613,395
	\$ 724,041	\$ 613,395
TOTAL LIABILITIES AND FUND BALANCE		

CITY OF CADILLAC, MICHIGAN
L.D.F.A. CAPITAL PROJECTS FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2012	2011
<u>REVENUES</u>		
Taxes		
Property Taxes	\$ 98,869	\$ 103,616
Interest and Rents		
Interest	12,277	12,568
Total Revenues	\$ 111,146	\$ 116,184
 <u>EXPENDITURES</u>		
Audit	500	450
Excess (Deficiency) of Revenues Over Expenditures	\$ 110,646	\$ 115,734
 <u>FUND BALANCE</u> - Beginning of Year	 613,395	 497,661
<u>FUND BALANCE</u> - End of Year	\$ 724,041	\$ 613,395

CITY OF CADILLAC, MICHIGAN
L.D.F.A. UTILITIES FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	2012	2011
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 128,181	\$ 63,962
Investments	129,364	177,394
Receivables		
Accounts	3,092	3,522
Accrued Interest	527	594
Total Current Assets	\$ 261,164	\$ 245,472
<u>CAPITAL ASSETS</u>		
Investment in System	\$ 226,767	\$ 226,767
Less Accumulated Depreciation	77,454	72,919
Net Capital Assets	\$ 149,313	\$ 153,848
TOTAL ASSETS	\$ 410,477	\$ 399,320
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accrued Expenditures	\$ 0	\$ 143
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 149,313	\$ 153,848
Unrestricted	261,164	245,329
TOTAL NET ASSETS	\$ 410,477	\$ 399,177

CITY OF CADILLAC, MICHIGAN
L.D.F.A. UTILITIES FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES</u>		
Water Charges to Customers	\$ 18,127	\$ 20,371
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 2,317	\$ 2,573
Employee Benefits	1,058	1,069
Audit	400	450
Depreciation	4,535	4,535
Total Operating Expenses	\$ 8,310	\$ 8,627
Operating Income (Loss)	\$ 9,817	\$ 11,744
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest Revenue	1,483	2,548
Change in Net Assets	\$ 11,300	\$ 14,292
<u>NET ASSETS - Beginning of Year</u>	<u>399,177</u>	<u>384,885</u>
<u>NET ASSETS - End of Year</u>	<u>\$ 410,477</u>	<u>\$ 399,177</u>

CITY OF CADILLAC, MICHIGAN
L.D.F.A. UTILITIES FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 18,557	\$ 19,720
Cash Payments to Suppliers for Goods and Services	(400)	(450)
Cash Payments to Employees for Services	(3,518)	(3,499)
Net Cash Provided by Operating Activities	<u>\$ 14,639</u>	<u>\$ 15,771</u>
Cash Flows from Investing Activities		
Interest Received	\$ 1,550	\$ 2,390
Proceeds from Sales and Maturities	48,030	5,487
Net Cash Provided (Used) by Investing Activities	<u>\$ 49,580</u>	<u>\$ 7,877</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 64,219	\$ 23,648
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<u>63,962</u>	<u>40,314</u>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 128,181</u>	<u>\$ 63,962</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income	<u>\$ 9,817</u>	<u>\$ 11,744</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	\$ 4,535	\$ 4,535
(Increase) Decrease in Current Assets		
Accounts Receivable	430	(651)
Increase (Decrease) in Current Liabilities		
Other Accrued Expenses	(143)	143
Total Adjustments	<u>\$ 4,822</u>	<u>\$ 4,027</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 14,639</u>	<u>\$ 15,771</u>

CITY OF CADILLAC, MICHIGAN
NONMAJOR GOVERNMENTAL COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 2012

<u>ASSETS</u>	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTALS
Cash	\$ 32,138	\$ 1,167	\$ 162,562	\$ 195,867
Investment Receivables	51,143	0	0	51,143
Taxes	196	0	0	196
Due from Other Governments	104,526	0	9,245	113,771
Prepaid Expenditures	49	0	0	49
TOTAL ASSETS	\$ 188,052	\$ 1,167	\$ 171,807	\$ 361,026

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$	\$	\$	\$
Accounts Payable	5,794	0	0	5,794
Accrued Expenditures	148	0	0	148
Deferred Revenue	174	0	0	174
Total Liabilities	\$ 6,116	\$ 0	\$ 0	\$ 6,116
<u>FUND BALANCE</u>	\$	\$	\$	\$
Nonspendable, Prepaid Expenditures	49	0	0	49
Restricted for Economic Development	14,592	1,167	171,807	187,566
Restricted for Capital Projects	167,295	0	0	167,295
Total Fund Balance	\$ 181,936	\$ 1,167	\$ 171,807	\$ 354,910
TOTAL LIABILITIES AND FUND BALANCE	\$ 188,052	\$ 1,167	\$ 171,807	\$ 361,026

CITY OF CADILLAC, MICHIGAN

NONMAJOR GOVERNMENTAL COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	DOWNTOWN DEVELOPMENT AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTALS
<u>REVENUES</u>				
Taxes	\$ 134,111	\$ 0	\$ 9,245	\$ 143,356
Interest and Rents	1,294	0	48	1,342
Other Revenues	6,515	0	0	6,515
Total Revenues	\$ 141,920	\$ 0	\$ 9,293	\$ 151,213
<u>EXPENDITURES</u>				
Economic Development	\$ 43,579	\$ 0	\$ 156,969	\$ 200,548
Intergovernmental	33,700	0	0	33,700
Debt Service	16,825	0	0	16,825
Total Expenditures	\$ 94,104	\$ 0	\$ 156,969	\$ 251,073
Excess (Deficiency) of Revenues Over Expenditures	\$ 47,816	\$ 0	\$ (147,676)	\$ (99,860)
<u>OTHER FINANCING SOURCES (USES)</u>				
Loan Proceeds	0	0	143,324	143,324
Net Change in Fund Balance	\$ 47,816	\$ 0	\$ (4,352)	\$ 43,464
<u>FUND BALANCES - Beginning of Year</u>	134,120	1,167	176,159	311,446
<u>FUND BALANCES - End of Year</u>	\$ 181,936	\$ 1,167	\$ 171,807	\$ 354,910

CITY OF CADILLAC, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2012

<u>ASSETS</u>	OPERATING FUND	CAPITAL PROJECTS FUND	TOTAL
Cash	\$ 20,327	\$ 11,811	\$ 32,138
Investment	0	51,143	51,143
Receivables			
Taxes	196	0	196
Due from Other Governments	185	104,341	104,526
Prepaid Expenditures	49	0	49
TOTAL ASSETS	<u>\$ 20,757</u>	<u>\$ 167,295</u>	<u>\$ 188,052</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 5,794	\$ 0	\$ 5,794
Accrued Expenditures	148	0	148
Deferred Revenue	174	0	174
Total Liabilities	<u>\$ 6,116</u>	<u>\$ 0</u>	<u>\$ 6,116</u>
<u>FUND BALANCE</u>			
Nonspendable, Prepaid Expenditures	\$ 49	\$ 0	\$ 49
Restricted for Economic Development	14,592	0	14,592
Restricted for Capital Projects	0	167,295	167,295
Total Fund Balance	<u>\$ 14,641</u>	<u>\$ 167,295</u>	<u>\$ 181,936</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 20,757</u>	<u>\$ 167,295</u>	<u>\$ 188,052</u>

CITY OF CADILLAC, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	OPERATING FUND	CAPITAL PROJECTS FUND	TOTAL
<u>REVENUES</u>			
Taxes	\$ 29,770	\$ 104,341	\$ 134,111
Interest and Rents	124	1,170	1,294
Other Revenues	6,515	0	6,515
	<hr/>		
Total Revenues	\$ 36,409	\$ 105,511	\$ 141,920
	<hr/>		
<u>EXPENDITURES</u>			
Economic Development	\$ 40,274	\$ 3,305	\$ 43,579
Intergovernmental Expenditures	0	33,700	33,700
Debt Service	0	16,825	16,825
	<hr/>		
Total Expenditures	\$ 40,274	\$ 53,830	\$ 94,104
	<hr/>		
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,865)	\$ 51,681	\$ 47,816
	<hr/>		
<u>FUND BALANCES</u> - Beginning of Year	18,506	115,614	134,120
	<hr/>		
<u>FUND BALANCES</u> - End of Year	\$ 14,641	\$ 167,295	\$ 181,936
	<hr/> <hr/>		

CITY OF CADILLAC, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 20,327	\$ 22,789
Receivables		
Accounts	0	60
Taxes	196	113
Due from Other Governments	185	185
Prepaid Expenditures	49	86
	<hr/>	<hr/>
TOTAL ASSETS	\$ 20,757	\$ 23,233
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 5,794	\$ 3,860
Accrued Expenditures	148	867
Deferred Revenue	174	0
	<hr/>	<hr/>
Total Liabilities	\$ 6,116	\$ 4,727
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Nonspendable, Prepaid Expenditures	\$ 49	\$ 86
Restricted for Economic Development	14,592	18,420
	<hr/>	<hr/>
Total Fund Balance	\$ 14,641	\$ 18,506
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 20,757	\$ 23,233
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes			
Property Tax	\$ 30,000	\$ 29,770	\$ 29,889
Interest and Rents			
Interest	200	124	95
Other Revenues			
DEQ Management Fee	5,000	5,000	5,000
Contributions from Private Sources	3,000	1,515	1,125
Total Revenues	<u>\$ 38,200</u>	<u>\$ 36,409</u>	<u>\$ 36,109</u>
<u>EXPENDITURES</u>			
Economic Development			
Personal Services	\$ 20,500	\$ 18,976	\$ 18,595
Employee Benefits	7,000	6,719	6,670
Audit	900	900	850
Contractual Services	5,000	13,239	7,702
Postage	100	0	18
Printing and Publishing	500	45	0
Office Supplies	200	195	234
Travel and Education	200	200	0
Downtown Marketing	1,000	0	150
Total Expenditures	<u>\$ 35,400</u>	<u>\$ 40,274</u>	<u>\$ 34,219</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,800	\$ (3,865)	\$ 1,890
<u>FUND BALANCE</u> - Beginning of Year	18,506	18,506	16,616
<u>FUND BALANCE</u> - End of Year	<u>\$ 21,306</u>	<u>\$ 14,641</u>	<u>\$ 18,506</u>

CITY OF CADILLAC, MICHIGAN

D.D.A. CAPITAL PROJECTS FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 11,811	\$ 89,247
Investments	51,143	0
Due from Other Governments	104,341	26,367
	<hr/>	<hr/>
TOTAL ASSETS	\$ 167,295	\$ 115,614
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Restricted for Capital Projects	167,295	115,614
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 167,295	\$ 115,614
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CADILLAC, MICHIGAN
D.D.A. CAPITAL PROJECTS FUND
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	<u>2012</u>		<u>2011</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Taxes			
Property Taxes	\$ 100,500	\$ 104,341	\$ 101,779
Interest and Rents			
Interest	500	1,170	26
Total Revenues	<u>\$ 101,000</u>	<u>\$ 105,511</u>	<u>\$ 101,805</u>
<u>EXPENDITURES</u>			
Economic Development			
Audit	\$ 500	\$ 500	\$ 450
Contracted Services	10,000	2,805	0
Intergovernmental Expenditures			
Public Works	34,375	33,700	35,100
Debt Service			
Principal	15,000	15,000	15,000
Interest	1,825	1,825	2,281
Total Expenditures	<u>\$ 61,700</u>	<u>\$ 53,830</u>	<u>\$ 52,831</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 39,300</u>	<u>\$ 51,681</u>	<u>\$ 48,974</u>
<u>FUND BALANCE</u> - Beginning of Year	115,614	115,614	66,640
<u>FUND BALANCE</u> - End of Year	<u>\$ 154,914</u>	<u>\$ 167,295</u>	<u>\$ 115,614</u>

CITY OF CADILLAC, MICHIGAN
ECONOMIC DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET
JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 1,167	\$ 1,167
	1,167	1,167
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Restricted for Economic Development	1,167	1,167
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,167	\$ 1,167

CITY OF CADILLAC, MICHIGAN
ECONOMIC DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>REVENUES</u>	\$ 0	\$ 0
<u>EXPENDITURES</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	<u>1,167</u>	<u>1,167</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 1,167</u></u>	<u><u>\$ 1,167</u></u>

CITY OF CADILLAC, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

COMPARATIVE BALANCE SHEET

JUNE 30,

	2012	2011
<u>ASSETS</u>		
Cash	\$ 162,562	\$ 176,159
Due from Other Governments	9,245	0
TOTAL ASSETS	\$ 171,807	\$ 176,159
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Restricted for Economic Development	171,807	176,159
TOTAL LIABILITIES AND FUND BALANCE	\$ 171,807	\$ 176,159

CITY OF CADILLAC, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2011

	2012		2011
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
State Grants			
Brownfield Redevelopment Grant	\$ 20,000	\$ 0	\$ 0
Taxes			
Property Taxes	37,200	9,245	33,933
Interest and Rents			
Interest on Investments	1,000	48	132
Total Revenues	<u>\$ 58,200</u>	<u>\$ 9,293</u>	<u>\$ 34,065</u>
<u>EXPENDITURES</u>			
Economic Development			
Contracted Services	57,200	156,169	24,940
Audit	800	800	800
Total Expenditures	<u>\$ 58,000</u>	<u>\$ 156,969</u>	<u>\$ 25,740</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 200	\$ (147,676)	\$ 8,325
<u>OTHER FINANCING SOURCES (USES)</u>			
Loan Proceeds	0	143,324	0
Net Change in Fund Balance	\$ 200	\$ (4,352)	\$ 8,325
<u>FUND BALANCE</u> - Beginning of Year	<u>176,159</u>	<u>176,159</u>	<u>167,834</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 176,359</u>	<u>\$ 171,807</u>	<u>\$ 176,159</u>

CITY OF CADILLAC, MICHIGAN

2000 MICHIGAN TRANSPORTATION FUND BONDS

JUNE 30, 2012

<u>TITLE OF ISSUE</u>	2000 Michigan Transportation Fund Bonds	
<u>PURPOSE</u>	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	
<u>DATE OF ISSUE</u>	June 1, 2000	
<u>AMOUNT OF ISSUE</u>		\$ 300,000
<u>AMOUNT REDEEMED</u>		
Prior to Current Period	\$ 175,000	
During Current Period	<u>25,000</u>	<u>200,000</u>
<u>BALANCE OUTSTANDING - June 30, 2012</u>		<u><u>\$ 100,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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 %	<u>35,000</u>	<u>971</u>	<u>35,971</u>
		<u><u>\$ 100,000</u></u>	<u><u>\$ 8,596</u></u>	<u><u>\$ 108,596</u></u>

CITY OF CADILLAC, MICHIGAN

1997 BUILDING AUTHORITY BONDS

JUNE 30, 2012

<u>TITLE OF ISSUE</u>	City of Cadillac Building Authority 1997 Building Authority Bonds	
<u>PURPOSE</u>	Paying all or part of the cost of public parking lot improvements in the City of Cadillac	
<u>DATE OF ISSUE</u>	December 1, 1997	
<u>AMOUNT OF ISSUE</u>		\$ 310,000
<u>AMOUNT REDEEMED</u>		
Prior to Current Period	\$ 250,000	
During Current Period	30,000	280,000
<u>BALANCE OUTSTANDING</u> - June 30, 2012		\$ 30,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2012	5.25 %	\$ 30,000	\$ 788	\$ 30,788

CITY OF CADILLAC, MICHIGAN

2004 GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS

JUNE 30, 2012

TITLE OF ISSUE City of Cadillac 2004 General Obligation Capital Improvement Bonds

PURPOSE For the purpose of paying all or part of acquiring and constructing various street improvements in the City, including all related appurtenances and attachments pursuant to Act 34, Public Acts of Michigan 2001

DATE OF ISSUE November 1, 2004

AMOUNT OF ISSUE \$ 995,000

AMOUNT REDEEMED

Prior to Current Period	\$ 340,000	
During Current Period	<u>65,000</u>	<u>405,000</u>

BALANCE OUTSTANDING - June 30, 2012 \$ 590,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2012	3.50 %	\$ 65,000	\$ 11,551	\$ 76,551
March 1, 2013			10,414	10,414
September 1, 2013	3.65 %	65,000	10,414	75,414
March 1, 2014			9,228	9,228
September 1, 2014	3.75 %	70,000	9,228	79,228
March 1, 2015			7,915	7,915
September 1, 2015	3.85 %	70,000	7,915	77,915
March 1, 2016			6,568	6,568
September 1, 2016	3.95 %	75,000	6,568	81,568
March 1, 2017			5,086	5,086
September 1, 2017	4.05 %	80,000	5,086	85,086
March 1, 2018			3,466	3,466
September 1, 2018	4.15 %	80,000	3,466	83,466
March 1, 2019			1,806	1,806
September 1, 2019	4.25 %	85,000	1,806	86,806
		<u>\$ 590,000</u>	<u>\$ 100,517</u>	<u>\$ 690,517</u>

CITY OF CADILLAC, MICHIGAN

1997 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2012

<u>TITLE OF ISSUE</u>	City of Cadillac 1997 Special Assessment Limited Tax Bonds	
<u>PURPOSE</u>	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac	
<u>DATE OF ISSUE</u>	May 1, 1997	
<u>AMOUNT OF ISSUE</u>		\$ 360,000
<u>AMOUNT REDEEMED</u>		
Prior to Current Period	\$ 340,000	
During Current Period	<u>20,000</u>	<u>360,000</u>
<u>BALANCE OUTSTANDING - June 30, 2012</u>		<u><u>\$ 0</u></u>

CITY OF CADILLAC, MICHIGAN

2000 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2012

<u>TITLE OF ISSUE</u>	City of Cadillac 2000 Special Assessment Limited Tax Bonds
<u>PURPOSE</u>	Paying the cost of public improvements in certain Special Assessment Districts in the City of Cadillac
<u>DATE OF ISSUE</u>	June 1, 2000
<u>AMOUNT OF ISSUE</u>	\$ 210,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Period	\$ 185,000
During Current Period	<u>5,000</u>
	<u>190,000</u>
<u>BALANCE OUTSTANDING - June 30, 2012</u>	<u><u>\$ 20,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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
		<u>\$ 20,000</u>	<u>\$ 1,385</u>	<u>\$ 21,385</u>

CITY OF CADILLAC, MICHIGAN

2002 SPECIAL ASSESSMENT LIMITED TAX BONDS

JUNE 30, 2012

<u>TITLE OF ISSUE</u>	2002 Special Assessment Limited Tax Bonds		
<u>PURPOSE</u>	For the purpose of constructing public improvements in certain Special Assessment Districts in the City of Cadillac		
<u>DATE OF ISSUE</u>	June 1, 2002		
<u>AMOUNT OF ISSUE</u>			\$ 325,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Period		\$ 270,000	
During Current Period		<u>30,000</u>	<u>300,000</u>
<u>BALANCE OUTSTANDING - June 30, 2012</u>			<u><u>\$ 25,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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
		<u>\$ 25,000</u>	<u>\$ 2,077</u>	<u>\$ 27,077</u>

CITY OF CADILLAC, MICHIGAN

1999 WATER SUPPLY AND WASTEWATER SYSTEM REVENUE AND
REVENUE REFUNDING BONDS
JUNE 30, 2012

<u>TITLE OF ISSUE</u>	City of Cadillac Water Supply and Wastewater System Revenue and Revenue Refunding Bonds, Series 1999		
<u>PURPOSE</u>	To finance the cost of (1) acquiring and constructing additions, extensions and improvements to the City's water supply and wastewater system, (2) refunding the City's Water Supply and Wastewater System Revenue Bonds, Series 1989, maturing in the years 2000, 2001 and 2008 on September 1, 1999, (3) refunding the City's Water Supply and Wastewater System Revenue Bonds, Series 1993, maturing in the years 2000 through and including 2008 on September 1, 1999, and (4) paying certain expenses relating to the issuance of the Bonds		
<u>DATE OF ISSUE</u>	May 5, 1999		
<u>AMOUNT OF ISSUE</u>		\$	2,110,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$ 1,040,000		
During Current Period	<u>5,000</u>		<u>1,045,000</u>
<u>BALANCE OUTSTANDING - June 30, 2012</u>		\$	<u><u>1,065,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2012	4.70 %	\$ 5,000	\$ 25,488	\$ 30,488
March 1, 2013			25,370	25,370
September 1, 2013	4.70 %	130,000	25,370	155,370
March 1, 2014			22,315	22,315
September 1, 2014	4.70 %	135,000	22,315	157,315
March 1, 2015			19,142	19,142
September 1, 2015	4.70 %	145,000	19,142	164,142
March 1, 2016			15,735	15,735
September 1, 2016	4.70 %	150,000	15,735	165,735
March 1, 2017			12,210	12,210
September 1, 2017	4.85 %	160,000	12,210	172,210
March 1, 2018			8,330	8,330
September 1, 2018	4.90 %	165,000	8,330	173,330
March 1, 2019			4,287	4,287
September 1, 2019	4.90 %	<u>175,000</u>	<u>4,287</u>	<u>179,287</u>
		<u>\$ 1,065,000</u>	<u>\$ 240,266</u>	<u>\$ 1,305,266</u>

CITY OF CADILLAC, MICHIGAN

2001 WATER AND SEWER REVENUE AND REVENUE REFUNDING BONDS

JUNE 30, 2012

<u>TITLE OF ISSUE</u>	City of Cadillac Water and Sewer Revenue and Revenue Refunding Bonds, Series 2001		
<u>PURPOSE</u>	To finance the cost of (1) acquiring and constructing additions, extensions and improvements to the City's water supply and sewer system, (2) refunding the City's Water Supply and Wastewater System Revenue Bonds, Series 1995, maturing in the years 2008 through and including 2012 on August 22, 2001, and (3) paying certain expenses relating to the issuance of the Bonds		
<u>DATE OF ISSUE</u>	August 1, 2001		
<u>AMOUNT OF ISSUE</u>			\$ 5,215,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Period		\$ 1,040,000	
During Current Period		<u>480,000</u>	<u>1,520,000</u>
<u>BALANCE OUTSTANDING - June 30, 2012</u>			<u><u>\$ 3,695,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2012	4.75 %	\$ 505,000	\$ 92,923	\$ 597,923
March 1, 2013			80,929	80,929
September 1, 2013	4.60 %	80,000	80,929	160,929
March 1, 2014			79,089	79,089
September 1, 2014	4.75 %	85,000	79,089	164,089
March 1, 2015			77,070	77,070
September 1, 2015	4.80 %	100,000	77,070	177,070
March 1, 2016			74,670	74,670
September 1, 2016	5.00 %	100,000	74,670	174,670
March 1, 2017			72,170	72,170

CITY OF CADILLAC, MICHIGAN

2001 WATER AND SEWER REVENUE AND REVENUE REFUNDING BONDS

JUNE 30, 2012

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 1, 2017	5.00 %	100,000	72,170	172,170
March 1, 2018			69,670	69,670
September 1, 2018	5.00 %	105,000	69,670	174,670
March 1, 2019			67,045	67,045
September 1, 2019	5.10 %	115,000	67,045	182,045
March 1, 2020			64,112	64,112
September 1, 2020	5.10 %	305,000	64,112	369,112
March 1, 2021			56,335	56,335
September 1, 2021	5.10 %	320,000	56,335	376,335
March 1, 2022			48,175	48,175
September 1, 2022	5.125 %	340,000	48,175	388,175
March 1, 2023			39,463	39,463
September 1, 2023	5.125 %	355,000	39,463	394,463
March 1, 2024			30,366	30,366
September 1, 2024	5.125 %	375,000	30,366	405,366
March 1, 2025			20,756	20,756
September 1, 2025	5.125 %	395,000	20,756	415,756
March 1, 2026			10,634	10,634
September 1, 2026	5.125 %	415,000	10,634	425,634
		<u>\$ 3,695,000</u>	<u>\$ 1,673,891</u>	<u>\$ 5,368,891</u>

CITY OF CADILLAC, MICHIGAN

2007 WASTEWATER SYSTEM JUNIOR LIEN REVENUE BONDS

JUNE 30, 2012

<u>TITLE OF ISSUE</u>	2007 Wastewater System Junior Lien Revenue Bonds	
<u>PURPOSE</u>	To finance the cost of (1) acquiring and constructing additions, extensions, and improvements to the City's wastewater system and (2) paying certain expenses related to the issuance of bonds	
<u>DATE OF ISSUE</u>	September 20, 2007	
<u>AMOUNT OF ISSUE</u>		\$ 3,865,205
<u>AMOUNT REDEEMED</u>		
Prior to Current Period	\$ 335,000	
During Current Period	170,000	505,000
		<u>505,000</u>
<u>BALANCE OUTSTANDING - June 30, 2012</u>		<u>\$ 3,360,205</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2012	1.625 %	\$ 175,000	\$ 27,302	\$ 202,302
April 1, 2013			25,880	25,880
October 1, 2013	1.625 %	175,000	25,880	200,880
April 1, 2014			24,458	24,458
October 1, 2014	1.625 %	180,000	24,458	204,458
April 1, 2015			22,995	22,995
October 1, 2015	1.625 %	180,000	22,995	202,995
April 1, 2016			21,533	21,533
October 1, 2016	1.625 %	185,000	21,533	206,533
April 1, 2017			20,030	20,030
October 1, 2017	1.625 %	190,000	20,030	210,030
April 1, 2018			18,486	18,486
October 1, 2018	1.625 %	190,000	18,486	208,486

CITY OF CADILLAC, MICHIGAN

2007 WASTEWATER SYSTEM JUNIOR LIEN REVENUE BONDS

JUNE 30, 2012

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
April 1, 2019			16,942	16,942
October 1, 2019	1.625 %	195,000	16,942	211,942
April 1, 2020			15,358	15,358
October 1, 2020	1.625 %	195,000	15,358	210,358
April 1, 2021			13,774	13,774
October 1, 2021	1.625 %	200,000	13,774	213,774
April 1, 2022			12,149	12,149
October 1, 2022	1.625 %	205,000	12,149	217,149
April 1, 2023			10,483	10,483
October 1, 2023	1.625 %	205,000	10,483	215,483
April 1, 2024			8,817	8,817
October 1, 2024	1.625 %	210,000	8,817	218,817
April 1, 2025			7,111	7,111
October 1, 2025	1.625 %	215,000	7,111	222,111
April 1, 2026			5,364	5,364
October 1, 2026	1.625 %	220,000	5,364	225,364
April 1, 2027			3,577	3,577
October 1, 2027	1.625 %	220,000	3,577	223,577
April 1, 2028			1,789	1,789
October 1, 2028	1.625 %	220,205	1,789	221,994
		<u>\$ 3,360,205</u>	<u>\$ 484,794</u>	<u>\$ 3,844,999</u>

CITY OF CADILLAC, MICHIGAN

1999 BUILDING AUTHORITY REFUNDING BONDS

JUNE 30, 2012

<u>TITLE OF ISSUE</u>	1999 Building Authority Refunding Bonds	
<u>PURPOSE</u>	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, 1999	
<u>DATE OF ISSUE</u>	February 2, 1999	
<u>AMOUNT OF ISSUE</u>		\$ 1,265,000
<u>AMOUNT REDEEMED</u>		
Prior to Current Period	\$ 620,000	
During Current Period	<u>115,000</u>	<u>735,000</u>
<u>BALANCE OUTSTANDING - June 30, 2012</u>		<u><u>\$ 530,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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
		<u>\$ 530,000</u>	<u>\$ 49,910</u>	<u>\$ 579,910</u>

CITY OF CADILLAC, MICHIGAN
PRIMARY GOVERNMENT
STATEMENT OF 2011 TAX ROLL
JUNE 30, 2012

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED
Wexford County	\$ 236,108,674	6.7797	\$ 1,600,721	\$ 1,527,701	\$ 73,020
Wexford County - Recreation	236,108,674	0.2500	59,009	55,236	3,773
Wexford County - Public Safety	236,108,674	0.9500	224,286	209,941	14,345
Wexford County - Animal Control	236,108,674	0.2500	59,009	55,236	3,773
Cadillac Area Public Schools					
Operating	98,083,855	18.0000	1,812,556	1,675,590	136,966
Operating Comm PPT	7,842,400	6.0000	0	0	0
Debt Retirement	236,108,674	2.9000	684,088	646,576	37,512
State Education Tax	236,108,674	6.0000	1,203,083	1,138,459	64,624
Wexford-Missaukee Intermediate School District	236,108,674	5.9419	1,401,696	1,311,961	89,735
Cadillac-Wexford Transit Authority	236,108,674	0.6000	141,656	132,596	9,060
Cadillac-Wexford Public Library	236,108,674	0.7500	177,063	165,739	11,324
Wexford County Council on Aging	236,108,674	1.0000	236,100	220,999	15,101
City of Cadillac					
General Fund	236,108,674	13.9473	3,293,054	3,142,832	150,222
Policemen and Firemen					
Retirement System	236,108,674	2.6000	613,872	585,869	28,003
Public Improvement					
Special Assessments			82,017	69,856	12,161
Lake Cad Inv Spec	236,108,674	0.5000	118,739	112,558	6,181
Water and Sewer Delinquent Accounts			22,086	15,246	6,840
Unpaid Invoices			5,585	4,044	1,541
Razed Buildings			0	0	0
Administration Fees			130,145	122,488	7,657
			\$ 11,864,765	\$ 11,192,927	\$ 671,838

CITY OF CADILLAC, MICHIGAN
LOCAL DEVELOPMENT FINANCE AUTHORITY
STATEMENT OF 2011 TAX ROLL
JUNE 30, 2012

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED	TAXES COLLECTED	LESS TAXES CAPTURED BY LDFA	NET COLLECTIONS DUE TO UNITS
Wexford County	\$ 1,805,304	6.7797	\$ 12,239	\$ 0	\$ 12,239	\$ (12,239)	\$ 0
Wexford County - Recreation	1,805,304	0.2500	451	0	451	(451)	0
Wexford County - Public Safety	1,805,304	0.9500	1,715	0	1,715	(1,715)	0
Wexford County - Animal Control	1,805,304	0.2500	451	0	451	(451)	0
Cadillac Area Public Schools							
Operating	1,805,304	18.0000	32,495	0	32,495	0	32,495
Debt Retirement	1,805,304	2.9000	5,235	0	5,235	0	5,235
State Education Tax	1,805,304	6.0000	10,832	0	10,832	0	10,832
Wexford-Missaukee Intermediate							
School District	1,805,304	5.9419	10,727	0	10,727	0	10,727
Cadillac-Wexford Transit Authority	1,805,304	0.6000	1,083	0	1,083	(1,083)	0
Cadillac-Wexford Public Library	1,805,304	0.7500	1,354	0	1,354	(1,354)	0
Wexford County Council on Aging	1,805,304	1.0000	1,805	0	1,805	(1,805)	0
Local Development Finance Authority							
Capture	(1,805,304)	27.6270	0	0	0	49,875	49,875
Groundwater Treatment						0	0
Special Assessments			209,688	3,367	206,321	0	206,321
City of Cadillac							
General Fund	1,805,304	13.9473	25,179	0	25,179	(25,179)	0
Lake Cad Inv Spec	1,805,304	0.5000	903	0	903	(903)	0
Policemen and Firemen							
Retirement System	1,805,304	2.6000	4,694	0	4,694	(4,694)	0
			\$ 318,851	\$ 3,367	\$ 315,484	\$ 1	\$ 315,485

CITY OF CADILLAC, MICHIGAN
DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF 2011 TAX ROLL
JUNE 30, 2012

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED DELINQUENT	TAXES COLLECTED	LESS TAXES CAPTURED BY DDA	NET COLLECTIONS DUE TO UNITS
Wexford County	\$ 15,323,410	6.7797	\$ 103,888	\$ 10,801	\$ 93,087	\$ (25,605)	\$ 67,482
Wexford County - Recreation	15,323,410	0.2500	3,831	398	3,433	(944)	2,489
Wexford County - Public Safety	15,323,410	0.9500	14,557	1,513	13,044	(3,588)	9,456
Wexford County - Animal Control	15,323,410	0.2500	3,831	398	3,433	(944)	2,489
Cadillac Area Public Schools							
Operating	15,323,410	18.0000	275,821	28,675	247,146	0	247,146
Debt Retirement	15,323,410	2.9000	44,438	4,620	39,818	0	39,818
State Education Tax	15,323,410	6.0000	91,940	9,558	82,382	0	82,382
School District	15,323,410	5.9419	91,050	9,466	81,584	0	81,584
Cadillac-Wexford Transit Authority	15,323,410	0.6000	9,194	956	8,238	(2,266)	5,972
Cadillac-Wexford Public Library	15,323,410	0.7500	11,493	1,195	10,298	(2,833)	7,465
Wexford County Council on Aging	15,323,410	1.0000	15,323	1,593	13,730	(3,777)	9,953
Downtown Development Authority							
Special Assessments	15,323,410	1.9548	29,953	3,114	26,839	0	26,839
Capture	(3,776,760)	27.6270	0	0	0	104,341	104,341
City of Cadillac							
Lake Cad Inv Spec	15,323,410	0.5000	7,662	797	6,865	(1,888)	4,977
General Fund	15,323,410	13.9473	213,720	22,219	191,501	(52,676)	138,825
Policemen and Firemen							
Retirement System	15,323,410	2.6000	39,841	4,142	35,699	(9,820)	25,879
			\$ 956,542	\$ 99,445	\$ 857,097	\$ 0	\$ 857,097

CITY OF CADILLAC, MICHIGAN
BROWNFIELD REDEVELOPMENT DISTRICT
STATEMENT OF 2011 TAX ROLL
JUNE 30, 2012

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED	TAXES COLLECTED	LESS TAXES CAPTURED BY BROWNFIELD	NET COLLECTIONS DUE TO UNITS
Wexford County	\$ 58,331	6.7797	\$ 395	\$ 0	\$ 395	\$ (395)	\$ 0
Wexford County - Recreation	58,331	0.2500	15	0	15	0	15
Wexford County - Public Safety	58,331	0.9500	55	0	55	0	55
Wexford County - Animal Control	58,331	0.2500	15	0	15	0	15
Cadillac Area Public Schools							
Operating	262,331	18.0000	4,722	0	4,722	(4,722)	0
Debt Retirement	262,331	2.9000	761	0	761	0	761
State Education Tax	262,331	6.0000	1,574	0	1,574	(1,574)	0
Wexford-Missaukee Intermediate School District	262,331	5.9419	1,559	0	1,559	(1,559)	0
Cadillac-Wexford Transit Authority	58,331	0.6000	35	0	35	0	35
Cadillac-Wexford Public Library	58,331	0.7500	44	0	44	0	44
Wexford County Council on Aging	58,331	1.0000	58	0	58	0	58
Brownfield Redevelopment District							
Intermediated School Capture	262,331	5.9419	0	0	0	1,559	1,559
Cadillac Area Public Schools Capture	262,331	18.0000	0	0	0	4,722	4,722
State Education Tax	262,331	6.0000	0	0	0	1,574	1,574
Lake Cad Inv Spec	262,331	0.5000	0	0	0	131	131
All Other Captures	58,331	27.1270	0	0	0	1,361	1,361
City of Cadillac							
General Fund	58,331	13.9473	814	0	814	(814)	0
Lake Cad Inv Spec	58,331	0.5000	131	0	131	(131)	0
Police and Firemen Retirement System	58,331	2.6000	152	0	152	(152)	0
			\$ 10,330	\$ 0	\$ 10,330	\$ 0	\$ 10,330

CITY OF CADILLAC, MICHIGAN
PRIMARY GOVERNMENT
STATEMENT OF 2011 INDUSTRIAL FACILITIES TAX ROLL
JUNE 30, 2012

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED
					DELINQUENT
Wexford County	\$ 15,797,850	3.38985	\$ 53,552	\$ 52,961	\$ 591
Wexford County - Recreation	15,797,850	0.1250	1,974	1,952	22
Wexford County - Public Safety	15,797,850	0.4750	7,503	7,420	83
Wexford County - Animal Control	15,797,850	0.1250	1,974	1,952	22
Cadillac Area Public Schools					
Operating (State Share)	5,066,150	9.00000	45,595	44,872	723
After Proposal A	15,797,850	1.45000	22,906	22,653	253
Debt Retirement	5,066,150	6.00000	30,398	29,916	482
State Education Tax					
Wexford-Missaukee Intermediate District					
State Share	15,797,850	2.97095	46,935	46,417	518
Cadillac-Wexford Transit Authority	15,797,850	0.30000	4,739	4,687	52
Cadillac-Wexford Public Library	15,797,850	0.37500	5,923	5,858	65
Wexford County Council on Aging	15,797,850	0.50000	7,899	7,812	87
City of Cadillac					
General Fund	15,797,850	6.97365	110,166	108,950	1,216
Lake Treatment	15,797,850	0.25000	3,950	3,906	44
Policemen and Firemen					
Retirement System	15,797,850	1.30000	20,537	20,310	227
			\$ 364,051	\$ 359,666	\$ 4,385

CITY OF CADILLAC, MICHIGAN
 LOCAL DEVELOPMENT FINANCE AUTHORITY
 STATEMENT OF 2011 INDUSTRIAL FACILITIES TAX ROLL
 JUNE 30, 2012

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED	TAXES COLLECTED	LESS TAXES CAPTURED BY LDFA	NET COLLECTIONS DUE TO UNITS
Wexford County	\$ 3,540,415	3.38985	\$ 12,001	\$ 0	\$ 12,001	\$ (12,001)	\$ 0
Wexford County - Recreation	3,540,415	0.12500	443	0	443	(443)	0
Wexford County - Public Safety	3,540,415	0.47500	1,682	0	1,682	(1,682)	0
Wexford County - Animal Control	3,540,415	0.12500	531	0	531	(531)	(88)
Cadillac Area Public Schools							
Operating (State Share)							
After Proposal A	3,540,415	9.00000	31,864	0	31,864	0	31,864
Debt Retirement	3,540,415	1.45000	5,134	0	5,134	0	5,134
State Education Tax	3,540,415	6.00000	21,242	0	21,242	0	21,242
Wexford-Missaukee Intermediate District							
State Share	3,540,415	2.97095	10,518	0	10,518	0	10,518
Cadillac-Wexford Transit Authority	3,540,415	0.30000	1,062	0	1,062	(1,062)	0
Cadillac-Wexford Public Library	3,540,415	0.37500	1,328	0	1,328	(1,328)	0
Wexford County Council on Aging	3,540,415	0.50000	1,770	0	1,770	(1,770)	0
Local Development Finance							
Authority Capture						48,994	48,994
City of Cadillac							
General Fund	3,540,415	6.97365	24,689	0	24,689	(24,689)	0
Lake Treatment	3,540,415	0.25000	885	0	885	(885)	0
Policemen and Firemen							
Retirement System	3,540,415	1.30000	4,603	0	4,603	(4,603)	0
			\$ 117,752	\$ 0	\$ 117,752	\$ 0	\$ 117,664

CITY OF CADILLAC, MICHIGAN
PRIMARY GOVERNMENT

STATEMENT OF 2011 OBSOLETE PROPERTIES TAX ROLL
JUNE 30, 2012

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED DELINQUENT	TAXES COLLECTED
Wexford County	\$ 265,200	6.7797	\$ 1,798	\$ 668	\$ 1,130
Wexford County - Recreation	265,200	0.2500	66	25	41
Wexford County - Public Safety	265,200	0.9500	252	94	158
Wexford County - Animal Control	265,200	0.0250	66	25	41
Cadillac Area Public Schools					
Operating	231,709	18.00000	4,143	1,773	2,370
Operating	171,400	9.00000	1,570	0	1,570
Debt Retirement	403,109	2.90000	1,169	286	883
State Education Tax	231,709	6.00000	1,381	591	790
State Education Tax	171,400	3.00000	524	0	524
Wexford-Missaukee Intermediate School District	265,200	5.94190	1,576	585	991
Cadillac-Wexford Transit Authority	265,200	0.60000	159	59	100
Cadillac-Wexford Public Library	265,200	0.75000	199	74	125
Wexford County Council on Aging	265,200	1.00000	265	98	167
City of Cadillac					
General Fund	265,200	13.94730	3,699	1,374	2,325
Policemen and Firemen					
Retirement System	265,200	2.60000	690	256	434
Downtown Development Authority	53,900	1.95480	105	0	105
Special Assessments	265,200	0.50000	133	49	84
Administration Fees			114	59	55
			\$ 17,909	\$ 6,016	\$ 11,893

CITY OF CADILLAC, MICHIGAN
PRIMARY GOVERNMENT
STATEMENT OF 2011 DNR/PILT TAX ROLL
JUNE 30, 2012

	TAXABLE VALUATION	MILLS LEVIED	TAXES ASSESSED	TAXES RETURNED	TAXES COLLECTED
Wexford County	\$ 676,448	8	\$ 5,472	\$ 5,472	\$ 0
Wexford County - Recreation		0.2500	0	0	0
Wexford County - Public Safety		0.9500	0	0	0
Wexford County - Animal Control		0.2500	0	0	0
Cadillac Area Public Schools		18.00000	0	0	0
Operating					
Debt Retirement	676,448	3.90000	2,638	2,638	0
State Education Tax		6.00000	0	0	0
Wexford-Missaukee Intermediate School District	676,448	5.98530	4,049	4,049	0
Cadillac-Wexford Transit Authority	676,448	0.39600	268	268	0
Cadillac-Wexford Public Library	676,448	0.68250	462	462	0
Wexford County Council on Aging	676,448	0.99420	673	673	0
City of Cadillac					
General Fund	676,448	13.94730	9,435	9,435	0
Policemen and Firemen					
Retirement System	676,448	1.80000	1,218	1,218	0
Downtown Development Authority		1.95480	0	0	0
Special Assessments			0	0	0
Administration Fees			0	0	0
			\$ 24,215	\$ 24,215	\$ 0

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STATISTICAL SECTION

This part of the City of Cadillac's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	231-236
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	237-240
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	241-245
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	246-247
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	248-250
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
Other Schedules	251-267

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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CITY OF CADILLAC, MICHIGAN
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

	<i>Fiscal Year</i>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities										
Invested in capital assets, net of related debt	\$ 10,989	\$ 11,190	\$ 11,980	\$ 12,563	\$ 13,560	\$ 13,847	\$ 13,453	\$ 13,608	\$ 13,114	\$ 12,618
Restricted for Specific Purpose	981	495	457	792	1,162	1,360	1,383	1,398	3,202	2,744
Restricted for Specific Purpose, Temporarily Restricted	-	-	-	-	-	-	-	293	366	364
Restricted for Specific Purpose, Permanently Restricted	-	-	-	-	-	-	-	757	757	757
Unrestricted	6,229	6,826	6,537	5,907	5,534	6,052	6,202	4,802	3,071	3,404
Total governmental activities net assets	\$ 18,199	\$ 18,511	\$ 18,974	\$ 19,262	\$ 20,256	\$ 21,259	\$ 21,038	\$ 20,858	\$ 20,510	\$ 19,887
Business-type Activities										
Invested in capital assets, net of related debt	\$ 10,128	\$ 11,219	\$ 11,317	\$ 11,404	\$ 11,610	\$ 12,457	\$ 12,667	\$ 12,698	\$ 12,789	\$ 13,558
Restricted for Specific Purpose	1,982	1,964	2,048	1,656	1,799	1,490	1,318	1,332	1,350	1,363
Unrestricted	2,950	2,114	1,756	2,384	2,772	2,376	2,292	2,422	2,447	2,661
Total business-type activities net assets	\$ 15,060	\$ 15,297	\$ 15,121	\$ 15,444	\$ 16,181	\$ 16,323	\$ 16,277	\$ 16,452	\$ 16,586	\$ 17,582
Primary Government										
Invested in capital assets, net of related debt	\$ 21,117	\$ 22,409	\$ 23,297	\$ 23,967	\$ 25,170	\$ 26,304	\$ 26,120	\$ 26,306	\$ 25,903	\$ 26,176
Restricted for Specific Purpose	2,963	2,459	2,505	2,448	2,961	2,850	2,701	2,730	4,552	4,107
Restricted for Specific Purpose, Temporarily Restricted	-	-	-	-	-	-	-	293	366	364
Restricted for Specific Purpose, Permanently Restricted	-	-	-	-	-	-	-	757	757	757
Unrestricted	9,179	8,940	8,293	8,291	8,306	8,428	8,494	7,224	5,518	6,065
Total primary government net assets	\$ 33,259	\$ 33,808	\$ 34,095	\$ 34,706	\$ 36,437	\$ 37,582	\$ 37,315	\$ 37,310	\$ 37,096	\$ 37,469

CITY OF CADILLAC, MICHIGAN

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	<i>Fiscal Year</i>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses										
Governmental Activities:										
General Government	\$ 1,328	\$ 1,672	\$ 1,695	\$ 2,313	\$ 1,829	\$ 1,642	\$ 1,854	\$ 1,888	\$ 1,746	\$ 1,796
Public Safety	2,623	2,908	3,322	3,403	3,449	3,434	3,296	3,305	3,427	3,236
Public Works	2,218	2,340	2,300	1,834	2,473	2,817	3,131	2,667	2,634	2,513
Recreation and Culture	457	214	285	417	448	476	514	453	421	538
Redevelopment and Housing	191	56	119	51	0	12	0	0	0	0
Economic Development/Assistance	50	268	85	74	404	239	236	237	255	244
Intergovernmental	97	97	100	0	0	0	0	0	0	0
Interest on Long-Term Debt	133	176	61	118	107	128	78	65	55	47
Total Governmental Activities Expenses	\$ 7,097	\$ 7,731	\$ 7,967	\$ 8,210	\$ 8,710	\$ 8,748	\$ 9,109	\$ 8,615	\$ 8,538	\$ 8,374
Business-Type Activities:										
Water and Sewer	\$ 3,201	\$ 3,312	\$ 3,473	\$ 3,605	\$ 3,623	\$ 3,785	\$ 3,916	\$ 3,857	\$ 3,823	\$ 3,767
Building Authority Operating	138	144	143	131	134	139	129	113	107	114
Automobile Parking System	54	48	50	48	57	56	52	46	56	45
Total Business-Type Activities Expenses	\$ 3,393	\$ 3,504	\$ 3,666	\$ 3,784	\$ 3,814	\$ 3,980	\$ 4,097	\$ 4,016	\$ 3,986	\$ 3,926
Total Primary Government Expenses	\$ 10,490	\$ 11,235	\$ 11,633	\$ 11,994	\$ 12,524	\$ 12,728	\$ 13,206	\$ 12,631	\$ 12,524	\$ 12,300
Program Revenues										
Governmental Activities:										
Charges For Services:										
General Government	\$ 402	\$ 405	\$ 416	\$ 464	\$ 459	\$ 507	\$ 472	\$ 441	\$ 377	\$ 482
Public Safety	780	767	374	401	470	287	299	295	282	266
Public Works	0	0	389	490	533	594	597	585	579	547
Recreation and Culture	0	0	0	0	0	0	0	0	1	2
Operating Grants and Contributions	878	1,072	970	1,031	1,113	1,065	994	983	1,059	1,119
Capital Grants and Contributions	1,426	905	739	505	1,316	1,250	360	332	104	269
Total Governmental Activities Program Revenues	\$ 3,486	\$ 3,149	\$ 2,888	\$ 2,891	\$ 3,891	\$ 3,703	\$ 2,722	\$ 2,636	\$ 2,402	\$ 2,685

Fiscal Year

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-Type Activities:										
Charges for Services:										
Water and Sewer System	\$ 3,037	\$ 3,258	\$ 3,395	\$ 3,670	\$ 3,735	\$ 3,771	\$ 3,660	\$ 3,882	\$ 3,823	\$ 3,995
Building Authority Operating	196	196	196	196	196	197	196	196	196	194
Automobile Parking System	44	44	46	50	49	49	47	47	36	1
Operating Grants and Contributions	0	0	14	0	0	0	0	0	0	0
Capital Grants and Contributions	50	213	0	76	410	0	0	0	0	509
Total Business-Type Activities Program Revenues	\$ 3,327	\$ 3,711	\$ 3,651	\$ 3,992	\$ 4,390	\$ 4,017	\$ 3,903	\$ 4,125	\$ 4,055	\$ 4,699
Total Primary Government Program Revenues	\$ 6,813	\$ 6,860	\$ 6,539	\$ 6,883	\$ 8,281	\$ 7,720	\$ 6,625	\$ 6,761	\$ 6,457	\$ 7,384

General Revenues and Other Changes in

Net Assets

Governmental Activities:

Property Taxes	\$ 3,205	\$ 3,547	\$ 3,667	\$ 4,188	\$ 4,364	\$ 4,553	\$ 4,714	\$ 4,753	\$ 4,681	\$ 4,443
State Shared Revenue - Unrestricted	1,163	1,147	1,066	1,055	1,043	1,014	1,021	873	896	896
Investment Earnings - Unrestricted	224	135	182	215	271	263	169	146	203	103
Gain (Loss) on Sale of Capital Assets	16	(2)	16	134	109	0	235	8	2	3
Other	142	8	14	14	25	71	27	19	5	16
Transfers	(193)	0	0	0	0	0	0	0	0	0
Special Items	0	0	212	0	0	0	0	0	0	0
Total Governmental Activities	\$ 4,557	\$ 4,835	\$ 5,157	\$ 5,606	\$ 5,812	\$ 5,901	\$ 6,166	\$ 5,799	\$ 5,787	\$ 5,461

Business-Type Activities

Investment Earnings - Unrestricted	54	66	90	115	161	104	148	66	65	15
Gain (Loss) on Sale of Capital Assets	0	(36)	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	209
Transfers	255	0	0	0	0	0	0	0	0	0
Total Business-Type Activities	\$ 309	\$ 30	\$ 90	\$ 115	\$ 161	\$ 104	\$ 148	\$ 66	\$ 65	\$ 224
Total Primary Government	\$ 4,866	\$ 4,865	\$ 5,247	\$ 5,721	\$ 5,973	\$ 6,005	\$ 6,314	\$ 5,865	\$ 5,852	\$ 5,685

Change in Net Assets

Governmental Activities	\$ 946	\$ 253	\$ 78	\$ 287	\$ 993	\$ 855	\$ (221)	\$ (180)	\$ (348)	\$ (228)
Business-Type Activities	243	237	75	323	737	142	(45)	175	134	996
Total Primary Government	\$ 1,189	\$ 490	\$ 153	\$ 610	\$ 1,730	\$ 997	\$ (266)	\$ (5)	\$ (214)	\$ 768

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CITY OF CADILLAC, MICHIGAN
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund										
Reserved	\$ 154,162	\$ 338,335	\$ 143,221	\$ 170,765	\$ 93,586	\$ 125,961	\$ 218,008	\$ 205,112	\$ 91,453	\$ 36,033
Unreserved	\$ 984,548	\$ 1,022,612	\$ 1,129,513	\$ 1,299,088	\$ 1,609,792	\$ 1,714,518	\$ 1,878,833	\$ -	\$ 58,273	\$ 42,884
Unreserved, Designated, reported in General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,885,301	\$ 1,574,414	\$ -
Unreserved, Undesignated, reported in General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,171	\$ 201,647	\$ 1,782,955
Nonspendable									\$ 114,165	\$ 320,880
Restricted									\$ 2,039,952	\$ 2,182,752
Committed										
Assigned										
Unassigned										
Total General Fund	\$ 1,138,710	\$ 1,360,947	\$ 1,272,734	\$ 1,469,853	\$ 1,703,378	\$ 1,840,479	\$ 2,096,841	\$ 2,292,584	\$ 2,039,952	\$ 2,182,752
All Other Governmental Funds										
Reserved	\$ 2,302,924	\$ 2,096,445	\$ 2,053,122	\$ 2,189,636	\$ 2,546,390	\$ 2,417,486	\$ 2,041,213	\$ 2,543,844		
Unreserved, reported in Special Revenue Funds	\$ 2,138,562	\$ 2,159,694	\$ 2,593,396	\$ 2,115,529	\$ 1,933,446	\$ 1,711,208	\$ 1,882,372	\$ -		
Unreserved, Designated, reported in Special Rev. Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 289,601		
Unreserved, Undesignated, reported in Special Rev. Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,074,744		
Nonspendable									\$ 1,195,312	\$ 1,175,747
Restricted									\$ 1,188,188	\$ 1,314,116
Committed									\$ -	\$ -
Assigned									\$ 1,555,880	\$ 1,542,800
Unassigned									\$ (8,072)	\$ (10,734)
Total All Other Governmental Funds	\$ 4,441,486	\$ 4,256,139	\$ 4,646,518	\$ 4,305,165	\$ 4,479,836	\$ 4,128,694	\$ 3,923,585	\$ 3,908,189	\$ 3,931,308	\$ 4,021,929
Total Fund Balance	\$ 5,580,196	\$ 5,617,086	\$ 5,919,252	\$ 5,775,018	\$ 6,183,214	\$ 5,969,173	\$ 6,020,426	\$ 6,200,773	\$ 5,971,260	\$ 6,204,681

Note: GASB Statement Number 54 redefined how the components of fund balance are reported. Under GASB Statement 54, the total amount reported as fund balance remains unchanged; the components, or categories, of fund balance have been redefined to further reflect the purpose for which fund balance can be spent. The information presented on this chart is derived from data reported in accordance with the prior reporting model and data reported following GASB Statement Number 54, which took effect for statements for periods beginning after June 15, 2010. Upon redefinition of Committed Fund Balance, items reported as Committed in fiscal 2011 were redefined as Assigned in fiscal year 2012.

CITY OF CADILLAC, MICHIGAN
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes and Special Assessments	\$ 3,432,606	\$ 3,752,186	\$ 3,822,239	\$ 4,316,354	\$ 4,552,310	\$ 4,715,094	\$ 4,838,621	\$ 4,793,877	\$ 4,685,384	\$ 4,616,673
Licenses and Permits	940	1,390	1,160	1,345	1,730	1,210	2,050	1,275	765	109,775
Federal Grants	800,708	132,878	551,158	286,568	618,992	1,161,824	360,784	268,668	111,133	72,656
State Grants	2,448,492	2,271,457	1,975,966	2,062,398	2,423,778	1,937,266	2,114,947	1,745,491	1,833,017	2,003,498
Contributions from Local Units	216,529	210,905	290,625	223,321	219,612	205,298	208,397	212,273	206,991	205,615
Charges for Services	931,470	919,017	921,931	1,086,646	1,195,636	1,142,942	1,123,134	1,068,709	1,013,530	979,459
Fines and Forfeits	28,226	36,247	35,306	28,110	28,546	29,083	39,802	41,874	37,966	20,001
Interest and Rents	293,478	208,833	249,077	282,366	337,882	320,498	225,652	196,738	173,363	128,240
Gain (Loss) on Investments	542	124,939	28,978	56,275	173,057	(115,439)	(323,017)	65,613	37,501	(17,101)
Other Revenue	631,093	577,932	350,624	492,252	507,353	476,811	699,996	366,995	351,383	349,441
Total Revenues	\$ 8,784,084	\$ 8,235,784	\$ 8,227,064	\$ 8,835,635	\$ 10,058,896	\$ 9,874,587	\$ 9,290,366	\$ 8,761,513	\$ 8,451,033	\$ 8,468,257
Expenditures										
General Government	\$ 1,364,291	\$ 1,892,716	\$ 1,674,851	\$ 1,691,254	\$ 1,929,941	\$ 1,756,290	\$ 1,817,527	\$ 1,859,669	\$ 1,640,771	\$ 1,672,482
Public Safety	2,670,927	2,824,591	3,132,114	3,612,327	3,328,541	3,439,788	3,309,811	3,433,573	3,709,362	3,196,361
Public Works	2,560,945	2,115,134	2,621,945	2,337,285	2,733,378	3,483,417	2,168,283	2,105,374	2,049,646	2,175,179
Redevelopment and Housing	192,495	57,426	119,110	51,964	0	0	0	0	0	0
Community & Economic Development	40,149	257,993	73,528	57,593	384,223	270,559	225,467	219,194	234,664	226,141
Capital Outlay	262,902	271,730	122,759	127,120	29,536	106,876	360,950	3,761	3,815	4,114
Culture and Recreation	654,700	354,368	418,927	268,500	469,798	267,288	572,740	278,232	389,069	343,517
Debt Service										
Principal	292,907	313,679	322,404	395,443	325,082	310,971	324,082	287,832	272,729	218,832
Interest	112,080	102,365	101,871	116,395	98,785	90,532	74,404	62,104	51,326	43,904
Other Charges	6,120	6,040	26,002	5,240	5,650	4,770	4,809	4,200	4,200	3,300
Intergovernmental	295,177	309,852	306,387	316,748	372,116	358,137	381,040	327,227	324,964	351,006
Total Expenditures	\$ 8,452,693	\$ 8,505,894	\$ 8,919,898	\$ 8,979,869	\$ 9,677,050	\$ 10,088,628	\$ 9,239,113	\$ 8,581,166	\$ 8,680,546	\$ 8,234,836

Fiscal Year

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Other Financing Sources (Uses)										
Transfers In	\$ 1,208,058	\$ 765,974	\$ 716,087	\$ 817,632	\$ 1,045,678	\$ 947,915	\$ 1,090,500	\$ 906,181	\$ 839,922	\$ 819,768
Transfers Out	(1,400,791)	(765,974)	(716,087)	(817,632)	(1,045,678)	(947,915)	(1,090,500)	(906,181)	(839,922)	(819,768)
Bond Proceeds	0	0	995,000	0	0	0	0	0	0	0
Loan Proceeds	231,905	307,000	0	0	26,350	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 39,172	\$ 307,000	\$ 995,000	\$ -	\$ 26,350	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 370,563	\$ 36,890	\$ 302,166	\$ (144,234)	\$ 408,196	\$ (214,041)	\$ 51,253	\$ 180,347	\$ (229,513)	\$ 233,421

Debt Service as a percentage of non-capital expenditures

	5.79%	5.54%	5.71%	6.45%	5.23%	4.66%	4.53%	4.33%	3.92%	3.40%
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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
2003	165,243,210	31,372,200	196,615,410	470,913,500	41.75%	15.3473
2004	168,351,258	43,240,100	211,591,358	508,916,600	41.58%	15.5473
2005	178,282,339	41,399,800	219,682,139	544,632,400	40.34%	15.7473
2006	184,439,086	44,135,005	228,574,091	572,365,010	39.94%	15.7473
2007	194,615,475	40,780,000	235,395,475	595,311,200	39.54%	16.6473
2008	206,863,302	40,257,800	247,121,102	609,799,600	40.52%	16.7473
2009	215,265,242	41,430,900	256,696,142	616,444,056	41.64%	16.5473
2010	220,244,714	41,262,800	261,507,514	608,556,400	42.97%	16.5473
2011	214,108,421	42,873,550	256,981,971	565,558,400	45.44%	16.5473
2012	202,455,519	50,840,200	253,295,719	537,969,400	47.08%	17.0473

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. Valuations based on Ad Valorem Parcels.

CITY OF CADILLAC, MICHIGAN
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Direct Tax Rates				Overlapping Tax Rates ^a										Total Direct & Overlapping Rates
	City of Cadillac				Wexford County					Cadillac Area Public Schools ^d					
	General ^b	Police & Fire Retirement	Lake Cadillac Treatment	Total City	Wexford County ^c	Wexford Transit Authority	Council on Aging	Wexford County Library	Wexford Intermediate Schools	Missaukee Schools	State Education Tax	Cadillac Area Public Schools ^d	Wexford Intermediate Schools	Missaukee Schools	
2003	13,9473	1,4000	N/A	15,3473	8,1678	0,4000	0,9950	0,6500	6,0388	21,3764	20,5505	5,9419	6,0000	58,9753	
2004	13,9473	1,6000	N/A	15,5473	8,1040	0,3910	0,9872	0,6838	6,0003	21,3005	20,9000	5,9419	5,0000	58,0141	
2005	13,9473	1,8000	N/A	15,7473	8,0893	0,3960	0,9942	0,6825	5,9853	21,4505	20,9000	5,9419	6,0000	59,3451	
2006	13,9473	1,8000	N/A	15,7473	8,0665	0,3948	0,9913	0,6805	5,9614	21,4505	20,5505	5,9419	6,0000	59,2923	
2007	13,9473	2,7000	N/A	16,6473	8,0797	0,6000	0,9976	0,6785	5,9419	20,5505	20,9000	5,9419	6,0000	59,4955	
2008	13,9473	2,8000	N/A	16,7473	8,0797	0,6000	0,9976	0,6785	5,9419	20,9000	20,9000	5,9419	6,0000	59,9450	
2009	13,9473	2,6000	N/A	16,5473	8,2797	0,6000	0,9976	0,7500	5,9419	20,9000	20,9000	5,9419	6,0000	60,0165	
2010	13,9473	2,6000	N/A	16,5473	8,2797	0,6000	1,0000	0,7500	5,9419	20,9000	20,9000	5,9419	6,0000	60,0189	
2011	13,9473	2,6000	N/A	16,5473	8,2297	0,6000	1,0000	0,7500	5,9419	20,9000	20,9000	5,9419	6,0000	59,9689	
2012	13,9473	2,6000	0,5000	17,0473	8,2297	0,6000	1,0000	0,7500	5,9419	20,9000	20,9000	5,9419	6,0000	60,4689	

Source: City of Cadillac Treasurer's Office

^a Overlapping rates are those of local and county governments that apply to property owners within the City of Cadillac.

^b City general operating tax rate is limited to 15.0 mills per the city charter.

^c Includes Wexford County operating rate and if applicable Wexford County extra voted rate(s).

^d Includes Cadillac Area Public Schools operating rate and school debt rate.

CITY OF CADILLAC, MICHIGAN
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2012</u>			<u>2003</u>		
	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value ^a</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value ^b</u>
Cadillac Renewable Energy ^c	\$ 12,971,767	1	5.12%	\$ 17,607,997	2	8.96%
Cadillac Casting ^d	10,760,600	2	4.25%	18,381,188	1	9.35%
Paulstra CRC Corporation	6,423,506	3	2.54%	3,182,706	10	1.62%
Consumers Energy	6,117,949	4	2.42%			
Rexair, Inc.	5,074,061	5	2.00%	7,111,981	4	3.62%
AAR Cadillac Manufacturing	5,009,448	6	1.98%	4,026,660	7	2.05%
Avon Automotive	4,481,800	7	1.77%			
FIAMM Technologies, Inc.	4,110,884	8	1.62%	6,124,054	5	3.11%
925 Frisbie Street LLC ^e	3,703,662	9	1.46%	3,781,187	8	1.92%
Borgwarner Inc.	3,443,000	10	1.36%			
Avon Rubber & Plastics				9,021,527	3	4.59%
Michigan Rubber				4,898,039	6	2.49%
Transpro Group, Inc.				3,443,851	9	1.75%
Totals	<u>\$ 62,096,677</u>		<u>24.52%</u>	<u>\$ 77,579,190</u>		<u>39.46%</u>

Source: City of Cadillac Treasurer's Office

^a Based on total taxable value of \$253,295,719.

^b Based on total taxable value of \$196,615,410.

^c Formerly Beaver MI Associates LTD Partnership.

^d Formerly CMI Cast Parts.

^e Formerly Four Winns Boats, LLC.

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 Fiscal year of Levy		Collections in Subsequent Years	Total Collections to Date ^a	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2007	4,109,224	3,952,750	96.19%	156,474	4,109,224	100.00%
2008	4,329,051	4,163,604	96.18%	165,447	4,329,051	100.00%
2009	4,426,255	4,233,403	95.64%	192,852	4,426,255	100.00%
2010	4,500,223	4,267,823	94.84%	232,400	4,500,223	100.00%
2011	4,408,769	4,167,763	94.53%	241,006	4,408,769	100.00%
2012	4,487,314	4,273,383	95.23%	213,931	4,487,314	100.00%

Source: City of Cadillac Treasurer's Office

^a 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.

CITY OF CADILLAC, MICHIGAN
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>				<u>Total Primary Government</u>	<u>Percentage of Personal Income¹</u>	<u>Per Capita¹</u>
	<u>General Obligation Bonds</u>	<u>Special Assessment Bonds</u>	<u>Other Debt²</u>	<u>Water & Sewer Revenue Bonds</u>	<u>Building Authority Revenue Bonds</u>	<u>Percentage of Personal Income¹</u>			
2003	890	1,075	583	8,530	1,225	12,683	5.83%	1,268	
2004	785	925	831	7,975	1,365	12,305	5.31%	1,231	
2005	1,665	775	562	7,640	1,275	12,391	5.21%	1,239	
2006	1,525	625	455	7,290	1,180	11,548	4.67%	1,155	
2007	1,395	485	924	6,925	1,080	10,809	4.38%	1,081	
2008	1,260	365	810	7,851	975	11,261	4.30%	1,126	
2009	1,115	260	733	9,712	870	12,690	4.88%	1,269	
2010	980	170	265	9,400	760	11,575	4.42%	1,158	
2011	840	100	202	8,775	645	10,562	N/A	1,020	
2012	720	45	158	10,145	530	11,598	N/A	1,120	

Note: Details regarding the City's outstanding debt can be found in the Notes to the financial statements.

¹ See the Schedule of Demographic and Economic Statistics in this section for personal income and population data.

² Other Debt includes City obligations to the State of Michigan for one community development loan and one internal loan.

CITY OF CADILLAC, MICHIGAN
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amount Available in Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value¹ of Property</u>	<u>Per Capita²</u>
2003	890	7	883	0.449%	88.30
2004	785	10	775	0.366%	77.50
2005	1,665	9	1,656	0.754%	165.60
2006	1,525	6	1,519	0.665%	151.90
2007	1,395	5	1,390	0.590%	139.00
2008	1,260	4	1,256	0.508%	125.60
2009	1,115	4	1,111	0.433%	111.10
2010	980	3	977	0.374%	97.70
2011	840	3	837	0.326%	80.83
2012	720	2	718	0.283%	69.34

Note: Details regarding the City's outstanding debt can be found in the Notes to the financial statements.

¹ See the Schedule of Taxable Value and Estimated Actual Value of Taxable Property in this section for property value data.

² See the Schedule of Demographic and Economic Statistics in this section for personal income and population data.

CITY OF CADILLAC, MICHIGAN
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012
(dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Wexford County	\$ 4,845	27.32%	\$ 1,324
Cadillac Area Public Schools	19,016	38.27%	\$ 7,277
Subtotal Overlapping Debt			\$ 8,601
City of Cadillac Direct Debt			<u>923</u>
Total Direct and Overlapping Debt			<u>\$ 9,524</u>

Sources: Taxable value data used to estimate applicable percentages provided by the Wexford County Equalization Department. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Cadillac. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of each government's taxable value that is within the City of Cadillac's boundaries and then dividing it by the unit's total taxable value. Total taxable values of each unit are:

<i>City of Cadillac Taxable Value:</i>	<i>\$253,295,719</i>
<i>Wexford County Taxable Value:</i>	<i>\$927,079,742</i>
<i>CAPS Taxable Value:</i>	<i>\$661,897,623</i>

CITY OF CADILLAC, MICHIGAN
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	<i>Fiscal Year</i>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 21,159	\$ 22,085	\$ 22,862	\$ 23,652	\$ 27,161	\$ 24,712	\$ 25,670	\$ 26,151	\$ 25,698	\$ 25,330
Total net debt applicable to limit	883	775	1,656	1,519	1,390	1,253	1,111	977	837	718
Legal debt margin	\$ 20,276	\$ 21,310	\$ 21,206	\$ 22,133	\$ 25,771	\$ 23,459	\$ 24,559	\$ 25,174	\$ 24,861	\$ 24,612
Total net debt applicable to the limit as a percentage of debt limit	4.17%	3.51%	7.24%	6.42%	5.12%	5.07%	4.33%	3.74%	3.26%	2.83%

Legal Debt Margin Calculation for Fiscal Year 2012

Taxable Value	<u>\$ 253,296</u>
Statutory Debt Limit (10%) of total taxable value)	\$ 25,330
Debt Applicable to Limit:	
Gross Bonded Debt and Other Long-Term Debt	11,598
Less:	
Assets Available for Debt Service	2
Bond Debt not Subject to Limit:	
Special Assessment Bonds	45
Revenue Bonds	10,675
Other Debt	<u>158</u>
Total Amount of Debt Applicable to Debt Limit	<u>718</u>
Legal Debt Margin	<u>\$ 24,612</u>

Note: Under State finance law, the City of Cadillac's outstanding general obligation debt should not exceed 10 percent of total taxable property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF CADILLAC, MICHIGAN
PLEGGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Water & Sewer Revenue Bonds</u>				<u>Special Assessment Bonds</u>			
	<u>Water & Sewer Revenue</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u> <u>Principal Interest Coverage</u>	<u>Special Assessment Collections</u>	<u>Debt Service</u> <u>Principal Interest Coverage</u>	<u>Special Assessment Collections</u>	<u>Debt Service</u> <u>Principal Interest Coverage</u>
2003	3,088	2,111	977	310 414 1.35	293	184 62 1.19	293	184 62 1.19
2004	3,321	2,193	1,128	330 399 1.55	293	196 56 1.16	293	196 56 1.16
2005	3,480	2,284	1,196	335 383 1.67	259	195 52 1.05	259	195 52 1.05
2006	3,777	2,460	1,317	350 366 1.84	206	161 38 1.04	206	161 38 1.04
2007	3,886	2,514	1,372	365 348 1.92	130	151 31 0.71	130	151 31 0.71
2008	3,869	2,662	1,207	385 330 1.69	150	131 25 0.96	150	131 25 0.96
2009	3,803	2,714	1,089	410 350 1.43	147	116 17 1.11	147	116 17 1.11
2010	3,945	2,627	1,318	595 350 1.39	121	90 12 1.19	121	90 12 1.19
2011	3,887	2,570	1,317	625 330 1.38	88	70 8 1.13	88	70 8 1.13
2012	4,218	2,546	1,672	655 308 1.74	60	55 7 0.97	60	55 7 0.97

Note: Details regarding the City's outstanding debt can be found in the Notes to the financial statements. Water and Sewer revenues includes investment earnings. Operating expenses do not include interest, depreciation, or amortization expenses. Because many of the Special Assessment Bonds pay off in advance, the Coverage Ratio may fall below one.

CITY OF CADILLAC, MICHIGAN
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income</u> (amounts expressed in thousands)	<u>Per Capita Personal Income²</u>	<u>School Enrollment³</u>	<u>Local Unemployment Percentage Rate⁴</u>	<u>State Unemployment Percentage Rate⁴</u>	<u>Civilian Labor Force⁴</u>
2003	10,000	217,400	21,740	3,639	9.8	7.1	21,298
2004	10,000	231,600	23,160	3,674	8.2	7.0	21,553
2005	10,000	237,690	23,769	3,614	7.3	6.7	21,707
2006	10,000	247,540	24,754	3,479	7.9	7.1	22,088
2007	10,000	246,900	24,690	3,460	8.1	7.7	21,648
2008	10,000	262,170	26,217	3,381	11.2	8.9	21,563
2009	10,000	259,940	25,994	3,376	17.3	15.3	20,138
2010	10,000	261,920	26,192	3,334	15.3	13.0	19,161
2011	10,355	N/A	N/A	3,267	12.0	11.1	18,540
2012	10,355	N/A	N/A	3,262	9.8	9.3	18,960

Data Sources:

¹ Bureau of the Census

² Bureau of Economic Analysis

³ School Districts

⁴ Michigan Department of Labor & Economic Growth (Local unemployment and civilian labor force based on Wexford-Missaukee Labor Market Area; Personal and Per Capita income based on Cadillac Micropolitan Statistical Area)

Note: Personal income information is a total for the year. Unemployment rate is a seasonally adjusted yearly average, when available. 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>2012</u>			<u>2003</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>
AAR Mobility Systems	576	1	3.37%	394	8	2.04%
Mercy Hospital Cadillac	472	2	2.76%	560	4	2.89%
Rec Boat Holdings ¹	420	3	2.45%	750	2	3.87%
Cadillac Castings ²	394	4	2.30%			
Avon Automotive	372	5	2.17%			
Cadillac Area Public Schools	286	6	1.67%	450	6	2.32%
Avon Protection Systems	236	7	1.38%			
Michigan Rubber Products	211	8	1.23%	700	3	3.62%
Rexair, Inc.	188	9	1.10%	450	7	2.32%
FIAMM Technologies, LLC	140	10	0.82%	240	9	1.24%
Avon Rubber and Plastics				802	1	4.14%
Hayes Lemmerz International, Inc.				540	5	2.79%
Lakeview Lutheran Manor				220	10	1.14%
	<u>3,295</u>		<u>19.25%</u>	<u>5,106</u>		<u>26.37%</u>

Source: Michigan Department of Technology, Management & Budget; Cadillac Area Chamber of Commerce

¹ Formerly known as Four Winns Boats.

² Formerly known as CMI Cadillac.

Note: Percentage of Total City Employment is based on total employment in the Wexford-Missaukee labor market area.

CITY OF CADILLAC, MICHIGAN
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function</u>	<i>Full-Time Equivalent Employees as of June 30,</i>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government										
City Manager	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Administrative Services	1.00	0.90	0.90	0.90	0.90	0.90	0.80	0.98	1.22	1.22
Financial Services	2.20	1.94	1.94	1.94	1.94	1.94	2.25	2.25	2.25	2.25
Clerk/Treasurer	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.88	3.88
City Hall	2.50	1.90	1.30	1.30	1.30	1.30	1.10	1.28	1.28	1.30
City Engineer	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.51	1.79	1.79
Public Safety										
Police	18.50	17.15	18.41	18.41	18.41	17.41	17.06	16.41	16.91	16.91
Fire	11.50	11.50	11.50	11.50	11.50	11.50	11.85	11.85	11.85	11.85
Code Enforcement								0.40	0.50	0.50
Building Inspector	1.28	1.38	1.38	1.38	1.38	1.38	1.38	0.88	0.00	0.00
Planning/Zoning	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21
Other										
Public Works	14.17	14.22	14.22	14.22	14.22	14.22	14.03	13.03	13.03	13.03
Data Processing	1.20	1.26	1.06	1.06	0.06	0.06	0.00	0.30	0.30	0.30
Auto Parking	0.35	0.35	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Water/Sewer	21.20	21.20	21.00	21.00	21.00	20.00	20.00	19.00	19.87	19.87
Community Development	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Cemetery	0.68	0.68	0.68	0.68	0.68	0.68	0.92	0.92	0.92	0.90
Total FTE	84.00	82.00	82.00	82.00	81.00	79.00	79.00	77.01	77.00	77.00

Source: City of Cadillac Financial Services Department

CITY OF CADILLAC, MICHIGAN
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Traffic Citations	857	1,530	1,468	1,257	1,015	1,479	1,177	815	640	N/A ¹
Fire										
Number of Fire Inspections	50	57	129	370	376	260	262	301	50	N/A ¹
Number of Fires Reported	57	54	64	51	55	41	42	38	51	N/A ¹
Number of EMT Runs	1,347	1,414	1,322	1,119	1,171	1,242	1,295	1,353	1,358	N/A ¹
Building Inspection										
Number of Permits Issued	523	525	466	403	316	274	250	108 ²	0 ²	N/A ¹
Water										
Total Customers	3,456	3,487	3,520	3,524	3,517	3,544	3,496	3,474	3,497	3,551
Average Daily Consumption (thousands of gallons)	2,202	2,155	2,252	2,310	2,564	2,302	2,261	2,150	2,102	1,896
Wastewater										
Total Customers	3,526	3,544	3,569	3,573	3,564	3,592	3,541	3,527	3,542	3,582
Average Daily Treatment (thousands of gallons)	2,087	2,103	2,173	2,098	2,467	2,215	2,100	1,860	2,118	1,561

¹ Public Safety statistics are kept on a calendar year basis and are therefore not yet available for 2012.

² Building Inspection Services were legally removed from the City and transferred to Wexford County during calendar year 2010.

Note: Indicators are not available for the general government function.

Source: *Various government departments*

CITY OF CADILLAC, MICHIGAN
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	9	9	9	9	9	9	9	10	11	11
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	6	6	6	6	6	6	6	7	7	7
Culture and Recreation										
Parks Acreage	117	117	117	117	117	117	117	117	117	117
Parks	4	4	4	4	4	4	4	4	4	4
Streets										
Streets (Miles)	68	68	68	68	68	68	68	68	68	68
Street Lights	573	574	574	574	574	587	578	578	578	578
Water										
Fire Hydrants	453	455	454	454	458	477	482	482	482	483
Miles of Water Mains	63	63	63	64	64	74	74	74	74	75
Water Mains Replaced (Feet)	4,700	3,450	3,185	200 ⁽¹⁾	2,360	620	1,900	1,070	1,500	2,110
Wastewater										
Miles of Sewer Mains	59	59	59	59	59	62	62	62	62	62
Feet of Sanitary Sewers										
Inspected with TV Cameras	3,670	2,949	3,380	1,900	1,350	2,550	810	690	600	1,084
Cleaned with Vacon										9,382

(1) Water mains replaced were 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 City government departments

CITY OF CADILLAC, MICHIGAN
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
COMPARATIVE SCHEDULE
LAST TEN FISCAL YEARS

<u>FISCAL YEARS</u>	<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>ASSETS ALLOCATED TO FUNDING</u>	<u>PERCENT FUNDED</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>
2003	8,910,724	10,053,522	112.8	(1,142,798)
2004	9,170,012	9,990,746	108.95	(820,734)
2005	9,727,339	10,274,211	105.6	(546,872)
2006	10,161,879	10,812,671	106.4	(650,792)

EMPLOYER CONTRIBUTIONS PERCENT OF PAYROLL		VALUATION PAYROLL	ACTIVE MEMBERS	RETIRANTS AND BENEFICIARIES	ACTIVE MEMBERS AVERAGE		
					ANNUAL PAY	AGE	SERVICE
7.61		883,818	25	46	34,267	45.5	11.5
6.95	(2)	811,027	26				
8.16	(3)	154,700	5				
8.54	(4)	507,863	17				
6.52	(5)	92,455	1				
7.19	(6)	188,722	3				
7.83		883,119	24	46	36,051	46.8	12.9
7.56	(2)	872,706	27				
8.34	(3)	129,730	4				
8.61	(4)	274,145	9				
7.17	(5)	96,440	1				
7.81	(6)	195,344	3				
7.93		856,613	23	46	37,997	48.1	13.9
7.63	(2)	872,436	25				
8.36	(3)	140,049	4				
8.63	(4)	293,606	9				
7.17	(5)	103,690	1				
7.80	(6)	203,413	3				
7.93		1,015,806	26	47	38,799	48.0	13.6
7.63	(2)	775,555	25				
8.36	(3)	144,512	4				
8.63	(4)	307,119	9				
7.17	(5)	108,458	1				
7.80	(6)	209,300	3				

CITY OF CADILLAC, MICHIGAN
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
COMPARATIVE SCHEDULE
LAST TEN FISCAL YEARS

<u>FISCAL YEARS</u>	<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>ASSETS ALLOCATED TO FUNDING</u>	<u>PERCENT FUNDED</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>
2007	10,847,928	11,468,618	105.7	(620,690)
2008	11,538,051	11,561,995	100.2	(23,944)
2009	11,656,752	11,520,309	98.8	136,443
2010	11,896,112	11,570,167	97.3	325,945
2011	12,411,116	11,622,971	93.6	788,145
2012	N/A	N/A	N/A	N/A

NOTES:

- (1) 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 investment return and moderating salary increments, which in turn have pushed funding levels significantly ahead of schedule.

EMPLOYER CONTRIBUTIONS PERCENT OF PAYROLL		VALUATION PAYROLL	ACTIVE MEMBERS	RETIRANTS AND BENEFICIARIES	ACTIVE MEMBERS AVERAGE		
					ANNUAL PAY	AGE	SERVICE
8.66		902,230	24	51	38,786	47.7	13.3
7.30	(2)	748,549	22				
8.31	(3)	138,907	4				
8.57	(4)	277,678	8				
7.17	(5)	111,015	1				
7.48	(6)	265,160	4				
8.65		1,034,034	26	55	39,254	47.5	12.7
7.96	(2)	807,111	23				
7.67	(3)	96,909	3				
8.20	(4)	295,894	9				
8.76	(5)	113,870	1				
8.45	(6)	203,683	3				
8.64		1,122,756	26	57	43,539	48.0	12.5
8.07	(2)	822,440	20				
7.38	(3)	150,043	4				
7.96	(4)	333,134	9				
10.31	(5)	93,462	1				
8.71	(6)	221,142	3				
8.46		1,006,384	24	63	41,575	47.8	12.5
8.14	(2)	831,440	21				
7.43	(3)	154,124	4				
7.96	(4)	271,107	7				
10.4	(5)	90,000	1				
8.89	(6)	141,434	2				
8.43		1,079,159	25	63	41,837	46.2	12.7
11.06	(2)	865,665	22				
11.22	(3)	154,124	4				
11.73	(4)	271,107	7				
0	(5)	90,000	1				
26.58	(6)	141,434	1				
N/A		N/A		N/A	N/A	N/A	N/A

(2) Local 14317 includes additional negotiated benefit for the union.

(3) Separate benefits for Housing Commission.

(4) Separate benefits for Library.

CITY OF CADILLAC, MICHIGAN
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
COMPARATIVE SCHEDULE
LAST TEN FISCAL YEARS

<u>FISCAL YEARS</u>	<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>ASSETS ALLOCATED TO FUNDING</u>	<u>PERCENT FUNDED</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>
-------------------------	--	--	---------------------------	---

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. The accelerated contribution would be a percentage of payroll, but because of the accelerated funding credit, the employer contribution rate was actually 0%.

Source:

*Prior to 2011, data from Gabriel, Roeder, Smith & Company, Actuaries.
For 2011, data from actuaries employed by MERS.*

EMPLOYER CONTRIBUTIONS PERCENT OF PAYROLL	VALUATION PAYROLL	ACTIVE MEMBERS	RETIRANTS AND BENEFICIARIES	ACTIVE MEMBERS AVERAGE		
				ANNUAL PAY	AGE	SERVICE

- (5) Separate benefits for City Manager.
- (6) Separate benefits for Department Heads.

CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM (1)
COMPARATIVE SCHEDULE
LAST TEN FISCAL YEARS

FISCAL YEARS	(2) ACTUARIAL ACCRUED LIABILITY	ASSETS ALLOCATED TO FUNDING	PERCENT FUNDED	UNFUNDED ACTUARIAL ACCRUED LIABILITY
2003	7,348,465	5,891,594	80.2	1,456,871
2004	7,982,006	5,848,560	73.3	2,133,446
2005	8,519,041	5,865,340	68.8	2,653,701
2006	9,626,707	6,047,771	62.8	3,578,936
2007	9,992,478	6,604,109	66.1	3,388,369
2008	9,936,669	7,080,393	71.3	2,856,276
2009	9,985,089	6,549,608	65.6	3,435,481
2010	10,326,784	7,188,395	69.6	3,138,389
2011	10,852,937	7,989,372	73.6	2,863,565
2012	N/A	N/A	N/A	N/A

NOTES:

- (1) 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. The fund is managed by a local board of directors.
- (2) Prior to 2009, data from Gabriel, Roeder, Smith and Co., Actuaries. From 2009 forward, data from Rodwan Consulting Company, Actuarial Consultants.
- (3) Police 17.34%, Fire 23.89%
- (4) Police 28.26%, Fire 26.58% (Each group contributes 3% of salary to cover benefit enhancements.)
- (5) Police 30.83%, Fire 31.51% (Each group contributes 3% of salary to cover benefit enhancements.)
- (6) Police 38.39%, Fire 38.40% (Each group contributes 3% of salary to cover benefit enhancements.)

EMPLOYER CONTRIBUTIONS PERCENT OF PAYROLL		VALUATION PAYROLL	ACTIVE MEMBERS	RETIRANTS AND BENEFICIARIES	AVERAGE ANNUAL PAY	AGE	SERVICE
20.01	(3)	1,237,171	26	26	47,584	41.5	13.1
27.61	(4)	1,391,450	27	27	51,535	41.2	12.6
31.10	(5)	1,446,234	27	30	53,564	41.6	13.1
38.39	(6)	1,437,073	27	28	53,225	42.6	14.1
38.68	(7)	1,482,941	27	28	54,924	42.1	13.7
32.71	(8)	1,389,958	25	32	55,598	40.0	11.7
41.11	(9)	1,399,695	24	32	58,321	41.0	12.8
35.63	(10)	1,585,519	27	32	58,723	39.7	12.2
33.93	(11)	1,544,766	26	33	59,414	39.3	12.4
N/A		N/A	N/A	N/A	N/A	N/A	N/A

- (7) Police 39.03%, Fire 38.15% (Each group contributes 3% of salary to cover benefit enhancements.)
- (8) Police 34.41%, Fire 30.20% (Each group contributes 3% of salary to cover benefit enhancements.)
- (9) Police 42.06%, Fire 39.58% (Each group contributes 3% of salary to cover benefit enhancements.)
- (10) Police 37.10%, Fire 33.41% (Each group contributes 3% of salary to cover benefit enhancements.)
- (11) Police 38.18%, Fire 28.03% (Each group contributes 3% of salary to cover benefit enhancements.)

CITY OF CADILLAC, MICHIGAN
LABOR AGREEMENTS
JUNE 30, 2012

	DATE EFFECTIVE JULY 1,	EXPIRATION DATE JUNE 30,
<u>POLICE</u>		
Police Officers Association of Michigan (POAM) Local - Cadillac Police Officers Association (CPOA)	2011	2014
Command Officers Association of Michigan (COAM) Local - Cadillac Command Officers Association (CCOA) Captain Agreement	2010	2014
Lieutenant and Sergeants Agreement	2011	2014
<u>FIRE</u>		
International Association of Fire Fighters Local 704	2009	2012
<u>STREET DIVISION - DPW AND PUBLIC UTILITIES DEPARTMENT</u>		
United Steelworkers of America Local Union No. 14317	2010	2013

Source: City of Cadillac Human Resources Department

CITY OF CADILLAC, MICHIGAN

TAX INFORMATION

JUNE 30, 2012

TAXES DUE AND

PAYABLE:

City, School, and County taxes are due and payable July 1, and County and School taxes are due and payable December 1, at the office of the City Treasurer.

PENALTIES FOR

DELINQUENCY:

Beginning August 15, a 4% penalty is added to unpaid City and School taxes. Beginning September 1, an additional 1% per month is added through February. Beginning February 15, a 3% penalty is added to unpaid County and School taxes. Beginning March 1, the Wexford County Treasurer assumes collection of real and personal property taxes. All 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 public sale of real estate delinquent for taxes as follows:

<u>Date of Sale</u> <u>May,</u>	<u>Delinquent Tax</u> <u>Properties to be Sold</u> <u>Year</u>
2003	2001
2004	2002
2005	2003
2006	2004
2007	2005
2008	2006
2009	2007
2010	2008
2011	2009
2012	2010

CITY OF CADILLAC, MICHIGAN

NUMBER OF WATER SUPPLY AND WASTEWATER TREATMENT CUSTOMERS
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>WATER SUPPLY CUSTOMERS</u>		<u>WASTEWATER TREATMENT CUSTOMERS</u>	
	<u>NUMBER</u>	<u>PERCENTAGE OF CHANGE</u>	<u>NUMBER</u>	<u>PERCENTAGE OF CHANGE</u>
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
2007	3,517	(0.20)	3,564	(0.25)
2008	3,544	0.77	3,592	0.79
2009	3,496	(1.35)	3,541	(1.42)
2010	3,474	(0.63)	3,527	(0.40)
2011	3,497	0.66	3,542	0.43
2012	3,551	1.54	3,582	1.13

AVERAGE NUMBER OF WATER SUPPLY AND WASTEWATER TREATMENT CUSTOMERS
BY METER CLASSIFICATION
FISCAL YEAR ENDED JUNE 30, 2012

<u>METER CLASSIFICATION</u>	<u>AVERAGE CUSTOMERS</u>	
	<u>WATER SUPPLY</u>	<u>WASTEWATER TREATMENT</u>
Unmetered	2	167
5/8"	3,206	3,134
3/4"	7	7
1"	137	112
1 1/2"	89	73
2"	82	65
3"	9	9
4"	13	11
6"	5	3
8"	1	1
TOTAL	<u>3,551</u>	<u>3,582</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*

CITY OF CADILLAC, MICHIGAN

MONTHLY READY-TO-SERVE CHARGE FOR FIRE PROTECTION
THROUGH FISCAL YEAR JUNE 30, 2012

LINE SIZE	MONTHLY READY-TO-SERVE CHARGE
3/4"	\$ 2.16
1"	3.71
1 1/2"	7.36
2"	11.87
3"	25.79
4"	44.34
6"	92.55
8"	133.34
10"	214.77
12"	318.33

MONTHLY WATER SUPPLY READY-TO-SERVE CHARGE BY METER CLASSIFICATION
FISCAL YEARS ENDED JUNE 30, 2003 THROUGH 2012

YEAR ENDING JUNE 30,	METER CLASSIFICATION								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
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
2007	4.95	7.30	12.20	24.40	39.00	85.40	146.35	304.90	439.10
2008	5.15	7.60	12.70	25.40	40.55	88.80	152.20	317.10	456.65
2009	5.30	7.80	13.00	26.05	41.55	91.00	156.00	325.05	468.05
2010	5.54	8.15	13.59	27.22	43.42	95.10	163.02	339.68	489.11
2011	5.79	8.52	14.20	28.45	45.37	99.37	170.36	354.96	511.12
2012	6.05	8.90	14.84	29.73	47.42	103.85	178.02	370.94	534.12

CITY OF CADILLAC, MICHIGAN

MONTHLY READY-TO-SERVE CHARGE FOR WASTEWATER TREATMENT
FISCAL YEARS ENDED JUNE 30, 2003 THROUGH 2012

YEAR ENDING JUNE 30,	METER CLASSIFICATION								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
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
2007	8.05	12.05	20.10	40.15	64.30	140.65	241.00	502.15	723.10
2008	8.35	12.55	20.90	41.75	66.85	143.94	246.64	513.90	740.02
2009	8.55	12.85	21.40	42.80	68.50	149.95	256.90	535.30	770.80
2010	8.93	13.43	22.36	44.73	71.58	156.70	268.46	559.39	805.49
2011	9.34	14.03	23.37	46.74	74.80	163.75	280.54	584.56	841.73
2012	9.76	14.66	24.42	48.84	78.17	171.12	293.17	610.87	879.61

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*

CITY OF CADILLAC, MICHIGAN

FIFTEEN LARGEST WATER AND SEWER USERS
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

	<u>CUBIC FEET</u>		<u>GALLONS</u>		<u>DOLLARS</u>
	<u>WATER</u>	<u>SEWER</u>	<u>WATER</u>	<u>SEWER</u>	<u>WATER</u>
					<u>AND</u>
					<u>SEWER</u>
1) Cadillac Castings	21,524,600	9,889,400	161,004,008	73,972,712	\$544,665
2) Avon Rubber & Plastics	13,422,000	12,406,100	100,396,560	92,797,628	390,697
3) AAR Cadillac Manufacturing	15,115,200	7,190,700	113,061,696	53,786,436	289,651
4) Paulstra CRC	1,507,000	1,507,000	11,272,360	11,272,360	64,850
5) Mercy Hospital	1,485,800	1,485,800	11,113,784	11,113,784	50,190
6) Cadillac Renewable Energy	1,597,500	1,541,400	11,949,300	11,529,672	45,547
7) Borg-Warner	1,269,500	1,269,500	9,495,860	9,495,860	40,013
8) Piranha Hose	1,156,200	1,156,200	8,648,376	8,648,376	39,719
9) Michigan Rubber Products	1,083,800	1,083,800	8,106,824	8,106,824	35,719
10) Pheasant Ridge	888,800	888,800	6,648,224	6,648,224	30,895
11) Country Acres	396,200	396,200	2,963,576	2,963,576	20,136
12) Four Winns	304,000	304,000	2,273,920	2,273,920	15,250
13) Leisure Park	380,100	380,100	2,843,148	2,843,148	12,839
14) Rexair, Inc.	142,700	142,700	1,067,396	1,067,396	10,164
15) Kolarevic Car Wash	217,300	217,300	1,625,404	1,625,404	8,453
TOTAL					<u>\$ 1,598,788</u>

MONTHLY WATER SUPPLY COMMODITY CHARGE
FISCAL YEARS ENDED OR ENDING JUNE 30, 2003 THROUGH 2012

<u>FISCAL YEAR</u>	<u>0 TO</u>	<u>600 TO</u>	<u>10,000 TO</u>	<u>100,000 TO</u>	<u>OVER</u>
<u>ENDED OR</u>	<u>600 CF</u>	<u>10,000 CF</u>	<u>100,000 CF</u>	<u>250,000 CF</u>	<u>250,000 CF</u>
<u>ENDING JUNE 30,</u>					
2003	0.90	0.78	0.69	0.59	0.50
2004	0.93	0.80	0.71	0.61	0.52
2005	0.97	0.83	0.74	0.63	0.54
2006	1.01	0.86	0.77	0.66	0.57
2007	1.04	0.89	0.79	0.68	0.59
2008	1.08	0.93	0.82	0.71	0.62
2009	1.11	0.95	0.84	0.73	0.64
2010	1.16	0.99	0.88	0.76	0.67
2011	1.21	1.03	0.92	0.79	0.70
2012	1.27	1.08	0.96	0.83	0.70

CITY OF CADILLAC, MICHIGAN

MONTHLY WASTEWATER TREATMENT COMMODITY CHARGE
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u> <u>ENDED OR</u> <u>ENDING JUNE 30,</u>	<u>CHARGE PER</u> <u>100 CF</u>	<u>PERCENT</u> <u>CHANGE</u>
2003	1.62	3.2
2004	1.67	3.1
2005	1.74	4.2
2006	1.81	4.0
2007	1.86	2.8
2008	1.93	3.8
2009	1.98	2.6
2010	2.07	4.5
2011	2.16	4.3
2012	2.26	4.6

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*

CITY OF CADILLAC, MICHIGAN

WATER SUPPLY AND WASTEWATER TREATMENT VOLUME AS PUMPED
LAST TEN FISCAL YEARS

FISCAL YEAR	WATER SUPPLY VOLUME AS PUMPED			WASTEWATER TREATMENT VOLUME AS PUMPED			WASTEWATER TREATMENT AS A PERCENT OF WATER SUPPLY
	CUBIC FEET	GALLONS	CHANGE IN PERCENT	CUBIC FEET	GALLONS	CHANGE IN PERCENT	
2003	107,473,262	803,900,000	0.03	101,844,920	761,800,000	(0.06)	94.76
2004	105,160,428	786,600,000	(0.02)	102,606,952	767,750,000	0.01	97.60
2005	109,906,000	822,100,000	0.05	106,048,000	793,240,000	0.03	96.49
2006	112,727,000	843,200,000	2.60	102,366,000	765,700,000	(3.50)	90.80
2007	125,094,000	935,700,000	10.97	120,361,000	900,300,000	17.58	96.22
2008	112,331,550	840,240,000	(10.20)	108,066,911	808,340,500	(10.21)	96.20
2009	95,955,882	717,750,000	(14.58)	103,483,556	774,057,000	(4.24)	107.80
2010	99,835,900	746,770,000	4.04	87,712,300	656,088,000	(15.24)	87.86
2011	102,593,850	767,402,000	2.76	103,347,594	773,040,000	17.83	100.73
2012	92,542,200	692,215,656	(9.80)	76,188,700	569,891,476	(26.28)	82.34

WATER SUPPLY AND WASTEWATER TREATMENT VOLUME BILLED BY METER CLASSIFICATION
FISCAL YEAR ENDED JUNE 30, 2012

METER CLASSIFICATION	WATER SUPPLY VOLUME AS BILLED		WASTEWATER TREATMENT VOLUME AS BILLED	
	CUBIC FEET	PERCENT OF TOTAL	CUBIC FEET	PERCENT OF TOTAL
Unmetered	0		0	0.00
5/8"	25,527,900	27.59	24,445,100	32.09
3/4"	125,600	0.14	125,600	0.16
1"	4,216,700	4.56	3,018,200	3.96
1 1/2"	4,322,000	4.67	3,023,500	3.97
2"	13,724,800	14.83	17,373,100	22.81
3"	1,855,200	2.00	1,855,100	2.43
4"	17,181,700	18.57	11,369,700	14.92
6"	24,240,300	26.19	13,630,400	17.89
8"	1,348,000	1.45	1,348,000	1.77
TOTAL	92,542,200	100.00	76,188,700	100.00

CITY OF CADILLAC, MICHIGAN
WATER SUPPLY AND WASTEWATER TREATMENT REVENUE
AS BILLED BY METER CLASSIFICATION
FISCAL YEAR ENDED JUNE 30, 2012

<u>METER CLASSIFICATION</u>	<u>WATER SUPPLY</u>		<u>WASTEWATER TREATMENT</u>	
	<u>REVENUE</u>	<u>PERCENT OF TOTAL</u>	<u>REVENUE</u>	<u>PERCENT OF TOTAL</u>
Unmetered	\$ 89	0.01	\$ 51,384	2.33
5/8"	530,692	36.47	810,299	36.68
3/4"	2,103	0.14	1,738	0.08
1"	69,931	4.81	79,039	3.58
1 1/2"	78,346	5.38	108,869	4.93
2"	183,241	12.59	448,853	20.32
3"	30,980	2.13	62,573	2.83
4"	178,556	12.27	294,072	13.31
6"	362,090	24.89	330,038	14.94
8"	18,955	1.31	22,148	1.00
TOTAL	\$ 1,454,983	100.00	\$ 2,209,013	100.00

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*

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
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December 21, 2012

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
City of Cadillac
Cadillac, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of City of Cadillac, Michigan as of and for the year ended June 30, 2012, which collectively comprise City of Cadillac's basic financial statements and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of the City of Cadillac is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Cadillac's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Cadillac's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Cadillac's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cadillac's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the City of Cadillac in a separate letter dated December 21, 2012.

This report is intended solely for the information and use of management, the Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

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December 21, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the City Council
City of Cadillac
Cadillac, Michigan

COMPLIANCE

We have audited the City of Cadillac's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Cadillac's major federal programs for the year ended June 30, 2012. The City of Cadillac's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Cadillac's management. Our responsibility is to express an opinion on the City of Cadillac's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Cadillac's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Cadillac's compliance with those requirements.

In our opinion, the City of Cadillac complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

INTERNAL CONTROL OVER COMPLIANCE

The management of the City of Cadillac is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Cadillac's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, others within the organization, federal awarding agencies and pass-through entities.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CITY OF CADILLAC, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Passthrough Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Awards Expended</u>
<u>Environmental Protection Agency</u>		
<u>Passed Through Michigan Department of Environmental Quality</u>		
Drinking Water Revolving Fund - Project No. 7338-01	66.468	\$ 2,053,912
<u>U.S. Department of Justice</u>		
<u>Direct Award</u>		
Public Safety Partnership and Community Policing Grant Project No. 2009RKWX0472	16.710	<u>72,656</u>
Total Federal Expenditures		<u><u>\$ 2,126,568</u></u>
Reconciliation to financial statements:		
Amount Recorded as Federal Revenue in the Governmental Funds		\$ 72,656
Amount Recorded as Federal Revenue in the Proprietary Fund		412,606
Amount Recorded as Bonds Payable in the Water and Sewer Fund		<u>1,641,306</u>
		<u><u>\$ 2,126,568</u></u>

CITY OF CADILLAC, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(A) Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the City.

CITY OF CADILLAC, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Financial Statement Findings

None reported

Federal Award Findings and Questioned Costs

None reported

CITY OF CADILLAC, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditors Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified: _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified: _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
66.468	Drinking Water Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None



Cadillac City Council (seated, left to right): Councilmember Shari Spoelman, Councilmember Antoinette Schippers, Mayor William Barnett, Mayor Pro-Tem Art Stevens, Councilmember Douglas Mellema.

Cadillac Administrative Staff (standing, left to right): Director of Finance Owen Roberts, City Manager Marcus Peccia, City Clerk Chris Benson



CITY OF
CADILLAC
MICHIGAN



Comprehensive Annual Financial Report
For the Year Ended June 30, 2012