



# Annual Operating Budget

July 1, 2013—June 30, 2014

# ***CITY OF CADILLAC, MICHIGAN***



## **ELECTED OFFICIALS**

**William S. Barnett, Mayor**  
At Large

**Shari Spoelman, Councilmember**  
First Ward

**Antoinette Schippers, Councilmember**  
Second Ward

**Art Stevens, Mayor Pro-Tem**  
Third Ward

**Douglas Mellema, Councilmember**  
Fourth Ward

### **CITY ADMINISTRATION**

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

May 20, 2013

Dear Citizens of Cadillac:

I am pleased to submit to you the annual operating budget for the City of Cadillac for the fiscal year beginning July 1, 2013 and ending June 30, 2014. This budget represents the culmination of many hours of work beginning over four months ago. Our thorough budget process has included several opportunities for members of the Cadillac community to provide input into the direction of the budget and I am confident that this document represents a very realistic and achievable plan for the upcoming fiscal year.



The FY2014 budget plans over \$16.2 million in spending across the whole organization. This is mostly unchanged because of the impact that the state and national economic recession continues to have on our community. Local property values continue their decline and the State of Michigan has further threatened local units of government by taking away more and more funds in the form of statutory state shared revenue. This situation has made it very difficult for our great City to maintain the core services that our residents and businesses expect.

I want to express my appreciation to the great employees of the City of Cadillac for the shared sacrifices they continue to make in order to insure that our City remains fiscally strong and poised for sustainability and resiliency for many years. Most full-time City employees have not received any significant cost-of-living pay increase for several years, while at the same time they are contributing more to help offset the rising costs of important benefits like medical insurance. Their willingness to partner with the City Council in making the kinds of tough decisions and sacrifices necessary to move Cadillac forward into the future is inspiring and makes me proud to represent such a fine group of people.

Thank you for taking the time to review this extensive budget document. There are two areas that I want to highlight for you that should help make the document easier to navigate and understand. First, the **Budget Reader's Guide** found just after this letter provides a simple yet valuable overview of the finances of the organization and the document itself. Secondly, our City Manager presents his **Transmittal Letter** starting on page 1 of this document. In it he details the challenges facing the City of Cadillac as well as some additional information on the plans incorporated into the current budget.

I am very proud of the effort that has gone into the development of this budget. I am honored to serve once again this year as your Mayor and look forward to interacting with you as we all partner together to make this City a community of continuing success.

Sincerely,

A handwritten signature in black ink, appearing to read "William S. Barnett". The signature is fluid and cursive, with a long horizontal stroke at the end.

William S. Barnett  
Mayor

Glimpses of ...

... Cadillac



CITY OF  
**CADILLAC**  
MICHIGAN

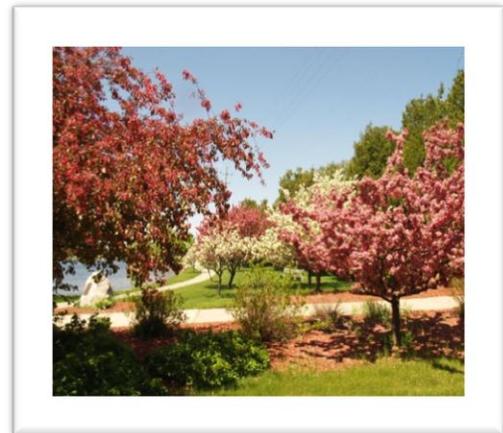


## 2013-2014 BUDGET READER'S GUIDE

Welcome to the City of Cadillac's Annual Operating Budget for the fiscal year beginning July 1, 2013 through June 30, 2014. Thank you for taking the time to learn about the appropriation of resources within the City of Cadillac. We trust that the time you invest in familiarizing yourself with this information will be time well spent. We are committed to accountability in the way that we conduct the business of serving the City of Cadillac, including its citizens, businesses, and industries. Hopefully this brief "Budget Reader's Guide" will help you understand this robust document as well as introduce you to the process that has led to its production.

### Financial Structure

The financial structure of a municipality consists of various "funds", which operate just like separate businesses within the City and have their own set of balanced books. The main fund of the City of Cadillac is the General Fund. The General Fund is where you will find information on the resources devoted to providing the types of services that you would generally expect from a city - things like police, fire, general administrative services, tax collections, community planning and zoning, and parks maintenance are all core governmental services that are appropriated through the General Fund. An entire tabbed section of this document is devoted to the General Fund.



*Keeping City parks beautiful is a core service provided by the General Fund.*

Within the section called "Major Funds" you will find many of the other core services provided by the City of Cadillac that are not part of the General Fund. The activities related to street maintenance, including right-of-ways, are found in these funds. This is also where you will find information related to the costs of winter maintenance – activities like snow plowing and snow hauling. This is an important activity in Cadillac, as we are nestled in the heart of Northern Michigan and can find ourselves knee-deep in snow at any given moment during the winter months.

Also in the "Major Funds" section are activities related to the provision of utilities services, specifically water delivery and wastewater treatment. The Water and Sewer Fund combines these two activities into one fund, yet tracks the costs and revenues separately so that the true cost of each service is shown separately. This activity-based approach enhances the ability of City staff to analyze the costs of the activities separately and collectively, depending upon the type of analysis being done.

The "Non-Major Funds" section contains the budget detail for the rest of the funds that are within the City's financial structure. Activities such as the operation of the City cemetery, community development services, and others are found in this section, along with the details of the various debt service requirements of the City. Information technology is another area that the City commits substantial resources to in order to enhance efficiency and employee productivity, and these activities are tracked separately in this section. The City's costs for employee health insurance are found in a fund within this section as well.

**The Process**

A lot of effort has gone into developing a systematic process that will take a wide variety of information into consideration as funding and appropriation decisions are made. In fact, this has become a year-round activity at the City of Cadillac. There are basically four parts to the process:

**Council Mission and Vision** – Several years ago, the City Council established a Mission and Vision Statement. These statements essentially established the priorities and communicated the Council’s vision for Cadillac. The departmental staff of the City of Cadillac utilizes these statements when evaluating annual priorities and establishes goals and objectives that will be implemented into City operations to assist the Council in carrying out their mission and vision. Periodic review of these statements will help assure Council that their priorities play an important role in the direction of the City.

**Capital Improvement Program** – In early fall, work begins on a 5-year capital improvement program. This program lays out projects with a cost greater than \$7,500 and a useful life of more than one year. Any project that meets these criteria needs to flow through this program, with very few exceptions. Funding sources are identified through this process, but the actual appropriation of resources does not yet take place. This type of long-term capital planning has been of great benefit as funding has continued to be challenged on many fronts. There are opportunities for public input at this point, and the City Council officially adopts this 5-year program.



*Construction activities are a big part of the long-term capital planning process.*

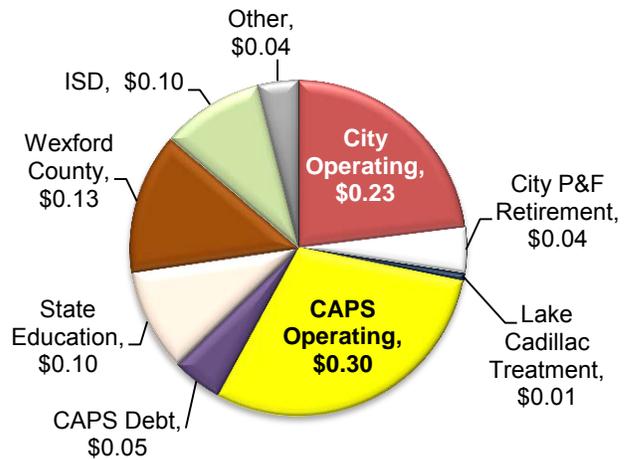
**Annual Operating Budget** – The annual operating budget is required by Cadillac’s City Charter to appropriate all resources that will flow through the City, matching expenditures with various sources of revenues. The results of the first two planning processes – the Council Mission and Vision, and Capital Improvement Program – help guide many of the appropriation decisions made at the budget level. Additionally, the first year of the Capital Improvement Program is integrated into the budget as the Capital Budget. There are times that previously identified funding sources are no longer available, and when this happens these projects must be postponed or eliminated during the budget process. However, the City has historically been very successful at funding projects that have been planned for as part of the program. The budgeting process begins in mid-December and involves input from personnel in every department within the City. The process culminates in the document that you now hold in your hand which must be adopted by Council before the end of May each year.

**Annual Independent Audit** – Each year, the City retains an independent auditing firm to review the financial reports of the City and express an opinion on whether or not they fairly and adequately report the financial activities of the City. The results of this process are a vital part of the planning and budgeting process, as actual results are analyzed and compared with what was budgeted and appropriated. Any variances are closely analyzed and necessary adjustments are made in subsequent planning efforts.

As you can see, the City takes its responsibility for handling financial resources very seriously and is firmly committed to openness and accountability in the planning, budgeting, and subsequent financial reporting activities that take place throughout each fiscal year. There are at least six different opportunities throughout the year for the public to have input on strategic directions that the City will take. This input is both welcomed and encouraged.

**City Property Tax Bill**

While all taxes levied on property within the City are typically collected by the City of Cadillac, only a small portion of the payment actually remains at the City. In fact, only about \$0.28 of every \$1 in taxes paid on non-principal residence properties stays at the City, as the chart to the right shows. Most of the taxes are simply collected on behalf of other local taxing authorities. If the property has a principal residence exemption, about \$0.39 of every \$1 in taxes paid on a City tax bill is for City activities.



**Elected Officials**

Elected officials play a significant role in the operations of the City. They have the final adoptive authority in each process detailed in this guide. They set strategic plans into place and guide many of the decisions made in regards to the appropriation of resources. The following introductory biographies are offered so that you can familiarize yourself with the names and faces of the officials that have been elected to guide and direct City staff in the delivery of services.



**Mayor William S. Barnett**

Councilmember from City at Large  
 Population of City: 10,355  
 Occupation: Attorney  
 Term Expires: December 31, 2013  
 Annual Salary: \$4,200



**Mayor Pro-Tem Art Stevens**

Councilmember from Ward 3  
 Population of Ward: 2,631  
 Occupation: Financial Advisor  
 Term Expires: December 31, 2015  
 Annual Salary: \$2,900



**Councilmember Douglas Mellema**

Councilmember from Ward 4  
 Population of Ward: 2,480  
 Occupation: Manufacturing  
 Term Expires: December 31, 2013  
 Annual Salary: \$2,900

**Elected Officials (Continued)**



***Councilmember Antoinette Schippers***

Councilmember from Ward 2  
Population of Ward: 2,561  
Occupation: Teacher  
Term Expires: December 31, 2013  
Annual Salary: \$2,900



***Councilmember Shari Spoelman***

Councilmember from Ward 1  
Population of ward: 2,683  
Occupation: MSU Extension Director  
Term Expires: December 31, 2015  
Annual Salary: \$2,900

A map of the four city voting wards is shown here as well. If you are wondering who your elected representative to City Council is, the map should help you answer that question. These elected officials welcome public comments and input and will do their best to be available to answer your questions. The Council meets on the first and third Monday of each month at 7:00 PM in the council chambers at the City municipal complex. There is time set aside at each meeting for public comment. Agendas and minutes of these meetings can also be found on the City's website.



Thank you again for taking the time to look through this document. As part of our commitment to the readers and users of this information, we are always available to answer questions you may have about the information presented to you. Please feel free to contact our Financial Services Department at (231) 775-0181 if you have any questions. Additionally, this document in its entirety will be available on our website at [www.cadillac-mi.net](http://www.cadillac-mi.net). We have tried to make the document easy to follow and read, and have offered many pictures, graphs, and textual descriptions of most of our activities to help you understand the scope of services that we are committed to providing with unmatched excellence.

Sincerely,

**Marcus A. Peccia**  
City Manager

**Owen E. Roberts**  
Director of Finance



*City Officials* ..... *Inside Front Cover*  
*GFOA Distinguished Budget Presentation Award* ..... *Inside Back Cover*

*Letter from Mayor William S. Barnett*..... *i*  
*Glimpses of Cadillac*..... *ii*  
*Budget Reader’s Guide* ..... *iii-vi*  
*Table of Contents* ..... *vii-x*

**Introductory Section**..... **1-26**  
 Letter of Transmittal - City Manager..... 1-12  
 Council Mission and Vision..... 13  
 Departmental Goals and Objectives ..... 14-20  
 Truth-in Assessment ..... 21  
 Truth-in-Taxation ..... 21  
 Constitutional Tax Limitations ..... 22  
 Budget Appropriations Act..... 23-26

**Charts and Graphs**..... **27-40**  
 Funds formation within the City ..... 27-28  
 General Fund Revenues and Expenditures ..... 29  
 General Fund Unreserved Fund Balance..... 30  
 Retirement and Other Post-Employment Benefit (OPEB) Liabilities..... 30-31  
 Property Values ..... 32  
 Residential Property Values ..... 33  
 Local Property Tax Rates ..... 34  
 Millage Rate Benchmarks..... 35  
 Total Tax Burden – City Property..... 35  
 Tax Bill Allocation..... 36  
 State Shared Revenue ..... 36  
 Top Ten Taxpayers ..... 37  
 Employment Statistics..... 38  
 Chart of Organization..... 39  
 Other Demographic Data..... 40

**Budget Summary**..... **41-46**  
 Summaries ..... 41-43  
 Analysis of Major Revenue Sources ..... 44-46

**Major Governmental Funds**..... **47-100**  
**General Fund**..... **47-86**  
 Fund Summary..... 47-49  
 Revenue..... 50-53  
 Expenditure Summary..... 54  
 Fund Balance ..... 55  
 Legislative..... 57



Office of the City Manager ..... 58  
 Financial Services..... 59-60  
 Clerk/Treasurer Department..... 61-62  
 Election Services..... 62  
 Assessing Services..... 63  
 Legal Services..... 64  
 Engineering Services..... 65  
 City Hall..... 66  
 Public Safety ..... 67-76  
     Police Department ..... 67-70  
     Code Enforcement..... 71  
     Fire..... 73-76  
 Public Works ..... 77-80  
 Culture and Recreation ..... 81-82  
 Economic Development and Assistance..... 83-84  
 Community Development..... 83  
 Community Promotions ..... 84  
 Intergovernmental Expenditures..... 84  
 Other Financing..... 85  
 Capital Outlay Expenditures ..... 86

**Major Street Fund**.....**87-94**  
     Fund Summary ..... 87-88  
     Fund Balance ..... 88  
     Detail Expenditures..... 89-94

**Local Street Fund**.....**95-100**  
     Fund Summary ..... 95-96  
     Fund Balance ..... 96  
     Detail Expenditures..... 97-100

**Major Proprietary Funds** ..... **101-128**

**Water & Sewer Fund** ..... **101-124**  
     Fund Summary ..... 101-102  
     Chart of Organization ..... 103  
     Administration Detail ..... 105  
     Water Resources Division Detail ..... 106-111  
     Distribution and Collection Detail ..... 112-116  
     Laboratory Services Detail ..... 117-118  
     Non-Operating Detail..... 117  
     Source and Use of Funds ..... 119  
     Cash Flow Analysis ..... 120  
     Water Principal Payment Chart..... 120  
     Proposed Rates and Charges - Water and Wastewater ..... 121  
     Current Water Commodity Graph..... 121  
     Continuing Disclosure Charts ..... 122-124



**Building Authority Operating Fund**

Fund Summary ..... 125  
 Change in Net Assets ..... 125  
 Source and Use of Funds/Cash Flow Analysis ..... 127

**Nonmajor Governmental Funds ..... 129-160**

**Nonmajor Special Revenue Funds ..... 129-140**

Nonmajor Special Revenue Funds Description ..... 129  
 Nonmajor Special Revenue Funds Summary ..... 130  
Cemetery Operating Fund ..... 131-132  
Naval Reserve Center Fund ..... 133-134  
Cadillac Development Fund ..... 135-138  
Lake Treatment Fund ..... 139  
H.L. Green Operating Fund ..... 140

**Nonmajor Debt Service Funds ..... 141-148**

Debt Management Policy ..... 141  
 Long Term Principal Amortization Chart ..... 142  
 Legal Debt Margin at June 30, 2010 ..... 142  
 Debt Summary Chart ..... 143  
 Debt Retirement Summary ..... 143  
2000 Special Assessment Debt Retirement Fund ..... 144  
2000 Michigan Transportation Debt Retirement Fund ..... 145  
2002 Special Assessment Debt Retirement Fund ..... 146  
2004 General Obligation Capital Improvement Bond ..... 147-148

**Capital Projects Funds ..... 149-154**

Capital Projects Funds Description ..... 149  
 Capital Projects Summary ..... 150  
Industrial Park Fund ..... 151-152  
Special Assessment Capital Projects Fund ..... 153-154

**Permanent Funds ..... 155-160**

Permanent Funds Description ..... 155  
 Permanent Funds Summary ..... 156  
Cemetery Perpetual Care Fund ..... 157-158  
Capital Projects Fund ..... 159-160

**Nonmajor Proprietary Funds ..... 161-176**

**Enterprise Funds ..... 161-162**

Auto Parking Fund ..... 161-162



**Internal Service Funds.....163-176**  
 Internal Service Funds Description..... 163  
 Internal Service Funds Summary..... 164  
Central Stores and Garage Fund ..... 165-168  
Information Technology Fund..... 169-172  
Self-Insurance Fund ..... 173-174  
Employee Safety Fund..... 175-176

**Nonmajor Fiduciary Funds..... 177-180**

**Pension Trust Fund.....177-180**  
Police and Fire Retirement System Fund..... 177-180

**Component Unit Funds..... 181-198**

Component Unit Funds Description ..... 181  
 Component Unit Funds Summary ..... 182-183

**Major Component Unit.....185-188**

Local Development Finance Authority Operating Fund..... 185-188

**Nonmajor Component Units .....189-198**

Local Development Finance Authority Utilities Fund ..... 189-190  
Local Development Finance Authority Capital Projects Fund ..... 191-192  
Downtown Development Authority Fund ..... 193-194  
Downtown Development Authority Capital Projects Fund ..... 195-196  
Brownfield Redevelopment Authority Fund ..... 197-198

**Capital Improvements Program..... 199-206**

**Supplemental.....207-**

Budget Calendar ..... 207  
 Budgetary Policies..... 208  
 Accounting Policies ..... 208-209  
 Fund Balance Policies ..... 209  
 Basis of Budgeting ..... 209

**Other Policies**

General Finance ..... 210  
 Debt Management..... 211  
 Investment ..... 212-217  
 City of Cadillac Charter - Finance ..... 217-218  
 Labor Contracts ..... 219  
 City of Cadillac Information ..... 220-221  
 Charts ..... 222-226

**Glossary..... 227-231**



**City Manager's Office**  
200 N. Lake Street  
Cadillac, MI 49601  
(231) 775-0181

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**MEMORANDUM**

**To:** Honorable Mayor William S. Barnett and City Council  
**From:** Marcus A. Peccia, City Manager  
**Subject:** Transmittal of 2013-2014 Annual Operating Budget  
**Date:** April 1, 2013

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**INTRODUCTION**

On behalf of the entire City of Cadillac staff, I am pleased to present to you the proposed FY2014 (July 1, 2013 – June 30, 2014) Annual Operating Budget that includes proposed expenditures totaling \$16,254,900.

The proposed FY2014 budget is balanced, with all operating and capital expenditures analyzed and covered by current revenues and available fund balance in accordance with the City's fiscal reserve policy. The overall City budget for all funds and activities will decrease about 1% compared to the FY2013 budget. The following is a general overview of the City's outlook and status of the City's General Fund.

**OUTLOOK**

"Are we there yet?" Although typically heard from the back seat of my car when my family is on a trip, this also seems like a great question regarding the economic situation both in Cadillac and around the country. Unfortunately, as I typically have to answer my children in the car, I think "Not yet!" is an appropriate response for our current economy as well. However, I am also confident that we are headed in the right direction and that there are encouraging signs of economic recovery both in Michigan and here in Cadillac.

In October 2012, the Detroit Free Press reported that economists from the University of Michigan predicted increased job growth for Michigan in 2013 and 2014. This growth was defined as a "sustained recovery." The report speculated that the primary sectors for predicted job growth were manufacturing, trade, transportation, and utilities, according to George Fulton, an economist at the University's economic think tank. Quantitatively, it has been estimated that over 50,000 jobs will be added in Michigan this year with another 63,000 in 2014. This was on top of 63,000 jobs that were created in Michigan in 2011. Though nearly 200,000 jobs have been added in the last few years, the think tank noted that by the end of 2014 Michigan will have only added approximately 1/3 of the jobs back from the devastating losses from the last decade.

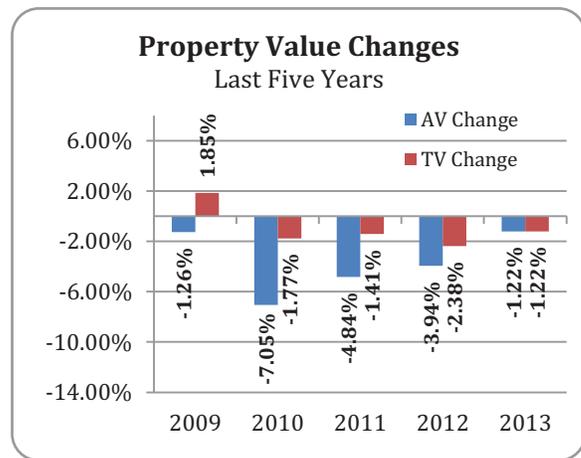
New jobs are certainly being created, as evidenced by the most recent unemployment numbers that showed that Michigan's jobless rate had dipped to 8.8% at the end of February 2013. Hopefully this is further confirmation that the economic predictions above are coming to fruition!

Locally, Cadillac has experienced resurgence in its housing market in the last few months. Property sales are on the rise, and growth in the local industrial sectors has been encouraging, with local companies continuing to reinvest millions of dollars locally to remain competitive and expand into new markets. In fact, one local company is estimating that it will add in excess of 100 new jobs in the next 18 months. Most notably, there is new interest in Cadillac’s industrial park as evidenced by new companies moving in. Coupled with the expansion and addition of new employees, there truly are strong indicators of Cadillac’s continued economic recovery.

The City of Cadillac is continuing to hang tough in this ever-challenging local and state economic environment, and even though revenues overall have continued to decline - specifically property values as shown in the chart below - the City continues to work hard to provide excellent public services.

According to Owen Roberts, Director of Finance, over the last 5 years the City:

- Lost 16% of assessed value (AV), which equates to almost \$100,000,000 true cash value;
- Lost \$17,400,996 in taxable value (TV) - representing over \$240,000 in operating revenue each year;
- Residential assessed values have dropped 26%, and lost nearly 15% of taxable value.



This dramatic and unprecedented loss of taxable value just in the last five years has been very difficult to navigate through. However, as evidenced by the maintenance of strong reserves, the City has done a good job retooling the organization in order to build towards a sustainable structure.

As stated in the past by Jerry Adams, Director of Community Development, “Cadillac is a microcosm of a large City given the diversity of sectors and uses that we have.” Our City is comprised of a variety of residential neighborhoods, business/commercial sectors, industrial parks, recreational facilities, and is the seat of government in Wexford County. The City is consequently responsible for layers of infrastructure ranging from a lake, to trails, lighting, streets and sidewalks, water and sewer, and parks, as well as responsible for many services including planning and zoning, utilities, police and fire, and public works.

Given our composition, and those many layers of infrastructure that Cadillac is required to provide and maintain, the City is truly much different than the outlying areas that do not have the same amount of, or any similar infrastructure that Cadillac does, nor the population to support. Cadillac is the regional urban center, and services a population much greater than our residential population of 10,355.

As the chart to the right indicates, approximately 70% of jobs located within Wexford County are actually located within the City of Cadillac, and most important and interesting to note, the City’s daytime population increases by nearly 61%, from its base residential population, outnumbering the County’s total population by approximately 4%! Therefore, the strain on resources and the impact to the City’s infrastructure needs to be evaluated not only in relationship to its official population of 10,355, but also in comparison to the true population it services on a daily basis.

Factor	Cadillac	Wexford County (Excluding Cadillac)
Population	10,355 (32%)	22,380 (68%)
Population Density	1,523 people/sq. mi.	40 people/sq. mi.
Job Location	11,421 (69%)	5,111 (31%)
Daytime Population	17,013	16,397

In this letter last year, I commented on the State of Michigan’s plans for the development of new revenues and changes at the State level as they attempted to balance their budget. Primarily, the most significant impact this has had on the City have been dramatic changes to the state shared revenue program. The restructuring of the State’s revenue sharing program resulted in the program now being administered through the Economic Vitality Incentive Program, and further changes at the state level completely revamped the Michigan Business Tax, thereby creating over \$4 billion of tax cuts to industry.

Also discussed last year were the State’s efforts to provide further tax cuts to industry totaling over \$1 billion through the elimination of the industrial personal property tax. On the final day of the “lame duck” legislative session at the end of 2012, tax reform eliminating the industrial personal property tax was approved. Along with it were several revenue replacement features that will require a state-wide referendum vote in August 2014 before final implementation of the reforms.

While conceptually the State believes that further business and industrial tax relief will result in the creation of new jobs and business in the State, the elimination of the personal property tax will result in the loss of approximately 10% to 12% of the City’s General Fund revenue if not replaced in full by another source. The State did approve partial replacement through the implementation of a local Emergency Services Assessment (ESA). This ESA authorizes local municipalities to assess industrial parcels for the recapture of tax dollars to fund police, fire and ambulance-related activities. However, it is now very likely that several legal challenges will arise due to concerns that such an assessment cannot be levied. The chart below shows the City’s total Real Property, Personal Property, and its respective percent of total General Fund revenues.

	Taxable Value	% of Total	Operating Tax Levy
Total Real Property	\$192,355,747	78.42%	\$2,682,843
Total Personal Property	52,930,500	21.58%	738,238
<b>Total Taxable Value</b>	<b>\$245,286,247</b>	<b>100.00%</b>	<b>\$3,421,081</b>

Despite some local concerns, could the State be on the right track? According to The Tax Foundation, a nonpartisan tax research group based in Washington, D.C., Michigan's rankings in their 2013 State Business Tax Report, released in October 2012, significantly improved nationally by going from 49<sup>th</sup> place in corporate tax rankings to 7<sup>th</sup> place, and from 12<sup>th</sup> place to 18<sup>th</sup> place overall. The report credited the removal of the Michigan Business Tax and its 6% corporate income tax replacement for the jump in rankings. Additionally, the report indicated that Michigan's new corporate income tax is the "most competitive in the Midwest and among the best in the nation."

## **RESPONSE TO ECONOMIC CHALLENGES**

In spite of the current economic climate and the dramatic losses of revenue experienced in the last several years, Cadillac is still planning towards the future and doing what we can to survive the "day."

Even with uncertainties regarding future revenues, there are innovative new projects that could significantly increase visitor activity to our City in addition to enhancing the quality of life for everyone that lives, works, and plays in Cadillac. Some of these projects that are currently in the planning phase include a new accessible playground at the Lakefront Park, development of a formal White Pine Trail Trailhead, extension of the Kenwood Park Trail, creation of a corridor improvement authority in Cadillac West, and redevelopment of the main downtown parking lot area east of the City Park Fountain that will improve the traffic flow pattern, add new landscaping, and may add new lighting features as well as an open-air shelter. Lastly, plans are coming together to renovate the Rotary Performing Arts Pavilion.

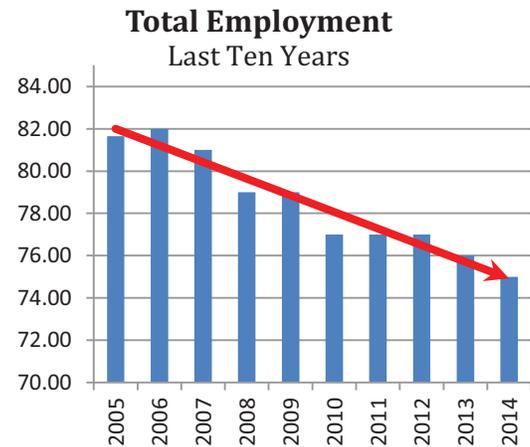
However, because of continued uncertainty with some of the City's principle revenue sources, the organization continues to operate very conservatively from a fiscal standpoint. One example of this is the current structure of the City's Police and Fire Departments. While it was anticipated that a new structure would have been implemented by now, due to fiscal constraints the current budget for the first time since the former Public Safety Director retired a couple of years ago no longer reflects that type of structure nor the appropriation of dollars to support it. Rather, the budget will now reflect how both departments are currently staffed (essentially a 2-Chief system), and staff will look to determine and develop a way to possibly formalize the creation of chiefs or department directors accordingly.

Another example is funding for capital improvements. Except for the well field relocation project, the City has not issued bonds for capital projects since 2004. With several other bond issues being paid in full over the last few years, the City has some capacity to take advantage of the issuance of bonds to fund capital improvements to subsidize the pay-as-you-go financing with funds on hand. The funds currently available for these projects is not adequate to support multiple projects, though it could support bond debt service requirements to help fund several projects over the next several years. It is also possible that an early retirement incentive program may be explored to identify further opportunities to reorganize how services are provided. However, current staffing levels are now already so low, there may not be much incentive and/or opportunity to realize any cost savings for offering such a program.

Lastly, the following are highlights of actions that have been taken to reduce the overall cost structure of the organization over the last several years:

- **Eliminate Activities:** As of July 1, 2010 the City no longer has a Building Inspection department. All inspection and permit activities were turned over to the Wexford County Building Department. This resulted in the elimination of one full-time position.
- **Consolidate Positions:** Over the last several years, several key positions opened up due to staff retirements or resignations. Each time an opening occurred, the position was reevaluated and in several cases, duties were shifted and existing staff was utilized to perform the key duties and the positions were either left unfilled or were restructured to save costs. These include:

- **Assistant City Manager** – This department-head level position was unfilled when the former Assistant resigned in 2010. Since that time, a community development analyst position was created and filled at a 30% cost reduction.
- **Clerk/Treasurer** – This consolidated position was split into two positions that were assumed by two existing employees and the former position was not filled.
- **Public Works Director** – This department-head level position was replaced by an analyst-level position at a 30% cost reduction. The management duties were consolidated into another department head position.



- **Defer Major Capital Replacement/Upgrade Projects:** Prioritization of limited capital dollars has been an important and necessary analysis. The City adopted a five-year capital improvement program recently. Of the \$2,620,500 in projects approved for FY2014, just \$1,556,000, or 60%, were recommended for funding in this budget due to funding constraints. This is not sustainable for the future, as the City's major pieces of maintenance equipment and street infrastructure are aging and will need to be upgraded, replaced, and improved soon.

## MAJOR GOVERNMENTAL FUNDS

### General Fund

The General Fund is presented as a balanced budget, with proposed expenditures of \$6,626,000, a decrease of 2.7% over the FY2013 adopted budget. For the fourth consecutive year, property tax revenues will decline. Overall, the taxable value within the City is expected to drop by approximately 1%, which represents a loss of about \$2.5 million in taxable value. From a revenue perspective, this loss in taxable value will result in a decline in property taxes of close to \$40,000 depending on the final tax roll. Losses in state shared revenue have been a significant contributor to the overall revenue decline as well. As a result of that reduction, the City is forced to rely more and more on our own-source revenue – like property taxes – to sustain service delivery. With a full-time workforce that equals its lowest level in many years, further revenue restrictions and reductions will inevitably lead to reduced services.

The rate charged to residents for solid waste removal services decreased 15.2% in FY2012 from \$14.58 per month to \$12.37 per month, due mostly to the reduction in tipping fees at the Wexford

County landfill after it was sold to a private company in late 2011. This rate further dropped to \$12.27 in 2012. The current 5-year hauling contract is set to expire on June 30, 2013. The City is currently exploring several options for solid waste removal in the future.



Because funds from the State of Michigan for road maintenance are not sufficient to completely fund all the costs of street maintenance activities, the General Fund is required to transfer funds to make up the difference. The General Fund's contribution to the Local Street Fund to fund street maintenance and construction remains high at \$375,000 for FY2014. Funds transferred from the State in accordance with Act 51 – primarily from gas taxes – have recovered somewhat in the last few years, which has helped control the amount of the transfer that is required each year from the General Fund to support street maintenance.

Overall, converging economic and legislative factors have presented budgetary challenges over the last several budgetary cycles at levels not seen for many years and the situation continues to worsen. Never has it been more critical to fully analyze and understand the costs of providing governmental services and to ensure that these core and critical services are being delivered in the most efficient and cost effective manner possible. Prioritization of services will be an important activity in upcoming months as the prospect of having to eliminate some of the lower priority services becomes an unfortunate reality.

The Major Street Fund is focused on the high traffic volume streets. This activity is funded primarily from revenues generated by the State of Michigan Gas and Weight Tax, which have continued to decline, even as the costs of street maintenance continue to rise. The Major Street Fund also accounts for the work that the City provides to the State on a contractual basis to maintain the state trunk line system that runs through the city. The City is fully reimbursed for the costs of maintaining the major trunk lines in the City.

The Local Street Fund is a street system focused on the less traveled streets, predominately the residential street system. This fund receives a small amount of money from the State of Michigan Gas and Weight Tax, while the majority of funding is received from the General Fund or other funds. Each local resident will contribute \$36 this year to maintain this infrastructure, which is down from \$41 per resident in FY2013. The current budget plans for one construction project totaling \$100,000. Reserves on hand from prior years will be used to fund portions of the construction.

FY2014 Street Construction	
Project	Cost
Francis/E. Division Street ( <i>Major</i> )*	\$30,000
* To be determined ( <i>Local</i> )	100,000
<b>Total</b>	<b>\$130,000</b>

**MAJOR PROPRIETARY FUNDS**

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

The Water and Sewer Fund is planning to freeze rates at the same level as the current fiscal year. This is the second consecutive year that rates were not increased. Moderate recovery in usage combined with cost controls in the system enabled the system to maintain rates once again this year. In addition, Phase I of the well field project cost nearly \$1 million less than projected which is also reflected in the rate freeze for this year. Because Phase II will soon begin in order to complete the relocation of the City's municipal well system, future rates will need to be analyzed to ensure that sufficient revenues are being raised to cover project costs and related debt service requirements. In addition to beginning Phase II of the well field relocation project, over \$650,000 of funds on hand will be committed through this budget for system upgrades related to street infrastructure and equipment replacement projects.



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

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

The Cemetery Operating Fund accounts for revenues and expenditures related to the maintenance of Maple Hill Cemetery. City management must further develop a strategy for continuing to maintain the facility and improve infrastructure, while keeping rates down. This will be an ongoing challenge. The Cemetery Board has worked hard at improving the financial stability of this fund and as a result increased the rates in 2011. The cemetery is a beautiful showpiece at the entry to the City from the south. A survey was taken of surrounding communities which illustrates that our rates are very competitive.

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

The City Council is committed to keeping the downtown a viable and vibrant shopping area. The H.L. Green Operating Fund represents a prime example of these efforts. The City purchased a downtown commercial building, remodeled it and has since sold it on a land contract. As of March 31, 2013, the outstanding principle on the land contract was just under \$5,000 and the contract should be paid in full by the end of FY2013. This fund accounted for the collection of the principal and interest. The fund will end this project with over \$100,000 in reserves which can be reinvested into other development projects.

On February 22, 2011, City voters approved a new millage to fund the treatment of Lake Cadillac against Eurasian water milfoil and other invasive aquatic species. This enables the levy of 0.50 mills that will be restricted for costs incurred to treat the lake. It is expected to raise about \$120,000 annually and was approved for three years. This budget year is the final year that the millage is approved to be levied. The Lake Treatment Fund will account for the revenues received from the millage and the treatment costs incurred.

### NON-MAJOR DEBT SERVICE FUNDS

These funds are used to account for the retirement of various bond issues. Funds have been appropriated for four separate debt obligations at various stages of retirement. The statutory debt ceiling is 10% of the taxable value and the city remains well below this level. By remaining below the debt ceiling, the city maintains flexibility in its consideration of future projects which may require the issuance of debt. Three of the four remaining debt issues will be paid in full during FY2014. The per capita debt for FY2014 is \$1,029 (including revenue bonds) and 6.76% of the principal will be retired during the fiscal year.

### NON-MAJOR PERMANENT FUNDS

The Capital Projects Fund is the result of the sale of the power generating plant. The assets are to be held as an endowment. Earnings on these assets have been used to help fund infrastructure projects. As of FY2014, over \$140,000 in contributions had been made using earnings on these endowment funds to assist in funding capital projects within the City. No contributions are planned for the current year, though several grant applications have been submitted and these funds could be used to contribute towards the City's local match so that the grant projects can be undertaken.



The final fund in this category is the Cemetery Perpetual Care Fund. This fund is an endowment, which uses interest earnings on perpetual care assets to assist financing of the Cemetery Operating Fund. Funds will be transferred in FY2014 to help fund the replacement of a service truck and lawn mower.

### NON-MAJOR CAPITAL PROJECTS FUNDS

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

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

The Industrial Park Fund has sold most of the remaining portions of land in the Harry VanderJagt Park and purchased another forty acres for an expansion project several years ago. The expanded area is known as the James E. Potvin Industrial Park. Several lots have been sold in this park with construction of two new facilities completed.

The Special Assessment Capital Projects Fund is where much of the activity for this budget's construction projects is funded. Most remaining funds on hand were utilized for FY2013 construction projects, so no projects are scheduled in this fund for FY2014. Fund balance on hand that is restricted for use on capital projects should grow over the next couple of years and can be used to fund future construction projects.

## NON-MAJOR PROPRIETARY FUNDS

### Enterprise Funds

A major revenue source of the Auto Parking Fund is the parking special assessment. The prior assessment expired at the end of FY2011. Reserve funds were used to fund parking lot maintenance in FY2012, but a new assessment was passed in FY2013 to ensure that funds are available for long-term maintenance on the lots. This assessment allows the fund to continue to meet its operating obligations of providing parking in the business district for the customers of the merchants. The parking assessment is set at a level which covers the essential services of the fund, but does not generate sufficient revenue to consider additional construction projects. In order to fully fund the parking lot maintenance activities, a transfer of \$20,000 from other City funds will be required.

### Internal Service Funds

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

The Stores and Garage Fund is used to rent equipment to the various operating departments within the City. Internal rental rates need to be high enough to cover the purchase of new equipment and cover oversight and administration of the street maintenance system. Equipment rental represents 95% of revenue to this fund. There are over 80 pieces of equipment in this fund.



The Information Technology Fund accounts for the information technology (IT) operations across all departments and activities of the City. Through this investment, the City continues to leverage improvements in technology to enhance efficiency and productivity wherever possible. Oversight of all IT activities was contracted out in 2007, which continues to serve the city well and has led to improved service delivery. A new vendor was selected and began servicing the City's IT needs on July 1, 2012. This new 5-year contract was at a substantial cost reduction.

The Self-Insurance Fund provides funding for the City's health care needs. Because of proactive employee health management and positive claims experience over the last several years, FY2014 begins with a solid balance of reserves. Claims that reach \$5,000 per family per year are covered by an insurance policy purchased by the City. The overall goal is to provide quality health care for City employees and their dependents while at the same time keeping costs under control. This fund also maintains a small, self-funded life insurance policy for retirees. For FY2014, most of the City's annual required contribution for other post-employment benefits (OPEB) will also be appropriated from this fund.

## PENSION TRUST FUNDS

The City operates one pension trust fund entitled the Police and Fire Retirement System, which is funded by a millage approved by the citizens in 1977. The millage required for FY2014 is 2.6 mills, unchanged from FY2013. A local board of directors appointed by the City Council is responsible for the administration of this system. A small increase in the City's taxable value, coupled with the change in funds management to MERS ISP enabled a reduction in the millage rate in FY2009. In 1977, assets of \$100,000 were available and as of June 30, 2012, these funds have grown to nearly

\$8 million. The City contributes 31.71% as a percentage of payroll for police and fire to fund the liabilities of the system.

The other retirement system offered by the City is a state-wide system entitled the Michigan Municipal Employees Retirement System (MERS). This covers all full-time City employees except for police and fire personnel. Actuarial estimates place the average cost of this system at 7.5% of annual salaries. Annual required contributions to this system increased by about \$30,000 city-wide this year, further exacerbating the financial challenges facing the City. The City is paying a smaller percentage of its obligation as determined by MERS due to the fund being well invested. The system is over 96% funded according to the most recent actuarial valuation.

## **COMPONENT UNITS**

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

### **Major Component Unit**

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

### **Non-Major Component Units**

The Local Development Finance Authority Utility Fund accounts for the costs associated with a well, which is the major water supply providing the power plant with water as required under the development agreement that governs the project as a whole.

The Downtown Development Authority Capital Projects Fund accounts for the revenue that is captured as a result of a tax increment financing plan, which allows for the capture of tax dollars from increased value of the downtown area. This fund is separated to cover the various construction and improvement projects identified by the DDA board. Providing a strong commitment to the downtown area continues to be a major goal of the City and this is reflected through reinvestment in the downtown as illustrated through this tax plan.

The Cadillac Brownfield Redevelopment Authority was established in 1996 and was the first in the State of Michigan. It is designed to redevelop previously environmentally contaminated sites. This is an economic tool used to reinvest in local communities and avoid urban sprawl.

## **CONCLUSION**

I graciously thank the City Council for its continued support in working with staff to finalize a budget during these ongoing difficult times. Through input from a variety of sources, we are hopeful that this budget document identifies those services most needed and desired in the community, and the efforts committed to the development of the budget document by all parties, staff and council alike, are greatly appreciated.

I believe this document fairly and accurately reflects revenues and expenditures for FY2014. It is a budget which, especially when one considers the challenges presented to us by State and Federal mandates, does a superb job of continuing to serve the needs of our community through the utilization of scarce resources in the most efficient manner.

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

- ◆ **Tree City Award** goes to only those communities which meet strict standards for forestry management. Receiving this award for the twenty-ninth year in a row clearly illustrates our commitment to this most important natural resource.
- ◆ The **Award for Distinguished Budget Presentation** has been presented to the City of Cadillac for twenty-eight consecutive years by the Government Finance Officers Association of the United States and Canada. This award is for one year and covers the budget beginning July 1, 2012. In order to receive this award, a governmental unit must publish a budget that meets program criteria as a policy document, as an operational guide, as a financial plan and as a communications device. We believe our current budget continues to conform to this high standard and we are submitting this year's document to be considered for another award.
- ◆ The Government Finance Officers Association of the United States and Canada presented the City of Cadillac with a **Certificate of Achievement for Excellence in Financial Reporting**. This award has been received twenty-seven years in a row, reflecting our sincere effort to provide accurate and complete financial data.

This budget is prepared and formulated in accordance with State of Michigan guidelines and the City of Cadillac charter requirements. It also conforms to generally accepted accounting principles. There are four columns in the financial details of each fund: one contains audited figures from the most recently completed fiscal year; the next reflects unaudited anticipated activity for the current fiscal year; the third column is the current approved budget; and the final column is the proposed budget. These four columns, along with the fund balance descriptions are required by P. A. 621, the State of Michigan Budgeting and Accounting Act. Following this transmittal letter, the specific calculations of tax limitations that Michigan voters have approved and which are required of every municipality are shown. The budget document is available for public inspection at the City Clerk's office or on the City's website at [www.cadillac-mi.net](http://www.cadillac-mi.net).

With the receipt of this proposed budget for the 2013-2014 fiscal year, the City Council begins its responsibility of examining the administration's proposals and its eventual approval of the document, which will establish the direction of all municipal services and programs. The City Charter requires that the Council adopt the final budget and set the tax levy authorization by the last council meeting in May. This budget will take effect on July 1, 2013 and run through June 30, 2014.

**FINAL THOUGHTS**

Our City continues to work in developing stronger relationships and communications with local and regional civic groups, agencies, and area municipalities. This area-wide cooperation and collaboration is at an all new level of importance given the continued pressures of our current economic climate. Our City will continue to explore new ways to do the best that we can with what we have, since we are definitely beyond the point of doing more with less, and we will also continue to aggressively seek outside funding for capital and other special projects.

Cadillac's future is bright! Our City is moving closer to resolving regional sanitary sewer service issues, and new development is on the horizon that could result in the largest economic development opportunity the City has seen in quite a long time.

In closing, I must acknowledge the tremendous efforts of our staff, and thank them for their genuine love and dedication for our City. Given this difficult economic time we have all sacrificed and contributed to directly benefit the City and aid in keeping the City's level of service stable. I must also recognize and acknowledge the tremendous efforts of my executive and managerial staff, but wish to specifically highlight Owen Roberts and Carol Pacella from the Financial Services Department, for their investment of countless hours in the preparation of our budget document that I am pleased to present for your consideration.

Respectfully submitted,



Marcus A. Peccia  
City Manager



## Council Mission & Vision Statement

### **Mission Statement**

It is the mission of the City of Cadillac to be a well-managed, environmentally conscious and fiscally responsible appealing community in northwest Michigan. We will encourage and advocate for an environment for living and working that is founded upon a strong community spirit of trust, broad-based citizen involvement, and dignity and respect for all regardless of ethnic, social, or economic backgrounds.

### **Vision Statements**

The City preserves and enhances its character and quality of life, and will be responsive to the changing needs of the residents and environment in a fiscally responsible manner.

The City will be an outstanding example of a well-managed, planned community which protects and enhances its historical heritage, architecturally significant buildings, residential neighborhoods, natural resources, open spaces and recreational areas. The City fosters well-planned business and commercial districts, encompassing a variety of industrial, manufacturing, retail and service establishments.

A strong commitment will be made to public health and safety, the maintenance of our infrastructure, and the conservation of our open spaces and natural resources, and where and when applicable, environmentally "green" practices will be utilized. Community services are distinguished by a strong commitment to quality, efficiency and outstanding public facilities, supported by reasonable property tax rates and/or fees.

The City will be known for its promotion of dignity, respect, and cooperation among residents regardless of ethnic, social, or economic backgrounds, as well as will be known for its promotion of cooperation among businesses, community agencies, and other units of government.

**DEPARTMENTAL GOALS AND OBJECTIVES**

**City of Cadillac Departmental Structure**

The City of Cadillac is organized under seven (7) main departments. A department director is assigned to each department. Departments are structured as follows:

<u>Department</u>	<u>Department Director Title</u>
• Office of the City Manager	<b>City Manager</b> (Marcus Peccia)
• Financial Services Department	<b>Director of Finance</b> (Owen Roberts)
• Department of Public Works and Engineering	<b>Director of Public Works and Engineering</b> (Bruce DeWitt)
• Community Development Department	<b>Community Development Director</b> (Jerry Adams)
• Police Department	<b>Police Captain (Acting)</b> (Matt Wohlfeill)
• Fire Department	<b>Fire Captain (Acting)</b> (Randy Norman)
• Utilities Department	<b>Director of Utilities</b> (Jeff Dietlin)

Except for the General Fund, all of the other funds within the City’s fund structure are overseen by one of the primary department directors listed above. Throughout the budget document, each fund other than the General Fund will notate which department director is responsible for oversight of the fund.

It is important that each department of the City partners with the City Council to help carry out the mission of the Council. Departmental goals and objectives are presented below. It is also important to measure the outcomes of each department to ensure the progress of each department towards accomplishing this mission. Within each department below is a reference to other sections of this document where various performance measures can be found.

As the Chief Administrative Officer of the City of Cadillac, the City Manager has overall responsibility for the management of all City services and departments. As part of carrying out this responsibility, the City Manager requires each individual department to submit the following goals and objectives to outline how the respective departments will assist and partner with the City Council to achieve the mission and objectives contained in the Council Mission and Vision Concepts. As such, highlighted within each departmental goal is the specific council vision statement that the departmental goal is targeted towards achieving.

[ \_\_\_\_\_ ]

**Department:** Financial Services Department  
**Director:** Owen Roberts  
**Performance Measures:** Pages 59, 60, 61, 62, 63, 169, 177

**Departmental Goals and Objectives:**

To assist the City Council in achieving its mission, the **Financial Services Department** will:

1. Promote **fiscal responsibility** by advocating for and practicing prudent, conservative fiscal practices and decision-making. Identified tasks to help achieve this objective are:
  - a. Minimize personnel legacy costs.
  - b. Measure and fully fund annual pension and other post-employment benefits liabilities.
  - c. Maintain General Fund undesignated fund balance of at least 15% of total annual General Fund expenditures.
2. Foster a **community spirit of trust** by providing open and easy access to financial information and results. Identified tasks to help achieve this objective are:

**Departmental Goals**

- a. Property tax information available on the City’s website.
  - b. Annual Operating Budget, Comprehensive Annual Financial Report, and 5-Year Capital Improvement Program available on the City’s website.
3. Promote a **community spirit of trust** by commitment to providing comprehensive and accurate financial information. Identified tasks to help achieve this objective are:
- a. Obtain Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).
  - b. Obtain Distinguished Budget Presentation Award from the GFOA.
  - c. Obtain unqualified (“clean”) audit opinion.
4. Demonstrate a **strong commitment to quality and efficiency** in the delivery of **community services** by utilizing technology to streamline communications and internal business processes. Identified tasks to help achieve this objective are:
- a. Evaluate and invest in new and/or upgraded technologies to take advantage of new efficiencies.
  - b. Continue to meet schedule of hardware replacement to ensure optimal efficiency and minimize down time.
  - c. Develop new communication tools and utilize existing tools to enhance delivery of important information to local residents and businesses.



**Department:** Department of Public Works and Engineering  
**Director:** Bruce DeWitt  
**Performance Measures:** Pages 65, 66, 77, 78, 80, 82, 87, 95, 165

**Departmental Goals and Objectives:**

To assist the City Council in achieving its mission, the **Public Works Department** will:

- 1. Enhance Cadillac as an **appealing community** by protecting our **natural resources, open spaces and recreational areas** throughout the City’s parks, rights-of-way, open spaces and Maple Hill Cemetery. Identified tasks to help achieve this objective are:
  - a. Plant 100 trees annually in City right-of-way and public spaces.
  - b. Continue forestry practices that have helped the City maintain the designation of Tree City USA for twenty-nine consecutive years.
  - c. Adequately staff seasonal crews to facilitate optimal maintenance of parks and cemetery.
- 2. Promote **fiscal responsibility** by seeking ways to help offset costs of parks maintenance and forestry activities and to provide funding for additional activities. Identified tasks to help achieve this objective are:
  - a. Actively seek forestry grants to assist in the cost of purchasing trees.
  - b. Utilize competitive bidding process to ensure lowest acquisition costs for goods and services.
  - c. Seek opportunities to utilize volunteer help where appropriate.
  - d. Utilize Wexford County trustee help to reduce manpower costs.

**Departmental Goals**

3. Promote a ***community spirit of trust*** by responding to citizen comments and concerns in a timely fashion. Identified tasks to help achieve this objective are:
  - a. Develop a system to track citizen requests and complaints in order to measure response times and satisfactory resolutions.
  - b. Provide online submission venue for citizen concerns, comments and complaints.
  
4. Support our ***strong commitment to monitoring the City's infrastructure*** by continually evaluating and updating the infrastructure needs within the City. Identified tasks to help achieve this objective are:
  - a. Annually rank the condition of City streets.
  - b. Review and rank utility infrastructure needs below the streets.
  - c. Review and update Capital Improvement Program projects.
  - d. Design, bid and inspect all street and utility construction projects.
  - e. Update the Geographic Information System (GIS) with new utility information.
  
5. Enhance the City as a ***highly appealing and desirable community*** through maintenance practices that shall include:
  - a. Inspect and repair sidewalks thereby ensuring a safe walking environment for the public.
  - b. Continue the sign replacement program as well as maintaining the existing system of signs throughout the City.
  - c. Monitor and order repairs to all City lighting including streets, parks and the downtown business district.
  - d. Continue with the seasonal employment of a downtown maintenance worker who is responsible for sweeping sidewalks and side street parking spaces as well as resetting brick pavers and litter collection.
  - e. Optimize ice and snow control activities on State trunk lines, major and local streets and residential sidewalks.



**Department:** Community Development Department  
**Director:** Jerry Adams  
**Performance Measures:** Pages 83, 137-138

**Departmental Goals and Objectives:**

To assist the City Council in achieving its mission, the **Community Development Department** will:

1. Promote a ***well-managed and fiscally responsible community*** by maintaining current information on the growth and development trends of the city and regional area. Supply this information to the City Council, City staff and others so as to allow these parties to make informed decisions founded on current data relevant to the issues at hand. Identified tasks for achieving this objective include:
  - a. Implement the recommendations of the Cadillac Area Market Study pursuant to filling market gaps in the commercial and industrial sectors.
  - b. Continue to monitor the growth in residential, commercial and industrial development.
  - c. Update the City/Schools Community Recreation Plan.
  
2. Promote ***fiscal responsibility*** by carefully identifying, examining and pursuing local, state, and federal funding programs as a means of leveraging local dollars as well as providing for facilities and services potentially unavailable without the benefit of supplementary resources. Identified tasks for achieving this objective include:
  - a. Continue with the internal "grant alert program" informing city staff of potential local, state and federal grant funding programs.

**Departmental Goals**

- b. Pursue recreational grant funds through the Michigan Department of Natural Resources and local philanthropic organizations.
  - c. Provide staff support to the Diggins Hill Committee, the Cadillac Area Garden Club, and the Friends of the Library as they solicit donations for the development of various community facilities and programs.
3. Enhance the City as a **highly appealing and desirable community** by fostering the growth and development of new facilities and services. Identified tasks for achieving this objective include:
- a. In concert with the Arts Council, investigate the potential for opening an Art Gallery in Downtown Cadillac providing a location in which local artists may display and market their crafts.
  - b. In concert with the National Park Service complete a site design plan depicting an extension of the White Pine Trail into or near Downtown Cadillac.
  - c. Finalize the Rotary Performing Arts Pavilion Master Plan.
  - d. Update the Downtown Development Authority Strategic Plan.
4. Foster a **community spirit of trust** by instituting and participating in programs designed to inform and educate the public on community development matters. Identified tasks for achieving this objective include:
- a. Expand the number of people identified as “friends” of the City’s Facebook website page. Concurrently, increase use of the website for displaying information on public programs, facilities and services.
  - b. As a representative of the city, serve as a guest speaker at meetings or events of local organizations addressing community development programs and services.
  - c. Maintain the preparation, publication and distribution of various community development newsletters including the Historic District newsletter and the Downtown Happenings report.
  - d. Author a publication in a magazine or other media type of statewide circulation extolling the virtues of the city.
5. Promote the **City’s environmental well-being** by instituting programs designed to protect the City’s natural resources. Identified tasks for achieving this objective include:
- a. Institute a rotating series of educational displays/posters for placement in the Lake Cadillac kiosks dealing with the protection of the city’s natural resources.
  - b. Maintain the Lake Cadillac Invasive Species Management Program.
  - c. Foster the redevelopment of Lake Cadillac shoreline areas to natural habitat.
  - d. Improve opportunities for non-motorized travel throughout the city.



**Department:** Police Department  
**Director:** Captain Matt Wohlfeill (*Acting*)  
**Performance Measures:** Pages 68, 69, 70, 71, 72, 76

**Departmental Goals and Objectives:**

To assist the City Council in achieving its mission, the **Police Department** will:

- 1. Foster a **community spirit of trust and broad-based citizen involvement** by continuing to work with the community to reduce crime and increase the feeling of community safety. Identified tasks to help achieve this objective are:
  - a. Promote the city wide Neighborhood Watch concept to help identify and prevent criminal activity.
  - b. Involve the Cadillac Community Policing Officer with local civic groups and community organizations to share information, offer other available resources, solve community problems, and offer crime prevention training in the community.

**Departmental Goals**

- c. Build community trust by offering professional, competent, respectful, and helpful service to the community.
2. Enhance the City as a **highly appealing and desirable community** by placing a high emphasis on traffic safety. Identified tasks to help achieve this objective are:
  - a. Perform traffic surveys to identify problem areas.
  - b. Utilize the department's radar speed trailer throughout the city to raise speed limit awareness and promote compliance with the law.
  - c. Assign traffic patrol to identified problem areas.
  - d. Continue to focus on the increasing problem of operating under the influence of drugs by utilizing the departments Drug Recognition Expert to assist officers in recognizing and combating this dangerous situation.
3. Enhance the City as a **highly appealing and desirable community** by decreasing criminal activity such as larcenies, property damage, and breaking and entering. Identified tasks to help achieve this objective are:
  - a. Continue to deploy personnel on targeted neighborhood patrols.
  - b. Continue to put a high emphasis on investigating and solving crimes, and prosecuting the offenders.
  - c. Utilize the media, business contacts, and community groups to raise community awareness of current problems in order to promote early detection and reporting of suspicious or criminal activity.
4. Promote the City's **environmental well-being** by purchasing products and equipment for the department whenever possible that are environmentally friendly, safe, economical and that support local business when appropriate. Evaluate other operational opportunities to reduce emissions. Identified tasks to help achieve this objective are:
  - a. Evaluate environmental impact of equipment acquisitions and departmental activities.
  - b. Utilize Summer Patrol Officers on foot and on bikes to reduce fuel usage and emissions.
5. Promote a **well-managed and fiscally responsible community** by continuing current efforts and seeking out additional opportunities for co-operative mutual aid agreements with area public safety agencies. Identified tasks to help achieve this objective are:
  - a. Continue to take advantage of opportunities for joint in-house training utilizing local departmental instructors.
  - b. Promote sharing of specialized equipment with other local agencies to eliminate duplication in the acquisition of costly equipment.
  - c. Continued support of joint specialty teams.
  - d. Research options for a volunteer program to supplement and enhance our current resources.

**Department:** Fire Department  
**Director:** Captain Randy Norman (*Acting*)  
**Performance Measures:** Pages 72, 73, 75, 76

**Departmental Goals and Objectives:**

To assist the City Council in achieving its mission, the **Fire Department** will:

1. Demonstrate a **strong commitment to public health and safety** by protecting local residents, businesses, and industries through fast, effective and efficient fire protection and emergency medical care. Identified tasks to help achieve this objective are:
  - a. Provide adequate training for all personnel.
  - b. Maintain safe, efficient, and updated fleet of safety and firefighting apparatus.
  - c. Minimize emergency response times.

**Departmental Goals**

2. Promote a ***fiscally responsible community*** by continuing partnerships with local agencies to provide efficient firefighting and emergency medical services. Identified tasks to help achieve this objective are:
  - a. Continue partnerships with Northflight and Clam Lake Township.
  - b. Continue and enhance mutual aid agreements with other local departments.
  - c. Develop county-wide training partnerships.
  - d. Enhance county-wide purchasing partnerships.
  
3. Promote a ***strong community spirit of trust*** and ***broad-based citizen involvement*** through community fire prevention and safety education, especially to “at-risk” groups like the very young and elderly. Identified tasks to help achieve this objective are:
  - a. Increase educational programs within local school systems.
  - b. Increase educational programs within local senior housing facilities.



**Department:** Utilities Department  
**Director:** Jeff Dietlin  
**Performance Measures:** Pages 104, 106, 109, 112, 115, 117, 118, 122, 123, 124, 187, 188, 190

**Departmental Goals and Objectives:**

To assist the City Council in achieving its mission, the **Utilities Department** will:

1. Promote ***fiscal responsibility*** by advocating for and practicing prudent decision-making. Identified tasks to help achieve this objective are:
  - a. Evaluate staff to maximize potential workloads.
  - b. Evaluate equipment needs and develop a comprehensive preventative maintenance program to extend useful life of all equipment.
  
2. Foster a ***community spirit of trust*** by providing open and easy access to information and results. Identified tasks to help achieve this objective are:
  - a. Encourage local residents and groups to tour departmental facilities.
  - b. Provide annual results of water quality tests on the City website.

**Water Resources Division**

1. Promote ***fiscal responsibility*** by advocating for and practicing prudent decision-making. Identified tasks to help achieve this objective are:
  - a. Evaluate opportunities for new revenue such as accepting additional hauled waste.
  - b. Maintain a well-run digester to ensure the production of alternate fuel sources to offset costs of natural gas usage.
  
2. Promote an ***environmentally conscious attitude*** by advocating for and practicing environmentally prudent decision-making. Identified tasks to help achieve this objective are:
  - a. Maintain a well-run digester to ensure the production of alternate fuel sources to reduce natural gas usage.
  - b. Evaluate green component of future purchases.
  - c. Maintain discharge levels below required NPDES permit levels.
  - d. Maintain an active Industrial Monitoring Program to limit amount of industrial waste that is discharged into the waste water treatment system.

Water Distribution and Collection Division

1. Promote ***fiscal responsibility*** by advocating for and practicing prudent financial decision-making. Identified tasks to help achieve this objective are:
  - a. Evaluate opportunities for new revenue such as selling bulk water.
  - b. Maintain a well-run meter program with less than 1% misreads per month.
  
2. Promote ***environmentally conscious attitude*** by advocating for and practicing prudent environmental decision-making. Identified tasks to help achieve this objective are:
  - a. Clean at least 20,000 feet of sewers a year.
  - b. Achieve total coliform tests results of zero for the year.
  - c. Flush all fire hydrants within the City two times per year.
  - d. Continue preventative maintenance program for all fire hydrants in the City.
  - e. Evaluate green alternatives for new well field infrastructure.

Laboratory Division

1. Promote ***fiscal responsibility*** by advocating for and practicing prudent financial decision-making. Identified tasks to help achieve this objective are:
  - a. Evaluate opportunities for new revenue such as expanding customer base for laboratory services.
  - b. Increase number of tests that laboratory and staff are certified to perform.
  - c. Perform over 32,000 total tests annually.
  - d. Bill over \$65,000 for contract laboratory services to non-City of Cadillac accounts.
  - e. Provide a chemical hygiene course yearly to prevent accidental chemical exposure.
  - f. Maintain an MSDS record for chemical spill response.
  
2. Promote ***environmentally conscious attitude*** by advocating for and practicing prudent environmental decision-making. Identified tasks to help achieve this objective are:
  - a. Provide a place where total coliform measurements may be performed.
  - b. Maintain an updated and accurate record of chemicals at the Wastewater plant.
  - c. Give tours and classroom instruction for the schools around Cadillac.

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

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

2013 Assessed Taxable Value	\$245,232,167		
2013 State Equalized Taxable Value	\$245,232,167		
Difference	\$0		
	\$245,232,167	equals	1.0000
	\$245,232,167		

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

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

Base Tax Rate = Previous Year x						
			2012 Total Taxable Value Minus 2013 Losses Taxable Value			
Millage Rate			2013 Total Taxable Value Minus 2013 Additions Taxable Value			
13.9473	x	\$247,489,780	minus	\$3,075,379		
		\$245,232,167	minus	\$11,097,787		
13.9473	x	\$244,414,401				
		\$234,134,380				
13.9473	x		1.0439 (Base Tax Rate Factor) =		14.5597	
			15 mills is the base tax rate and charter maximum			
\$244,414,401	x	13.9473			\$3,408,920.98	
\$234,134,380	x	14.5597			\$3,408,920.98	
\$244,414,401	x	13.9473			\$3,408,920.98	
\$234,134,380	x	13.9473			\$3,265,542.44	
		Net			-\$143,378.54	

**City of Cadillac - Headlee Amendment Calculations**

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

The current 2013 taxable value is \$245,232,167, of which \$11,097,787 represents new value. After subtracting the net amount of new value, the Constitutional formula will further affect the City's millage rates only if last year's total taxable valuation is increased by an amount greater than the consumer price index (CPI), which for this fiscal year is 2.4%. The CPI is established by the State of Michigan. Based upon current estimates, the tax limitation formula will result in an adjustment of the tax rates for FY2014 as shown below:

2012 Taxable Value	\$247,489,780	
Less: Losses	<u>\$3,075,379</u>	
Net		\$244,414,401
Times the Consumer Price Index		<u>1.024</u>
Ceiling		\$250,280,347
2012 Taxable Value	\$245,232,167	
Less - Additions	<u>\$11,097,787</u>	
2012 Adjusted Value		<u>\$234,134,380</u>
Millage Reduction Factor (MRF)	Ceiling divided by adjusted value	1.0690
Current Millage Rate		<u>13.9473</u>
New Millage Rate as a result of the Headlee Amendment Rollback		<u><u>13.9473</u></u>

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



**ORDINANCE NO. 2013-03**

**ORDINANCE ADOPTING GENERAL APPROPRIATIONS ACT  
FOR FISCAL YEAR 2014**

**THE CITY OF CADILLAC ORDAINS:**

Section 1, Title.

This Ordinance shall be known as the City of Cadillac General Appropriations Act For Fiscal Year 2014.

Section 2, Public Hearing on the Budget.

Pursuant to MCL 141.412 and Section 10.3 of the City Charter, notice of a public hearing on the proposed budget was published in a newspaper of general circulation on April 4, 2013, and a public hearing on the proposed budget was held on April 15, 2013.

Section 3, Expenditures.

The City hereby appropriates the expenditures for the fiscal year commencing July 1, 2013 and ending June 30, 2014 on a departmental and activity total basis as follows:

**General Fund**

Legislative	\$42,700
Office of the City Manager	248,200
Financial Services	219,000
City Clerk/Treasurer Department	271,100
Election Services	14,500
Assessing Services	131,000
Legal Services	150,000
Engineering Services	172,800
City Complex	290,700
Police Department	1,940,900
Code Enforcement	31,600
Fire Department	1,294,200
Public Works	878,800
Culture and Recreation	244,800
Economic Development and Assistance	160,500
Intergovernmental	101,200
Other	<u>450,000</u>
<b>Total Expenditures</b>	<b>\$6,642,000</b>

**FY2014 General Appropriations Act**

Section 4, Estimated Revenues.

The City estimates that revenues for the fiscal year commencing July 1, 2013 and ending June 30, 2014 will be as follows:

<b>General Fund</b>	
Taxes	\$4,234,500
Licenses & Permits	111,000
Intergovernmental	1,155,000
Charges for Services	897,500
Fines & Forfeits	30,000
Miscellaneous	17,500
Interest and Rents	36,500
Other Financing Sources	<u>160,000</u>
<b>Total Revenues</b>	<b>\$6,642,000</b>

Section 5, Budgets.

The City hereby approves budgets for the fiscal year commencing July 1, 2013 and ending June 30, 2014 for the following funds in the amounts set forth below:

	<u>Revenues</u>	<u>Expenses</u>
<b>Governmental Funds</b>		
Major Street Fund	\$677,400	\$653,000
Local Street Fund	700,100	700,100
Cemetery Operating Fund	158,900	158,700
Naval Reserve Center Fund	22,500	22,500
Cadillac Development Fund	71,000	71,000
Lake Treatment Fund	124,500	124,500
H.L. Green Operating Fund	1,000	500
2000 Special Assessment Debt Retirement	207,000	207,000
2002 Special Assessment Debt Retirement	16,800	16,800
2004 General Obligation Capital Improvement Bond	207,000	86,600
2000 Michigan Transportation Debt Retirement	74,500	74,500
Industrial Park Fund	49,100	49,100
Special Assessment Capital Projects Fund	27,500	1,500
Cemetery Perpetual Care Fund	33,100	33,100
Capital Projects Fund	20,000	500
<b>Proprietary Funds</b>		
Auto Parking Fund	68,800	68,800
Water & Sewer Fund	3,894,000	3,866,000
Capital		1,156,600
Debt Service		480,000

**FY2014 General Appropriations Act**

	<u>Revenues</u>	<u>Expenses</u>
Building Authority Operating Fund	\$197,400	\$105,600
Capital		45,000
Debt Service		130,000
Central Stores & Municipal Garage Fund	562,500	562,300
Capital		40,000
Debt Service		50,000
Information Technology Fund	201,600	200,200
Capital		135,000
Self-Insurance Fund	1,360,500	1,360,500
Employee Safety Fund	11,800	11,800
<b>Pension Trust Fund</b>		
Police & Fire Retirement System	747,000	746,500
<b>Component Units</b>		
Local Development Finance Authority Operating Fund	333,900	333,900
Local Development Finance Authority Utility Fund	21,000	15,100
Local Development Finance Authority Capital Projects Fund	145,000	500
Downtown Development Authority Operating Fund	38,200	37,900
Downtown Development Authority Capital Projects Fund	104,500	54,500
Brownfield Redevelopment Authority Operating Fund	30,500	30,500

Section 6, Millage Levies.

(a) The City will levy a tax of 13.9473 mills for the period of July 1, 2013 through June 30, 2014, on all real and personal taxable property in the City, according to the valuation of the same. This tax is levied for the purpose of defraying the general expense and liability of the City and is levied pursuant to Section 20.6, Article 20 of the City Charter. The maximum authorized levy according to the City Charter is 15.00 mills.

(b) The City further levies a tax of 2.60 mills for the period of July 1, 2013 through June 30, 2014, on all real and personal taxable property in the City, according to the valuation of the same. This tax is levied for the purpose of defraying the cost of supporting the retirement plan for personnel of the police and fire departments of the City pursuant to the provisions of Public Act 345 of 1937, as amended, as approved by a vote of the citizens of the City on November 8, 1977.

(c) The City further levies a tax of 0.50 mills for the period of July 1, 2013 through June 30, 2014, on all real and personal taxable property in the City, according to the valuation of the same. This tax is levied for the purpose of defraying the cost of treating milfoil and other invasive aquatic plant and animal species on Lake Cadillac, as approved by a vote of the citizens of the City on February 22, 2011.

(d) The City further levies a tax of 1.9548 mills for the period of July 1, 2013 through June 30, 2014, on all real and personal taxable property in the City, according to the valuation of the same in a district known as the Downtown Development District. This tax is levied for the purpose of defraying the cost of the Downtown Development Authority.

Section 7, Adoption of Budget by Reference.

The general fund budget of the City is hereby adopted by reference, with revenues and activity expenditures as indicated in Sections 5 and 6 of this Act.

Section 8, Transfer Within Appropriation Centers.

The City Manager is hereby authorized to make budgetary transfers within the appropriation centers established throughout this budget. All transfers between appropriations may be made only by further resolution of the City Council pursuant to Section 10.5 of the City Charter and Section 19(2) of the provisions of the Michigan Uniform Accounting and Budget Act.

Section 9, Appropriations by Resolution.

The City Council may, by resolution, make additional appropriations during the 2014 Fiscal Year for unanticipated expenditures required of the City, but such expenditures shall not exceed the amount by which actual and anticipated revenues of the fiscal year are exceeding the revenues as estimated in the budget unless the appropriations are necessary to relieve an emergency endangering the public health, peace or safety.

Section 10, Effective Date.

This Ordinance shall take effect on July 1, 2013.

Approved this 20th day of May, 2013.

\_\_\_\_\_  
Christine L. Benson, Clerk

\_\_\_\_\_  
William S. Barnett, Mayor

**Funds Formation**

The financial structure of the City consists of various funds, which operate just like separate businesses within the organization and have their own set of balanced books. Budgets are adopted separately for each of these types of funds. Funds are differentiated between major and non-major funds. Major funds represent the significant activities of the City and basically include any fund where revenues or expenditures, excluding other financing sources and uses, constitute more than 10% of the revenues or expenditures of the appropriated budget. The breakdown of the City's fund structure is as follows:

**Major Governmental Funds**

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

**Major Proprietary Funds**

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

**Non-major Special Revenue Funds**

This type of fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Funds include: Cemetery Operating Fund, H.L. Green Operating Fund, Naval Reserve Center Fund, Cadillac Development Fund, and the Lake Treatment Fund. These funds are budgeted and accounted for on a modified accrual basis.

**Non-major Debt Service Funds**

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

**Non-major Capital Projects Funds**

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

**Non-major Permanent Funds**

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

**Non-major Proprietary Funds**

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

**Internal Service Funds**

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

**Pension Trust Funds**

Pension Trust Funds account for assets of the Police and Fire Retirement System, which is a pension plan held in trust for members and beneficiaries.

**Component Units**

Component units are legally separate organizations for which the City is financially accountable. A component unit can be another organization for which the nature and significance of its relationship is such that exclusion would cause the City's financial statements to be misleading or incomplete. Organizations presented in this budget document that represent component units of the City are as follows:

**Major Component Units**

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

**Non-major Component Units**

Non-major component units are the Downtown Development Authority Fund, Downtown Development Authority Capital Projects Fund, Local Development Finance Authority Utilities Fund, Local Development Finance Authority Capital Projects Fund, and the Brownfield Redevelopment Authority Fund. The Local Development Finance Authority Utilities Fund is budgeted and accounted for on a full accrual basis, while all other non-major component units are budgeted and accounted for on a modified accrual basis.

The City's comprehensive annual financial report contains several funds for which no funds are appropriated and therefore not included in this document. These funds include debt service funds that have been eliminated due to the debt being paid off, or other funds for which the fund's purpose has been accomplished making further budgeting unnecessary.

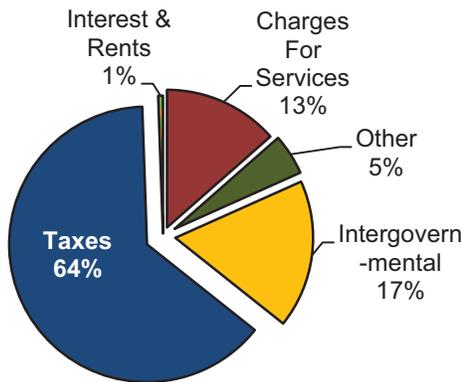
### General Fund Highlights

As its name implies, the General Fund is the main operating fund of the City of Cadillac. This fund is where the property taxes levied on real and personal property within the City are recorded. Many of the typical services provided by a local unit of government – including property tax collections, general administration, police and fire services, culture and recreation, and economic development administration are found in the General Fund.

#### Revenue

The principal source of revenue for the General Fund is **Property Taxes**. Overall, the City will experience the loss of about 1% for the current fiscal year, the fourth straight year that overall taxable value has declined. Also accounted for in the General Fund are **Intergovernmental Revenues**, which principally consists of revenue shared from the State of Michigan, mostly from the generation of sales taxes. This source of revenue has also experienced significant declines in the last several years. **Charges for Services** are generated by solid waste collection charges, and administrative charges generated from other City-wide funds and activities.

**General Fund Revenues by Type FY2014**



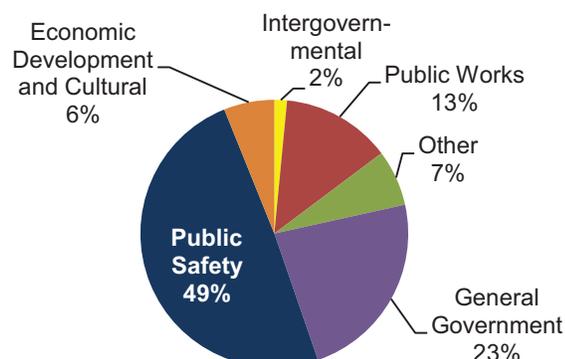
Source	Amount
Charges For Services	\$897,500
Other	155,500
Intergovernmental	1,155,000
Taxes	4,234,500
Interest & Rents	36,500
	<u><u>\$6,482,000</u></u>

#### Expenditures

General Fund expenditures decreased about 2.5% for FY2014. This decrease is further detailed in the General Fund budget section. Other Financing expenditures include amounts transferred to other funds, the majority of which is the amount that is contributed to the Local Street Fund, which is \$375,000 and the Cemetery Operating Fund, which is \$75,000 for FY2014.

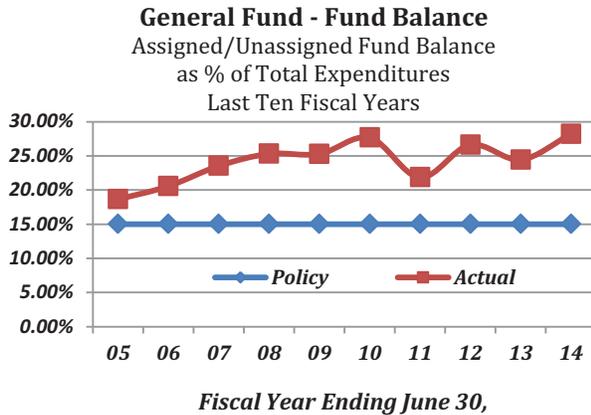
**General Fund Expenditures by Activity FY2014**

Activity	Amount
Intergovernmental	\$101,200
Public Works	878,800
Other	450,000
General Government	1,540,000
Public Safety	3,266,700
Economic Development and Cultural	405,300
	<u><u>\$6,642,000</u></u>



**Fund Balance**

The General Fund seeks to maintain a working capital fund balance assignment of at least 15% of total fund expenditures. This helps to insure that the City will have the cash on hand to cover any significant unforeseen expenditures and will be able to maintain sufficient cash flow to cover all expenditures in times of slower revenue collections. This eliminates the need for short-term borrowing to fund operations.



As seen in the chart to the left, this policy goal has been met for the last ten years. A portion of the unreserved fund balance has been designated for the working capital reserve, while an additional designation has been made to set aside funds for accrued sick and vacation leave that has been earned but unused by full-time City staff. For FY2014 the City is expected to use about \$146,300 in reserve to balance the budget. This utilization will not cause the overall unreserved fund balance to fall below the policy benchmark of 15% of total General Fund expenditures. In fact, unreserved fund balance will stay above 25% of total expenditures.

**Retirement and Other Post-Employment Benefit (OPEB) Liabilities**

The City of Cadillac has three components of post-retirement benefits that are available to City employees. The appointed board of the **Act 345 Police and Fire Retirement System** administers the retirement benefits for all sworn police officers and fire fighters. The required contributions to this system are calculated annually by an actuary and are funded through a special millage. Virtually all full-time employees of the City who are not sworn police officers or fire fighters are a member of the **Municipal Employees Retirement System of Michigan (MERS)**, an agent multiple-employer system that administers the benefits and manages the assets of the system. Finally, many current full-time employees are eligible for certain **other post-employment benefits (OPEB)** including life insurance and medical insurance until age 65. Details of these three systems are presented below.

Status: ■ = Negative ■ = Watch ■ = Positive

**Act 345 Police & Fire Retirement System**

	Valuation Date				Status
	6/30/2009	6/30/2010	6/30/2011	6/30/2012	
Actuarially Accrued <b>Liabilities</b>	\$9,985,089	\$10,326,784	\$10,852,937	\$11,246,821	Watch
Actuarial Value of <b>Assets</b>	6,549,608	7,188,395	7,989,372	8,200,264	Watch
<b>Unfunded Liabilities</b>	\$3,435,481	\$3,138,389	\$2,863,565	\$3,046,557	Negative
% Funded	66%	70%	74%	73%	Negative
Average Pension	\$18,298	\$18,298	\$19,137	\$19,812	Positive
Annual Pension Costs	\$573,385	\$556,203	\$513,543	\$545,530	Watch
% of Annual Costs Contributed	100%	100%	168%	122%	Positive

### Municipal Employees Retirement System

	Valuation Date				Status
	12/31/2008	12/31/2009	12/31/2010	12/31/2011	
Actuarially Accrued <b>Liabilities</b>	\$9,662,420	\$9,756,969	\$9,911,006	\$10,426,829	
Actuarial Value of <b>Assets</b>	9,852,998	9,831,879	9,974,058	10,002,818	
<b>Unfunded Liabilities</b>	(\$190,578)	(\$74,910)	(\$63,052)	\$424,011	
% Funded	102%	101%	101%	96%	
Average Pension	\$10,841	\$11,037	\$11,188	\$11,651	
Annual Pension Costs	\$84,146	\$90,623	\$159,007	\$174,308	
% of Annual Costs Contributed	100%	100%	100%	100%	

### Other Post-Employment Benefits (OPEB)

	Valuation Date		Status
	12/31/2006	01/01/2010	
Actuarially Accrued <b>Liabilities</b>	\$5,059,343	\$3,453,575	
Actuarial Value of <b>Assets</b>	504,955	1,674,400	
<b>Unfunded Liabilities</b>	\$4,554,388	\$1,779,175	
% Funded	10%	52%	
Annual Costs		\$475,203	
% of Annual Costs Contributed		92%	

Cost saving measures have been an ongoing effort for several years, especially geared toward reducing OPEB liabilities. As of July 1, 2009 no new hires in any City employment group are eligible for retiree medical care coverage. Small life insurance policies are still available to eligible retirees.

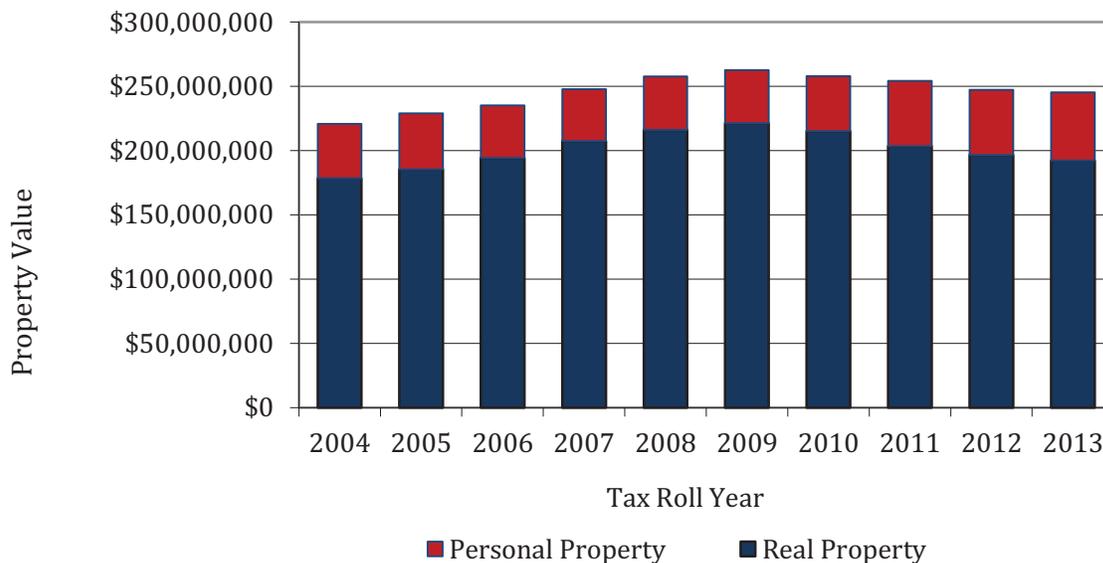
### Total Unfunded Retirement and Other Post-Employment Benefit Liabilities

Though unfunded liabilities exist, the City continues to budget sufficiently to make 100% of the annual required contributions for each system. Taken as a whole, total unfunded liabilities for the three systems are:

System	Unfunded Liability (Prior Valuation)	Unfunded Liability (Current Valuation)	% Funded	Status
Act 345 Police & Fire Retirement System	\$2,863,565	\$3,046,557	73%	
Municipal Employees Retirement System	(63,052)	424,011	96%	
Other Post-Employment Benefits	<u>1,779,175</u>	<u>1,779,175</u>	52%	
<b>Total Unfunded Liabilities</b>	<b>\$4,579,688</b>	<b>\$5,249,743</b>		

### Taxable Value of Property

After many years of slow but steady growth, the taxable value of property located within the City of Cadillac has been dropping for the last several years. It is expected that total taxable value will fall almost 1% for FY2014, the fourth consecutive year of taxable value loss. The City has experienced a loss of \$17.4 million in taxable value in the last five years, which represents over \$240,000 per year in property taxes. Historical taxable value trends for the last ten years are presented below.



Tax Levy Year	Ad Valorem		Total Taxable Value	L.D.F.A. (1)	D.D.A. (2)
	Real	Personal			
2004	178,542,129	42,307,800	\$220,849,929	13,876,588	16,082,462
2005	185,450,903	43,661,600	\$229,112,503	1,602,365	15,677,423
2006	194,425,780	40,780,000	\$235,205,780	1,807,048	15,871,650
2007	207,618,135	40,257,800	\$247,875,935	2,196,027	15,348,803
2008	216,182,622	41,724,100	\$257,906,722	2,469,322	15,781,546
2009	221,461,643	41,225,600	\$262,687,243	2,576,226	15,884,335
2010	215,150,891	42,875,150	\$258,026,041	2,577,482	15,132,051
2011	203,535,076	50,840,200	\$254,375,276	2,356,704	15,361,710
2012	196,705,080	50,791,900	\$247,496,980	2,440,332	15,609,301
2013	192,355,747	52,930,500	\$245,286,247	3,676,344	15,435,715

(1) Base value for LDFA is \$551,400. Taxes captured for FY2014 are anticipated to be \$43,585 from the operating millage levy, and \$8,125 from Police and Fire Retirement millage levy. The LDFA also captures \$4,039,200 in value from Industrial Facilities Tax Exemption certificates. This generates an additional capture of City taxes of \$28,168 from the operating levy, and \$5,251 from the Police and Fire Retirement levy.

(2) Base value for DDA is \$11,654,550. Taxes captured for FY2014 are anticipated to be \$52,737 from the operating millage levy, and \$9,831 from the Police and Fire Retirement millage levy.

### Residential Taxable Values

Residential class parcels comprise 80% of the total parcels within the City of Cadillac. These parcels make up just under 50% of the total taxable value of property within the City. Over the last five years, residential class parcels have experienced the following changes:

	2009	2010	2011	2012	2013	5-Year Change
<b>Residential Class</b>	<i>(Projected)</i>					
Assessed Value (AV)	\$175,056,172	\$155,262,100	\$137,661,800	\$133,293,900	\$129,001,836	(\$46,054,336)
Change	-0.48%	-11.31%	-11.34%	-3.17%	-3.22%	-26.31%
Taxable Value (TV)	\$142,305,980	\$136,835,782	\$128,185,312	\$125,526,191	\$121,487,859	(\$20,818,121)
Change	3.22%	-3.84%	-6.32%	-2.07%	-3.22%	-14.63%
Gap	\$32,750,192	\$18,426,318	\$9,476,488	\$7,767,709	\$7,513,977	
Gap as % of TV	23.01%	13.47%	7.39%	6.19%	6.18%	
TV/AV	81.29%	88.13%	93.12%	94.17%	94.18%	

### Average Residential Taxable Value

The dramatic drop in residential values has also reduced the tax burden for the average homeowner. For the last ten years, the average taxable value of a home and the City taxes levied against it has trended as follows:

Tax Year	Average Home Taxable Value	City Millage	Average Tax Bill
2004	\$29,161	15.75	\$459.29
2005	\$30,259	15.75	\$476.58
2006	\$35,333	16.65	\$588.30
2007	\$36,775	16.75	\$615.98
2008	\$38,317	16.55	\$634.15
2009	\$39,728	16.55	\$657.50
2010	\$38,244	16.55	\$632.93
2011	\$35,746	17.05	\$609.47
2012	\$34,363	17.05	\$585.80
2013	\$33,257	17.05	\$566.93

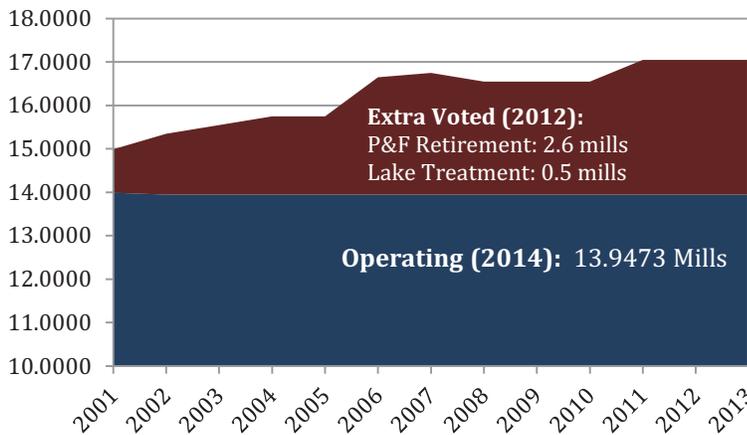


### Local Property Tax Rates

#### City of Cadillac Tax Rates

Last Ten Years

(1 mill = \$1 per \$1,000 in taxable value)



The operating millage for the City of Cadillac has been unchanged for many years. The added voted millage for the police and fire retirement system has fluctuated between 1.4 and 2.8 mills and is now levied at 2.6 mills. This rate may fluctuate based on the annual required contribution to the Police and Fire Retirement System as calculated each year by the system's actuary. In February 2011 the Cadillac voters approved an additional millage of 0.5 mills that will be dedicated for treatment of Eurasian water milfoil and other invasive aquatic species on Lake Cadillac.

### Total Property Taxes

Last Ten Years

Tax Levy Year	City Taxes			Overlapping Tax Rates							Direct and Overlapping Annual Tax Rate
	General	Extra Voted (1)	Total City	Wexford County (2)	Cadillac-Wexford Transit Authority	Council On Aging	Cadillac-Wexford Library	Cadillac Area Public Schools (3)	Wexford Missaukee ISD	State Education Tax	
2003	13.9473	1.6000	15.5473	8.1040	0.3910	0.9872	0.6838	21.3005	6.0003	5.0000	58.0141
2004	13.9473	1.8000	15.7473	8.0890	0.3960	0.9942	0.6825	21.4506	5.9853	6.0000	59.3449
2005	13.9473	1.8000	15.7473	8.0665	0.3948	0.9913	0.6805	21.4505	5.9614	6.0000	59.2923
2006	13.9473	2.7000	16.6473	8.0797	0.6000	0.9976	0.6785	20.5505	5.9419	6.0000	59.4955
2007	13.9473	2.8000	16.7473	8.0797	0.6000	0.9976	0.6785	20.9000	5.9419	6.0000	59.9450
2008	13.9473	2.6000	16.5473	8.2797	0.6000	0.9976	0.7500	20.9000	5.9419	6.0000	60.0165
2009	13.9473	2.6000	16.5473	8.2797	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	60.0189
2010	13.9473	2.6000	16.5473	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9689
2011	13.9473	3.1000	17.0473	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	60.4689
2012	13.9473	3.1000	17.0473	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	60.4689

(1) Extra voted millage for City Taxes includes 2.6 mills for Act 345 Police and Fire Retirement, and 0.5 mills for Lake Cadillac Treatment.

(2) Wexford County rate includes allocated mills of 6.7797, 0.25 mills for Recreation, 0.95 mills for Road Patrol, and 0.25 mills for Animal Control.

(3) Cadillac Area Public Schools rate includes 18 mills for operating and 2.9 mills for debt service.

### Millage Rate Benchmarks

Property Tax Benchmark Communities	Total Millage	General Operating	Police & Fire	Other
Big Rapids	15.2729	10.2000	2.8073	2.0676
Sault Saint Marie	21.5393	16.8139	3.3922	1.3332
Mt. Pleasant	15.7500	12.4880	0.9120	2.3500
Manistee	18.4457	16.9457	0.0000	1.5000
Alpena	17.3316	16.2316	0.0000	1.1000
<b>Cadillac</b>	<b>17.0473</b>	<b>13.9473</b>	<b>2.6000</b>	<b>0.5000</b>

The information in the chart above illustrates that the City of Cadillac compares favorably with other similar communities in northern Michigan.

### Total Tax Burden

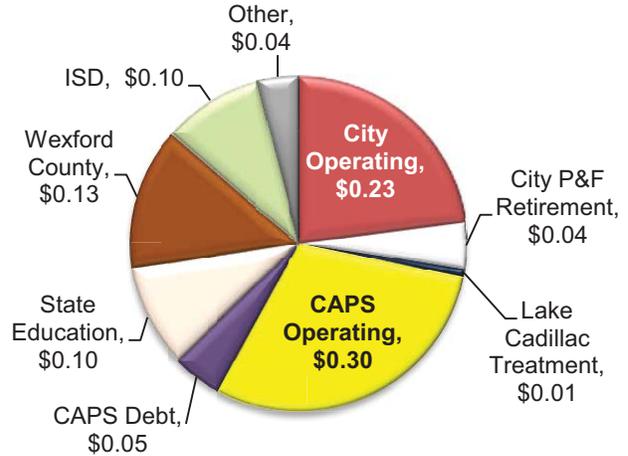
The information presented below shows the total tax burden of property owners within the City of Cadillac for several classes of properties. Properties with a principal residence exemption (PRE) are exempt from school operating taxes. Properties within the Downtown Development Authority are subject to an additional millage of 1.9872 mills to fund downtown development activities.

Taxing Unit	Millage Rate	Property Type and Total Taxes at average taxable value of \$50,000					
		Principal Residence		Non-Principal Residence		DDA	
		Millage	Taxes	Millage	Taxes	Millage	Taxes
<b>City of Cadillac</b>							
City Operating	13.9473	13.9473	\$697.37	13.9473	\$697.37	13.9473	\$697.37
Police & Fire Retirement	2.6000	2.6000	130.00	2.6000	130.00	2.6000	130.00
Lake Cadillac Treatment	0.5000	0.5000	25.00	0.5000	25.00	0.5000	25.00
Downtown Development Authority	1.9872	N/A	0.00	N/A	0.00	1.9872	99.36
<b>Wexford County *</b>							
Allocated	6.7797	6.7797	338.99	6.7797	338.99	6.7797	338.99
Road Patrol	0.9500	0.9500	47.50	0.9500	47.50	0.9500	47.50
Cadillac-Wexford Transit Authority	0.6000	0.6000	30.00	0.6000	30.00	0.6000	30.00
Cadillac-Wexford Public Library	0.7500	0.7500	37.50	0.7500	37.50	0.7500	37.50
Council on Aging	1.0000	1.0000	50.00	1.0000	50.00	1.0000	50.00
<b>Cadillac Area Public Schools</b>							
Operating	18.0000	<i>Exempt</i>	0.00	18.0000	900.00	18.0000	900.00
Debt	2.9000	2.9000	145.00	2.9000	145.00	2.9000	145.00
State Education Tax	6.0000	6.0000	300.00	6.0000	300.00	6.0000	300.00
Wexford-Missaukee Intermediate School District	5.9419	5.9419	297.10	5.9419	297.10	5.9419	297.10
<b>Total</b>	<b>61.9561</b>	<b>41.9689</b>	<b>\$2,098.46</b>	<b>59.9689</b>	<b>\$2,998.46</b>	<b>61.9561</b>	<b>\$3,097.82</b>

\* Wexford County millages for Animal Control (0.25 mills) and Recreation (.25 mills) were not renewed for the current year.

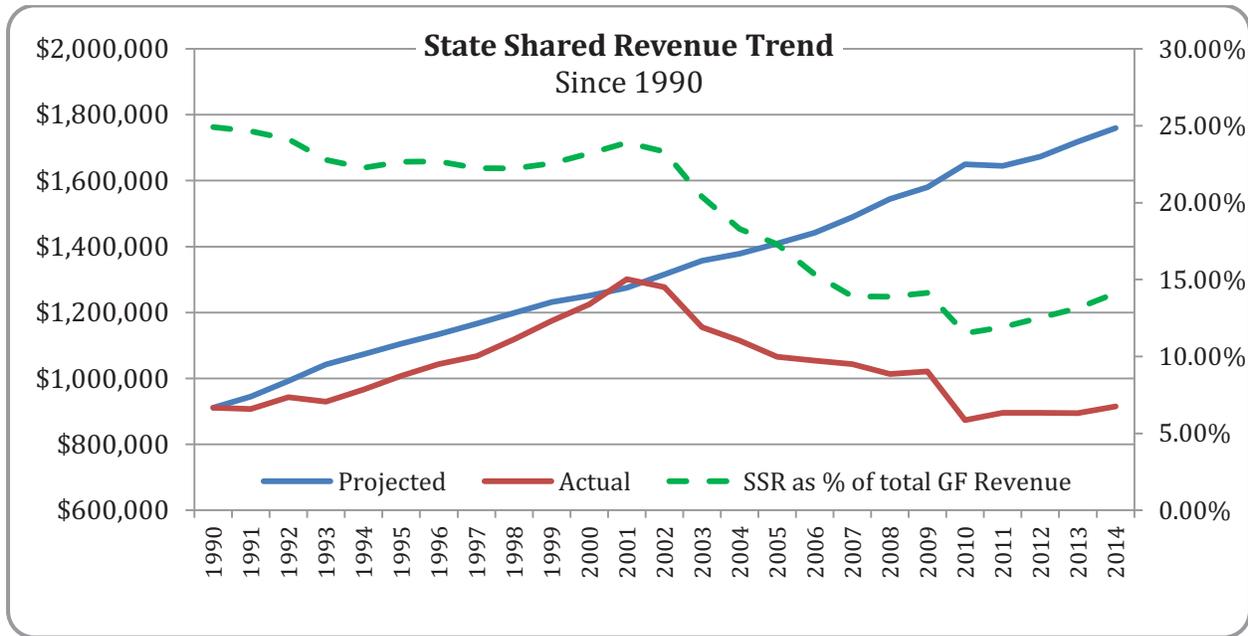
**Tax Allocation**

When property owners within the City of Cadillac pay their annual tax bills, a common misperception is that the entire amount collected stays at the City. In reality, only about \$0.28 of every \$1 in taxes paid is for the City. The other portion is collected on behalf of the other taxing jurisdictions and is then paid to the jurisdiction within a couple weeks of collection, as governed by state law. The actual allocation of an average tax bill on a non-principal residence within the City of Cadillac is illustrated in the chart to the right. If the property is a principal residence, about \$0.40 of every \$1 in taxes remains at the City.



**State Shared Revenue**

Another significant revenue source at the City of Cadillac is State Shared Revenue. This revenue has been on the decline for several years. The 'Budget Summaries' section of this document gives greater detail on the specific characteristics of this important source of revenue and the current projections and sentiment about what will happen to it in the upcoming years. The chart below shows several things. First, the blue line on the chart shows the actual revenue received in 1990 and projects annual increases based on the Consumer Price Index. Essentially, this is the trend line that this revenue "should have followed". The red line shows what actually happened since 1990 and reflects a trend that has been difficult for the City to absorb financially. Finally, the dashed green line illustrates (on the right axis of the chart) the percentage of total General Fund revenue provided by these funds.



### Principal Taxpayers

Current year and Nine Years Ago  
As of June 30, 2012 and 2003

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
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 <sup>1</sup>	420	3	2.45%	750	2	3.87%
Cadillac Castings <sup>2</sup>	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%
CMI Cadillac				540	5	2.79%
Lakeview Lutheran Manor				220	10	1.14%
	<u>3,295</u>		<u>19.26%</u>	<u>5,106</u>		<u>26.37%</u>

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

<sup>1</sup> Formerly known as Four Winns Boats.

<sup>2</sup> Formerly known as CMI Cadillac.

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

The chart above indicates that the City of Cadillac is less reliant on the top ten taxpayers within the City than ten years ago.

## Employment Statistics

### Full-Time Equivalent Employees by Activity

Last Ten Years

<u>Department</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>	<u>2013</u>	<u>2014</u>
<b><u>General Government</u></b>										
City Manager	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	2.20
Assistant City Manager	1.00	0.90	0.90	0.90	0.90	0.90	0.80	0.98	1.22	0.00
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	3.80
Assessor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Hall	1.30	1.30	1.30	1.30	1.10	1.28	1.28	1.33	1.00	1.00
City Engineer	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.51	1.79	1.80
<b><u>Public Safety</u></b>										
Police	18.41	18.41	18.41	17.41	17.06	16.41	16.91	16.91	17.36	16.36
Fire	11.50	11.50	11.50	11.50	11.85	11.85	11.85	11.85	11.50	11.50
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	1.55
<b><u>Other</u></b>										
Public Works	14.17	14.22	14.22	14.22	14.22	14.22	14.03	13.03	13.03	12.10
Data Processing	1.20	1.26	1.06	1.06	1.06	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	20.00	20.00	20.00	19.00	19.87	20.00
Community Dev.	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.65
Cemetery	0.68	0.68	0.68	0.68	0.92	0.92	0.92	0.90	0.90	0.90
<b>Total FTE</b>	<b>82.00</b>	<b>82.00</b>	<b>81.00</b>	<b>79.00</b>	<b>79.00</b>	<b>77.00</b>	<b>77.00</b>	<b>77.00</b>	<b>76.00</b>	<b>75.00</b>

### Employment Analysis

As the above chart illustrates, FTE levels have declined by four employees since FY2009. Lack of funding has forced further reductions in staff over the last several years. This was primarily accomplished through attrition and consolidation of duties. An allocation analysis was undertaken recently, and some re-allocations were made in an effort to maintain service levels as much as possible with reduced full-time staff. This accounts for the minor changes seen in the chart.

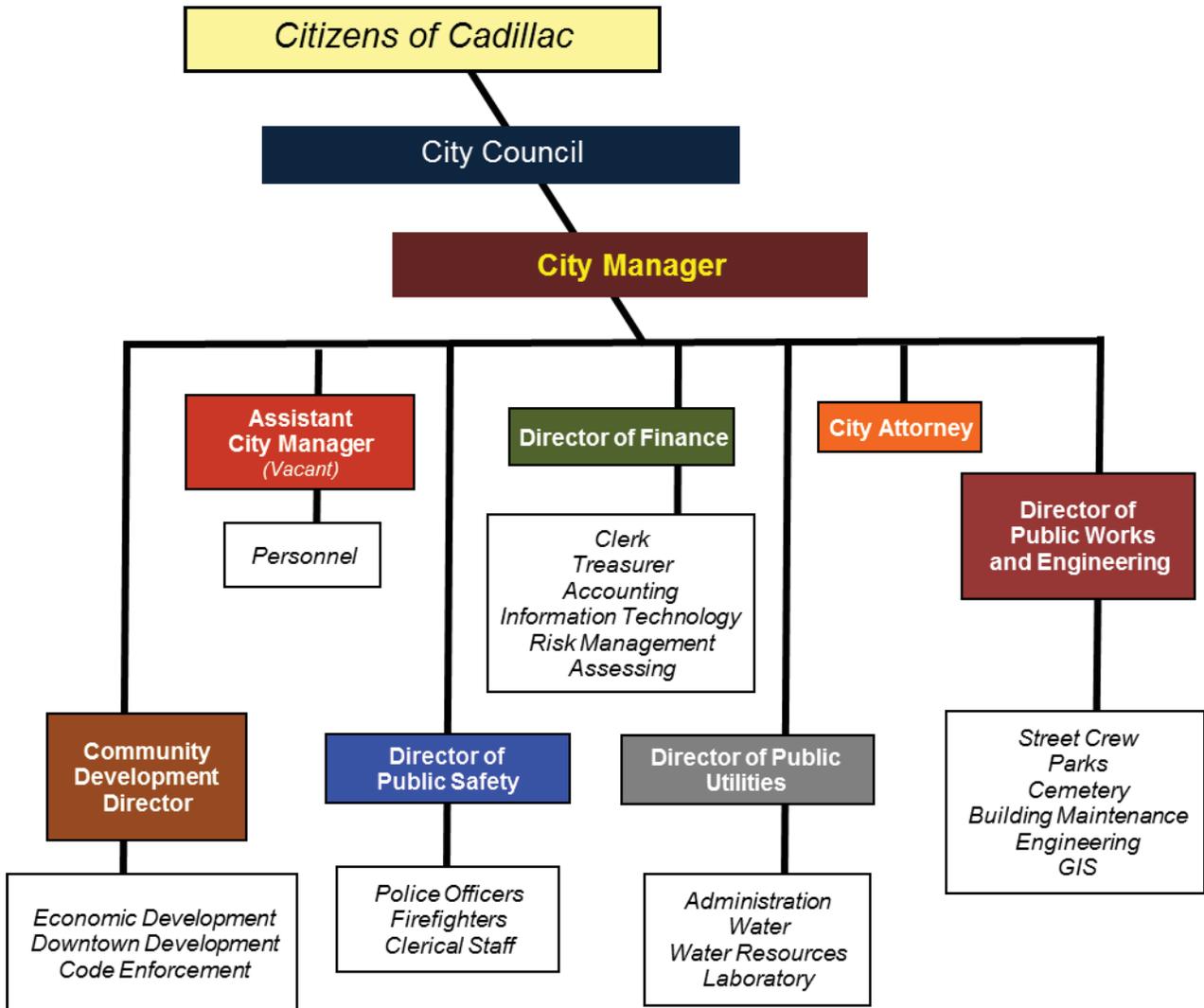
### Employment Benchmarks

<b>Comparable Communities</b>	<b>Population</b>	<b>FTE</b>	<b>Ratio</b>	<b>FTE per 1000 residents</b>
Big Rapids	10,601	81	1:131	7.64
Alpena	10,483	73	1:144	6.96
Traverse City	14,674	152	1:97	10.36
Manistee	6,226	57	1:109	9.16
Sault St. Marie	14,144	124	1:114	8.77
<b>Cadillac</b>	<b>10,355</b>	<b>75</b>	<b>1:138</b>	<b>7.24</b>

Cadillac has 1 FTE per 138 residents. This comparison has many inherent variables, but in general a higher ratio indicates greater efficiency in service delivery. City employment peaked in 1993 at 91 FTE. Current employment level represents a 15% decline since the 1993 peak.

**City of Cadillac Chart of Organization**

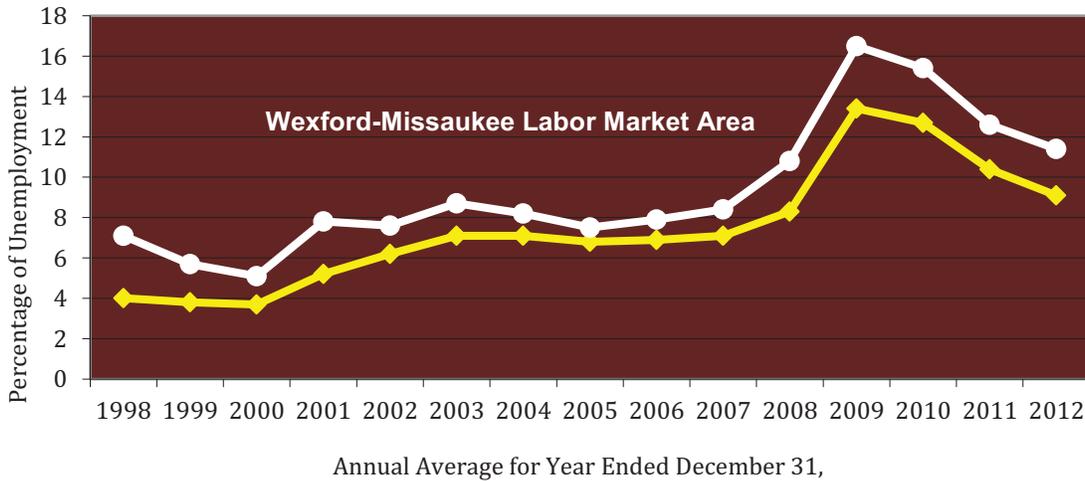
As of July 1, 2013



**Other Demographic Data**

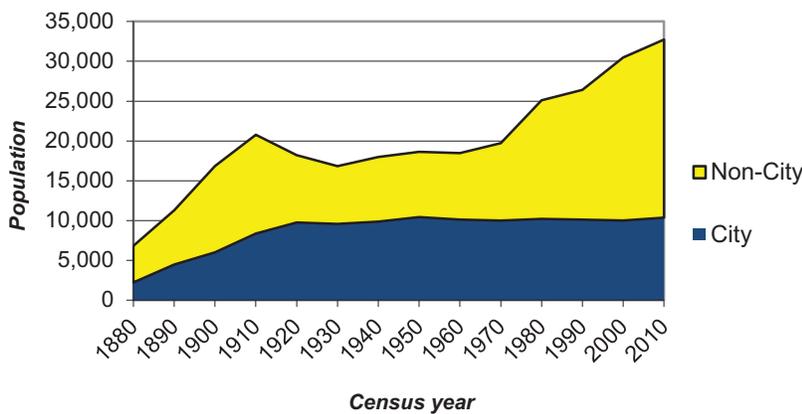
**Yearly Average Unemployment Statistics**

Local Labor Market Area (Wexford-Missaukee) and State of Michigan Last Fifteen Years



**Total Population**

Wexford County and City of Cadillac Since 1880

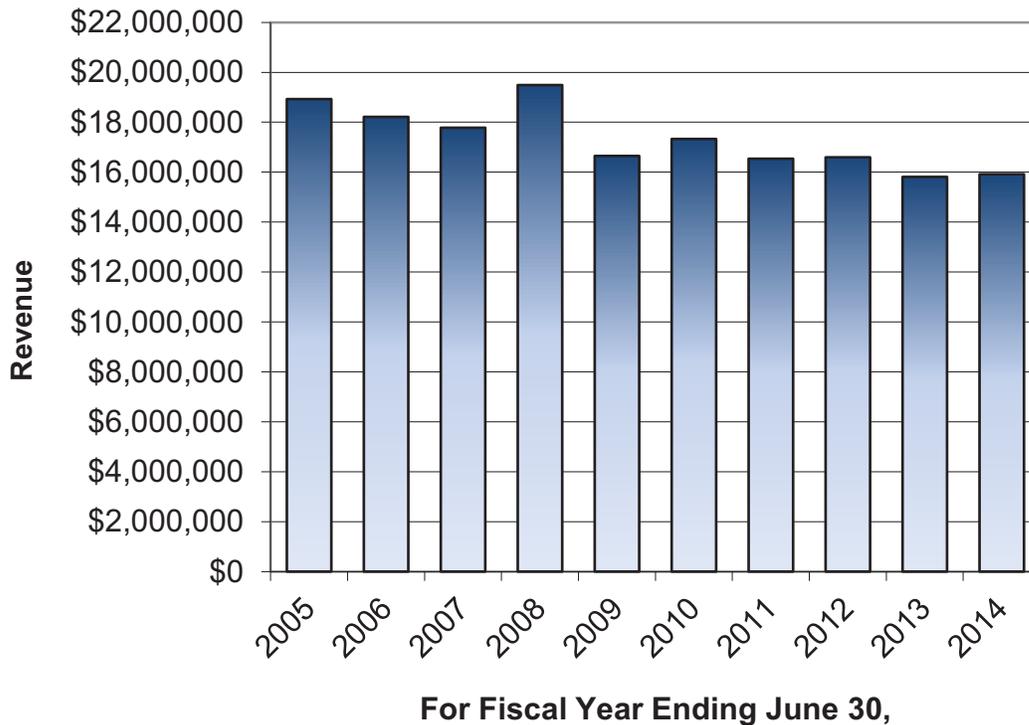


The most recent 2010 census numbers for the City of Cadillac yielded an increase of 355 residents, or 3.6% increase since the prior census (10,000 to 10,355).

**2013-2014 Budget Summary**

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

**City of Cadillac**  
Total Revenue and Other Sources  
Last Ten Fiscal Years



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

## Budget Summaries

	<b>Major Governmental Funds</b>			<b>Major Proprietary Funds</b>		
	<b>General Fund</b>	<b>Major Street Fund</b>	<b>Local Street Fund</b>	<b>Water and Sewer Fund</b>	<b>Building Authority Operating Fund</b>	<b>Nonmajor Governmental Funds (2)</b>
<i>(All numbers in thousands)</i>						
<b>Revenues and Other Sources:</b>						
Taxes	\$4,235					\$123
Licenses and Permits	111					
Intergovernmental	1,155	\$677	\$197			
Charges For Services	897			\$3,859		59
Fines and Forfeits	30					
Miscellaneous	17			5		35
Other Financing Sources						228
Local Funds			415			162
Rental					196	11
Principal Payment						23
Interest Income - Loan						25
Interest Income	37		1	30	1	57
<b>Total</b>	<b>\$6,482</b>	<b>\$677</b>	<b>\$613</b>	<b>\$3,894</b>	<b>\$197</b>	<b>\$723</b>
<b>Expenditures:</b>						
General Government	\$1,540					
Public Safety	3,267					
Public Works	879					
Culture and Recreation	245					
Economic Development	160					\$36
Intergovernmental	101					
Other Financing Uses	450					
Audit						
Operating		597	470	2,621	49	320
Capital Outlay						31
Transfer to Debt		18	68			228
Construction		38	108			25
Principal			52			178
Interest			2	320	17	28
Non-Operating				925	39	
<b>Total</b>	<b>\$6,642</b>	<b>\$653</b>	<b>\$700</b>	<b>\$3,866</b>	<b>\$105</b>	<b>\$846</b>
Excess (Deficiency) of Revenues over Expenditures (1)	(\$160)	\$24	(\$87)	\$28	\$92	(\$123)
Fund Balances - Beginning	\$2,061	\$222	\$99	\$16,155	\$938	\$3,387
<b>Ending</b>	<b>\$1,901</b>	<b>\$246</b>	<b>\$12</b>	<b>\$16,183</b>	<b>\$1,030</b>	<b>\$3,264</b>

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

Budget Summaries

**COMPARISON**

<i>(All numbers in thousands)</i>	Nonmajor Proprietary Funds (3)	Pension Trust Fund	Component Units	FY2014 Totals	FY2013 Budget Totals	FY2012 Actual Totals
<b>Revenues and Other Sources:</b>						
Taxes			\$519	\$4,877	\$5,012	\$5,018
Licenses and Permits	\$2			113	3	111
Intergovernmental	212			2,241	2,176	3,012
Charges For Services	25		19	4,859	4,815	5,027
Fines and Forfeits	1			31	32	20
Miscellaneous	3		5	65	63	524
Other Financing Sources	1,128		3	1,359	1,069	124
Local Funds	20	\$660		1,257	1,339	2,577
Rental	535			742	734	632
Principal Payment	40			63	119	78
Interest Income - Loan				25	23	0
Interest Income	16	107	38	287	409	177
<b>Total</b>	<b>\$1,982</b>	<b>\$767</b>	<b>\$584</b>	<b>\$15,919</b>	<b>\$15,794</b>	<b>\$17,300</b>
<b>Expenditures:</b>						
General Government				\$1,540	\$1,544	1,515
Public Safety				3,267	3,331	3,196
Public Works				879	874	849
Culture and Recreation				245	291	249
Economic Development				196	182	171
Intergovernmental				101	101	351
Other Financing Uses				450	520	575
Audit				0	0	0
Operating	2,012	767	422	7,258	6,919	6,416
Capital Outlay				31	100	11
Transfer to Debt				314	150	278
Construction				171	490	593
Principal			45	275	234	234
Interest	15		5	387	398	404
Non-Operating	177			1,141	1,157	1,109
<b>Total</b>	<b>\$2,204</b>	<b>\$767</b>	<b>\$472</b>	<b>\$16,255</b>	<b>\$16,291</b>	<b>\$15,951</b>
Excess (Deficiency) of Revenues over Expenditures (1)	(\$222)	\$0	\$112	(\$336)	(\$497)	\$1,349
Fund Balances - Beginning	\$2,462	\$7,891	\$3,038	\$36,253	\$36,195	\$35,215
<b>Ending</b>	<b>\$2,240</b>	<b>\$7,891</b>	<b>\$3,150</b>	<b>\$35,917</b>	<b>\$35,698</b>	<b>\$36,564</b>

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

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

(3) Includes Nonmajor Enterprise Funds and Internal Service Funds

**Analysis of Principal Revenue Sources**

The City of Cadillac has a number of revenue sources, summarized as follows:

Revenue	Budget Amount (thousands)	% of Total
Taxes	\$4,877	30.64%
Interest Income	\$287	1.80%
Intergovernmental Revenues	\$2,241	14.08%
Charges for Services	\$4,859	30.52%
Principal Repayment & Interest Income - Loans	\$88	0.55%
Local Funds	\$1,257	7.90%
Other	\$2,310	14.51%
Total	\$15,919	100.00%

**Property Taxes**

The major source of revenue for FY2014 is once again property taxes levied on property owned within the City. Authorized tax levies in the form of millages (one mill equals \$1 in taxes for each \$1,000 in value) levied against the taxable value of a property make up the bulk of these revenues. The City contracts with Wexford County for assessing services provided by the Wexford County Equalization Department. The assessor determines the taxable value of properties which is then used to calculate the tax levy due each year.

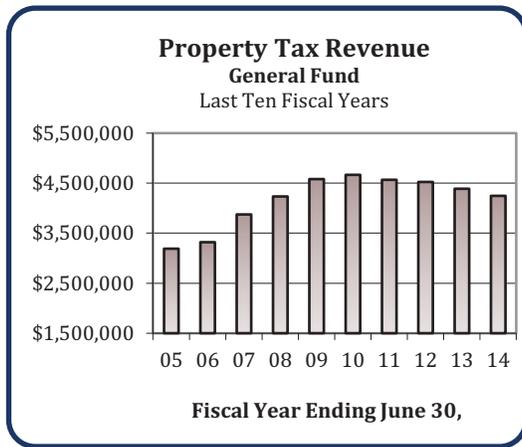
There are now three components of property taxes levied by the City of Cadillac on each taxable property within the City. These three millages, along with the 5-year trend of the authorized millage rate, are:

Millage	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014
City Operating	13.9473	13.9473	13.9473	13.9473	13.9473
Police and Fire Retirement	2.6000	2.6000	2.6000	2.6000	2.6000
Lake Cadillac Treatment	N/A	N/A	0.5000	0.5000	0.5000
<b>Total City Millage Rate</b>	<b>16.5473</b>	<b>16.5473</b>	<b>17.0473</b>	<b>17.0473</b>	<b>17.0473</b>

Authorization to levy the City’s operating millage rests in the City Charter. The charter authorizes a maximum levy of 15 mills. Due to the Headlee Amendment, this millage has been rolled back to the current level and can only be increased back to the charter maximum levy by a vote of the City electors.

The Police and Fire Retirement millage was established when the City electors approved the adoption of an Act 345 Retirement System for sworn officers of the police and fire departments in November 1977. This millage rate is determined by comparing the City’s taxable value to the annual required contribution to the pension determined by the annual actuarial valuation. The millage is set at a rate that will provide sufficient revenue to cover the required contribution.

The Lake Cadillac Treatment millage was approved by City voters in February 2011 and will provide funding necessary to treat milfoil and other invasive aquatic plant and animal species on Lake Cadillac. The millage rate was determined through an estimation of the required treatment costs and was approved for three (3) years. The current fiscal year is the final year that the current millage is authorized to be levied.



**Property Tax Outlook**

The Great Recession had a significant impact on the property values within the City of Cadillac. After years of modest but steady growth in property values, the total taxable value within the City of Cadillac has reversed this trend for four consecutive years. For FY2014, the value is expected to drop an additional 1%, meaning the City will lose over \$40,000 in property tax revenue. For the most part, this is simply a factor of the local, national and state economy. This difficult trend is expected to level off by the end of 2013, but it will take years for the values to recover a significant portion of the loss that has been experienced in the last couple years. The chart to the left illustrates the downward trend in total property tax revenue for the last three years in the General Fund. Overall, this has meant a decrease of nearly \$420,000 in property tax-related revenue for the General Fund in just three years.

**Tax Captures**

There are three authorities within the City of Cadillac that have the ability to capture a portion of each component of property taxes for use within each authority’s specific district. The tax captures are based on the right of each authority to utilize tax increment financing for approved funding uses within the districts. For FY2014, these entities, along with the amounts of City taxes they will capture, are:

Authority	City Operating	Police and Fire Retirement	Lake Cadillac Treatment	Total Capture
Downtown Development Authority (DDA)	\$52,737	\$9,831	\$1,891	\$64,459
Local Development Finance Authority (LDFA)	\$71,752	\$13,376	\$2,572	\$87,700
Brownfield Redevelopment Authority	\$4,653	\$867	\$167	\$5,687
<b>Total Capture</b>	<b>\$129,142</b>	<b>\$24,074</b>	<b>\$4,630</b>	<b>\$157,846</b>

Additionally, properties that are located within the DDA district pay an additional 1.9872 mills which provides funds for activities that target development within the DDA area.

**Intergovernmental Revenues**

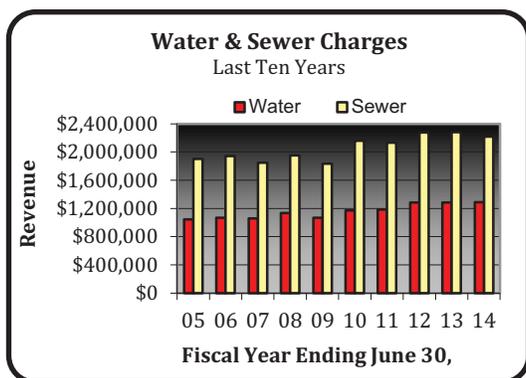
The primary component of intergovernmental revenues is state shared revenue. These revenues are passed down from the State of Michigan according to formulas that annually pass certain revenues received by the State down to local units of government. These revenues are primarily comprised of the retail sales tax that is collected by the State. These revenues provide funding for critical General Fund services like Police and Fire protection and Parks and Recreation. Grant revenues from various state and federal sources are included in this category as well.

**State Shared Revenue Outlook**

Though recovering somewhat in the last couple of years, these revenues have experienced serious declines for the last 10-12 years. In fact, projections for FY2014 indicate that the City will receive less this year than what was received over twenty years ago. This has caused the City to rely to a greater and greater degree on revenues that are derived from local sources – principally property taxes.

State shared revenue is broken into two categories – constitutional and statutory. The constitutional portion has been projected to increase about 2% for FY2014 based on the State’s projection of upcoming sales tax collections. This is expected to provide about \$10,000 in additional revenue for the fiscal year. Constitutional revenue sharing represents about 81% of total state shared revenue.

The other portion of state revenue sharing is the statutory portion, which is subject to annual appropriations by the State of Michigan, and which has been under significant attack for a number of years. In fact, Michigan governor Rick Snyder eliminated statutory revenue sharing beginning in 2012, thereby cutting \$300 million in revenue to over 500 units of government in the state. As a partial replacement, he proposed that \$200 million be appropriated as an incentive-based revenue source for local units of government that adopt or continue best fiscal management practices and aggressively pursue employee cost-reducing measures. For FY2014 this portion of revenue for the City increased slightly based on estimates from the State of Michigan and confidence that management practices followed for years at the City of Cadillac will allow the City to meet many of the incentives for “winning” at least part of this amount back. This revenue increased about \$5,000 for the year.



**Charges for Services**

Charges for Services represent a significant revenue source for the City. These revenues are primarily derived from user charges within the City’s Water and Sewer systems. Rates within the systems are reviewed each year and are set at a level that will provide adequate funding to meet the City’s debt covenants and provide for the maintenance and operational costs of the systems. With a slight increase in usage, rate increases are the only way to provide additional revenue to cover ever-increasing costs of providing water and water treatment to City utility customers. Total user charges generated for each of the last ten years is presented in the chart to the right.

In the General Fund, the contract for Solid Waste removal is accounted for. To provide funding for this contract, each residential property with less than four (4) living units within the City is charged a user fee. The user fee is based on a competitively bid contract with a waste hauler, with just a slight markup that remains at the City to cover the costs of billing and administering the contract.

**User Charges Outlook**

User charges for the Water and Sewer systems are proposed to be frozen for the second consecutive year in FY2014. This is primarily due to the fact that the City spent about \$1 million less on Phase I of the well field relocation project than what was initially projected. Overall, the City will be investing about \$6 million over the next few years in the relocation of the entire system of municipal wells that provide the water for the system. Funding for this project will come in the form of low-interest loans through the State of Michigan’s Drinking Water Revolving Fund (DWRF) which will help minimize the cost of funds to about 2.5%. Because of the investment in the system, additional funds will be needed in the form of increased user rates over the next several years. With the increased industrial activity that has recently been seen in Cadillac, a small amount of additional usage should help as well. However, various conservation activities and processes undertaken by local industries will restrict the increase in usage.

**Other Revenue**

Other Revenue for the City of Cadillac includes a variety of miscellaneous sources. Included in this category are items such as Fines and Forfeits, Licenses and Permits, and Other Financing Sources. Other Financing Sources include administrative charges that come into the General Fund from other City funds and activities, as well as contributions from various funds and activities into the City’s Self Insurance Fund to cover the costs of annual medical and life insurance benefits.

Overall, the national, state and local economies have negatively impacted each and every source of City revenue. This has made it very challenging to continue to provide the same level of services that local residents and businesses have received for many years.

For additional discussion on revenues and the impact of revenue loss on City operations, please see the City Manager’s transmittal letter found in the Introductory section of this document.

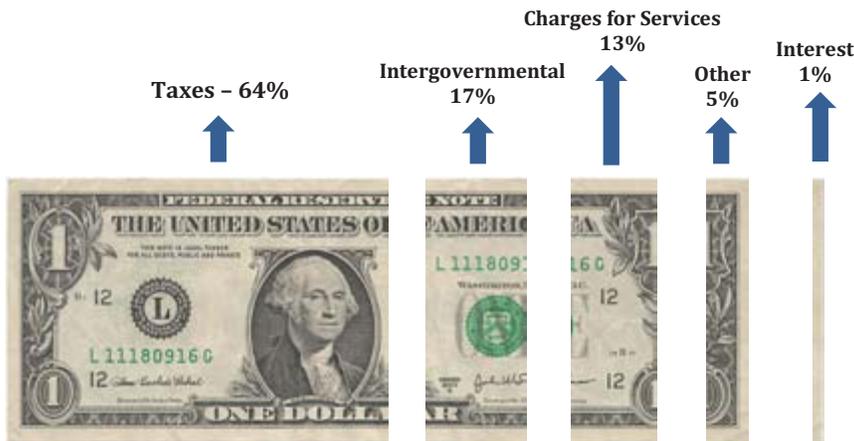
**Fund: General Fund**

**Type:** General Fund

**Oversight:** Various

The General Fund of the City of Cadillac is the main operating fund of the City and records all revenues and expenditures which are not required to be accounted for in another fund. The General Fund is where most of the standard services that are provided to a community are accounted for. This includes police and fire, tax collections, parks and recreation, election services, community development and other core services. This fund is also where the main operating taxes of the City are received.

The average homeowner will pay about \$566.93 in City taxes this year, which is down again for FY2014 from \$585.80 in FY2013. Property taxes fund about \$0.65 of every \$1 of the cost of municipal services, which is up from \$0.63 last year. The other \$0.35 is derived from other sources, which help to fully fund services to Cadillac residents and businesses as illustrated on the graphic below.

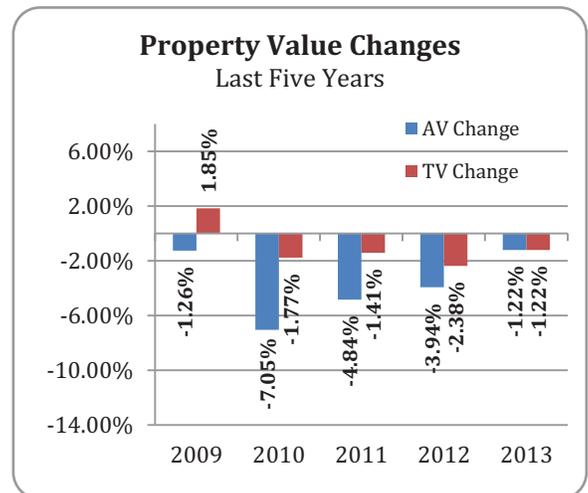


Pages 50-53 of this budget document detail the specific components of each revenue source.

**REVENUE SUMMARY AND OUTLOOK**

**Property Taxes**

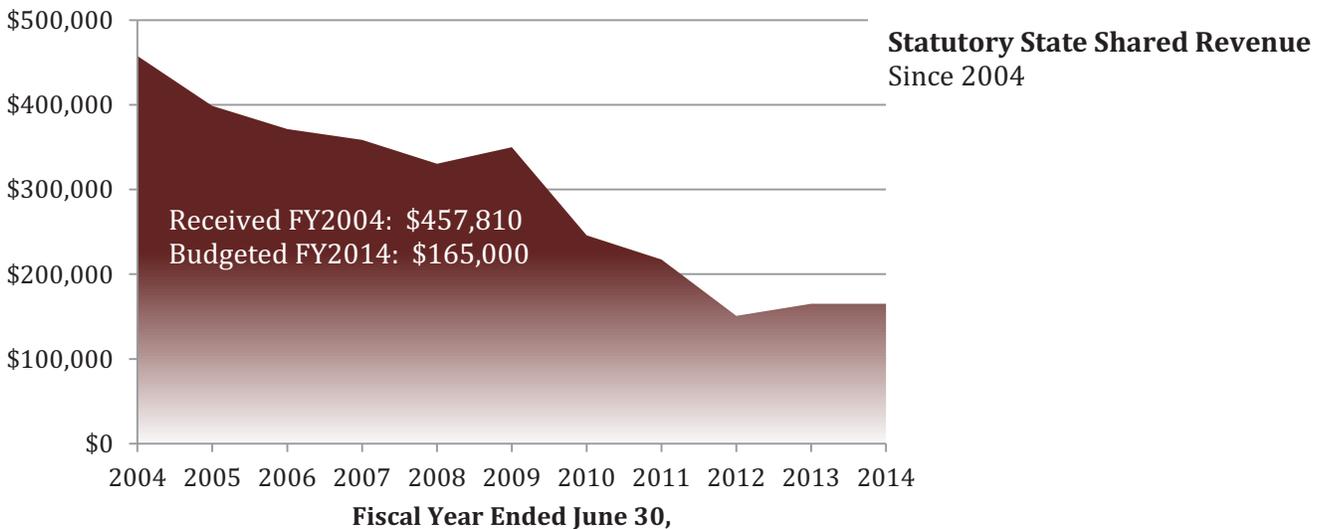
A lot has been said in this budget document about the impact that declining local property values have had on property tax revenues needed to provide critical services to Cadillac residents and businesses. In the ten years prior to FY2011, taxable value grew each year by an average of 4.2%. Then the impacts of the recession hit and values began to decline. The chart to the right shows what has happened to taxable values in the last five years. Over that time, over \$17,400,000 in taxable value has been lost, meaning that if taxable values had simply held flat, the City would be receiving over \$240,000 in additional revenues per year. This illustrates the challenges that have been faced in structurally balancing the organization so that in the long-term, operating expenditures are at a level that can be supported with ongoing, predictable, stable sources of revenue, while at the same time funds can be secured to fund critical capital improvement projects that are required over time.



**State Shared Revenue**

On top of experiencing dramatic losses in property tax revenue, the General Fund’s other primary source of revenue – State Shared Revenue – has been on a steady decline for many years. Historically, State Shared Revenues were distributed by both constitutional and statutory formulas from revenues derived at the State level primarily from the state sales tax. This revenue source continues to deteriorate because of reductions by the State of Michigan. Not only has the economy impacted total sales tax revenues, but the State continues to balance their budget on the backs of local governments by reducing statutory portions of this revenue. As previously discussed, Michigan’s governor eliminated this entire source of revenue and replaced it with what he has termed the Economic Vitality Incentive Program, requiring Cadillac to “compete” with over 500 other municipalities for a total of just \$200 million available state wide. These revenues were cut by a third for last fiscal year, and are projected to remain flat for the current year.

At the end of the day, what this has meant for Cadillac is a loss of nearly \$300,000 over the last ten years. Initial budget proposals at the State level included a slight increase in this appropriation, but projects of a minimal increase will not provide a substantial amount of additional revenue to the City. The chart below shows the statutory portion of state revenue sharing for the last eleven years. It highlights what has become a significant problem throughout the state of Michigan, and shows that the State has broken their revenue-sharing promise made many years ago with local units of government.



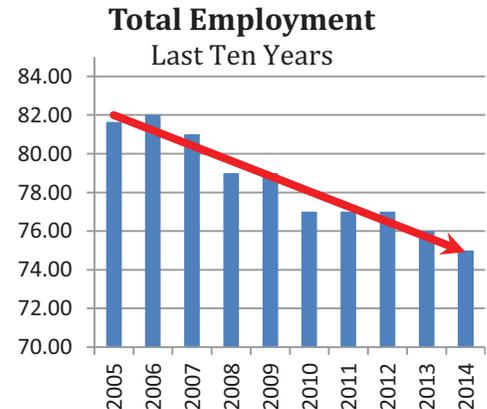
**EXPENDITURE SUMMARY AND OUTLOOK**

**PERSONNEL COSTS**

As a service organization, a significant amount of spending in the General Fund is for wages and benefits. For the current year, the General Fund proposes appropriations across all activities of \$2.6 million in wages and an additional \$1.6 million in benefits. Benefits are 61% of total salaries. A comparison of total salaries and benefits in the General Fund for the last five (5) years is presented in the chart below. The amounts for FY2014 and FY2013 represent budgeted amounts, while FY2010-2012 are actual amounts.

	FY2014	FY2013	FY2012	FY2011	FY2010
Wages	\$2,604,300	\$2,640,700	\$2,457,335	\$2,514,524	\$2,539,627
Benefits	1,591,700	1,520,800	1,528,215	1,459,398	1,405,411
<b>Total</b>	<b>\$4,196,000</b>	<b>\$4,161,500</b>	<b>\$3,985,550</b>	<b>\$3,973,922</b>	<b>\$3,945,038</b>
% of G.F. Expenditures	63.3%	61.1%	57.9%	52.9%	53.7%

Total employee compensation has remained relatively flat for the last several years but dropped an additional position during the course of FY2012. This is due to a combination of both cost-saving measures taken regarding current employees and organizational restructuring that has achieved cost savings as well. The chart to the right details the overall City full-time employment since 2000. There has been a decrease of six full-time employees in that time. Only a portion of this reduction yielded savings in the General Fund.



It is the position of City administration that employment levels across the organization are now at the lowest possible level that is necessary to maintain current service levels. Any further reductions in staffing would necessarily result in a reduction of services to the community. Additionally, many staff members have not had a cost-of-living pay increase for several years.

**FY2014 Wage Adjustments and Required Pension Contributions**

Wage adjustments and pension costs anticipated for various employee groups/bargaining units within the City for FY2014 are as follows:

Employee Group	Members	FY2012 Wage Adjustment	Required Pension Contribution
Non-Union Administrative Employees	29	+\$500	8.43%
Command Officers Association of Michigan	6	0%	35.00%
Police Officers Association of Michigan	9	0%	35.00%
International Association of Fire Fighters Local 704*	11	0%	26.98%
United Steelworker’s of America Local 14317	20	<i>Expires 6/30/13</i>	11.06%

All City employees have shared in the sacrifices that have been necessary to achieve long-term fiscal stability over the last several years. Without the dedicated efforts of the incredible staff across the whole organization, core services to City residents and businesses would not be possible.

**Fund Balance**

The City of Cadillac has an established policy that an amount equal to 15% of the General Fund’s expenditures will be set aside in a reserve entitled Working Capital. The City has been in compliance with this policy for many years and it is expected that the proposed FY2014 budget will maintain this reserve. This reserve helps the City with cash flow and is a safety net that prevents the City from having to borrow for short-term operating funds during times of lower revenue collections. The City has additional undesignated fund balance on hand beyond what has been designated for working capital, bringing total unreserved fund balance up to about 25% of total General Fund expenditures.

The FY2014 budget proposes to use \$160,000 of the undesignated fund balance to balance the budget. This appropriation of fund balance on hand will provide the organization time to make additional decisions regarding overall costs and to identify potential new sources of revenue in order to achieve structural balance moving forward.

Additionally, the City has an amount set aside to fund accrued sick and vacation leave. This reserve has helped mitigate the impacts of the significant staff turnover and related termination costs experienced over the last several years.

**Revenue Summary**

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>	<b>% Change</b>
<b>REVENUES AND OTHER SOURCES:</b>					
Taxes	\$4,437,301	\$4,308,000	\$4,289,000	<b>\$4,234,500</b>	-1.27%
Licenses	109,775	102,200	101,200	<b>111,000</b>	9.68%
Intergovernmental	1,186,795	1,178,300	1,103,000	<b>1,155,000</b>	4.71%
Charges For Services	921,990	881,000	904,500	<b>897,500</b>	-0.77%
Fines and Forfeits	20,001	25,000	30,000	<b>30,000</b>	0.00%
Miscellaneous	316,752	24,000	52,500	<b>17,500</b>	-66.67%
Interest and Rents	30,996	31,000	61,500	<b>36,500</b>	-40.65%
Other Financing Sources	0	50,700	265,300	<b>160,000</b>	
<b>Total Revenues</b>	<b>\$7,023,610</b>	<b>\$6,600,200</b>	<b>\$6,807,000</b>	<b>\$6,642,000</b>	<b>-2.42%</b>

**General Fund Revenue Sources**

	<b>Percentage of General Fund Revenues from 1972-2012</b>				
	<b>FY2012</b>	<b>FY2002</b>	<b>FY1992</b>	<b>FY1982</b>	<b>FY1972</b>
Taxes	63.32%	53.94%	54.84%	55.78%	59.75%
Intergovernmental	14.52%	24.39%	25.16%	17.98%	29.76%
Charges for Services	14.16%	12.70%	6.43%	6.80%	2.85%
Other	8.00%	8.98%	13.57%	19.44%	7.64%
	100.00%	100.00%	100.00%	100.00%	100.00%

The chart above illustrates the fact that the City is relying more and more on local sources of revenue (Taxes, Charges for Services) to fund municipal services as less and less revenue is available from the State of Michigan.

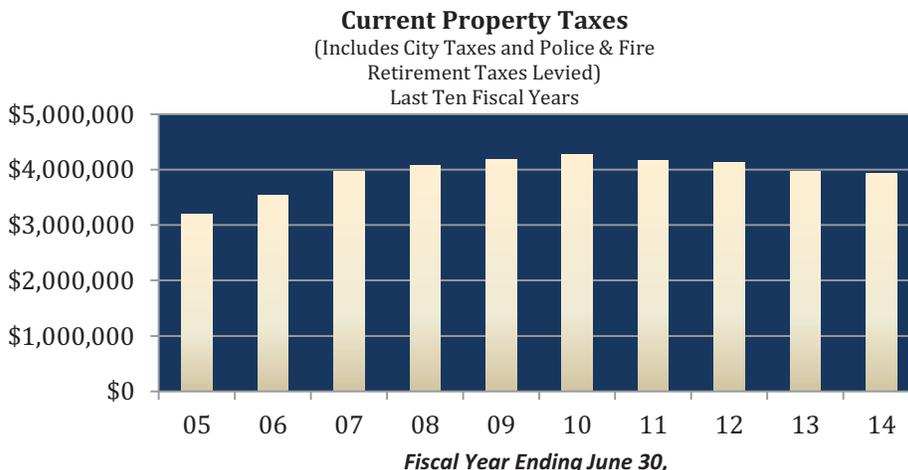
**Property Tax Levy**

As mentioned, the City levies 13.9473 mills for general operating purposes, 2.6 mills for the Act 345 Police and Fire Retirement System, and 0.5 mills for Lake Treatment (accounted for in separate fund). Several tax increment financing authorities capture a portion of these taxes for use in the specific district for applicable purposes. Details of the tax levy and various captures are as follows:

**Total Anticipated Taxable Value: \$245,286,247**

<b>Total Levy</b>	<b>Total Tax Levy</b>	<b>DDA Capture</b>	<b>LDFA Capture</b>	<b>Brownfield Capture</b>	<b>General Fund Taxes</b>	<b>Taxes Captured</b>
General Operating	\$3,421,081	52,737	43,585	4,653	\$3,320,106	\$100,975
P&F Retirement	\$637,744	9,831	13,376	867	\$613,670	\$24,074
Lake Treatment	\$122,643	1,891	2,572	167	\$118,013	\$4,630

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Taxes</b>				
Current Tax	\$3,462,187	\$3,365,000	\$3,340,000	\$3,320,000
Industrial Facilities Tax	110,167	119,000	117,000	100,000
Current Property Tax - Police and Fire	665,227	627,000	625,000	615,000
Administration Fees	136,237	130,000	125,000	127,500
Trailer Park Fees	2,130	2,000	2,000	2,000
Penalties and Interest	37,978	40,000	45,000	40,000
Payment in Lieu of Taxes				
Housing	23,375	25,000	35,000	30,000
<b>Total Taxes</b>	<b>\$4,437,301</b>	<b>\$4,308,000</b>	<b>\$4,289,000</b>	<b>\$4,234,500</b>
<b>Licenses and Permits</b>				
Cable Franchise Fees	\$108,320	\$101,000	\$100,000	\$110,000
Business Licenses	1,455	1,200	1,200	1,000
<b>Total Licenses and Permits</b>	<b>\$109,775</b>	<b>\$102,200</b>	<b>\$101,200</b>	<b>\$111,000</b>
<b>Intergovernmental Revenues</b>				
State Shared Revenues:				
Sales & Use Tax - Constitutional	\$744,585	\$740,000	\$675,000	\$750,000
Sales & Use Tax - Statutory	151,000	165,000	160,000	165,000
Liquor Licenses	7,564	8,300	8,000	8,000
Telecommunications Right of Way	35,135	32,000	32,000	32,000
Grants from Local Units:				
Fire Protection	171,915	160,000	155,000	157,000
Michigan Justice Training Grant	2,935	3,000	3,000	3,000
CAPS - School Officer	0		0	40,000
Federal Grants	72,656	70,000	70,000	0
State of Michigan Grants	1,005	0	0	0
<b>Total Intergovernmental Revenues</b>	<b>\$1,186,795</b>	<b>\$1,178,300</b>	<b>\$1,103,000</b>	<b>\$1,155,000</b>



**Revenue Highlights**

**Industrial Facilities Tax**

This tax abatement program has grown consistently as the City Council has established a policy of granting an abatement to any qualified industrial facility. This program allows Council to abate half of the City taxes for up to 12 years. Exemptions have been granted with a total value of about \$15,000,000. This results in a levy of about \$110,000. Various tax increment financing units in the City capture a portion of this amount.

**Fire Protection**

Clam Lake Township and the City of Cadillac have a fire protection agreement whereby the City provides fire protection to the township and in return the township pays the City a fee of 1.9 mills on its real and personal property taxes. The township's estimated taxable value is \$83 million. The fire contract is in effect until June 30, 2013.

**Solid Waste Collection**

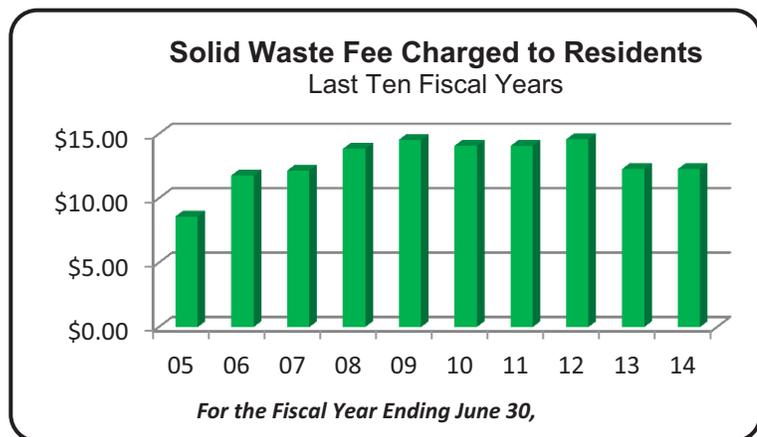
Solid waste collection is a contracted service with a private contractor. The cost is passed on to residents with only a slight markup to cover costs associated with administering the waste removal program. The new rate reflects annual contractual adjustments which are based on inflationary indexes. The decrease is the result of the sale of the Wexford County Landfill which came with a reduction in the tipping fee rate and a resulting reduction in the rate charged to the City by the removal contractor. The rate for the rental of tidy totes is recommended to remain at \$2.20 per month.

**Refuse Collection**

3,250 average units x \$12.27 recommended monthly fee x 12 = \$475,000 annual solid waste collection fee

**Tidy Tote Garbage Cans**

2,000 average customers x \$2.20 per month fee x 12 = \$53,000 annual collection (\$1.75 of the monthly collection fee is paid back to the waste collector.)



Of total monthly charges, \$0.65 per unit for refuse collection and \$0.45 per tidy tote stays with the City to cover the costs of administering the program, including billing and collections services. This administrative charge offsets approximately \$35,000 in costs to manage the delivery of this service to City residents.

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Charges For Services</b>				
Zoning Fees	\$2,190	\$2,000	\$2,000	<b>\$2,000</b>
Exemption Certificate Fees	1,800	2,000	1,500	<b>1,500</b>
Northflight	59,008	59,000	58,000	<b>62,000</b>
Police Charges	2,398	3,000	3,000	<b>3,000</b>
Engineering Fees	810	1,000	10,000	<b>0</b>
Solid Waste Collection	546,955	525,000	540,000	<b>525,000</b>
Sale of Maps and Ordinances	183	1,000	1,000	<b>1,000</b>
Rental Housing Ordinance Fee	6,395	6,000	7,000	<b>7,000</b>
Administrative Charges				
Water and Sewer Fund	\$201,900	\$220,000	\$220,000	<b>\$234,000</b>
Major Street Fund	10,000	0	0	<b>0</b>
Local Street Fund	10,000	0	0	<b>0</b>
Stores & Garage Fund	30,100	20,000	20,000	<b>20,000</b>
Community Development Fund	19,100	12,000	12,000	<b>12,000</b>
Data Processing Fund	30,000	30,000	30,000	<b>30,000</b>
Miscellaneous	1,151	0	0	<b>0</b>
<b>Total Charges For Services</b>	<b>\$921,990</b>	<b>\$881,000</b>	<b>\$904,500</b>	<b>\$897,500</b>
<b>Fines and Forfeits</b>				
Violations Bureau	\$20,001	\$25,000	\$30,000	<b>\$30,000</b>
<b>Total Fines and Forfeits</b>	<b>\$20,001</b>	<b>\$25,000</b>	<b>\$30,000</b>	<b>\$30,000</b>
<b>Interest and Rents</b>				
Interest Income	\$28,686	\$30,000	\$60,000	<b>\$35,000</b>
Land and Building Rental	2,310	1,000	1,500	<b>1,500</b>
<b>Total Interest and Rents</b>	<b>30,996</b>	<b>31,000</b>	<b>61,500</b>	<b>36,500</b>
<b>Miscellaneous</b>				
Sale of Property	847	7,500	1,500	<b>1,500</b>
Cadillac Community Television (CCTV)				
Sales	1,916	1,000	1,000	<b>1,000</b>
Sponsorships	450	500	5,000	<b>5,000</b>
Reimbursements - Housing Commission	250,279	0	0	<b>0</b>
Contributions - Private Sources	44,596	0	35,000	<b>0</b>
Miscellaneous - Refunds and Rebates	18,664	15,000	10,000	<b>10,000</b>
<b>Total Miscellaneous</b>	<b>\$316,752</b>	<b>\$24,000</b>	<b>\$52,500</b>	<b>\$17,500</b>
<b>Other Financing Sources</b>				
Other Transfers In	0	0	0	<b>0</b>
Surplus - Reserved from Prior Contributions	0	0	0	<b>0</b>
Surplus - Undesignated Fund Balance	0	50,700	265,300	<b>160,000</b>
<b>Total Other Financing Sources</b>	<b>\$0</b>	<b>\$50,700</b>	<b>\$265,300</b>	<b>\$160,000</b>
<b>TOTAL REVENUES</b>	<b>\$7,023,610</b>	<b>\$6,600,200</b>	<b>\$6,807,000</b>	<b>\$6,642,000</b>

## General Fund

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed	Change
<b>EXPENDITURES</b>					
<b>General Government</b>					
Legislative	\$41,955	\$42,600	\$42,800	<b>\$42,700</b>	-0.23%
Office of the City Manager	223,538	235,500	232,800	<b>248,200</b>	6.62%
Financial Services	220,423	222,600	223,000	<b>219,000</b>	-1.79%
Clerk/Treasurer Department	282,839	269,500	271,300	<b>271,100</b>	-0.07%
Election Services	8,644	12,500	20,000	<b>14,500</b>	-27.50%
Assessing	132,252	135,800	143,000	<b>131,000</b>	-8.39%
Legal Services	164,111	194,000	141,500	<b>150,000</b>	6.01%
Engineering Services	171,796	179,500	184,500	<b>172,800</b>	-6.34%
City Hall	269,239	283,700	285,000	<b>290,700</b>	2.00%
<b>Total General Government</b>	<b>\$1,514,797</b>	<b>\$1,575,700</b>	<b>\$1,543,900</b>	<b>\$1,540,000</b>	-0.25%
<b>Public Safety</b>					
Police Department	\$1,948,809	\$1,920,200	\$1,990,900	<b>\$1,940,900</b>	-2.51%
Code Enforcement	28,477	29,500	30,200	<b>31,600</b>	4.64%
Fire Department	1,219,075	1,251,300	1,309,400	<b>1,294,200</b>	-1.16%
<b>Total Public Safety</b>	<b>\$3,196,361</b>	<b>\$3,201,000</b>	<b>\$3,330,500</b>	<b>\$3,266,700</b>	-1.92%
<b>Public Works</b>	\$848,743	\$843,100	\$873,600	<b>\$878,800</b>	0.60%
<b>Culture and Recreation</b>	249,348	281,800	291,500	<b>244,800</b>	-16.02%
<b>Economic Development and Assistance</b>	170,555	148,200	146,000	<b>160,500</b>	9.93%
<b>Intergovernmental Expenses</b>	351,006	101,500	101,500	<b>101,200</b>	-0.30%
<b>Other Financing</b>	550,000	520,000	520,000	<b>450,000</b>	-13.46%
<b>TOTAL EXPENDITURES</b>	<b>\$6,880,810</b>	<b>\$6,671,300</b>	<b>\$6,807,000</b>	<b>\$6,642,000</b>	-2.42%
<b>FUND BALANCE AT YEAR END</b>					
Net Change in Fund Balance	\$142,800	(\$121,800)	(\$265,300)	<b>(\$160,000)</b>	
Fund Balance - Beginning of Year	2,039,952	2,182,752	2,182,752	<b>2,060,952</b>	
<b>FUND BALANCE AT YEAR END</b>					
Nonspendable	36,033	-	-	-	
Restricted	42,884	37,667	37,667	<b>37,667</b>	
Committed	-	-	-	-	
Assigned	1,782,955	1,598,055	1,618,410	<b>1,441,247</b>	
Unassigned	320,880	425,230	261,375	<b>422,038</b>	
<b>TOTAL FUND BALANCE</b>	<b>\$2,182,752</b>	<b>\$2,060,952</b>	<b>\$1,917,452</b>	<b>\$1,900,952</b>	

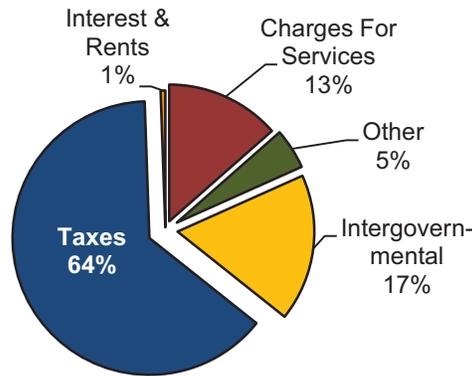
**FUND BALANCE**

Most of the fund balance remaining at the end of the fiscal year is either reserved or has been assigned for a specific purpose. Specific classifications of fund balance at the end of FY2012 and estimates for FY2013 and FY2014 are as follows:

FUND BALANCE INFORMATION	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Nonspendable</b>				
Prepaid Expenditures	36,033	0	0	0
<b>Restricted For:</b>				
Veterans Memorial	1,855	1,859	1,859	1,859
Youth Services	844	844	844	844
Drug Forfeiture	4,650	3,802	3,802	3,802
Fire Safety House	1,859	1,859	1,859	1,859
Blackburn Skate Park	2,057	1,409	1,409	1,409
White Pine Trail	1,859	2,394	2,394	2,394
Diggins Hill Park	4,760	500	500	500
CAMA Lighthouse	25,000	25,000	25,000	25,000
<b>Total Restricted</b>	<b>42,884</b>	<b>37,667</b>	<b>37,667</b>	<b>37,667</b>
<b>Assigned For:</b>				
Sick and Vacation Funding	479,336	446,113	446,113	440,000
Working Capital	1,032,122	1,000,695	1,021,050	996,300
Mayor Wedding Fees	650	300	300	300
Pistol Range	3,027	2,127	2,127	2,127
CASA Field Use	2,520	2,520	2,520	2,520
Appropriated to Budget	265,300	146,300	146,300	-
<b>Total Assigned</b>	<b>1,782,955</b>	<b>1,598,055</b>	<b>1,618,410</b>	<b>1,441,247</b>
<b>Unassigned</b>	<b>320,880</b>	<b>425,230</b>	<b>261,375</b>	<b>422,038</b>
<b>TOTAL FUND BALANCE</b>	<b>\$2,182,752</b>	<b>\$2,060,952</b>	<b>\$1,917,452</b>	<b>\$1,900,952</b>

**Revenues by Type**

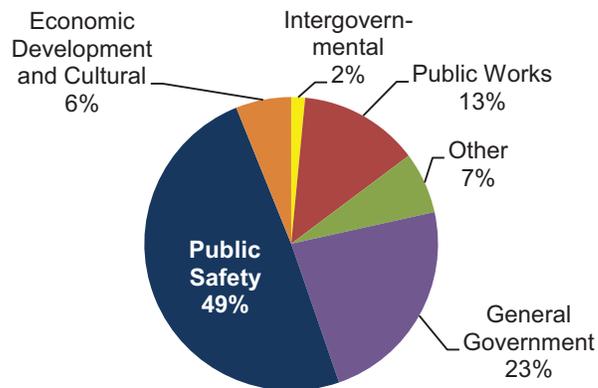
**General Fund Revenues by Type FY2014**



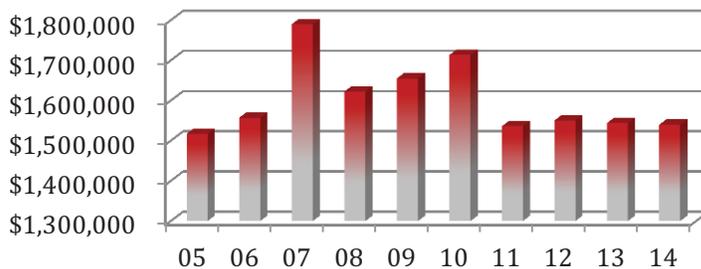
**Expenditure Analysis Charts**

**Expenditures by Activity**

The chart at the right shows the split of General Fund expenditures by activity. These percentages have remained relatively constant.



**General Government Expenditures Last Ten Fiscal Years**



**General Government Expenditures**

This chart shows the level of General Government spending over the last 10 years. General Government expenditures include all administrative departments, the legal department, assessing and elections, and the annual expenditures to maintain the City's municipal complex.

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**GENERAL GOVERNMENT**

**Legislative**

Salaries	\$16,138	\$15,300	\$15,800	<b>\$15,800</b>
Fringes	1,252	1,400	1,400	<b>1,400</b>
Office Supplies	318	1,600	1,600	<b>1,500</b>
Contractual Services	1,187	1,800	2,000	<b>2,000</b>
Data Processing	5,000	5,000	5,000	<b>4,000</b>
Dues & Publications	6,256	6,500	7,000	<b>7,000</b>
Travel and Education	5,503	6,000	5,000	<b>6,000</b>
Ordinances and Proceedings	6,301	5,000	5,000	<b>5,000</b>
<b>Total Legislative</b>	<b>\$41,955</b>	<b>\$42,600</b>	<b>\$42,800</b>	<b>\$42,700</b>

<i>City Council Measures</i>				
Full-Time Positions	0	0	0	<b>0</b>
Part-Time Positions	5	5	5	<b>5</b>
Cost Per Resident	\$4.05	\$4.11	\$4.13	\$4.12

**Legislative**

The City Council is the policy making body for the City of Cadillac. Its salaries are set by an independent advisory committee which meets every two years. Education is encouraged for the part-time council members so that they will be on the cutting edge of information and issues involving municipal government. Contractual Services reflects the codification of the city code and increased the per capita costs the last couple years. The re-codification of the ordinances has been completed and current budgeted costs represent ongoing supplemental updates to the code.

**Elected Officials**

The structure of the Cadillac City Council is set by City Charter. The Council consists of four (4) members with one each from the City's four districts. Council members are elected to staggered four-year terms, with two council members up for election every two years. The mayor is elected at large by voters of the City and serves a two-year term. Details of the current City Council as well as a map of the City wards can be found in the Budget Reader's Guide on pages iii-vi of the budget document.

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**GENERAL GOVERNMENT (Cont.)**

**Office of the City Manager**

Salaries	\$149,012	\$158,000	\$159,000	<b>\$158,500</b>
Fringes	50,946	50,000	43,600	<b>60,000</b>
Office Supplies	1,612	2,500	2,500	<b>2,500</b>
Postage	0	0	1,200	<b>0</b>
Data Processing	7,000	7,000	7,000	<b>8,000</b>
Dues & Publications	2,996	4,000	4,800	<b>4,500</b>
Telephone	1,740	1,800	2,000	<b>2,000</b>
Travel & Education	6,382	7,500	8,500	<b>7,500</b>
Vehicle Allowance	3,850	4,200	4,200	<b>4,200</b>
Suggestion Award	0	500	0	<b>1,000</b>
Capital Outlay	0	0	0	<b>0</b>
<b>Total Office of the City Manager</b>	<b>\$223,538</b>	<b>\$235,500</b>	<b>\$232,800</b>	<b>\$248,200</b>

<i>City Manager Measures</i>				
Full-Time Positions	2.5	2.2	2.2	<b>2.2</b>
Part-Time Positions	0.5	0.5	0.5	<b>0.5</b>
Cost Per Resident	\$21.59	\$22.74	\$22.48	<b>\$23.97</b>

**City Manager**

The chief administrative officer of the City of Cadillac is the City Manager. The City Manager is responsible for the administration of all City departments and also for making reports and recommendations to the City Council. Marcus Peccia was appointed the chief administrative officer of the City in November 2009. He came to the city after being the Assistant City Manager in Lake Forest, Illinois.

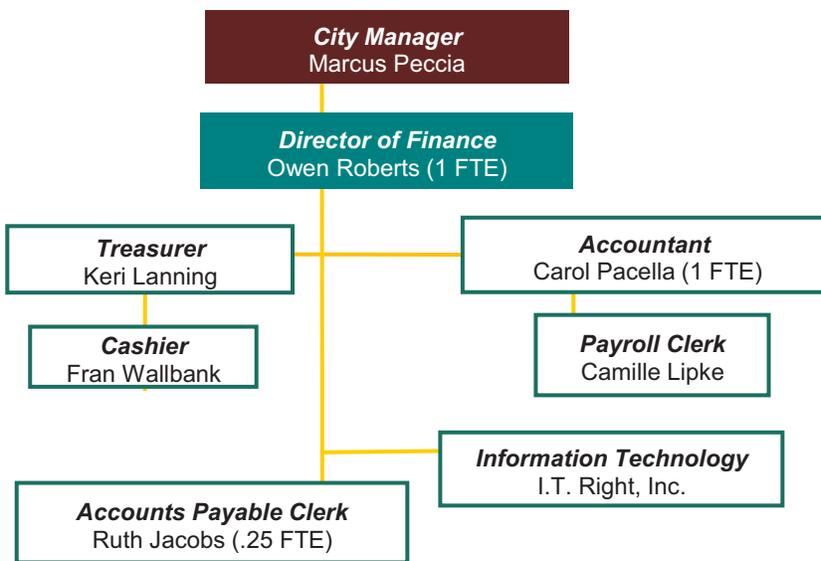
All human resource activities are overseen within the Office of the City Manager. Human Resources Coordinator Linda Kent is responsible for these activities.

The City Manager discusses the issues facing the City of Cadillac in the transmittal letter found at the beginning of this budget document.

**Financial Services**

The financial services department has the overall responsibility of all accounting and finance related functions. This responsibility is discharged in accordance with Federal and State regulations, the City Charter, Ordinances enacted by the City Council and directives from the City Manager, and is consistent with Governmental Accounting and Financial Standards established by the Governmental Accounting Standards Board. The Director of Finance oversees the treasurer, accounting, and information technology functions. In addition to the management activities, budgeting and investing of the City's money are critical functions of this department.

The clerk, treasurer, cashier and payroll clerk are under the supervision of the Director of Finance. The costs of these positions are accounted for in the Clerk/Treasurer department of the General Fund.



**PERFORMANCE MEASURES - FINANCIAL SERVICES**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Received GFOA Budget/CAFR Awards		Yes	Yes	Yes	Yes	↔
General Fund Working Capital + Unassigned Fund Balance		\$1,242,466	\$1,353,002	\$1,252,425	\$1,402,038	↔
Unreserved Fund Balance as % of General Fund Expenditures		16.52%	19.66%	18.40%	21.06%	↔
Fund Balance Policy Level (15%)		\$1,128,301	\$1,032,122	\$1,021,050	\$998,400	↓
Total Above (Below) Policy Benchmark *		\$114,165	\$320,881	\$231,375	\$403,638	↔
Unqualified Audit Opinion		Yes	Yes	Yes	Yes	↔
Audit Adjustments		81		75	75	↓

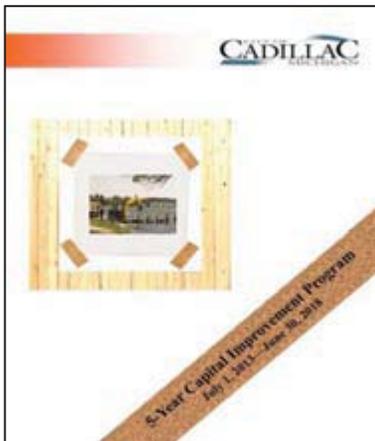
FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**GENERAL GOVERNMENT (Cont.)**

**Financial Services**

Salaries	\$124,759	\$124,000	\$123,000	<b>\$124,500</b>
Fringes	43,777	46,000	46,700	<b>48,000</b>
Office Supplies	9,134	6,500	7,000	<b>7,000</b>
Postage	0	1,000	2,500	<b>0</b>
Audit	7,700	11,000	9,500	<b>11,000</b>
Data Processing	28,000	25,000	25,000	<b>20,000</b>
Dues & Publications	1,739	2,000	3,000	<b>2,000</b>
Telephone	1,170	1,100	1,300	<b>1,500</b>
Travel & Education	4,144	6,000	5,000	<b>5,000</b>
<b>Total Financial Services</b>	<b>\$220,423</b>	<b>\$222,600</b>	<b>\$223,000</b>	<b>\$219,000</b>

<i>Financial Services Department Measures</i>				
Full-Time Positions	2.25	2.25	2.25	<b>2.25</b>
Part-Time Positions	0	0	0	<b>0</b>
Cost Per Resident	\$21.29	\$21.50	\$21.54	<b>\$21.15</b>



**Capital Improvement Planning**

One of the important responsibilities of the Financial Services Department is developing the annual 5 Year Capital Improvement Program for all City activities. This program is completed prior to the budget process each year. As funds are available, the projects included in the program are scheduled into the Annual Operating Budget. Because of funding constraints, in FY2014 just 60% of planned project costs are included in the budget proposal. The picture to the left is the cover of the most recent program document. The program is summarized in the 'Capital Improvement' section of this budget document, and is available for review on the City's website.

**Departmental Highlights**

**City Clerk/Treasurer**

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

The Clerk and Treasurer and under the oversight of the Director of Finance.

**PERFORMANCE MEASURES - CITY TREASURER/CLERK**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Total City-wide Assessed Value		\$284,788,600	\$271,004,700	\$260,323,800	\$258,147,850	↓
Total City-wide Taxable Value		\$258,026,041	\$254,375,276	\$248,311,239	\$245,286,247	↓
Taxable Value as % of Assessed Value		90.6%	93.9%	95.4%	95.0%	↑
Tax Bills Issued		11,628	11,000	11,000	11,000	↔
Total Number of Annual Receipts		44,088	44,852	44,000	44,000	↔
Dollar Value of Annual Receipts		\$23,047,885	\$22,916,902	\$23,000,000	\$23,000,000	↔
Accounts Payable Checks Issued		2,967	2,999	3,000	3,000	↔
Payroll Checks Issued		1,235	1,235	1,100	1,100	↓
Payroll Direct Deposits		3,926	3,902	4,000	4,000	↑
Miscellaneous Billing Invoices Issued		611	689	600	600	↔
Total Registered Voters		7,285	7,063	7,100	7,100	↔
Number of Elections		3	1	2	2	↔
Total Cost of Elections		\$14,313	\$8,644	\$16,500	\$20,000	↑
Cost per Election		4,771	8,644	8,250	10,000	↑

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**GENERAL GOVERNMENT (Cont.)**

**Clerk/Treasurer Department**

Salaries	\$128,911	\$131,000	\$130,000	<b>\$132,000</b>
Fringes	69,467	77,000	79,200	<b>86,500</b>
Office Supplies	2,448	3,000	3,000	<b>3,000</b>
Postage	12,539	9,500	9,500	<b>10,000</b>
Data Processing	30,000	30,000	30,000	<b>20,000</b>
Dues & Publications	609	500	600	<b>600</b>
Travel & Education	2,850	3,500	4,000	<b>4,000</b>
Bad Debt Expense (1)	36,015	15,000	15,000	<b>15,000</b>
<b>Total Clerk/Treasurer Department</b>	<b>\$282,839</b>	<b>\$269,500</b>	<b>\$271,300</b>	<b>\$271,100</b>

(1) Bad Debt Expense represents delinquent taxes that Wexford County paid to the City of Cadillac but were subsequently unable to collect, therefore requiring the City to repay the amounts received from the County.

<i>Clerk/Treasurer Measures</i>				
Full-Time Positions	3.800	3.800	3.800	<b>3.800</b>
Part-Time Positions	0.000	0.000	0.000	<b>0.000</b>
Cost Per Resident	\$27.31	\$26.03	\$26.20	<b>\$26.18</b>

**Election Services**

Salaries	\$3,351	\$5,000	7,500	<b>\$5,000</b>
Office Supplies	4,656	6,000	7,500	<b>6,500</b>
Contractual Services	637	1,500	5,000	<b>3,000</b>
Capital Outlay	0	0	0	<b>0</b>
<b>Total Election Services</b>	<b>\$8,644</b>	<b>\$12,500</b>	<b>\$20,000</b>	<b>\$14,500</b>

<i>Elections Measures</i>				
Full-Time Positions	0.000	0.000	0.000	<b>0.000</b>
Part-Time Positions	15.000	15.000	15.000	<b>15.000</b>
Cost Per Resident	\$0.83	\$1.21	\$1.93	<b>\$1.40</b>
Registered Voters	7,522	7,522	7,522	<b>7,522</b>
Cost per registered voter	\$1.15	\$1.66	\$2.66	<b>\$1.93</b>

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**GENERAL GOVERNMENT (Cont.)**

**Assessor**

Office Supplies	\$0	\$0	\$0	\$0
Postage	2,314	3,000	3,000	3,000
Contractual Services	13,152	5,000	10,000	2,500
Wexford County Contract	97,955	108,000	110,000	109,000
Data Processing	18,000	18,000	18,000	15,000
Board of Review	831	1,800	2,000	1,500
<b>Total Assessor</b>	<b>\$132,252</b>	<b>\$135,800</b>	<b>\$143,000</b>	<b>\$131,000</b>

<i>Assessing Measures</i>				
Full-Time Positions	0	0	0	0
Part-Time Positions	0	0	0	0
Cost Per Resident	\$12.77	\$13.11	\$13.81	\$12.65

**Assessor**

The function of the City Assessor has been contracted with the Wexford County Equalization Department. This is a five-year contract expiring March 31, 2017. Payments to the County are made quarterly. The contractual arrangement has been beneficial for the City and provides very good service to our citizens. The City is still responsible for the board of review that is held periodically. There are no City employees in this area. Contractual Services activity anticipates legal costs associated with defending the property values assessed as well as any related appraisal costs. Mr. Joe Porterfield was appointed the County's Equalization Director in 2009.

Annual costs of the assessing contract are as follows:

	Charge	# of Parcels	Annual Cost
<b>Service</b>			
Per Parcel assessing charge	\$16.30	6,150	\$100,245
Per Parcel assessment roll maintenance	\$1.30	6,150	\$7,995
<b>Total Charges</b>			<b>\$108,240</b>

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**GENERAL GOVERNMENT (Cont.)**

**Legal Services**

Office Supplies	\$1,929	\$1,500	1,500	<b>\$2,000</b>
Legal Services - General Counsel	58,423	60,000	55,000	<b>55,000</b>
Legal Services - Prosecution	32,975	32,500	35,000	<b>35,000</b>
Legal Services - Special	70,784	100,000	50,000	<b>58,000</b>
<b>Total Legal Services</b>	<b>\$164,111</b>	<b>\$194,000</b>	<b>\$141,500</b>	<b>\$150,000</b>

<b>Cost Per Resident</b>	\$15.85	\$18.73	\$13.66	<b>\$14.49</b>
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**General Counsel Services**

Mr. Michael Homier of Foster, Swift, Collins & Smith, PC's Grand Rapids office has been the chief counsel for the City of Cadillac since 2010. Several other attorneys from the firm provide counsel in specific areas of expertise.



**City Prosecution Services**

Since April 2010, prosecution of City cases have been handled by the Wexford County Prosecutor. Prosecution and legal services provided under this arrangement include all eligible traffic misdemeanors, all other eligible misdemeanors (including MIP), all traffic civil infractions, parking infractions, and other civil infractions of a traditional criminal-type nature such as disorderly conduct and others. Prosecution for cases involving ordinance violations are handled on a per-hour basis at the rate of \$110 per hour.

**Costs for Legal Services**

General counsel services provided by Foster, Swift, Collins & Smith, PC will be billed at an hourly rate of \$175 per hour. There is no annual maximum included in the agreement. The Wexford County Prosecutor's Office will handle all general prosecution-related cases for an annual cost of \$30,240. Special legal services include environmental, labor, property tax, and other special kinds of legal work. These are typically billed between \$175 and \$250 per hour, depending on the specific work being done. The majority of these special services are performed by the City Attorney.

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**GENERAL GOVERNMENT (Cont.)**

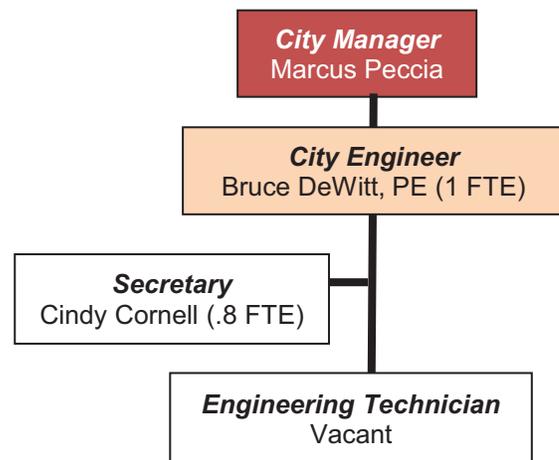
**Engineering Services**

Salaries	\$99,309	\$99,500	\$99,000	<b>\$99,500</b>
Fringes	37,596	45,000	51,300	<b>41,300</b>
Office Supplies	2,937	3,000	2,900	<b>2,900</b>
Postage	0	0	200	<b>0</b>
Contractual Services	8,400	9,000	8,000	<b>8,000</b>
Data Processing	20,000	20,000	20,000	<b>18,000</b>
Dues & Publications	125	500	600	<b>600</b>
Telephone	480	500	500	<b>500</b>
Travel & Education	368	800	800	<b>800</b>
Equipment Rental	2,581	1,200	1,200	<b>1,200</b>
Capital Outlay	0	0	0	<b>0</b>
<b>Total Engineering Services</b>	<b>\$171,796</b>	<b>\$179,500</b>	<b>\$184,500</b>	<b>\$172,800</b>

<i>Engineering Services Department Measures</i>				
Full-Time Positions	1.80	1.80	1.80	<b>1.80</b>
Part-Time Positions	0	0	0	<b>0</b>
Cost per Resident	\$16.59	\$17.33	\$17.82	<b>\$16.69</b>

**Engineering Services**

The engineering department, which operates under the direction of the City Manager, is responsible for the planning, design, inspection and testing of the City street construction projects and any other related construction jobs. A professional engineer licensed by the State of Michigan oversees the department. The engineer plays a major role in providing the infrastructure needs of the City. Contractual Services were included to reflect the use of a contractual employee to develop and build out the City's Geographic Information System (GIS). The secretary has 80% of her salary applied to this department. In FY2011, necessary budget reductions led to the elimination of the Engineering Technician position.



FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**GENERAL GOVERNMENT (Cont.)**

**City Hall**

Salaries	\$40,189	\$41,500	\$39,000	<b>\$41,500</b>
Fringes	12,067	23,000	15,400	<b>29,400</b>
Operating Supplies	9,477	11,000	13,500	<b>13,500</b>
Contractual Services	36,018	15,000	6,400	<b>10,000</b>
Service/Lease Contracts	6,770	6,500	6,500	<b>6,000</b>
Data Processing	5,500	5,500	5,500	<b>6,000</b>
Liability Insurance	55,536	57,500	60,000	<b>65,000</b>
Travel and Education	3,248	4,000	4,000	<b>4,000</b>
Utilities	80,983	82,000	85,000	<b>85,000</b>
Repair and Maintenance	11,453	20,000	21,000	<b>21,000</b>
Equipment Rental	7,299	7,500	7,200	<b>7,300</b>
Parking Contract	0	1,200	2,000	<b>2,000</b>
Capital Outlay	699	9,000	19,500	<b>0</b>
<b>Total City Hall</b>	<b>\$269,239</b>	<b>\$283,700</b>	<b>\$285,000</b>	<b>\$290,700</b>

**City Hall Measures**

Full-Time Positions	1.325	1.000	1.000	<b>1.000</b>
Part-Time Positions	0.5	0.5	0.5	<b>0.5</b>
Cost per Resident	\$26.00	\$27.40	\$27.52	<b>\$28.07</b>

**TOTAL GENERAL GOVERNMENT**

<b>\$1,514,797</b>	<b>\$1,575,700</b>	<b>\$1,543,900</b>	<b>\$1,540,000</b>
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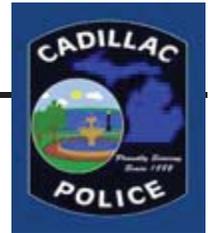
**Total General Government Measures**

Full-Time Positions	11.675	11.050	11.050	<b>11.050</b>
Part-Time Positions	21.000	21.000	21.000	<b>21.000</b>
Cost per Resident	\$146.29	\$152.17	\$149.10	<b>\$148.72</b>
% of General Fund Budget	22.01%	23.62%	22.68%	<b>23.19%</b>



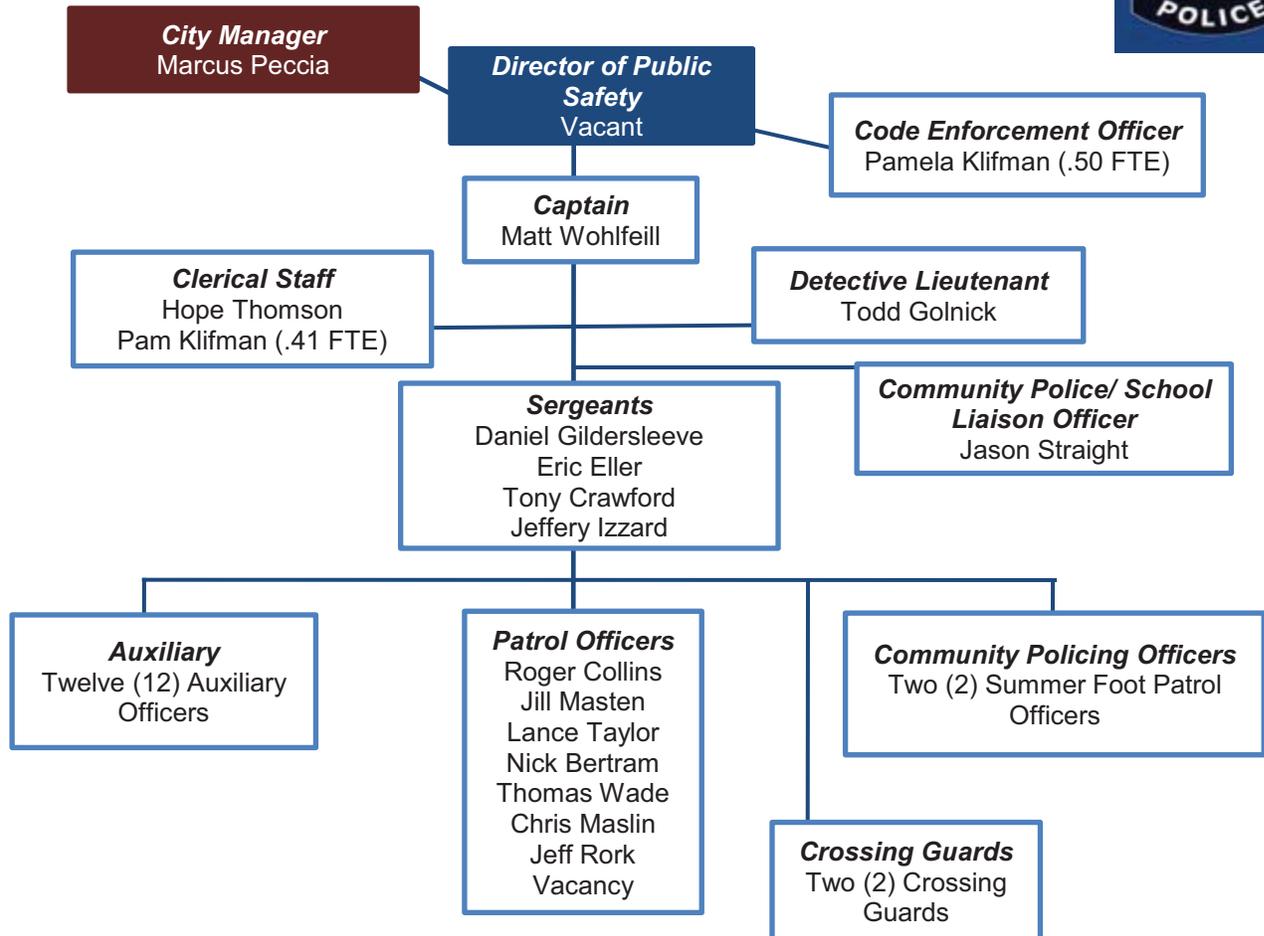
**City Hall**

The maintenance of the physical plant, which is occupied 24 hours per day, is anticipated to increase as the facility ages. Major replacements over the past few years have been the roof, the HVAC system, and the upgrade of the Council chambers. Several proposed capital improvements to the municipal complex have been postponed as a result of funding constraints.



**POLICE DEPARTMENT**

**CHART OF ORGANIZATION**



**Values Statement**

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

**Mission Statement:**

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

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

**Police Department Information and Performance Measures**

**Community Policing Officers**



Community policing officers, formally known as the summer foot patrol, are graduates of the police academy and work from May to September. There are typically three part-time officers assigned to the downtown area and lakefront. The officers are on foot or bicycle enforcing ordinance violations as well as State law. The program was conceived in 1989. A steady decline in violations has been noted over the past 18 years, confirming the effectiveness of the program. CPO's focus on contacts with downtown business owners to identify and solve problems.

<i>Cadillac Police Department Fleet Details</i>			
#	Vehicle	Assignment	Miles
1	2001 Ford Ambulance	Command Post	226,520
2	2002 Impala	Captain	80,810
3	2006 Dodge Durango	Patrol/K-9	69,200
4	2008 Impala	School & Training	110,811
5	2007 Impala	Detective	95,855
6	2013 Interceptor	Patrol	3,615
7	2009 Impala	Patrol	82,277
8	2011 Impala	Patrol	40,699
9	2006 Impala	Patrol/School Liaison	86,319
10	2004 Impala	Director	88,383
11	2005 Tahoe	Patrol Back-Up	110,597



*The Cadillac Police Department prides itself in a safe, clean, and well-maintained fleet of patrol and emergency vehicles.*

**Residential Speed Reduction**

As part of helping enhance the livability of Cadillac neighborhoods and residential areas, it was determined by the police department through contact with residents that speeding in neighborhoods represents a quality of life concern. Officers have been assigned regularly to specific problem areas. The areas, or “targeted traffic zones”, focus on thoroughfares in and out of the city passing through residential areas. The traffic zones were first identified by citizen complaints and speed surveys conducted by DPW. Officers focus primarily on educating motorists and requesting voluntary compliance. Verbal warnings are given to most drivers, with an approximate ratio of 3 verbal warnings to every 1 traffic citation. A new speed trailer purchased in June 2011 is assisting in reducing speeds in target enforcement zones.

**PERFORMANCE MEASURES - POLICE DEPARTMENT**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Sworn Officers		15	15	16	16	↔
Police Reports Completed		4,429	4,336	5,000	5,000	↔
Police Reports per Sworn Officer		295	289	313	313	↔
Traffic Citations Issued		640	688	750	750	↑
Traffic Verbal Warnings Issued		2,702	2,878	2,800	2,800	↔
Criminal Investigations		(New)	2,710	2,700	2,700	↔
Freedom of Information Requests Fulfilled		151	150	155	155	↔
Handgun Registrations		230	230	200	200	↔
K-9 Unit Tracking Calls		10	10	15	15	↔
K-9 Unit Demonstrations		15	15	15	15	↔
K-9 Unit Searches		29	29	35	35	↔
Non-Criminal Investigations		(New)	1,983	1,900	1,900	↔
Total Calls for Service		6,175	6,506	6,500	6,500	↔
Total Arrests		1,097	1,022	1,075	1,075	↔
Average Mileage of Fleet		88,963	82,770	87,500	90,000	↑
Average Mileage of Patrol Vehicles		62,848	82,716	85,000	85,000	↑
Operating Cost per Sworn Officer		\$124,860	\$124,870	\$120,663	\$119,431	↓

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b><u>PUBLIC SAFETY</u></b>				
<b>Police Department</b>				
Salaries - Supervisory	\$78,273	\$80,000	\$105,000	<b>\$80,000</b>
Salaries - Patrolmen	802,454	800,000	785,000	<b>790,000</b>
Salaries - Overtime	62,686	64,000	66,000	<b>66,000</b>
Salaries - Clerks	25,815	30,000	58,500	<b>58,000</b>
Salaries - Crossing Guards	6,345	7,000	7,500	<b>7,500</b>
Salaries - Auxiliary	1,540	3,000	5,000	<b>5,000</b>
Salaries - Summer Patrol	19,421	18,000	18,000	<b>12,000</b>
Fringes	743,812	710,000	711,600	<b>721,900</b>
Office Supplies	5,506	7,500	7,500	<b>7,500</b>
Operating Supplies	43,437	36,000	37,000	<b>38,000</b>
Operating Supplies - Community Service	718	1,000	1,000	<b>1,000</b>
Uniform Cleaning	9,000	9,500	9,500	<b>9,500</b>
Data Processing	58,000	50,000	50,000	<b>45,000</b>
Dues & Publications	1,282	2,000	2,000	<b>2,500</b>
Radio & Equipment Maintenance	5,507	4,500	4,500	<b>4,500</b>
Telephone	2,353	2,700	3,000	<b>3,000</b>
Travel & Education	21,420	22,000	20,000	<b>20,000</b>
Vehicle Repair and Maintenance	17,175	22,000	23,500	<b>23,500</b>
Uniforms and Maintenance	5,327	10,000	10,000	<b>10,000</b>
Equipment Rental	2,928	3,000	3,000	<b>3,000</b>
Copier Lease	2,962	3,000	3,000	<b>3,000</b>
Capital Outlay	32,848	35,000	60,300	<b>30,000</b>
<b>Total Police Department</b>	<b>\$1,948,809</b>	<b>\$1,920,200</b>	<b>\$1,990,900</b>	<b>\$1,940,900</b>

<b>Police Department Measures</b>				
Full-Time Positions	17.100	17.360	17.360	<b>16.360</b>
Part-Time Positions	16.000	16.000	16.000	<b>16.000</b>
Cost per Resident	\$188.20	\$185.44	\$192.26	<b>\$187.44</b>

*Note: An officer was hired using stimulus funds from the American Recovery and Reinvestment Act of 2009.*

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**PUBLIC SAFETY**

**Code Enforcement**

Salaries	\$18,306	\$18,200	\$18,500	<b>\$19,000</b>
Fringes	9,706	10,500	10,700	<b>11,600</b>
Office Supplies	465	800	1,000	<b>1,000</b>
<b>Total Code Enforcement</b>	<b>\$28,477</b>	<b>\$29,500</b>	<b>\$30,200</b>	<b>\$31,600</b>

<i>Code Enforcement Measures</i>				
Full-Time Positions	0.500	0.500	0.500	<b>0.500</b>
Part-Time Positions	0.000	0.000	0.000	<b>0.000</b>
Cost per Resident	\$2.75	\$2.85	\$2.92	<b>\$3.05</b>

**Code Enforcement Department**

In order to show the true costs of code enforcement activities, they were split into a separate department beginning in April 2009. Code enforcement activities are principally handled by code enforcement officer Pam Klifman, with oversight duties provided by the Police Department.

The code enforcement division investigates city ordinance violations such as blight, junk vehicles, noxious weeds, and snow removal violations. Activities also include the enforcement of downtown time zone parking areas.

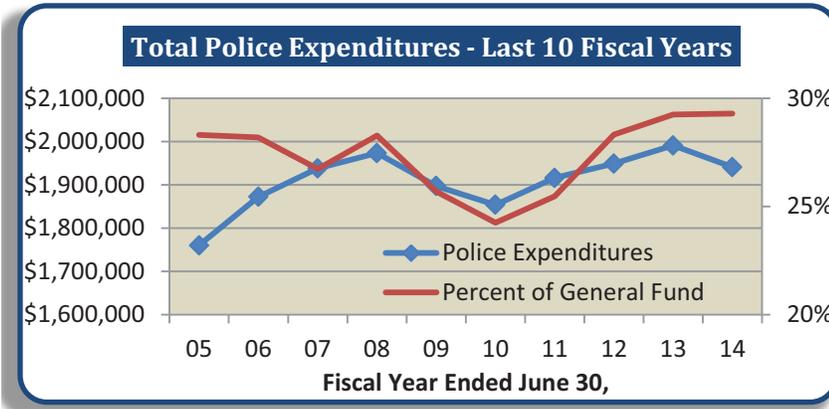
**PERFORMANCE MEASURES - CODE ENFORCEMENT**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Yards cleaned up (Blight Ordinance)		137	142	130	130	↔
Junk Vehicles Removed/Repaird		37	26	35	35	↔
Lawn Complaints (Noxious Weed Ordinance)		142	126	150	150	↔
Total Complaint Numbers Pulled		284	257	275	275	↔



These pictures are examples of the blight that the code enforcement activities help eliminate within the City.

**Police Expenditures**



The chart at the left shows total police expenditures for the last ten fiscal years and the related percentage of total General Fund expenditures for each year. Much of the gradual increase is due to the rising cost of funding the Act 345 retirement system.

**Public Safety Benchmarking**

<i>Police Department</i>		<i>FY2013 Police Budget</i>	<i>Number of Sworn Officers</i>	<i>Citizens Served Per Officer</i>	<i>Per Capita Costs</i>	<i>% of General Fund</i>
<i>Cities</i>	<i>2010 Census</i>					
Manistee	6,226	\$943,790	12	518.83	\$151.59	18.22%
Big Rapids	10,601	\$2,101,000	18	588.94	\$198.19	27.93%
Alpena	10,483	\$1,932,986	17	616.65	\$184.39	22.17%
Traverse City	14,674	\$3,389,650	28	524.07	\$231.00	24.40%
Sault Ste. Marie	14,144	\$2,519,900	23	614.96	\$178.16	20.34%
Coldwater	10,945	\$1,791,900	17	643.82	\$163.72	22.55%
Sturgis	10,994	\$2,685,390	19	578.63	\$244.26	36.19%
<b>City of Cadillac</b>	<b>10,355</b>	<b>\$1,990,900</b>	<b>15</b>	<b>690.33</b>	<b>\$192.26</b>	<b>29.25%</b>

<i>Fire Department</i>		<i>FY2013 Fire Department Budget</i>	<i>Number of Full-Time Officers</i>	<i>Citizens Served Per Full-Time Officer</i>	<i>Per Capita Costs</i>	<i>% of General Fund</i>
<i>Cities</i>	<i>2010 Census</i>					
Manistee	6,226	\$794,849	7	889.43	\$127.67	15.35%
Big Rapids	10,601	\$860,900	9	1,177.89	\$81.21	11.45%
Alpena	10,483	\$1,537,674	24	436.79	\$146.68	17.63%
Traverse City	14,674	\$2,602,955	23	638.00	\$177.39	18.73%
Sault Ste. Marie	14,144	\$1,481,900	18	785.78	\$104.77	11.96%
Coldwater	10,945	\$1,725,500	14	781.79	\$157.65	21.71%
Sturgis	10,994	\$1,485,870	11	999.45	\$135.15	20.03%
<b>City of Cadillac</b>	<b>10,355</b>	<b>\$1,309,400</b>	<b>11</b>	<b>941.36</b>	<b>\$126.45</b>	<b>19.24%</b>

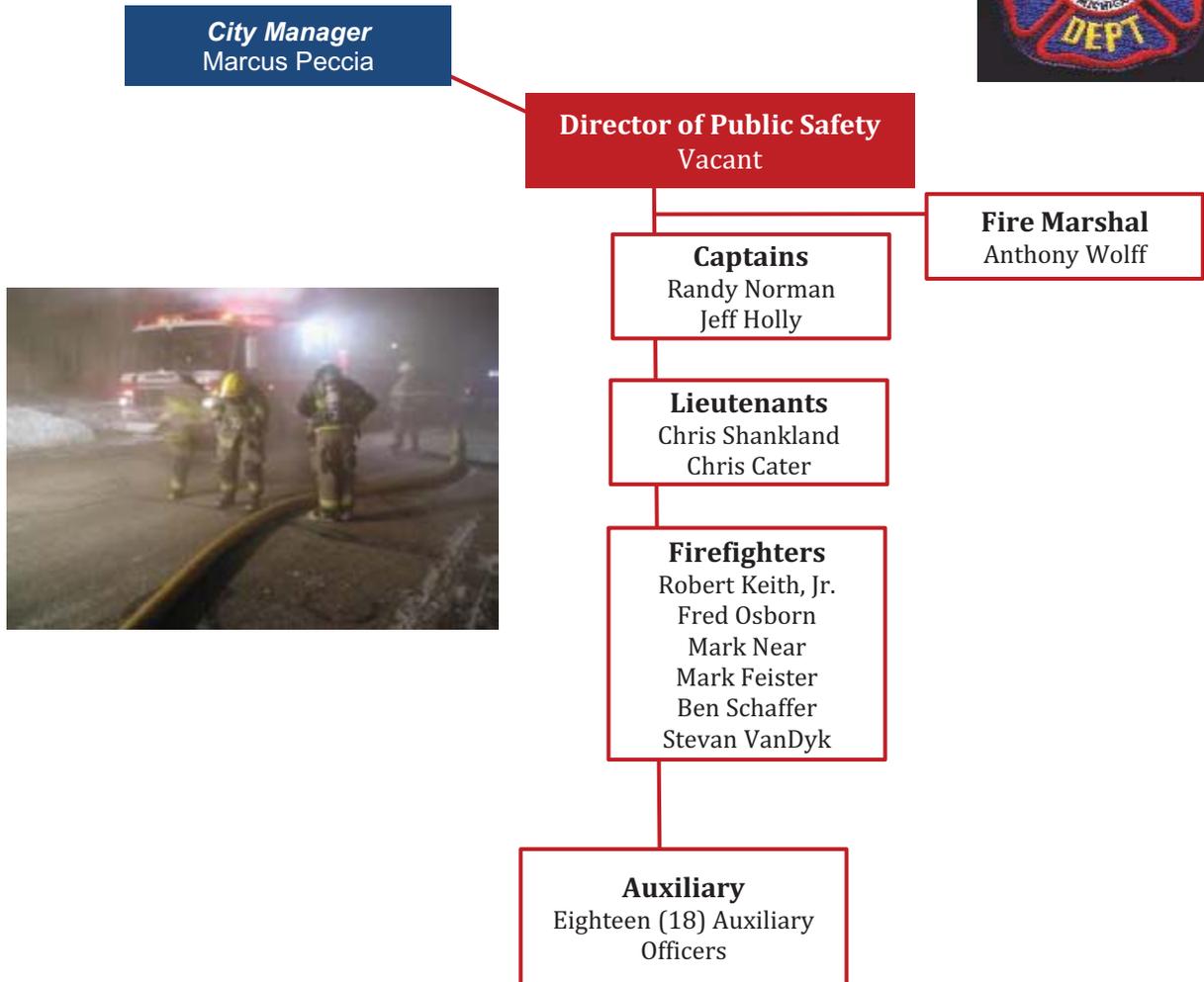
**Fire Department Information**

The Cadillac Fire Department uses a capable and well-trained staff of 11 full-time firefighters and 18 part-time firefighters to provide 24-hour fire protection to the City of Cadillac and Clam Lake Township. In addition to their fire fighting duties and in conjunction with the City's rental housing ordinance, the firefighters conduct periodic rental housing inspections designed to help prevent fires. The rental program requires that all rental property be inspected for building, electrical, mechanical, and housekeeping deficiencies and must have their rental certificate renewed every three years through a passing inspection.

**PERFORMANCE MEASURES - FIRE DEPARTMENT**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Total Runs		1,638	1,670	1,700	1,700	↑
Number of Medical Emergencies Responses		1,358	1,341	1,350	1,350	↔
Hours Spent Fighting Fires		175	180	130	130	↓
Hours Spent on Site Inspections		2,000	2,000	3,000	3,000	↑
Hours Spent on Rental Inspection		800	832	800	800	↑
Number of Fires Reported		51	39	40	40	↔
Hours Spent Maintaining Vehicles		800	800	800	800	↔
Total Hours Spent in Training		4,000	4,000	4,000	4,000	↔
Hours Spent in Water Rescue Training		80	80	80	80	↔
Number of Educational Programs Offered		10	15	15	15	↔
Citizens Attending Education Programs		3,000	3,000	3,000	3,000	↔
Number of Fire Investigations		102	78	65	65	↓
Hours Spent on Public Relations		710	720	730	730	↑
Operating Cost per Fire Fighter		\$108,690	\$108,690	\$111,482	\$117,655	↑

**FIRE DEPARTMENT CHART OF ORGANIZATION**



FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**PUBLIC SAFETY (Cont.)**
**Fire Department**

Salaries - Supervisory	\$0	\$0	\$40,000	\$0
Salaries - Firefighters	456,642	510,000	520,000	<b>545,000</b>
Salaries - FLSA Overtime	37,562	36,000	36,000	<b>37,000</b>
Salaries - Overtime	104,021	90,000	90,000	<b>85,000</b>
Salaries - Volunteer	22,488	25,000	30,000	<b>30,000</b>
Fringes	453,011	450,000	460,600	<b>478,600</b>
Office Supplies	911	1,500	2,000	<b>2,000</b>
Operating Supplies	21,432	21,000	22,500	<b>20,000</b>
Operating Supplies-Community Service	1,960	1,500	1,500	<b>1,500</b>
Uniform Cleaning	2,406	2,800	2,800	<b>2,800</b>
Subsistence Allowance	17,270	14,600	14,600	<b>15,600</b>
Data Processing	11,845	11,000	11,000	<b>11,000</b>
Dues & Publications	2,334	2,500	2,500	<b>2,500</b>
Radio & Equipment Maintenance	7,192	6,500	7,500	<b>6,500</b>
Telephone	973	1,200	1,200	<b>1,500</b>
Travel & Education	6,704	10,000	11,000	<b>11,000</b>
Vehicle Repair & Maintenance	31,818	25,000	25,000	<b>25,000</b>
Uniforms & Maintenance	11,819	12,500	14,000	<b>14,000</b>
Employee Safety	5,200	5,200	5,200	<b>5,200</b>
Capital Outlay	23,487	25,000	12,000	<b>0</b>
<b>Total Fire Department</b>	<b>\$1,219,075</b>	<b>\$1,251,300</b>	<b>\$1,309,400</b>	<b>\$1,294,200</b>

**Fire Department Measures**

Full-Time Positions	11.900	11.900	11.850	<b>11.500</b>
Part-Time Positions	17.000	14.000	14.000	<b>18.000</b>
Cost per Resident	\$117.73	\$120.84	\$126.45	<b>\$124.98</b>

<b>TOTAL PUBLIC SAFETY</b>	<b>\$3,196,361</b>	<b>\$3,201,000</b>	<b>\$3,330,500</b>	<b>\$3,266,700</b>
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**Total Public Safety Measures**

Full-Time Positions	29.500	29.760	29.710	<b>28.360</b>
Part-Time Positions	33.000	30.000	30.000	<b>34.000</b>
Cost per Resident	\$308.68	\$309.13	\$321.63	<b>\$315.47</b>
% of General Fund Budget	46.45%	47.98%	48.93%	<b>49.18%</b>

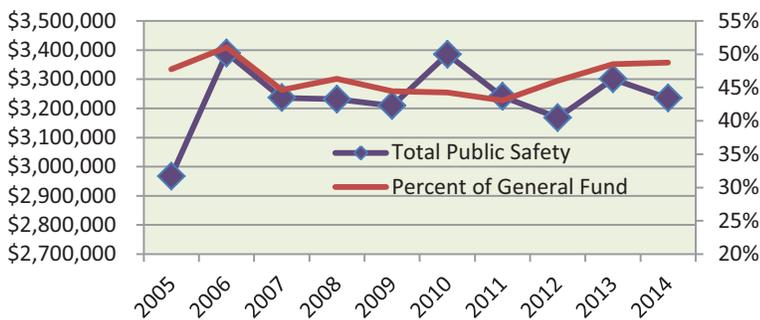
**Public Safety Expenditures**

as a Percentage of Total General Fund Expenditures  
Last Twenty Years

Fiscal Year	Expenditures		Total Public Safety	General Fund Total Expenditures and other financing uses	Percent of total expenditures of General Fund		Total Public Safety (% of General Fund)
	Police	Fire			Police	Fire	
2014	\$1,940,900	\$1,294,200	\$3,235,100	\$6,636,000	29.25%	19.50%	48.75%
2013	\$1,990,900	\$1,309,400	\$3,300,300	\$6,807,000	29.25%	19.24%	48.48%
2012	\$1,948,809	\$1,219,075	\$3,167,884	\$6,880,810	28.32%	17.72%	46.04%
2011	\$1,915,811	\$1,324,444	\$3,240,255	\$7,522,009	25.47%	17.61%	43.08%
2010	\$1,842,464	\$1,494,544	\$3,337,008	\$7,347,924	25.07%	20.34%	47.85%
2009	\$1,936,600	\$1,272,500	\$3,209,100	\$7,221,900	26.82%	17.62%	44.44%
2008	\$1,973,100	\$1,258,000	\$3,231,100	\$6,977,100	28.28%	18.03%	46.31%
2007	\$1,937,927	\$1,298,359	\$3,236,286	\$7,247,727	26.74%	17.91%	44.65%
2006	\$1,872,203	\$1,517,368	\$3,389,571	\$6,642,264	28.19%	22.84%	51.03%
2005	\$1,760,171	\$1,207,111	\$2,967,282	\$6,217,441	28.31%	19.41%	47.73%
2004	\$1,626,181	\$1,035,891	\$2,662,072	\$5,872,347	27.69%	17.64%	45.33%
2003	\$1,475,406	\$1,034,873	\$2,510,279	\$5,239,720	28.16%	19.75%	47.91%
2002	\$1,537,630	\$916,998	\$2,454,628	\$5,671,563	27.11%	16.17%	43.28%
2001	\$1,575,551	\$988,632	\$2,564,183	\$5,613,156	28.07%	17.61%	45.68%
2000	\$1,465,293	\$1,144,998	\$2,610,291	\$5,366,921	27.30%	21.33%	48.64%
1999	\$1,433,047	\$991,645	\$2,424,692	\$5,234,493	27.38%	18.94%	46.32%
1998	\$1,447,101	\$873,240	\$2,320,341	\$4,948,684	29.24%	17.65%	46.89%
1997	\$1,369,058	\$908,804	\$2,277,862	\$4,687,638	29.21%	19.39%	48.59%
1996	\$1,236,945	\$824,857	\$2,061,802	\$4,532,936	27.29%	18.20%	45.48%
1995	\$1,214,244	\$835,244	\$2,049,488	\$4,553,093	26.67%	18.34%	45.01%
1994	\$1,271,421	\$1,149,142	\$2,420,563	\$4,832,474	26.31%	23.78%	50.09%
1993	\$1,148,090	\$680,831	\$1,828,921	\$4,199,778	27.34%	16.21%	43.55%

**Total Public Safety Expenditures**

Last 10 Fiscal Years



**Total Public Safety Expenditures**

This chart highlights the fact that although Public Safety expenditures have been increasing, the increase is comparable with the General Fund as a whole. The percentage of General Fund expenditures appropriated to Public Safety has been between 44% and 50% for a number of years.

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**PUBLIC WORKS**

**Public Works - Administration**

Salaries	\$59,941	\$67,000	\$67,900	<b>\$70,000</b>
Fringes	27,794	25,000	22,900	<b>25,100</b>
Property Taxes	3,420	3,500	4,000	<b>4,000</b>
Operating Supplies	0	0	0	<b>0</b>
Street Lighting	118,495	116,000	130,000	<b>115,000</b>
Telephone	1,077	1,500	1,600	<b>1,600</b>
Maintenance of Dam	4,739	2,300	2,500	<b>2,500</b>
Equipment Rental	9,121	17,000	14,800	<b>9,000</b>
Hydrant Rental	24,400	24,100	24,500	<b>24,000</b>
<b>Total Public Works - Administration</b>	<b>\$248,987</b>	<b>\$256,400</b>	<b>\$268,200</b>	<b>\$251,200</b>

<b>Public Works - Administration Measures</b>				
Full-Time Positions *	1.800	1.800	1.800	<b>1.300</b>
Part-Time Positions	0.000	0.000	0.000	<b>0.500</b>
Cost per Resident	\$24.05	\$24.76	\$25.90	<b>\$24.26</b>

**Public Works - Miscellaneous**

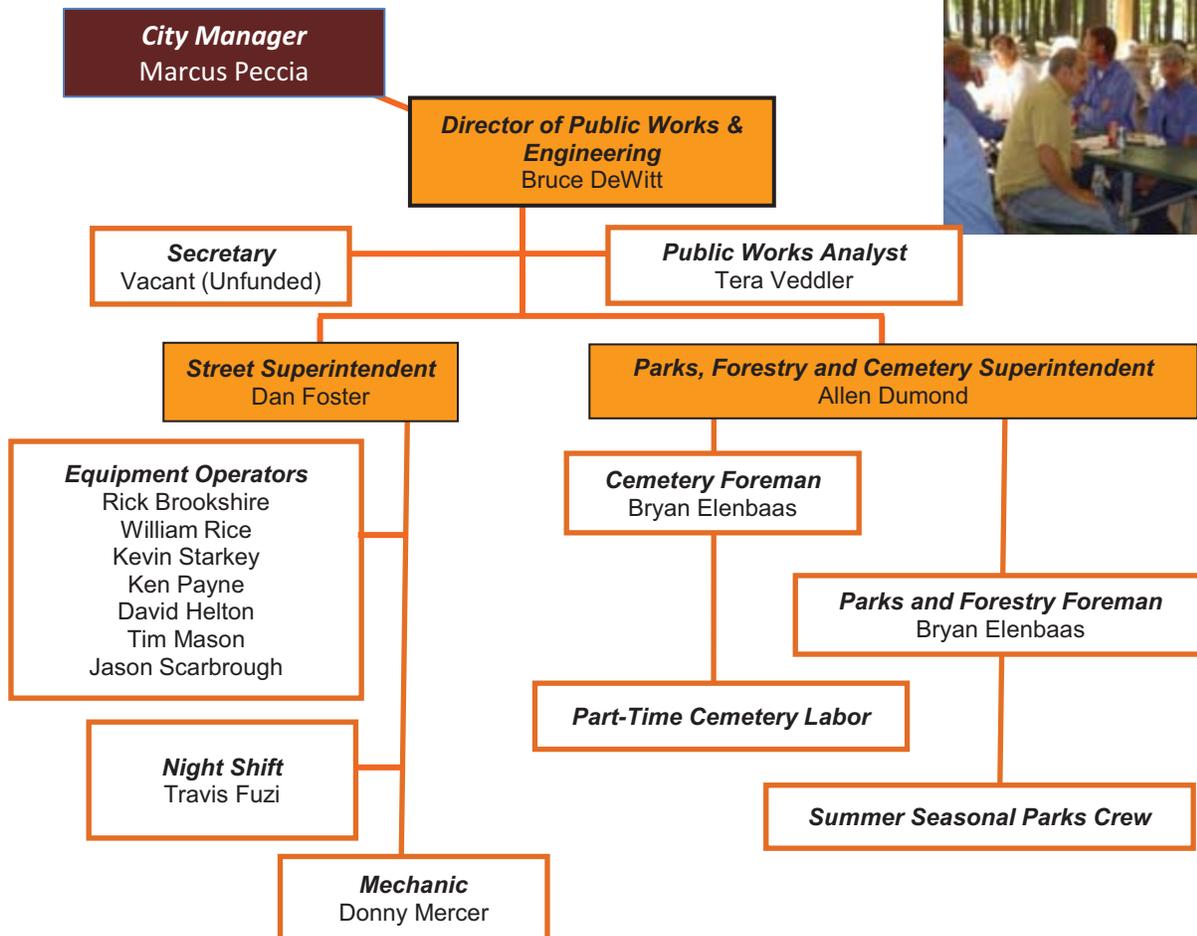
Property taxes account for the small pieces of property the City obtains from year to year through the tax sale and an attempt is made to resell the property and put it back on the tax roll. Street Lighting is the cost paid to Consumers Energy for the 578 street lights in the City. Hydrant Rental by ordinance is \$50 per hydrant paid to the Utilities Department for the readiness to serve charge for fire protection. There are currently 477 hydrants within the City.



**Street Lights**

Number of Lights	Lumens	Monthly Rate
10	2,500	\$7.930
3	3,500	\$12.440
96	7,500	\$16.530
182	20,000	\$25.570
285	8,500	\$11.890
1	24,000	\$21.530
1	45,000	\$28.700

**Public Works Department Structure and Organization**



**PERFORMANCE MEASURES - PUBLIC WORKS**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Hours spent in leaf pickup		325	347	350	350	↔
Hours spent plowing sidewalks		270	450	450	450	↔
Miles of sidewalks maintained		132	132	132	132	↔

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>PUBLIC WORKS (Cont.)</b>				
<b>Sidewalks and Alleys</b>				
Salaries	\$4,378	\$6,500	\$7,500	<b>\$11,000</b>
Salaries - Part Time	0	0	0	<b>8,000</b>
Fringes	2,112	4,000	4,500	<b>7,400</b>
Operating Supplies	1,079	2,000	2,500	<b>3,000</b>
Contractual Services	0	0	0	<b>0</b>
Equipment Rental	10,349	14,000	16,000	<b>30,000</b>
<b>Total Sidewalks and Alleys</b>	<b>\$17,918</b>	<b>\$26,500</b>	<b>\$30,500</b>	<b>\$59,400</b>
<b>Leaves</b>				
Salaries	\$5,598	\$6,000	4,600	<b>\$6,000</b>
Fringes	2,733	3,500	2,800	<b>3,400</b>
Equipment Rental	22,603	23,000	25,000	<b>27,000</b>
<b>Total Leaves</b>	<b>\$30,934</b>	<b>\$32,500</b>	<b>\$32,400</b>	<b>\$36,400</b>
<b>Grass &amp; Weed Control</b>				
Salaries	\$6,049	\$6,000	\$6,800	<b>\$7,000</b>
Fringes	2,533	3,500	4,100	<b>3,500</b>
Equipment Rental	14,239	17,500	21,000	<b>18,000</b>
<b>Total Grass and Weed Control</b>	<b>\$22,821</b>	<b>\$27,000</b>	<b>\$31,900</b>	<b>\$28,500</b>
<b>Composting</b>				
Salaries	\$322	\$500	\$800	<b>\$500</b>
Fringes	166	300	500	<b>300</b>
Contractual Services	0	0	5,000	<b>3,000</b>
Equipment Rental	1,136	1,000	1,000	<b>1,500</b>
<b>Total Composting</b>	<b>\$1,624</b>	<b>\$1,800</b>	<b>\$7,300</b>	<b>\$5,300</b>

### Sidewalks

This account reflects the maintenance costs for the City-owned sidewalks and the plowing of alleys. In 1998, the city began a special assessment sidewalk replacement project to upgrade severely deteriorated sidewalks throughout the city. This program was last undertaken in FY2009 and will have to be evaluated again over the next couple of years. The City's portion of the assessment is included in Contractual Services.

### Leaves

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

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

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**PUBLIC WORKS (Cont.)**

**Waste Removal**

Salaries	\$209	\$100	\$100	\$0
Fringes	103	100	100	0
Operating Supplies	0	100	0	0
Removal Contract	522,763	495,000	500,000	495,000
City Debris Removal Fees	3,317	3,500	3,000	3,000
Equipment Rental	67	100	100	0
<b>Total Waste Removal</b>	<b>\$526,459</b>	<b>\$498,900</b>	<b>\$503,300</b>	<b>\$498,000</b>

**TOTAL PUBLIC WORKS**

<b>\$848,743</b>	<b>\$843,100</b>	<b>\$873,600</b>	<b>\$878,800</b>
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**Public Works per Resident Costs**

\$81.96	\$81.42	\$84.37	<b>\$84.87</b>
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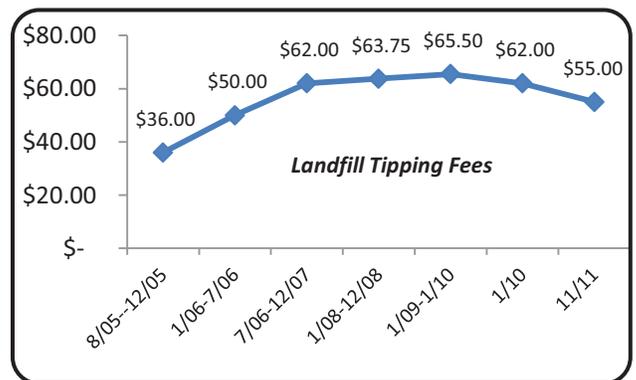
**Waste Removal**

This group of accounts reflects the solid waste contract. The current contract is with Allied Waste. The contractor serves approximately 3,250 customers weekly with curbside pickup. The City does the billing and collects from the customers and reimburses the contractor. In addition the contractor offers a Tidy Tote garbage can for a fee of \$2.20 per month of which the City gets \$0.45 for a collection fee. About 1,900 customers take advantage of this on a monthly basis. The cost of the contract decreased in 2012 year due primarily to tipping fee decreases subsequent to the sale of the Wexford County Landfill. Rate adjustments are made in April based on inflationary indexes.

<b>MONTHLY CONTRACT FEES</b>		
<i>Fiscal Year</i>	<i>Cost</i>	<i>Increase</i>
2006	\$11.27	37.78%
2007	\$11.53	2.31%
2008	\$12.77	10.75%
2009	\$13.89	8.77%
2010	\$13.19	-5.04%
2011	\$13.41	1.67%
2012	\$11.72	-12.60%
2013	\$11.72	0.00%

**Landfill Tipping Fees**

The chart to the right highlights the changes over the last 5 years in the tipping fees at the landfill. This change is the major driver behind the fluctuation in costs to the residents in the City for weekly trash pickup.



FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b><u>CULTURE AND RECREATION</u></b>				
<b>Arts Council</b>	\$10,500	\$10,500	\$10,500	<b>\$10,500</b>
<b>Cadillac Community Television (CCTV)</b>				
Salaries	\$14,801	\$18,000	\$22,500	<b>\$20,000</b>
Fringes	1,132	1,800	2,500	<b>2,000</b>
Office Supplies	2,920	1,000	1,000	<b>1,000</b>
Contractual Services	1,775	2,500	5,000	<b>3,500</b>
<b>Total CCTV</b>	<b>\$20,628</b>	<b>\$23,300</b>	<b>\$31,000</b>	<b>\$26,500</b>

**Arts Council**

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

**Cadillac Community Television (CCTV)**

Beginning July 1, 2010 the City assumed responsibility for the operation of the local PEG channels. These operations were formerly overseen by Cadillac Area Public Schools (CAPS). The schools remain an important part of the partnership as they host all of the facilities required to operate the stations. Also, the Wexford-Missaukee Intermediate School District has played an important role as well by partnering with CAPS in providing educational classes in production and other TV-related fields. This enables CAPS to continue to house the operations.

The operations of the station are overseen by Mr. Jeff Smith, under the supervision of the City Manager. Mr. Smith is a part-time City of Cadillac employee. The station also uses some contract labor to assist with operations and to provide technical staff for various events.

All Cadillac City Council meetings are shown live on the station. Other meetings, like the Cadillac Planning Commission, are also carried live. This is an important component in public access to City operations.

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Parks</b>				
Salaries	\$41,637	\$42,000	\$43,000	<b>\$41,000</b>
Salaries - Part Time	49,807	55,000	55,000	<b>50,000</b>
Fringes	34,418	30,000	25,500	<b>30,700</b>
Operating Supplies	23,376	20,000	21,000	<b>23,000</b>
Contractual Services	3,325	2,200	0	<b>0</b>
Data Processing	1,000	0	0	<b>0</b>
Telephone	660	500	700	<b>700</b>
Travel and Education	23	200	200	<b>300</b>
Utilities	22,479	24,000	25,000	<b>25,000</b>
Repair and Maintenance	19,625	22,000	25,000	<b>25,000</b>
Equipment Rental	10,850	11,000	11,000	<b>11,000</b>
Rental Building	1,100	1,100	1,100	<b>1,100</b>
Capital Outlay	9,920	40,000	42,500	<b>0</b>
<b>Total Parks</b>	<b>\$218,220</b>	<b>\$248,000</b>	<b>\$250,000</b>	<b>\$207,800</b>
<b>TOTAL CULTURE AND RECREATION</b>				
	<b>\$249,348</b>	<b>\$281,800</b>	<b>\$291,500</b>	<b>\$244,800</b>
<b>Cost per Resident</b>	<b>\$24.08</b>	<b>\$27.21</b>	<b>\$28.15</b>	<b>\$23.64</b>

**Parks**

The Parks Division is responsible for maintaining four City Parks, totaling 117 acres. This work is performed by approximately nine summer students, prison laborers, and Street Department personnel. The work is primarily overseen by Parks Superintendent Allen Dumond with part-time assistance from Cemetery personnel. The scope of the work includes spring cleanup, summer lawn maintenance, inspection and repair of playground equipment, cleaning of all bathrooms, landscape work, fall leaf collection, and winter storage of tables and equipment.

**PERFORMANCE MEASURES - PARKS AND RECREATION**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Total Park Acres		117	117	117	117	↔
Total Parks Maintenance Costs		\$182,930	\$208,300	\$208,000	\$207,800	↔
Parks Maintenance Cost per Acre		\$1,564	\$1,780	\$1,778	\$1,776	↔
Parks Maintenance Cost per Resident		\$18	\$20	\$20	\$20	↔
Park Acres per 1,000 Population		11	11	11	11	↔
Seasonal Parks Maintenance Employees		9	9	9	9	↔

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**ECONOMIC DEVELOPMENT AND ASSISTANCE**

**Community Development**

Salaries	\$69,606	\$71,000	\$72,500	<b>\$72,500</b>
Fringes	32,087	33,000	33,100	<b>35,900</b>
Office Supplies	3,137	2,000	2,000	<b>2,500</b>
Postage	50	500	500	<b>0</b>
Contractual Services	1,338	1,400	0	<b>0</b>
Data Processing	2,500	2,500	2,500	<b>2,500</b>
Dues & Publications	812	800	400	<b>400</b>
Telephone	480	500	500	<b>500</b>
Travel & Education	683	1,300	1,500	<b>1,500</b>
Publisher's Costs	1,122	1,000	1,000	<b>1,500</b>
Capital Outlay	0	0	0	<b>0</b>
<b>Total Community Development</b>	<b>\$111,815</b>	<b>\$114,000</b>	<b>\$114,000</b>	<b>\$117,300</b>

<i>Community Development Measures</i>				
Full-Time Positions	1.210	1.550	1.550	<b>1.550</b>
Part-Time Positions	0.500	0.000	0.000	<b>0.000</b>
Cost Per Resident	\$10.80	\$11.01	\$11.01	<b>\$11.33</b>

**Community Development**

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

The Community Development department is responsible for the preparation and maintenance of the City Master Plan and for the administration and enforcement of the City's zoning and land division ordinances. Jerry serves as the secretary of the Zoning Board of Appeals and the Planning Board and is currently serving as staff liaison to the Historic District Committee. The salary of the Community Development Coordinator is accounted for in this account as well as 21% of the salary of a secretary.

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b><u>ECONOMIC DEVELOPMENT AND ASSISTANCE (Continued)</u></b>				
<b>Community Promotions</b>				
Salaries	\$7,232	\$8,500	\$7,200	<b>\$14,000</b>
Fringes	3,275	4,500	4,300	<b>5,700</b>
Operating Supplies	1,054	3,500	5,000	<b>4,000</b>
Newsletter	0	0	0	<b>0</b>
Contractual Services	4,372	5,000	4,000	<b>5,000</b>
Utilities	1,841	2,000	1,800	<b>2,000</b>
Equipment Rental	5,580	6,000	7,000	<b>8,000</b>
Special Projects	632	2,500	700	<b>2,500</b>
Chamber of Commerce	2,000	2,000	2,000	<b>2,000</b>
Community Development	32,754	200	0	<b>0</b>
<b>Total Community Promotions</b>	<b>\$58,740</b>	<b>\$34,200</b>	<b>\$32,000</b>	<b>\$43,200</b>
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<b>\$170,555</b>	<b>\$148,200</b>	<b>\$146,000</b>	<b>\$160,500</b>

**INTERGOVERNMENTAL EXPENDITURES**

Housing Commission	\$250,279	\$0	\$0	<b>\$0</b>
Clam Lake Township	1,527	2,300	2,300	<b>2,000</b>
Airport	33,000	33,000	33,000	<b>33,000</b>
Recreation	66,200	66,200	66,200	<b>66,200</b>
<b>Total Intergovernmental Expenditures</b>	<b>\$351,006</b>	<b>\$101,500</b>	<b>\$101,500</b>	<b>\$101,200</b>

**Community Promotions**

Special projects were eliminated due to lack of funding. Chamber of Commerce is a contribution to help offset their tax burden. The Community Development line item accounts for small grants received for a variety of purposes. This has included projects like assisting with the redevelopment of the Cobbs-Mitchell building in downtown Cadillac through the administration of a State of Michigan Cool Cities grant, which was passed through to the developer that acquired the facility to help offset construction costs.

**Intergovernmental Expenditures**

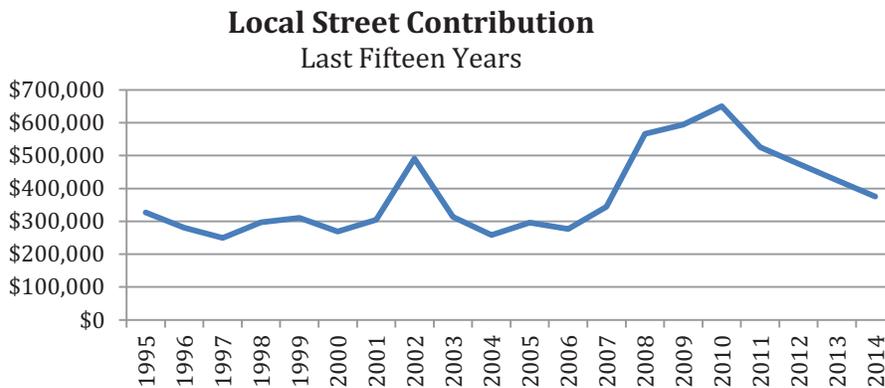
Funds are transferred to the Wexford County Airport, which is a joint effort with Wexford County. The County funds 60% and the City funds the remaining 40% of costs after the operational revenues are considered. The net operating need of the airport for 2014 is approximately \$82,700. The County is responsible for 60% - or \$49,700 - of the net operating need and the City is responsible for the remaining 40% - or \$33,000. Recreation is a joint program with the Cadillac Community School system and the total program is over \$300,000 per year, which provides many opportunities for all age groups.

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>OTHER FINANCING</b>				
Transfers to Other Funds:				
Local Street	475,000	425,000	425,000	<b>375,000</b>
Police & Fire Retirement Fund	0	20,000	20,000	<b>0</b>
Cemetery Operating Fund	75,000	75,000	75,000	<b>75,000</b>
<b>Total Other Financing</b>	<b>\$550,000</b>	<b>\$520,000</b>	<b>\$520,000</b>	<b>\$450,000</b>
<b>TOTAL EXPENDITURES</b>	<b>\$6,880,810</b>	<b>\$6,671,300</b>	<b>\$6,807,000</b>	<b>\$6,642,000</b>

**Police and Fire Retirement Contribution**

The extra voted millage is raising tax dollars in excess of what is needed to fully fund the annual required contribution (ARC) to the system as determined by an actuary. This line item accounts for the transfer of the portion that is beyond the ARC. The contributions up to the amount of the ARC are accounted for in the Police and Fire Departments.

**Local Street Contribution**



The transfer that the General Fund must make to the Local Street Fund for street maintenance has gone back down somewhat after it had skyrocketed in the last several years due to the decline in local street revenues from the State of Michigan.

Cities	Population	2013 General Fund Budget	Per Capita Expenditures
Manistee	6,226	\$5,178,711	\$831.79
Big Rapids	10,601	\$7,521,800	\$709.54
Alpena	10,483	\$8,720,022	\$831.83
Traverse City	14,674	\$13,893,600	\$946.82
Sault St. Marie	14,144	\$12,391,433	\$876.09
Coldwater	10,945	\$7,947,423	\$726.12
Sturgis	10,994	\$7,419,407	\$674.86
<b>Cadillac</b>	<b>10,355</b>	<b>\$6,807,000</b>	<b>\$657.36</b>

**General Fund Capital Outlay**

**FY2014**

**City Hall (1)**

None

\_\_\_\_\_ \$0

**Police Department (2)**

Patrol Vehicle

\$30,000

\_\_\_\_\_ \$30,000

**Fire Department (3)**

None

\_\_\_\_\_ \$0

**Parks and Recreation (4)**

None

\_\_\_\_\_ \$0

Total

\_\_\_\_\_ \$30,000

**Source of Funds (5)**

State Shared Revenue - Statutory Funds

\$30,000

\_\_\_\_\_ \$30,000

**Footnotes:**

**1. Municipal Complex:** There are no capital projects planned for the Municipal Complex in FY2014.

**2. Police Department:** The patrol vehicle replacement program is recommended to again fund the replacement of a patrol vehicle. The department has already experienced additional maintenance costs due to an aging fleet, and replacing a vehicle will help reduce annual maintenance costs. Updating the mobile video cameras mounted in each patrol vehicle will keep these important tools working efficiently, while renovating the interview room will enhance the interview process.

**3. Fire Department:** There are no capital projects planned for the Fire Department in FY2014.

**4. Parks and Recreation:** There are no capital projects planned for Parks and Recreation in FY2014.

**5. Source of Funds:** Due to the volatility of Statutory state shared revenue, as much as possible of these funds are earmarked to fund capital projects. Because of this, should these state funds be eliminated or cut even further, the City could quickly respond by cancelling capital purchases instead of having to reduce staff or make other drastic cost elimination decisions.

**Major Street Fund**

**Fund: Major Street Fund**

**Type:** Special Revenue Fund  
**Oversight:** Director of Public Works and Engineering

**Nature and Purpose:**

Each Michigan city is required to establish a major street fund in compliance with Act 51 of the Public Acts of 1951. The Major Street Fund is designed to support the operation and maintenance of the 21.53 miles of roadway as well as the 5.19 miles of State Trunklines that flow through the City of Cadillac. The State highways are Old M-55 and US-131. These highways are maintained for the State of Michigan by the City under a contract with the Michigan Department of Transportation.

The purpose of this fund is to:

1. Receive all major street funds paid to the City by the State of Michigan.
2. Account for construction, maintenance and other authorized operations pertaining to all streets classified as major.
3. Receive money reimbursed to the City by the State for trunkline maintenance.

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

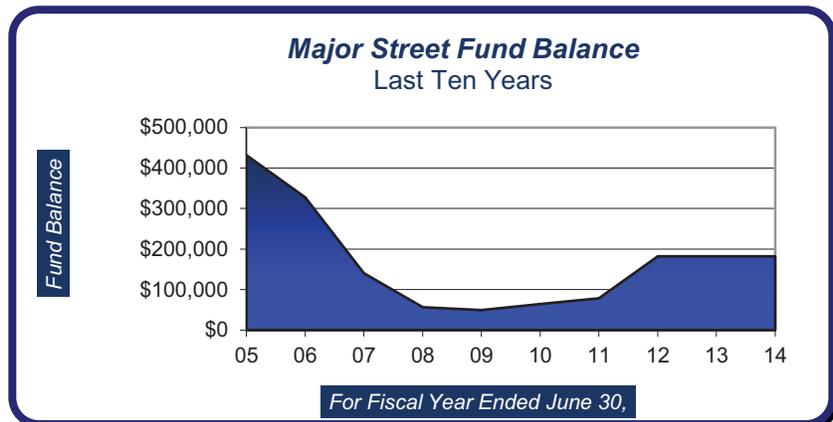
**PERFORMANCE MEASURES - MAJOR STREET SYSTEM**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Miles of Major Streets		21.53	21.53	21.53	21.53	↔
Miles of State Trunk Line		5.19	5.19	5.19	5.19	↔
Operating Expenditures per Road Mile		\$17,593	\$13,976	\$18,007	\$17,571	↔
Operating Expenditures per Resident		\$37	\$29	\$37	\$37	↔
Hours Spent in Major Street Maintenance		5,095	5,437	5,847	5,338	↔
Cost per Hour of Major Street Maintenance		\$71	\$57	\$73	\$65	↔
Total Winter Maintenance Expenditures		\$145,587	\$95,868	\$144,000	\$137,300	↑
Hours Spent in Winter Maintenance		2,285	1,168	1,675	1,600	↔
Cost per Hour of Winter Maintenance		\$64	\$82	\$86	\$86	↔
Winter Maintenance Expenditures per Mile		\$6,762	\$4,453	\$6,688	\$6,377	↔
Winter Maintenance Expenditures per Resident		\$14	\$9	\$14	\$13	↔
State Trunk Line Maintenance Expenditures		\$144,499	\$95,996	\$154,000	\$137,400	↓
State Trunk Line Maintenance Exp. Per Mile		\$27,842	\$18,496	\$29,672	\$26,474	↓
Total Hours of State Trunk Line Maintenance		2,202	1,079	1,465	1,400	↔

Major Street Fund

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Motor Vehicle Highway Fund	\$544,030	\$540,000	\$510,000	<b>\$540,000</b>
State Trunkline Maintenance	96,809	154,000	123,000	<b>137,400</b>
Federal Grants	223,614	0	0	<b>0</b>
Contribution - Capital Projects Fund	25,000	0	0	<b>0</b>
Interest Income	22	0	0	<b>0</b>
Surplus	0	0	12,000	<b>0</b>
<b>Total</b>	<b>\$889,475</b>	<b>\$694,000</b>	<b>\$645,000</b>	<b>\$677,400</b>
<b>Expenditures</b>				
Construction	\$318,140	\$65,000	\$60,000	<b>\$37,500</b>
Surface Maintenance	52,775	49,000	56,800	<b>58,200</b>
Sweeping and Flushing	18,787	23,200	25,100	<b>23,700</b>
Forestry	47,715	43,100	48,200	<b>53,100</b>
Catch Basin	15,574	24,000	24,100	<b>27,400</b>
Drainage	17,798	21,800	15,400	<b>20,900</b>
Traffic Services	52,394	58,000	74,100	<b>57,700</b>
Winter Maintenance	95,868	144,500	144,000	<b>137,300</b>
Administration	70,833	76,500	74,300	<b>99,800</b>
State Trunkline	95,996	154,000	123,000	<b>137,400</b>
<b>Total</b>	<b>\$785,880</b>	<b>\$659,100</b>	<b>\$645,000</b>	<b>\$653,000</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$103,595	\$34,900	(\$12,000)	<b>\$24,400</b>
Fund Balance - Beginning of Year	78,356	181,951	181,951	<b>216,851</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$181,951</b>	<b>\$216,851</b>	<b>\$169,951</b>	<b>\$241,251</b>

Major Street Fund Balance



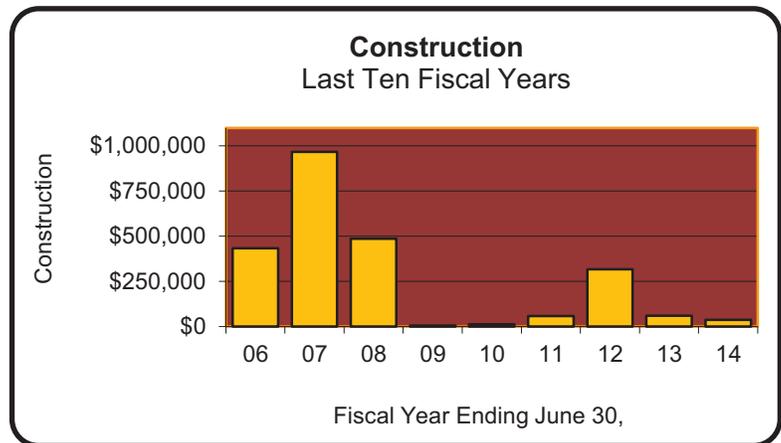
**Revenue Details**

The major source of revenue is the gas and weight taxes collected by the State of Michigan and shared with local units of government. The formula received by cities is based on miles of streets, population and a factor placed by the State. For FY2014, the revenue is based on the projection of funding anticipated for the current fiscal year. The second major source of revenue is for the state trunkline contract. This revenue item should equal the amount of expenditures for trunkline maintenance.

**Cost and Expenditure Details**

**Construction**

Construction levels vary from year to year depending on the 5-year capital improvement program, availability of funds, and grants secured. The City has been very successful in securing grants for infrastructure projects and will need to continue this trend to be able to sustain a high level of capital investment. Funds for street construction projects have continued to decline, as evidenced by the trend seen on the construction chart to the right.



**FY2014 Proposed Construction**

Francis/Division Street Intersection  
Street Sign Replacement

**Cost**

\$30,000  
7,500

**\$37,500**

**Other Expenditure Details**

Administrative Salaries represents 60% of Street Superintendent Dan Foster.

Transfers Out reflect the transfer to a debt service fund to cover principal and interest payments on debt obligations of the system. Current transfer is for debt service related to the 2004 GO Capital Improvement Bonds.

## Major Street Fund

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenditures</b>				
<b>Construction</b>				
Contractual Services	\$318,140	\$65,000	\$60,000	<b>\$37,500</b>
<b>Surface Maintenance</b>				
Salaries and Wages	\$16,577	\$16,000	\$17,000	<b>\$17,000</b>
Fringes	7,739	8,500	9,500	<b>9,200</b>
Operating Supplies	13,817	10,500	13,500	<b>15,000</b>
Equipment Rental	14,642	14,000	16,800	<b>17,000</b>
<b>Total Surface Maintenance</b>	<b>\$52,775</b>	<b>\$49,000</b>	<b>\$56,800</b>	<b>\$58,200</b>
<b>Sweeping and Flushing</b>				
Salaries and Wages	\$2,658	\$3,600	\$3,800	<b>\$3,000</b>
Fringes	1,276	1,600	2,300	<b>1,700</b>
Equipment Rental	14,853	18,000	19,000	<b>19,000</b>
<b>Total Sweeping and Flushing</b>	<b>\$18,787</b>	<b>\$23,200</b>	<b>\$25,100</b>	<b>\$23,700</b>
<b>Forestry</b>				
Salaries and Wages	\$15,119	12,000	\$11,100	<b>\$12,700</b>
Fringes	7,073	7,000	6,600	<b>7,100</b>
Operating Supplies	4,523	4,000	4,500	<b>4,800</b>
Contractual Services	2,059	1,500	3,000	<b>6,000</b>
Travel	229	600	500	<b>500</b>
Repair and Maintenance	1,176	500	4,500	<b>4,000</b>
Equipment Rental	17,536	17,500	18,000	<b>18,000</b>
<b>Total Forestry</b>	<b>\$47,715</b>	<b>\$43,100</b>	<b>\$48,200</b>	<b>\$53,100</b>
<b>Catch Basin</b>				
Salaries & Wages	\$9,839	\$9,500	\$9,500	<b>\$8,500</b>
Fringes	4,489	5,500	4,700	<b>4,900</b>
Operating Supplies	113	500	600	<b>2,000</b>
Contractual Services	0	0	0	<b>2,000</b>
Equipment Rental	1,133	8,500	9,300	<b>10,000</b>
<b>Total Catch Basin</b>	<b>\$15,574</b>	<b>\$24,000</b>	<b>\$24,100</b>	<b>\$27,400</b>
<b>Drainage</b>				
Salaries and Wages	\$8,089	\$6,000	\$7,000	<b>\$7,500</b>
Fringes	3,776	3,500	4,200	<b>4,100</b>
Operating Supplies	300	500	200	<b>300</b>
Contractual Services	0	7,300	0	<b>5,000</b>
Equipment Rental	5,633	4,500	4,000	<b>4,000</b>
<b>Total Drainage</b>	<b>\$17,798</b>	<b>\$21,800</b>	<b>\$15,400</b>	<b>\$20,900</b>

## Major Street Fund

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenditures (Continued)</b>				
<b>Traffic Services</b>				
Salaries and Wages	\$16,427	\$16,000	\$17,800	<b>\$11,800</b>
Wages - Part Time	55	500	1,000	<b>500</b>
Fringes	8,059	8,500	11,000	<b>6,400</b>
Operating Supplies	8,065	12,500	13,000	<b>15,000</b>
Contractual	13,244	12,500	22,500	<b>16,000</b>
Equipment Rental	6,544	8,000	8,800	<b>8,000</b>
<b>Total Traffic Services</b>	<b>\$52,394</b>	<b>\$58,000</b>	<b>\$74,100</b>	<b>\$57,700</b>
<b>Winter Maintenance</b>				
Salaries and Wages	\$18,826	\$30,000	\$27,000	<b>\$25,000</b>
Fringes	9,220	11,500	16,000	<b>14,300</b>
Operating Supplies	18,882	33,000	23,000	<b>20,000</b>
Equipment Rental	48,940	70,000	78,000	<b>78,000</b>
<b>Total Winter Maintenance</b>	<b>\$95,868</b>	<b>\$144,500</b>	<b>\$144,000</b>	<b>\$137,300</b>
<b>Administration</b>				
Salaries and Wages	\$22,057	\$22,000	\$22,000	<b>\$22,000</b>
Fringes	10,696	11,500	9,700	<b>10,600</b>
Office Supplies	39	100	0	<b>0</b>
Audit	2,000	1,500	1,500	<b>1,500</b>
Data Processing	0	0	0	<b>0</b>
Travel and Education	492	800	0	<b>0</b>
Equipment Rental	7,449	7,000	7,500	<b>7,500</b>
Other Administrative Charges	10,000	0	0	<b>0</b>
Contribution - Local Street	0	15,000	15,000	<b>40,000</b>
Transfers Out	18,100	18,600	18,600	<b>18,200</b>
<b>Total Administration</b>	<b>\$70,833</b>	<b>\$76,500</b>	<b>\$74,300</b>	<b>\$99,800</b>
<b>State Trunkline</b>				
<b>Surface Maintenance</b>				
Salaries and Wages	\$96	\$1,000	\$300	<b>\$500</b>
Fringes	43	500	200	<b>300</b>
Operating Supplies	177	300	500	<b>1,000</b>
Equipment Rental	78	1,000	500	<b>1,500</b>
<b>Total Surface Maintenance</b>	<b>\$394</b>	<b>\$2,800</b>	<b>\$1,500</b>	<b>\$3,300</b>
<b>Sweeping &amp; Flushing</b>				
Salaries and Wages	\$451	\$1,000	\$800	<b>\$1,000</b>
Fringes	231	400	500	<b>600</b>
Equipment Rental	2,617	4,500	4,500	<b>2,500</b>
<b>Total Sweeping &amp; Flushing</b>	<b>\$3,299</b>	<b>\$5,900</b>	<b>\$5,800</b>	<b>\$4,100</b>

## Major Street Fund

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenditures (Cont.)</b>				
<b>State Trunkline (Cont.)</b>				
<b>Traffic Signs</b>				
Utilities	\$3,109	\$6,000	\$6,800	<b>\$8,500</b>
<b>Total Traffic Signs</b>	<b>\$3,109</b>	<b>\$6,000</b>	<b>\$6,800</b>	<b>\$8,500</b>
<b>Trees and Shrubs</b>				
Salaries and Wages	\$0	\$2,500	\$500	<b>\$1,500</b>
Fringes	0	1,300	300	<b>900</b>
Operating Supplies	155	0	0	<b>0</b>
Equipment Rental	0	3,500	300	<b>1,500</b>
<b>Total Trees and Shrubs</b>	<b>\$155</b>	<b>\$7,300</b>	<b>\$1,100</b>	<b>\$3,900</b>
<b>Drainage</b>				
Salaries and Wages	\$907	\$1,500	\$1,000	<b>\$2,300</b>
Fringes	355	900	600	<b>200</b>
Operating Supplies	0	0	0	<b>0</b>
Contractual Services	0	1,400	0	<b>0</b>
Equipment Rental	584	1,000	500	<b>200</b>
<b>Total Drainage</b>	<b>\$1,846</b>	<b>\$4,800</b>	<b>\$2,100</b>	<b>\$2,700</b>
<b>Winter Maintenance</b>				
Salaries and Wages	\$12,694	\$18,000	\$16,000	<b>\$15,000</b>
Fringes	6,204	9,500	10,000	<b>8,600</b>
Operating Supplies	28,191	45,000	25,000	<b>35,000</b>
Equipment Rental	28,148	44,000	38,100	<b>40,000</b>
<b>Total Winter Maintenance</b>	<b>\$75,237</b>	<b>\$116,500</b>	<b>\$89,100</b>	<b>\$98,600</b>
<b>Snow Hauling</b>				
Salaries and Wages	\$3,241	\$5,500	\$5,000	<b>\$4,000</b>
Fringes	1,583	3,000	3,000	<b>2,300</b>
Equipment Rental	7,132	9,500	8,600	<b>10,000</b>
<b>Total Snow Hauling</b>	<b>\$11,956</b>	<b>\$18,000</b>	<b>\$16,600</b>	<b>\$16,300</b>
<b>Total State Trunkline</b>	<b>\$95,996</b>	<b>\$154,000</b>	<b>\$123,000</b>	<b>\$137,400</b>
<b>Total Expenditures</b>	<b>\$785,880</b>	<b>\$659,100</b>	<b>\$645,000</b>	<b>\$653,000</b>

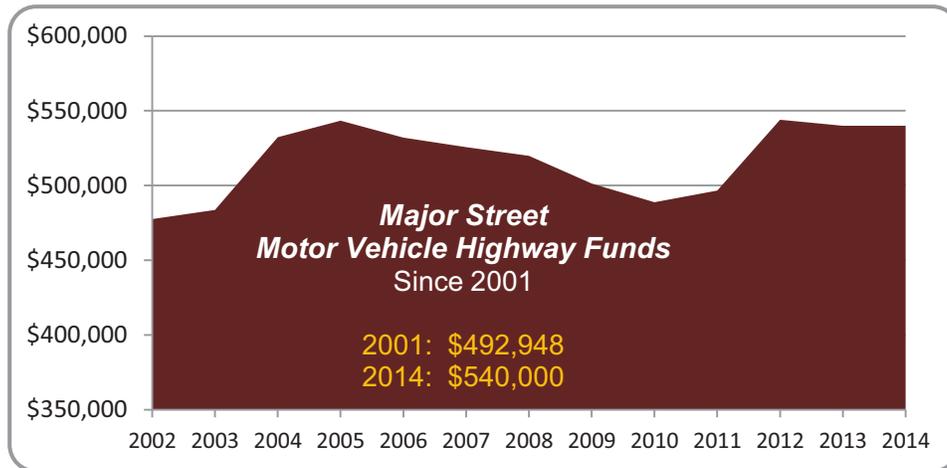
**Other Fund Information**

<b>Streets in the Major Street System</b>			
<b>Street Name</b>	<b>From</b>	<b>To</b>	<b>Length (Feet)</b>
Haynes Street	Linden Street	N. Lake Street	3,011
N. Lake Street	Pollard Street	Wright Street	4,561
E. North Street	N. Lake Street	Holbrook Street	3,656
E. Harris Street	N. Mitchell Street	Division Street	1,458
W. Harris Street	N. Mitchell Street	N. Lake Street	643
E. Division Street	Park Street	Delmar Street	1,574
Farrar Street	Wright Street	Gunn Street	1,839
Fifth Street	Farrar Street	Eighth Avenue	2,141
Seventh Street	Farrar Street	Fifth Avenue	1,949
Tenth Street	N. Mitchell Street	Second Avenue Ext.	950
Gunn Street	Farrar Street	N. Mitchell Street	496
Chestnut Street	Huston Street	N. Lake Street	7,766
Linden Street	W. Wright Street	Chestnut Street	2,737
Wright Street	Farrar & Lake Streets	Leeson Avenue	5,101
W. Division Street	Linden Street	W. City Limits-Seneca Street	5,277
North Boulevard	Leeson Avenue	M-115	9,109
E. Chapin Street	S. Mitchell Street	Oak Street	1,031
Oak Street	Chapin Street	Hobart Street	1,703
Mosser Street	S. Mitchell Street	Federal Surplus Warehouse	718
W. Cass Street	S. Mitchell Street	S. Lake Street	642
E. Cass Street	Mitchell Street	Crosby Road-East City Limits	5,800
Pine Street	Park Street	N. Lake Street	1,707
Cobbs Street	Mitchell Street	Carmel Street	4,886
Carmel Street	Cobbs Street	Cass Street	675
Park Street	E. River Street	E. Chapin Street	3,441
Whaley Street	Railroad Tracks	S. City Limits	1,084
River Street	Farrar & Lake Streets	N. Park Street	1,763
Bond Street	Haynes Street	Wright Street	1,111
Third Avenue	Wright Street	Fifth Street	967
Shelby Street	E. River Street	E. Chapin Street	3,404
Hobart Street	Cobbs Street	Oak Street	1,141
W. Mason Street	N. Lake Street	N. Mitchell Street	648
W. Chapin Street	S. Mitchell Street	S. Lake Street	691
Leeson Avenue	Chestnut Street	Thirteenth Street	6,588
Paluster Street	N. Mitchell Street	Whaley Street	3,667
Wilcox Street	Paluster Street	S. City Limits	1,654
Laurel Street	Pollard Street	M-55 Granite Street	1,497
South Street	S. Lake Street	S. Mitchell Street	708

<b>Streets in the Major Street System (Continued)</b>			
<b>W. Bremer Street</b>	<i>N. Mitchell Street</i>	<i>N. Lake Street</i>	653
<b>Spruce Street</b>	<i>N. Mitchell Street</i>	<i>N. Shelby Street</i>	498
<b>Holbrook Street</b>	<i>North Street</i>	<i>E. Division Street</i>	1,798
<b>Sixth Avenue</b>	<i>W. Thirteenth Street</i>	<i>Sixth Street</i>	2,621
<b>E. Thirteenth Street</b>	<i>Mitchell Street</i>	<i>Plett Road</i>	2,620
<b>Beech Street</b>	<i>N. Mitchell Street</i>	<i>N. Shelby Street</i>	414
<b>Huston Street</b>	<i>Chestnut Street</i>	<i>W. Division Street</i>	1,271
<b>Sixth Street</b>	<i>Leeson Avenue</i>	<i>Fifth Avenue</i>	2,970
<b>Fifth Avenue</b>	<i>Sixth Street</i>	<i>Fifth Street</i>	366
<b>Fourth Avenue</b>	<i>Seventh Street</i>	<i>Thirteenth Street</i>	2,200
<b>Total Feet:</b>			<b>113,205 (21.53 Miles)</b>

**State of Michigan Act 51 Funds Declining**

The graphic below presents the harsh funding reality that has plagued the street system for the last several years. Revenue from the State of Michigan in the form of Act 51 funds has dropped about 6% from its peak in FY2005. This represents a loss of about \$35,000 in revenue. As costs of street maintenance continue to escalate, this loss in revenue becomes significantly more difficult to make up for. Increased spending pressures in the form of salaries, operating supplies (salt, patching materials, etc.) and fuel when compared against declining revenues present a difficult challenge to simply continue maintaining these important streets and result in virtually non-existent funding for infrastructure replacement and upgrade projects.



**Fund: Local Street Fund**

**Type:** Special Revenue Fund  
**Oversight:** Director of Public Works and Engineering

**Nature and Purpose:**

Each Michigan city is required to establish this fund to comply with Act 51 of the Public Acts of 1951. The Local Street system has 41.81 miles of roadway, and 1.83 miles, or 4.38% of the streets are unpaved. The Cadillac City Council has as one of its goals to pave all of the remaining unpaved streets within city limits. In 1997, 25% of the streets were unpaved, so significant progress has been made towards achieving this goal. The local streets represent 66% of all the roads within the City. The purpose of this fund is to:

1. Receive all local street funds paid to the City by the State of Michigan.
2. Account for construction, maintenance, traffic services and winter maintenance on all streets classified as local streets within the City of Cadillac.
3. Account for money received from General Fund contributions for local street maintenance.

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

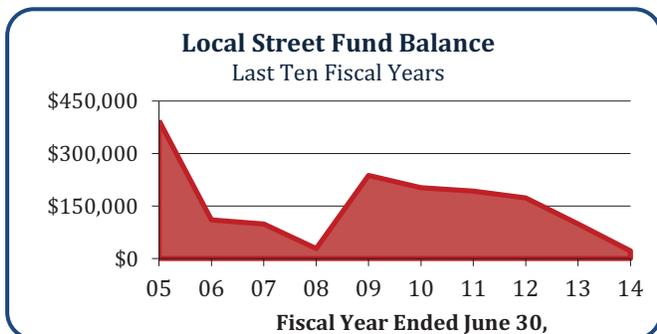
**PERFORMANCE MEASURES - LOCAL STREET SYSTEM**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Miles of Local Streets		41.81	41.81	41.81	41.81	↔
Operating Expenditures per Road Mile		\$7,960	\$9,057	\$9,684	\$9,845	↑
Operating Expenditures per Resident		\$32	\$37	\$39	\$40	↑
Hours Spent in Local Street Maintenance		5,743	6,170	6,617	6,363	↔
Cost per Hour of Local Street Maintenance		\$58	\$61	\$61	\$65	↑
Total Winter Maintenance Expenditures		\$89,039	\$72,401	\$99,100	\$99,300	↑
Hours Spent in Winter Maintenance		1,001	852	1,100	1,115	↑
Cost per Hour of Winter Maintenance		\$89	\$85	\$90	\$89	↔
Winter Maintenance Expenditures per Mile		\$2,130	\$1,732	\$2,370	\$2,375	↑
Winter Maintenance Expenditures per Resident		\$9	\$7	\$10	\$10	↑
% of Local Streets remaining Unpaved		4.38%	4.38%	4.38%	4.38%	↔
Number of Trees Planted		61	86	75	75	↔
Number of Trees Removed		48	33	45	45	↔

Local Street Fund

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Motor Vehicle Highway Fund	\$196,821	\$197,000	\$190,000	<b>\$197,500</b>
Interest Income	2,019	500	500	<b>500</b>
Grants	0	0	0	<b>0</b>
General Fund	475,000	425,000	425,000	<b>375,000</b>
Major Street Fund	0	15,000	15,000	<b>40,000</b>
Surplus	0	74,400	107,100	<b>87,100</b>
<b>Total</b>	<b>\$673,840</b>	<b>\$711,900</b>	<b>\$737,600</b>	<b>\$700,100</b>
<b>Expenditures</b>				
Construction	\$112,417	\$145,000	\$140,000	<b>\$107,500</b>
Surface Maintenance	116,378	65,000	70,000	<b>81,400</b>
Sweeping and Flushing	42,825	49,200	51,200	<b>51,000</b>
Forestry	94,178	74,000	76,400	<b>81,500</b>
Catch Basin	12,985	34,200	54,100	<b>50,700</b>
Drainage	18,759	17,300	17,300	<b>20,200</b>
Traffic Services	21,161	35,000	36,800	<b>27,500</b>
Winter Maintenance	72,401	99,500	99,100	<b>99,300</b>
Administration	202,197	192,700	192,700	<b>181,000</b>
<b>TOTAL EXPENDITURES</b>	<b>\$693,301</b>	<b>\$711,900</b>	<b>\$737,600</b>	<b>\$700,100</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$19,461)	(\$74,400)	(\$107,100)	<b>(\$87,100)</b>
Fund Balance - Beginning of Year	192,730	173,269	173,269	<b>98,869</b>
<b>Ending Fund Balance</b>	<b>\$173,269</b>	<b>\$98,869</b>	<b>\$66,169</b>	<b>\$11,769</b>

**Fund Balance Analysis**

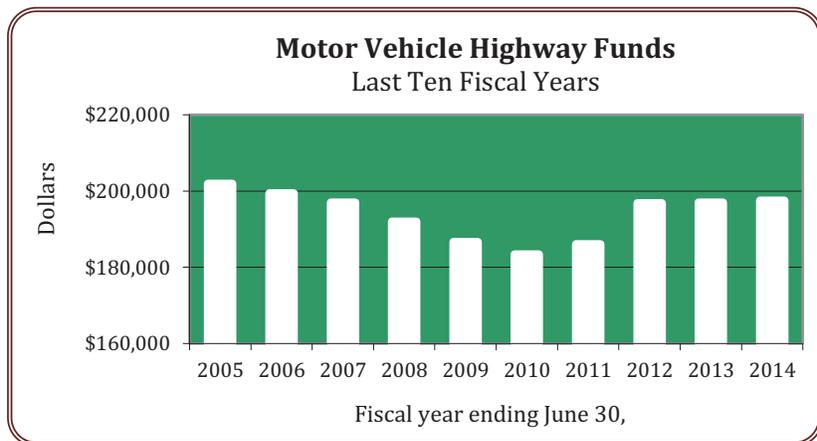


**Fund Balance**

The Local Street Fund does not typically have a significant fund balance. The spike in 2005 was due to the receipt of bond proceeds, which were subsequently spent down over the next three fiscal years. In FY2009, proceeds from a sale of a property owned by the City were transferred to this fund to be allocated to street construction projects. This amount will be spent down over the next couple of fiscal years on construction projects.

**Revenue Details**

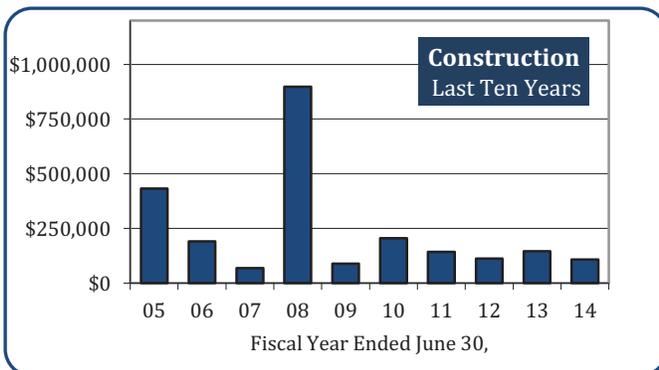
The first major source of revenue is the State of Michigan Motor Vehicle Highway Funds which are generated from the gas and weight taxes collected state wide and distributed to local governments based on miles of streets, a flat rate established by the State, and the population of the City. The second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



**Cost and Expenditure Details**

**Construction**

Based on the city engineer's estimates, the total construction costs for FY2014 will be \$107,500 for the Local Street Fund. Over the last 10 years, construction has totaled nearly \$2.4 million. Much of this construction has been paid for through the use of grant funding. Securing grants to assist in funding capital projects is a critical function within the City and will be even more important as revenues continue to decline. Depending on the amount of grant funding received each year as well as various special assessments approved, construction can vary significantly from year to year.



The following construction projects are proposed for FY2014:

TBD	\$100,000
Street Signs	7,500
<b>Total</b>	<b><u><u>\$107,500</u></u></b>

## Local Street Fund

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenditures</b>				
<b>Construction</b>				
Contractual Services	\$112,417	\$145,000	\$140,000	<b>\$107,500</b>
<b>Surface Maintenance</b>				
Salaries and Wages	\$24,137	\$18,500	\$18,900	<b>\$19,000</b>
Fringes	10,743	9,500	10,600	<b>10,400</b>
Operating Supplies	47,662	15,000	16,000	<b>17,000</b>
Equipment Rental	33,836	22,000	24,500	<b>35,000</b>
<b>Total Surface Maintenance</b>	<b>\$116,378</b>	<b>\$65,000</b>	<b>\$70,000</b>	<b>\$81,400</b>
<b>Sweeping and Flushing</b>				
Salaries and Wages	\$6,218	\$7,000	\$7,000	<b>\$7,000</b>
Fringes	3,065	4,200	4,200	<b>4,000</b>
Equipment Rental	33,542	38,000	40,000	<b>40,000</b>
<b>Total Sweeping and Flushing</b>	<b>\$42,825</b>	<b>\$49,200</b>	<b>\$51,200</b>	<b>\$51,000</b>
<b>Forestry</b>				
Salaries and Wages	\$30,550	\$22,000	\$21,000	<b>\$21,500</b>
Fringes	14,551	13,000	12,400	<b>12,000</b>
Operating Supplies	5,671	3,000	8,000	<b>4,000</b>
Contractual Services	3,317	2,000	0	<b>6,000</b>
Equipment Rental	40,089	34,000	35,000	<b>38,000</b>
<b>Total Forestry</b>	<b>\$94,178</b>	<b>\$74,000</b>	<b>\$76,400</b>	<b>\$81,500</b>
<b>Catch Basin</b>				
Salaries and Wages	\$4,545	\$11,000	\$18,500	<b>\$16,500</b>
Fringes	1,841	5,500	9,500	<b>3,200</b>
Operating Supplies	104	500	700	<b>500</b>
Utilities	2,254	2,200	1,400	<b>2,500</b>
Equipment Rental	4,241	15,000	24,000	<b>28,000</b>
<b>Total Catch Basin</b>	<b>\$12,985</b>	<b>\$34,200</b>	<b>\$54,100</b>	<b>\$50,700</b>

## Local Street Fund

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenditures (Cont'd)</b>				
<b>Drainage</b>				
Salaries and Wages	\$9,960	\$8,000	\$8,000	<b>\$10,000</b>
Fringes	4,692	4,200	4,800	<b>5,700</b>
Operating Supplies	14	100	0	<b>0</b>
Equipment Rental	4,093	5,000	4,500	<b>4,500</b>
<b>Total Drainage</b>	<b>\$18,759</b>	<b>\$17,300</b>	<b>\$17,300</b>	<b>\$20,200</b>
<b>Traffic Services</b>				
Salaries and Wages	\$10,203	\$14,000	\$14,300	<b>\$10,500</b>
Wages - Part Time	71	500	1,000	<b>0</b>
Fringes	5,084	8,500	8,500	<b>6,000</b>
Operating Supplies	1,552	2,000	1,500	<b>5,000</b>
Contractual Services	0	5,000	7,500	<b>0</b>
Equipment Rental	4,251	5,000	4,000	<b>6,000</b>
<b>Total Traffic Services</b>	<b>\$21,161</b>	<b>\$35,000</b>	<b>\$36,800</b>	<b>\$27,500</b>
<b>Winter Maintenance</b>				
Salaries and Wages	\$13,719	\$16,000	\$17,900	<b>\$18,000</b>
Fringes	6,753	8,500	10,600	<b>10,300</b>
Operating Supplies	13,732	25,000	14,000	<b>15,000</b>
Equipment Rental	38,197	50,000	56,600	<b>56,000</b>
<b>Total Winter Maintenance</b>	<b>\$72,401</b>	<b>\$99,500</b>	<b>\$99,100</b>	<b>\$99,300</b>
<b>Administration</b>				
Salaries and Wages	\$32,972	\$33,000	\$33,000	<b>\$33,000</b>
Fringes	16,132	16,200	16,200	<b>16,600</b>
Audit	1,700	1,500	1,500	<b>1,500</b>
Equipment Rental	7,449	7,500	7,500	<b>7,500</b>
Administrative Charges	10,000	0	0	<b>0</b>
Principal Payment	26,111	26,200	26,200	<b>52,400</b>
Interest Expense	3,133	2,400	2,400	<b>1,600</b>
Transfers Out	104,700	105,900	105,900	<b>68,400</b>
<b>Total Administration</b>	<b>\$202,197</b>	<b>\$192,700</b>	<b>\$192,700</b>	<b>\$181,000</b>
<b>TOTAL EXPENDITURES</b>	<b>\$693,301</b>	<b>\$711,900</b>	<b>\$737,600</b>	<b>\$700,100</b>

**Local Street Fund**

**Transfer Out**

Transfers out of the Local Street Fund represent amounts that are transferred to various Debt Service Funds to cover principal and interest payments on debt obligations of the system. Details of debt service payments due are as follows:

<i>Bond Issue</i>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2004 GO Capital Improvement Bonds	51,400	15,600	<b>67,000</b>
		<b>Total:</b>	<b>\$67,000</b>
			<b>\$900</b> Audit Fees
			<b>\$500</b> Paying agent fees
			<b>\$68,400</b>

**Administrative Charges**

Administrative Salaries represents 60% of Street Superintendent Dan Foster.

Unpaved Local Streets	Length (Miles)	Unpaved Local Streets	Length (miles)
Francis	0.13	Pennsylvania Ave.	0.10
Huston	0.33	Pollard	0.23
Illinois Ave.	0.10	Skate Rd.	0.06
Indiana Ave.	0.06	Waldo	0.25
Marathon Dr.	0.25	Wall	0.07
Martina	0.15	Wilcox	0.08
W. Nelson	0.02		
		<b>Total Unpaved Miles of Local Streets</b>	<b>1.83</b>

Total miles of local streets 41.81

Unpaved represents 4.38%

1998 total unpaved local streets were 7.03 miles - a reduction of 73.97%

**Water and Sewer Fund**

**Fund: Water and Sewer Fund**

**Type:** Enterprise Fund

**Oversight:** Director of Utilities

**Nature and Purpose:**

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

The purpose of the fund is to record the operations of combined Water and Sewer Systems. The nature of the fund is self-supporting, meaning it does business with individuals and firms outside the local unit departments and is therefore classified as an enterprise fund. A distinguishing feature of this fund is that fixed assets are recorded within the fund and depreciation is charged.

The Cadillac City Charter dictates that user rates within the water and sewer systems must be set at a level that will meet all costs of the utilities. **Section 16.4 of the City Charter states,**

*"The Council shall have the power to fix from time to time, such just and reasonable rates and other charges as may be deemed advisable for supplying the inhabitants of the city and others with such public utility services as the city may provide.*

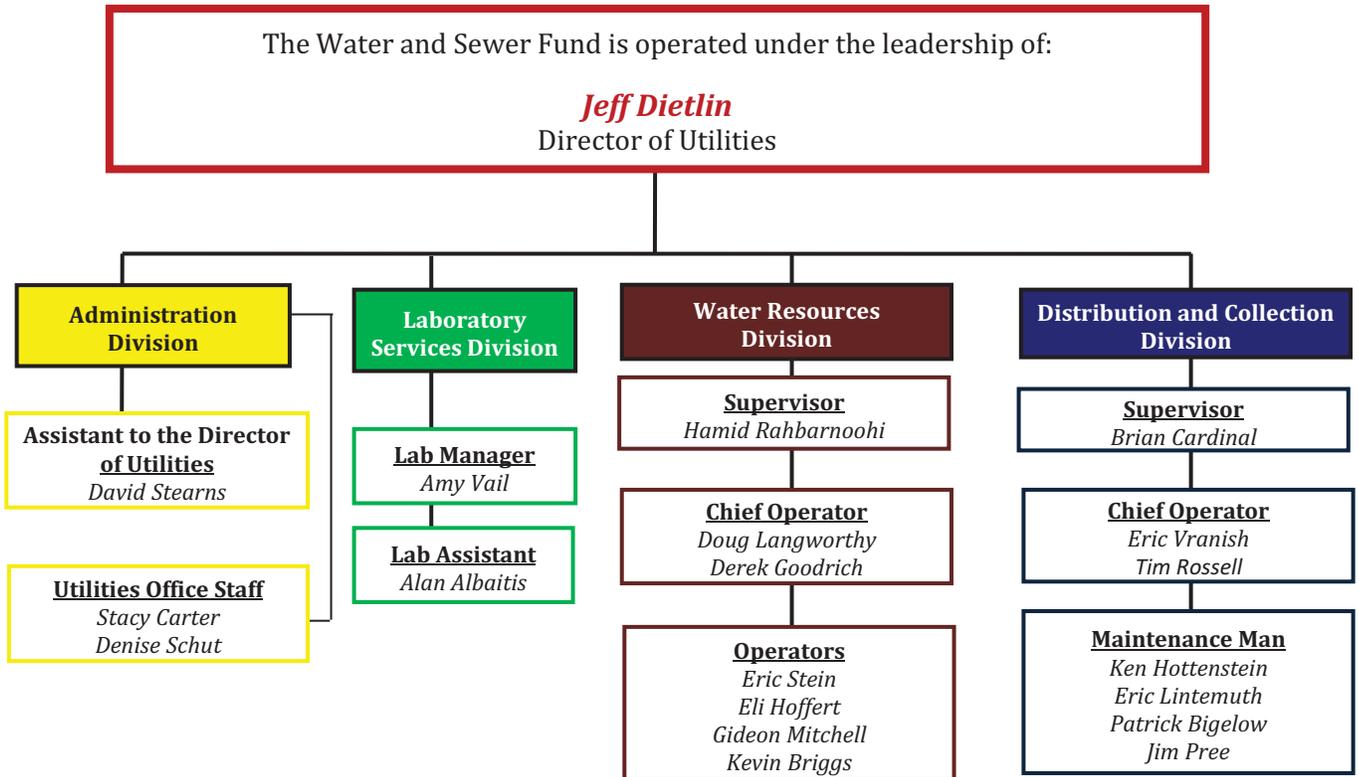
*The rates and charges of any municipal public utility for the furnishing of public utility services shall be so fixed as to at least meet all the costs of such utilities. There shall be no discrimination in such rates within any classification of users thereof, nor shall free service be permitted, but higher rates may be charged for service outside the city limits."*

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Water Sales	\$1,283,488	\$1,285,000	\$1,225,000	<b>\$1,290,000</b>
Sewer Sales - Flat Rate	47,943	47,000	45,000	<b>45,000</b>
Sewer Sales - Metered	2,146,255	2,150,000	2,060,000	<b>2,100,000</b>
Fire Protection	120,887	96,000	95,000	<b>95,000</b>
Hydrant Rental	0	24,000	24,000	<b>24,000</b>
Charges for Services	12,993	15,000	10,000	<b>10,000</b>
Services & Materials	20,308	15,000	20,000	<b>20,000</b>
Interest Income	13,869	27,000	60,000	<b>30,000</b>
Sale of Surplus Material	0	5,000	5,000	<b>5,000</b>
Wexford County DPW	82,382	85,000	75,000	<b>75,000</b>
Leachate	199,680	145,000	175,000	<b>125,000</b>
Laboratory Fees	80,178	74,000	70,000	<b>70,000</b>
Federal Grants	412,606	0	0	<b>0</b>
State Grants	96,344	0	0	<b>0</b>
Other Income	209,890	2,500	2,000	<b>5,000</b>
<b>Total Revenues</b>	<b>\$4,726,823</b>	<b>\$3,970,500</b>	<b>\$3,866,000</b>	<b>\$3,894,000</b>

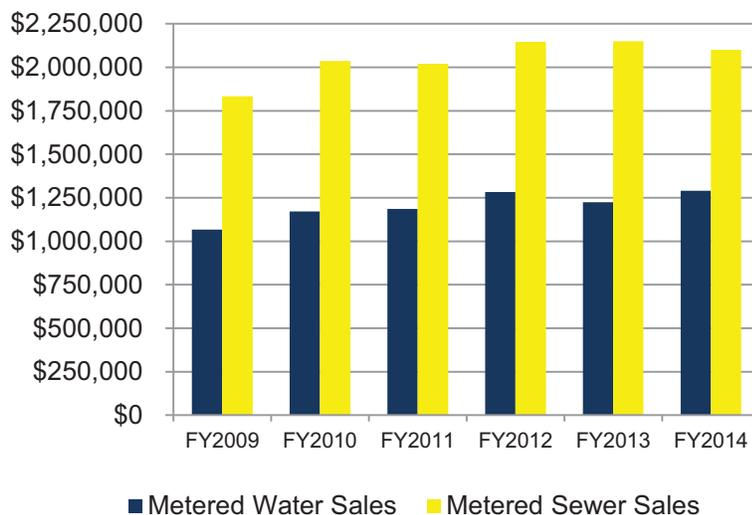
## Water and Sewer Fund

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenses</b>				
<b>Total Administration</b>	\$948,981	\$989,000	\$996,500	<b>\$1,004,000</b>
<b>Water Resources</b>				
Preliminary Treatment	\$17,391	\$28,700	\$19,800	<b>\$20,600</b>
Primary Treatment	15,170	29,500	18,500	<b>18,600</b>
Secondary Treatment	86,689	98,500	79,600	<b>80,300</b>
Tertiary Treatment	62,042	88,100	70,600	<b>70,400</b>
Sludge Removal	92,045	103,000	114,600	<b>112,600</b>
Nutrient Removal	61,038	62,500	60,000	<b>60,500</b>
Effluent Disposal	44,604	51,500	54,000	<b>54,700</b>
Building & Grounds	255,956	230,500	203,200	<b>216,400</b>
Industrial Surveillance	17,870	17,000	20,400	<b>21,000</b>
Lift Station-Sanitary	96,763	80,700	87,900	<b>88,900</b>
Vehicles	24,486	24,500	14,200	<b>16,100</b>
<b>Total Water Resources</b>	<b>\$774,054</b>	<b>\$814,500</b>	<b>\$742,800</b>	<b>\$760,100</b>
<b>Distribution and Collection</b>				
Building & Water Tank	\$19,769	\$25,500	\$25,500	<b>\$28,100</b>
Pumping Station	207,411	204,000	197,400	<b>199,700</b>
Wells & Well Field	45,940	59,000	49,200	<b>47,200</b>
General Street Expense	23,541	18,200	22,200	<b>22,300</b>
Meter Reading & Delinquent Accounts	59,386	30,300	21,500	<b>25,500</b>
Meter Operations & Maintenance	177,067	167,000	166,900	<b>173,200</b>
Customer Service	22,006	21,000	36,600	<b>38,200</b>
Maintenance-Mains & Hydrants	84,959	72,000	88,600	<b>89,100</b>
New Water Service	17,005	14,900	19,900	<b>17,100</b>
Water Service Maintenance	3,222	9,600	9,600	<b>8,900</b>
Sanitary Sewer	43,832	51,000	65,800	<b>67,300</b>
Vehicles	40,728	32,700	35,700	<b>35,800</b>
<b>Total Distribution and Collection</b>	<b>\$744,866</b>	<b>\$705,200</b>	<b>\$738,900</b>	<b>\$752,400</b>
<b>Laboratory Division</b>				
General Laboratory	\$50,990	\$54,500	\$51,100	<b>\$61,300</b>
Contract Laboratory	27,795	36,500	42,300	<b>43,200</b>
<b>Total Laboratory Division</b>	<b>\$78,785</b>	<b>\$91,000</b>	<b>\$93,400</b>	<b>\$104,500</b>
<b>Total Non-Operating</b>	<b>\$1,190,460</b>	<b>\$1,215,000</b>	<b>\$1,245,000</b>	<b>\$1,245,000</b>
<b>Total Expenses</b>	<b>\$3,737,146</b>	<b>\$3,814,700</b>	<b>\$3,816,600</b>	<b>\$3,866,000</b>
<b>NET ASSETS AT YEAR END</b>				
Change in Net Assets	\$989,677	\$155,800	\$49,400	<b>\$28,000</b>
Total Net Assets - Beginning of Year	15,009,249	15,998,926	15,998,926	<b>16,154,726</b>
<b>Total Net Assets at Year End</b>	<b>\$15,998,926</b>	<b>\$16,154,726</b>	<b>\$16,048,326</b>	<b>\$16,182,726</b>

**Fund Staffing and Organizational Structure**



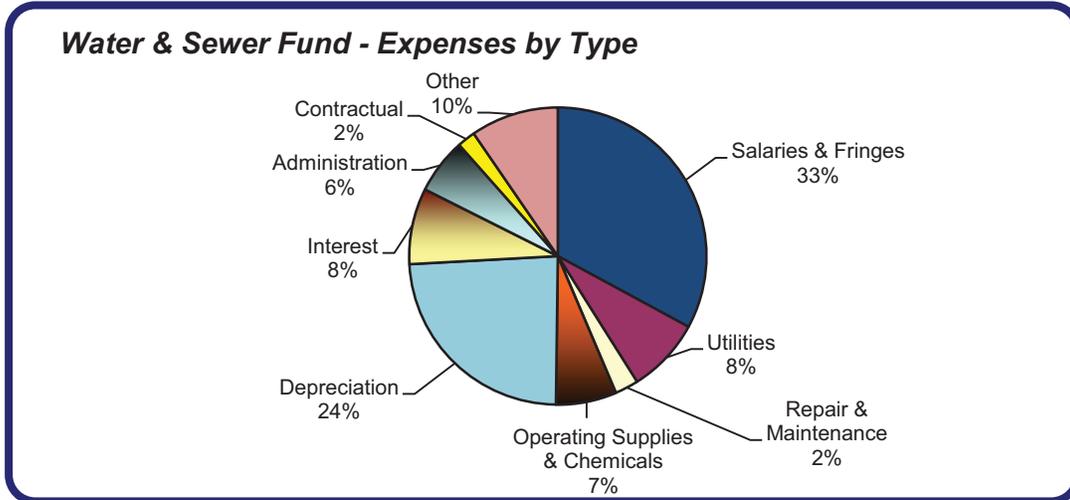
**Water and Sewer Metered Usage - Last Six Years**



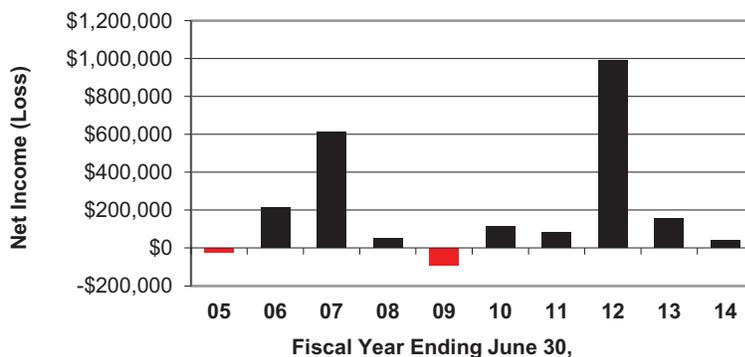
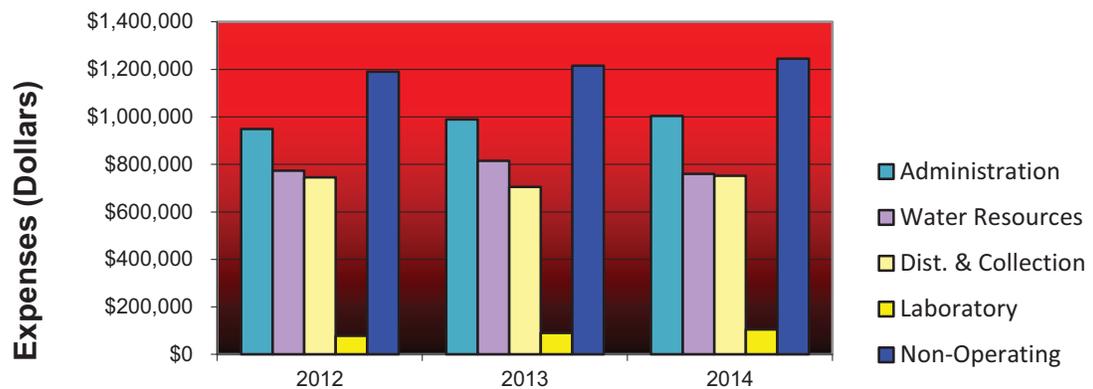
**Metered Usage**

The chart to the left shows that there has been virtually no increase in metered usage of water and sewer over the last six fiscal years. The operations of the system have taken advantage of several efficiency-enhancing measures, including replacing old meters with radio read meters, that has enabled the system to operate within the revenue parameters.

**Fund Highlights**



**Water and Sewer Fund - Expenses by Type - Last 3 Fiscal Years**



**Water and Sewer Fund  
Change in Net Assets  
Last Ten Fiscal Years**

**Water and Sewer Fund**

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenses</b>				
<b>Administration</b>				
Salaries and Wages	\$349,659	\$345,000	\$342,500	\$336,700
Salaries - Part Time	394	500	0	0
Fringes	133,453	160,000	158,800	168,400
Office Supplies	11,472	8,500	8,800	8,800
Postage	19,160	20,500	21,000	21,000
Safety Supplies	865	4,500	4,800	4,800
Contractual Services	16,944	20,000	20,000	20,000
Engineering Fees	0	15,000	18,000	18,000
Audit	4,000	4,000	4,000	4,000
G.I.S. Contractual Services	29,926	36,000	36,000	36,000
Legal Fees	41,054	15,000	15,000	10,000
State Mandated Fees	21,579	21,000	20,000	20,000
Data Processing	55,000	55,000	55,000	50,000
Liability Insurance	28,000	31,000	30,000	30,000
Dues & Publications	2,930	2,500	2,500	2,500
Telephone	5,473	7,500	7,800	7,000
Alarm Systems	3,914	4,500	4,700	4,700
Travel & Education - Salary	4,489	6,500	7,000	7,000
Travel & Education - Hourly	3,747	5,000	5,500	5,500
Vehicle Repair & Maintenance	464	1,500	500	1,000
Employee Safety	3,500	3,500	3,500	3,500
Bad Debt Expense	0	0	1,000	1,000
Property Taxes	7,553	0	7,600	7,600
Administration - City	201,900	220,000	220,000	234,000
Public Relations	3,505	2,000	2,500	2,500
<b>Total Administration</b>	<b>\$948,981</b>	<b>\$989,000</b>	<b>\$996,500</b>	<b>\$1,004,000</b>

**Cost and Expense Analysis**

**Administration**

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

**PERFORMANCE MEASURES - WATER RESOURCES DIVISION**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Number of Customers - Sewer		3,542	3,582	3,550	3,550	↔
Miles of Sewer Main		51	51	51	51	↔
Number of Water Resources FTE		7	7	7	7	↔
Water Resources service connections per FTE		506	512	507	507	↔
Millions of Gallons Treated per Day		2.140	2.280	2.200	2.300	↑
Industrial Monitoring and Pretreatment Discharge permits		18	19	19	19	↑
Rate Increase - Sewer		4.50%	4.50%	0.00%	0.00%	↓
Number of NPDES Permit Violations		0	0	0	0	↔

**Water Resources Division Responsibilities:**

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

**Objective:**

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

## Water and Sewer Fund

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**Expenses (Cont.)**
**Water Resources Division:**
**Preliminary Treatment**

Salaries and Wages	\$9,110	\$14,000	\$10,000	<b>\$10,000</b>
Fringes	3,903	7,000	4,700	<b>5,300</b>
Operating Supplies	114	600	800	<b>800</b>
Utilities	2,896	3,100	2,500	<b>2,500</b>
Repair & Maintenance	1,368	4,000	1,800	<b>2,000</b>
<b>Total</b>	<b>\$17,391</b>	<b>\$28,700</b>	<b>\$19,800</b>	<b>\$20,600</b>

**Primary Treatment**

Salaries and Wages	\$10,423	\$15,000	\$10,000	<b>\$10,000</b>
Fringes	4,495	7,000	4,700	<b>5,300</b>
Operating Supplies	114	1,000	2,000	<b>1,500</b>
Repair & Maintenance	138	6,500	1,800	<b>1,800</b>
<b>Total</b>	<b>\$15,170</b>	<b>\$29,500</b>	<b>\$18,500</b>	<b>\$18,600</b>

**Secondary Treatment**

Salaries and Wages	\$8,859	\$13,000	\$12,000	<b>\$12,000</b>
Fringes	3,732	6,000	5,600	<b>6,300</b>
Operating Supplies	114	1,000	1,200	<b>1,200</b>
Utilities	72,401	70,000	57,000	<b>57,000</b>
Repair & Maintenance	1,583	8,500	3,800	<b>3,800</b>
<b>Total</b>	<b>\$86,689</b>	<b>\$98,500</b>	<b>\$79,600</b>	<b>\$80,300</b>

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**Cost and Expense Analysis**
**Preliminary Treatment**

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

**Primary Treatment**

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

**Secondary Treatment**

Secondary treatment includes aeration tanks with fine bubble diffusers that have air supplied by centrifugal blowers, secondary clarifiers, and a return sludge system. Primary effluent flows in the aeration tanks where it is mixed with return sludge that provides the bacteria for treatment. After eight hours of aeration, the mixed liquor is settled in the secondary clarifiers, then returned to the aeration tanks to continue the cycle. The secondary treatment process provides 85 to 90% removal of pollutants.

## Water and Sewer Fund

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenses (Cont.)</b>				
<b>Water Resources Division (Cont.)</b>				
<b>Tertiary Treatment</b>				
Salaries and Wages	\$8,391	\$13,000	\$13,000	<b>\$13,000</b>
Fringes	3,643	6,100	6,100	<b>6,900</b>
Operating Supplies	114	6,000	7,000	<b>6,000</b>
Utilities	49,176	48,000	36,000	<b>36,000</b>
Repair & Maintenance	718	15,000	8,500	<b>8,500</b>
<b>Total</b>	<b>\$62,042</b>	<b>\$88,100</b>	<b>\$70,600</b>	<b>\$70,400</b>
<b>Sludge Treatment</b>				
Salaries and Wages	\$18,870	\$20,000	\$24,000	<b>\$22,000</b>
Fringes	8,009	9,000	11,100	<b>11,600</b>
Operating Supplies	114	1,500	3,000	<b>3,000</b>
Laboratory	3,140	3,500	5,500	<b>5,000</b>
Injection Contract Cost	41,238	44,000	45,000	<b>45,000</b>
Utilities	20,556	19,000	20,000	<b>20,000</b>
Repair & Maintenance	118	6,000	6,000	<b>6,000</b>
<b>Total</b>	<b>\$92,045</b>	<b>\$103,000</b>	<b>\$114,600</b>	<b>\$112,600</b>
<b>Nutrient Removal</b>				
Salaries and Wages	\$7,976	\$10,000	\$9,100	<b>\$9,100</b>
Fringes	3,544	5,000	4,300	<b>4,800</b>
Operating Supplies	973	500	700	<b>700</b>
Chemicals	41,818	41,000	41,000	<b>41,000</b>
Repair & Maintenance	6,727	6,000	4,900	<b>4,900</b>
<b>Total</b>	<b>\$61,038</b>	<b>\$62,500</b>	<b>\$60,000</b>	<b>\$60,500</b>

### Cost and Expense Analysis

#### Tertiary Treatment

Tertiary treatment includes screw pumps and sand filters. The secondary effluent is lifted by the pumps about 18 feet into the Rotating Biological Contractors (RBC) system. The average pollutant removal after tertiary treatment is greater than 97%.

#### Sludge Treatment and Disposal

The sludge treatment process includes sludge pumps, a 325,000 gallon primary digester, a 325,000 gallon secondary digester, a 550,000 gallon sludge storage tank, and 675,000 gallon storage tank. Sludge, or bio-solids, is the residual solid produced during the wastewater treatment process. The solids are first pumped into the primary digester which is heated to 95 degrees F where most organic matter is reduced in an anaerobic environment. A useable methane gas is produced (8,500,000 cf per year) along with about two million gallons of treated bio-solids for application to agricultural farm land as fertilizer. The fertilizer injections are done under contract and are estimated at \$41,000 for FY2014.

### Cost and Expense Analysis

#### Nutrient Removal

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

#### Buildings and Grounds

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



Wastewater Treatment Facility

### Water and Sewer System - 15 Largest Users

Customer	2012 Usage and Billing				
	Cubic Feet		Gallons		Total Billing
	Water	Sewer	Water	Sewer	
Cadillac Castings, Inc.	26,331,500	12,098,000	196,959,620	90,493,040	\$674,572
Avon Rubber & Plastics, Inc.	13,693,900	12,743,800	102,430,372	95,323,624	\$409,332
AAR Cadillac Manufacturing	13,428,600	7,177,400	100,445,928	53,686,952	\$283,685
Mercy Hospital	1,321,000	1,321,000	9,881,080	9,881,080	\$60,301
Borg-Warner	1,533,900	1,533,900	11,473,572	11,473,572	\$52,691
Piranha Hose	1,270,600	1,270,600	9,504,088	11,473,572	\$42,230
Michigan Rubber Products	1,110,800	1,110,800	8,308,784	8,308,784	\$39,095
Pheasant Ridge	1,439,500	1,439,500	10,767,460	10,767,460	\$36,996
Country Acres	1,024,800	1,024,800	7,665,504	7,665,504	\$35,534
Cadillac Renewable Energy *	258,200	957,800	1,931,336	7,164,344	\$33,435
Four Winns	453,600	453,600	3,392,928	3,392,928	\$22,511
Paulstra CRC	330,500	330,500	2,472,140	2,472,140	\$16,457
Leisure Park	361,900	361,900	2,707,012	2,707,012	\$12,752
FIAMM Technologies	276,700	276,700	2,069,716	2,069,716	\$11,950
Rexair, Inc.	128,700	128,700	962,676	962,676	\$9,942
	62,964,200	42,229,000	470,972,216	317,842,404	\$1,741,483

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

**Water and Sewer Fund**

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**Expenses (Cont.)**

**Water Resources Division (Cont.)**

**Effluent Disposal**

Salaries and Wages	\$8,808	\$9,000	\$12,000	<b>\$12,000</b>
Salaries - Part Time	254	0	0	<b>0</b>
Fringes	3,862	4,500	5,600	<b>6,300</b>
Operating Supplies	2,967	2,000	2,400	<b>2,400</b>
Plant Lab Supplies	506	7,000	7,500	<b>7,500</b>
Chemicals	353	500	500	<b>500</b>
Contracted Laboratory	9,337	10,000	11,000	<b>11,000</b>
Utilities	14,480	14,500	11,500	<b>11,500</b>
Repair & Maintenance	4,037	4,000	3,500	<b>3,500</b>
<b>Total</b>	<b>\$44,604</b>	<b>\$51,500</b>	<b>\$54,000</b>	<b>\$54,700</b>

**Building & Grounds**

Salaries and Wages	\$134,066	\$110,000	\$95,500	<b>\$95,500</b>
Salaries - Part Time	6,628	6,500	9,000	<b>9,000</b>
Fringes	58,015	50,000	44,200	<b>54,900</b>
Operating Supplies	35,084	40,000	24,500	<b>30,000</b>
Utilities	13,221	13,000	15,000	<b>15,000</b>
Repair & Maintenance	8,942	11,000	15,000	<b>12,000</b>
<b>Total</b>	<b>\$255,956</b>	<b>\$230,500</b>	<b>\$203,200</b>	<b>\$216,400</b>

**Industrial Surveillance**

Salaries and Wages	\$10,349	\$8,500	\$10,400	<b>\$10,400</b>
Fringes	4,630	4,000	4,900	<b>5,500</b>
Operating Supplies	740	2,000	1,000	<b>1,000</b>
Laboratory	2,151	2,500	4,000	<b>3,000</b>
Repair & Maintenance	0	0	100	<b>1,100</b>
<b>Total</b>	<b>\$17,870</b>	<b>\$17,000</b>	<b>\$20,400</b>	<b>\$21,000</b>

**Cost and Expense Analysis**

**Effluent Disposal**

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



**Industrial Surveillance**

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

**Water and Sewer Fund**

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenses (Cont.)</b>				
<b>Water Resources Division (Cont.)</b>				
<b>Lift Station - Sanitary</b>				
Salaries and Wages	\$18,359	\$16,000	\$18,100	<b>\$18,100</b>
Fringes	8,076	8,000	8,400	<b>9,600</b>
Operating Supplies	11,974	7,000	9,500	<b>9,500</b>
Disposal Fees	1,288	1,700	1,700	<b>1,500</b>
Utilities	38,216	35,000	38,200	<b>38,200</b>
Repair & Maintenance	18,850	13,000	12,000	<b>12,000</b>
<b>Total</b>	<b>\$96,763</b>	<b>\$80,700</b>	<b>\$87,900</b>	<b>\$88,900</b>
<b>Vehicles</b>				
Salaries and Wages	\$323	\$500	\$800	<b>\$800</b>
Fringes	144	200	400	<b>500</b>
Operating Supplies	1,248	800	500	<b>500</b>
Fuel Costs	14,202	15,000	8,200	<b>10,000</b>
Repair & Maintenance	8,569	8,000	4,300	<b>4,300</b>
<b>Total</b>	<b>\$24,486</b>	<b>\$24,500</b>	<b>\$14,200</b>	<b>\$16,100</b>
<b>Total Water Resources Division</b>	<b>\$774,054</b>	<b>\$814,500</b>	<b>\$742,800</b>	<b>\$760,100</b>

**Cost and Expense Analysis**

**Lift Stations**

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



**Vehicles**

Several vehicles and over-the-road pieces of equipment are used in plant operations, lift station operation and maintenance, and building and grounds maintenance. Costs of maintenance and fuel are included in this department.

**PERFORMANCE MEASURES - WATER DISTRIBUTION AND COLLECTION DIVISION**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Number of Customers - Water		3,497	3,551	3,525	3,525	↔
Miles of Water Main		73	73	73	73	↔
Number of Distribution and Collection FTE		7	7	7	7	↔
Water Service Connections per FTE		500	507	504	504	↔
Millions of Gallons Pumped per Day		2.000	2.089	2.250	2.300	↑
Total Calls for Service		1,094	1,044	1,000	1,000	↔
Total Calls for Service Per FTE		156	149	143	143	↔
MISS-DIG Responses		676	764	750	750	↑
Meter Repairs		211	168	135	135	↔
New Meter Installations		7	7	10	10	↔
Feet of Sanitary Sewers Cleaned		31,951	10,000	40,000	40,000	↑

**Distribution and Collection Division Purpose:**

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

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

## Water and Sewer Fund

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenses (Cont.)</b>				
<b>Distribution &amp; Collection Division</b>				
<b>Building &amp; Water Tank</b>				
Salaries and Wages	\$2,237	\$4,000	\$3,400	<b>\$3,400</b>
Salaries - Part Time	1,396	3,500	4,500	<b>4,500</b>
Fringes	1,076	2,500	1,600	<b>4,200</b>
Operating Supplies	14,819	14,000	14,500	<b>14,500</b>
Repair & Maintenance	241	1,500	1,500	<b>1,500</b>
<b>Total</b>	<b>\$19,769</b>	<b>\$25,500</b>	<b>\$25,500</b>	<b>\$28,100</b>
<b>Pumping Station</b>				
Salaries and Wages	\$3,451	\$4,500	\$4,700	<b>\$4,700</b>
Fringes	1,375	2,000	2,200	<b>2,500</b>
Operating Supplies	11,980	8,500	8,500	<b>8,500</b>
Chemicals	27,049	27,500	28,500	<b>28,500</b>
Laboratory Control	15,660	15,000	20,000	<b>18,000</b>
Utilities	146,088	145,000	131,000	<b>135,000</b>
Repair & Maintenance	1,808	1,500	2,500	<b>2,500</b>
<b>Total</b>	<b>\$207,411</b>	<b>\$204,000</b>	<b>\$197,400</b>	<b>\$199,700</b>
<b>Wells &amp; Well Field</b>				
Salaries and Wages	\$3,346	\$12,000	\$4,700	<b>\$4,700</b>
Fringes	1,360	6,000	2,200	<b>2,500</b>
Operating Supplies	13,093	10,000	2,500	<b>2,500</b>
Wellhead Protection	235	500	2,000	<b>2,000</b>
Contractual Services	17,128	23,000	25,000	<b>25,000</b>
Repair & Maintenance	10,778	7,500	12,800	<b>10,500</b>
Special Projects	0	0	0	<b>0</b>
<b>Total</b>	<b>\$45,940</b>	<b>\$59,000</b>	<b>\$49,200</b>	<b>\$47,200</b>

### Cost and Expense Analysis

#### Buildings and Water Tank

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

#### Pumping Station

The City's pumping station metered and chlorinated in excess of 760 million gallons of water in 2012. This was up slightly from 2011, but still about 10% below the levels of several years ago. Much of this decrease was attributed to the impact of the economy on local usage patterns. Vacant homes and idle businesses use little or no water, thereby decreasing total flow in the City's system. The costs of chemicals and utilities are the pumping stations' major costs.

## Water and Sewer Fund

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
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**Expenses (Cont.)**
**Distribution & Collection Division (Cont.)**
**General Street Expense**

Salaries and Wages	\$98	\$500	\$800	<b>\$800</b>
Fringes	43	200	400	<b>500</b>
Operating Supplies	16,381	2,500	4,000	<b>4,000</b>
Contractual Services	7,019	15,000	17,000	<b>17,000</b>
<b>Total</b>	<b>\$23,541</b>	<b>\$18,200</b>	<b>\$22,200</b>	<b>\$22,300</b>

**Meter Reading & Delinquent Accounts**

Salaries and Wages	\$41,366	\$20,000	\$14,500	<b>\$16,500</b>
Fringes	18,020	10,000	6,700	<b>8,700</b>
Operating Supplies	0	300	300	<b>300</b>
<b>Total</b>	<b>\$59,386</b>	<b>\$30,300</b>	<b>\$21,500</b>	<b>\$25,500</b>

**Meter Operations & Maintenance**

Salaries and Wages	\$106,730	\$100,000	\$100,000	<b>\$100,000</b>
Fringes	48,096	47,000	46,200	<b>52,500</b>
Operating Supplies	22,241	20,000	20,700	<b>20,700</b>
<b>Total</b>	<b>\$177,067</b>	<b>\$167,000</b>	<b>\$166,900</b>	<b>\$173,200</b>

**Customer Service**

Salaries and Wages	\$15,350	\$14,000	\$25,000	<b>\$25,000</b>
Fringes	6,656	7,000	11,600	<b>13,200</b>
<b>Total</b>	<b>\$22,006</b>	<b>\$21,000</b>	<b>\$36,600</b>	<b>\$38,200</b>

**Maintenance - Mains & Hydrants**

Salaries and Wages	\$41,619	\$31,000	\$42,000	<b>\$42,000</b>
Fringes	16,461	15,500	17,600	<b>22,100</b>
Operating Supplies	24,301	20,000	21,500	<b>21,500</b>
Contractual Services	2,578	5,500	7,500	<b>3,500</b>
<b>Total</b>	<b>\$84,959</b>	<b>\$72,000</b>	<b>\$88,600</b>	<b>\$89,100</b>

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**Cost and Expense Analysis**
**General Street Expense**

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

**Meter Reading & Delinquent Accounts**

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

**Water and Sewer Fund**

**Customer Services**

Many types of service calls are responded to in the course of a year. MISS-DIG is also a call this department responds to for construction needs when a user needs to know the location of water and sewer mains, or any other infrastructure located beneath the ground. Responses to water quality complaints and various other customer service issues are accounted for under this heading.

**Maintenance - Mains and Hydrants**

The City maintains 477 fire hydrants. All fire hydrant records and histories are computerized. The General Fund contributes \$50 per fire hydrant as a ready-to-serve charge. The City replaces water mains annually as streets are torn up to be resurfaced.

<b>Water Supply Statistics</b>				
	<b>Gallons Pumped</b>	<b>Gallons Sold</b>	<b>% Lost (1)</b>	<b>Customers</b>
2003	804,800,000	746,300,000	7.28	3,456
2004	773,400,000	736,300,000	4.70	3,487
2005	843,200,000	773,900,000	8.22	3,511
2006	792,900,000	714,000,000	10.00	3,524
2007	925,900,000	786,500,000	14.00	3,517
2008	840,240,000	731,961,000	12.90	3,544
2009	737,164,500	634,869,338	13.90	3,497
2010	743,793,507	667,112,042	10.31	3,474
2011	731,875,000	665,734,212	9.04	3,504
2012	762,732,000	695,207,656	8.85	3,551

**(1) Percentage of Water Lost:** Water loss is the term applied to the difference between water pumped into the system and water sold through water meters. Cadillac's water loss for 2012 was 8.85%, below the acceptable range of 10-15% for public water supplies. Water loss occurs from meter variances, worn meters, water used for fire purposes, water lost through system flushing, and water lost during run water situations in the winter.

## Water and Sewer Fund

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenses (Cont.)</b>				
<b>Distribution &amp; Collection Division (Cont.)</b>				
<b>New Water Service</b>				
Salaries and Wages	\$3,943	\$2,500	\$2,500	\$2,500
Salaries - Part Time	0	0	0	0
Fringes	1,821	1,200	1,200	1,400
Operating Supplies	9,605	10,000	15,000	12,000
Contractual Services	1,636	1,200	1,200	1,200
<b>Total</b>	<b>\$17,005</b>	<b>\$14,900</b>	<b>\$19,900</b>	<b>\$17,100</b>
<b>Water Service Maintenance</b>				
Salaries and Wages	\$1,546	\$5,500	\$3,300	\$3,300
Fringes	688	2,600	1,600	1,800
Operating Supplies	988	1,500	3,900	3,000
Repair & Maintenance	0	0	800	800
<b>Total</b>	<b>\$3,222</b>	<b>\$9,600</b>	<b>\$9,600</b>	<b>\$8,900</b>
<b>Sanitary Sewer</b>				
Salaries and Wages	\$20,706	\$17,000	\$30,000	\$30,000
Fringes	8,853	8,000	13,900	15,800
Operating Supplies	5,699	15,000	10,000	10,000
Contractual	8,574	9,000	9,500	9,500
Damage Contractual Services	0	1,000	1,400	1,000
Repair & Maintenance	0	1,000	1,000	1,000
<b>Total</b>	<b>\$43,832</b>	<b>\$51,000</b>	<b>\$65,800</b>	<b>\$67,300</b>
<b>Vehicles</b>				
Salaries and Wages	\$0	\$500	\$800	\$800
Fringes	0	200	400	500
Operating Supplies	3,222	3,000	2,000	2,000
Fuel & Oil	20,185	18,000	17,500	17,500
Repair & Maintenance	17,321	11,000	15,000	15,000
<b>Total</b>	<b>\$40,728</b>	<b>\$32,700</b>	<b>\$35,700</b>	<b>\$35,800</b>
<b>Total Distribution and Collection</b>	<b>\$744,866</b>	<b>\$705,200</b>	<b>\$738,900</b>	<b>\$752,400</b>

## Cost and Expense Analysis

### Sanitary Sewer

This section includes equipment used to clean sanitary sewer, along with the related costs of labor, repairs and maintenance. It also includes costs for outside contractors to do TV inspections. This important maintenance activity has decreased over the last couple of years due to the limited availability of maintenance labor.

## Water and Sewer Fund

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenses (Cont.)</b>				
<b>Laboratory Division</b>				
<b>General Laboratory</b>				
Salaries and Wages	\$24,149	\$24,000	\$22,200	<b>\$28,000</b>
Fringes	10,193	12,000	10,300	<b>14,700</b>
Operating Supplies	14,637	15,000	14,500	<b>14,500</b>
Repair & Maintenance	820	1,500	2,100	<b>2,100</b>
Equipment Rental	522	500	500	<b>500</b>
Research & Development	669	1,500	1,500	<b>1,500</b>
<b>Total</b>	<b>\$50,990</b>	<b>\$54,500</b>	<b>\$51,100</b>	<b>\$61,300</b>
<b>Contract Laboratory</b>				
Salaries and Wages	\$8,942	\$12,000	\$14,000	<b>\$14,000</b>
Fringes	3,803	5,500	6,500	<b>7,400</b>
Operating Supplies	12,215	13,000	14,700	<b>14,700</b>
Repair & Maintenance	2,660	4,500	5,600	<b>5,600</b>
Equipment Rental	0	500	500	<b>500</b>
Research & Development	175	1,000	1,000	<b>1,000</b>
<b>Total</b>	<b>\$27,795</b>	<b>\$36,500</b>	<b>\$42,300</b>	<b>\$43,200</b>
<b>Total Laboratory Division</b>	<b>78,785</b>	<b>91,000</b>	<b>93,400</b>	<b>104,500</b>
<b>Non-Operating</b>				
Interest Expense	\$313,947	\$320,000	\$320,000	<b>\$320,000</b>
Depreciation	876,513	895,000	925,000	<b>925,000</b>
<b>Total</b>	<b>\$1,190,460</b>	<b>\$1,215,000</b>	<b>\$1,245,000</b>	<b>\$1,245,000</b>
<b>TOTAL EXPENSES</b>	<b>\$3,737,146</b>	<b>\$3,814,700</b>	<b>\$3,816,600</b>	<b>\$3,866,000</b>

### Non-Operating

#### Three revenue bond issues comprise the interest activity:

**1999 Revenue Refunding Bond:** Interest payments September 1, 2013 and March 1, 2014 total \$47,685.

**2001 Revenue and Revenue Refunding Bond:** Interest payments September 1, 2013 and March 1, 2014 total \$160,018.

**2007 State of Michigan SRF Loan:** Interest payments October 1, 2013 and April 1, 2014 total \$50,338.

**2011 State of Michigan DWRP Loan:** Interest payments October 1, 2013 and April 1, 2014 total \$54,942.

Depreciation increased substantially beginning in FY2009. The \$4 million upgrade project at the Wastewater Treatment facility came online and is being depreciated. It is calculated based on annual depreciation schedules using the straight-line method of depreciation.

**PERFORMANCE MEASURES - LABORATORY DIVISION**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Number of Laboratory Analyses Performed		35,899	34,835	35,000	35,000	↔
Charges for Services - Laboratory		\$69,096	\$79,515	\$80,000	\$80,000	↑
Number of Laboratory FTE		3	3	3	3	↔
Analyses Performed per FTE		11,966	11,612	11,667	11,667	↑

**Cost and Expense Analysis**

**Laboratory Services Division**

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

Analyses Performed:	2007	2008	2009	2010	2011	2012
Lead and Copper	37	32	30	31	45	41
Metals	9,210	7,749	8,122	8,202	8,345	7,402
Volatile Organic	152	72	72	72	72	12
Bacterial Testing	2,836	2,084	1,506	1,952	1,937	1,880
Wet Chemistry	26,200	25,640	24,550	25,000	25,500	25,500

**Purpose:**

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

**Objective:**

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



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

**FY2014**

**Source of Funds**

State of Michigan Drinking Water Revolving Fund	500,000	
Investments - Unrestricted	658,500	
		<u>\$1,158,500</u>

**Total Source of Funds**

**Use of Funds**

**Infrastructure/System Costs**

Street Construction - TBD	50,000	
Francis and E. Division Street	30,000	
Vehicle Transceiver Unit (VXU) Replacement	65,000	
Global Position System (GPS) Equipment	8,000	
Sewer Camera	10,000	
Tractor Backhoe	85,000	
Sewer Vacuum/Jet Truck	400,000	
Equalization Basin Improvements	8,000	
Water Supply Improvements (Well Field Project)	500,000	
		<u>\$1,156,000</u>

**Total Use of Funds**

\$1,156,000

**Capital Improvements and Purchases**

Through the use of strong financial planning and sound cash management, the City has been able to use a "pay-as-you-go" financing approach to fund many capital improvements and purchases. This has given the City the flexibility to take advantage of low-interest loans similar to the one received in October of 2007 from the State of Michigan's State Revolving Fund (SRF), which was a \$3.9 million loan that is being used to fund a substantial Wastewater Treatment Plant renovation.



**Cash Flow Analysis**

**FY2014**

**Additions**

Net Income from Operations	\$28,000	
DWRF Loan Funds	500,000	
Depreciation	925,000	
<b>Total Additions</b>		1,453,000

**Deductions**

Principal Payments (1)	\$480,000	
Capital Improvements	1,156,000	
<b>Total Deductions</b>		1,636,000

**Net Increase (Decrease) of Available Cash** (\$183,000)

**Footnotes:**

(1) Principal payments include:

**1999 Revenue Refunding Bond**

	<i>Principal</i>	<i>Interest</i>
September 1, 2013	130,000	
September 1, 2013 (4.70%)		25,370
March 1, 2014 (4.70%)		22,315

**2001 Revenue Refunding Bond**

September 1, 2013	80,000	
September 1, 2013 (4.60%)		80,929
March 1, 2014 (4.60%)		79,089

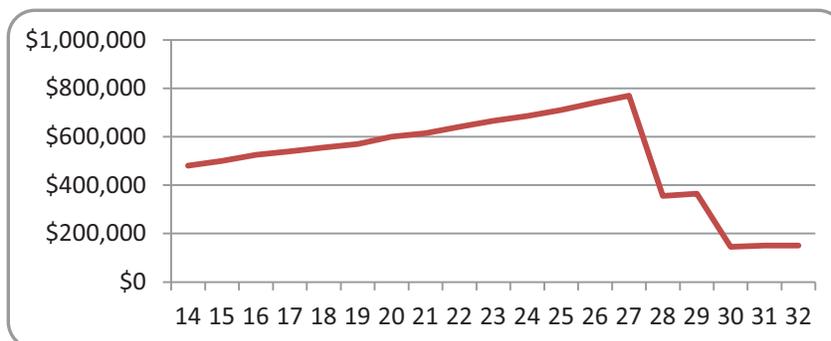
**2007 State of Michigan SRF Loan**

October 1, 2013	175,000	
October 1, 2013 (1.625%)		25,880
April 1, 2014 (1.625%)		24,458

**2011 State of Michigan DWRF Loan**

April 1, 2014	95,000	
October 1, 2013 (2.50%)		27,471
April 1, 2014 (2.50%)		27,471

<b>Total Debt Payments</b>	\$480,000	\$312,983	<b>\$792,983</b>
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**Water and Sewer System**  
Future Debt Principal Payments

**Water and Sewer Rates**

**Rates and Charges proposed as of July 1, 2013**

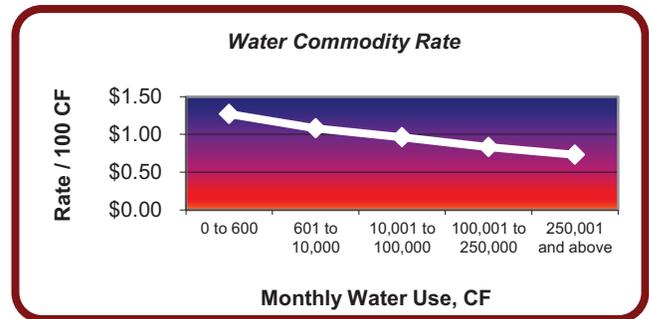
**Ready to serve charge**

<u>Meter Size</u>	<u>Water</u>	<u>Wastewater</u>
5/8"	\$6.05	\$9.76
3/4"	\$8.90	\$14.66
1"	\$14.84	\$24.42
1-1/2"	\$29.73	\$48.84
2"	\$47.42	\$78.17
3"	\$103.85	\$171.12
4"	\$178.02	\$293.17
6"	\$370.94	\$610.87
8"	\$534.12	\$879.61

**Commodity Charge**

**Volume (Cubic Feet - CF)**

0 to 600	\$1.27	
601 to 10,000	\$1.08	
10,001 to 100,000	\$0.96	
100,001 to 250,000	\$0.83	
250,001 and above	\$0.73	
Per 100 cubic feet per month		\$2.26



**Unmetered Users (Flat Rate)**

1. Monthly room charge (Living, Dining, Bedroom and Kitchens)	
1 to 3 rooms	\$8.44
4 to 6 rooms	\$9.47
7 to 8 rooms	\$11.17
Each additional room	\$1.54
2. Additional for each bathtub and shower	
	\$4.04
3. Additional for each toilet	
	\$4.46

### Continuing Disclosure Information

#### 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	1.30	22,148	1.00
	<u>\$1,454,983</u>	<u>100.00</u>	<u>\$2,209,013</u>	<u>100.00</u>

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

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Meter Classification</u>								
	<u>5/8"</u>	<u>3/4"</u>	<u>1"</u>	<u>1-1/2"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>
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	146.30	250.65	522.25	752.00
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
2013	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*

**Continuing Disclosure Information (Continued)**

**Monthly Ready-To-Serve Charge For Fire Protection**

Fiscal Year Ended June 30, 2013

<u>Line Size</u>	<u>Monthly Ready-To-Serve Charge</u>
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**

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Meter Classification</u>								
	<u>5/8"</u>	<u>3/4"</u>	<u>1"</u>	<u>1-1/2"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>
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
2013	6.05	8.90	14.84	29.73	47.42	103.85	178.02	370.94	534.12

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*

**Continuing Disclosure Information (Continued)**
**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>Percent of Change</u>	<u>Number</u>	<u>Percent 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
	<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*

**Building Authority Operating Fund**

**Fund: Building Authority Operating Fund**

**Type:** Enterprise Fund

**Oversight:** Director of Public Works and Engineering

**Nature and Purpose:**

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



The most recent use of the building authority was to sell bonds for parking lot renovations. The parking lots were reconstructed in the summer of 1998.

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Rental Income	\$193,704	\$195,900	\$195,900	<b>\$195,900</b>
Interest Income	24	1,200	1,500	<b>1,500</b>
<b>Total</b>	<b>\$193,728</b>	<b>\$197,100</b>	<b>\$197,400</b>	<b>\$197,400</b>
<b>Expenditures</b>				
Building Maintenance	11,894	8,500	9,000	<b>9,000</b>
Contractual Services	28,413	25,000	30,000	<b>30,000</b>
Audit	800	700	900	<b>900</b>
Liability Insurance	0	500	700	<b>700</b>
Utilities	3,037	3,200	3,500	<b>3,500</b>
Administration	5,000	5,000	5,000	<b>5,000</b>
Depreciation	38,451	39,900	39,900	<b>39,500</b>
Debt Service				
Interest Payment	26,042	22,000	22,500	<b>17,000</b>
<b>Total</b>	<b>\$113,637</b>	<b>\$104,800</b>	<b>\$111,500</b>	<b>\$105,600</b>
<b>Net Assets</b>				
Change in Net Assets	\$80,091	\$92,300	\$85,900	<b>\$91,800</b>
Total Net Assets - Beginning of Year	765,926	846,017	846,017	<b>938,317</b>
<b>TOTAL NET ASSETS AT YEAR END</b>	<b>\$846,017</b>	<b>\$938,317</b>	<b>\$931,917</b>	<b>\$1,030,117</b>

**Fund Highlights**

**Revenues**

The City of Cadillac rents the building to the State of Michigan and the rent is based on the operating expenses as well as the debt payments on the bond. Interest Income is earned by investing cash reserves and idle funds in accordance with the City's investment policy.

**Expenditures**

Building Maintenance costs cover the air conditioning, elevator, heating, electrical and other related items that are contracted for to maintain the facility. The contractual services reflect the contracts for landscaping, fire suppression system, and snow removal. Administration is the fee paid to the DDA fund for their management oversight of the facility. The Building Authority issued debt to fund the construction of this facility. In 1999 the debt was refinanced in order to take advantage of lower interest rates, resulting in \$33,000 in net present value savings.

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

**Chairperson:**

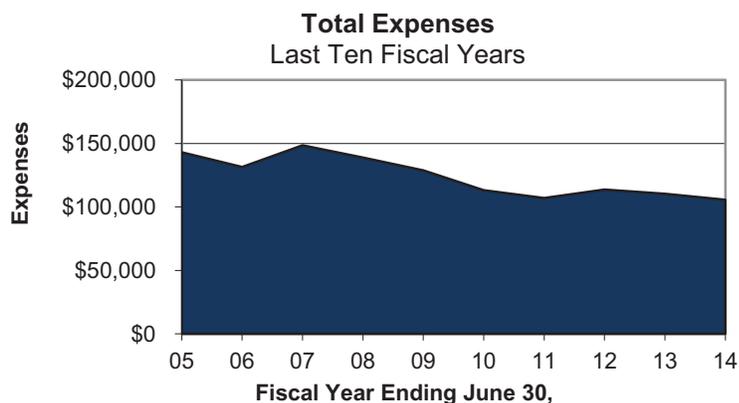
*Marcus A. Peccia*  
City Manager  
City of Cadillac

**Vice-Chairperson:**

*Michael Homier*  
Foster, Swift, Collins & Smith  
City Attorney  
City of Cadillac

**Secretary - Treasurer:**

*Owen E. Roberts*  
Director of Finance  
City of Cadillac



**Net Assets**

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

Expenses have remained relatively flat. Interest Expense continues to decline as the outstanding debt decreases.

**Building Authority Operating Fund**

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

**FY2014**

**Source of Funds**

Operational funds	45,000	
<b>Total Source of Funds</b>		<u><u>\$45,000</u></u>

**Use of Funds**

Carpet Replacement	45,000	
<b>Total Use of Funds</b>		<u><u>\$45,000</u></u>

**Note:**

The Building Authority is responsible for maintaining the facility, including capital upgrades as necessary. The carpet replacement was originally scheduled for FY2009 but has been delayed until FY2013 due to several other maintenance issues that took precedent over the project.

**Cash Flow Analysis**

**FY2014**

**Additions:**

Net Gain from Operations	91,800	
Depreciation	39,500	
<b>Total Additions</b>		\$131,300

**Deductions:**

Principal Payment	130,000	
Capital Improvements	45,000	
<b>Total Deductions</b>		\$175,000

<b>Net Increase (Decrease) in Cash</b>		<u><u>(\$43,700)</u></u>
--	--	--------------------------

**Note:**

There are sufficient reserves on hand to cover the use of cash anticipated for FY2014.

**Building Authority Operating Fund**

**Outstanding Debt Issue**

**Title of Issue:** 1999 Building Authority Fund Refunding Bonds

**Date of Issue:** February 2, 1999

**Purpose:** For the purpose of advance refunding the 1994 Building Authority Bonds dated December 1, 1994 maturing in the years 2006 through and including 2015 on October 1, 1995.

**DEBT SERVICE DETAILS**

	Amount of Issue:	Amount Redeemed		Balance
		Prior	Current	
	\$1,265,000	\$735,000	\$125,000	<b>\$405,000</b>

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
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
		\$405,000	\$28,405	\$433,405

## Special Revenue Funds Summary

### Special Revenue Funds

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

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

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

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

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

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

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

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

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

**Lake Treatment Fund** - The fund is established for collection of an added voted millage dedicated for the eradication of Eurasian water milfoil and other invasive aquatic species in Lake Cadillac.

**H. L. Green Operating Fund** – This fund was established to account for the rental and sale of the H. L. Green building in downtown Cadillac.

Special Revenue Funds Summary

**FY2014**

	Cemetery Fund	Naval Reserve Center Fund	Cadillac Development Fund	Lake Treatment Fund	H. L. Green Operating Fund	Total
<b>REVENUES</b>						
Interest Income	\$0	\$100	\$10,000	\$1,500	\$1,000	\$12,600
Interest Income-Loan			21,000			21,000
Principal Repayment-Loan						0
Rental		11,200				11,200
Charges for Services	51,900					51,900
Local Funds	32,000					32,000
General Fund	75,000					75,000
Property Taxes				123,000		123,000
Surplus		11,200	40,000			51,200
<b>TOTAL REVENUES</b>	<b>\$158,900</b>	<b>\$22,500</b>	<b>\$71,000</b>	<b>\$124,500</b>	<b>\$1,000</b>	<b>\$377,900</b>
<b>EXPENDITURES</b>						
Operating Expenditures	127,700	22,500	35,100	124,500	500	310,300
Community Development			35,900			35,900
Capital Outlay	31,000					31,000
Debt Service						0
Transfer Out						0
<b>TOTAL EXPENDITURES</b>	<b>\$158,700</b>	<b>\$22,500</b>	<b>\$71,000</b>	<b>\$124,500</b>	<b>\$500</b>	<b>\$377,200</b>
Change in Fund Balance	\$200	(\$11,200)	(\$40,000)	\$0	\$500	(\$50,500)
Fund Balance - Beginning of Year	7,094	13,951	1,370,455	70,892	116,812	1,579,204
<b>Fund Balance - End of Year</b>	<b>\$7,294</b>	<b>\$2,751</b>	<b>\$1,330,455</b>	<b>\$70,892</b>	<b>\$117,312</b>	<b>\$1,528,704</b>

**Footnotes:**

(1) Excludes "Surplus". Surplus indicates the appropriation of prior fund balance to fund current expenditures. The budget staff has determined that sufficient prior year fund balance is available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section of budget document.

**Cemetery Operating Fund**

**Fund: Cemetery Operating Fund**

**Type:** Special Revenue Fund  
**Oversight:** Director of Public Works and Engineering

**Nature and Purpose:**

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

The General Fund of the City funds approximately 56% of Cemetery operations. This is below the average of other cemeteries in Northern Michigan. This contribution was shown for the first time in FY2009. Historically the General Fund has provided administrative support services at no cost to the Cemetery, but in an effort to more accurately reflect the true operating cost of the cemetery, these amounts are now shown in this fund.

**Advisory Board & Cemetery Management**

Article 18, Section 18.1 of the City Charter reflects that an advisory board shall be established to handle policy related cemetery rules and ordinances relating to the cemetery. The City Manager, for all practical purposes, has delegated this responsibility to the Director of Public Works and Engineering. A cemetery superintendent is responsible for the daily activity of cemetery personnel, which consists of the cemetery supervisor and two part-time maintenance workers. These part-time workers do not work during the winter months, but begin working when the snow melts to maintain the Cemetery.

**Advisory Board**

- Roy Wohlford, Jr.**, *Chairperson*
- Charles LaBar**, *Member*
- Nick Nelson**, *Member*
- Chris Benson**, *Secretary*
- Bruce DeWitt**, *Ex-Officio, Director of Public Works and Engineering*

**PERFORMANCE MEASURES - MAPLE HILL CEMETERY**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Number of Lots Sold		38	34	30	30	↔
Number of Burials		40	46	40	40	↔
Number of Cremains		33	26	30	30	↔
Total Revenue		\$50,855	\$55,553	\$51,200	\$51,900	↑
General Fund Contribution		\$72,400	\$75,000	\$75,000	\$75,000	↑
G.F. Contribution as % of Expenditures		59%	59%	56%	56%	↔

**Cemetery Operating Fund**

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenue</b>				
Charges For Services:				
Sale of Lots & Burial Rites	\$7,025	\$11,000	\$9,800	<b>\$10,500</b>
Grave Openings & Storage	40,855	34,000	33,000	<b>33,000</b>
Foundations & Miscellaneous	7,673	7,500	8,400	<b>8,400</b>
Miscellaneous:				
Transfer In - Perpetual Care	0	10,000	10,000	<b>32,000</b>
Contribution from General Fund	75,000	75,000	75,000	<b>75,000</b>
Surplus	0	0	0	<b>0</b>
<b>Total</b>	<b>\$130,553</b>	<b>\$137,500</b>	<b>\$136,200</b>	<b>\$158,900</b>
<b>Expenditures</b>				
Salaries - Regular	\$39,558	\$39,000	\$39,000	<b>\$39,000</b>
Salaries - Part Time	19,427	21,000	25,000	<b>25,000</b>
Fringes	25,519	23,500	24,000	<b>26,400</b>
Liability Insurance	0	500	0	<b>500</b>
Operating Supplies	15,363	12,000	12,000	<b>15,000</b>
Audit	500	500	500	<b>500</b>
Utilities	11,253	11,000	11,500	<b>11,000</b>
Telephone	266	400	400	<b>300</b>
Equipment Rental	4,973	4,500	4,300	<b>4,300</b>
Travel & Education	243	400	400	<b>400</b>
Repair and Maintenance	4,075	7,000	5,300	<b>5,300</b>
Capital Outlay	11,016	11,000	11,000	<b>31,000</b>
<b>Total</b>	<b>\$132,193</b>	<b>\$130,800</b>	<b>\$133,400</b>	<b>\$158,700</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(1,640)	6,700	2,800	<b>200</b>
Fund Balance - Beginning of Year	2,034	394	394	<b>7,094</b>
<b>Ending Fund Balance</b>	<b>\$394</b>	<b>\$7,094</b>	<b>\$3,194</b>	<b>\$7,294</b>

**Cemetery Staffing**

A portion of administrative salaries are allocated to this fund according to the estimated time spent on Cemetery activities, as follows:

Allen Dumond	Parks & Cemetery Superintendent	5.0%
Bryan Elenbaas	Cemetery Supervisory	85.0%

**Part-Time Labor**

Due to the elimination of prison labor availability from the State of Michigan, the Cemetery will need to hire 2 part-time workers to keep up with the daily maintenance of the Cemetery. This has added significant costs to the Cemetery and will create long-term challenges that need to be addressed to insure the long-term stability of the Cemetery operation.

**Naval Reserve Center Fund**

**Fund: Naval Reserve Center Fund**

**Type:** Special Revenue Fund

**Oversight:** Director of Finance

**Nature and Purpose:**

In 1947 the City of Cadillac began leasing the Naval Reserve Center to the Department of Navy. The lease was for \$1 per year. During this time the Navy was responsible for all operational costs of the Naval Reserve Center including all utilities and property and building maintenance. This resulted in no cost to the City of Cadillac. Due to military downsizing by the federal government, the Department of Navy vacated the Naval Reserve Center on June 1, 1996. Since then, the City has rented the building to various non-profit organizations for office, classroom, storage, and recreational space.



<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Interest Income	\$9	\$100	\$100	<b>\$100</b>
Rental Income:				
City of Cadillac Parks Division	1,100	1,100	1,500	<b>1,100</b>
Senior Citizens Center	5,193	5,300	4,900	<b>5,500</b>
Northwest Baptist Association	0	3,500	0	<b>4,000</b>
Wexford Genealogical Society	672	700	600	<b>600</b>
Miscellaneous	3,300	2,500	0	<b>0</b>
Surplus	0	9,200	17,100	<b>11,200</b>
<b>Total</b>	<b>\$10,274</b>	<b>\$22,400</b>	<b>\$24,200</b>	<b>\$22,500</b>
<b>Expenditures</b>				
Building Maintenance	\$7,245	\$4,500	\$5,500	<b>\$5,000</b>
Audit	500	\$500	500	<b>0</b>
Liability Insurance	500	1,400	700	<b>500</b>
Utilities	15,647	16,000	17,500	<b>17,000</b>
<b>Total</b>	<b>\$23,892</b>	<b>\$22,400</b>	<b>\$24,200</b>	<b>\$22,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$13,618)	(\$9,200)	(\$17,100)	<b>(\$11,200)</b>
Fund Balance - Beginning of Year	36,769	23,151	23,151	<b>13,951</b>
<b>Ending Fund Balance</b>	<b>\$23,151</b>	<b>\$13,951</b>	<b>\$6,051</b>	<b>\$2,751</b>

**Naval Reserve Center Fund**

**Other Facility Information**

The City of Cadillac converted the former Naval Reserve Center into a Community Center. The Center has been mostly vacant for several years. Significant upgrades will be required in order for the available space to be leased out in the future. The Senior Citizens Center, Cadillac Genealogy Society, and the City of Cadillac Parks Division currently rent space at the building. Funding for the Senior Center is provided through the Cadillac Community Schools Recreation Program, to which the City contributes about \$66,000 annually.

The City is the landlord and is responsible for lawn care and snow removal in the parking lot, structural maintenance and upkeep, and assuring that the building is capable of housing tenants in accordance with applicable building and zoning ordinances. Rental rates are kept low in order to reflect the City's desire to provide affordable space to these non-profit agencies.

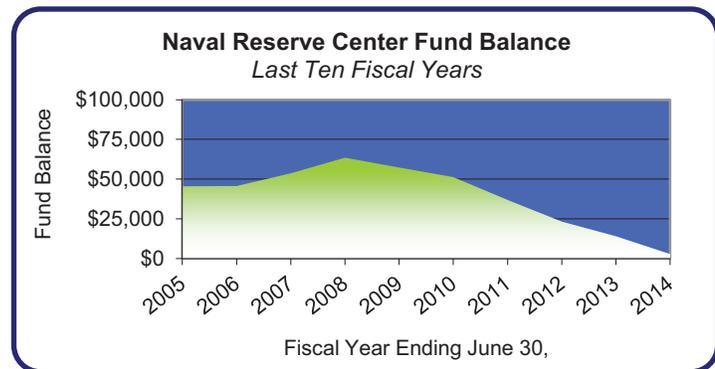
The City was able to improve and expand the parking lot in 2002. The flat section of the roof was previously scheduled for replacement, but the project has been postponed until a later date when funds are available.

**Property Management**

Director of Finance Owen Roberts functions as the property manager for the City, providing management oversight. Municipal Complex Custodian Jim Givens assists with maintenance issues at the facility.

**Fund Balance**

Due to the facility being mostly vacant for several years, the fund balance is nearly gone. Decisions will need to be made regarding the future of the facility.



**Cadillac Development Fund**

**Fund: Cadillac Development Fund**

**Type:** Special Revenue Fund  
**Oversight:** Community Development Director

**Nature and Purpose:**

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

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

The Community Development Director is a full-time position funded 40% by this fund, 30% by the General Fund and 30% by the Downtown Development Authority. This position works primarily with the downtown merchants and the related promotions and recruitment.

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Interest Income	\$0	\$7,500	\$15,000	<b>\$10,000</b>
Interest Income - Loans	23,477	17,000	17,000	<b>21,000</b>
Loan Principal Collection	400	0	0	<b>0</b>
Contributions from Private Sources	0	0	0	<b>0</b>
Surplus	0	26,800	19,900	<b>40,000</b>
<b>Total</b>	<b>\$23,877</b>	<b>\$51,300</b>	<b>\$51,900</b>	<b>\$71,000</b>
<b>Expenditures</b>				
Urban Redevelopment and Housing Administration	\$21,800	\$15,300	\$15,500	<b>\$35,100</b>
Community Development Director	33,286	36,000	36,400	<b>35,900</b>
	<b>\$55,086</b>	<b>\$51,300</b>	<b>\$51,900</b>	<b>\$71,000</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$31,209)	(\$26,800)	(\$19,900)	<b>(\$40,000)</b>
Fund Balance - Beginning of Year	1,428,464	1,397,255	1,397,255	<b>1,370,455</b>
<b>Ending Fund Balance</b>	<b>\$1,397,255</b>	<b>\$1,370,455</b>	<b>\$1,377,355</b>	<b>\$1,330,455</b>

**Cadillac Development Fund**

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenditures</b>				
<b>Urban Redevelopment and Housing Administration</b>				
Office Supplies	\$0	\$100	\$100	<b>\$100</b>
Postage	0	0	200	<b>0</b>
Data Processing	2,000	0	0	<b>0</b>
Audit	700	700	700	<b>500</b>
Contractual Services	0	2,500	2,500	<b>2,500</b>
Administration	19,100	12,000	12,000	<b>12,000</b>
Transfer Out - Auto Parking Fund	0	0	0	<b>20,000</b>
<b>Total Administration</b>	<b>\$21,800</b>	<b>\$15,300</b>	<b>\$15,500</b>	<b>\$35,100</b>
<b>Community Development Director</b>				
Salaries	\$24,088	\$24,500	\$25,000	<b>\$25,000</b>
Fringes	9,073	10,500	9,700	<b>10,000</b>
Office Supplies	0	100	300	<b>300</b>
Postage	0	100	300	<b>0</b>
Dues and Publications	125	300	600	<b>300</b>
Travel & Education	0	500	500	<b>300</b>
<b>Total Community Development Director</b>	<b>\$33,286</b>	<b>\$36,000</b>	<b>\$36,400</b>	<b>\$35,900</b>
<b>Total Expenditures</b>	<b>\$55,086</b>	<b>\$51,300</b>	<b>\$51,900</b>	<b>\$71,000</b>

**Cadillac Development Fund Goals:**

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

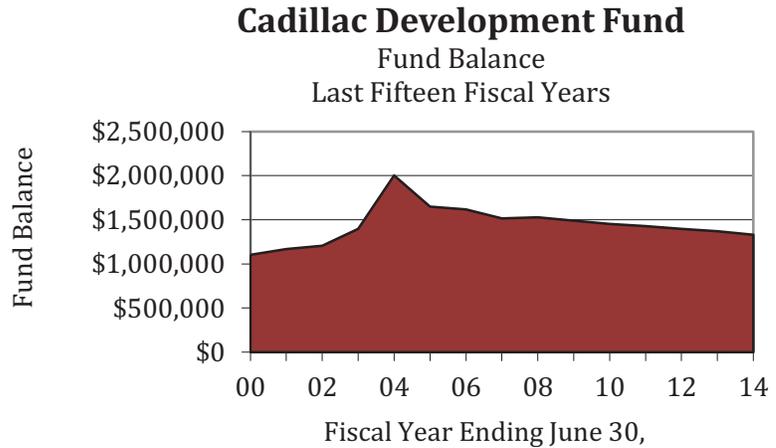
**Community Development Director**

Jerry Adams functions as the Director of Community Development for the City of Cadillac. This is in addition to his roles in planning and zoning and as the Downtown Development Authority Director. Adams brings a wealth of experience to the City from his background as a planning consultant with many years of experience.

**Fund Financial Highlights**

**Fund Balance**

The fund balance in this fund has experienced very positive results since the Hampton Inn loan was repaid in 2000. The resources in this fund continue to provide funds for development purposes, including the funds committed to sustaining city building inspection activities. A portion of the fund balance has been used over the last several years, as interest earnings have dropped and increased contributions have been made to various development activities.



**Interest Income - Loans**

This line item accounts for the interest received on various loans made to other internal City functions.

**Transfer Out - Auto Parking Fund**

Transfers were made to the Building Inspection Fund to help sustain this activity through difficult economic times. This activity has now been eliminated.

**Project Highlights**

**Façade Improvement Loans Granted**

**Address**

- 108 Beech Street
- 102 South Mitchell Street (2 granted) \*
- 106 South Mitchell Street \*
- 112 South Mitchell Street
- 114 South Mitchell Street
- 118 South Mitchell Street
- 134 West Harris Street \*
- 408 North Mitchell Street
- 823 North Mitchell Street
- 117 North Mitchell Street \*

**Business**

- Commercial Rental Facility
- Lakeside Title/Manpower
- Shay Station
- Brink's Custom Framing
- Steve Fowler's Hairstyling Salon
- Quadrant Northwest Appraisal Service
- Baird, Cotter & Bishop, CPA, PC
- Comfort Center
- Muffler Man
- Commercial/Retail Rental Building

\* See additional highlights of project below

**Project Highlights (Continued)**



**102 South Mitchell Street**

The City participated with the City Park Professional group and Citizens Bank to help assist the redevelopment of the façade of a prominent downtown building. This provided a very significant enhancement to the downtown area and also helped enable re-use of an older downtown structure. This project was completed in 2006.

**106 South Mitchell Street**

This project was a participation between Rich and Beth Boscher, owners of the Shay Station restaurant, and Firstbank. The project significantly enhanced the appearance of a downtown building. The project was completed in 2006.



**134 West Harris Street**

Citizens Bank and the City of Cadillac partnered to provide the partners in the accounting firm of Baird, Cotter & Bishop, CPAs, with a low-interest loan to give their office building a facelift in 2005. This project is near the lakefront and provided the opportunity to improve the appearance of the professional office facility.



**117 North Mitchell Street**

The commercial rental facility known as the Kramer building suffered substantial damage from a fire in 2006. The City worked with the owners to partner with 5/3 Bank in providing funds to assist with the renovation of the building façade which was completed in 2007.



**Lake Treatment Fund**

**Fund: Lake Treatment Fund**

**Type:** Special Revenue Fund  
**Oversight:** Community Development Director

**Nature and Purpose:**

The Lake Treatment Fund was formed to segregate revenues received exclusively for the treatment of milfoil and other invasive aquatic plant and animal species that found their way to Lake Cadillac. The voters of Cadillac approved a millage in February 2011 to provide resources for this treatment.

Lake Cadillac represents a 1,150 acre freshwater inland lake located within the city’s boundaries. The lake is considered the city’s greatest natural asset and one of its most important recreational resources. Unfortunately, like many of Michigan’s inland lakes, Lake Cadillac experiences the presence of several invasive aquatic species including Eurasian watermilfoil and Zebra mussels.

The millage is dedicated to the implementation of measures oriented to the control of these undesirable plants and animals. Funds generated by the millage will be used to retain a qualified freshwater aquatic consultant to assist on matters of invasive species management and for lake treatment programs, public education, and related activities.

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Special Assessment Payments	\$128,393	\$120,000	\$119,000	<b>\$123,000</b>
Interest Income	476	700	500	<b>1,500</b>
Surplus	0	0	0	<b>0</b>
<b>Total</b>	<b>\$128,869</b>	<b>\$120,700</b>	<b>\$119,500</b>	<b>\$124,500</b>
<b>Expenditures</b>				
Contractual Services	\$93,669	\$90,000	\$117,500	<b>\$122,500</b>
Supplies	0	500	1,500	<b>1,500</b>
Audit	500	450	500	<b>500</b>
<b>Total</b>	<b>\$94,169</b>	<b>\$90,950</b>	<b>\$119,500</b>	<b>\$124,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$34,700	\$29,750	\$0	<b>\$0</b>
Fund Balance - Beginning of Year	6,442	41,142	41,142	<b>70,892</b>
<b>Ending Fund Balance</b>	<b>\$41,142</b>	<b>\$70,892</b>	<b>\$41,142</b>	<b>\$70,892</b>

**Contractual Service**

The principal use of funding provided by the millage is for engineering and treatment services provided contractually by outside vendors. These services are expected to be about \$90,000 - \$100,000 per year. The remainder of the costs are for permits and educational activities.

**H.L. Green Operating Fund**

**Fund: H.L. Green Operating Fund**

**Type:** Special Revenue Fund  
**Oversight:** Director of Finance

**Nature and Purpose:**

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

The purpose of this fund is to track revenues and expenses associated with the operation of the building, to assure receipt of land contract payments, and to ensure repayments of funding sources utilized in the initial development.

**Revenues**

The major source of revenue in this fund was from the land contract, which was paid in full in FY2013.

**Expenditures**

There are no planned expenditures for FY2014.

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Land Contract - Grant	\$26,530	\$17,300	\$17,300	\$0
Interest Income	971	1,000	600	1,000
<b>Total</b>	<b>\$27,501</b>	<b>\$18,300</b>	<b>\$17,900</b>	<b>\$1,000</b>
<b>Expenditures</b>				
Audit	\$500	\$500	\$500	\$500
Principal Payment	0	0	0	0
<b>Total</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$27,001	\$17,800	\$17,400	\$500
Fund Balance - Beginning of Year	72,011	99,012	99,012	116,812
<b>Ending Fund Balance</b>	<b>\$99,012</b>	<b>\$116,812</b>	<b>\$116,412</b>	<b>\$117,312</b>

**Debt Service Funds Summary**

**Debt Management Policy**

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

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

More information regarding the City's debt policy can be found in the Supplemental Section of the Operating Budget document.

**Debt Service Funds Summary**

**FY2014**

	2000 S.A.	2000 M.T.F.	2002 S.A.	2004 G.O. Capital Imp.	Total
<b>Revenues:</b>					
Local Contribution - Local Street				\$68,400	\$68,400
Local Contribution - Major Street				18,200	18,200
Special Assessments					0
Interest Income - Assessments					0
Interest Income					0
Transfer in		71,000	4,000	120,400	195,400
Surplus	207,000	3,500	12,800		223,300
<b>Total Revenues</b>	<b>\$207,000</b>	<b>\$74,500</b>	<b>\$16,800</b>	<b>\$207,000</b>	<b>\$505,300</b>
<b>Expenditures</b>					
Audit	\$600	\$500	\$600	\$500	\$2,200
Bond Principal Payment	10,000	70,000	15,000	65,000	160,000
Interest Expense	1,000	4,000	1,200	21,100	27,300
Transfer out	195,400				195,400
<b>Total Expenditures</b>	<b>\$207,000</b>	<b>\$74,500</b>	<b>\$16,800</b>	<b>\$86,600</b>	<b>\$384,900</b>
<b>Revenue Over (Under) Expenditures (1)</b>	<b>(\$207,000)</b>	<b>(\$3,500)</b>	<b>(\$12,800)</b>	<b>\$120,400</b>	<b>(\$102,900)</b>
<b>Fund Balance - Beginning of Year</b>	<b>\$207,097</b>	<b>\$3,571</b>	<b>\$12,829</b>	<b>\$2,714</b>	<b>\$226,211</b>
<b>Fund Balance - End of Year</b>	<b>\$97</b>	<b>\$71</b>	<b>\$29</b>	<b>\$123,114</b>	<b>\$123,311</b>

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

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section of this document.

**Debt Service Funds Summary**

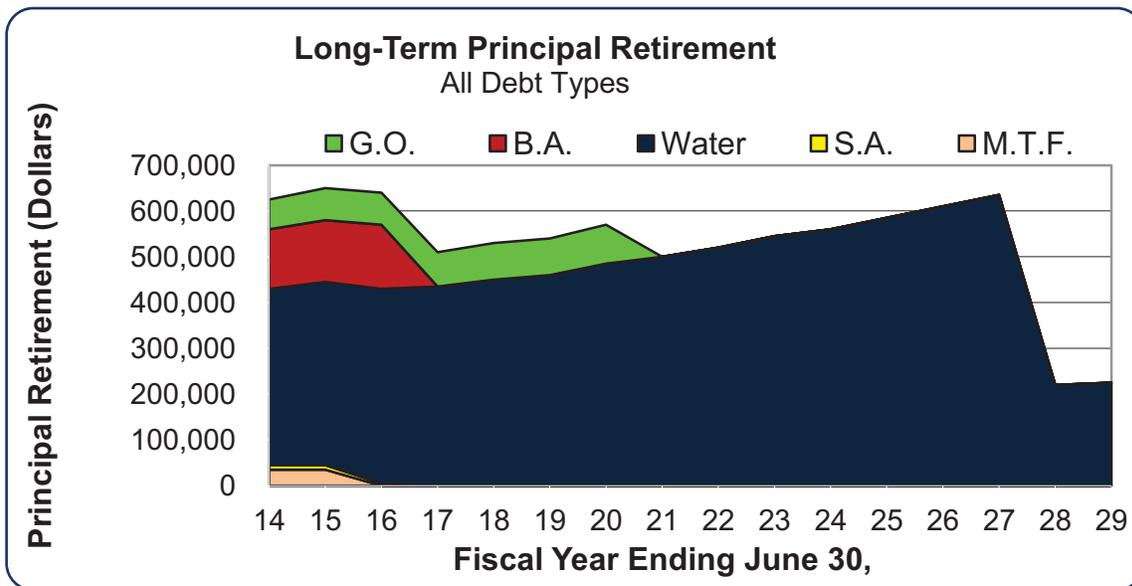
**Debt Limit**

**LEGAL DEBT MARGIN - JUNE 30, 2012**

Taxable Valuation		<u>\$253,295,719</u>
Statutory Debt Limit - 10% of Assessed Valuation		\$25,329,572
Amount of Debt Applicable to Limit:		
Gross Bonded Debt	\$11,598,000	
Less		
Assets Available for Debt Service	2,487	
Bond Debt Not Subject To Limit:		
Special Assessment Bonds	45,000	
Revenue Bonds	10,675,000	
Other Debt	158,000	<u>10,880,487</u>
Total Amount of Debt Applicable to Debt Limit		<u>717,513</u>
<b>LEGAL DEBT MARGIN</b>		<u><u>\$24,612,059</u></u>

**Principal Retirement Schedule**

The City of Cadillac only uses debt financing for capital projects. The amortization period of the debt principal is scheduled for no longer than the estimated life of the capital asset that the principal of the debt is used to acquire or construct.



**Debt Service Funds Summary**
**Debt Summary**

<i>Fiscal Year Ending June 30, 2014</i>				
<u>Description of Debt</u>	<u>Fund Servicing Debt</u>	<u>Debt Outstanding June 30, 2013</u>	July 1, 2013 - June 30, 2014 Debt Service Payments	
			<u>Principal</u>	<u>Interest</u>
Bonds and Installment Notes				
2000	Special Assessment	10,000	10,000	416
2002	Special Assessment	15,000	15,000	617
1999	Building Authority	405,000	130,000	15,640
Revenue Bonds				
1999	Water and Wastewater	1,060,000	130,000	47,685
2001	Water and Wastewater	3,190,000	80,000	160,018
2007	State of Michigan SRF	3,185,205	175,000	50,338
2012	State of Michigan DWRF	2,197,671	95,000	48,213
Michigan Transportation Bonds				
2000	Local Street	70,000	70,000	2,914
General Obligation Bonds				
2004	Major/Local Streets	525,000	65,000	19,642
Total Debt		<u>\$10,657,876</u>	<u>\$770,000</u>	<u>\$345,483</u>

**Other Debt Statistics**

Fiscal Year Ending <u>June 30.</u>	Total Debt Per Capita Total Debt Per Capita (inclusive of all funds) <u>2010 Census - 10,355</u>	Rate of Principal Retirement
2005	1,295.50	14.67%
2006	1,165.50	6.18%
2007	1,062.00	6.92%
2008	988.50	7.49%
2009	1,301.00	5.89%
2010	1,182.52	7.59%
2011	1,092.71	8.40%
2012	1,000.50	9.12%
2013	1,150.67	8.82%
2014	1,029.25	6.76%

**2000 Special Assessment Debt Retirement Fund**

**2000 Special Assessment Debt Retirement Fund**

**Type:** Debt Service Fund  
**Oversight:** Director of Finance

**TITLE OF ISSUE:** 2000 Special Assessment Limited Tax Bonds  
**DATE OF ISSUE:** June 1, 2000

**PURPOSE:** Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Special Assessments	\$3,798	\$2,200	\$2,200	\$0
Interest Income - Assessments	432	300	300	0
Interest Income	0	2,000	2,000	0
Transfer In	121,186	0	0	0
Surplus	0	7,800	7,800	207,000
<b>Total</b>	<b>\$125,416</b>	<b>\$12,300</b>	<b>\$12,300</b>	<b>\$207,000</b>
<b>Expenditures</b>				
Audit	\$600	\$500	\$600	\$600
Bond Principal Paid	5,000	10,000	10,000	\$10,000
Interest Expense	4,231	1,700	1,700	1,000
Transfer Out	0	0	0	195,400
<b>Total</b>	<b>\$9,831</b>	<b>\$12,200</b>	<b>\$12,300</b>	<b>\$207,000</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$115,585	(\$7,700)	(\$7,800)	(\$207,000)
Fund Balance - Beginning of Year	99,212	214,797	214,797	207,097
<b>Ending Fund Balance</b>	<b>\$214,797</b>	<b>\$207,097</b>	<b>\$206,997</b>	<b>\$97</b>

**DEBT SERVICE DETAILS**

AMOUNT OF ISSUE		AMOUNT REDEEMED		
		Prior	Current	Balance
\$210,000		\$190,000	\$10,000	\$10,000
DEBT SERVICE REQUIREMENTS				
DUE DATES	RATE	PRINCIPAL	INTEREST	TOTAL
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
		\$10,000	\$555	\$10,555

*\* The FY2014 budget plans to use residual fund balances in the City's debt funds to pay off outstanding bonds.*

**2000 Michigan Transportation Fund Debt Retirement Fund**

**2000 Michigan Transportation Fund (MTF) Debt Retirement Fund**

**Type:** Debt Service Fund  
**Oversight:** Director of Finance

**TITLE OF ISSUE:** 2000 Michigan Transportation Fund Bonds  
**DATE OF ISSUE:** June 1, 2000

**PURPOSE:** 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.

FUNDING SUMMARY	FY2011 Actual	FY2012 Estimated	FY2012 Adopted	FY2013 Proposed
<b>Revenues</b>				
Transfer from Local Street Fund	\$33,082	\$35,800	\$35,800	\$0
Transfer In - Other Debt Service Fund	0	0	0	71,000
Surplus	0	0	0	3,500
<b>Total</b>	<b>\$33,082</b>	<b>\$35,800</b>	<b>\$35,800</b>	<b>\$74,500</b>
<b>Expenditures</b>				
Audit	\$500	\$500	\$500	\$500
Bond Principal Paid	25,000	30,000	30,000	70,000
Interest Expense	6,498	5,300	5,300	4,000
<b>Total</b>	<b>\$31,998</b>	<b>\$35,800</b>	<b>\$35,800</b>	<b>\$74,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$1,084	\$0	\$0	(\$3,500)
Fund Balance - Beginning of Year	2,487	3,571	3,571	3,571
<b>Ending Fund Balance</b>	<b>\$3,571</b>	<b>\$3,571</b>	<b>\$3,571</b>	<b>\$71</b>

**DEBT SERVICE DETAILS**

AMOUNT OF ISSUE	RATE	AMOUNT REDEEMED		Balance
		Prior	Current	
\$300,000		\$200,000	\$30,000	\$70,000
DEBT SERVICE REQUIREMENTS				
DUE DATES	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2013	5.55%	\$35,000	\$1,943	\$36,943
April 1, 2014			\$971	\$971
October 1, 2014	5.55%	\$35,000	\$971	\$35,971
		\$70,000	\$3,885	\$73,885

*\* The FY2014 budget plans to use residual fund balances in the City's debt funds to pay off outstanding bonds.*

**2002 Special Assessment Debt Retirement Fund**

**2002 Special Assessment Debt Retirement Fund**

**Type:** Debt Service Fund

**Oversight:** Director of Finance

**TITLE OF ISSUE:** 2002 Special Assessment Limited Tax Bonds

**DATE OF ISSUE:** June 1, 2002

**PURPOSE:** Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Special Assessments	\$2,328	\$2,500	\$3,100	\$0
Interest Income - Assessments	961	500	600	0
Transfer In	0	0	0	4,000
Surplus	0	0	8,400	12,800
<b>Total</b>	<b>\$3,289</b>	<b>\$3,000</b>	<b>\$12,100</b>	<b>\$16,800</b>
<b>Expenditures</b>				
Audit	\$600	\$600	\$600	\$600
Bond Principal Paid	30,000	10,000	10,000	15,000
Interest Expense	2,126	1,500	1,500	1,200
<b>Total</b>	<b>\$32,726</b>	<b>\$12,100</b>	<b>\$12,100</b>	<b>\$16,800</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$29,437)	(\$9,100)	(\$8,400)	(\$12,800)
Fund Balance - Beginning of Year	51,366	21,929	21,929	12,829
<b>Ending Fund Balance</b>	<b>\$21,929</b>	<b>\$12,829</b>	<b>\$13,529</b>	<b>\$29</b>

**DEBT SERVICE DETAILS**

<b>AMOUNT OF ISSUE</b>		<b>AMOUNT REDEEMED</b>		
		<b>Prior</b>	<b>Current</b>	<b>Balance</b>
\$325,000		\$300,000	\$10,000	\$15,000
<b>DEBT SERVICE REQUIREMENTS</b>				
<b>DUE DATES</b>	<b>RATE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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
		<b>\$15,000</b>	<b>\$1,113</b>	<b>\$16,113</b>

*\* The FY2014 budget plans to use residual fund balances in the City's debt funds to pay off outstanding bonds.*

2004 General Obligation Capital Improvement Debt Retirement Fund

**2004 G.O. Capital Improvement Bonds Debt Retirement Fund**

**Type:** Debt Service Fund  
**Oversight:** Director of Finance

**TITLE OF ISSUE:** 2004 General Obligation Capital Improvement Bonds  
**DATE OF ISSUE:** November 1, 2004

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

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Transfer from Local Street Fund	\$72,400	\$70,100	\$70,100	<b>\$68,400</b>
Transfer from Major Street Fund	18,100	18,600	18,600	<b>18,200</b>
Transfer In - Other Debt Funds	0	0	\$0	<b>120,400</b>
<b>Total</b>	<b>\$90,500</b>	<b>\$88,700</b>	<b>\$88,700</b>	<b>\$207,000</b>
<b>Expenditures</b>				
Audit	500	500	500	<b>500</b>
Bond Principal Paid	65,000	65,000	65,000	<b>65,000</b>
Interest Expense	24,416	23,000	23,200	<b>21,100</b>
<b>Total</b>	<b>\$89,916</b>	<b>\$88,500</b>	<b>\$88,700</b>	<b>\$86,600</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$584	\$200	\$0	<b>\$120,400</b>
Fund Balance - Beginning of Year	1,930	2,514	2,714	<b>2,714</b>
<b>Ending Fund Balance</b>	<b>\$2,514</b>	<b>\$2,714</b>	<b>\$2,714</b>	<b>\$123,114</b>

<b>Fiscal Year</b>	<b>DEBT SERVICE REQUIREMENTS</b>					
	<b>Major Street Fund</b>		<b>Local Street Fund</b>		<b>Total Debt Service</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2014	13,650	4,125	51,350	15,517	<b>\$65,000</b>	<b>\$19,642</b>
2015	14,700	3,600	55,300	13,543	<b>\$70,000</b>	<b>\$17,143</b>
2016	14,700	3,041	55,300	11,442	<b>\$70,000</b>	<b>\$14,483</b>
2017	15,750	2,447	59,250	9,207	<b>\$75,000</b>	<b>\$11,654</b>
2018	16,800	1,796	63,200	6,756	<b>\$80,000</b>	<b>\$8,552</b>
2020	17,850	379	67,150	1,427	<b>\$85,000</b>	<b>\$1,806</b>
	<b>110,250</b>	<b>16,496</b>	<b>414,750</b>	<b>62,056</b>	<b>525,000</b>	<b>78,552</b>

2004 General Obligation Capital Improvement Debt Retirement Fund

**DEBT SERVICE DETAILS**

		<b>AMOUNT REDEEMED</b>		
		<u>Prior</u>	<u>Current</u>	<u>Balance</u>
<b>AMOUNT OF ISSUE</b>	\$995,000	\$405,000	\$65,000	\$525,000

<b>DEBT SERVICE REQUIREMENTS</b>				
<b>DUE DATES</b>	<b>RATE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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
		\$525,000	\$78,552	\$603,552

**FIVE YEAR PROJECTIONS**

	<b>Fiscal Year Ending June 30,</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Revenues</b>					
Local Contribution - Local Street Fund	\$70,800	\$68,800	\$66,400	\$72,400	\$70,000
Local Contribution - Major Street Fund	17,700	17,200	16,600	18,100	17,500
<b>Total Revenues</b>	<b>\$88,500</b>	<b>\$86,000</b>	<b>\$83,000</b>	<b>\$90,500</b>	<b>\$87,500</b>
<b>Expenditures</b>					
Audit	\$500	\$500	\$500	\$500	\$500
Principal Payment	70,000	70,000	70,000	80,000	80,000
Interest Expense	18,000	15,500	12,500	10,000	7,000
<b>Total Expenditures</b>	<b>\$88,500</b>	<b>\$86,000</b>	<b>\$83,000</b>	<b>\$90,500</b>	<b>\$87,500</b>

## Capital Projects Funds Summary

### **Capital Projects Funds**

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The accounting for this group of accounts is on the modified accrual basis.

**Industrial Park Fund** - The purpose is acquisition and development of a 300 acre tract of land into an industrial park for manufacturing companies. Part of the development costs of the project have been through a small cities grant from the State of Michigan and the Department of Commerce.

**Special Assessment Capital Projects Fund** - Accounts for preliminary and construction work on projects that are subsequently paid from special assessments.

Capital Projects Funds Summary

**Capital Projects Funds Summary**

**FY2014**

	Industrial Park Fund	Special Assessments Capital Projects	Total
<b>Revenues</b>			
Sale of Property	\$35,000		\$35,000
Interest Income	4,000	\$500	4,500
Interest Income - Assessments		4,000	4,000
Special Assessment Principal		23,000	23,000
Bond Proceeds			0
Grants - State of Michigan			0
Local Funds			0
Surplus	10,100		10,100
<b>Total Revenue (2)</b>	<b>\$49,100</b>	<b>\$27,500</b>	<b>\$76,600</b>
<b>Expenditures</b>			
Fees and Commissions	3,500		3,500
Administration	2,800	1,500	4,300
Construction	25,000		25,000
Office Supplies			0
Principal Payment	17,800		17,800
Interest Payment			0
<b>Total Expenditures</b>	<b>\$49,100</b>	<b>\$1,500</b>	<b>\$50,600</b>
<b>Fund Balance</b>			
Net Change in Fund Balance (1)	(\$10,100)	\$26,000	\$15,900
Fund Balance - Beginning	\$422,657	\$16,754	\$439,411
<b>Fund Balance - End of Year</b>	<b>\$412,557</b>	<b>\$42,754</b>	<b>\$455,311</b>

**Footnotes:**

(1) Excludes "Surplus". Surplus indicates the appropriation of prior fund balance to fund current expenditures. The budget staff has determined that sufficient prior year fund balance is available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section of budget document.

**Industrial Park Fund**

**Fund: Industrial Park Fund**

**Type:** Capital Project Fund

**Oversight:** Community Development Director

**Nature and Purpose:**

This fund was created to account for capital expansion and development within the City of Cadillac's three industrial parks which include:

**Cadillac Industrial Park**

Developed in 1981, this 48-acre parcel of land established the Cadillac Industrial Park.

**Harry VanderJagt Industrial Park**

Industrial growth in the 80's and 90's was a reflection of the City's ability to purchase and develop enough land to encourage an industrial explosion. Demands were great for a second park so the 200-acre Harry VanderJagt Industrial Park was established. The streets and utilities were put in place with a Federal Economic Development Administration Grant.

**James E. Potvin Industrial Park**

The VanderJagt park is nearly full at this time. Additional inquiries were routinely received by the City and accordingly a third park was constructed as a result of the demand for industrial space. This newest park, the James E. Potvin Industrial Park, has been broken into two phases, with phase one being complete. All public utilities are in place for this phase, which encompasses 14 lots over a 65 acre area. Piranha Hose is the only current tenant in this park. A speculative building was constructed by the Cadillac Industrial Fund which has been leased to Piranha Hose to provide them with additional space beyond their main plant.

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Sale of Property	\$0	\$0	\$35,000	<b>\$35,000</b>
Interest Income	3,610	3,500	4,000	<b>4,000</b>
Surplus	0	16,600	0	<b>10,100</b>
<b>Total</b>	<b>\$3,610</b>	<b>\$20,100</b>	<b>\$39,000</b>	<b>\$49,100</b>
<b>Expenditures</b>				
Property Taxes	\$1,664	\$1,700	\$2,000	<b>\$2,000</b>
Audit	800	600	800	<b>800</b>
Contractual Services	250	0	0	<b>0</b>
Capital Outlay	0	0	0	<b>25,000</b>
Principal Payment	17,721	17,800	17,800	<b>17,800</b>
Fees and Commissions	0	0	3,500	<b>3,500</b>
<b>Total</b>	<b>\$20,435</b>	<b>\$20,100</b>	<b>\$24,100</b>	<b>\$49,100</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$16,825)	(\$16,600)	\$14,900	<b>(\$10,100)</b>
Fund Balance - Beginning of Year	456,082	439,257	422,657	<b>422,657</b>
<b>Ending Fund Balance</b>	<b>\$439,257</b>	<b>\$422,657</b>	<b>\$437,557</b>	<b>\$412,557</b>

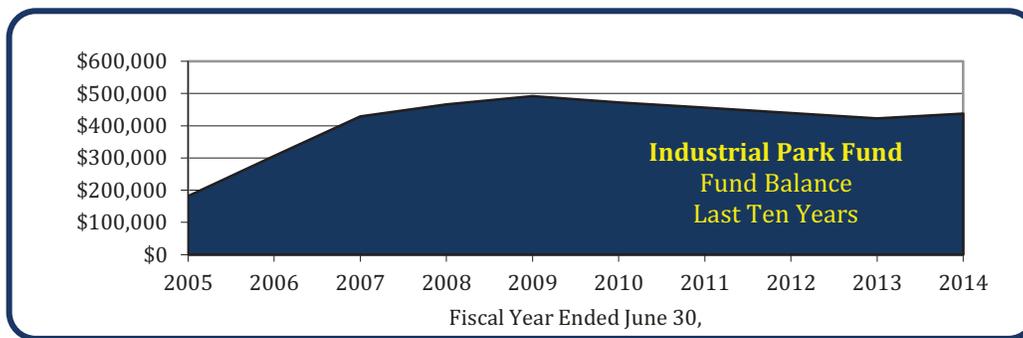
**Fund Financial Highlights**

**Principal Repayment**

A portion of the money received from the State of Michigan to develop the James E. Potvin Industrial Park was in the form of an interest-free loan. Quarterly payments are made to the state, and the loan will be paid in full December 1, 2016. The outstanding balance of the loan as of March 31, 2013 was \$66,454.

**Other Financial Highlights**

Management's goal is to sell one three-acre lot each year. The fund balance is increasing and is used to purchase additional land and necessary infrastructure. Fees and commissions are paid to the Cadillac Industrial Fund which in turn markets the industrial park. The commission paid on land sales is 10% of the sale price.



**Current Park Occupants**

**Cadillac Industrial Park - "Certified Industrial Park"**

- |                                    |  |
|------------------------------------|--|
| Kendall Electric                   | Rec Boat Holdings Engineering Facility |
| Michigan Rubber Products           | FIAMM Technologies                     |
| Avon Automotive World Headquarters | Hope Network                           |
| Rec Boat Holdings Main Plant       | Metal Punch, Inc.                      |

**Harry VanderJagt Industrial Park - "Certified Industrial Park"**

- |                                      |                        |
|--------------------------------------|------------------------|
| Arvco Corporation                    | Big Foot Manufacturing |
| United Parcel Services               | 7-UP Distributing      |
| Rec Boat Holdings Trailer Company    | Fiber-Tech Industries  |
| Cadillac Renewable Energy            | Fed-Ex Ground          |
| Cadillac Fabrication                 | DTE Energy             |
| Northwest MI Community Action Agency |                        |

**James Potvin Industrial Park**

- Piranha Hose
- Spencer Plastics

**Special Assessment Capital Projects Fund**

**Fund: Special Assessment Capital Projects Fund**

**Type:** Capital Project Fund

**Oversight:** Director of Finance

**Nature and Purpose:**

This fund is a Capital Projects Fund and was established to account for construction projects that are paid for through special assessments on the benefited property. This fund only accounts for these projects that are not financed through the use of debt. The fund is budgeted and accounted for on a modified accrual basis.

Excess funds must be used for capital projects.

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Interest Income - Special Assessment	\$7,699	\$5,500	\$5,500	<b>\$4,000</b>
Special Assessment	44,853	21,000	21,000	<b>23,000</b>
Interest Income	59	500	500	<b>500</b>
Surplus	0	264,400	264,500	<b>0</b>
<b>Total Revenue</b>	<b>\$52,611</b>	<b>\$291,400</b>	<b>\$291,500</b>	<b>\$27,500</b>
<b>Expenditures</b>				
Audit	\$1,400	\$1,400	\$1,500	<b>\$1,500</b>
Construction	0	290,000	290,000	<b>0</b>
<b>Total Expenditures</b>	<b>\$1,400</b>	<b>\$291,400</b>	<b>\$291,500</b>	<b>\$1,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$51,211	(\$264,400)	(\$264,500)	<b>\$26,000</b>
Fund Balance - Beginning of Year	229,943	281,154	281,154	<b>16,754</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$281,154</b>	<b>\$16,754</b>	<b>\$16,654</b>	<b>\$42,754</b>

**Special Assessment Capital Projects Fund**

**Fund Financial Highlights**

**Special Assessments**

These payments are received from special assessments approved on abutting property owners for various street construction projects. These assessments have no underlying special assessment debt associated with them.

**Construction Project Information**

<b>FY2014 Major Construction Projects</b>						
Project	Grant	<i>Source of Funds:</i>				Total
		Capital Projects Fund	Local Street Fund	Utilities Fund	Major Street Fund	
Francis/W. Division Street				\$30,000	\$30,000	<b>\$60,000</b>
To be determined			\$100,000	50,000		<b>150,000</b>
Well Field Replacement				500,000		<b>500,000</b>
<b>Total Projects</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$580,000</b>	<b>\$30,000</b>	<b>\$710,000</b>

**Notes:**

> The Special Assessment portions of the construction activity are accounted for in this fund. No special assessment projects are planned for FY2014.

> The Well Field Relocation project will encompass several years and cost an estimated \$6 million in total. The project began in 2011, and initial Phase II costs are included in the FY2014 budget. The City will once again seek financing assistance from the State of Michigan's Drinking Water Revolving Fund program for Phase II. This program provides low-interest loans - currently 2.5% - for projects such as this.

## Permanent Funds Summary

### Permanent Funds

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. Permanent Funds are accounted for on a modified accrual basis.

The City appropriates resources for the following Permanent Funds:

**Cemetery Perpetual Care Fund** - Perpetual care of a cemetery lot is part of the purchase price. This principal amount is an endowment and the interest is used to maintain the cemetery operation.

**Capital Projects Trust Fund** - The gain from the sale of the City's investment in an electric cogeneration plant has been set aside as an endowment for capital projects. Investment earnings from the endowment will be used for capital projects as deemed appropriate by the City Council.

**Permanent Funds Summary**
**Permanent Funds Financial Summary**
**FY2014**

	Cemetery Perpetual Care	Capital Projects Trust	Total
<b>Revenues</b>			
Interest Income	\$10,000	\$10,000	\$20,000
Realized gains	10,000	10,000	20,000
Perpetual Care of Lots	7,500		7,500
Surplus	5,600		5,600
<b>Total Revenues (2)</b>	33,100	20,000	53,100
<b>Expenditures</b>			
Audit	1,100	500	1,600
Contribution - Cemetery Operating	32,000		32,000
Contribution - Public Infrastructure			0
<b>Total Expenditures</b>	33,100	500	33,600
<b>Fund Balance</b>			
Net Change in Fund Balance (1)	(5,600)	19,500	13,900
Beginning Fund Balance	520,370	621,682	1,142,052
<b>Ending Fund Balance</b>	514,770	641,182	1,155,952

**Footnotes:**

(1) Excludes "Surplus". Surplus indicates the appropriation of prior fund balance to fund current expenditures. The budget staff has determined that sufficient prior year fund balance is available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section of budget document.

**Cemetery Perpetual Care Fund**

**Fund: Cemetery Perpetual Care Fund**

**Type:** Permanent Fund

**Oversight:** Director of Finance

**Nature and Purpose:**

The Cemetery Perpetual Care Fund is a permanent fund established to maintain the operation of the cemetery. With assets of over \$400,000, the generation of interest income from the funds is used for the primary purpose of maintaining the cemetery and helps offset normal operating costs. This fund is accounted for on a modified accrual basis. Revenue projections for the investments are based on the estimated investment climate, while the sale of cemetery lots which generate perpetual care income is based on a historical trend. All of the interest income is transferred to the Cemetery Operating Fund to assist in the daily operation of the cemetery.

**Perpetual Care of Lots**

A portion of each sale of a cemetery lot is designated for perpetual care and is set aside into this trust fund to maintain a well manicured cemetery. A normal burial plot costs \$475 and 50% of the cost is set aside into this fund for endowment. The amount of interest earned is dependent upon the investment market each year.

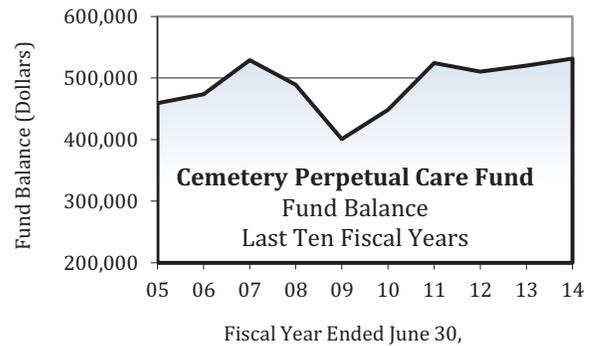
<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Perpetual Care of Lots	\$7,675	\$11,000	\$8,000	<b>\$7,500</b>
Gain (Loss) on Investments	(34,628)	0	10,000	<b>10,000</b>
Interest Income	13,791	10,000	10,000	<b>10,000</b>
Surplus	0	0	0	<b>5,600</b>
<b>TOTAL REVENUES</b>	<b>(\$13,162)</b>	<b>\$21,000</b>	<b>\$28,000</b>	<b>\$33,100</b>
<b>Expenditures</b>				
Audit	\$1,100	\$1,100	\$1,100	<b>\$1,100</b>
Transfer out - Cemetery Operating	0	10,000	10,000	<b>32,000</b>
<b>Total</b>	<b>\$1,100</b>	<b>\$11,100</b>	<b>\$11,100</b>	<b>\$33,100</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$14,262)	\$9,900	\$16,900	<b>(\$5,600)</b>
Fund Balance - Beginning of Year	524,732	510,470	510,470	<b>520,370</b>
<b>Ending Fund Balance</b>	<b>\$510,470</b>	<b>\$520,370</b>	<b>\$527,370</b>	<b>\$514,770</b>

**Cemetery Perpetual Care Fund**

**Fund Financial Highlights**

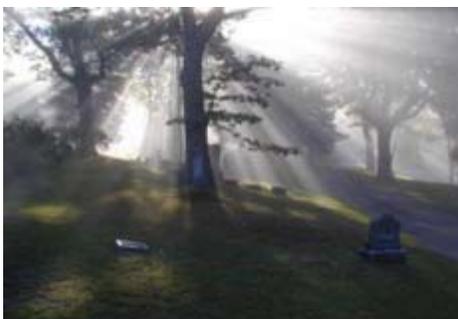
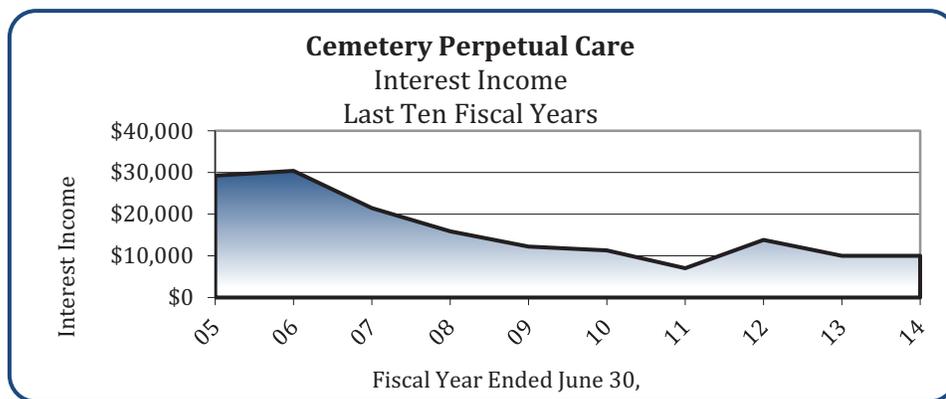
**Fund Balance**

The accumulated fund balance will grow in direct proportion with the number of cemetery lots sold. The principal will not be used as it preserves the future maintenance of the cemetery. The recent recession impacted this fund, as the fund balance dropped in FY2009. The decline was due to the loss in value of the fund's investment portfolio.



**Interest Income**

Loss of interest revenue as a result of the economic recession will impact the operations at the Maple Hill Cemetery. The interest earned on the perpetual care funds is transferred to the operating fund to help offset perpetual care maintenance costs. Absence of interest earnings puts increased strain on the maintenance budget which threatens the ongoing stability of the cemetery operation.



**Cemetery Facts**

The Cemetery ***rates were last increased in 2011*** by the City Council.

***No sales staff*** solicits the sale of lots, so the number of lots sold will vary from year to year.

***Only the investment earnings*** are transferred for the operation of the cemetery.

**Capital Projects Trust Fund**

**Fund: Capital Projects Trust Fund**

**Type:** Permanent Fund

**Oversight:** Director of Finance

**Nature and Purpose:**

Established in 1998, this fund is an endowment fund created by the City Council with the intent to be used for capital items such as public infrastructure. The City Council's intent is to use only the earnings generated from the principal of the endowment. The funds came from the sale of the City's partnership interest in the electric cogeneration power plant. Several projects have been accomplished over the past few years as earnings have allowed. The City Council has a goal of paving all of the gravel streets within the City and this fund has helped in achieving that goal.

This fund is a Permanent Fund and is accounted for on a modified accrual basis, similar to all other Governmental Fund types.

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Interest Income	\$30,473	\$1,500	\$10,000	<b>\$10,000</b>
Gain on Investments	17,527	10,000	10,000	<b>10,000</b>
Surplus	0	0	0	<b>0</b>
<b>Total</b>	<b>\$48,000</b>	<b>\$11,500</b>	<b>\$20,000</b>	<b>\$20,000</b>
<b>Expenditures</b>				
Audit	\$500	\$500	\$500	<b>\$500</b>
Contribution - Public Infrastructure	25,000	0	0	<b>0</b>
<b>Total</b>	<b>\$25,500</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$22,500	\$11,000	\$19,500	<b>\$19,500</b>
Fund Balance - Beginning of Year	588,182	610,682	610,682	<b>621,682</b>
<b>Ending Fund Balance</b>	<b>\$610,682</b>	<b>\$621,682</b>	<b>\$630,182</b>	<b>\$641,182</b>

**Past Public Infrastructure Projects**

<i>Fiscal Year</i>	<i>Projects Assisted with Endowment Earnings</i>	<i>Amount</i>
1999	Cummer Street	\$12,056
2000	Alley behind Milliken's	10,344
2001	No activity	0
2002	Elm Street Triangle (gravel street)	33,900
2003	No activity	0
2004	Balsam Street (gravel street)	10,000
2005	No activity	0
2006	No activity	0
2007	No activity	0
2008	Alley between Henry and Evert Streets (gravel)	10,000
2009	Diggins Hill Tennis Court Restoration Project	25,000
2010	No activity	0
2011	Chestnut Street	20,000
2012	Gunn-Seventh Street	25,000
<b>Total:</b>		<b>\$146,300</b>



*Before*

**Diggins Hill Tennis Court Restoration**

In FY2010, City Council identified this project as one that warranted a contribution from the City. As such, \$25,000 was appropriated to assist in the completion of the project. This exciting restoration project was completed in 2010.



*After*

**Current Year Funding**

No current contributions are appropriated. However, several grant applications have been submitted for various projects which will require matching local funds. Grant matching funds could be appropriated from this fund as necessary during the year.

**Auto Parking Fund**
**Fund: Auto Parking Fund**
**Type:** Enterprise Fund

**Oversight:** Community Development Director

**Nature and Purpose:**

The Auto Parking Fund is an enterprise fund established to collect revenues and pay expenses associated with maintenance, operation, enforcement and improvement to the downtown off-street parking lot system. The accounting as well as the budgeting occurs on an accrual basis.

The Auto Parking Fund has undergone significant change in the last thirty years. For many years and up to 1989, parking was funded by parking meters. From 1990 to 1994 it was funded through a voluntary contract system. Given the difficulties with non-payment and the fact that the contract system expired June 30, 1995, a special assessment was adopted as prescribed in the Shopping Area Redevelopment Act, P.A. 120 of 1961 (as amended) for a five year period, which expired June 30, 2000. Two subsequent five-year assessments were adopted, expiring most recently in 2010. After a one-year reduced assessment in FY2011 and no assessment in FY2012, the Cadillac City Council passed a new five-year assessment in FY2013 to fund parking maintenance activities.

The parking assessment funds approximately 60% of the costs of parking lot maintenance. Other funds must be raised locally, from parking enforcement activities and from transfers from other City resources.

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Parking Violations	\$448	\$1,200	\$1,500	<b>\$1,000</b>
Parking Permit Fees	1,114	1,500	1,500	<b>1,500</b>
Interest Income	577	1,000	1,200	<b>1,000</b>
Special Assessment	0	35,000	45,000	<b>40,000</b>
Local Funds	0	0	18,700	<b>20,000</b>
Surplus	0	0	0	<b>5,300</b>
<b>Total</b>	<b>\$2,139</b>	<b>\$38,700</b>	<b>\$67,900</b>	<b>\$68,800</b>
<b>Expenses</b>				
Operation	\$24,137	\$24,500	\$23,500	<b>\$23,000</b>
Lot Repair	233	700	3,800	<b>6,400</b>
Snow Plowing	9,394	13,900	22,600	<b>22,500</b>
Snow Hauling	11,741	13,500	18,000	<b>16,900</b>
<b>Total</b>	<b>\$45,505</b>	<b>\$52,600</b>	<b>\$67,900</b>	<b>\$68,800</b>
<b>Net Assets</b>				
Change in Net Assets	(\$43,366)	(\$13,900)	\$0	<b>(\$5,300)</b>
Net Assets - Beginning of Year	746,305	702,939	702,939	<b>689,039</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>				
Invested in Capital Assets	\$576,767	\$559,967	\$559,967	<b>\$543,167</b>
Unrestricted	169,538	172,438	186,338	<b>183,938</b>
<b>TOTAL</b>	<b>\$702,939</b>	<b>\$689,039</b>	<b>\$702,939</b>	<b>\$683,739</b>

**Auto Parking Fund**

<b>FUNDING DETAILS</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>EXPENSES</b>				
<b>Operations</b>				
Salaries - Enforcement	\$3,295	\$3,200	\$3,200	<b>\$3,400</b>
Fringes	1,725	2,000	2,500	<b>2,000</b>
Office Supplies	163	400	300	<b>300</b>
Audit	700	600	700	<b>500</b>
Data Processing	1,500	1,500	0	<b>0</b>
Depreciation	16,754	16,800	16,800	<b>16,800</b>
<b>Total Operations</b>	<b>\$24,137</b>	<b>\$24,500</b>	<b>\$23,500</b>	<b>\$23,000</b>
<b>Lot Repair</b>				
Salaries	\$97	\$300	\$1,400	<b>\$1,500</b>
Fringes	62	200	900	<b>900</b>
Operating Supplies	0	100	1,000	<b>2,000</b>
Equipment Rental	74	100	500	<b>2,000</b>
<b>Total Lot Repair</b>	<b>\$233</b>	<b>\$700</b>	<b>\$3,800</b>	<b>\$6,400</b>
<b>Snow Plowing</b>				
Salaries	\$2,430	\$3,700	\$6,000	<b>\$6,000</b>
Fringes	1,183	2,100	3,600	<b>3,500</b>
Operating Supplies	232	100	1,000	<b>1,000</b>
Equipment Rental	5,549	8,000	12,000	<b>12,000</b>
<b>Total Snow Plowing</b>	<b>\$9,394</b>	<b>\$13,900</b>	<b>\$22,600</b>	<b>\$22,500</b>
<b>Snow Hauling</b>				
Salaries	\$3,098	\$3,500	\$5,000	<b>\$5,000</b>
Fringes	1,513	2,000	3,000	<b>2,900</b>
Equipment Rental	7,130	8,000	10,000	<b>9,000</b>
<b>Total Snow Hauling</b>	<b>\$11,741</b>	<b>\$13,500</b>	<b>\$18,000</b>	<b>\$16,900</b>
<b>TOTAL EXPENSES</b>	<b>\$45,505</b>	<b>\$52,600</b>	<b>\$67,900</b>	<b>\$68,800</b>

**Salaries and Equipment Rental**

The Street Department provides the labor required to maintain the parking lots, including snow plowing and hauling. The equipment that is used is rented from the City's Stores and Garage Fund. In the Operations section, a portion of the Code Enforcement Officer's salary is classified due to her activities in parking enforcement. Enforcement activities are conducted under the supervision of the Public Safety Director.



**Internal Service Funds Summary****Internal Service Funds Summary****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 internal and external agencies that use the City's computers, computer software programs, and enterprise-wide networking infrastructure.

**Self-Insurance Fund** - A self-funded account that provides for hospitalization and life insurance for municipal employees at a limited amount of risk to the City.

**Safety Fund** - This fund was created to educate and encourage safety throughout the City organization.

## Internal Service Funds Summary

**Internal Service Funds Financial Summary**
**FY2014**

<b>Revenues</b>	<b>Stores and Garage Fund</b>	<b>Information Technology Fund</b>	<b>Self- Insurance Fund</b>	<b>Employee Safety Fund</b>	<b>Total</b>
Services and Materials	\$25,000				\$25,000
Equipment Rental	535,000				535,000
Interest Income		\$100	\$15,000	\$300	15,400
Sale of Surplus Material	2,500	500			3,000
Intergovernmental Services		201,000		11,500	212,500
Employer Contribution			1,017,800		1,017,800
Employee Contribution			110,000		110,000
Surplus			217,700		217,700
<b>Total Revenues</b>	<b>\$562,500</b>	<b>\$201,600</b>	<b>\$1,360,500</b>	<b>\$11,800</b> (2)	<b>\$2,136,400</b>
<b>Expenditures</b>					
Administration	\$411,100		\$25,500	\$11,800	\$448,400
Outside Work	23,100				23,100
Building & Grounds	13,100				13,100
Operating		\$140,200			140,200
Reinsurance			1,000,000		1,000,000
Benefit Payments			335,000		335,000
Interest Expense	15,000				15,000
Depreciation	100,000	60,000			160,000
<b>Total Expenditures</b>	<b>\$562,300</b>	<b>\$200,200</b>	<b>\$1,360,500</b>	<b>\$11,800</b>	<b>\$2,134,800</b>
<b>Change in Net Assets (1)</b>	<b>\$200</b>	<b>\$1,400</b>	<b>(\$217,700)</b>	<b>\$0</b>	<b>(\$216,100)</b>
<b>Net Assets - Beginning of Year</b>	<b>333,710</b>	<b>379,185</b>	<b>1,054,146</b>	<b>5,921</b>	<b>1,772,962</b>
<b>Net Assets - End of Year</b>	<b>\$333,910</b>	<b>\$380,585</b>	<b>\$836,446</b>	<b>\$5,921</b>	<b>\$1,556,862</b>

**Footnotes:**

(1) Excludes "Surplus". Surplus indicates the appropriation of prior fund balance to fund current expenditures. The budget staff has determined that sufficient prior year fund balance is available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section of budget document.

**Stores and Garage Fund**

**Fund: Stores and Garage Fund**

**Type:** Internal Service Fund

**Oversight:** Director of Public Works and Engineering

**Nature and Purpose:**

This fund is used to record the operations of the Stores and Garage Department as well as provide equipment and manpower for various street construction and maintenance activities. This fund provides services to the Major Street Fund, Local Street Fund, General Fund, Cemetery Operating Fund, and several other City-operated funds. The major source of revenue for this fund is supplied by equipment rental rates. This fund owns all of its own equipment and rents it to the other funds at a base rate established by the State of Michigan. Services and materials revenue is for work done for City residents such as brush removal, parking lot cleaning, and tree removal.

Equipment Rental is responsible for 94% of the revenues for FY2014. Over 80 pieces of equipment are in this fund ranging from plow trucks to trailers. In addition to equipment, the Stores and Garage Fund is responsible for the City inventory of items such as salt, salt/sand mix and other items used on a regular basis.

**PERFORMANCE MEASURES - STORES AND GARAGE FUND**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Number of Vehicles/Equipment Maintained		85	85	85	85	↔
Total Fuel Costs		\$57,608	\$53,519	\$56,000	\$58,000	↑
Gallons of Diesel Used		15,433	11,636	13,000	14,000	↑
Gallons of Unleaded Fuel Used		5,440	5,608	6,100	6,100	↔
Cost per Gallon - Diesel		\$2.73	\$3.06	\$3.25	\$3.50	↑
Cost per Gallon - Unleaded		\$2.63	\$2.93	\$3.00	\$3.25	↑
Total Annual Cost of Road Salt		\$61,230	\$51,878	\$74,832	\$90,000	↑
Tons of Road Salt Used		1,027	834	1,200	1,200	↔
Cost per Ton - Road Salt		\$59.62	\$62.36	\$62.04	\$64.00	↑

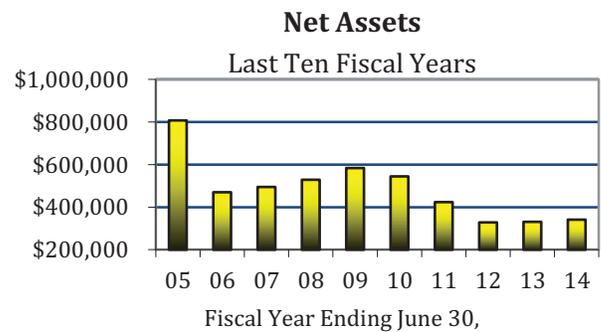
Stores and Garage Fund

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Charges for Services:				
Services & Materials	\$22,312	\$30,000	\$27,500	<b>\$25,000</b>
Equipment Rental	428,689	515,000	531,000	<b>535,000</b>
Miscellaneous				
Interest Income	0	100	0	<b>0</b>
Sale of Surplus Material	135	2,000	2,500	<b>2,500</b>
Other	0	0	0	<b>0</b>
<b>Total</b>	<b>\$451,136</b>	<b>\$547,100</b>	<b>\$561,000</b>	<b>\$562,500</b>
<b>Expenses</b>				
Administration	\$521,119	\$516,200	\$526,300	<b>\$526,100</b>
Outside Work	19,039	19,300	23,000	<b>23,100</b>
Building & Grounds	6,343	6,400	6,400	<b>13,100</b>
<b>Total</b>	<b>\$546,501</b>	<b>\$541,900</b>	<b>\$555,700</b>	<b>\$562,300</b>
<b>Net Assets</b>				
Change in Net Assets	(\$95,365)	\$5,200	\$5,300	<b>\$200</b>
Total Net Assets - Beginning of Year	423,875	328,510	328,510	<b>333,710</b>
<b>Total Net Assets - End of Year</b>	<b>\$328,510</b>	<b>\$333,710</b>	<b>\$333,810</b>	<b>\$333,910</b>

**Financial Highlight**

**Net Assets**

The Net Assets of this fund have been fairly consistent for the last several years. Most of the net assets are in the form of capital equipment, net of related depreciation.



**Stores and Garage Fund**

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Expenses</b>				
<b>Administration</b>				
Salaries and Wages	\$99,625	\$100,000	\$82,700	<b>\$100,000</b>
Salaries - Part Time	32	0	0	<b>1,000</b>
Fringes	56,150	55,000	48,800	<b>58,000</b>
Operating Supplies	64,954	60,000	68,000	<b>68,000</b>
Fuel Costs	53,519	52,000	53,000	<b>58,000</b>
Property Taxes	2,000	2,000	2,000	<b>2,000</b>
Contractual Services	5,674	0	0	<b>0</b>
Audit	2,800	2,600	2,500	<b>2,600</b>
Data Processing	13,500	10,000	10,000	<b>5,000</b>
Travel & Education	6,678	7,000	7,800	<b>6,000</b>
Insurance	16,200	12,000	16,500	<b>15,000</b>
Utilities	20,114	23,000	28,000	<b>28,000</b>
Telephone	80	0	0	<b>0</b>
Employee Safety	3,731	2,600	2,600	<b>2,500</b>
General Administrative Charges	30,100	20,000	20,000	<b>20,000</b>
Depreciation	111,734	100,000	115,000	<b>100,000</b>
Equipment Maintenance	14,417	54,000	54,400	<b>45,000</b>
Equipment Rental	1,195	0	0	<b>0</b>
Interest Expense	18,616	16,000	15,000	<b>15,000</b>
<b>Total Administration</b>	<b>\$521,119</b>	<b>\$516,200</b>	<b>\$526,300</b>	<b>\$526,100</b>
<b>Outside Work</b>				
Salaries	\$6,395	\$6,200	\$6,200	<b>\$7,000</b>
Fringes	3,015	3,500	3,700	<b>3,800</b>
Supplies	2,091	3,600	4,100	<b>4,300</b>
Equipment Rental	7,538	6,000	9,000	<b>8,000</b>
<b>Total Outside Work</b>	<b>\$19,039</b>	<b>\$19,300</b>	<b>\$23,000</b>	<b>\$23,100</b>
<b>Building &amp; Grounds</b>				
Salaries	\$2,755	\$1,500	\$1,500	<b>\$1,000</b>
Fringes	1,474	900	900	<b>600</b>
Operating Supplies	687	1,000	1,000	<b>3,000</b>
Contractual Services	475	500	0	<b>0</b>
Repair and Maintenance	952	2,500	2,500	<b>8,000</b>
Equipment Rental	0	0	500	<b>500</b>
<b>Total Building &amp; Grounds</b>	<b>\$6,343</b>	<b>\$6,400</b>	<b>\$6,400</b>	<b>\$13,100</b>
<b>Total Expenses</b>	<b>\$546,501</b>	<b>\$541,900</b>	<b>\$555,700</b>	<b>\$562,300</b>

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

**FY2014**

**Source of Funds:**

Operating Funds	9,000	
<b>Total Source of Funds</b>		<b><u><u>\$9,000</u></u></b>

**Use of Funds:**

**Equipment:**

Underbody Plow	\$9,000	
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<b>Total Use of Funds</b>		<b><u><u>\$9,000</u></u></b>
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**Footnote:** Replacing aging equipment is a vital part of the ongoing operations in this department. All proposed equipment purchases will replace outdated models, saving the department costs arising from increased maintenance on older equipment. Significant cost pressures resulting from declining revenues preclude any significant capital investment for FY2014.

**Cash Flow Analysis**

**FY2014**

**ADDITIONS:**

Depreciation	\$100,000	
Net Income (Loss)	200	
<b>TOTAL ADDITIONS</b>		<b><u><u>\$100,200</u></u></b>

**DEDUCTIONS:**

Principal Payment - Internal Loan	\$50,000	
Capital Items	9,000	
<b>TOTAL DEDUCTIONS</b>		<b><u><u>\$59,000</u></u></b>

<b>NET INCREASE (DECREASE) OF AVAILABLE CASH</b>		<b><u><u>\$41,200</u></u></b>
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**Information Technology Fund**

**Fund: Information Technology Fund**

**Type:** Internal Service Fund

**Oversight:** Director of Finance

**Nature and Purpose:**

The City of Cadillac has been very successful in leveraging technology to improve productivity. The City’s investment in the New World Systems comprehensive public sector software package has paid significant dividends in streamlining City services at every department level. The City IT Department coordinates and supports the infrastructure, hardware, operating systems, and user software for all City departments. This includes file servers, data security and backup, Internet connections and security, remote connectivity, user workstations and software, printers, and other related computer equipment and processes.

As an internal service fund, revenues are received from contributions by other City funds and activities.

Currently the IT Department equipment list includes the following:

- > 68 workstations including desktop and notebook computers;
- > 11 file servers including Email, Application, Storage, and Security servers;
- > Numerous printers, smart phones, scanners, and other related equipment and software.

**PERFORMANCE MEASURES - INFORMATION TECHNOLOGY**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2011	2012	2013	2014	
Number of Workstations		68	68	68	68	↔
Operating Cost per Workstation		\$3,928	\$3,781	\$2,934	\$2,944	↓
Number of Workstations Replaced		22	0	15	15	↔
Total Capital Investment		\$32,777	\$7,828	\$110,000	\$120,000	↑

**IT Performance Measures**

The City of Cadillac has fully transitioned to a new model of service delivery based on 100% remote support with emergency on-site support only. As part of this transition, new measures will be developed and implemented to insure that the model is providing the level of service needed to maintain optimal efficiency.

**Information Technology Fund**

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Intergovernmental Services				
General Fund				
City Council	\$5,000	\$5,000	\$5,000	<b>\$4,000</b>
City Manager	7,000	7,000	7,000	<b>8,000</b>
Finance	28,000	25,000	25,000	<b>20,000</b>
Assessor	18,000	18,000	18,000	<b>15,000</b>
Treasurer	30,000	30,000	30,000	<b>20,000</b>
Municipal Complex	5,500	5,500	5,500	<b>6,000</b>
Police	55,000	50,000	50,000	<b>45,000</b>
Fire	11,000	11,000	11,000	<b>10,000</b>
Engineering	20,000	20,000	20,000	<b>18,000</b>
Parks and Recreation	1,000	0	0	<b>0</b>
Community Development	2,500	2,500	2,500	<b>2,500</b>
Water & Sewer	55,000	55,000	55,000	<b>47,500</b>
Stores and Garage	13,500	10,000	10,000	<b>5,000</b>
Auto Parking	1,500	0	0	<b>0</b>
Cadillac Development	2,000	0	0	<b>0</b>
Total Intergovernmental Services	<u>255,000</u>	<u>239,000</u>	<u>239,000</u>	<u><b>201,000</b></u>
Interest Income	16	100	100	<b>100</b>
Sale of Property	0	500	1,000	<b>500</b>
<b>Total Revenue</b>	<u>\$255,016</u>	<u>\$239,600</u>	<u>\$240,100</u>	<u><b>\$201,600</b></u>

**Expenses**

**Operating**

Salaries	\$8,562	\$8,600	\$8,800	<b>\$8,800</b>
Fringes	3,455	4,500	3,900	<b>3,900</b>
Office Supplies	7,274	6,500	7,500	<b>7,500</b>
Audit	700	700	700	<b>700</b>
Contractual Services	59,000	12,000	65,000	<b>12,000</b>
Software and Programming	75,914	60,000	50,000	<b>65,000</b>
Liability Insurance	300	1,100	300	<b>1,100</b>

**Information Technology Fund**

<b>FUNDING DETAILS</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Expenses (Continued)</b>				
Dues & Publications	0	0	200	<b>200</b>
Telephone	468	6,500	6,500	<b>6,500</b>
Travel and Education	82	1,600	1,500	<b>1,500</b>
Repair and Maintenance	10,728	3,000	3,000	<b>3,000</b>
Depreciation	60,617	65,000	60,000	<b>60,000</b>
Administration	30,000	30,000	30,000	<b>30,000</b>
<b>Total Expenses</b>	<b>\$257,100</b>	<b>\$199,500</b>	<b>\$237,400</b>	<b>\$200,200</b>
<b>Net Assets</b>				
Change in Net Assets	-\$2,084	\$40,100	\$2,700	<b>\$1,400</b>
Total Net Assets - Beginning of Year	341,169	339,085	339,085	<b>379,185</b>
<b>Total Net Assets - End of Year</b>	<b>\$339,085</b>	<b>\$379,185</b>	<b>\$341,785</b>	<b>\$380,585</b>

**Expense Descriptions**

**Salaries and Fringes**

The Information Technology Fund pays an employee (0.3 FTE) to perform functions related to the City's electronic document storage system, including scanning new and existing documentation.

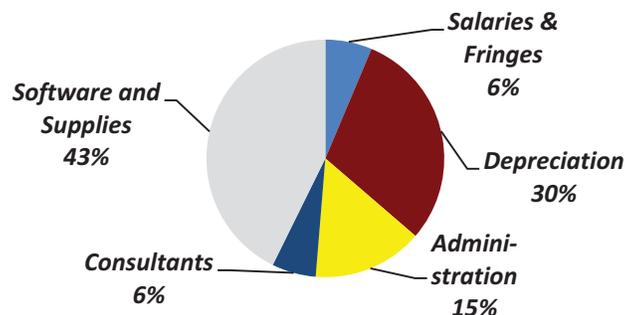
**Software and Programming**

This line item accounts for the annual maintenance and subscription fees for the many software programs used throughout the City. Included in these fees are the City's financial software (including Utility Billing, Financials, Community Development, and Payroll) and tax billing software (including tax billing and special assessment tracking). The monthly costs of the T-1 line that provides internet access to the municipal complex are allocated to this line item as well, as are other services such as programming and maintenance of the phone system in the municipal complex. In the last couple of years, the costs of using an outside company to provide IT services was accounted for in this line. As detailed below, this cost has been split out into a separate line item moving forward.

**Contractual Services**

In January, 2007, the City made the decision to contract out the provision of Information Technology services. A contract was awarded to a new vendor beginning July 1, 2012. I.T. Right, Inc. of Bath, MI is now serving as the City's contracted IT department.

**Expenses by Type**  
Current Budget Request



**Other Financial Analysis**

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

**FY2014**

**Source of Funds:**

Revenues:

Operating Revenues 135,000

**Total Source of Funds** \$135,000

**Use of Funds**

Computer Replacement \$20,000

Software Replacement 115,000

**Total Use of Funds** \$135,000

**Footnote:** Replacement of equipment is essential within this department. All of the items are replaced due to age and the need to upgrade technology. The computer replacement program utilized by the City schedules replacements once computers have been deployed for 3-4 years. The capital expense for software will upgrade existing desktop software packages to the latest versions, taking advantage of the latest efficiency-enhancing functionality that exists.

**Cash Flow Analysis**

**FY2014**

**Additions**

Depreciation \$60,000

Net Income (Loss) 1,400

**Total Additions** \$61,400

**Deductions**

Capital Items 135,000

**Total Deductions** \$135,000

**Net Increase (Decrease) in Available Cash** (\$73,600)

Budget staff has confirmed that there will be sufficient cash on hand to fully cover the net decrease in cash projected for FY2014.

**Self Insurance Fund**

**Fund: Self Insurance Fund**

**Type:** Internal Service Fund

**Oversight:** City Manager

**Nature and Purpose:**

This fund provides for the health and life insurance of all full-time City employees and their families, as well as eligible retirees. Eligible retirees receive health insurance until age 65, in accordance with the applicable collective bargaining agreement or non-union schedule of benefits. The various funds within the City are charged an employer contribution rate equivalent to the estimated cost of providing the benefits on a per month per employee cost basis.

**Basic and Master Medical**

The employer contribution rate has held fairly consistent for several years and has provided the fund with solid reserves to help mitigate the risk of higher-than-normal claims years. Because of health care reform, certain benefits had to be offered to City employees. This resulted in a plan change for all City of Cadillac employees. Because of the changes, total costs increased nearly 20%. Employee contributions were increased to help offset the rise in costs. An employee wellness program was started in 2007 and has produced immediate cost savings while enhancing the quality of life for City employees. The overall management of the health care plan is vital to containing health care costs and ensuring that the City will be able to provide health care benefits to its employees in the future.

FUNDING DETAILS	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Employer Contributions	\$780,713	\$810,000	\$840,000	<b>\$920,000</b>
Employer Contributions-Dental	74,950	68,000	75,000	<b>80,000</b>
Employer Contributions-Optical	10,209	9,000	10,000	<b>11,000</b>
Employer Contributions-Life	6,437	6,200	6,000	<b>6,800</b>
Employee Contribution	108,542	105,000	100,000	<b>110,000</b>
Interest Income	4,562	7,500	30,000	<b>15,000</b>
Surplus	0	109,800	144,500	<b>217,700</b>
<b>Total</b>	<b>\$985,413</b>	<b>\$1,115,500</b>	<b>\$1,205,500</b>	<b>\$1,360,500</b>
<b>Expenses</b>				
Audit	\$500	\$500	\$500	<b>\$500</b>
Reinsurance Premiums	823,740	875,000	865,000	<b>1,000,000</b>
Administration	23,511	25,000	25,000	<b>25,000</b>
Benefit Payments				
Health Insurance	165,620	200,000	305,000	<b>325,000</b>
Life Insurance	26,630	15,000	10,000	<b>10,000</b>
<b>Total</b>	<b>\$1,040,001</b>	<b>\$1,115,500</b>	<b>\$1,205,500</b>	<b>\$1,360,500</b>
<b>Net Assets</b>				
Change in Net Assets	(\$54,588)	(\$109,800)	(\$144,500)	<b>(\$217,700)</b>
Total Net Assets - Beginning of Year	1,218,534	1,163,946	1,163,946	<b>1,054,146</b>
<b>Total Net Assets - End of Year</b>	<b>\$1,163,946</b>	<b>\$1,054,146</b>	<b>\$1,019,446</b>	<b>\$836,446</b>

**System Benefits Highlights**

**Self-Insurance Plan Details**

The City purchases insurance with a high deductible of \$5,000 and reimburses costs down to lower levels to reduce the costs that are borne by employees. The former plan had a \$10,000 deductible, so while the premium costs is much higher, the claims reimbursed by the City are expected to decline.

**Life Insurance**

The City provides life insurance for active employees. The City also provides for a small life insurance policy for qualified retirees. Depending on the applicable bargaining unit or non-union schedule of benefits, the benefit ranges from \$2,500 to about \$7,500. The benefit is paid to the retiree's estate upon their death.

**Health Insurance Benefit Payments**

A portion of the City's annual required contribution for other post-employment benefits (OPEB) will be taken from this fund for FY2014, in the amount of approximately \$50,000. These funds have been accumulating here and will now be transferred to the City's retiree health care funding vehicle at MERS. Additionally, this fund continues to cover retiree health premiums on a "pay-as-you-go" basis while the funds are building in the trust.

**Plan Cost Summaries**

Plan Type	Annual Costs			Total	Employee Co-Pay	Co-Pay as % of Total Costs
	Medical	Dental	Vision			
Single	\$6,072	\$444	\$71	<b>\$6,587</b>	\$720	10.93%
Two-Person	\$14,573	\$820	\$109	<b>\$15,502</b>	\$1,380	8.90%
Family	\$18,216	\$1,447	\$195	<b>\$19,858</b>	\$1,620	8.16%

**Fund: Safety Fund**

**Type:** Internal Service Fund

**Oversight:** Safety Director (Currently: Laboratory Manager)

**Nature and Purpose:**

The Safety Fund was created to enable the development of a safety culture that would enhance employee performance by assisting employees in maintaining the highest possible level of health and safety.

The Safety Coordinator is tasked with assisting employees in maintaining a safe and healthy work environment. The Safety Coordinator chairs the City of Cadillac Safety Committee, which is comprised of representatives from each city department and meets frequently to discuss and address safety issues, evaluate training, and review on the job accidents.

The Safety Coordinator also insures that all city departments are in compliance with MIOSHA (Michigan Occupational Safety and Health Administration) regulations. This is accomplished through continuing education, review of MIOSHA material, and preventative inspections coordinated through the Consultation, Education and Training section of MIOSHA.

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Interest Income	\$0	\$200	\$300	<b>\$300</b>
General Fund	5,200	5,500	5,500	<b>5,500</b>
Water and Sewer Fund	3,500	3,500	3,500	<b>3,500</b>
Stores & Garage Fund	2,600	2,500	2,500	<b>2,500</b>
Surplus	0	0	0	<b>0</b>
<b>Total</b>	<b>\$11,300</b>	<b>\$11,700</b>	<b>\$11,800</b>	<b>\$11,800</b>
<b>Expenditures</b>				
Salaries and Wages	\$2,596	\$3,500	\$3,500	<b>\$3,500</b>
Fringes	397	1,500	1,800	<b>1,800</b>
Operating Supplies	2,703	3,000	3,000	<b>3,000</b>
Audit	500	450	500	<b>500</b>
Dues and Publications	295	900	500	<b>500</b>
Travel and Education	1,403	1,500	2,500	<b>2,500</b>
<b>Total</b>	<b>\$7,894</b>	<b>\$10,850</b>	<b>\$11,800</b>	<b>\$11,800</b>
<b>Net Assets</b>				
Change in Net Assets	\$3,406	\$850	\$0	<b>\$0</b>
Total Net Assets - Beginning of Year	1,665	5,071	5,071	<b>5,921</b>
<b>Total Net Assets - End of Year</b>	<b>\$5,071</b>	<b>\$5,921</b>	<b>\$5,071</b>	<b>\$5,921</b>

**Safety Program Highlights**

**Safety Committee**

The Safety Committee is comprised of employees from various departments with a total of 7 members.

Laboratory Manager Amy Vail has been the safety coordinator since 2010 and works hard at helping City of Cadillac employees enjoy a safe work environment.

Safety Statistics				
Cases	2009	2010	2011	2012
Deaths	0	0	0	0
Number of cases with days away from work	4	0	0	1
Number of cases with job transfer/restriction	1	3	1	1
Other reported cases	0	3	4	5
Days				
Total days away from work	128	0	0	1
Total days of job transfer/restriction	31	125	7	15
Total hours worked - all employees	178,479	172,846	170,428	169,121

**Note:**

An extended leave injury to one employee in the Utilities Department accounted for the spike in 2009.

**GOALS**

**FY2014**

1. Complete all ongoing safety issues from prior year.
2. Bring in MIOSHA consultant for walkthrough evaluation.
3. Increase on-site and combined staff safety training opportunities.
4. Renew employee CPR certification; offer new first aid training opportunities.
5. Continue safety walkthroughs with safety committee and independently on departmental basis.

**Police and Fire Retirement Fund**
**Fund: Police and Fire Retirement Fund**

**Type:** Pension Trust Fund  
**Oversight:** Director of Finance

**Nature and Purpose:**

This fund was established to administer the police and fire retirement system authorized by a vote of the Citizens of Cadillac in 1977 when they agreed to an added millage to cover the costs of the retirement system for the police and fire employees. Michigan Public Act 345 governs the activities of the system. The board of directors have the responsibility of administering the system and maintaining an actuarially sound fund.

The financial objective is to establish and receive contributions, expressed as a percent of active payroll, which will remain approximately level from year to year and will not be increased for future generations. The system is supported by City contributions, investment income from the retirement assets, and an employee contribution of 3% of salary. To fund the system, the City contributes 35.00% of the police member salaries and 26.98% of the fire members' salaries. The system is meeting its annual funding requirements. The system is 72.9% funded, slightly down from 73.6% on the previous valuation. In 2001 the police officers and the fire officers agreed to an employee deduction to cover the actuarial costs of increasing the retirement factor from 2.0 to 2.5. The members agreed to make contributions to cover the additional benefit, which was subsequently capped at 3% of salary, requiring the City to make up any difference.

**PERFORMANCE MEASURES - POLICE AND FIRE RETIREMENT SYSTEM**

MEASURE	Actuarial Valuation Date: June 30,				Trend
	2009	2010	2011	2012	
Actuarially Accrued Pension <b>Liabilities</b>	\$9,985,089	\$10,326,784	\$10,852,937	\$11,246,821	↑
Funding Value of Accrued <b>Assets</b>	\$6,549,608	\$7,188,395	\$7,989,372	\$8,200,264	↑
<b>Unfunded</b> Actuarially Accrued <b>Liabilities</b>	\$3,435,481	\$3,138,389	\$2,863,565	\$3,046,557	↔
Funded Ratio (Assets/Liabilities)	65.59%	69.61%	73.61%	72.91%	↔
Total Pension Payments	\$585,542	\$585,542	\$631,514	\$614,185	↑
Number of Retirees	32	32	33	31	↔
Average Annual Pension	\$18,298	\$18,298	\$19,137	\$19,812	↑
Contribution Required (% of payroll) - Police	39.06%	34.10%	35.18%	35.00%	↔
Contribution Required (% of payroll) - Fire	36.58%	30.41%	25.03%	26.98%	↔
Total Contribution Required	\$573,385	\$556,203	\$513,543	\$545,530	↔
Number of Active Members	24	27	26	26	↔
Average Annual Salary	\$58,321	\$58,723	\$59,414	\$61,564	↑

**Police and Fire Retirement Fund**

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Additions</b>				
Contributions - Employer	666,098	\$625,000	\$625,000	<b>\$615,000</b>
Contributions - Employee	43,916	\$45,000	\$45,000	<b>45,000</b>
Interest and Dividend Income	151	2,500	\$2,000	<b>2,000</b>
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	20,033	100,000	150,000	<b>105,000</b>
Investment Expenses	(9,939)	(20,000)	(35,000)	<b>(20,000)</b>
<b>Total Additions</b>	<b>\$720,259</b>	<b>\$752,500</b>	<b>\$787,000</b>	<b>\$747,000</b>
<b>Deductions</b>				
Benefit Payments				
Retirement	\$625,919	\$640,000	\$635,000	<b>735,000</b>
Administrative Expenses				
Audit	0	1,200	1,300	<b>1,500</b>
Contractual Services	7,000	8,500	10,000	<b>10,000</b>
<b>Total Deductions</b>	<b>\$632,919</b>	<b>\$649,700</b>	<b>\$646,300</b>	<b>\$746,500</b>
<b>Net Increase (Decrease) in Plan Assets</b>	<b>\$87,340</b>	<b>\$102,800</b>	<b>\$140,700</b>	<b>\$500</b>
<b>Net Assets Held in Trust for Pension Benefits</b>				
Beginning of Year	\$7,700,690	\$7,788,030	\$7,788,030	<b>\$7,890,830</b>
<b>End of Year</b>	<b>\$7,788,030</b>	<b>\$7,890,830</b>	<b>\$7,928,730</b>	<b>\$7,891,330</b>

### Plan and Membership Information

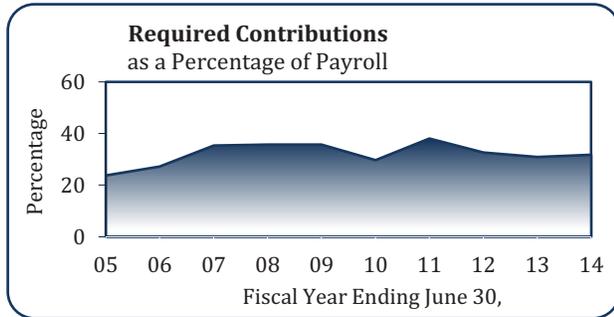
In July, 2006 the Police and Fire Retirement System removed their investment managers and contracted with the Municipal Employees Retirement System of Michigan to manage the investments. This has proven to enhance the returns of the system's assets, and will provide long-term cost savings to the City.

#### Retirement Board

**Jay Thiebaut**, *Chairperson* - Citizen Member  
**Keri Lanning**, *Secretary/Treasurer* - City Treasurer  
**Vacant**, Citizen Member  
**Chris Shankland**, Fire Fighter Member  
**Todd Golnick**, Police Member

**Note:** The board, in conformance with P.A. 345, consists of two citizens approved by the City Council, the City treasurer, a firefighter and a police officer.

**Plan Financial Details**



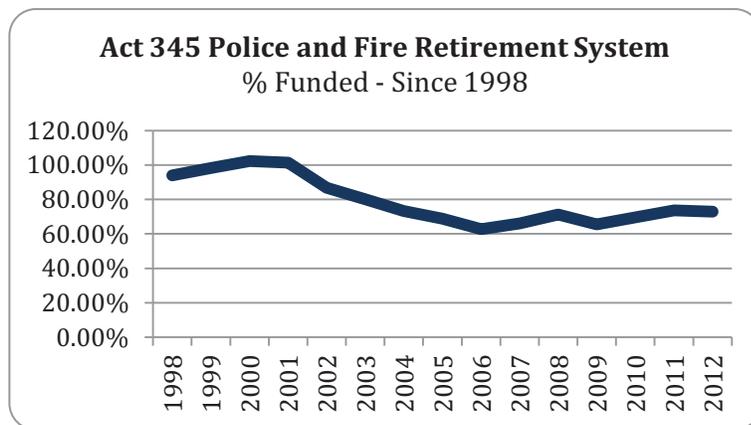
**Required Contribution**

Contribution rates have trended upward as a result of a declining stock market, low interest rates, and additional benefits. The annual required contribution as a percentage of payroll rose slightly to 31.71% in FY2014 from 30.93% in FY2013 due primarily to an additional contribution made based on the proceeds of the City's millage.

**Contribution Rates**

The Retirement System is supported by City contributions and investment income generated by retirement system assets. Contributions which satisfy the funding objective are determined by an annual actuarial valuation and are sufficient to:

1. Cover the actuarial present value of benefits assigned to the current year by the actuarial cost methods; and
2. Amortize over a period of future years the actuarial present value of benefits not covered by valuation assets and anticipated future normal costs (unfunded actuarial accrued liability).



**Funded Status**

Enhanced retirement benefits in the early 2000's had a detrimental impact on the overall funded status of the plan. Coupled with the devastating impact the economy has had recently on the assets of the system, as of the last valuation dated June 30, 2012 the plan is now 72.9% funded.

**Summary of Actuarial Methods and Assumptions**

Last Valuation Date	June 30, 2012
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	10
Remaining Amortization - Benefit Increase	19 Years
Asset Valuation Method	5-year smoothed market

**Assumptions:**

Investment Rate of Return	7.5%
Projected Salary Increases	4.0%
Assumed Rate of Payroll Growth	4.0%
Assumed Rate of Membership Growth	0.0%

**Summary of Act 345 Benefits & Conditions**

<i>Eligibility:</i>	<i>Benefit:</i>
<b>Regular Retirement</b>	
Age 50 with 25 or more years of service or age 60 regardless of service.	Straight life pension equals 2.5% of 5 year average final compensation (AFC) times first 25 years of service plus 1% of AFC times years of service in excess of 25 years.
<b>Deferred Retirement</b>	
10 or more years of service.	Computed as service retirement but based upon service, AFC and benefit in effect at termination. Benefit begins at the date the member would have been eligible to retire if employment had continued.
<b>Death After Retirement</b>	
Payable to a surviving spouse, if any, upon the death of a retired member who was receiving a straight life pension which was effective July 1, 1975 or later.	Spouse's pension equals 60% of the straight life pension the deceased retiree was receiving.
<b>Duty Disability Retirement</b>	
Payable upon the total and permanent disability of a member in the line of duty.	To age 55: 50% of AFC. At age 55: same credit as service retirement pension with service credit from date of disability to age 55.
<b>Non-Duty Disability Retirement</b>	
Payable upon the total and permanent disability of a member with 5 or more years of service.	To age 55: 1.5% of AFC times years of service. At age 55: same as service retirement pension.
<b>Duty Death in Service Retirement</b>	
Payable upon the expiration of worker's compensation to the survivors of a member who died in the line of duty.	Same amount that was paid by Worker's Compensation.
<b>Non-Duty Death in Service Retirement</b>	
Payable to a surviving spouse, if any, upon the death of a member with 20 or more years of service.	Accrued straight life pension actuarially reduced in accordance with an Option 1 election.

**Member Contribution:**

All active members contribute 3% of their salary to the system to pay for an increase in the benefit multiplier.

**Fire responded to by City Fire Department**



**Component Unit Funds Summary****Component Unit Funds Summary****Component Units**

This section contains the discretely presented component units, which are reported separately to indicate their legal separation from the City, but which are financially accountable to the City as a reporting entity.

**MAJOR COMPONENT UNIT FUNDS**

**Local Development Finance Authority (LDFA)** - The LDFA was created by the City Council pursuant to the provisions of Act 251, Public Acts of 1986. The members of the board of the LDFA are appointed by the City Council. The LDFA has a stated purpose to provide for the acquisition, construction and financing of a groundwater treatment facility, which will consist of a complex of wells and pumps installed on property where contaminated groundwater is located, piping sufficient to carry the contaminated groundwater to the cleaning facility, and the cleaning facility itself. The LDFA has also indicated that, if funds are available, they will construct roads, water and sewer lines within the VanderJagt Industrial Park. Money to finance these projects will come from tax increments attributed to increases in the value of real and personal property resulting from new construction, and property value increases within the industrial park.

**NONMAJOR COMPONENT UNIT FUNDS**

**Local Development Finance Authority Capital Projects Fund** - This fund was established to account for the receipt of captured taxes after all debt service obligations had been met. These tax increment financing revenues are restricted for capital projects.

**Local Development Finance Authority Utilities Fund** - This fund was established to provide water utility services to the cogeneration plant located within the boundaries of the LDFA.

**Downtown Development Authority (DDA)** - The DDA was established through City Ordinance under Act 197 of the Public Acts of Michigan of 1975. The City Council determined that it was necessary and in the best interest of the City to halt property value deterioration, to eliminate the causes and to promote economic growth in the downtown area. The members of the board of the DDA are appointed by the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council. The DDA is authorized to impose an ad valorem tax (2 mill maximum) on all taxable property within the established DDA district. The DDA is a volunteer organization.

**Downtown Development Authority Capital Projects Fund** - This fund was established to provide a source of revenue for the DDA to undertake various capital and public infrastructure improvements within the DDA Development District.

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

**Component Unit Funds Summary**

**Component Unit Funds Summary**

**FY2014**

	<i>Major Fund</i>	<i>Nonmajor Funds</i>		
	Local Development Finance Authority Operating	Local Development Finance Authority Utilities	Local Development Finance Authority Capital Projects	Brownfield Redevelopment Authority Operating
<b>Revenues</b>				
Tax Revenues	\$220,000		\$135,000	\$30,000
Interest Income	25,000	\$1,500	10,000	\$500
Management Fees				
Water Revenues		19,500		
Grant Funds				
Contributions				
Surplus	88,900			
<b>Total Revenues</b>	<b>\$333,900</b>	<b>\$21,000</b>	<b>\$145,000</b>	<b>\$30,500</b>
<b>Expenditures</b>				
Salaries - Regular	\$18,500	\$3,000		
Salaries - Part Time				
Fringes	9,800	1,700		
Other Operating Expenses	305,600	10,400	500	30,500
Capital Outlay				
Principal Payment				
Interest Payment				
Depreciation				
<b>Total Expenditures</b>	<b>\$333,900</b>	<b>\$15,100</b>	<b>\$500</b>	<b>\$30,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance (1)	(\$88,900)	\$5,900	\$144,500	\$0
Beginning Fund Balance	1,469,017	416,677	748,591	171,807
Ending Fund Balance	<b>\$1,380,117</b>	<b>\$422,577</b>	<b>\$893,091</b>	<b>\$171,807</b>

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

Component Unit Funds Summary

**Component Unit Funds Summary (Continued)**

**FY2014**

	<i>Nonmajor Funds</i>		<b>Total</b>
	<b>Downtown Development Authority</b>	<b>Downtown Development Authority Capital Projects</b>	
<b>Revenues</b>			
Tax Revenues	\$30,000	\$104,000	<b>\$519,000</b>
Interest Income	200	500	<b>37,700</b>
Management Fees	5,000		<b>5,000</b>
Water Revenues			<b>19,500</b>
Grant Funds			<b>0</b>
Contributions	3,000		<b>3,000</b>
Surplus			<b>88,900</b>
<b>Total Revenues</b>	<b>\$38,200</b>	<b>\$104,500</b>	<b>\$673,100</b>
<b>Expenditures</b>			
Salaries - Regular	\$18,500		<b>\$40,000</b>
Salaries - Part Time	2,000		<b>2,000</b>
Fringes	7,500		<b>19,000</b>
Other Operating Expenses	9,900	4,000	<b>360,900</b>
Capital Outlay			<b>0</b>
Principal Payment		45,000	<b>45,000</b>
Interest Payment		5,000	<b>5,000</b>
Depreciation			<b>0</b>
<b>Total Expenditures</b>	<b>\$37,900</b>	<b>\$54,000</b>	<b>\$471,900</b>
<b>Fund Balance</b>			
Net Change in Fund Balance (1)	300	50,500	<b>\$112,300</b>
Beginning Fund Balance	16,041	215,895	<b>\$3,038,028</b>
<b>Ending Fund Balance</b>	<b>\$16,341</b>	<b>\$266,395</b>	<b>\$3,150,328</b>

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

## GLIMPSES OF CADILLAC



*The beautiful Kris Eggle Memorial Fountain  
in the downtown City park.*

*Community service and education is a big role  
played by Cadillac City Firefighters*



*Each spring, dozens of volunteers help to  
clean up city parks after a long winter season*

**Local Development Finance Authority Operating Fund**
**Fund: Local Development Finance Authority Operating Fund**
**Type:** Component Unit - Special Revenue Fund

**Oversight:** Director of Utilities

**Nature and Purpose:**

The Local Development Finance Authority (LDFA) established an operating fund which reflects the operational costs of the groundwater cleanup process in the industrial park. This fund has a sole source of revenue which is the special assessments paid by the industrial community within the contaminated area. In 2007 the City Council approved the next multi-year assessment. The cleanup process of the groundwater is a benefit to the industrial park area and is not intended to identify any plant or organization as contaminating the groundwater but instead presents a positive solution to an existing challenge. The City Council approves the special assessment roll based on acreage owned by a property owner which establishes a corresponding percentage of the total operational costs to effectively monitor the clean-up. Fiscal year 2014 will be the eighteenth full year the plant has been in operation.

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Tax Revenue	\$209,766	\$0	\$219,000	<b>\$220,000</b>
Interest Income	21,418	20,000	25,000	<b>25,000</b>
Surplus	0		89,100	<b>88,900</b>
<b>Total</b>	<b>\$231,184</b>	<b>\$20,000</b>	<b>\$333,100</b>	<b>\$333,900</b>
<b>Expenditures</b>				
Salaries and Wages - Regular	\$19,857	\$17,000	18,500	<b>18,500</b>
Fringes	8,835	8,500	9,000	<b>9,800</b>
Operating Supplies	14,810	11,000	11,500	<b>11,500</b>
Chemicals	0	200	200	<b>200</b>
Contractual Services	14,080	27,000	75,000	<b>75,000</b>
Legal Contractual Services	0	8,500	9,500	<b>9,500</b>
Audit	900	500	900	<b>900</b>
Contracted Lab Costs	33,746	50,000	45,000	<b>45,000</b>
Utilities	146,261	130,000	130,000	<b>130,000</b>
Repair & Maintenance	7,431	12,000	15,500	<b>15,500</b>
Carbon	0	0	3,000	<b>3,000</b>
Engineering Fees	0	0	15,000	<b>15,000</b>
<b>Total</b>	<b>\$245,920</b>	<b>\$264,700</b>	<b>\$333,100</b>	<b>\$333,900</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$14,736)	(\$244,700)	(\$89,100)	<b>(\$88,900)</b>
Fund Balance - Beginning of Year	1,728,453	1,713,717	1,469,017	<b>1,469,017</b>
<b>Ending Fund Balance</b>	<b>\$1,713,717</b>	<b>\$1,469,017</b>	<b>\$1,379,917</b>	<b>\$1,380,117</b>

**Local Development Finance Authority Operating Fund**

**System Information**

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The purge and treat system was constructed during 1995 and 1996 with start-up in September of 1996. System design includes a chromium removal process and dual stage air stripping for volatile organic chemical (VOC) removal. Maximum design flow for the treatment system is 3.2 million gallons per day (MGD). During 2009 the daily average was 2.4 MGD. Treated groundwater is discharged to the Clam River near the old Lake Cadillac dam.

Groundwater is pumped from 18 purge wells located in two defined water bearing formations referred to as the upper and intermediate aquifers. In 1996, influent VOC concentrations exceeded 600 parts per billion (ppb). Last year, influent VOC concentrations were just below 200 ppb. (One part per billion is approximately equal to one second in 32 years.) Chromium concentrations have been reduced to clean-up criteria and the Environmental Protection Agency (USEPA) has been petitioned for closure of the chromium treatment process.

<b>Board of Directors:</b>	
<b>Marcus A. Peccia - Chairperson</b>	City Manager, City of Cadillac
<b>Jack Benson</b>	Retired Bank President
<b>Jo Spry</b>	Superintendent, Cadillac Area Public Schools
<b>Steve Frisbie</b>	Owner, Frisco Management
<b>Bill Tencza</b>	President, Cadillac Area Chamber of Commerce
<b>Jim Petersen</b>	Retired Bank President
<b>Pat Briggs</b>	Assistant Superintendent of Operations and Personnel, Cadillac Area Public Schools
<b>Denny Benson</b>	Local Attorney
<b>Vacant</b>	Wexford County Commissioner

**Fund Financial Highlights**

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**Fund Balance**

Fund Balance is reserved for capitalized interest and assessment shortfalls. The Special Assessment is calculated at a level that covers all operating costs, which include all of the above except Contractual Services, Legal Contractual Services, Carbon, and Engineering Fees.

**Engineering Fees**

In FY2013, it is anticipated that the Soil Vapor Extraction site will be closed. The USEPA has granted clearance for this to take place, and the project is anticipated to begin soon. In FY2014, a comprehensive study will take place regarding the current status of the groundwater cleanup process and the future needs for the facility.

**L.D.F.A. Groundwater Treatment Statistics**

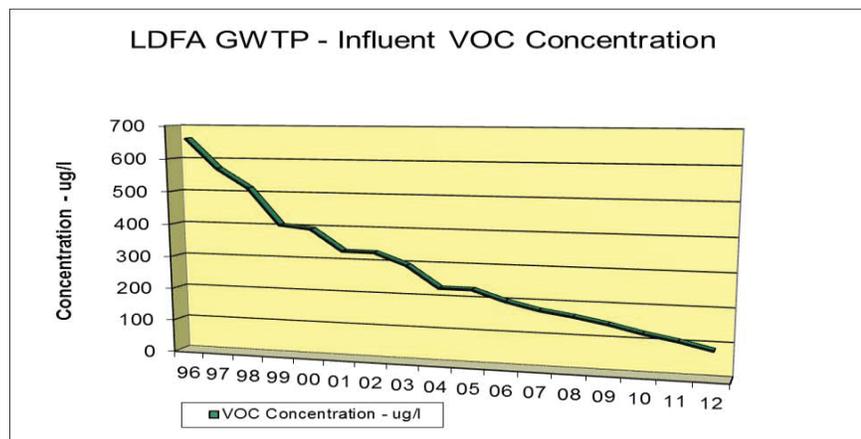
**Volume of groundwater pumped and treated:**

Year	Gallons	
	Per Day	Per Year
2003	2,331,500	851,000,000
2004	2,407,100	878,600,000
2005	2,339,300	853,850,000
2006	2,387,000	871,400,000
2007	2,422,000	884,190,000
2008	2,401,700	857,000,000
2009	2,405,479	878,000,000
2010	2,400,000	876,000,000
2011	2,360,000	861,600,000
2012	2,324,000	848,260,000



*LDFA Water Treatment Facility*

Year	Estimated pounds of volatile organics stripped from the water (per year):	Hours spent in Operation and Maintenance
2003	2,090	940
2004	1,715	970
2005	1,673	830
2006	1,453	940
2007	1,305	1,140
2008	1,195	1,014
2009	1,067	819
2010	899	800
2011	762	950
2012	594	966



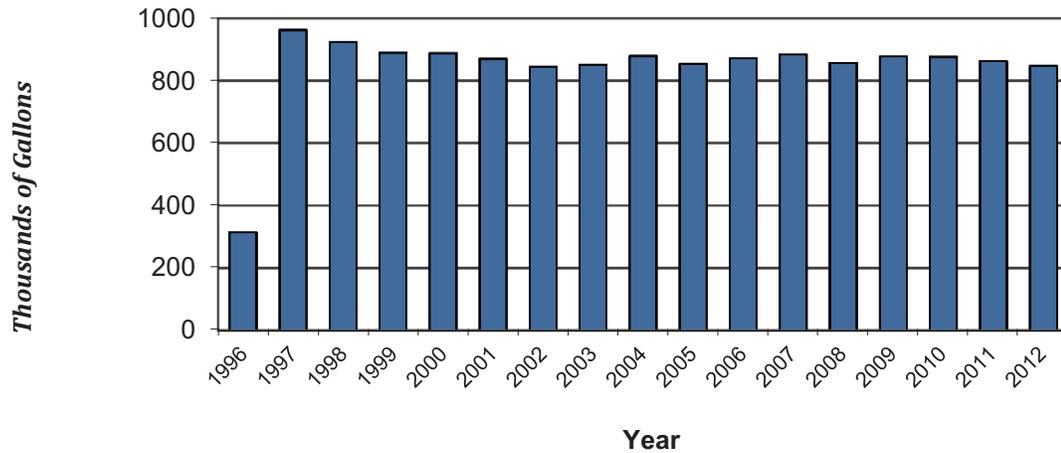
**Other L.D.F.A. Groundwater Treatment Details**



\* More than 14.3 billion gallons of water have been treated since the inception of the program.

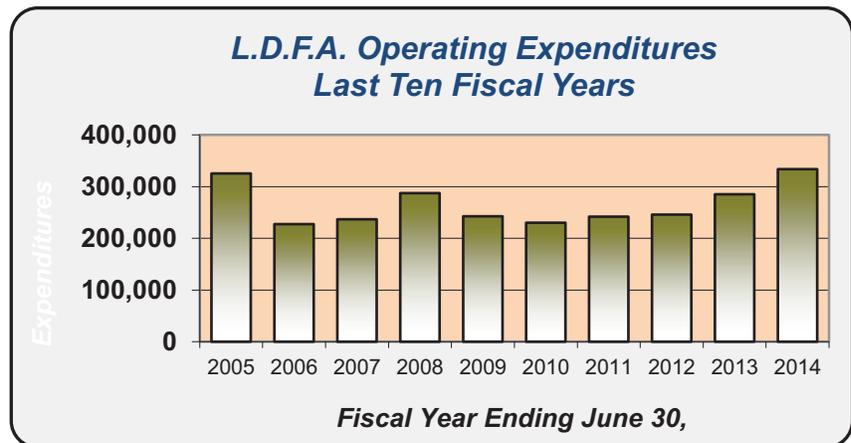
\* VOC distribution in the LDFA discharge has been below detection limit since the beginning of the program in 1996.

**Treated Gallons per Calendar Year**



**Expenditures**

The costs of operating the LDFA treatment facility have remained relatively consistent since the beginning of the treatment program.



**Local Development Authority Utilities Fund**

**Fund: Local Development Finance Authority Utilities Fund**

**Type:** Component Unit - Enterprise Fund

**Oversight:** Director of Utilities

**Nature and Purpose:**

The Local Development Finance Authority (LDFA) developed a deep well to provide cooling water for the Power Plant. This water is untreated and can be used only for industrial purposes. Water is also available from the LDFA Groundwater Treatment Plant for the same purposes.

Revenue from the sale of water is used to pay for the cost of providing the water. The rates are established by the LDFA and are not part of the City's Utilities Ordinance.

The LDFA contracts with the City Utilities Department to provide operational and maintenance expertise.

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Water Revenue	\$18,127	\$19,000	\$19,500	<b>\$19,500</b>
Interest Income	1,483	1,500	3,000	<b>1,500</b>
<b>Total</b>	<b>\$19,610</b>	<b>\$20,500</b>	<b>\$22,500</b>	<b>\$21,000</b>
<b>Expenditures</b>				
Salaries and Wages - Regular	\$2,317	\$3,000	\$3,000	<b>\$3,000</b>
Fringes	1,058	1,300	1,500	<b>1,700</b>
Operating Supplies	0	500	500	<b>500</b>
Contractual Services	0	4,500	4,500	<b>4,500</b>
Audit	400	400	400	<b>400</b>
Depreciation	4,535	4,600	5,000	<b>5,000</b>
<b>Total</b>	<b>\$8,310</b>	<b>\$14,300</b>	<b>\$14,900</b>	<b>\$15,100</b>
<b>Net Assets</b>				
Change in Net Assets	\$11,300	\$6,200	\$7,600	<b>\$5,900</b>
Total Net Assets - Beginning of Year	399,177	410,477	410,477	<b>416,677</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$410,477</b>	<b>\$416,677</b>	<b>\$418,077</b>	<b>\$422,577</b>

**Fund Highlights**

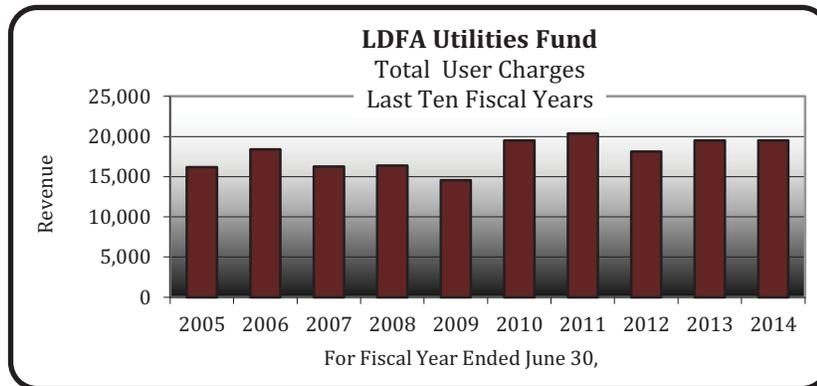
**Net Assets**

Available net assets will be used to assist in replacement of the well and funding major system repairs.

**Fund Highlights**

**Revenue**

The customer water rate is tied to the electrical rate Consumers Energy pays for wholesale power. Only one customer is served, Cadillac Renewable Energy, and they provide the electrical energy for the well operation.



**System Statistics & Measures**

<i>Volume of Water Pumped</i>	
<i>Year</i>	<i>Gallons</i>
2003	168,144,588
2004	152,780,000
2005	140,912,000
2006	148,930,000
2007	123,957,000
2008	147,034,000
2009	134,265,000
2010	109,877,000
2011	130,352,000
2012	131,905,000



*LDFA well house (foreground) with Cadillac Renewable Energy in background*



*LDFA Well*

<i>Hours spent in operation and maintenance</i>	
<i>Year</i>	<i>Hours</i>
2003	115
2004	170
2005	134
2006	125
2007	175
2008	151
2009	110
2010	127
2011	126
2012	112

**Local Development Authority Capital Projects Fund**

**Fund: Local Development Finance Authority Capital Projects Fund**

**Type:** Component Unit - Capital Project Fund

**Oversight:** Director of Utilities

**Nature and Purpose:**

This fund accounts for tax increment finance revenues (TIF) collected on behalf of the LDFA after debt service requirements have been met. The TIF revenues are restricted for capital investments, and this fund will help ensure that the restricted funds are used only for allowable purposes.

The debt service for the groundwater treatment infrastructure in the LDFA district was paid in full in FY2006. For the next couple of years, the TIF revenues were deposited in the operating fund of the Local Development Finance Authority. Because of the restrictions on the use of the funds, it was determined that establishing this fund would be the best way to account for them.

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Tax Increment Financing Revenue	\$98,869	\$115,000	\$120,000	<b>\$135,000</b>
Interest Income	12,277	10,000	10,000	<b>10,000</b>
Surplus	0	0	0	<b>0</b>
<b>Total</b>	<b>\$111,146</b>	<b>\$125,000</b>	<b>\$130,000</b>	<b>\$145,000</b>
<b>Expenditures</b>				
Audit	\$450	\$500	\$500	<b>\$500</b>
Construction	0	100,000	100,000	<b>0</b>
<b>Total</b>	<b>\$450</b>	<b>\$100,500</b>	<b>\$100,500</b>	<b>\$500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$110,696	\$24,500	\$29,500	<b>\$144,500</b>
Fund Balance - Beginning of Year	613,395	724,091	724,091	<b>748,591</b>
<b>Ending Fund Balance</b>	<b>\$724,091</b>	<b>\$748,591</b>	<b>\$753,591</b>	<b>\$893,091</b>

**Tax Increment Finance Revenues**

Tax increment finance (TIF) revenues collected by Cadillac's LDFA are restricted for capital projects. There is ongoing tax capture after the debt service requirements have been fulfilled which is accounted for in this fund. Accounting for them in a separate fund segregates them for capital purposes in compliance with the TIF plan. Details of the TIF capture are presented on the next page.

**Local Development Authority Capital Projects Fund**

**L DFA Groundwater Treatment System**

**Anticipated Capital Needs**

The LDFA telemetry system may be replaced in FY2013. The project will be funded using TIF funds and is expected to cost approximately \$100,000.



**LDFA Treatment Facility**

Constructed in 1995 and 1996, the groundwater treatment system started up in September 1996, and has since treated over 9 billion gallons of groundwater.

**LDFA Operating Fund**

All operations of the treatment facility are covered by a special assessment. This activity is accounted for in the LDFA Operating Fund.

**Source of Tax Increment Financing Revenue**

The Local Development Finance Authority captures taxes in the LDFA District as follows:

	<u>Ad Valorem</u>	<u>IFT</u>	<u>Total</u>
Total LDFA District Taxable Value	\$3,676,344	\$4,039,200	\$7,715,544
Base Value	(551,400)	0	(551,400)
Captured Value	\$3,124,944	\$4,039,200	\$7,164,144

	<u>Millage</u>	<u>Capture</u>		
		<u>Ad Valorem</u>	<u>IFT</u>	<u>Total</u>
<b>Taxes Captured:</b>				
City Operating	13.94730	\$43,585	\$28,168	\$71,752
Police and Fire Retirement (City)	2.60000	8,125	5,251	13,376
Lake Cadillac Treatment (City)	0.50000	1,562	1,010	2,572
Wexford County Allocated	6.77970	21,186	13,692	34,878
Wexford County - Recreation	0.25000	781	505	1,286
Wexford County - Animal Control	0.25000	781	505	1,286
Wexford County - Road Patrol	0.95000	2,969	1,919	4,887
CWTA	0.60000	1,875	1,212	3,087
Cadillac-Wexford Public Library	0.75000	2,344	1,515	3,858
Council on Aging	0.99760	3,117	2,015	5,132
<b>Total Taxes Captured</b>	<b>27.62460</b>	<b>\$86,325</b>	<b>\$55,791</b>	<b>\$142,116</b>

*Note: Captured taxes are calculated by multiplying the millage rate by the captured value. The millage rate must first be divided by 1000, as one mill is equal to \$1 in taxes per \$1,000 in taxable value. IFT parcels receive exemptions of 50% of taxes. Total City-wide taxable value is \$245,286,247. The LDFA captures about 1.3% of the ad valorem tax roll, and an additional 23% of the IFT tax levy.*

**Downtown Development Authority Operating Fund**

**Fund: Downtown Development Authority Operating Fund**

**Type:** Component Unit - Special Revenue Fund

**Oversight:** DDA Director

**Nature and Purpose:**

The volunteer board members of the Cadillac Downtown Development Authority (DDA) are charged with the responsibility of encouraging economic development and halting declining property values in the Downtown Development District, for the benefit of the Downtown District's businesses and the community at large, as prescribed according to the provisions of Public Act 197 of 1975 (as amended).

The DDA's purpose is to use its various resources to invest in the Downtown Development District and fund public improvements that will spur additional private investment and development in the downtown area. This economic development purpose requires the DDA to recognize the infrastructure and marketing needs of the downtown, and then to prioritize and act upon those needs so that the downtown will incur economic growth as a result. DDA activities must meet public purposes and be financially supported by legally ascribed funding methods.

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Interest Income	\$124	\$200	\$200	<b>\$200</b>
Tax Revenue	29,770	30,000	30,000	<b>30,000</b>
DEQ Management Fee	5,000	5,000	5,000	<b>5,000</b>
Contributions From Private Sources	1,515	2,000	3,000	<b>3,000</b>
Surplus	0	0	0	<b>0</b>
<b>Total</b>	<b>\$36,409</b>	<b>\$37,200</b>	<b>\$38,200</b>	<b>\$38,200</b>
<b>Expenditures</b>				
Salaries and Wages - Regular	\$17,665	\$18,000	\$18,500	<b>\$18,500</b>
Salaries and Wages - Part Time	1,311	1,800	2,000	<b>2,000</b>
Fringes	6,719	7,000	7,000	<b>7,500</b>
Office Supplies	195	200	200	<b>200</b>
Postage	0	0	100	<b>100</b>
Contractual Services	13,239	6,500	6,500	<b>7,000</b>
Audit	900	800	900	<b>900</b>
Travel and Education	200	200	200	<b>200</b>
Publisher's Costs	45	500	500	<b>500</b>
Downtown Marketing	0	800	1,000	<b>1,000</b>
<b>Total</b>	<b>\$40,274</b>	<b>\$35,800</b>	<b>\$36,900</b>	<b>\$37,900</b>
<b>Fund Balance</b>				
Change in Fund Balance	(\$3,865)	\$1,400	\$1,300	<b>\$300</b>
Fund Balance - Beginning of Year	18,506	14,641	14,641	<b>16,041</b>
<b>Ending Fund Balance</b>	<b>\$14,641</b>	<b>\$16,041</b>	<b>\$15,941</b>	<b>\$16,341</b>

**Downtown Development Authority Operating Fund**

**Fund Structure and Staffing**

There are 426 parcels of property within the Downtown Development District (including real and personal property) on which taxes are paid. These parcels are anticipated to generate \$30,000 in property tax revenue from the DDA's two mill levy, which averages \$70 per parcel of property taxes paid per year in the district. The State of Michigan Department of Environmental Quality pays this fund for oversight of the building they rent from the City of Cadillac at 120 W. Chapin Street.

**DDA Staff**

Community Development Director Jerry Adams is also the director of the DDA. Mr. Adams brings vast community development and planning experience to the position. Approximately 25% of his time will be spent with the DDA program. In addition, during the summer months a part-time summer employee is hired to clean and monitor the downtown area to enhance the image of our community.

*Cadillac DDA Board of Directors*

<i>Name</i>		<i>Business</i>	<i>Occupation</i>
Robert Levand	Chairperson	N/A	DDA District Resident
Bill Cinco	Vice-Chairperson	Trend Designers	Owner
Marcus A. Peccia	Secretary/Treasurer	City of Cadillac	City Manager
Chris Huckle	Member	Cadillac News	Owner/Publisher
Tim Coffey	Member	Coffey Insurance Agency	Owner
Curtis Schultz	Member	Markur Consulting	Consultant
Stephanie Trombley	Member	Bridal Expressions	Owner
Gregg Carner	Member	Brinks Custom Framing	Owner
Jennifer Rousseau	Member	Fae by Freya	Owner
Lincoln VanDrie	Member	Toy Town	Owner
David Gaunt	Member	After 26 Café	Board of Directors

**Fund Financial Highlights**

**Tax Revenue**

The tax revenues of the DDA are based on a millage levied on properties within the district for operating purposes. Over the last ten years, there has not been significant growth in the district-wide taxable value, which has restricted the growth in revenues available for operating purposes.

<b>Fiscal Year</b>	<b>Taxable Value</b>	<b>Millage</b>	<b>Taxes</b>	<b>Change</b>
2004	\$15,532,836	1.9548	\$30,364	10.15%
2005	\$16,082,462	1.9548	\$31,438	3.54%
2006	\$15,677,423	1.9548	\$30,646	-2.52%
2007	\$15,871,650	1.9548	\$31,026	1.24%
2008	\$15,348,803	1.9548	\$30,004	-3.29%
2009	\$15,781,546	1.9548	\$30,850	2.82%
2010	\$15,884,335	1.9548	\$31,051	0.65%
2011	\$15,132,051	1.9548	\$29,580	-4.74%
2012	\$15,361,710	1.9548	\$30,029	1.52%
2013	\$15,609,301	1.9548	\$30,513	1.61%
2014	\$15,435,715	1.9548	\$30,174	-1.11%

**Downtown Development Authority Capital Projects Fund**

**Fund: Downtown Development Authority Capital Projects Fund**

**Type:** Component Unit - Capital Project Fund

**Oversight:** DDA Director

**Nature and Purpose:**

In November, 1992 the Cadillac Downtown Development Authority (DDA) and the Cadillac City Council approved the DDA's Development and Tax Increment Financing (TIF) plans. The purpose of these plans is to provide a source of revenue for the DDA to undertake various capital and public infrastructure improvements within the DDA Development District. It is anticipated that this public investment will in turn enhance the Development District and initiate spin-off private investment, resulting in an overall increase in downtown economic development and the elimination of declining property taxes.

While the plans were established in 1992, the first TIF capture was not realized until FY1997. In order for a TIF capture to be realized, the base property value for the entire DDA Development District must be exceeded by future years property values. From 1993 to 1995, property values in the DDA Development District continued to show an overall net decline. It was not until 1996 that the district's overall property values exceeded the 1992 base value (\$11,654,550), producing the first DDA TIF revenue capture of \$13,000. The taxable value of the district grew to over \$15,000,000, but has remained relatively flat over the last ten years. The purpose of Cadillac's DDA Capital Projects Fund is to receive these TIF revenues and track their expenditures on Development Plan projects.

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Tax Revenue	\$104,341	\$105,000	\$105,000	<b>\$104,000</b>
Interest Income	1,170	1,000	500	<b>500</b>
Surplus	0	0	0	<b>0</b>
<b>Total</b>	<b>\$105,511</b>	<b>\$106,000</b>	<b>\$105,500</b>	<b>\$104,500</b>
<b>Expenditures</b>				
Audit	\$500	\$400	\$500	<b>\$500</b>
Contractual Services	2,805	5,000	10,000	<b>4,000</b>
Construction	0	0	0	<b>0</b>
Debt Service	50,525	52,000	50,000	<b>50,000</b>
<b>Total</b>	<b>\$53,830</b>	<b>\$57,400</b>	<b>\$60,500</b>	<b>\$54,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$51,681	\$48,600	\$45,000	<b>\$50,000</b>
Fund Balance - Beginning of Year	115,614	167,295	167,295	<b>215,895</b>
<b>Ending Fund Balance</b>	<b>\$167,295</b>	<b>\$215,895</b>	<b>\$212,295</b>	<b>\$265,895</b>

**Downtown Development Authority Capital Projects Fund**

**Other Fund Information**

In accordance with the Michigan Public Act 197 of 1975, as amended (the DDA Act), the Cadillac DDA must spend its TIF revenues only as prescribed by law and only on projects listed in its Development Plan. Typically, these projects are of a public infrastructure nature, but can include overall district marketing efforts and some operational expenditures, as directly related to the DDA office and staff. The Cadillac DDA has detailed a number of such public improvements in its Development Plan, including additional sidewalks and lighting improvements along downtown side streets, parking lot improvements, public water and sewer improvements associated with private developments, and building acquisitions/demolitions, to name a few. In 1998, significant public parking lot improvements were completed. Limited general obligation bonds were issued by the City's Building Authority to finance the improvements. Revenues from TIF captures were used in part to repay this fifteen year bond issue. The bonds have since been paid off.

**Debt Service**

Expenditures classified under Debt Service represent funds to repay an internal loan that was taken out as part of the 2009 Mitchell Street Improvement Project to assist in cash flow.

**Source of Tax Increment Financing Revenue**

The DDA Capital Projects Fund captures taxes in the DDA District as follows:

Total DDA District Taxable Value		\$15,435,715
1996 Base Value		<u>(11,654,550)</u>
Captured Value		\$3,781,165
<b>Taxes Captured:</b>	<b>Millage</b>	<b>Capture</b>
City Operating	13.94730	\$52,737
Police and Fire Retirement (City)	2.60000	9,831
Lake Cadillac Treatment (City)	0.50000	1,891
Wexford County - Allocated	6.77970	25,635
Wexford County - Recreation	0.25000	945
Wexford County - Animal Control	0.25000	945
Wexford County - Road Patrol	0.95000	3,592
CWTA	0.60000	2,269
Cadillac-Wexford Public Library	0.75000	2,836
Council on Aging	0.99760	3,772
<b>Total Taxes Captured</b>	<b>27.62460</b>	<b>\$104,453</b>

*Note: Captured taxes are calculated by multiplying the millage rate by the captured value. The millage rate must first be divided by 1000, as one mill is equal to \$1 in taxes per \$1,000 in taxable value. Total City-wide taxable value is projected to be \$245,286,247. The DDA captures about 1.5% of the ad valorem tax roll.*

**Brownfield Redevelopment Fund**

**Fund: Brownfield Redevelopment Fund**

**Type:** Component Unit - Special Revenue Fund

**Oversight:** Community Development Director

**Nature and Purpose:**

The Cadillac Brownfield Redevelopment Authority (BRA) was established on December 6, 1996. It was the first Authority established in the State of Michigan under Michigan Public Act 381 of 1996. The BRA is charged with the redevelopment of brownfield sites throughout the City of Cadillac. A "brownfield" is defined as a previously developed property that is either perceived or known to have environmental contamination. Because Cadillac is a "core community," properties that are functionally obsolete may also be considered a brownfield site. Prior to the economic development tools and incentives authorized under P.A. 381, a number of brownfield sites sat idle throughout the Cadillac community and steadily declined in property value due to perceived or confirmed contamination. Due to the increased risks and costs associated with brownfield sites, prior to P.A. 381, many developers consistently opted to invest in "greenfields", or previously undeveloped parcels. The rapid development of greenfields is known statewide to have contributed to the growing problem of urban sprawl and the costly, unwarranted extension of public utilities (i.e., water and sewer).

After creating the Cadillac BRA, efforts were undertaken by this new board to establish a Brownfield Redevelopment Authority Plan. The Plan was first approved on August 4, 1997 which has since been amended and re-approved four times, most recently on May 1, 2006. The Brownfield Redevelopment Plan identifies brownfields throughout the City of Cadillac, and defines "eligible activities" (i.e., environmental assessment, environmental remediation) that will be undertaken by the BRA to reduce or eliminate known contamination, so that it is economically feasible for the private sector to redevelop these properties. Eligible activities are funded through the capture of tax dollars via tax increment financing, which is enabled by the private redevelopment of brownfield sites.

<b>FUNDING SUMMARY</b>	<b>FY2012 Actual</b>	<b>FY2013 Estimated</b>	<b>FY2013 Adopted</b>	<b>FY2014 Proposed</b>
<b>Revenues</b>				
Current Property Taxes	\$9,245	\$30,000	\$30,000	<b>\$30,000</b>
Interest Income	48	500	500	<b>500</b>
State of Michigan - Grant	0	0	0	<b>0</b>
Loan Proceeds	143,324	0	0	<b>0</b>
<b>Total</b>	<b>\$152,617</b>	<b>\$30,500</b>	<b>\$30,500</b>	<b>\$30,500</b>
<b>Expenditures</b>				
Contractual Services	\$156,169	\$30,000	\$30,000	<b>\$30,000</b>
Audit	800	500	500	<b>500</b>
<b>Total</b>	<b>\$156,969</b>	<b>\$30,500</b>	<b>\$30,500</b>	<b>\$30,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$4,352)	\$0	\$0	<b>\$0</b>
Fund Balance - Beginning of Year	176,159	171,807	171,807	<b>171,807</b>
<b>Ending Fund Balance</b>	<b>\$171,807</b>	<b>\$171,807</b>	<b>\$171,807</b>	<b>\$171,807</b>

**Brownfield Redevelopment Fund**

**Fund Highlights**

At present, the Cadillac Brownfield Redevelopment Plan identifies ten Brownfield sites, which are as follows:

- > 403 W. Seventh Street - the Metal Casters site (former foundry)
- > 1405 Sixth Avenue - the Four Starr site (former manufacturing facility)
- > 301 N. Lake Street - the Kraft site (former manufacturing/storage facility)
- > 1002 Sixth Street - the Northernaire Plating site (former metal plating site)
- > 117 W. Cass Street - the Sundstrom building site (former real estate office)
- > 115 S. Mitchell Street - the Stage/Milliken building site (former department store)
- > 1033 W. Sixth Street - the Emerald Tree Farm site (former tree farm)
- > 314 S. Mitchell Street - the Brasseur site (former gas station) \*
- > 302 South Mitchell Street (former YMCA site) \*
- > 111 West Chapin Street (former Harris Milling Site) \*
- > 924 S. Mitchell Street (Willow Mercantile facility)
- > 100 E. Chapin Street (Cobbs/Mitchell Building)
- > 940 N. Mitchell (Cad-A-Stran Building)

\* Three sites now make up the new Chemical Bank facility

<i>Brownfield Redevelopment Authority</i>	
<i>Board of Directors:</i>	
<b>Mike Figliomeni</b>	<b>Regan O'Neill</b>
<b>Jack Benson</b>	<b>Marcus A. Peccia</b>
<b>Ron Swanson</b>	

**Fund Financial Information**

**Captured Taxes**

Currently, there are taxes being captured for three projects. An additional project related to the Cobbs/Mitchell Building (former MDOT location) is expected to be added to the Brownfield TIF capture. Projected tax captures for FY2014 are as follows:

Total Brownfield Taxable Value	\$825,000
Base Value	\$293,969
Captured Value	\$531,031

**Captured Taxes**

City Operating	\$4,653
Police and Fire Retirement (City)	867
Lake Cadillac Treatment (City)	167
Wexford County	2,746
Other	784
CAPS Operating	9,559
State Education Tax	3,186
Wexford-Missaukee ISD	3,155
<b>Total Taxes Captured</b>	<b>\$25,117</b>

Each project is captured differently, and the specific taxes which each project can capture may vary as well.

**Capital Improvement Program Summary**

**What is the 5-Year Capital Improvement Program?**

The information that follows is a summary of the City of Cadillac's 5-Year Capital Improvement Program. In it, projects have been identified that need to be addressed over the next five fiscal years. The program serves as a crucial planning component within the City's overall operational management structure. Since its inception, the majority of projects undertaken within the City have come through this planning document. The program provides important information that aids in maintaining the City's critical infrastructure as well as the equipment needed to carry out the delivery of services to the community.

**What is a Capital Project?**

For the purposes of the Capital Improvement Program, a capital project has been identified by the city as any project that exceeds the City Council purchasing threshold of \$7,500 and has an estimated useful life of greater than one year. This includes items like police cars, fire trucks, streets and other construction projects, parks maintenance equipment, snow plows, street sweepers, etc. This program identifies those projects that meet the criteria above that will be addressed in the next five years.



**Project Types:**

- All projects requiring debt or borrowing;
- Any acquisition or leasing of land;
- Purchase of major equipment and vehicles valued in excess of \$7,500 with an estimated useful life of greater than one year;
- Construction of new buildings or facilities including engineering design and pre-construction costs;
- Major building improvements costing in excess of \$7,500 that are not routine expenses and that substantially enhance the value of the structure;
- Major equipment or furnishing valued in excess of \$7,500 and required to furnish new buildings or other projects; and
- Major studies costing in excess of \$7,500 and requiring the use of outside professional consultants.

**How is the program developed?**

The program is developed in the Financial Services Department using project information submitted by each department within the City. Once all project requests have been received, the requests are reviewed and added to the program where appropriate. Projects identified in previous programs remain in the current program unless a different priority or strategy makes it unnecessary to do so. Once a final proposed document has been completed, the program is distributed to the City Council and is also made available for the public to review. The Council holds work sessions to discuss the program, and citizen input is sought through both the work session and through a public hearing process. Once the public hearing has been completed, the program is finalized and adopted by Council usually in November of each year.

**Capital Improvement Program Summary**

**How are project priorities determined?**

A wide range and variety of capital improvements could be included in the Capital Improvement Program. Listed below are several criteria that help determine the selection of projects:

- Relationship to overall community needs;
- Relationship to other projects;
- Distribution of projects throughout the City;
- Required to fulfill any federal or state judicial or administrative requirements;
- Impact on annual operating and maintenance costs;
- Relationship to other community plans;
- Relationship to source and availability of funds;
- Relationship to overall fiscal policy and capabilities; and
- Project’s readiness for implementation.

**Capital Budget vs. Capital Improvement Program**

While the Capital Improvement Program looks out multiple years for capital projects, the first year of the Capital Improvement Program is integrated into the annual Capital Budget. The Capital Budget shows project priorities, cost estimates, financing methods, tax schedules, and estimated annual operating and maintenance costs. This Capital Budget is subsequently incorporated into the annual operating budget for appropriation of funds to carry out the project.

**What are the advantages of a Capital Improvement Program?**

An effective and ongoing Capital Improvement Program provides significant benefits to elected officials, staff, and the taxpayers within the City of Cadillac. Some of these benefits are:

- Coordination of the community’s physical planning with its fiscal planning activities;
- Ensuring that public improvements are undertaken in the most desirable order of priority;
- Assisting in stabilization of the tax rate over a period of years;
- Producing savings in total project costs by promoting a “pay as you go” policy of capital financing, thereby eliminating additional interest and other financing charges;
- Providing adequate time for planning and engineering of proposed projects;
- Ensuring the maximum benefit of the monies expended for public improvements; and
- Permitting municipal construction activities to be coordinated with those of other public agencies within the community.

These are important benefits for the Cadillac community. Capital improvement programming and capital budgeting allow officials and citizens to set priorities for capital investment and accrue maximum physical benefit with a minimum of capital expenditures through an orderly process of project development, selection, scheduling, and implementation.

**Capital Improvement Program Summary**

**Program Summary**

On a departmental basis, the 5-Year Capital Improvement Program includes the following request levels, presented by fiscal year:

Department	For the fiscal year ending June 30,					Total
	2013	2014	2015	2016	2017	
Complex/Administration	32,500	806,500	350,000	0	0	1,189,000
Public Safety						
Police	60,000	43,000	31,000	32,000	32,000	198,000
Fire	18,000	38,000	385,000	0	0	441,000
Municipal Parks	145,000	69,000	67,500	74,000	7,500	363,000
<b>Total General Fund</b>	<b>255,500</b>	<b>956,500</b>	<b>833,500</b>	<b>106,000</b>	<b>39,500</b>	<b>2,191,000</b>
Major Streets	37,500	111,500	40,000	330,000	175,000	694,000
Local Streets	556,500	397,500	192,500	7,500	281,500	1,435,500
Cemetery Operating	31,000	40,000	9,000	50,000	9,000	139,000
Industrial Parks	25,000	0	0	0	525,000	550,000
Water and Wastewater	1,346,000	2,824,000	663,800	346,000	468,500	5,648,300
Stores and Garage	234,000	255,000	252,000	360,000	369,000	1,470,000
Information Technology	135,000	40,000	20,000	20,000	70,000	285,000
Totals	\$2,620,500	\$4,624,500	\$2,010,800	\$1,219,500	\$1,937,500	\$12,412,800

**Source of Funds**

It is also important to identify the sources of funding that will be used to fund each year's projects. This helps to determine the viability of each year's requests and serves as a critical planning tool for current and future operating budgets. For the current 5-year program, the following sources of funding have been identified by fiscal year:

Source of Funds	For the fiscal year ending June 30,					Total
	2013	2014	2015	2016	2017	
Current Property Tax Revenues	255,500	206,500	483,500	66,000	39,500	1,051,000
<b>Donations</b>						
Donations Received	0	0	0	0	0	0
Future Donations	0	250,000	0	90,000	0	340,000
Operating Revenues	1,271,000	859,000	944,800	726,000	1,074,600	4,875,400
MVHF	594,000	509,000	232,500	337,500	456,500	2,129,500
DWRF	500,000	2,300,000	0	0	0	2,800,000
Grants	0	500,000	0	0	366,900	866,900
Special Assessments	0	0	350,000	0	0	350,000
Totals	\$2,620,500	\$4,624,500	\$2,010,800	\$1,219,500	\$1,937,500	\$12,412,800

**Projects by Fiscal Year**

The following tables identify specific projects that have been requested in each of the five fiscal years included in the current program. The summary lists the department that is making the request, the name of the project, the estimated cost, and the impact on the Annual Operating Budget. The first year of the program will be used in the development of the Annual Operating Budget, a process which will begin shortly after final approval and adoption of the program.

**Capital Improvement Program Summary**

<b>Plan Fiscal Year: 2013-2014</b>			
<b>Department</b>	<b>Project</b>	<b>Funded?</b>	<b>Cost</b>
Gen'l Government	FLOOR COVERING	No	10,500
Gen'l Government	CONCRETE APRON REPLACEMENTS	No	22,000
Public Safety	POLICE PATROL VEHICLE	Yes	30,000
Public Safety	INCIDENT MANAGEMENT SOFTWARE	No	30,000
Public Safety	RESCUE TOOLS	No	18,000
Parks	KENWOOD BATHROOM	No	80,000
Parks	PARKING LOT UPGRADES - LAKE/CHESTNUT STREETS	No	35,000
Parks	ENCLOSED TRACTOR WITH ATTACHMENTS	No	30,000
Major Street	FRANCIS AND E. DIVISION STREET IMPROVEMENTS	Yes	30,000
Major Street	STREET SIGN REPLACEMENT	Yes	7,500
Local Street	WHEELER STREET (RIVER TO POWERS)	Yes	110,000
Local Street	EVART STREET (OAK TO LESTER)	No	70,000
Local Street	HOLLY ROAD (BARBARA TO WREN)	No	99,000
Local Street	EAST GARFIELD STREET (HOLBROOK TO HIGGINS)	No	120,000
Local Street	SIMONS STREET (HARRIS TO BREMER)	No	150,000
Local Street	STREET SIGN REPLACEMENT	Yes	7,500
Cemetery	PICKUP TRUCK	Yes	22,000
Cemetery	RIDING LAWN MOWER	Yes	9,000
Industrial Parks	ENTRANCE SIGNS	Yes	25,000
Water/Wastewater	WHEELER STREET	Yes	65,000
Water/Wastewater	EVART STREET	No	50,000
Water/Wastewater	HOLLY ROAD	No	30,000
Water/Wastewater	EAST GARFIELD STREET	No	35,000
Water/Wastewater	SIMONS STREET	No	30,000
Water/Wastewater	NORTH SIMONS STREET	No	30,000
Water/Wastewater	FRANCIS AND E. DIVISION STREET	Yes	30,000
Water/Wastewater	VEHICLE TRANSCEIVER UNIT (VXU) REPLACEMENT	Yes	65,000
Water/Wastewater	GLOBAL POSITION SYSTEM (GPS) EQUIPMENT	Yes	8,000
Water/Wastewater	SEWER CAMERA	Yes	10,000
Water/Wastewater	TRACTOR BACKHOE	Yes	85,000
Water/Wastewater	SEWER VACUUM/JET TRUCK	Yes	400,000
Water/Wastewater	EQUALIZATION BASIN IMPROVEMENTS	Yes	8,000
Water/Wastewater	WATER SUPPLY IMPROVEMENTS	Yes	500,000
Stores & Garage	WHEEL LOADER WITH SNOW BUCKET	No	160,000
Stores & Garage	1-TON 4X4 DUALY PICKUP TRUCK	No	40,000
Stores & Garage	3/4-TON 4X4 PICKUP TRUCK	No	25,000
Stores & Garage	REPLACEMENT UNDERBODY PLOWS	Yes	9,000
IT	COMPUTER REPLACEMENT	Yes	20,000
IT	SOFTWARE REPLACEMENT	Yes	115,000
<b>Total for FY 2013-2014</b>			<b>\$2,620,500</b>

**Summary**

Total Funded Projects                    \$1,556,000 (59%)  
 Total Un-Funded Projects                \$1,064,500 (41%)

**Capital Improvement Program Summary**

This fiscal year promises to be a challenging year in terms of financing capital projects. The funded projects above represent the FY2014 capital budget totaling \$1,556,000 and the projects have been included in the budget of the appropriate fund. A total of \$1,064,500 in projects were eliminated due to lack of funding. The operating budget impact for respective departments is addressed below.

**General Government**

General government projects are funded by general property tax revenues. Because of the recent economic environment, only minimal investment has been made in capital projects for the last several years. For FY2014, all projects at the Municipal Complex have been eliminated due to lack of funding.

**Public Safety**

The annual patrol vehicle replacement program is funded for the FY2014 budget. Regular replacement of these important vehicles both enhances the safety and productivity of officers on the street and helps minimize annual maintenance costs and is expected to save \$500 to \$1,000 or more annually in operating costs. The purchase of rescue tools for the Fire Department was moved forward to the FY2013 budget and therefore was eliminated from the FY2014 budget.

**Parks**

All projects within Cadillac's parks systems have been eliminated due to funding constraints. Grants will be sought to help move these projects forward. If grants are received, the projects will be amended into the budget at a later date.

**Major and Local Streets**

Funding for public infrastructure projects, like street reconstruction, is very difficult to secure. As a result, most scheduled projects have been delayed. One small Major Street project (E. Division/Francis Street) will be completed, and one street project in the Local Street project, which will be determined at a later date, will be completed as well. The City will consider issuing bonds in the next 12-24 months to help facilitate street projects. Completing infrastructure projects typically has a positive impact on the operating budgets of the Major and Local Street Funds by reducing the amount of regular maintenance required on aged infrastructure.

**Cemetery**

The FY2014 budget has scheduled the replacement of the truck used by the Cemetery Foreman. The current truck has far outlived its estimated useful life and is in desperate need of replacement. Replacing the truck will save approximately \$2,000 in maintenance funds each year. Additionally, a new lawn mower will help improve the productivity of summer maintenance at the cemetery by eliminating down time related to aged equipment.

**Water and Wastewater**

Several streets will be replaced in FY2014, and the Water and Sewer Fund plans to replace the utilities infrastructure below the streets that are being reconstructed when they are torn up. Many of the underground pipes in these sections of streets are decades old and are in increasing need of repair. Repair and maintenance costs related to aging underground infrastructure place significant strain on the annual operating budget, so funding these projects helps maintain the integrity of the system. In addition, the City plans to begin Phase II of a two-phase project to replace the system of wells that provide all the water for Cadillac utility customers. This project is expected to cost up to \$6 million and should be completed over the next 3-4 years. Finally, several major pieces of equipment will be replaced in order to maintain the reliability of critical maintenance equipment.

**Stores and Garage**

Replacement of several pieces of equipment was been delayed in the FY2014 budget. A wheel loader (\$125,000) and two service trucks (\$65,000) were eliminated in the budget process due to funding constraints. This does not eliminate the need for these replacements, and will in fact place additional costs pressures on the equipment maintenance budget. In fact, the budget for repairs and maintenance of equipment was increased to reflect additional repair needs related to aging equipment.

**Capital Improvement Program Summary**

**Information Technology**

Investment in technology has been critical in enabling City staff to continue to provide services at a high level with reduced staff. To help staff continue to operate with a high level of efficiency and productivity, this investment will continue in FY2014. The City continues to explore new ways to leverage technology to enhance productivity in the delivery of important municipal services. Operating budget savings are primarily achieved by reducing ongoing maintenance costs related to the utilization of aged equipment.

**Summary of Years 2-5 of Five Year Capital Improvement Program**

<b>Plan Fiscal Year: 2014-2015</b>		
<b>Department</b>	<b>Project</b>	<b>Cost</b>
Gen'l Government	AUTOMATED EXTERNAL DEFIBRILLATORS	7,500
Gen'l Government	UPGRADE MUNICIPAL COMPLEX RESTROOMS	30,000
Gen'l Government	STAFF VEHICLE	19,000
Gen'l Government	ROTARY PERFORMING ARTS PAVILION UPGRADES	500,000
Gen'l Government	WHITE PINE TRAIL CONNECTOR	250,000
Public Safety	POLICE K-9 VEHICLE	35,000
Public Safety	PORTABLE RADIOS	8,000
Public Safety	FIRE RESCUE VEHICLE	38,000
Parks	KENWOOD PARKING LOT	60,000
Parks	RIDING LAWN MOWER	9,000
Major Street	WEST DIVISION STREET (LEESON TO SENECA)	104,000
Major Street	STREET SIGN REPLACEMENT	7,500
Local Street	CRIPPEN STREET (MITCHELL TO PARK)	105,000
Local Street	SELMA STREET (W. DIVISION TO WRIGHT)	100,000
Local Street	SOUTH STREET (LAKE TO FOUR WINNS TEST CENTER)	50,000
Local Street	ALDRICH STREET (BOND TO LINDEN)	60,000
Local Street	MARBLE STREET (MITCHELL TO SUNNYSIDE)	75,000
Local Street	STREET SIGN REPLACEMENT	7,500
Cemetery	CEMETERY ROAD PAVING	40,000
Water/Wastewater	CRIPPEN STREET	58,000
Water/Wastewater	SELMA STREET	91,000
Water/Wastewater	SOUTH STREET	35,000
Water/Wastewater	ALDRICH STREET	40,000
Water/Wastewater	MARBLE STREET	100,000
Water/Wastewater	R&D PUMP	10,000
Water/Wastewater	SERVICE TRUCK (HEAVY DUTY)	30,000
Water/Wastewater	SERVICE TRUCK (REGULAR DUTY)	20,000
Water/Wastewater	MANHOLE REHABILITATION	25,000
Water/Wastewater	LIFT STATION INFLUENT GATE VALVES	75,000
Water/Wastewater	LABORATORY STILLS	30,000
Water/Wastewater	13TH STREET STORM POND TRANSFORMER	10,000
Water/Wastewater	WATER SUPPLY IMPROVEMENTS	2,300,000
Stores & Garage	TANDEM AXLE PLOW TRUCK	195,000
Stores & Garage	1-TON 4X4 TRUCK WITH DUMP BOX	35,000
Stores & Garage	3/4-TON 4X4 PICKUP TRUCK	25,000
IT	COMPUTER REPLACEMENT	20,000
IT	IT INFRASTRUCTURE	20,000
<b>Total for FY 2014-2015</b>		<b>\$4,624,500</b>

**Capital Improvement Program Summary**

<b>Plan Fiscal Year: 2015-2016</b>		
<b>Department</b>	<b>Project</b>	<b>Cost</b>
Gen'l Government	COBB STREET SIDEWALK	100,000
Gen'l Government	CHESTNUT STREET SIDEWALK	75,000
Gen'l Government	CARMEL STREET SIDEWALK	75,000
Gen'l Government	PEARL STREET SIDEWALK	100,000
Public Safety	POLICE PATROL VEHICLE	31,000
Public Safety	FIRE PUMPER	385,000
Parks	SPRINKLER SYSTEM REPLACEMENT	60,000
Parks	SHORELINE STABILIZATION	7,500
Major Street	WEST BREMER STREET (LAKE TO MITCHELL)	40,000
Local Street	EAST BREMER STREET (MITCHELL TO PARK)	50,000
Local Street	SMITH STREET (WHEELER TO BURLINGAME)	60,000
Local Street	BLODGETT STREET (LINCOLN TO E. DIVISION)	75,000
Local Street	STREET SIGN REPLACEMENT	7,500
Cemetery	RIDING MOWER	9,000
Water/Wastewater	WEST BREMER STREET	38,000
Water/Wastewater	EAST BREMER STREET	85,000
Water/Wastewater	SMITH STREET	30,000
Water/Wastewater	BLODGETT STREET	23,800
Water/Wastewater	MANHOLE REHABILITATION	25,000
Water/Wastewater	RAW/PRIMARY SAMPLER REPLACEMENT	10,000
Water/Wastewater	WATER TOWER PAINTING	230,000
Water/Wastewater	WASTEWATER FUME HOOD	10,000
Water/Wastewater	WASTEWATER PARKING LOT IMPROVEMENTS	12,000
Water/Wastewater	COBB STREET	200,000
Stores & Garage	VACUUM STREET SWEEPER/CATCH BASIN CLEANER	198,000
Stores & Garage	REPLACEMENT UNDERBODY PLOWS	9,000
Stores & Garage	MEDIUM-DUTY TRACTOR	45,000
IT	COMPUTER REPLACEMENT	20,000
<b>Total for FY 2015-2016</b>		<b>\$2,010,800</b>

<b>Plan Fiscal Year: 2016-2017</b>		
<b>Department</b>	<b>Project</b>	<b>Cost</b>
Public Safety	POLICE PATROL VEHICLE	32,000
Parks	SKATE PARK EQUIPMENT	40,000
Parks	WALKWAY BRIDGE GAZEBO	25,000
Parks	RIDING LAWN MOWER	9,000
Major Street	LEESON STREET (CHESTNUT TO WEST DIVISION)	130,000
Major Street	LAKE STREET (CHAPIN TO POLLARD)	200,000
Local Street	STREET SIGN REPLACEMENT	7,500
Cemetery	ENTRANCE PILLARS	50,000
Water/Wastewater	LAKE STREET	50,000
Water/Wastewater	STAFF CAR	18,000
Water/Wastewater	DUMP TRUCK	75,000
Water/Wastewater	MUFFLE FURNACE/DRYING OVEN REPLACEMENT	8,000
Water/Wastewater	MANHOLE REHABILITATION	25,000
Water/Wastewater	WASTE WATER TREATMENT PLANT EMPLOYEE ROOM	40,000
Water/Wastewater	FEW PUMP REPLACEMENT	20,000
Water/Wastewater	WATER WELL INSPECTION	25,000
Water/Wastewater	ULTRAVIOLET DISINFECTION EQUIPMENT	15,000

**Capital Improvement Program Summary**

Water/Wastewater	ATOMIC ABSORPTION SPECTROSCOPY MACHINE	70,000
Stores & Garage	SINGLE AXLE PLOW TRUCK	160,000
Stores & Garage	REGENERATIVE AIR SWEEPER	175,000
Stores & Garage	3/4-TON 4X4 PICKUP TRUCK	25,000
IT	COMPUTER REPLACEMENT	20,000
<b>Total for FY 2016-2017</b>		<b>\$1,219,500</b>

Plan Fiscal Year: 2017-2018		
Department	Project	Cost
Public Safety	POLICE PATROL VEHICLE	32,000
Parks	SHORELINE STABILIZATION	7,500
Major Street	COBB & CARMEL STREET	175,000
Local Street	COLFAX STREET	120,000
Local Street	CRESTVIEW, EVART AND STIMSON STREETS	154,000
Local Street	STREET SIGN REPLACEMENT	7,500
Cemetery	RIDING LAWN MOWER	9,000
Industrial Parks	JAMES E. POTVIN INDUSTRIAL PARK	525,000
Water/Wastewater	COLFAX STREET	60,000
Water/Wastewater	CRESTVIEW, EVART AND STIMSON STREETS	90,000
Water/Wastewater	SEWER JETTER	100,000
Water/Wastewater	TWO (2) SERVICE TRUCKS	50,000
Water/Wastewater	CIRCULAR PUMP	15,000
Water/Wastewater	RAS PUMP	11,000
Water/Wastewater	WATER WELL INSPECTION	25,000
Water/Wastewater	CHANNEL MONSTER	75,000
Water/Wastewater	WASTEWATER FUME HOOD	10,000
Water/Wastewater	MANHOLE REHABILITATION	25,000
Water/Wastewater	BOD INCUBATOR	7,500
Stores & Garage	SINGLE AXLE PLOW TRUCK	160,000
Stores & Garage	BUCKET TRUCK	165,000
Stores & Garage	RIDING LAWN MOWER	10,000
Stores & Garage	REPLACEMENT UNDERBODY PLOWS	9,000
Stores & Garage	SIDEWALK AND PARKING LOT SWEEPER	25,000
IT	IT INFRASTRUCTURE	50,000
IT	COMPUTER REPLACEMENT	20,000
<b>Total for FY 2017-2018</b>		<b>\$1,937,500</b>
<b>5-Year Total Capital Improvement Program</b>		<b>\$12,412,800</b>

**2014-2018 Five Year Capital Improvement Program**

The 5-Year Capital Improvement Program has been published as a separate document. The document can be viewed in its entirety on the City of Cadillac’s website at [www.cadillac-mi.net](http://www.cadillac-mi.net), or can be obtained from the Financial Services Department.

## 2013-2014 Annual Budget Calendar

### 2012

December City Manager, Director of Finance have preliminary discussions regarding budget objectives and priorities.



### 2013

January 6 Staff meeting held to discuss the general guidelines for the 2013-2014 Annual Operating Budget preparation. Departments given access to Budget Maintenance in financial software as well as given a copy of 2012-2013 Personnel Summary.

February 7 Budget input completed by Department Heads and any related documentation submitted to Finance Department for review. Budget advanced to Director of Finance level for review.

February 28 Finance review completed. Information on balanced budget submitted to the City Manager for review and approval.

March 25 City Manager concludes review and preliminary budget is prepared.

April 1 Administrative budget is completed and in accordance with the City Charter is submitted to the City Council for their review.

April 3 City Clerk makes public notice of public hearing on the budget.

April 13 City Council holds budget work session.

April 15 Public hearing held on the preliminary budget.

May 20 Budget adoption and tax levy authorization.

June 20 City Clerk completes 2013 tax roll.

June 28 Tax bills mailed.

July 1 2013-2014 Annual Operating Budget takes effect.

## Financial Policies

### BUDGETARY POLICIES

1. The annual operating budget including proposed expenditures and the means of financing them, must be presented by the City Manager to the City Council on March 31<sup>st</sup> of each year.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to May 31<sup>st</sup>, the budget is legally enacted through the passage of a budget ordinance. Budgets are submitted on a line item basis but adopted by the City Council on a major function basis.
4. All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by City Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental type funds may not exceed appropriations at the total fund level.
5. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
6. Budgets are reviewed, monthly, and amended, if needed, quarterly. The budget is amended on a fund basis for all funds other than the general fund, which is amended on a departmental basis.

### ACCOUNTING POLICIES

1. The accounts of the City of Cadillac are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

2. The City of Cadillac has the following fund types:

A. **Governmental funds** are used to account for the government’s general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, franchise taxes, license, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

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

**Special Revenue Funds** account for revenue sources that are legally restricted to expenditures for specific purposes.

The **Debt Service Funds** account for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

**Permanent Funds** account for assets of which the principal may not be spent.

B. **Proprietary Funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable Financial Accounting Standards Board pronouncements in accounting and reporting for the proprietary operations. Proprietary funds include the following fund types:

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

**Internal Service Funds** account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

C. **Fiduciary Funds** account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

The **Pension Trust Funds** are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the government's public safety employees' pension plan.

**Fund Balance Policies**

Fund balances will vary by each fund and fund type but as a general rule the State of Michigan has indicated in Public Act 2 the fund balance shall not be negative. In the General Fund, the Cadillac City Council has established a policy of striving to keep the reserve for working capital at 15% of the operating budget. This reserve is for unexpected decreases in revenues or increases in expenditures. A reserve account records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure. The City Council has identified several reserved accounts in the General Fund. These funds typically can be turned quickly into liquid assets. Fund balances are shown in all funds with the exception of proprietary funds which involves retained earnings. Retained earnings are not as liquid since often the assets are equipment or water lines or some other form of illiquid asset.

**Basis of Budgeting**

The City of Cadillac does not distinguish between Basis of Budgeting and Basis of Accounting. The principles set forth as the Basis of Accounting are strictly observed in the budgeting process. A fund's Basis of Budgeting and Basis of Accounting determines when a transaction or event is recognized within a fund's operating statement. The State of Michigan has indicated in Public Act 2 the fund balance shall not be negative.

- |                          |                  |
|--------------------------|------------------|
| • Governmental Funds     | Modified Accrual |
| • Proprietary Funds      | Full Accrual     |
| • Internal Service Funds | Full Accrual     |
| • Pension Trust Funds    | Modified Accrual |

**Policy: General Finance**

**Administrative Policy A-10**

**Dated:** November 5, 1993

**PURPOSE:** Many financial policies may already exist in practice by need to be put in written form in a central location. This will allow City Council and management to view the present approach to financial management from an overall, long-range vantage point.

**POLICY:**

- 1) Generally Accepted Accounting Principles (GAAP) – The City of Cadillac will establish and maintain a high standard of accounting practices. Accounting standards will conform to generally accepted accounting principles as promulgated by the Government Accounting Standards Board.
- 2) Audit
  - a) An annual audit will be conducted by a properly licensed independent public accounting firm.
  - b) All general purpose, combined and individual fund and account group statements and schedules shall be subject to full scope audit.
  - c) Any employee will be prosecuted to the extent of the law in any instance where the employee is proven to have committed any illegal act such as theft.
- 3) Financial Statements
  - a) The finance office will prepare monthly financial reports for internal management purposes. These reports will be combined on or before ten (10) days following the end of the month.
  - b) Annually, the finance office will prepare a comprehensive annual financial report. This report shall be made available to the elected officials, bond rating agencies, creditors and citizens.
  - c) Annually, the City will submit its comprehensive annual financial reports to the GFOA to determine its eligibility to receive the GFOA’s Certificate of Achievement for Excellence in Financial Reporting.
- 4) Budgets
  - a) The fund balance in the General Fund shall have a reserve set aside entitled Working Capital. The amount is equivalent to three months of capital needed to operate or 15% of the General Fund expenditures.
  - b) Format and balancing of budgets will be in accordance with the State of Michigan Public Act 2 of 1968.

**Policy: Debt Management****Administrative Policy B-13****Dated:** March 29, 1994**Reviewed:** January 22, 2004

**PURPOSE:** Because of its conservative basis of accounting for tax revenues, the City of Cadillac is not required to borrow money for operations. When incurred, the City's long term general obligation and special assessment debt is handled through a debt service fund. The revenue bond requirements are handled through an Enterprise Fund. The following objectives are employed by the City of Cadillac in managing its debt:

**POLICY:**

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

**Policy: City of Cadillac Investment Policy****Administrative Policy B-5****Dated:** March 17, 1980**Revised:** January 7, 1985; February 17, 1986; April 6, 1998**Reviewed:** January 22, 2004

(Last Approved by City Council October 16, 1998)

To Comply With Act 20 PA 1943, as amended.

**PURPOSE** - It is the policy of the City of Cadillac to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the City and comply with all state statutes governing the investment of public funds.

**SCOPE** - This investment policy applies to all financial assets of the City of Cadillac. These assets are accounted for in the various funds of the City and include the general fund, special revenue funds, debt service funds and capital project funds (unless bond ordinances and resolutions are more restrictive), enterprise funds, internal service funds, trust and agency funds and any new funds established by the City of Cadillac.

**OBJECTIVES** - The primary objectives, in priority order, of the City's investment activities shall be:

**SAFETY** - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

**DIVERSIFICATION** - The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

**LIQUIDITY** - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

**RETURN ON INVESTMENT** - The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

**DELEGATION OF AUTHORITY TO MAKE INVESTMENTS** - Authority to manage the investment program is derived from the following: The Cadillac City Council's most current resolution designating depositories and Section 7.4 of the Cadillac City Charter designates the City Treasurer to be the custodian of the City's funds. Management responsibility for the investment program is hereby delegated to the Director of Finance who shall establish written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, cash purchase or delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Director of Finance is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Bankers' acceptance of United States banks.

- (e) Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than 1 standard rating service.
- (f) Mutual funds registered under the investment company act of 1940, title 1 of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share. The City may also include mutual funds whose net asset value may fluctuate on a periodic basis.
- (g) Investment pools through an inter-local agreement under the urban cooperation act of 1967. 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- (h) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.129.111 to 129.118.
- (i) The City shall not deposit or invest funds in a financial institution that is not eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- (j) Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investments of paragraphs a - i.

**SAFEKEEPING AND CUSTODY** - All security transactions, including financial institution deposits, entered into by the Director of Finance shall be on a delivery vs. payment basis. Securities may be held by a third party custodian designated by the Director of Finance and evidenced by safekeeping receipts.

**DIVERSIFICATION** - The City of Cadillac will diversify its investments by security type and institution. With exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

**AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS** - The City of Cadillac finance department will maintain a list of financial institutions authorized to provide investment services in Michigan as well as their credit worthiness. No public deposit shall be made except in a qualified public depository as established by the State of Michigan. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the City with certification of having read this investment policy.

**MAXIMUM MATURITIES** - To the extent possible, the City of Cadillac will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

**REPORTING** - The Director of Finance shall provide to the City Council quarterly investment reports which provide a clear picture of the status of the current investment portfolio. The management report should include comments of the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies. Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category
- Average life and final maturity of all investments listed
- Coupon, discount or earnings rate
- Par value, amortized book value and market value
- Percentage of the portfolio represented by each investment category

**PERFORMANCE STANDARDS** - The investment portfolio shall be designated with the objective of obtaining a rate of return throughout the budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The City's investment strategy can be either active or passive depending on the fund and objectives. The basis to determine whether market yields are being achieved shall be the average daily FED fund rates and the six-month U.S. Treasury bill.

**ETHICS AND CONFLICTS OF INTEREST** - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager any material financial interests in financial institutions that conduct business within the City, and shall further disclose any large personal financial/investment positions that could be related to the performance of the City, particularly with regard to the time of purchases and sales.

**PRUDENCE** - Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**INVESTMENT POLICY ADOPTION** - This policy supersedes any previously adopted investment policies. The City of Cadillac's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually and any modifications will be approved by the City Council.

**INVESTMENT POLICY GLOSSARY**

**AGENCIES:** Federal agency securities.

**ASKED:** The price at which securities are offered.

**BANKERS' ACCEPTANCE (BA):** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BID:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** The official annual report for the City of Cadillac. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

**COUPON:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DEBENTURE:** A bond secured only by the general credit of the issuer.

**DELIVERY VERSUS PAYMENT:** There are two methods of delivery of securities: delivery versus payment and the delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**INVESTMENT POLICY GLOSSARY (Continued)**

**DERIVATIVES:** (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**DISCOUNT:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$100,000.00 per deposit.

**FEDERAL FUNDS RATE:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

**INVESTMENT POLICY GLOSSARY (Continued)**

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

**PORTFOLIO:** Collection of securities held by an investor.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**PRUDENT PERSON RULE:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state--the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**INVESTMENT POLICY GLOSSARY (Continued)**

**REPURCHASE AGREEMENT (RE OR REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SEC RULE 15C3-1:** See Uniform Net Capital Rule.

**STRUCTURED NOTES:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY BONDS:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

**TREASURY NOTES:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

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**Finance Provisions of the City Charter**

ARTICLE 10

**GENERAL FINANCE**

Section (10.1) **Fiscal Year.** The Fiscal Year of the city shall begin on the first day of July of each year and end on the thirtieth day of June of the following year.

**FINANCE PROVISIONS OF THE CITY CHARTER (Continued)**

Section (10.2) **Budget Procedures.** On or before the first day of April in each year, the City Clerk and the City Manager, acting upon recommendations submitted by the various department heads and the City Council, shall draw up the ensuing fiscal year, specifying in detail all proposed expenditures for the support of the various departments, and for every other purpose for which any money will be required to be paid from any of the several general funds of the city during the year; and also the estimated amount of revenue from all sources other than tax levy. The estimate thus made shall be called "The Annual City Budget" and filed with the City Clerk.

Section (10.3) **Budget Hearing.** A public hearing on the proposed budget shall be held before its final adoption, in the second half of the month of April as the City Council shall direct.

Notice of such public hearing, a summary of the proposed budget and notice that the proposed budget is on file in the office of the Clerk shall be published at least ten (10) days in advance of the hearing. The complete proposed budget shall be on file for public inspection during office hours at such office for a period of not less than ten (10) days prior to such public hearing.

Section (10.4) **Adoption of Budget.** Not before the 10th day of May, nor later than the last day in May in each year, the City Council shall by ordinance adopt a budget for the next fiscal year, shall appropriate the money needed for municipal purposes during the next fiscal year of the city and shall provide for a levy of the amount necessary to be raised by taxes upon real and personal property for municipal purposes, subject to the limitations contained in Section 1 (11).

Section (10.5) **Budget Control.** Except for expenditures which are to be financed by the issuance of bonds or by special assessment, or for other expenditures not chargeable to a budget appropriation, no money shall be drawn from the treasury of the city except in accordance with an appropriation thereof for such specific purposes, nor shall any obligation for the expenditure on money be incurred without an appropriation covering all payments which will be due under such obligation in the current fiscal year. The City Council by resolution may transfer any unencumbered appropriation balance or any portion thereof, from one account, department, fund, or agency to another.

The City Council may make additional appropriations during the fiscal year for unanticipated expenditures required of the city, but such additional appropriations shall not exceed the amount by which actual and anticipated revenues of the year are exceeding the revenues as estimated in the budget unless the appropriations are necessary to relieve an emergency endangering the public health, peace or safety. No expenditure may be charged directly to the contingency fund. Instead, the necessary part of the appropriation for the contingency fund or similar other fund shall be transferred to the appropriate account and the expenditure thus charged to such account.

At the beginning of each quarterly period during the fiscal year, and more often if required by the City Council, the City Treasurer shall submit to the City Council data showing the relationship between the estimated and actual revenues and expenditures to date; and if it shall appear that the revenues are less than anticipated, the City Council may reduce appropriations, except amounts required for debt and interest charges, to such a degree as may be necessary to keep expenditures within the revenues. Along with such reports, the City Treasurer shall report operating revenues and disbursements of cemetery funds with a copy furnished the Cemetery Board.

Section (10.6) **Depository.** The City Council shall designate the depository or depositories for the city funds, and shall provide for the regular deposit of all city monies.

Section (10.7) **Independent Audit.** An independent audit shall be made of all accounts including special and trust funds of the city government at least annually. Such audit shall be made as soon after the close of the fiscal year as possible by certified public accountants selected by the City Council.

**COLLECTIVE BARGAINING AGREEMENTS**

**Command Officers Association of Michigan**

Contract Expiration Date: June 30, 2014

**Membership: 5**

Police Captain  
4 Sergeants

**Police Officers Association of Michigan**

Contract Expiration Date: June 30, 2014

**Membership: 9**

8 Patrol Officers  
1 School Liaison Officer

**International Association of Firefighters Local 704**

Contract Expiration Date: June 30, 2015

**Membership: 11**

1 Fire Marshal  
2 Lieutenants  
2 Captains  
6 Fire Fighters

**United Steelworkers of America Local 14317**

Contract Expiration Date: June 30, 2013

**Membership: 20**

5 Water Division Members  
5 Sewer Division Members  
1 Laboratory Division Member  
9 Street Division Members

\* Each union contract is designed as a three-year agreement.



## What's the Weather?

Local citizens like to say that if you don't like the weather, just wait a few hours.

A true four-seasons climate awaits you in Cadillac. Spring is exciting with its annual renewal of the lush foliage and flowers and the appearance of the much-awaited May mushrooms. Summer is pleasant with moderately warm temperatures and, for the most part, comfortable humidity levels. Fall, with nature's glorious color show, is a very special time of year. Winter provides abundant snow for a full range of winter activities.

CLIMATE as reported by weather station at Cadillac:

January Average Minimum:	10F./-12C.	Average Maximum:	24F./-4C.
July Average Minimum:	54F./ 12C.	Average Maximum:	79F./26C.
Growing Season:	100 days		
Days below 0F. or -18C:	23	Average Annual Rainfall:	31 in./79cm.
Days above 90F. or 32C:	5	Average Annual Snowfall:	71 in./180cm.

## Did you Know?

The City was founded based on the lumbering of large tracts of pine timber.

The Shay Locomotive was invented in Cadillac by Ephraim Shay in 1878. The Shay Locomotive was one of the first to have the ability to haul logs on uneven terrain, sharp curves and up steep hills. Shay Locomotives were used throughout the United States between 1880 and 1945.

The canal between Lake Mitchell and Lake Cadillac is one of the man-made wonders of the world. It freezes before either of the lakes, thaws after the lakes have frozen, and does not freeze again for the rest of the winter.

In 1840, Wexford County was called "Kautawaubet" an Indian name supposedly meaning "broken tooth", after a chief of the Potawatami tribe that signed the Great Peace Treaty of 1825. In 1843, it was named Wexford after a county in Ireland.

Cadillac previously was known as the Village of Clam Lake until 1843, when it was renamed in honor of the French explorer, Antoine de la Mothe Cadillac.

Tourism became a major industry after World War II with the expansion of the Caberfae Ski Resort.

Famous "Humpty-Dumpty" folding egg crates were designed in Cadillac.

Cadillac was world renowned for its production process of maple and hardwood flooring.

Cadillac had its beginnings on the eastern shore of Lake Cadillac (then known as the Little Clam Lake). George Mitchell, Cadillac's founding father, is responsible for naming the first streets. Streets were named for the natural surroundings he encountered such as Lake, Pine, Beech and Spruce Streets. Mr. Mitchell named several of the streets after his friends and business associates. On the western boundary of the city, Mr. Mitchell established a park – now known as Mitchell State Park – surrounded by the lakes – now known as Lake Mitchell and Lake Cadillac – and a swamp. Sawdust and soil removed from the east side of Mitchell Street was used to fill in and elevate the park property. Leeson Avenue was named after Cadillac's first doctor, Dr. John Leeson. Cummer Street was named for Jacob Cummer, lumberman and pioneer in the manufacture of hardwood furniture, ladders and novelties. Our streets reflect our area and people who helped build this community we are part of today.

**CITY OF CADILLAC, MICHIGAN**

TAXABLE VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property Valuation	Personal Property Valuation	Total Taxable Valuation	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
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**

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2012			2003		
	Taxable Value	Rank	Percentage of Total City Taxable Value <sup>a</sup>	Taxable Value	Rank	Percentage of Total City Taxable Value <sup>b</sup>
Cadillac Renewable Energy <sup>c</sup>	\$12,971,767	1	5.12%	\$17,607,997	2	8.96%
Cadillac Casting <sup>d</sup>	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 <sup>e</sup>	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*

<sup>a</sup> Based on total taxable value of \$253,295,719.

<sup>b</sup> Based on total taxable value of \$196,615,410.

<sup>c</sup> Formerly Beaver MI Associates LTD Partnership.

<sup>d</sup> Formerly CMI Cast Parts.

<sup>e</sup> 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		Collections in Subsequent Years	Total Collections to Date <sup>a</sup>	
		Fiscal year of Levy 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	4,500,222	4,267,823	94.84%	232,400	4,500,222	100.00%
2011	4,408,769	4,167,763	94.53%	241,006	4,408,769	100.00%
2012	4,487,315	4,273,383	95.23%	213,931	4,487,315	100.00%

**Source:** City of Cadillac Treasurer's Office

<sup>a</sup> In 1977 the Wexford County Treasurer began pooling all delinquent taxes together and financing delinquencies through bond sales. The proceeds from the bond sale are paid to the City giving the effect of 100% tax collection in a given year. The responsibility for the collection of the delinquent tax is shifted to the county treasurer.

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

<u>Fiscal Year</u>	<u>Population<sup>1</sup></u>	<u>Personal Income (thousands)</u>	<u>Per Capita Personal Income<sup>2</sup></u>	<u>School Enrollment<sup>3</sup></u>	<u>Local Unemployment Percentage Rate<sup>4</sup></u>	<u>State Unemployment Percentage Rate<sup>4</sup></u>	<u>Civilian Labor Force<sup>4</sup></u>
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:**

<sup>1</sup> Bureau of the Census

<sup>2</sup> Bureau of Economic Analysis

<sup>3</sup> School Districts

<sup>4</sup> Michigan Department of Labor & Economic Growth (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 <sup>1</sup>	420	3	2.45%	750	2	3.87%
Cadillac Castings <sup>2</sup>	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 Hayes Lemmerz International, Inc.				802	1	4.14%
Lakeview Lutheran Manor				540	5	2.79%
				220	10	1.14%
	<u>3,295</u>		<u>19.26%</u>	<u>5,106</u>		<u>26.37%</u>

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

<sup>1</sup> Formerly known as Four Winns Boats.

<sup>2</sup> Formerly known as CMI Cadillac.

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

The Annual Budget contains specialized and technical terminology unique to public finance and budgeting. To assist the reader of the Annual Budget document in understanding these terms, a budget glossary has been included in the document.

**ACCRUAL ACCOUNTING** A basis of accounting in which revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they are incurred.

**AGENCY FUND** A fund used to account for assets held by the city as an agent for individuals, private organizations, other governments and/or other funds.

**ANNEXATION** The incorporation of a land area into an existing city or village with a resulting change in the boundaries of that unit of local government.

**APPROVED BUDGET** The revenue and expenditure plan for the City for the fiscal year as reviewed and given final approval by the City Council.

**ASSESSED VALUATION** The taxable value placed upon property as a basis for levying taxes, equal to 50% of market value, as required by state law.

**AUTOMOBILE PARKING SYSTEM FUND** This fund accounts for Operations of the on-street and off-street parking facilities within the City.

**AUDIT** A comprehensive review of the manner in which the government’s resources were actually utilized. The main purpose of an audit is to issue an opinion over the presentation of financial statements and to test the controls over the safekeeping of assets while making any recommendations for improvements where necessary.

**BALANCED BUDGET** A balanced budget is where the revenues and other financing sources match the expenditures and other financing uses or expenses.

**BOND** A certificate or instrument certifying the existence of a debt. Local units of government only have those powers to borrow monies expressly granted by law. Municipal obligations are generally classified as either general obligation or special obligation bonds. A special obligation bond is payable from a specially identified source; general obligation bond is payable without reference to a specific source.

**BONDED DEBT** That portion of indebtedness represented by outstanding bonds.

**BUDGET ADJUSTMENT** Adjustment made to the budget during the fiscal year by the City Council to properly account for unanticipated changes which occur in revenues and/or expenditures and for programs initially approved during the fiscal year.

**BUDGET** Under the Michigan Uniform Budgeting and Accounting Act (MCL 141.421 et.seq.), budget means a plan of financial operation for a given period of time, including an estimate of all proposed expenditures from the funds of a local unit and the proposed means of financing the expenditures. It does not include a fund for which the local unit acts as a trustee or agent, an intragovernmental service fund, an enterprise fund, a public improvement or building fund or a special assessment fund.

**BUDGET CALENDAR** The schedule of key dates or milestones which the City departments follow in the preparation, adoption, and administration of the budget.

**CAPPED VALUE** The capped value will be the previous year’s final SEV minus losses increased by the consumer price index or 5%, whichever is less, plus additions. Loss is a component of property which is physically removed, for example the removal of a garage. Addition is a component of property which is physically added such as a family room or finishing a basement.

**CALEA** Commission on Accreditation for Law Enforcement Agencies.

**CAPITAL EXENDITURES** Tangible capital-type items should be capitalized if they have an estimated useful life of at least two years following the date of acquisition. Capitalization thresholds are best applied to individual items rather than to groups of similar items. Threshold is \$5,000 or greater of any individual item. Infrastructure assets are treated separately from other capital assets for purposes of establishing capitalization thresholds. As a general rule, capitalization thresholds for non-infrastructure items should be designed to encompass approximately 80 percent of a government’s total non-infrastructure tangible capital-type items.

**CAPITAL IMPROVEMENT PROGRAM** The first year of the CIP is the Capital Improvements Budget and funding for the improvements identified therein is contained in the proposed annual budget. The remaining four years of the CIP lists the capital projects identified for implementation and its estimated cost. Through placement in a year, the priority is indicated and each year, the list of projects is reviewed for need, cost and priority.

**CAPITAL PROJECTS FUND** Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds and trust funds).

**CAPITAL OUTLAY** Expenditures relating to the purchase of equipment, facility modifications, land, and other fixed assets.

**CEMETERY OPERATING FUND** This fund records the financial activities of running the cemetery. Revenues from endowment funds supplement charges for services to finance these activities.

**COMMUNITY DEVELOPMENT FUND** This is a revolving fund established with grant monies from H.U.D. to assist low and moderate income families to bring their homes up to the City building codes. Assistance is given through low-interest loans to qualifying individuals. As loans are repaid, money is made available for new loans.

**COUNCIL** A legislative, executive, advisory or administrative governmental body, such as a city council or a citizen’s advisory council, whose elected or appointed members are assigned certain duties and responsibilities by law.

**CURRENT TAX COLLECTIONS** The City functions as the collection agent for the schools and county.

**DEBT SERVICE FUNDS** Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The accounting for this group of funds is the modified accrual method.

**DEPRECIATION** The process of estimating and recording the expired useful life of a fixed asset which is distributed over its revenue-producing years.

**DOWNTOWN DEVELOPMENT AUTHORITY FUND** This fund is designed to assist in the economic growth of the central business district from parking plans to mall development. A tax levy of two mills maximum can be levied by the board when needed.

**ENTERPRISE FUNDS** Enterprise funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supported by user charges. The significant characteristic of Enterprise Funds is that the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprises. Thus, the reports of

enterprise funds are self-contained and creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as they can the performance of investor-owned enterprises in the same industry.

**FIDUCIARY FUND** Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government’s own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

**FISCAL YEAR** The twelve month period designated as the operating year for an entity. The fiscal year for the City of Cadillac is July 1 – June 30.

**FUND** An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other financial resources, together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**FUND BALANCE** The excess of the assets of an expendable fund, or of a nonexpendable trust fund, over its liabilities.

**GENERAL FUND** The General Fund is the general operating fund of the City. It is used to account for the resources devoted to finance the services traditionally associated with local government, except those activities that are required to be accounted for in another fund. Transactions are recorded on the modified accrual basis.

**GENERAL OBLIGATION BONDS** Bonds that finance a variety of public improvement projects which pledges the full faith and credit of the City.

**HOME RULE** The authority of local government to frame, adopt or change their own charter and to manage their own affairs with minimal state interference.

**INFRASTRUCTURE** The basic physical framework or foundation of the City, referring to its buildings, roads, bridges, sidewalks, water and sewer systems.

**INVENTORY** A detailed listing of property currently held by the government.

**INTERNAL SERVICE FUNDS** Internal Service funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the City. Since the services and commodities are supplied exclusively to programs under the City jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in general, special revenue or enterprise funds.

The City of Cadillac Central Stores and Municipal Garage Fund, Data Processing Fund and Self Insurance Fund make up the internal service fund category. The Central Stores and Municipal Garage Fund is the fund that operates the motor pool for the City. The Information Technology Fund provides data processing services in the various internal and external agencies that use the City’s computer system. The Self Insurance Fund records hospitalization, dental, optical and similar insurance benefits.

**LOCAL STREET FUND** Receives all local street money paid to the cities by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

**LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA)** Financing authority used to capture taxes within a specific district. The board of directors is appointed by the City Council. The LDFA has the ability to bond for construction related projects and oversee the district.

- LEGAL LEVEL OF CONTROL** The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions which alter the total expenditures of any fund or the transfer of funds between departments must be approved by the City Council.
- MAJOR STREET FUND** Used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and the maintenance contract of the state trunklines.
- MILL** A taxation unit equal to one dollar of tax obligation for every \$1,000 of assessed valuation of property.
- MILLAGE** The total tax obligation per \$1,000 of assessed valuation of property.
- MODIFIED ACCRUAL ACCOUNTING** A basis of accounting in which expenditures are accrued but revenues are accounted for when they become measurable and available.
- NPDES** National Pollutant Discharge Elimination System. A permit issued by the State of Michigan for the wastewater treatment plant to discharge treated effluent in the State's waters.
- OBJECTIVE** Objectives are the methods by which goals are to be obtained. More refined definition to the goal and a focused effort.
- OPEB** Other Post Employment Benefits.
- PERMANENT FUNDS** Governmental fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government of its citizenry).
- POLICEMAN AND FIREMAN RETIREMENT SYSTEM** Maintained under the State of Michigan Act 345. This retirement fund is for police and fire personnel of the City.
- PROPOSED BUDGET** City's revenue and expenditure plan for the fiscal year as prepared and recommended by the City Manager for the Mayor and the City Council's consideration.
- PROPERTY TAX** A tax based on the assessed value of property, either real or personal. Tax liability falls on the owner of record as of tax day. Real property includes all lands, buildings and fixtures on the land. Personal property is generally movable and not affixed to land. It includes equipment, furniture, electric and gas transmission and distribution equipment and the like.
- RISK MANAGEMENT** An organized attempt to protect a government's assets against accidental loss in the most economical method.
- RESERVE** Funds designated to be allocated in order to meet potential liabilities during the fiscal year.
- RESOLUTION** Official action of a legislative body, primarily administrative or ministerial in nature.
- REVENUE BOND INDEBTEDNESS** Bonds of the City which are supported by the revenue generating capacity of the water and wastewater system.
- SPECIAL REVENUE FUNDS** Special Revenue Funds are used to account for the proceeds of specified revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**STATE EQUALIZED VALUATION (SEV)** The assessed valuation of property in the City as determined by the local assessor and then reviewed and adjusted, if necessary, by the county and state, to assure that it equals 50% of market value, as required by the State of Michigan.

**SURPLUS** Prior years' earnings used to balance the current operating budget. An excess of the assets of a fund over its liabilities and reserves.

**TAXABLE VALUE** Taxable value is simply the lesser of the assessed value or capped value.

**TAX BASE** The total value of taxable property in the City.

**TAX INCREMENT FINANCING** A tax incentive designed to attract business investment by the dedication of property tax revenue from the redevelopment of an area (tax increment district) to finance development related costs in that district. Tax increment financing divides tax revenue from the area into two categories: 1. taxes on the predevelopment value of the tax base that are kept by each taxing body; and 2. taxes from increased property values resulting from redevelopment that are deposited by some taxing entities in a tax increment fund and are used to finance public improvements in the redevelopment area. In Michigan, there are four different types of authorities with tax increment financing powers:

1. Tax increment finance authority (no longer an option for a new authority),
2. Downtown development authority,
3. Local development financing authority, and
4. Brownfield redevelopment authority.

**TAX RATE** An amount levied on assessed property value, real and personal, within the City of Cadillac. The City Council establishes the tax rate each year at budget time in order to finance various funds.

**TRANSFER OF FUNDS** A procedure established by the city charter used to revise a budgeted amount after the budget has been adopted by the city council.

**UDAG** Initials for federal grant program issued by the U.S. Department of Housing and Urban Development. The funding of this program no longer exists at the federal level. Urban Development Action Grant (UDAG).

**VARIANCE** Authorization for the construction of a structure or for the establishment of a use which is prohibited by a zoning ordinance. Generally, a variance may not be granted unless the literal enforcement of the zoning ordinance would cause a property owner "practical difficulties or unnecessary hardship."

**WATER AND WASTEWATER DISPOSAL SYSTEM FUND** The customers of the City's tertiary treatment plant have the revenues and expenses of the system accounted for in this fund as well as the financial activity of the seven well water systems which provide water to the City.

**WWTP** Initials for Wastewater Treatment Plant.

**ZONING** Division of a municipality into districts; the regulation of structures according to their construction, nature, and extent of use and the regulation of land according to nature and use.

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Cadillac  
Michigan**

For the Fiscal Year Beginning

**July 1, 2012**

*Christopher P. Moynill*

President

*Jeffrey R. Erwin*

Executive Director

## **DISTINGUISHED BUDGET PRESENTATION AWARD**

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Cadillac, Michigan for its annual budget for the fiscal year beginning July 1, 2012. In order to receive this award, a governmental unit must publish a budget document as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine if it is eligible for another award. The City of Cadillac has received twenty-six consecutive Distinguished Budget Presentation awards.

CITY OF  
**CADILLAC**  
MICHIGAN

