



**Annual Operating Budget**  
July 1, 2014—June 30, 2015

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



## **ELECTED OFFICIALS**

**Carla Filkins, 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>Sandra Wasson</i></b>
City Treasurer	<b><i>Keri Lanning</i></b>
City Attorney	<b><i>Foster Swift Collins &amp; Smith PC</i></b>

May 19, 2014

Dear Citizens of Cadillac:

I am pleased to submit to you for my first time as your mayor the Annual Operating Budget for the City of Cadillac for the fiscal year beginning July 1, 2014 and ending June 30, 2015. 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 FY2015 budget plans over \$17.1 million in spending across the whole organization. Included in this plan is over \$1.2 million in construction as the City works hard to plan for fixing our roads, maintaining other critical infrastructure and utilizing highly efficient and productive maintenance equipment to keep our city looking beautiful. The budget also includes over \$3.3 million in appropriations to Public Safety in recognition of our responsibility to provide for the protection of our community. Because of the revenue challenges that we continue to encounter here at the local level, each area of spending has been closely scrutinized for opportunities for cost savings and productivity and efficiency enhancements in order to position our organization for many years of sustainable community care and service.

I have appreciated the opportunity to get to know the great staff at the City and would like to recognize and thank them for the sacrifices they have all made over the last few difficult economic years. Nearly everyone has accepted and embraced new roles and responsibilities as the organization has had to retool and restructure to react to the losses in revenues that have been experienced for several years. The dedicated and professional staff of the City has continued to sustain a high level of service provision and professionalism even as service demands and job loads have increased. The continued partnership and strong working relationship between staff and City Council is important to me and I look forward to working hard to maintain and enhance these relationships.

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. Second, 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.

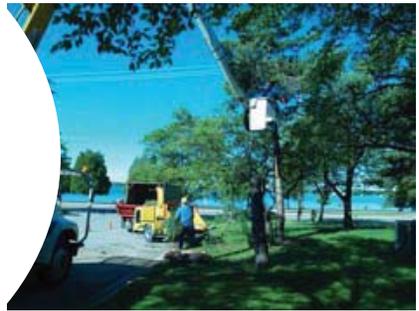
I am very proud of the effort that has gone into the development of this budget. It has been a true pleasure for me to begin my time serving as your Mayor and I look forward to interacting with you as we partner together to make this City a community of continuing success.

Sincerely,

Carla J. Filkins  
Mayor

Glimpses of ...

... Cadillac



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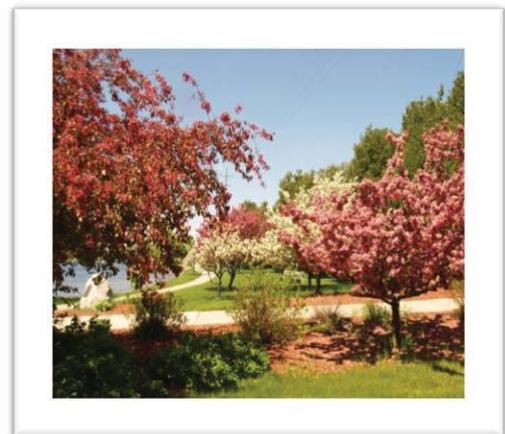
## **2014-2015 BUDGET READER'S GUIDE**

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Welcome to the City of Cadillac's Annual Operating Budget for the fiscal year beginning July 1, 2014 through June 30, 2015. Thank you for taking the time to learn about the appropriation of resources within the City of Cadillac. Hopefully the time you invest in familiarizing yourself with this information will be time well spent. The City is committed to accountability in 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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### Budget Reader's Guide

#### 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 late fall each year, 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.

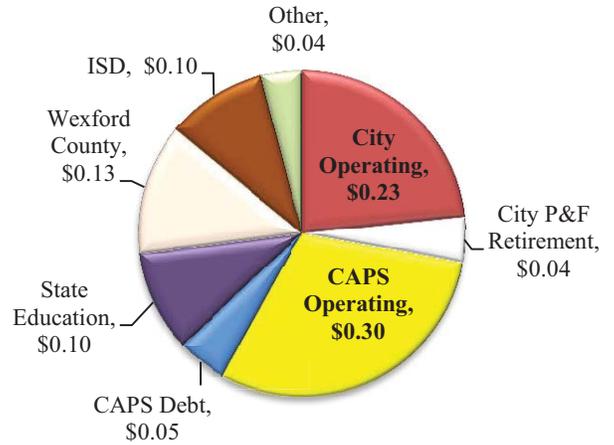
# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Budget Reader's Guide

#### 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 \$0.27 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 \$0.38 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 Carla Filkins**

Councilmember from City at Large  
Population of City: 10,355  
Occupation: Director Regional Materials Management & Logistics  
Term Expires: December 31, 2015  
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, 2017  
Annual Salary: \$2,900

**Budget Reader's Guide**

**Elected Officials (Continued)**



***Councilmember Antoinette Schippers***

Councilmember from Ward 2  
Population of Ward: 2,561  
Occupation: Teacher  
Term Expires: December 31, 2017  
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 OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Table of Contents**



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

*Letter from Mayor Carla Filkins*..... *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 ..... 1-11  
 Mission and Vision Statements ..... 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**..... **27-38**  
 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  
 Employment Statistics ..... 37  
 Chart of Organization ..... 38

**Budget Summary**..... **39-44**  
 Summaries ..... 39-41  
 Analysis of Major Revenue Sources ..... 42-44

**Major Governmental Funds**..... **45-96**

**General Fund** ..... **45-82**  
 Fund Summary ..... 45-46  
 Revenue..... 47-50  
 Expenditure Summary..... 51  
 Fund Balance ..... 52  
 Legislative ..... 53  
 Office of the City Manager ..... 54  
 Financial Services ..... 55-56  
 Clerk/Treasurer Department ..... 57-58

**CITY OF CADILLAC**  
**2014-2015 Annual Operating Budget**

---

**Table of Contents**



Election Services .....58  
 Assessing Services.....59  
 Legal Services.....60  
 Engineering Services .....61  
 City Hall .....62  
 Public Safety..... 63-72  
     Police Department .....63-66  
     Code Enforcement .....67  
     Fire.....69-72  
 Public Works ..... 73-76  
 Culture and Recreation ..... 77-78  
 Economic Development and Assistance ..... 79-80  
 Community Development .....79  
 Community Promotions .....80  
 Intergovernmental Expenditures .....80  
 Other Financing .....81  
 Capital Outlay Expenditures .....82

**Major Street Fund ..... 83-90**  
 Fund Summary.....83  
 Fund Balance .....84  
 Detail Expenditures ..... 85-88

**Local Street Fund ..... 91-96**  
 Fund Summary.....91  
 Fund Balance .....92  
 Detail Expenditures ..... 93-95

**Major Proprietary Funds ..... 97-124**

**Water & Sewer Fund..... 97-120**  
 Fund Summary.....97  
 Revenue Detail.....97  
 Expense Summary .....98  
 Chart of Organization .....99  
 Administration Detail .....101  
 Water Resources Division Detail..... 102-107  
 Distribution and Collection Detail ..... 108-112  
 Laboratory Services Detail .....113  
 Non-Operating Detail ..... 113-114  
 Source and Use of Funds .....115  
 Cash Flow Analysis .....116  
 Water Principal Payment Chart .....116  
 Proposed Rates and Charges - Water and Wastewater .....117  
 Current Water Commodity Graph .....117  
 Continuing Disclosure Charts ..... 118-120

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

---

**Table of Contents**



**Building Authority Operating Fund**

Fund Summary..... 121  
 Change in Net Assets..... 121  
 Source and Use of Funds/Cash Flow Analysis ..... 123

**Nonmajor Governmental Funds ..... 125-152**

**Nonmajor Special Revenue Funds ..... 125-136**

Nonmajor Special Revenue Funds Description..... 125  
 Nonmajor Special Revenue Funds Summary..... 126  
Cemetery Operating Fund ..... 127-128  
Naval Reserve Center Fund ..... 129-130  
Cadillac Development Fund..... 131-134  
Lake Treatment Fund ..... 135  
H.L. Green Operating Fund ..... 136

**Nonmajor Debt Service Funds ..... 137-140**

Debt Management Policy..... 137  
 Long Term Principal Amortization Chart ..... 137  
 Legal Debt Margin at June 30, 2010..... 137  
 Debt Summary Chart ..... 138  
2004 General Obligation Capital Improvement Bond ..... 139-140

**Capital Projects Funds ..... 141-146**

Capital Projects Funds Description..... 141  
 Capital Projects Summary ..... 142  
Industrial Park Fund ..... 143-144  
Special Assessment Capital Projects Fund ..... 145-146

**Permanent Funds ..... 147-152**

Permanent Funds Description ..... 147  
 Permanent Funds Summary ..... 148  
Cemetery Perpetual Care Fund ..... 149-150  
Capital Projects Fund..... 151-152

**Nonmajor Proprietary Funds ..... 153-168**

**Enterprise Funds ..... 153-154**

Auto Parking Fund ..... 153-154

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

---

**Table of Contents**



<b>Internal Service Funds .....</b>	<b>155-168</b>
Internal Service Funds Description.....	155
Internal Service Funds Summary.....	156
<u>Central Stores and Garage Fund</u> .....	157-160
<u>Information Technology Fund</u> .....	161-164
<u>Self-Insurance Fund</u> .....	165-166
<u>Employee Safety Fund</u> .....	167-168
<b><u>Nonmajor Fiduciary Funds</u>.....</b>	<b>169-172</b>
<b>Pension Trust Fund .....</b>	<b>169-172</b>
Police and Fire Retirement System Fund.....	169-172
<b><u>Component Unit Funds</u> .....</b>	<b>173-190</b>
Component Unit Funds Description .....	173
Component Unit Funds Summary .....	174-175
<b>Major Component Unit.....</b>	<b>177-180</b>
Local Development Finance Authority Operating Fund.....	177-180
<b>Nonmajor Component Units .....</b>	<b>181-190</b>
Local Development Finance Authority Utilities Fund.....	181-182
Local Development Finance Authority Capital Projects Fund .....	183-184
Downtown Development Authority Fund.....	185-186
Downtown Development Authority Capital Projects Fund .....	187-188
Brownfield Redevelopment Authority Fund.....	189-190
<b><u>Capital Improvements Program</u>.....</b>	<b>191-198</b>
<b><u>Supplemental</u>.....</b>	<b>199-218</b>
Budget Calendar .....	199
Budgetary Policies .....	200
Accounting Policies .....	200-201
Fund Balance Policies.....	201
Basis of Budgeting.....	201
<b>Other Policies</b>	
General Finance .....	202
Debt Management.....	203
Investment.....	204-209
City of Cadillac Charter - Finance.....	209-210
Labor Contracts .....	211
City of Cadillac Information .....	212-213
Charts.....	214-218
<b><u>Glossary</u>.....</b>	<b>219-223</b>



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

**MEMORANDUM**

**To:** Honorable Mayor Carla J. Filkins and City Council  
**From:** Marcus A. Peccia, City Manager  
**Subject:** Transmittal of 2014-2015 Annual Operating Budget  
**Date:** April 1, 2014

**INTRODUCTION**

On behalf of the entire City of Cadillac staff, I am pleased to present to you the proposed FY2015 (July 1, 2014-June 30, 2015) Annual Operating Budget that includes proposed expenditures totaling \$17,119,000.

The proposed FY2015 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 increase about 5% compared to the FY2014 budget. The increase is directly tied to additional construction that will result from an anticipated issuance of bonds in the current year. The following is a general overview of the City's outlook and status of the City's General Fund.

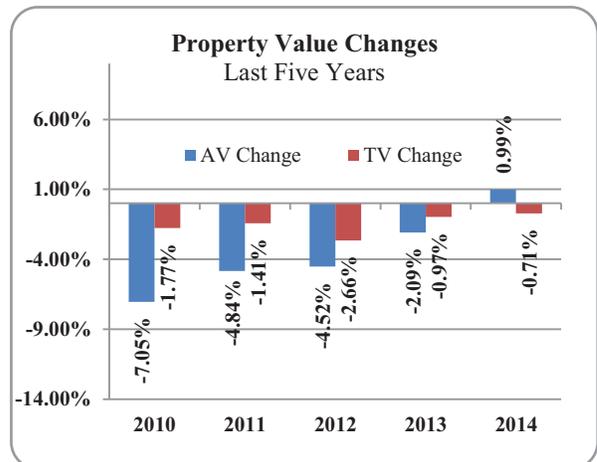
**OUTLOOK**

"Are we there yet?" is how I started off last year's transmittal letter, and this year I believe an "Argh!" might unfortunately be an appropriate beginning to this correspondence since we are forecasting a fifth straight year of property tax revenue loss as we enter our 2015 fiscal year on July 1, 2014.

The revenue decline is based on an expected drop in the City's taxable value of 0.7%. While not as steep of a drop as has been experienced in prior years, it still equates to a loss of \$30,000 in revenue. What makes this loss even less palatable is that early in the budget process the City actually expected to see a gain of 1.6% based on preliminary information from our assessor's office.

A significant factor contributing to this loss is the personal property tax reform passed by the Michigan legislature which was passed to phase out tax levies on industrial personal property. A portion of this legislation has already been implemented in advance of the state-wide vote in August which will determine the fate regarding a majority of the proposed tax reform.

The tax reform component that has now been implemented exempts from taxation any personal property tax parcel that has \$40,000 or less of personal property taxable value; in 2013 there were 348



personal property parcels in the City that had a total value of \$2.5 million. The loss of this taxable value for the 2014 tax roll would equate to \$35,000 less in tax revenues.

The State's strategy in regard to this personal property tax reform was to generate a high number of jobs, new business, and an expansion of business by removing as many hurdles as possible, such as the personal property tax. The expected outcome of the new jobs, business, and expansion of business would be seen through an increase of business investment, thereby increasing property value and tax revenues that would ultimately make their way to local units of government. However, for the most part we are all still waiting to receive the influx of new revenues, and I'm not quite sure how much longer our operations, roads and other key infrastructure components can hold out!

In total, the City's overall taxable value is nearly 7.5% less than what it was in 2009, when taxable value peaked at over \$262 million. The City has now lost value for five consecutive years, and has lost a total of \$19 million in value, equating to a loss of \$270,000 in tax revenues annually. This is critical funding lost that could have been used to pay for capital infrastructure, equipment, and operations. 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, has been able to use reserves in balancing the budget over the past several years, and has actually used less than planned. Cadillac is resilient and we're still hanging on, doing everything possible to provide services to the best of our abilities, albeit with less and less resources.

Although our revenues have declined yet again, it is important to recognize that there seems to be a light emerging at the end of the tunnel that we are getting much closer to. Indicators of improvement include the continued resurgence of activity in Cadillac's housing market, and in the unprecedented industrial growth as seen through the nearly \$20 million in approved applications for Industrial Facilities Tax (IFT) Exemption Certificates over the last year. This means that our industries are investing locally which will have a strong positive impact in the future.

In thinking about our revenues and service delivery expectations, it is important to remember that 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."

Cadillac is comprised of a variety of residential neighborhoods, business and commercial sectors, industrial parks, recreational facilities, and is proud to be the seat of government in Wexford County. Consequently, the City is 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, zoning, water, sewer, public safety, police, fire, engineering, 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 influx to support.

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

Cadillac is the regional urban center, and services a population much greater than our residential population of 10,355. As the chart indicates on the previous page, 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 over 60% 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.

In prior years 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 has 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 overhauled the way Michigan businesses are taxed, thereby creating over \$4 billion of tax cuts to industry. Note, over the last decade, local units of government across the state have had approximately \$6.2 billion of revenue sharing diverted away by the State, with an estimated loss of \$3.5 million to Cadillac! The positive side however is that Michigan's corporate income tax is now considered to be one of the most competitive in the Midwest and among the best in the nation. This will hopefully produce the increased business investment in the State that was the primary purpose of the changes.

## RESPONSE TO ECONOMIC CHALLENGES

In spite of the current economic climate and the continued losses of revenue, 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. Projects currently underway include a new accessible playground at the Lakefront Park that will be constructed this spring/summer, a final plan for a formal White Pine Trail Trailhead in our downtown, construction of an extension of the Kenwood Park Trail, implementation of a corridor improvement authority in Cadillac West, and a PlacePlans document that presents redevelopment concepts for the downtown City park and parking lot area between Mitchell and Lake Streets to the west and east, and Harris and Cass Streets to the north and south. Lastly, plans will be coming together to renovate the Rotary Performing Arts Pavilion.



*A portion of the White Pine Trail is shown above. Designs currently are being proposed to bring a trail head for the trail into the downtown Cadillac area.*

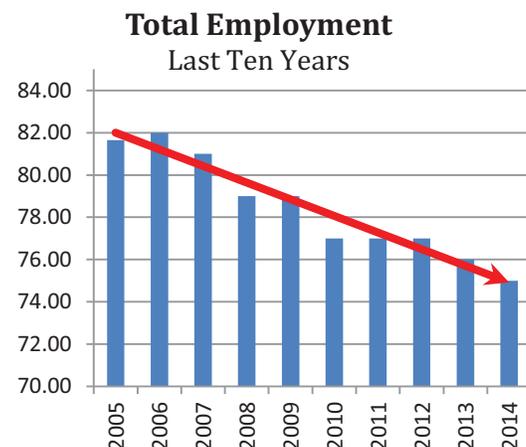
Because of continued uncertainty with some of the City's principle revenue sources, our organization continues to operate very conservatively from a fiscal standpoint. One example of this is the current structure of the City's Police and Fire Departments. While we remain optimistic that we will be able to bring both department's staffing levels up, due to fiscal constraints the current budget continues to reflect how both departments are currently staffed, but with the highest ranking position in the Police Department now titled Director of Law Enforcement Services.

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. However, 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. For the current budget, it is anticipated that up to \$1.5 in bonds will be proposed in order to provide the funding for much needed capital infrastructure projects.

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. Currently however, the City is exploring new opportunities to provide these services through an alternative service provider at little or no additional cost.
- **Consolidate Positions:** Staff levels remain at the lowest levels that they have been 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. The City has deferred the purchase of heavy equipment in the Public Works department like a front end loader and plow trucks. Additionally, only a small portion of needed infrastructure reconstruction has taken place over the last several years. 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.
- **Medical Insurance Plan Alternative:** After receiving a 23% renewal rate for our PPO plan, the City restructured its benefits and now offers a HMO plan at a much lower cost. Nearly 80% of eligible employees and retirees elected the new plan.

Many changes have resulted from addressing the economic conditions experienced in the last several years, and additional analysis will be needed to achieve structural balance in the City's operations.

## MAJOR GOVERNMENTAL FUNDS

### General Fund

The General Fund is presented as a balanced budget, with proposed expenditures of \$6,643,500, essentially unchanged compared to the FY2014 adopted budget. For the fifth consecutive year, property tax revenues will unfortunately decline. Overall, the taxable value within the City is expected to drop by approximately 0.7%, which represents a loss of about \$2 million in taxable value. From a revenue perspective, this loss in taxable value will result in a decline in property taxes of close to \$30,000 depending on the final tax roll. Fortunately, state shared revenues have begun to recover, but are still far below where they were more than a decade ago. As a result of these reductions, 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 is expected to remain about the same for FY2015, with a slight increase possible due to inflationary indexes built into the hauling contract. The City signed a new 5-year contract for hauling services at a substantial reduction from the prior contract. As a result, recycling services were added, and are able to be provided along with refuse removal at a cost that is slightly below what residents were formerly paying for just refuse removal. Residents are now billed \$9.38 per month for refuse removal and \$2.50 per month for recycling services.



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 is \$325,000 for FY2015, which supports 55% of the Local Street Fund activities. 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 finally begun to recover after several years of decline. 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 current budget plans for the reconstruction of a portion of Lake Street. Reserves on hand will be used to fund this construction.

FY2014 Street Construction	
Project	Cost
Lake Street ( <i>Major</i> )	\$200,000
No Local Street Fund projects (several projects funded through bond issuance in Capital Projects Fund)	0
<b>Total</b>	<b>\$200,000</b>

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 \$32 this year to maintain this infrastructure, which is down slightly from \$36 per resident in FY2014.

### 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 third consecutive year that rates were not increased. The City refinanced two outstanding revenue bond issues in the current fiscal year, saving nearly \$700,000 over the remaining life of the bonds. Annual debt service savings helped to offset moderate increases in system costs. Phase II of the well field relocation project will soon begin, and 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 \$550,000 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 is owned by the City, and 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. The contract has been paid in full as of the end of FY2013. This fund accounted for the collection of the principal and interest. The fund ended 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 enabled the levy of 0.50 mills that is restricted for costs incurred to treat the lake. It raised about \$120,000 annually and was approved for three years. The millage is now expired, but sufficient funds remained to cover at least one additional year of lake treatment. The Lake Treatment Fund accounts for the revenues received from the millage and the treatment costs incurred.

#### **NON-MAJOR DEBT SERVICE FUND**

This fund is used to account for the retirement of the City's only remaining general obligation bond issue. 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 four remaining debt issues were paid in full during FY2014. The per capita debt for FY2015 is \$958 (including revenue bonds) and 7.46% of outstanding 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 FY2015, 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 grant applications are regularly 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 FY2015 to help fund the replacement of a riding lawn mower used for cemetery maintenance activities.

#### **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. Funds on hand can be utilized for construction projects, and for FY2015 it is anticipated that the City will seek to sell bonds to fund a number of street reconstruction projects. At this point, it is estimated that \$1.5 million in bonds will be proposed, with about 2/3 of the proceeds utilized in FY2015 and the remaining proceeds spent in FY2016.

## **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 \$15,000 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 has been contracted out since 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, FY2015 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 FY2015, 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 FY2015 is 2.6 mills, unchanged from FY2014. 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, 2013, these funds have grown to over \$8.5 million. The City contributes 33.75% 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 \$50,000 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 91% 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 have been passed to cover the cost of operation of the facility and these costs will be accounted for in the operating fund. The special assessment expired in 2012, 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 provides the water supply for a local power plant pursuant to 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 FY2015. 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 every year since 1983 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-nine 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, 2013. 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-eight 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 2014-2015 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, 2014 and run through June 30, 2015.

## FINAL THOUGHTS

While there might be a general sentiment that our City is stuck in downward spiral from a fiscal perspective, I am confident that we are not plunging or stuck, but are actually climbing out. What makes this climb very difficult is the continued adjustments from the State, especially with regard to revenue sharing and personal property tax. It seems possible, though, that these issues, at least with respect to the personal property tax, will be resolved within a year, hopefully resulting in a more stable fiscal environment.

Additionally, there continues to be good news emanating state-wide, such as higher hotel occupancy rates (still slightly below the national average), and higher average daily hotel rental rates (higher than the national average), according to George Zimmerman from Travel Michigan. Also, Michigan made national news when the President announced a \$140 million public-private partnership to build a high-tech manufacturing innovation center outside of Detroit. This development is especially exciting for Cadillac because of the opportunity for Cadillac industry to provide support related products and services to business that will inevitably develop and grow due to the major investment; plus the primary focus of the innovation center is to develop materials to be used in cars, trucks, airplanes, and other commercial, personal, and military vehicles, which Cadillac industry currently provides for today. Cadillac's future is bright!

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

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**Mission and Vision Statements**



**Mission & Vision Statements**

**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**

**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>Director of Law Enforcement Services</b> (Vacant)
• Fire Department	<b>Fire Senior Captain</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.

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<b>Department:</b>	Financial Services Department
<b>Director:</b>	Owen Roberts
<b>Performance Measures:</b>	Pages 30-31, 55, 56, 57, 58, 59, 161

**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 Working Capital fund balance assignment of at least 15% of total annual General Fund expenditures.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

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**Departmental Goals**

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:
  - 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 unmodified (“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.
  - d. Implement credit card payment system.
  - e. Increase direct deposit utilization.



**Department:** Department of Public Works and Engineering  
**Director:** Bruce DeWitt  
**Performance Measures:** Pages 61, 73, 74, 76, 78, 83, 91, 157

**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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

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**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.

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**Department:** Community Development Department  
**Director:** Jerry Adams  
**Performance Measures:** Pages 79, 133-134

**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.
  - d. Begin the process of implementing a Cadillac Area Innovation and Business Incubation Center.
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. Pursue recreational grant funds through the Michigan Department of Natural Resources and local philanthropic organizations.
  - b. 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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

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**Departmental Goals**

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 and being the implementation of Phase I of the programmed improvements.
  - 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. Adopt and implement a Complete Streets Policy Plan.

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**Department:** Police Department  
**Director:** Director of Law Enforcement Services (*Vacant*)  
**Performance Measures:** Pages 63, 64, 65, 66, 67, 68, 72

**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.
  - 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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

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**Departmental Goals**

- 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 69, 70, 71, 72

**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.
- 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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

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**Departmental Goals**

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 99, 100, 102, 105, 108, 111, 114, 117-120, 179-180, 184

**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.
  - e. Maintain the production of Class “A” EQ (Exceptional Quality) biosolids for land application.
  - f. Maintain bi-annual collection of Household Hazardous Waste.

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.
  - c. Explore the possibility of running/maintaining other water and sewer system.
  - d. Continue educational opportunities for the enhancement and proficiency of our employees.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

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**Departmental Goals**

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 \$80,000 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.
  - g. Maintain an SDS record for chemical spill response.
  - h. Research new vendors to receive best prices for the goods used.
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.
  - d. Perform tests for Waste Water plant for compliance in Industrial Pretreatment Program, NPDES and the plant operation to maintain environmental compliance/protection.
  - e. Perform test for the Water plant to obtain/maintain a record of water quality.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Tax Limitations**

**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.

2014 Assessed Taxable Value	\$243,347,960		
2014 State Equalized Taxable Value	\$243,347,960		
Difference	<u>\$0</u>		
	<u>\$243,347,960</u>	equals	1.0000
	\$243,347,960		

**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		<u>2013 Total Taxable Value Minus 2014 Losses Taxable Value</u>		<u>2014 Total Taxable Value Minus 2014 Additions Taxable Value</u>	
Millage Rate					
13.9473	x	\$245,217,449	minus	\$5,917,494	
		\$243,347,960	minus	\$9,251,673	
13.9473	x	<u>\$239,299,955</u>			
		\$234,096,287			
13.9473	x	1.0222 (Base Tax Rate Factor) =		14.2573	
15 mills is the base tax rate and charter maximum					
\$239,299,955	x	13.9473	\$3,337,588.26		
\$234,096,287	x	14.2573	\$3,337,588.26		
\$239,299,955	x	13.9473	\$3,337,588.26		
\$234,096,287	x	13.9473	<u>\$3,265,011.14</u>		
Net			<u><u>-\$72,577.12</u></u>		

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Tax Limitations**

**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 2014 taxable value is \$243,347,960, of which \$9,251,673 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 1.6%. 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 FY2015 as shown below:

2013 Taxable Value	\$245,217,449		
Less: Losses	<u>\$5,917,494</u>		
Net		\$239,299,955	
Times the Consumer Price Index		<u>1.016</u>	
Ceiling			\$243,128,754
2014 Taxable Value	\$243,347,960		
Less - Additions	<u>\$9,251,673</u>		
2012 Adjusted Value			<u>\$234,096,287</u>
Millage Reduction Factor (MRF)	Ceiling divided by adjusted value		1.0386
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.*

**FY2015 General Appropriations Act**



**ORDINANCE NO. 2014-xx**

**ORDINANCE ADOPTING GENERAL APPROPRIATIONS ACT  
FOR FISCAL YEAR 2015**

**THE CITY OF CADILLAC ORDAINS:**

Section 1, Title.

This Ordinance shall be known as the City of Cadillac General Appropriations Act For Fiscal Year 2015.

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 10, 2014, and a public hearing on the proposed budget was held on April 21, 2014.

Section 3, Expenditures.

The City hereby appropriates the expenditures for the fiscal year commencing July 1, 2014 and ending June 30, 2015 on a departmental and activity total basis as follows:

**General Fund**

Legislative	\$44,200
Office of the City Manager	253,200
Financial Services	220,000
City Clerk/Treasurer Department	278,600
Election Services	14,500
Assessing Services	131,000
Legal Services	187,000
Engineering Services	178,200
City Complex	281,300
Police Department	1,972,600
Code Enforcement	31,500
Fire Department	1,303,300
Public Works	836,700
Culture and Recreation	251,800
Economic Development and Assistance	158,400
Intergovernmental	101,200
Other	<u>400,000</u>
<b>Total Expenditures</b>	<b>\$6,643,500</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

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**FY2015 General Appropriations Act**

Section 4, Estimated Revenues.

The City estimates that revenues for the fiscal year commencing July 1, 2014 and ending June 30, 2015 will be as follows:

<b>General Fund</b>	
Taxes	\$4,207,000
Licenses & Permits	121,000
Intergovernmental	1,201,000
Charges for Services	904,500
Fines & Forfeits	20,000
Miscellaneous	17,500
Interest and Rents	36,500
Other Financing Sources	<u>136,000</u>
<b>Total Revenues</b>	<b>\$6,643,500</b>

Section 5, Budgets.

The City hereby approves budgets for the fiscal year commencing July 1, 2014 and ending June 30, 2015 for the following funds in the amounts set forth below:

	<u>Revenues</u>	<u>Expenses</u>
<b>Governmental Funds</b>		
Major Street Fund	\$689,000	\$864,100
Local Street Fund	591,500	574,000
Cemetery Operating Fund	139,400	139,300
Naval Reserve Center Fund	22,500	22,500
Cadillac Development Fund	67,900	67,900
Lake Treatment Fund	124,500	124,500
H.L. Green Operating Fund	1,000	500
2004 General Obligation Capital Improvement Bond	89,000	89,000
Industrial Park Fund	49,100	49,100
Special Assessment Capital Projects Fund	1,521,000	986,500
Cemetery Perpetual Care Fund	27,500	12,500
Capital Projects Fund	20,000	500
<b>Proprietary Funds</b>		
Auto Parking Fund	69,100	69,100
Water & Sewer Fund	3,899,000	3,898,700
Capital		1,050,000
Debt Service		535,000
Building Authority Operating Fund	197,400	105,600
Capital		45,000
Debt Service		135,000
Central Stores & Municipal Garage Fund	563,500	563,100
Capital		209,000
Debt Service		50,000

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

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**FY2015 General Appropriations Act**

	<u>Revenues</u>	<u>Expenses</u>
Information Technology Fund	\$201,600	\$201,300
Capital		40,000
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	790,000	780,000
<b>Component Units</b>		
Local Development Finance Authority Operating Fund	361,300	361,300
Local Development Finance Authority Utility Fund	20,000	15,300
Local Development Finance Authority Capital Projects Fund	150,000	100,500
Downtown Development Authority Operating Fund	37,200	37,900
Downtown Development Authority Capital Projects Fund	80,500	4,500
Brownfield Redevelopment Authority Operating Fund	25,500	25,500

Section 6, Millage Levies.

(a) The City will levy a tax of 13.9473 mills for the period of July 1, 2014 through June 30, 2015, 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, 2014 through June 30, 2015, 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 1.9548 mills for the period of July 1, 2014 through June 30, 2015, 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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

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**FY2015 General Appropriations Act**

Section 9, Appropriations by Resolution,

The City Council may, by resolution, make additional appropriations during the 2015 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, 2014.

Approved this 19th day of May, 2014.

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Sandra Wasson, Clerk

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Carla J. Filkins, Mayor

**Charts and Graphs**

**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. There is only one current debt service fund, which is the 2004 General Obligation Capital Improvement 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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### Charts and Graphs

#### 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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Charts and Graphs

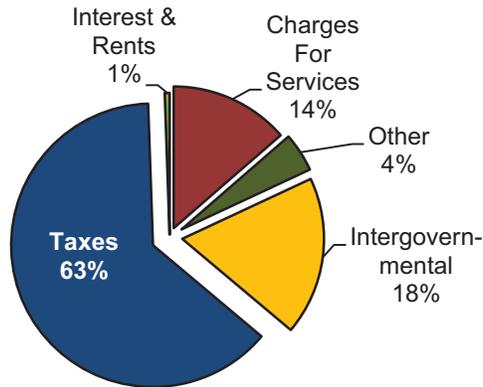
#### General Fund Highlights

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 an overall increase of about .3% in revenue for the current fiscal year. FY2015 marks the fifth 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, but has recovered slightly over the last two fiscal 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 FY2015**



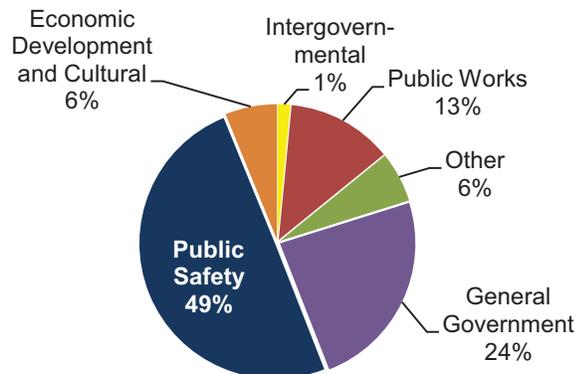
Source	Amount
Charges For Services	\$904,500
Other	158,500
Intergovernmental	1,201,000
Taxes	4,207,000
Interest & Rents	36,500
	<u>\$6,507,500</u>

#### Expenditures

General Fund expenditures were virtually unchanged for FY2015 compared to the prior year. This 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 \$325,000 and the Cemetery Operating Fund, which is \$75,000 for FY2015.

**General Fund Expenditures by Activity FY2015**

Activity	Amount
Intergovernmental	\$101,200
Public Works	836,700
Other	400,000
General Government	1,588,000
Public Safety	3,307,400
Economic Development and Cultural	410,200
	<u>\$6,643,500</u>

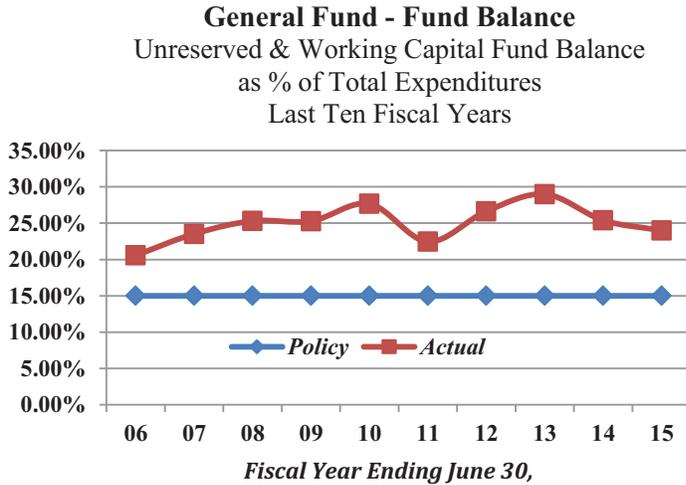


**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Charts and Graphs**

**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 assignment for the working capital reserve, while an additional assignment 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 FY2015 the City is expecting to use about \$136,000 in reserves 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, total unreserved fund balance will stay at nearly 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
	6/30/2010	6/30/2011	6/30/2012	6/30/2013	
Actuarially Accrued <b>Liabilities</b>	\$10,326,784	\$10,852,937	\$11,246,821	\$11,624,354	
Actuarial Value of <b>Assets</b>	7,188,395	7,989,372	8,200,264	8,565,010	
<b>Unfunded Liabilities</b>	\$3,138,389	\$2,863,565	\$3,046,557	\$3,059,344	
% Funded	70%	74%	73%	74%	
Average Pension	\$18,298	\$19,137	\$19,812	\$21,152	
Annual Pension Costs	\$556,203	\$513,543	\$545,530	\$549,400	
% of Annual Costs Contributed	105%	183%	120%	127%	

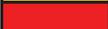
**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Charts and Graphs**

**Municipal Employees Retirement System**

	Valuation Date				Status
	12/31/2009	12/31/2010	12/31/2011	12/31/2012	
Actuarially Accrued <b>Liabilities</b>	\$9,756,969	\$9,911,006	\$10,426,829	\$10,811,817	
Actuarial Value of <b>Assets</b>	9,831,879	9,974,058	10,002,818	9,974,961	
<b>Unfunded Liabilities</b>	(\$74,910)	(\$63,052)	\$424,011	\$836,856	
% Funded	101%	101%	96%	92%	
Average Pension	\$11,037	\$11,188	\$11,652	\$12,427	
Annual Pension Costs	\$90,623	\$159,007	\$174,308	\$228,000	
% of Annual Costs Contributed	100%	100%	100%	100%	

**Other Post-Employment Benefits (OPEB)**

	Valuation Date		Status
	01/01/2010	6/30/13	
Actuarially Accrued <b>Liabilities</b>	\$3,453,575	\$4,334,676	
Actuarial Value of <b>Assets</b>	1,674,400	2,461,008	
<b>Unfunded Liabilities</b>	\$1,779,175	\$1,873,668	
% Funded	52%	57%	
Annual Costs	\$475,203	\$330,931	
% of Annual Costs Contributed	92%	31%	

*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:

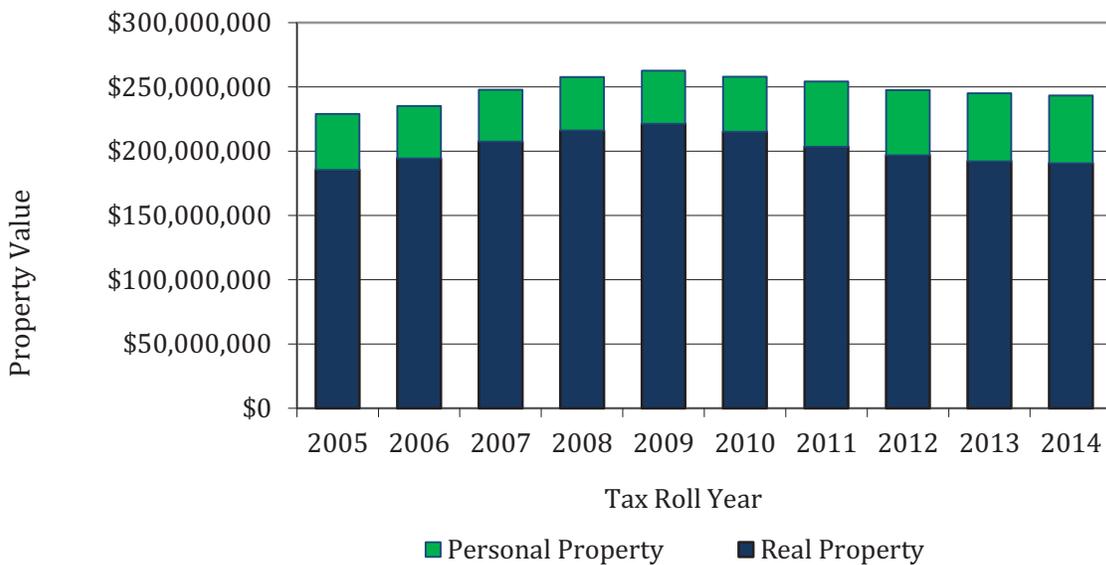
System	Unfunded Liability (Prior Valuation)	Unfunded Liability (Current Valuation)	% Funded	Status
Act 345 Police & Fire Retirement System	\$3,046,557	\$3,059,344	74%	
Municipal Employees Retirement System	424,011	836,856	96%	
Other Post-Employment Benefits	<u>1,779,175</u>	<u>1,873,668</u>	57%	
<b>Total Unfunded Liabilities</b>	<b>\$5,249,743</b>	<b>\$5,769,868</b>		

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Charts and Graphs**

**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 FY2015, the fifth consecutive year of taxable value loss. The City has experienced a loss of \$19.2 million in taxable value in the last five years, which represents nearly \$270,000 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			
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	196,838,730	50,777,800	\$247,616,530	2,440,332	15,609,301
2013	192,206,549	53,010,900	\$245,217,449	3,676,344	15,435,715
2014	190,677,302	52,794,300	\$243,471,602	3,514,102	14,593,473

(1) Base value for LDFA is \$551,400. Taxes captured for FY2015 are anticipated to be \$41,322 from the operating millage levy, and \$7,703 from Police and Fire Retirement millage levy. The LDFA also captures \$4,487,600 in value from Industrial Facilities Tax Exemption certificates. This generates an additional capture of City taxes of \$31,295 from the operating levy, and \$5,834 from the Police and Fire Retirement levy.

(2) Base value for DDA is \$11,654,550. Taxes captured for FY2015 are anticipated to be \$40,990 from the operating millage levy, and \$7,641 from the Police and Fire Retirement millage levy.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Charts and Graphs**

**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:

	2010	2011	2012	2013	2014	5-Year Change
<b>Residential Class</b>						
Assessed Value (AV)	\$155,262,100	\$137,661,800	\$133,293,900	\$126,609,300	\$131,844,000	(\$23,418,100)
<i>Change</i>	<i>-11.31%</i>	<i>-11.34%</i>	<i>-3.17%</i>	<i>-5.01%</i>	<i>4.13%</i>	<i>-15.08%</i>
Taxable Value (TV)	\$136,835,782	\$128,185,132	\$125,526,191	\$121,411,061	\$121,850,342	(\$14,985,440)
<i>Change</i>	<i>-3.84%</i>	<i>-6.32%</i>	<i>-2.07%</i>	<i>-3.28%</i>	<i>0.36%</i>	<i>-10.95%</i>
Gap	\$18,426,318	\$9,476,668	\$7,767,709	\$5,198,239	\$9,993,658	
Gap as % of TV	13.47%	7.39%	6.19%	4.28%	8.20%	
TV/AV	88.13%	93.12%	94.17%	95.89%	92.42%	

**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
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	\$33,017	17.05	\$562.94
2014	\$33,287	16.55	\$550.90



# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

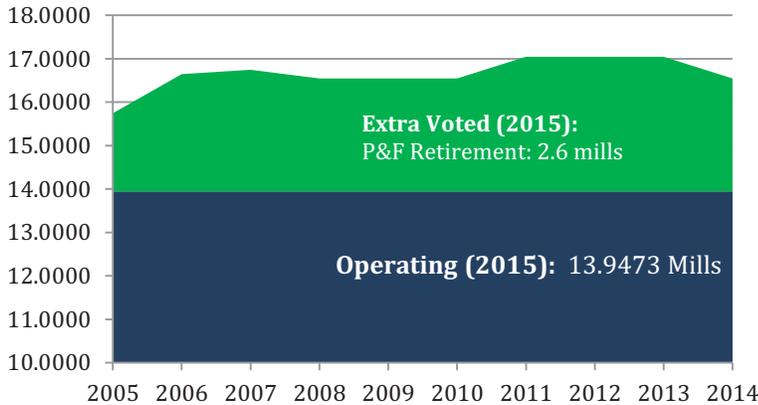
### Charts and Graphs

#### 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 was dedicated for treatment of Eurasian water milfoil and other invasive aquatic species on Lake Cadillac. This millage has expired and is not levied for FY2015.

#### Total Property Taxes Last Ten Years

Tax Levy Year	City Taxes		Overlapping Tax Rates								
	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	Direct and Overlapping Annual Tax Rate
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
2013	13.9473	3.1000	17.0473	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9689

(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. The Recreation and Animal Control millages were expired as of 2013.

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

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Charts and Graphs**

**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>16.5473</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
Downtown Development Authority	1.9872		0.00		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>61.4561</b>	<b>41.4689</b>	<b>\$2,073.46</b>	<b>59.4689</b>	<b>\$2,973.46</b>	<b>61.4561</b>	<b>\$3,072.82</b>

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

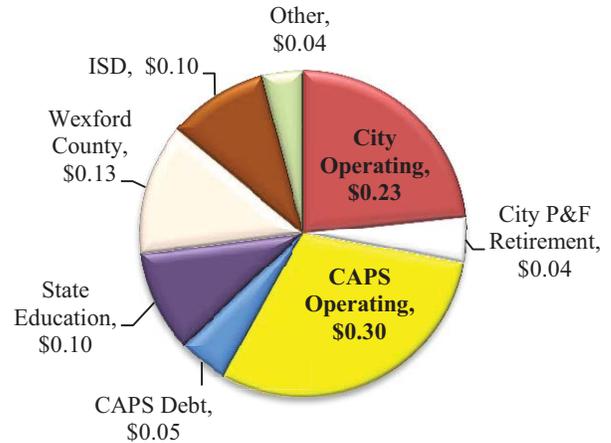
# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Charts and Graphs

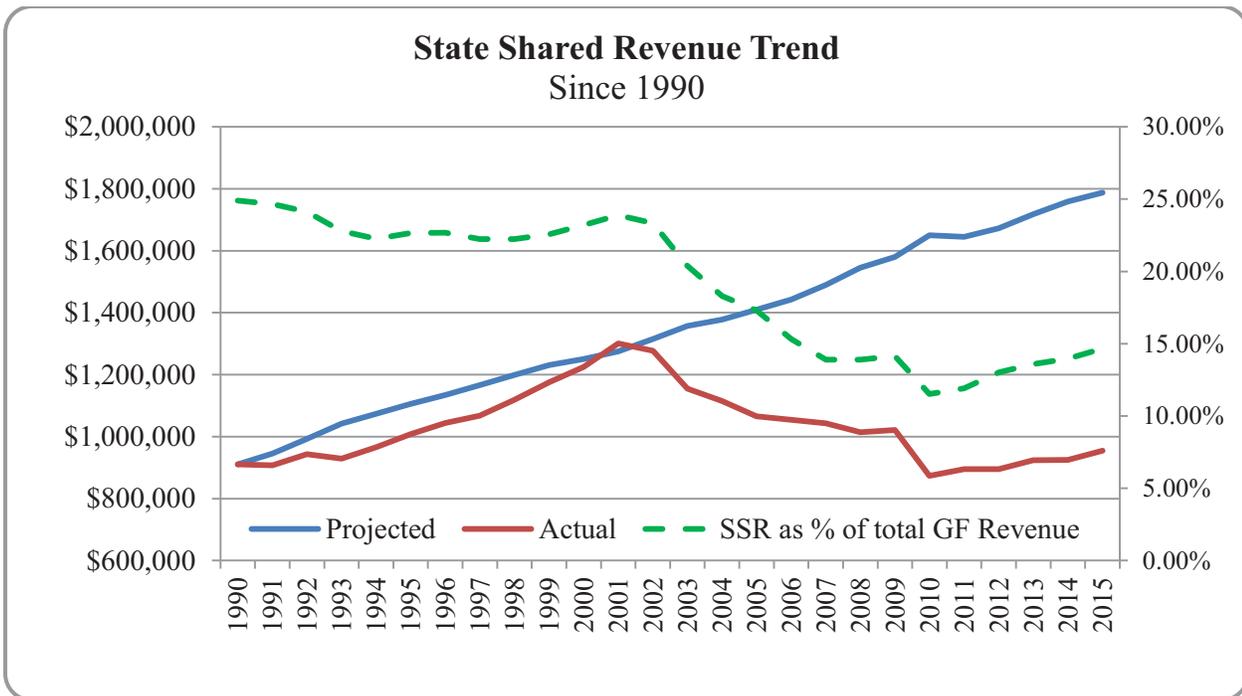
#### Tax Allocation

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 \$0.27 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.



**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Charts and Graphs**

**Employment Statistics**

**Full-Time Equivalent Employees by Activity**

Last Ten Years

<u>Department</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>	<u>2015</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	2.20	2.20
Assistant City Manager	0.90	0.90	0.90	0.90	0.90	0.80	0.98	1.22	0.00	0.00
Financial Services	1.94	1.94	1.94	1.94	1.94	2.25	2.25	2.25	2.25	2.25
Clerk/Treasurer	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.88	3.80	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	1.10	1.28	1.28	1.33	1.00	1.00	1.00	1.00
City Engineer	2.41	2.41	2.41	2.41	2.41	2.41	2.51	1.79	1.80	1.80
<b><u>Public Safety</u></b>										
Police	18.41	18.41	17.41	17.06	16.41	16.91	16.91	17.36	16.36	16.95
Fire	11.50	11.50	11.50	11.85	11.85	11.85	11.85	11.50	11.50	11.00
Code Enforcement							0.40	0.50	0.50	0.50
Building Inspector	1.38	1.38	1.38	1.38	1.38	1.38	0.88	0.00	0.00	0.00
Planning/Zoning	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.55	1.55
<b><u>Other</u></b>										
Public Works	14.22	14.22	14.22	14.22	14.22	14.03	13.03	13.03	12.10	12.10
Data Processing	1.26	1.06	1.06	1.06	0.06	0.00	0.30	0.30	0.30	0.30
Auto Parking	0.35	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.00
Water/Sewer	21.20	21.00	21.00	20.00	20.00	20.00	19.00	19.87	20.00	20.00
Community Dev.	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.65	0.65
Cemetery	0.68	0.68	0.68	0.92	0.92	0.92	0.90	0.90	0.90	0.90
<b>Total FTE</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>	<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>

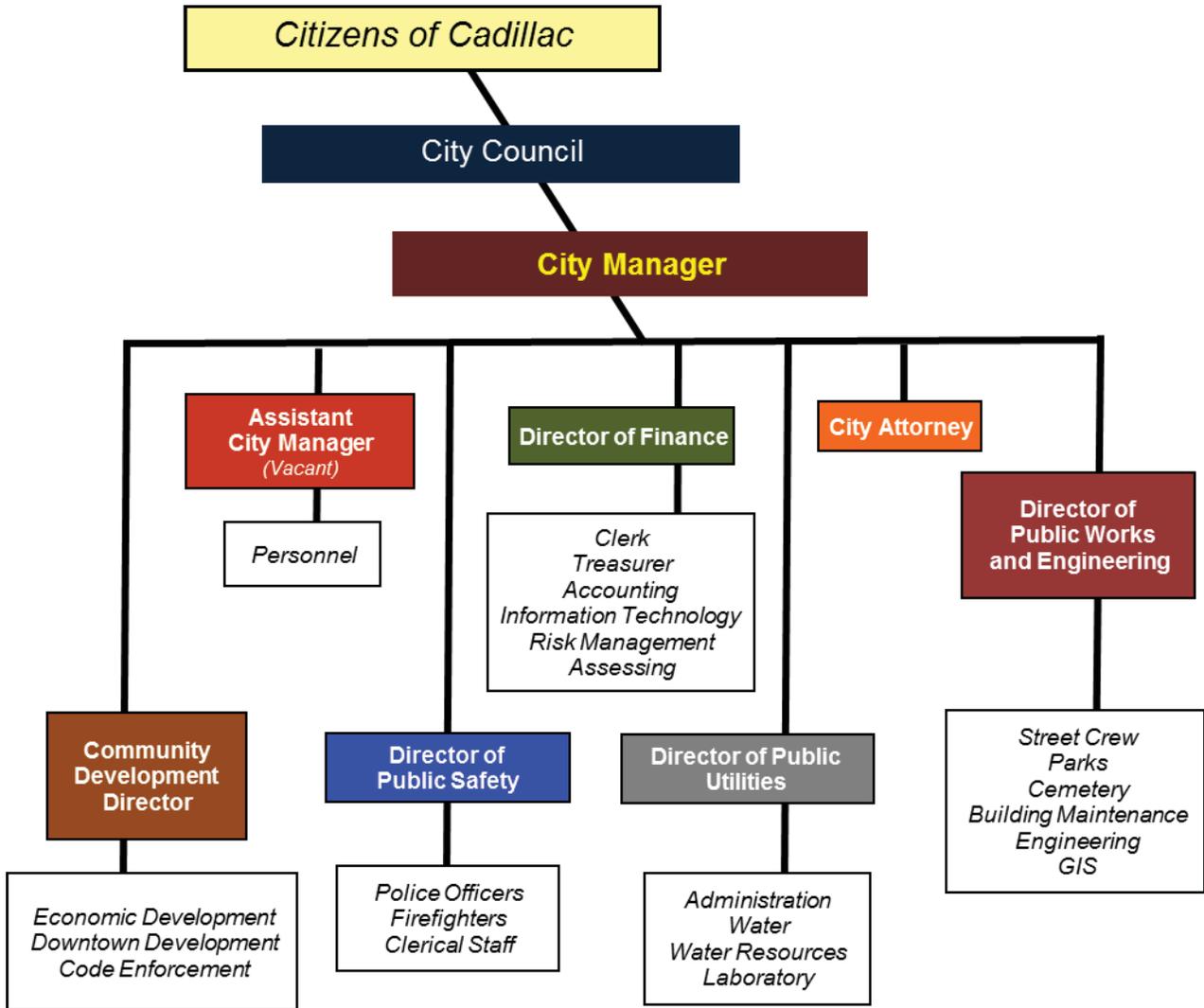
Cadillac has 1 FTE per 138 residents. This comparison has many inherent variables, but in general a higher ratio indicates greater efficiency in service delivery. City employment peaked in 1993 at 91 FTE. Current employment level represents a 15% decline since the 1993 peak.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

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**Charts and Graphs**

**City of Cadillac Chart of Organization**  
 As of July 1, 2014



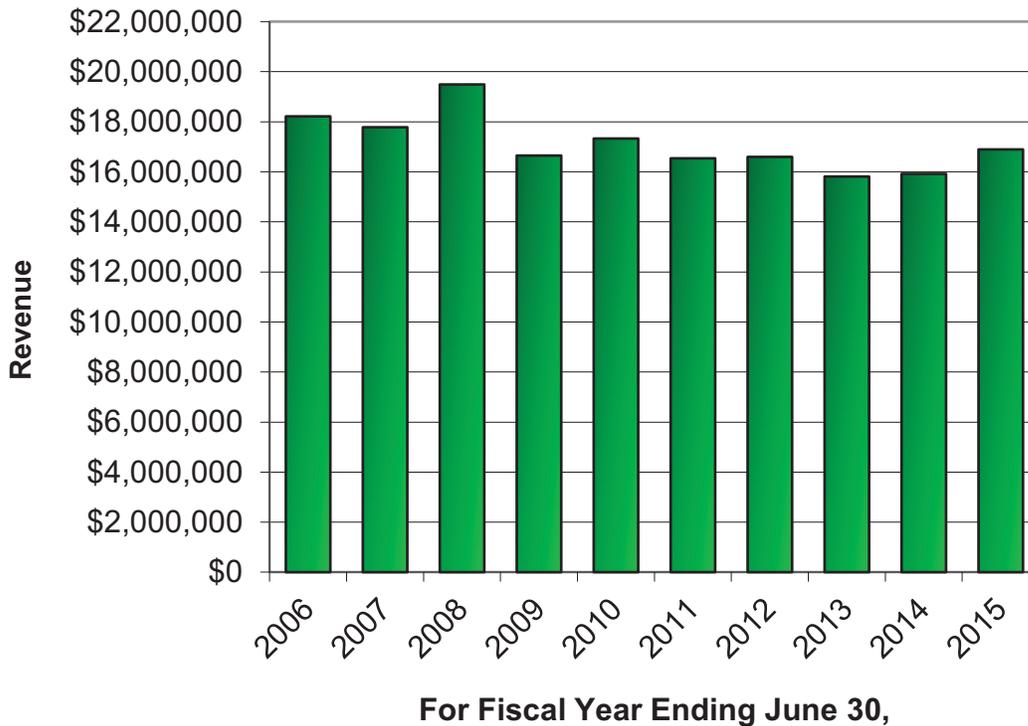
**Budget Summaries**

***2014-2015 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

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The growth in total City revenues will vary based on grants, tax increases, service charges, and other adjustments to the revenue stream. The increase in FY2015 is attributable to proceeds from a proposed bond issue to fund current year construction.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Budget Summaries

	<i>Major Governmental Funds</i>			<i>Major Proprietary Funds</i>		
	<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	\$4,207					\$0
Licenses and Permits	121					
Intergovernmental	1,201	\$689	\$206			
Charges For Services	905			\$3,864		60
Fines and Forfeits	20					
Miscellaneous	17			5		35
Other Financing Sources						\$1,500
Local Funds			385			176
Rental					196	\$11
Principal Payment						18
Interest Income - Loan						\$19
Interest Income	37		1	30	1	57
<b>Total</b>	<b>\$6,508</b>	<b>\$689</b>	<b>\$592</b>	<b>\$3,899</b>	<b>\$197</b>	<b>\$1,876</b>
<b>Expenditures:</b>						
General Government	\$1,588					
Public Safety	3,307					
Public Works	837					
Culture and Recreation	252					
Economic Development	158					38
Intergovernmental	101					
Other Financing Uses	400					
Operating		638	495	2,749	55	317
Capital Outlay						9
Transfer to Debt		18	71			12
Construction		208	8			1,010
Principal						88
Interest				225	11	18
Non-Operating				925	39	
<b>Total</b>	<b>\$6,643</b>	<b>\$864</b>	<b>\$574</b>	<b>\$3,899</b>	<b>\$105</b>	<b>\$1,492</b>
Excess (Deficiency) of Revenues over Expenditures (1)	(\$135)	(\$175)	\$18	\$0	\$92	\$384
Fund Balances - Beginning	\$1,873	\$303	\$75	\$16,069	\$1,045	\$3,448
<b>Ending</b>	<b>\$1,738</b>	<b>\$128</b>	<b>\$93</b>	<b>\$16,069</b>	<b>\$1,137</b>	<b>\$3,832</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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Budget Summaries**

				<b>COMPARISON</b>		
<i>(All numbers in thousands)</i>	<b>Nonmajor Proprietary Funds (3)</b>	<b>Pension Trust Fund</b>	<b>Component Units</b>	<b>FY2015 Totals</b>	<b>FY2014 Budget Totals</b>	<b>FY2013 Actual Totals</b>
<b>Revenues and Other Sources:</b>						
Taxes			\$274	\$4,481	\$4,877	\$4,733
Licenses and Permits	\$2			123	113	124
Intergovernmental	212			2,308	2,241	2,369
Charges For Services	\$25		19	4,873	4,859	5,111
Fines and Forfeits	1			21	31	15
Miscellaneous	\$4		5	66	65	102
Other Financing Sources	1,147		\$3	2,650	1,359	1,096
Local Funds	\$15	672		1,248	1,257	1,382
Rental	535			742	742	685
Principal Payment	\$47			65	63	50
Interest Income - Loan				19	25	0
Interest Income	\$16	118	38	298	287	940
<b>Total</b>	<b>\$2,004</b>	<b>\$790</b>	<b>\$339</b>	<b>\$16,894</b>	<b>\$15,919</b>	<b>\$16,607</b>
<b>Expenditures:</b>						
General Government				\$1,588	\$1,540	1,583
Public Safety				3,307	3,267	3,256
Public Works				837	879	815
Culture and Recreation				252	245	289
Economic Development				196	196	137
Intergovernmental				101	101	101
Other Financing Uses				400	450	500
Operating	2,014	790	545	7,603	7,258	6,724
Capital Outlay				9	31	11
Transfer to Debt				101	314	165
Construction				1,226	171	341
Principal				88	275	204
Interest	15			269	387	396
Non-Operating	177			1,141	1,141	1,096
<b>Total</b>	<b>\$2,206</b>	<b>\$790</b>	<b>\$545</b>	<b>\$17,118</b>	<b>\$16,255</b>	<b>\$15,618</b>
Excess (Deficiency) of Revenues over Expenditures (1)	(\$202)	\$0	(\$206)	(\$224)	(\$336)	\$989
Fund Balances - Beginning	\$2,333	\$8,877	\$3,170	\$37,193	\$36,253	\$36,527
<b>Ending</b>	<b>\$2,131</b>	<b>\$8,877</b>	<b>\$2,964</b>	<b>\$36,969</b>	<b>\$35,917</b>	<b>\$37,516</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

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Budget Summaries**

**Analysis of Principal Revenue Sources**

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

Revenue	Amount (Budget)	% of Total
Taxes	\$4,481	26.52%
Interest Income	\$298	1.76%
Intergovernmental Revenues	\$2,308	13.66%
Charges for Services	\$4,873	28.84%
Principal Repayment & Interest Income - Loans	\$84	0.50%
Local Funds	\$1,248	7.39%
Other	\$3,602	21.32%
Total	\$16,894	100.00%

**Property Taxes**

The major source of revenue for FY2015 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.

With the expiration of the Lake Cadillac Treatment millage the City is now back to two components of property taxes levied by the City of Cadillac on each taxable property within the City. These millages, along with the 5-year trend of the authorized millage rate, are:

Millage	Fiscal Year Ending June 30,				
	2011	2012	2013	2014	2015
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	0.5000	0.5000	0.5000	0.0000
<b>Total City Millage Rate</b>	<b>16.5473</b>	<b>17.0473</b>	<b>17.0473</b>	<b>17.0473</b>	<b>16.5473</b>

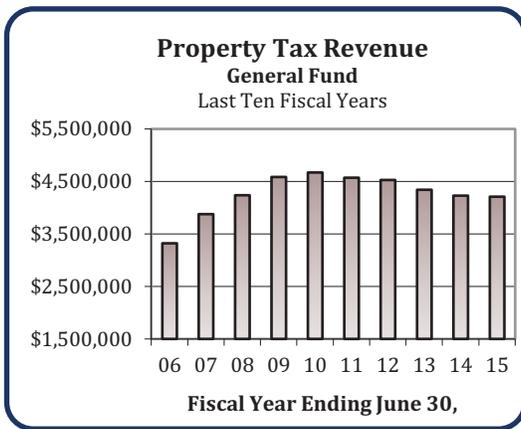
Authorization to levy the City’s operating millage rests in the City Charter. The charter authorizes a maximum operating levy of 15 mills. Due to the Headlee Amendment, this millage has been rolled back to the current level and can only be increased back to the charter maximum levy by a vote of the City 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 provided funding 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 millage expired after the FY2014 levy.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Budget Summaries**



**Property Tax Outlook**

Unfortunately, the current year will mark the fifth consecutive year the overall taxable value in the City has dropped. For FY2015, the value is expected to drop an additional 0.7%, meaning the City will lose another \$30,000 in property tax revenue. For the most part, this is simply a factor of the local, national and state economy. However, state tax reform related to personal property contributed to the decline in the current year. This impact is further discussed in the City Manager’s transmittal letter. This difficult trend is expected to level off by the end of 2015, 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 five years in the General Fund. Overall, this has meant a decrease of over \$450,000 in property tax-related revenue for the General Fund in just five 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 FY2015, these entities, along with the amounts of City taxes they will capture, are:

Authority	City Operating	Police and Fire Retirement	Total Capture
Downtown Development Authority (DDA)	\$40,990	\$7,641	\$48,631
Local Development Finance Authority (LDFA)	\$72,617	\$13,537	\$86,154
Brownfield Redevelopment Authority	\$4,674	\$871	\$5,545
<b>Total Capture</b>	<b>\$118,281</b>	<b>\$22,049</b>	<b>\$140,330</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 FY2015 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.

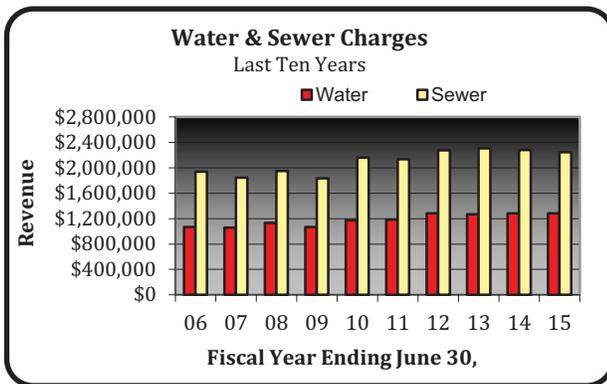
State shared revenue is broken into two categories – constitutional and statutory. The constitutional portion has been projected to increase about 3% for FY2015 based on the State’s projection of upcoming sales tax collections. This is expected to provide about \$25,000 in additional revenue for the fiscal year. Constitutional revenue sharing represents about 81% of total state shared revenue.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Budget Summaries

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 an appropriation of 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 FY2015 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 \$15,000 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 third consecutive year in FY2015. 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. Additionally, two outstanding revenue bond issues were refinanced, providing significant cost savings to the Water and Sewer system. Overall, the City will be investing about \$6 million for 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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

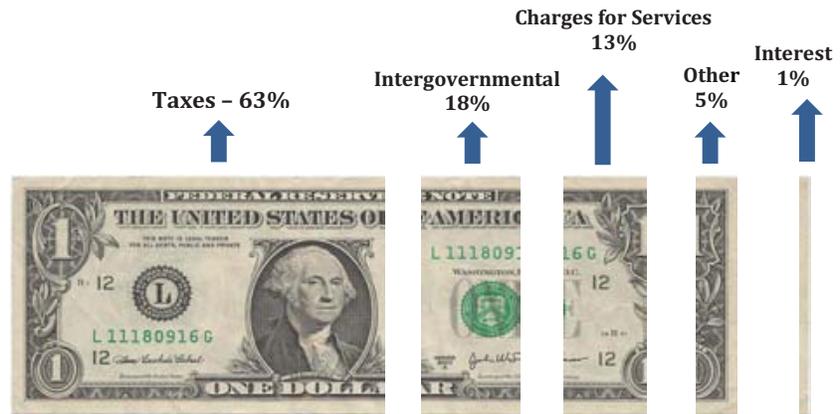
### General Fund

#### 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.

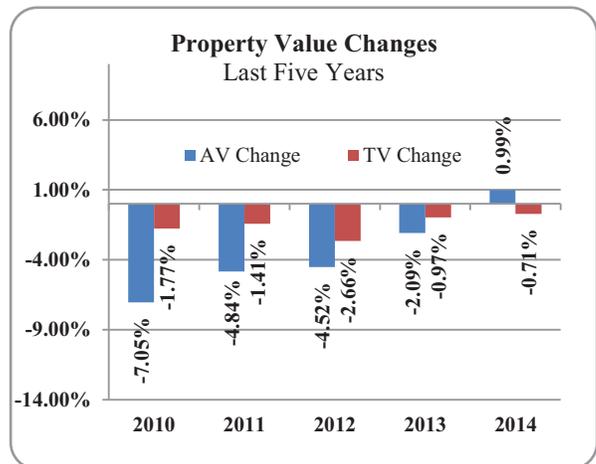


The average homeowner will pay about \$550.90 in City taxes this year, which is down again for FY2015 from \$562.94 in FY2014. Property taxes fund about \$0.63 of every \$1 of the cost of municipal services, and the other \$0.37 is derived from other sources, which help to fully fund services to Cadillac residents and businesses as illustrated on the graphic below.

### 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 \$19,000,000 in taxable value has been lost, meaning that if taxable values had simply held flat, the City would be receiving nearly \$270,000 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 two years ago, and are have only modestly begun to recover from that dramatic decrease.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### General Fund

At the end of the day, what this has meant for Cadillac is a loss of over \$300,000 over the last fifteen 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. This 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

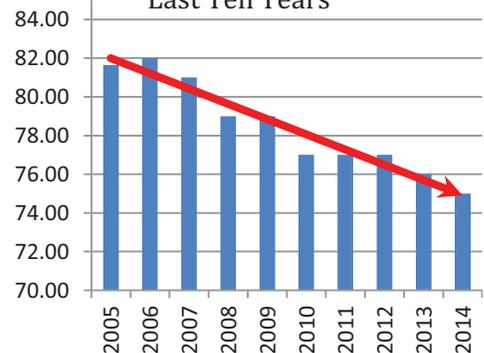
As a service organization, a significant amount of spending in the General Fund is for wages and benefits. For the current year, the General Fund proposes appropriations across all activities of \$2.6 million in wages and an additional \$1.6 million in benefits. Benefits are 61% of total salaries. A 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 FY2015 and FY2014 represent budgeted amounts, while FY2011-2013 are actual amounts.

	FY2015	FY2014	FY2013	FY2012	FY2011
Wages	\$2,616,800	\$2,611,300	\$2,543,454	\$2,457,335	\$2,514,524
Benefits	1,620,200	1,592,700	1,528,901	1,528,215	1,459,398
<b>Total</b>	<b>\$4,237,000</b>	<b>\$4,204,000</b>	<b>\$4,072,355</b>	<b>\$3,985,550</b>	<b>\$3,973,922</b>
% of G.F. Expenditures	63.8%	63.3%	60.9%	57.9%	52.9%

Total employee compensation has remained relatively flat for the last several years but seven positions have been lost in the last ten years. 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. Benefit costs have increased about 10% over the last five years, primarily due to increasing health care costs and retirement contributions. The chart to the right details the overall City full-time employment since 2005. 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 had only minimal cost-of-living pay adjustments in the last several years.

**Total Employment**  
Last Ten Years



#### 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 FY2015 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 unassigned fund balance on hand beyond what has been designated for working capital, bringing total unreserved fund balance up to about 24% of total General Fund expenditures.

The FY2015 budget proposes to use \$136,000 of the unassigned 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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**General Fund**

**Revenue Summary**

<b>FUNDING SUMMARY</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>	<b>% Change</b>
<b>REVENUES AND OTHER SOURCES:</b>					
Taxes	\$4,338,960	\$4,227,000	\$4,234,500	<b>\$4,207,000</b>	-0.65%
Licenses	122,102	116,200	111,000	<b>121,000</b>	9.01%
Intergovernmental	1,177,649	1,128,300	1,155,000	<b>1,201,000</b>	3.98%
Charges For Services	888,452	872,000	897,500	<b>904,500</b>	0.78%
Fines and Forfeits	14,887	20,000	30,000	<b>20,000</b>	-33.33%
Miscellaneous	90,897	18,000	17,500	<b>17,500</b>	0.00%
Interest and Rents	24,847	31,000	36,500	<b>36,500</b>	0.00%
Other Financing Sources	0	0	160,000	<b>136,000</b>	
<b>Total Revenues</b>	<b>\$6,657,794</b>	<b>\$6,412,500</b>	<b>\$6,642,000</b>	<b>\$6,643,500</b>	<b>0.02%</b>

**General Fund Revenue Sources**

	<i>Percentage of General Fund Revenues from 1972-2012</i>				
	FY2015	FY2005	FY1995	FY1985	FY1975
Taxes	63.33%	59.08%	54.50%	59.33%	38.73%
Intergovernmental	18.08%	22.61%	27.74%	23.04%	19.98%
Charges for Services	13.61%	13.28%	12.14%	7.21%	5.43%
Other	4.98%	5.03%	5.62%	10.42%	35.86%
	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**

The City levies 13.9473 mills for general operating purposes and 2.6 mills for the Act 345 Police and Fire Retirement System. 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:

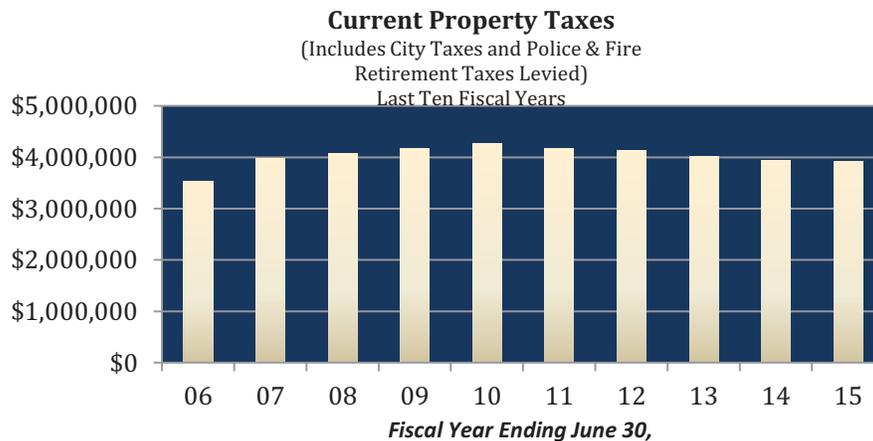
**Total Anticipated Taxable Value: \$243,471,602**

<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	\$3,395,771	40,990	41,322	4,674	\$3,308,785	\$86,986
P&F Retirement	\$633,026	7,641	13,537	871	\$610,977	\$22,049

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**General Fund**

<b>FUNDING DETAILS</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Taxes</b>				
Current Tax	\$3,369,651	\$3,320,000	\$3,320,000	\$3,305,000
Industrial Facilities Tax	119,700	90,000	100,000	85,000
Current Property Tax - Police and Fire	651,842	620,000	615,000	615,000
Administration Fees	130,218	130,000	127,500	130,000
Trailer Park Fees	2,191	2,000	2,000	2,000
Penalties and Interest	35,677	40,000	40,000	40,000
Payment in Lieu of Taxes				
Housing	29,681	25,000	30,000	30,000
<b>Total Taxes</b>	<b>\$4,338,960</b>	<b>\$4,227,000</b>	<b>\$4,234,500</b>	<b>\$4,207,000</b>
<b>Licenses and Permits</b>				
Cable Franchise Fees	\$120,387	\$115,000	\$110,000	\$120,000
Business Licenses	1,715	1,200	1,000	1,000
<b>Total Licenses and Permits</b>	<b>\$122,102</b>	<b>\$116,200</b>	<b>\$111,000</b>	<b>\$121,000</b>
<b>Intergovernmental Revenues</b>				
State Shared Revenues:				
Sales & Use Tax - Constitutional	\$750,760	\$755,000	\$750,000	\$775,000
Sales & Use Tax - Statutory	173,555	170,000	165,000	180,000
Liquor Licenses	8,530	8,300	8,000	8,000
Telecommunications Right of Way	35,838	32,000	32,000	35,000
Grants from Local Units:				
Fire Protection	163,923	160,000	157,000	160,000
Michigan Justice Training Grant	2,729	3,000	3,000	3,000
CAPS - School Officer	0	0	40,000	40,000
Federal Grants	42,314	0	0	0
State of Michigan Grants	0	0	0	0
<b>Total Intergovernmental Revenues</b>	<b>\$1,177,649</b>	<b>\$1,128,300</b>	<b>\$1,155,000</b>	<b>\$1,201,000</b>



# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### General Fund

#### 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 \$105,000. 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 2 mills on its real and personal property taxes. The township's estimated taxable value is \$80 million. The fire contract is in effect until December 31, 2016.

##### 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. Based on new contractual rates from the City's contractual waste hauler, recycling services were added in 2013. The contract for recycling services is separate from the refuse contract, and the service is provided by a separate hauler. The rate for the rental of tidy totes is recommended to remain at \$2.20 per month.

##### Refuse Collection

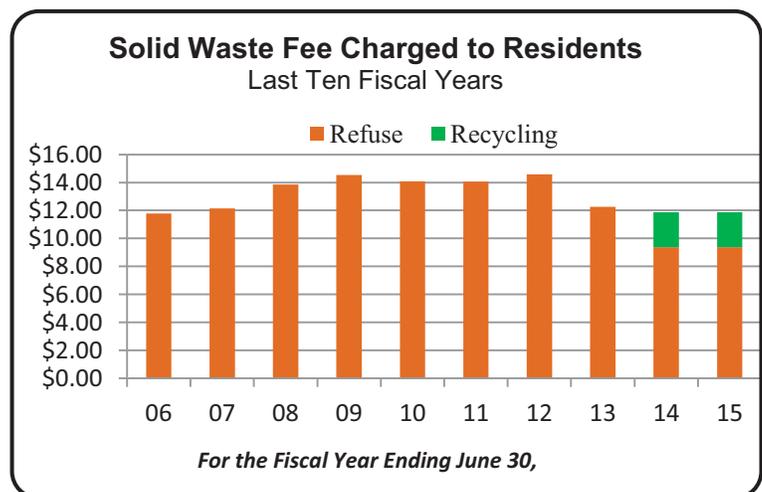
3,250 average units x \$9.38 recommended monthly fee x 12 = \$365,000 annual solid waste collection fee (\$8.73 is paid to the hauler for contractual removal service.)

##### Recycling

3,250 average units x \$2.50 recommended monthly fee x 12 = \$97,500 annual solid waste collection fee (this fee is passed on in full to the contractual recycling hauler).

##### 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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

<b>FUNDING DETAILS</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Charges For Services</b>				
Zoning Fees	\$1,615	\$2,000	\$2,000	\$2,000
Exemption Certificate Fees	2,700	2,000	1,500	1,500
Northflight	60,779	62,000	62,000	63,000
Police Charges	3,599	3,000	3,000	3,000
Engineering Fees	325	0	0	0
Solid Waste Collection	526,993	500,000	525,000	525,000
Sale of Maps and Ordinances	150	1,000	1,000	1,000
Rental Housing Ordinance Fee	8,865	6,000	7,000	7,000
Administrative Charges				
Water and Sewer Fund	\$220,000	\$234,000	\$234,000	\$240,000
Stores & Garage Fund	20,000	20,000	20,000	20,000
Community Development Fund	12,000	12,000	12,000	12,000
Data Processing Fund	30,000	30,000	30,000	30,000
Miscellaneous	1,426	0	0	0
<b>Total Charges For Services</b>	<b>\$888,452</b>	<b>\$872,000</b>	<b>\$897,500</b>	<b>\$904,500</b>
<b>Fines and Forfeits</b>				
Violations Bureau	\$14,887	\$20,000	\$30,000	\$20,000
<b>Total Fines and Forfeits</b>	<b>\$14,887</b>	<b>\$20,000</b>	<b>\$30,000</b>	<b>\$20,000</b>
<b>Interest and Rents</b>				
Interest Income	\$23,962	\$30,000	\$35,000	\$35,000
Land and Building Rental	885	1,000	1,500	1,500
<b>Total Interest and Rents</b>	<b>24,847</b>	<b>31,000</b>	<b>36,500</b>	<b>36,500</b>
<b>Miscellaneous</b>				
Sale of Property	6,854	1,500	1,500	1,500
Cadillac Community Television (CCTV)				
Sales	440	1,000	1,000	1,000
Sponsorships	0	500	5,000	5,000
Contributions - Private Sources	79,704	0	0	0
Miscellaneous - Refunds and Rebates	3,899	15,000	10,000	10,000
<b>Total Miscellaneous</b>	<b>\$90,897</b>	<b>\$18,000</b>	<b>\$17,500</b>	<b>\$17,500</b>
<b>Other Financing Sources</b>				
Other Transfers In	0	0	0	0
Surplus - Reserved from Prior Contributions	0	0	0	0
Surplus - Undesignated Fund Balance	0	0	160,000	136,000
<b>Total Other Financing Sources</b>	<b>\$0</b>	<b>\$0</b>	<b>\$160,000</b>	<b>\$136,000</b>
<b>TOTAL REVENUES</b>	<b>\$6,657,794</b>	<b>\$6,412,500</b>	<b>\$6,642,000</b>	<b>\$6,643,500</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

<b>FUNDING SUMMARY</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>	<b>Change</b>
<b>EXPENDITURES</b>					
<b>General Government</b>					
Legislative	\$47,744	\$42,700	\$42,700	<b>\$44,200</b>	3.51%
Office of the City Manager	237,556	257,500	248,200	<b>253,200</b>	2.01%
Financial Services	221,053	222,600	219,000	<b>220,000</b>	0.46%
Clerk/Treasurer Department	271,765	278,500	271,100	<b>278,600</b>	2.77%
Election Services	14,021	13,500	14,500	<b>14,500</b>	0.00%
Assessing	128,616	129,200	131,000	<b>131,000</b>	0.00%
Legal Services	219,002	256,500	150,000	<b>187,000</b>	24.67%
Engineering Services	167,906	176,200	172,800	<b>178,200</b>	3.13%
City Hall	275,547	269,200	290,700	<b>281,300</b>	-3.23%
<b>Total General Government</b>	<b>\$1,583,210</b>	<b>\$1,645,900</b>	<b>\$1,540,000</b>	<b>\$1,588,000</b>	3.12%
<b>Public Safety</b>					
Police Department	\$1,997,044	\$1,951,600	\$1,940,900	<b>\$1,972,600</b>	1.63%
Code Enforcement	28,864	30,500	31,600	<b>31,500</b>	-0.32%
Fire Department	1,230,248	1,337,100	1,294,200	<b>1,303,300</b>	0.70%
<b>Total Public Safety</b>	<b>\$3,256,156</b>	<b>\$3,319,200</b>	<b>\$3,266,700</b>	<b>\$3,307,400</b>	1.25%
<b>Public Works</b>	<b>\$814,896</b>	<b>\$789,100</b>	<b>\$878,800</b>	<b>\$836,700</b>	-4.79%
<b>Culture and Recreation</b>	<b>288,634</b>	<b>238,900</b>	<b>244,800</b>	<b>251,800</b>	2.86%
<b>Economic Development and Assistance</b>	<b>137,319</b>	<b>154,100</b>	<b>160,500</b>	<b>158,400</b>	-1.31%
<b>Intergovernmental Expenses</b>	<b>100,758</b>	<b>100,900</b>	<b>101,200</b>	<b>101,200</b>	0.00%
<b>Other Financing</b>	<b>500,000</b>	<b>450,000</b>	<b>450,000</b>	<b>400,000</b>	-11.11%
<b>TOTAL EXPENDITURES</b>	<b>\$6,680,973</b>	<b>\$6,698,100</b>	<b>\$6,642,000</b>	<b>\$6,643,500</b>	0.02%
<b>FUND BALANCE AT YEAR END</b>					
Net Change in Fund Balance	(\$23,179)	(\$285,600)	(\$160,000)	<b>(\$136,000)</b>	
Fund Balance - Beginning of Year	2,182,752	2,159,573	2,159,573	<b>1,873,973</b>	
<b>FUND BALANCE AT YEAR END</b>					
Nonspendable	-	-	-	-	
Restricted	56,855	44,167	44,167	<b>39,167</b>	
Committed	-	-	-	-	
Assigned	1,622,467	1,574,162	1,565,747	<b>1,541,472</b>	
Unassigned	480,251	255,644	389,659	<b>157,334</b>	
<b>TOTAL FUND BALANCE</b>	<b>\$2,159,573</b>	<b>\$1,873,973</b>	<b>\$1,999,573</b>	<b>\$1,737,973</b>	

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

**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 FY2013 and estimates for FY2014 and FY2015 are as follows:

<b>FUND BALANCE INFORMATION</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Nonspendable</b>				
Prepaid Expenditures	0	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	3,977	3,802	3,802	3,802
Fire Safety House	1,859	1,859	1,859	1,859
Blackburn Skate Park	2,955	1,409	1,409	1,409
White Pine Trail	1,859	2,394	2,394	2,394
Diggins Hill Park	1,710	500	500	500
Sound Garden Sundial Project	6,175	0	0	0
Bike Routes	2,000	1,500	1,500	500
Cadillac Trail Signage	5,000	2,500	2,500	0
McKellop Walkway Plowing	3,621	2,500	2,500	1,000
CAMA Lighthouse	25,000	25,000	25,000	25,000
<b>Total Restricted</b>	<b>56,855</b>	<b>44,167</b>	<b>44,167</b>	<b>39,167</b>
<b>Assigned For:</b>				
Sick and Vacation Funding	454,374	430,000	430,000	440,000
Working Capital	1,002,146	1,004,715	996,300	996,525
Mayor Wedding Fees	400	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	160,000	134,500	134,500	100,000
<b>Total Assigned</b>	<b>1,622,467</b>	<b>1,574,162</b>	<b>1,565,747</b>	<b>1,541,472</b>
<b>Unassigned</b>	<b>480,251</b>	<b>255,644</b>	<b>389,659</b>	<b>157,334</b>
<b>TOTAL FUND BALANCE</b>	<b>\$2,159,573</b>	<b>\$1,873,973</b>	<b>\$1,999,573</b>	<b>\$1,737,973</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
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**GENERAL GOVERNMENT**

**Legislative**

Salaries	\$15,800	\$15,800	\$15,800	<b>\$15,800</b>
Fringes	1,229	1,400	1,400	<b>1,400</b>
Office Supplies	365	1,000	1,500	<b>1,500</b>
Contractual Services	650	1,500	2,000	<b>3,500</b>
Data Processing	5,000	4,000	4,000	<b>4,000</b>
Dues & Publications	7,256	7,000	7,000	<b>7,000</b>
Travel and Education	8,312	6,000	6,000	<b>6,000</b>
Ordinances and Proceedings	9,132	6,000	5,000	<b>5,000</b>
<b>Total Legislative</b>	<b>\$47,744</b>	<b>\$42,700</b>	<b>\$42,700</b>	<b>\$44,200</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	\$4.61	\$4.12	\$4.12	<b>\$4.27</b>

**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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
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**GENERAL GOVERNMENT (Cont.)**

**Office of the City Manager**

Salaries	\$152,641	\$165,000	\$158,500	<b>\$162,500</b>
Fringes	63,121	65,000	60,000	<b>61,000</b>
Office Supplies	665	2,000	2,500	<b>2,500</b>
Data Processing	7,000	8,000	8,000	<b>8,000</b>
Dues & Publications	3,254	4,000	4,500	<b>4,500</b>
Telephone	1,920	1,800	2,000	<b>2,000</b>
Travel & Education	4,755	6,500	7,500	<b>7,500</b>
Vehicle Allowance	4,200	4,200	4,200	<b>4,200</b>
Suggestion Award	0	1,000	1,000	<b>1,000</b>
Capital Outlay	0	0	0	<b>0</b>
<b>Total Office of the City Manager</b>	<b>\$237,556</b>	<b>\$257,500</b>	<b>\$248,200</b>	<b>\$253,200</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	\$22.94	\$24.87	\$23.97	<b>\$24.45</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 also overseen within the Office of the City Manager.

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

# CITY OF CADILLAC

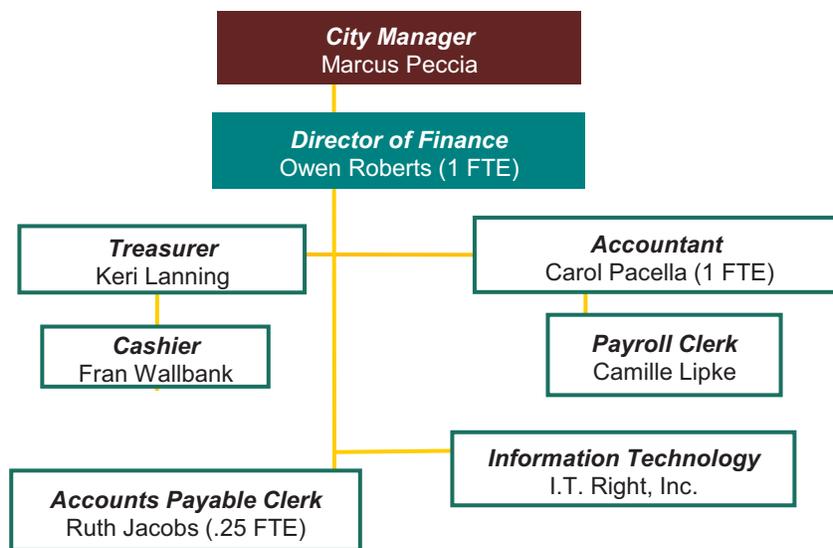
## 2014-2015 Annual Operating Budget

### General Fund

#### 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 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
		2012	2013	2014	2015	
Received GFOA Budget/CAFR Awards		Yes	Yes	Yes	Yes	↔
General Fund Working Capital + Unassigned Fund Balance		\$1,353,002	\$1,482,397	\$1,260,359	\$1,153,859	↓
Unreserved Fund Balance as % of General Fund Expenditures		19.66%	22.19%	18.52%	17.34%	↓
Fund Balance Policy Level (15%)		\$1,032,122	\$1,002,146	\$1,021,050	\$998,400	↓
Total Above (Below) Policy Benchmark *		\$320,881	\$480,251	\$239,309	\$155,459	↓
Unmodified Audit Opinion		Yes	Yes	Yes	Yes	↔

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**General Fund**

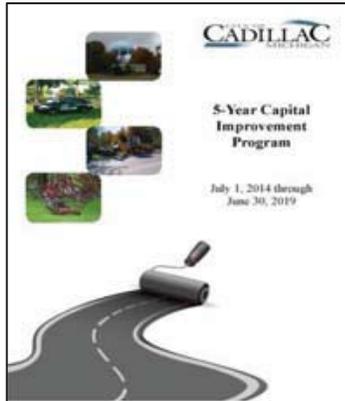
FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
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**GENERAL GOVERNMENT (Cont.)**

**Financial Services**

Salaries	\$123,683	\$125,000	\$124,500	<b>\$125,000</b>
Fringes	43,445	46,000	48,000	<b>49,000</b>
Office Supplies	7,409	6,500	7,000	<b>7,000</b>
Audit	11,350	11,000	11,000	<b>11,000</b>
Data Processing	25,000	25,000	20,000	<b>20,000</b>
Dues & Publications	1,680	2,000	2,000	<b>1,500</b>
Telephone	1,530	1,100	1,500	<b>1,500</b>
Travel & Education	6,956	6,000	5,000	<b>5,000</b>
<b>Total Financial Services</b>	<b>\$221,053</b>	<b>\$222,600</b>	<b>\$219,000</b>	<b>\$220,000</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	\$21.35	\$21.50	\$21.15	<b>\$21.25</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. The issuance of bonds in FY2015 will facilitate nearly all scheduled projects to be completed over the next couple of years. 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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

**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.

**PERFORMANCE MEASURES - CITY TREASURER/CLERK**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2012	2013	2014	2015	
Total City-wide Assessed Value		\$271,004,700	\$258,296,600	\$253,351,300	\$255,870,800	↓
Total City-wide Taxable Value		\$254,375,276	\$247,616,530	\$245,217,449	\$243,471,602	↓
Taxable Value as % of Assessed Value		93.9%	95.9%	96.8%	95.2%	↔
Tax Bills Issued		11,000	11,000	11,000	11,000	↔
Total Number of Annual Receipts		44,852	44,542	44,000	44,000	↔
Dollar Value of Annual Receipts		\$22,916,902	\$22,604,805	\$23,000,000	\$23,000,000	↔
Accounts Payable Checks Issued		2,999	3,045	3,000	3,000	↔
Payroll Checks Issued		1,235	1,140	1,100	1,100	↓
Payroll Direct Deposits		3,902	3,755	4,000	4,000	↑
Miscellaneous Billing Invoices Issued		689	689	675	675	↔
Total Registered Voters		7,063	7,156	7,100	7,100	↔
Number of Elections		1	2	2	2	↔
Total Cost of Elections		\$8,644	\$14,021	\$14,500	\$14,500	↔
Cost per Election		\$8,644	\$7,011	\$7,250	\$7,250	↔

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
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**GENERAL GOVERNMENT (Cont.)**

**Clerk/Treasurer Department**

Salaries	\$130,234	\$145,000	\$132,000	\$136,000
Fringes	77,393	87,000	86,500	90,000
Office Supplies	3,387	3,000	3,000	3,000
Postage	14,114	9,500	10,000	10,000
Data Processing	30,000	20,000	20,000	20,000
Dues & Publications	488	500	600	600
Travel & Education	1,931	3,500	4,000	4,000
Bad Debt Expense (1)	14,218	10,000	15,000	15,000
<b>Total Clerk/Treasurer Department</b>	<b>\$271,765</b>	<b>\$278,500</b>	<b>\$271,100</b>	<b>\$278,600</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	\$26.24	\$26.90	\$26.18	<b>\$26.90</b>

**Election Services**

Salaries	\$7,747	\$5,000	5,000	\$5,000
Office Supplies	5,944	6,000	6,500	6,500
Contractual Services	330	2,500	3,000	3,000
Capital Outlay	0	0	0	0
<b>Total Election Services</b>	<b>\$14,021</b>	<b>\$13,500</b>	<b>\$14,500</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	\$1.35	\$1.30	\$1.40	<b>\$1.40</b>
Registered Voters	7,063	7,063	7,050	<b>7,050</b>
Cost per registered voter	\$1.99	\$1.91	\$2.06	<b>\$2.06</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
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**GENERAL GOVERNMENT (Cont.)**

**Assessor**

Office Supplies	\$0	\$0	\$0	<b>\$0</b>
Postage	2,275	3,000	3,000	<b>3,000</b>
Contractual Services	215	1,000	2,500	<b>2,500</b>
Wexford County Contract	107,132	109,000	109,000	<b>109,000</b>
Data Processing	18,000	15,000	15,000	<b>15,000</b>
Board of Review	994	1,200	1,500	<b>1,500</b>
<b>Total Assessor</b>	<b>\$128,616</b>	<b>\$129,200</b>	<b>\$131,000</b>	<b>\$131,000</b>

<i>Assessing Measures</i>				
Full-Time Positions	0	0	0	<b>0</b>
Part-Time Positions	0	0	0	<b>0</b>
Cost Per Resident	\$12.42	\$12.48	\$12.65	<b>\$12.65</b>

**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:

Service	Charge	# of Parcels	Annual Cost
Per Parcel assessing charge	\$16.62	6,100	<b>\$101,382</b>
Per Parcel assessment roll maintenance	\$1.30	6,100	<b>\$7,930</b>
<b>Total Charges</b>			<b>\$109,312</b>

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
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**GENERAL GOVERNMENT (Cont.)**

**Legal Services**

Office Supplies	\$2,381	\$1,500	2,000	<b>\$2,000</b>
Legal Services - General Counsel	64,243	80,000	55,000	<b>65,000</b>
Legal Services - Prosecution	25,872	35,000	35,000	<b>35,000</b>
Legal Services - Special	126,506	140,000	58,000	<b>85,000</b>
<b>Total Legal Services</b>	<b>\$219,002</b>	<b>\$256,500</b>	<b>\$150,000</b>	<b>\$187,000</b>

<b>Cost Per Resident</b>	\$21.15	\$24.77	\$14.49	<b>\$18.06</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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
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**GENERAL GOVERNMENT (Cont.)**

**Engineering Services**

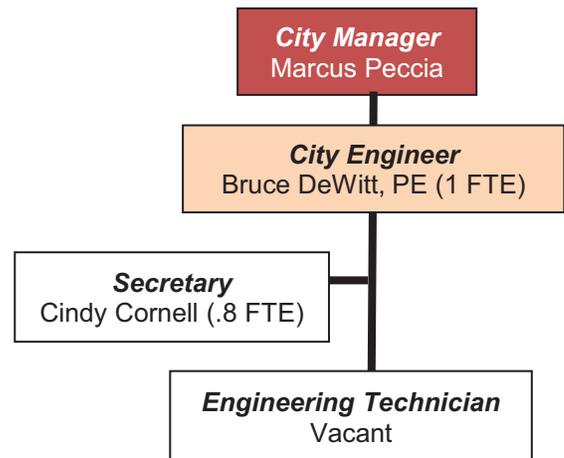
Salaries	\$100,014	\$100,500	\$99,500	\$100,000
Fringes	36,719	45,000	41,300	46,000
Office Supplies	957	2,000	2,900	2,900
Postage	0	0	0	200
Contractual Services	7,961	8,000	8,000	8,000
Data Processing	20,000	18,000	18,000	18,000
Dues & Publications	0	400	600	600
Telephone	620	900	500	500
Travel & Education	277	400	800	800
Equipment Rental	1,358	1,000	1,200	1,200
Capital Outlay	0	0	0	0
<b>Total Engineering Services</b>	<b>\$167,906</b>	<b>\$176,200</b>	<b>\$172,800</b>	<b>\$178,200</b>

**Engineering Services Department Measures**

Full-Time Positions	1.80	1.80	1.80	1.80
Part-Time Positions	0	0	0	0
Cost per Resident	\$16.21	\$17.02	\$16.69	\$17.21

**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.



**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**General Fund**

<b>FUNDING DETAILS</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
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**GENERAL GOVERNMENT (Cont.)**

**City Hall**

Salaries	\$39,429	\$40,000	\$41,500	<b>\$41,500</b>
Fringes	24,791	25,000	29,400	<b>26,000</b>
Operating Supplies	11,043	15,000	13,500	<b>13,500</b>
Contractual Services	17,494	7,500	10,000	<b>10,000</b>
Service/Lease Contracts	5,634	6,000	6,000	<b>6,500</b>
Data Processing	5,500	6,000	6,000	<b>6,000</b>
Liability Insurance	60,152	54,000	65,000	<b>60,000</b>
Travel and Education	3,908	1,500	4,000	<b>2,000</b>
Utilities	76,799	83,000	85,000	<b>85,000</b>
Repair and Maintenance	22,188	23,000	21,000	<b>22,000</b>
Equipment Rental	7,432	7,000	7,300	<b>7,300</b>
Parking Contract	1,177	1,200	2,000	<b>1,500</b>
Capital Outlay	0	0	0	<b>0</b>
<b>Total City Hall</b>	<b>\$275,547</b>	<b>\$269,200</b>	<b>\$290,700</b>	<b>\$281,300</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	\$26.61	\$26.00	\$28.07	<b>\$27.17</b>

**TOTAL GENERAL GOVERNMENT**

	<b>\$1,583,210</b>	<b>\$1,645,900</b>	<b>\$1,540,000</b>	<b>\$1,588,000</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	\$152.89	\$158.95	\$148.72	<b>\$153.36</b>
% of General Fund Budget	23.70%	24.57%	23.19%	<b>23.90%</b>

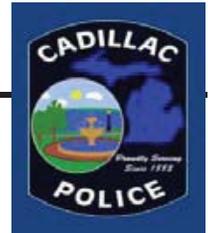


**City Hall**

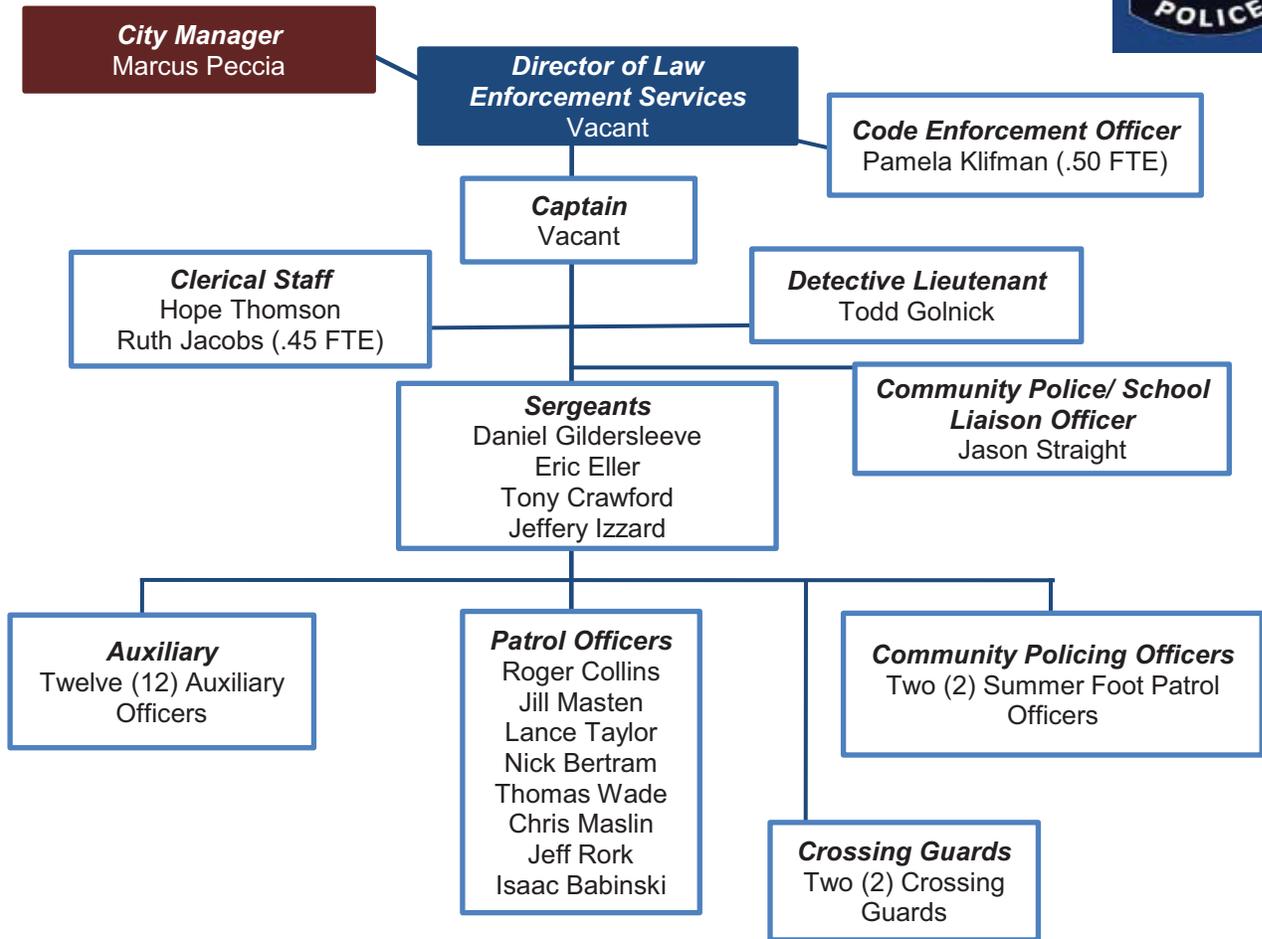
The maintenance of the physical plant, which is occupied 24 hours per day, is anticipated to increase as the facility ages. Major replacements over the past few years have been the roof, the HVAC system, and the upgrade of the Council chambers. Several proposed capital improvements to the municipal complex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

**General Fund**

**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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

**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 since the program's inception, 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	84,179
3	2006 Dodge Durango	Patrol/K-9	84,639
4	2008 Impala	School & Training	119,107
5	2007 Impala	Detective	111,975
6	2013 Interceptor	Patrol	43,857
7	2009 Impala	Patrol	96,963
8	2011 Impala	Patrol	69,126
9	2006 Impala	Patrol/School Liaison	91,529
10	2004 Impala	Director	91,619
11	2014 Interceptor	Patrol	11,014



*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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

**PERFORMANCE MEASURES - POLICE DEPARTMENT**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2012	2013	2014	2015	
Sworn Officers		15	15	15	15	↔
Police Reports Completed		4,336	4,125	4,200	4,200	↔
Police Reports per Sworn Officer		289	275	300	300	↔
Traffic Citations Issued		688	586	650	650	↔
Traffic Verbal Warnings Issued		2,878	2,566	2,800	2,800	↔
Criminal Investigations		2,710	2,467	2,500	2,500	↔
Freedom of Information Requests Fulfilled		150	169	155	155	↔
Handgun Registrations		230	234	225	225	↔
K-9 Unit Tracking Calls		10	6	10	10	↔
K-9 Unit Demonstrations		15	8	15	15	↔
K-9 Unit Searches		29	18	20	20	↔
Non-Criminal Investigations		1,983	2,002	1,900	1,900	↔
Total Calls for Service		6,506	6,226	6,500	6,500	↔
Total Arrests		1,022	984	1,075	1,075	↔
Average Mileage of Fleet		82,770	100,750	105,000	110,000	↑
Average Mileage of Patrol Vehicles		82,716	65,650	70,000	75,000	↑
Operating Cost per Sworn Officer		\$124,870	\$128,863	\$127,393	\$128,973	↔

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b><u>PUBLIC SAFETY</u></b>				
<b>Police Department</b>				
Salaries - Supervisory	\$79,142	\$85,000	\$80,000	<b>\$80,000</b>
Salaries - Patrolmen	828,029	820,000	790,000	<b>800,000</b>
Salaries - Overtime	72,190	64,000	66,000	<b>66,000</b>
Salaries - Clerks	15,397	30,000	58,000	<b>61,500</b>
Salaries - Crossing Guards	6,075	7,000	7,500	<b>7,500</b>
Salaries - Auxiliary	1,942	3,000	5,000	<b>5,000</b>
Salaries - Summer Patrol	13,844	18,000	12,000	<b>15,000</b>
Fringes	741,098	730,000	721,900	<b>729,100</b>
Office Supplies	6,359	7,500	7,500	<b>7,500</b>
Operating Supplies	46,888	37,000	38,000	<b>38,000</b>
Operating Supplies - Community Service	115	1,000	1,000	<b>1,000</b>
Uniform Cleaning	8,740	9,500	9,500	<b>9,500</b>
Data Processing	53,000	45,000	45,000	<b>45,000</b>
Dues & Publications	2,381	2,400	2,500	<b>2,500</b>
Radio & Equipment Maintenance	4,826	4,500	4,500	<b>4,500</b>
Telephone	2,385	2,700	3,000	<b>3,000</b>
Travel & Education	19,996	19,000	20,000	<b>20,000</b>
Vehicle Repair and Maintenance	20,138	20,000	23,500	<b>23,500</b>
Uniforms and Maintenance	5,672	10,000	10,000	<b>10,000</b>
Equipment Rental	1,767	3,000	3,000	<b>3,000</b>
Copier Lease	2,962	3,000	3,000	<b>3,000</b>
Capital Outlay	64,098	30,000	30,000	<b>38,000</b>
<b>Total Police Department</b>	<b>\$1,997,044</b>	<b>\$1,951,600</b>	<b>\$1,940,900</b>	<b>\$1,972,600</b>

<b><i>Police Department Measures</i></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	\$192.86	\$188.47	\$187.44	<b>\$190.50</b>

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

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
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**PUBLIC SAFETY**

**Code Enforcement**

Salaries	\$18,499	\$18,500	\$19,000	<b>\$19,000</b>
Fringes	10,083	11,500	11,600	<b>11,500</b>
Office Supplies	282	500	1,000	<b>1,000</b>
<b>Total Code Enforcement</b>	<b>\$28,864</b>	<b>\$30,500</b>	<b>\$31,600</b>	<b>\$31,500</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	\$2.79	\$2.95	\$3.05	<b>\$3.04</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
		2012	2013	2014	2015	
Yards cleaned up (Blight Ordinance)		142	130	130	130	↔
Junk Vehicles Removed/Repaired		26	25	30	30	↔
Lawn Complaints (Noxious Weed Ordinance)		126	124	125	125	↔
Total Complaint Numbers Pulled		257	260	265	265	↔

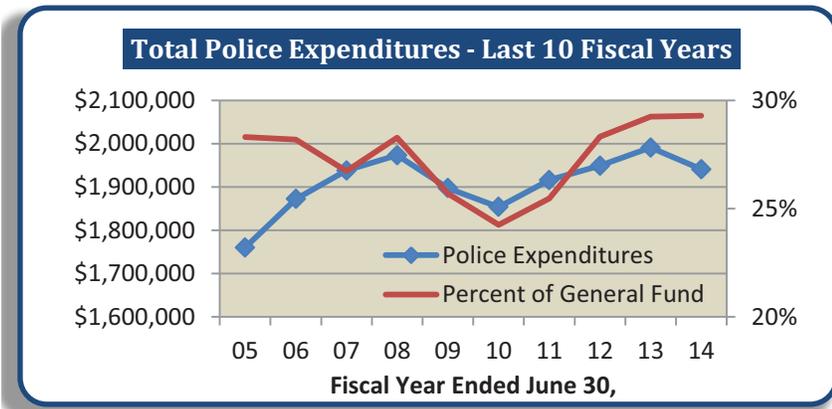


These pictures are examples of the blight that the code enforcement activities help eliminate within the City.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**General Fund**

**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>FY2014 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	\$963,569	12	518.83	\$154.77	16.69%
Big Rapids	10,601	\$2,057,900	18	588.94	\$194.12	24.92%
Alpena	10,483	\$1,938,334	16	655.19	\$184.90	20.88%
Traverse City	14,674	\$3,542,800	28	524.07	\$241.43	25.06%
Sault Ste. Marie	14,144	\$2,603,700	21	673.52	\$184.09	21.57%
Coldwater	10,945	\$1,831,625	17	643.82	\$167.35	22.00%
Sturgis	10,994	\$2,773,630	19	578.63	\$252.29	35.87%
<b>City of Cadillac</b>	<b>10,355</b>	<b>\$1,940,900</b>	<b>15</b>	<b>690.33</b>	<b>\$187.44</b>	<b>29.22%</b>

<i>Fire Department</i>		<i>FY2014 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	\$856,852	7	889.43	\$137.62	14.84%
Big Rapids	10,601	\$895,900	9	1,177.89	\$84.51	10.85%
Alpena	10,483	\$1,583,125	24	436.79	\$151.02	17.05%
Traverse City	14,674	\$2,438,665	23	638.00	\$166.19	17.25%
Sault Ste. Marie	14,144	\$1,448,000	18	785.78	\$102.38	12.00%
Coldwater	10,945	\$1,778,875	14	781.79	\$162.53	21.37%
Sturgis	10,994	\$1,486,310	11	999.45	\$135.19	19.22%
<b>City of Cadillac</b>	<b>10,355</b>	<b>\$1,294,200</b>	<b>11</b>	<b>941.36</b>	<b>\$124.98</b>	<b>19.49%</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

**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
		2012	2013	2014	2015	
Total Runs		1,670	1,711	1,700	1,700	↔
Number of Medical Emergencies Responses		1,341	1,439	1,350	1,350	↔
Hours Spent on Site Inspections		2,000	2,000	3,000	3,000	↔
Hours Spent on Rental Inspection		832	800	800	800	↔
Number of Fires Reported		39	51	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		15	15	15	15	↔
Citizens Attending Education Programs		3,000	3,000	3,000	3,000	↔
Number of Fire Investigations		78	102	80	80	↔
Hours Spent on Public Relations		720	720	730	730	↑
Operating Cost per Fire Fighter		\$108,690	\$111,382	\$118,827	\$118,482	↑

**General Fund**

**FIRE DEPARTMENT CHART OF ORGANIZATION**



**City Manager**  
Marcus Peccia

**Fire Marshal**  
Anthony Wolff

**Captains**  
Randy Norman  
Fred Osborn

**Lieutenants**  
Chris Cater  
Mark Near

**Firefighters**  
Robert Keith, Jr.  
Mark Feister  
Stevan VanDyk  
James Kozlowski  
Chris Koontz

**Auxiliary**  
Eighteen (18) Auxiliary  
Officers



**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

<b>FUNDING DETAILS</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b><u>PUBLIC SAFETY (Cont.)</u></b>				
<b>Fire Department</b>				
Salaries - Firefighters	\$530,745	\$500,000	\$545,000	\$540,000
Salaries - FLSA Overtime	35,111	34,000	37,000	37,000
Salaries - Overtime	94,577	150,000	85,000	85,000
Salaries - Volunteer	20,088	24,000	30,000	30,000
Fringes	431,083	475,000	478,600	492,700
Office Supplies	766	1,500	2,000	2,000
Operating Supplies	23,672	22,000	20,000	20,000
Operating Supplies-Community Service	453	1,500	1,500	1,500
Uniform Cleaning	3,299	2,800	2,800	2,800
Subsistence Allowance	18,703	15,600	15,600	15,600
Data Processing	11,845	11,000	11,000	11,000
Dues & Publications	2,038	2,500	2,500	2,500
Radio & Equipment Maintenance	4,427	5,000	6,500	6,500
Telephone	774	0	1,500	1,500
Travel & Education	4,811	10,000	11,000	11,000
Vehicle Repair & Maintenance	24,971	35,000	25,000	25,000
Uniforms & Maintenance	12,341	12,000	14,000	14,000
Employee Safety	5,500	5,200	5,200	5,200
Capital Outlay	5,044	30,000	0	0
<b>Total Fire Department</b>	<b>\$1,230,248</b>	<b>\$1,337,100</b>	<b>\$1,294,200</b>	<b>\$1,303,300</b>

<b><i>Fire Department Measures</i></b>				
Full-Time Positions	11.500	11.500	11.500	11.000
Part-Time Positions	17.000	18.000	18.000	18.000
Cost per Resident	\$118.81	\$129.13	\$124.98	\$125.86

<b>TOTAL PUBLIC SAFETY</b>	<b>\$3,256,156</b>	<b>\$3,319,200</b>	<b>\$3,266,700</b>	<b>\$3,307,400</b>
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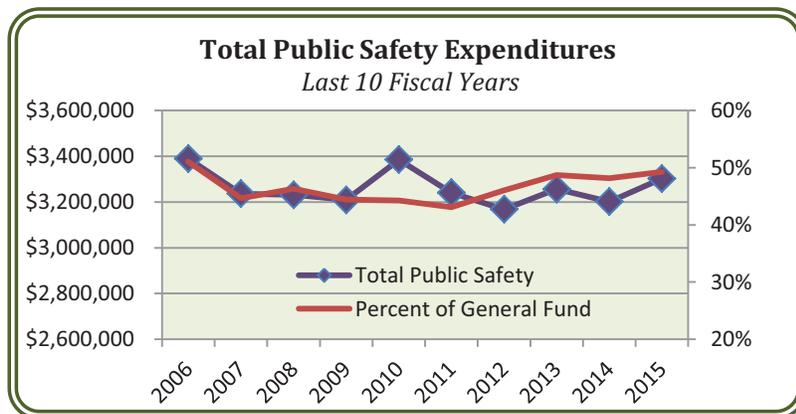
<b><i>Total Public Safety Measures</i></b>				
Full-Time Positions	29.100	29.360	29.360	27.860
Part-Time Positions	33.000	34.000	34.000	34.000
Cost per Resident	\$314.45	\$320.54	\$315.47	\$319.40
% of General Fund Budget	48.74%	49.55%	49.18%	49.78%

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**General Fund**

**Public Safety Expenditures**  
as a Percentage of Total General Fund Expenditures  
Last Twenty Years

Fiscal Year	Expenditures		Total Police & Fire	General Fund Total Expenditures and other financing uses	Percent of total expenditures of General Fund		Total Police & Fire (% of General Fund)
	Police	Fire			Police	Fire	
2015	\$1,972,600	\$1,303,300	\$3,275,900	\$6,643,500	29.69%	19.62%	49.31%
2014	\$1,920,200	\$1,251,300	\$3,171,500	\$6,698,100	28.67%	18.68%	47.35%
2013	\$1,997,044	\$1,230,248	\$3,227,292	\$6,680,973	29.89%	18.41%	48.31%
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%	47.85%
2010	\$1,842,464	\$1,494,544	\$3,209,100	\$7,347,924	26.82%	17.62%	44.44%
2009	\$1,936,600	\$1,272,500	\$3,231,100	\$7,221,900	28.28%	18.03%	46.31%
2008	\$1,973,100	\$1,258,000	\$3,236,286	\$6,977,100	26.74%	17.91%	44.65%
2007	\$1,937,927	\$1,298,359	\$3,389,571	\$7,247,727	28.19%	22.84%	51.03%
2006	\$1,872,203	\$1,517,368	\$2,967,282	\$6,642,264	28.31%	19.41%	47.73%
2005	\$1,760,171	\$1,207,111	\$2,662,072	\$6,217,441	27.69%	17.64%	45.33%
2004	\$1,626,181	\$1,035,891	\$2,510,279	\$5,872,347	28.16%	19.75%	47.91%
2003	\$1,475,406	\$1,034,873	\$2,454,628	\$5,239,720	27.11%	16.17%	43.28%
2002	\$1,537,630	\$916,998	\$2,564,183	\$5,671,563	28.07%	17.61%	45.68%
2001	\$1,575,551	\$988,632	\$2,610,291	\$5,613,156	27.30%	21.33%	48.64%
2000	\$1,465,293	\$1,144,998	\$2,424,692	\$5,366,921	27.38%	18.94%	46.32%
1999	\$1,433,047	\$991,645	\$2,320,341	\$5,234,493	29.24%	17.65%	46.89%
1998	\$1,447,101	\$873,240	\$2,277,862	\$4,948,684	29.21%	19.39%	48.59%
1997	\$1,369,058	\$908,804	\$2,061,802	\$4,687,638	27.29%	18.20%	45.48%
1996	\$1,236,945	\$824,857	\$2,049,488	\$4,532,936	26.67%	18.34%	45.01%



**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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
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**PUBLIC WORKS**

**Public Works - Administration**

Salaries	\$64,005	\$67,000	\$70,000	\$58,000
Fringes	22,989	25,000	25,100	23,500
Property Taxes	0	0	4,000	2,000
Operating Supplies	2,098	100	0	0
Street Lighting	92,016	18,000	115,000	95,000
Telephone	1,440	1,500	1,600	2,000
Maintenance of Dam	2,360	10,000	2,500	2,500
Equipment Rental	19,374	2,000	9,000	9,000
Hydrant Rental	24,400	23,800	24,000	24,000
<b>Total Public Works - Administration</b>	<b>\$228,682</b>	<b>\$147,400</b>	<b>\$251,200</b>	<b>\$216,000</b>

<i>Public Works - Administration Measures</i>				
Full-Time Positions	1.800	1.300	1.300	1.100
Part-Time Positions	0.000	0.000	0.000	0.250
Cost per Resident	\$22.08	\$14.23	\$24.26	\$20.86

**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 485 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 475 hydrants within the City.



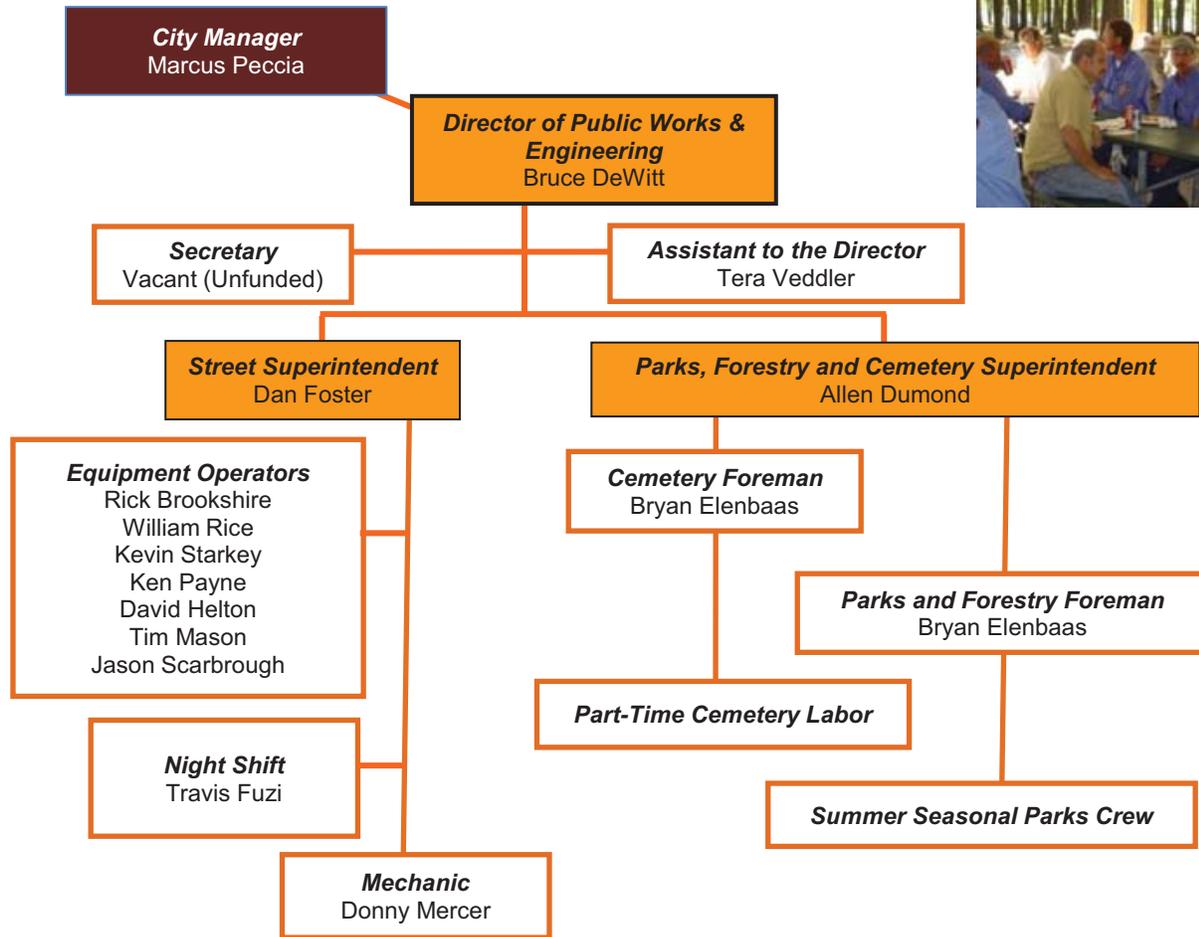
<i>Street Lights</i>			
Number of <u>Lights</u>	<u>Lumens</u>	Monthly <u>Rate</u>	Annual <u>Cost</u>
35	14,000	\$14.400	\$6,048
421	8,500	\$11.750	59,361
29	24,000	\$21.140	7,357
<b>485</b>			<b>\$72,766</b>

In addition, the City pays the costs of parking lot lights.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**General Fund**

**Public Works Department Structure and Organization**



**PERFORMANCE MEASURES - PUBLIC WORKS**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2012	2013	2014	2015	
Hours spent in leaf pickup		347	308	325	325	↔
Hours spent plowing sidewalks		450	350	450	450	↔
Miles of sidewalks maintained		132	132	132	132	↔

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>PUBLIC WORKS (Cont.)</b>				
<b>Sidewalks and Alleys</b>				
Salaries	\$5,680	\$10,000	\$11,000	<b>\$11,000</b>
Salaries - Part Time	41	5,000	8,000	<b>8,000</b>
Fringes	2,604	7,000	7,400	<b>6,600</b>
Operating Supplies	545	2,000	3,000	<b>3,000</b>
Equipment Rental	11,172	45,000	30,000	<b>30,000</b>
<b>Total Sidewalks and Alleys</b>	<b>\$20,042</b>	<b>\$69,000</b>	<b>\$59,400</b>	<b>\$58,600</b>
<b>Leaves</b>				
Salaries	\$5,026	\$7,500	6,000	<b>\$6,000</b>
Fringes	3,022	4,200	3,400	<b>3,600</b>
Equipment Rental	22,543	40,000	27,000	<b>27,000</b>
<b>Total Leaves</b>	<b>\$30,591</b>	<b>\$51,700</b>	<b>\$36,400</b>	<b>\$36,600</b>
<b>Grass &amp; Weed Control</b>				
Salaries	\$7,193	\$6,000	\$7,000	<b>\$7,000</b>
Fringes	3,861	3,500	3,500	<b>3,700</b>
Equipment Rental	15,088	15,000	18,000	<b>18,000</b>
<b>Total Grass and Weed Control</b>	<b>\$26,142</b>	<b>\$24,500</b>	<b>\$28,500</b>	<b>\$28,700</b>
<b>Composting</b>				
Salaries	\$459	\$500	\$500	<b>\$500</b>
Fringes	290	300	300	<b>300</b>
Contractual Services	0	1,000	3,000	<b>1,500</b>
Equipment Rental	1,043	1,000	1,500	<b>1,500</b>
<b>Total Composting</b>	<b>\$1,792</b>	<b>\$2,800</b>	<b>\$5,300</b>	<b>\$3,800</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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

<b>FUNDING DETAILS</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>PUBLIC WORKS (Cont.)</b>				
<b>Waste Removal</b>				
Salaries	\$32	\$0	\$0	\$0
Fringes	19	0	0	0
Operating Supplies	0	100	0	0
Removal Contract	503,229	490,000	495,000	490,000
City Debris Removal Fees	4,352	3,500	3,000	3,000
Equipment Rental	15	100	0	0
<b>Total Waste Removal</b>	<b>\$507,647</b>	<b>\$493,700</b>	<b>\$498,000</b>	<b>\$493,000</b>

<b>TOTAL PUBLIC WORKS</b>	<b>\$814,896</b>	<b>\$789,100</b>	<b>\$878,800</b>	<b>\$836,700</b>
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<b>Public Works per Resident Costs</b>	<b>\$78.70</b>	<b>\$76.20</b>	<b>\$84.87</b>	<b>\$80.80</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>		
<b>Fiscal Year</b>	<b>Cost</b>	<b>Increase</b>
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%
2014 *	\$11.23	-4.18%
2015	\$11.50	2.40%

\* Removal contract was re-bid and recycling was added. Current charges for contractual waste hauling are \$8.73 per customer per month, and recycling is an additional \$2.50 per customer per month.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 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	\$14,513	\$16,000	\$20,000	<b>\$17,500</b>
Fringes	1,110	1,600	2,000	<b>1,800</b>
Office Supplies	189	1,000	1,000	<b>1,000</b>
Contractual Services	1,025	2,500	3,500	<b>3,500</b>
<b>Total CCTV</b>	<b>\$16,837</b>	<b>\$21,100</b>	<b>\$26,500</b>	<b>\$23,800</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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

<b>FUNDING DETAILS</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Parks</b>				
Salaries	\$42,173	\$42,000	\$41,000	\$43,000
Salaries - Part Time	45,600	50,000	50,000	50,000
Fringes	32,423	31,000	30,700	29,000
Operating Supplies	24,192	22,000	23,000	23,000
Contractual Services	0	2,200	0	0
Telephone	660	700	700	700
Travel and Education	0	300	300	300
Utilities	22,239	24,000	25,000	25,000
Repair and Maintenance	39,512	23,000	25,000	25,000
Equipment Rental	11,107	11,000	11,000	11,000
Rental Building	1,100	1,100	1,100	1,500
Capital Outlay	42,291	0	0	9,000
<b>Total Parks</b>	<b>\$261,297</b>	<b>\$207,300</b>	<b>\$207,800</b>	<b>\$217,500</b>
<b>TOTAL CULTURE AND RECREATION</b>	<b>\$288,634</b>	<b>\$238,900</b>	<b>\$244,800</b>	<b>\$251,800</b>
<b>Cost per Resident</b>	<b>\$27.87</b>	<b>\$23.07</b>	<b>\$23.64</b>	<b>\$24.32</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**

<b>MEASURE</b>	<b>Fiscal Year:</b>	<i>Actual</i>		<i>Projected</i>	<i>Budgeted</i>	<b>Trend</b>
		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	
Total Park Acres		117	117	117	117	↔
Total Parks Maintenance Costs		\$208,300	\$219,006	\$207,800	\$208,500	↔
Parks Maintenance Cost per Acre		\$1,780	\$1,872	\$1,776	\$1,782	↔
Parks Maintenance Cost per Resident		\$20	\$21	\$20	\$20	↔
Park Acres per 1,000 Population		11	11	11	11	↔
Seasonal Parks Maintenance Employees		9	9	9	9	↔

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
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**ECONOMIC DEVELOPMENT AND ASSISTANCE**

**Community Development**

Salaries	\$63,456	\$72,000	\$72,500	<b>\$78,000</b>
Fringes	29,465	34,000	35,900	<b>29,000</b>
Office Supplies	3,003	4,000	2,500	<b>3,000</b>
Contractual Services	1,704	600	0	<b>0</b>
Data Processing	2,500	2,500	2,500	<b>2,500</b>
Dues & Publications	371	500	400	<b>400</b>
Telephone	480	1,000	500	<b>1,000</b>
Travel & Education	620	1,000	1,500	<b>2,000</b>
Publisher's Costs	1,787	1,000	1,500	<b>1,500</b>
Capital Outlay	0	0	0	<b>0</b>
<b>Total Community Development</b>	<b>\$103,386</b>	<b>\$116,600</b>	<b>\$117,300</b>	<b>\$117,400</b>

<i>Community Development Measures</i>				
Full-Time Positions	1.550	1.550	1.550	<b>1.550</b>
Part-Time Positions	0.500	0.000	0.000	<b>0.000</b>
Cost Per Resident	\$9.98	\$11.26	\$11.33	<b>\$11.34</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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b><u>ECONOMIC DEVELOPMENT AND ASSISTANCE (Continued)</u></b>				
<b>Community Promotions</b>				
Salaries	\$9,484	\$10,000	\$14,000	<b>\$11,500</b>
Fringes	3,915	4,500	5,700	<b>6,000</b>
Operating Supplies	3,009	3,500	4,000	<b>4,000</b>
Contractual Services	3,689	4,500	5,000	<b>5,000</b>
Utilities	1,631	2,000	2,000	<b>2,000</b>
Equipment Rental	7,546	6,000	8,000	<b>8,000</b>
Special Projects	2,103	2,500	2,500	<b>2,500</b>
Chamber of Commerce	2,000	2,000	2,000	<b>2,000</b>
Community Development	556	2,500	0	<b>0</b>
<b>Total Community Promotions</b>	<b>\$33,933</b>	<b>\$37,500</b>	<b>\$43,200</b>	<b>\$41,000</b>
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<b>\$137,319</b>	<b>\$154,100</b>	<b>\$160,500</b>	<b>\$158,400</b>
<b><u>INTERGOVERNMENTAL EXPENDITURES</u></b>				
Clam Lake Township	\$1,558	\$1,700	\$2,000	<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>\$100,758</b>	<b>\$100,900</b>	<b>\$101,200</b>	<b>\$101,200</b>

**Community Promotions**

Special projects were eliminated due to lack of funding. 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**

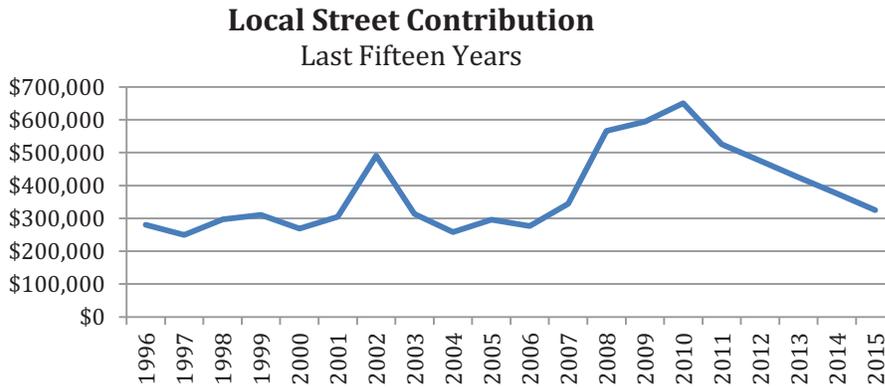
Funds are transferred to the Wexford County Airport, which is a joint effort with Wexford County. The County funds 60% and the City funds the remaining 40% of costs after the operational revenues are considered. The net operating need of the airport for 2015 is approximately \$82,700. The County is responsible 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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**General Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>OTHER FINANCING</b>				
Transfers to Other Funds:				
Local Street	425,000	375,000	375,000	<b>325,000</b>
Cemetery Operating Fund	75,000	75,000	75,000	<b>75,000</b>
<b>Total Other Financing</b>	<b>\$500,000</b>	<b>\$450,000</b>	<b>\$450,000</b>	<b>\$400,000</b>
<b>TOTAL EXPENDITURES</b>	<b>\$6,680,973</b>	<b>\$6,698,100</b>	<b>\$6,642,000</b>	<b>\$6,643,500</b>

**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	2014 General Fund Budget	Per Capita Expenditures
Manistee	6,226	\$5,774,804	\$927.53
Big Rapids	10,601	\$8,257,100	\$778.90
Alpena	10,483	\$9,284,231	\$885.65
Traverse City	14,674	\$14,137,085	\$963.41
Sault St. Marie	14,144	\$12,070,250	\$853.38
Coldwater	10,945	\$8,325,135	\$760.63
Sturgis	10,994	\$7,732,645	\$703.35
<b>Cadillac</b>	<b>10,355</b>	<b>\$6,642,000</b>	<b>\$641.43</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

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**General Fund**

**General Fund Capital Outlay**

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**FY2015**

**City Hall (1)**

No projects	\$0	
		\$0

**Police Department (2)**

Patrol Vehicle	\$30,000	
Radios	8,000	
		\$38,000

**Fire Department (3)**

None		
		\$0

**Parks and Recreation (4)**

Mower	9,000	
		\$9,000

Total		\$47,000
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**Source of Funds (5)**

State Shared Revenue - Statutory Funds	\$47,000	
		\$47,000

**Footnotes:**

- 1. Municipal Complex:** There are no capital projects planned for the Municipal Complex in FY2015.
- 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:** A riding lawn mower will be replaced in the Parks and Recreation Department in FY2015. This will help save increasing maintenance costs that result from aging equipment and downtime.
- 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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**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**

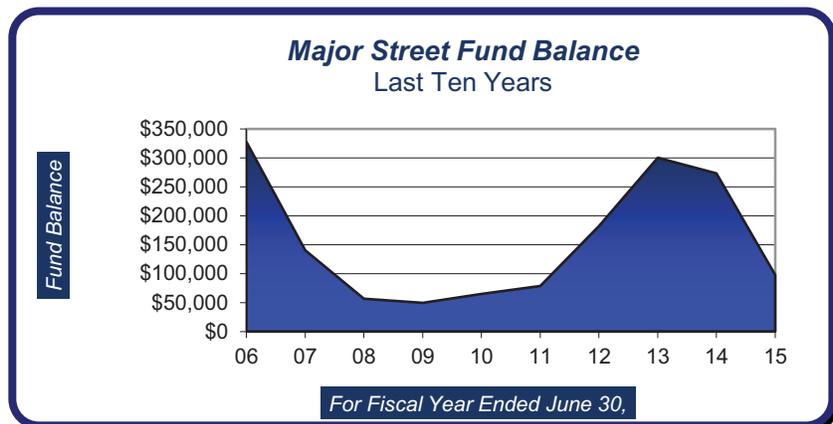
MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2012	2013	2014	2015	
Miles of Major Streets		21.53	21.53	21.53	21.53	↔
Miles of State Trunk Line		5.19	5.19	5.19	5.19	↔
Operating Expenditures per Road Mile		\$13,976	\$14,344	\$17,571	\$18,268	↑
Operating Expenditures per Resident		\$29	\$30	\$37	\$37	↔
Hours Spent in Major Street Maintenance		5,437	4,785	5,847	5,338	↔
Cost per Hour of Major Street Maintenance		\$57	\$55	\$65	\$71	↑
Total Winter Maintenance Expenditures		\$95,868	\$133,644	\$169,000	\$138,100	↑
Hours Spent in Winter Maintenance		1,168	1,537	2,000	1,600	↔
Cost per Hour of Winter Maintenance		\$82	\$87	\$85	\$86	↔
Winter Maintenance Expenditures per Mile		\$4,453	\$6,207	\$7,850	\$6,414	↔
Winter Maintenance Expenditures per Resident		\$9	\$13	\$16	\$13	↔
State Trunk Line Maintenance Expenditures		\$95,996	\$146,790	\$184,200	\$139,000	↔
State Trunk Line Maintenance Exp. Per Mile		\$18,496	\$28,283	\$35,491	\$26,782	↔
Total Hours of State Trunk Line Maintenance		1,079	1,648	1,400	1,400	↔

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Major Street Fund**

<b>FUNDING SUMMARY</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Revenues</b>				
Motor Vehicle Highway Fund	\$556,157	\$545,000	\$540,000	<b>\$550,000</b>
State Trunkline Maintenance	156,626	184,200	137,400	<b>139,000</b>
Other Contributions	1,400	0	0	<b>0</b>
Interest Income	28	0	0	<b>0</b>
Surplus	0	0	0	<b>0</b>
<b>Total</b>	<b>\$714,211</b>	<b>\$729,200</b>	<b>\$677,400</b>	<b>\$689,000</b>
<b>Expenditures</b>				
Construction	\$66,284	\$45,000	\$37,500	<b>\$207,500</b>
Surface Maintenance	31,921	50,500	58,200	<b>58,700</b>
Sweeping and Flushing	15,859	22,600	23,700	<b>23,800</b>
Forestry	44,277	48,000	53,100	<b>53,500</b>
Catch Basin	6,766	28,000	27,400	<b>34,600</b>
Drainage	19,018	18,300	20,900	<b>21,100</b>
Traffic Services	57,348	58,500	57,700	<b>63,500</b>
Winter Maintenance	133,644	169,000	137,300	<b>138,100</b>
Administration	74,620	101,500	99,800	<b>124,300</b>
State Trunkline	146,790	184,200	137,400	<b>139,000</b>
<b>Total</b>	<b>\$596,527</b>	<b>\$725,600</b>	<b>\$653,000</b>	<b>\$864,100</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$117,684	\$3,600	\$24,400	<b>(\$175,100)</b>
Fund Balance - Beginning of Year	181,951	299,635	299,635	<b>303,235</b>
<b>FUND BALANCE AT YEAR END</b>	<b>\$299,635</b>	<b>\$303,235</b>	<b>\$324,035</b>	<b>\$128,135</b>

**Major Street Fund Balance**



# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Major Street Fund

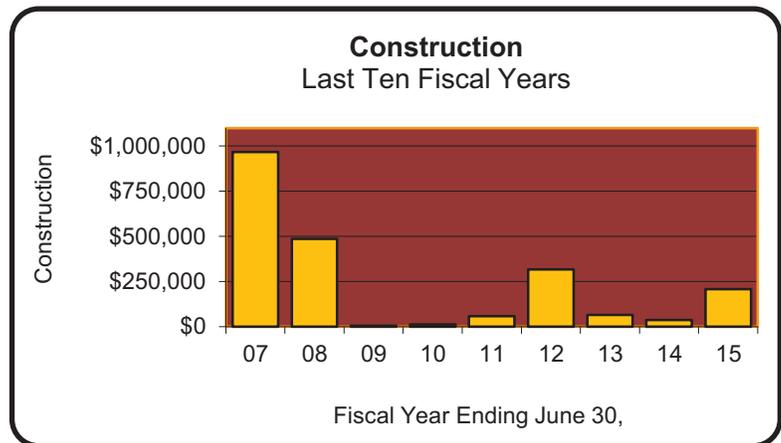
#### Revenue Details

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 FY2015, 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.



##### FY2015 Proposed Construction

Lake Street

Street Sign Replacement

##### Cost

\$200,000

7,500

**\$207,500**

#### 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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Major Street Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenditures</b>				
<b>Construction</b>				
Contractual Services	\$66,284	\$45,000	\$37,500	<b>\$207,500</b>
<b>Surface Maintenance</b>				
Salaries and Wages	\$11,311	\$14,000	\$17,000	<b>\$17,000</b>
Fringes	5,897	7,500	9,200	<b>9,700</b>
Operating Supplies	5,789	14,000	15,000	<b>15,000</b>
Equipment Rental	8,924	15,000	17,000	<b>17,000</b>
<b>Total Surface Maintenance</b>	<b>\$31,921</b>	<b>\$50,500</b>	<b>\$58,200</b>	<b>\$58,700</b>
<b>Sweeping and Flushing</b>				
Salaries and Wages	\$2,263	\$3,000	\$3,000	<b>\$3,000</b>
Fringes	1,738	1,600	1,700	<b>1,800</b>
Equipment Rental	11,858	18,000	19,000	<b>19,000</b>
<b>Total Sweeping and Flushing</b>	<b>\$15,859</b>	<b>\$22,600</b>	<b>\$23,700</b>	<b>\$23,800</b>
<b>Forestry</b>				
Salaries and Wages	\$13,676	12,500	\$12,700	<b>\$12,700</b>
Fringes	6,750	7,000	7,100	<b>7,500</b>
Operating Supplies	5,849	4,000	4,800	<b>4,800</b>
Contractual Services	0	4,500	6,000	<b>6,000</b>
Travel	283	500	500	<b>500</b>
Repair and Maintenance	1,077	2,000	4,000	<b>4,000</b>
Equipment Rental	16,642	17,500	18,000	<b>18,000</b>
<b>Total Forestry</b>	<b>\$44,277</b>	<b>\$48,000</b>	<b>\$53,100</b>	<b>\$53,500</b>
<b>Catch Basin</b>				
Salaries & Wages	\$4,112	\$7,500	\$8,500	<b>\$13,000</b>
Fringes	2,154	4,000	4,900	<b>7,600</b>
Operating Supplies	58	1,500	2,000	<b>2,000</b>
Contractual Services	0	1,000	2,000	<b>2,000</b>
Equipment Rental	442	14,000	10,000	<b>10,000</b>
<b>Total Catch Basin</b>	<b>\$6,766</b>	<b>\$28,000</b>	<b>\$27,400</b>	<b>\$34,600</b>
<b>Drainage</b>				
Salaries and Wages	\$5,731	\$6,500	\$7,500	<b>\$7,500</b>
Fringes	3,107	3,500	4,100	<b>4,300</b>
Operating Supplies	0	300	300	<b>300</b>
Contractual Services	7,251	3,500	5,000	<b>5,000</b>
Equipment Rental	2,929	4,500	4,000	<b>4,000</b>
<b>Total Drainage</b>	<b>\$19,018</b>	<b>\$18,300</b>	<b>\$20,900</b>	<b>\$21,100</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Major Street Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenditures (Continued)</b>				
<b>Traffic Services</b>				
Salaries and Wages	\$15,233	\$14,000	\$12,300	<b>\$15,500</b>
Fringes	10,450	8,500	6,400	<b>9,000</b>
Operating Supplies	9,613	12,500	15,000	<b>15,000</b>
Contractual	13,102	12,500	16,000	<b>16,000</b>
Equipment Rental	8,950	11,000	8,000	<b>8,000</b>
<b>Total Traffic Services</b>	<b>\$57,348</b>	<b>\$58,500</b>	<b>\$57,700</b>	<b>\$63,500</b>
<b>Winter Maintenance</b>				
Salaries and Wages	\$24,761	\$35,000	\$25,000	<b>\$25,000</b>
Fringes	11,687	19,000	14,300	<b>15,100</b>
Operating Supplies	32,383	30,000	20,000	<b>20,000</b>
Equipment Rental	64,813	85,000	78,000	<b>78,000</b>
<b>Total Winter Maintenance</b>	<b>\$133,644</b>	<b>\$169,000</b>	<b>\$137,300</b>	<b>\$138,100</b>
<b>Administration</b>				
Salaries and Wages	\$22,123	\$22,000	\$22,000	<b>\$25,000</b>
Fringes	9,948	11,500	10,600	<b>12,500</b>
Office Supplies	0	100	0	<b>0</b>
Audit	1,500	1,500	1,500	<b>1,500</b>
Travel and Education	0	800	0	<b>0</b>
Equipment Rental	7,449	7,000	7,500	<b>7,500</b>
Contribution - Local Street	15,000	40,000	40,000	<b>60,000</b>
Transfers Out	18,600	18,600	18,200	<b>17,800</b>
<b>Total Administration</b>	<b>\$74,620</b>	<b>\$101,500</b>	<b>\$99,800</b>	<b>\$124,300</b>
<b>State Trunkline</b>				
<b>Surface Maintenance</b>				
Salaries and Wages	\$870	\$7,500	\$500	<b>\$500</b>
Fringes	499	3,800	300	<b>300</b>
Operating Supplies	306	500	1,000	<b>1,000</b>
Equipment Rental	660	4,000	1,500	<b>1,500</b>
<b>Total Surface Maintenance</b>	<b>\$2,335</b>	<b>\$15,800</b>	<b>\$3,300</b>	<b>\$3,300</b>
<b>Sweeping &amp; Flushing</b>				
Salaries and Wages	\$596	\$1,000	\$1,000	<b>\$1,000</b>
Fringes	484	600	600	<b>600</b>
Equipment Rental	3,362	3,000	2,500	<b>2,500</b>
<b>Total Sweeping &amp; Flushing</b>	<b>\$4,442</b>	<b>\$4,600</b>	<b>\$4,100</b>	<b>\$4,100</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Major Street Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenditures (Cont.)</b>				
<b>State Trunkline (Cont.)</b>				
<b>Traffic Signs</b>				
Utilities	\$1,746	\$6,000	\$8,500	<b>\$8,500</b>
<b>Total Traffic Signs</b>	<b>\$1,746</b>	<b>\$6,000</b>	<b>\$8,500</b>	<b>\$8,500</b>
<b>Trees and Shrubs</b>				
Salaries and Wages	\$2,022	\$1,500	\$1,500	<b>\$1,500</b>
Fringes	1,048	900	900	<b>900</b>
Operating Supplies	0	0	0	<b>0</b>
Equipment Rental	3,085	1,500	1,500	<b>1,500</b>
<b>Total Trees and Shrubs</b>	<b>\$6,155</b>	<b>\$3,900</b>	<b>\$3,900</b>	<b>\$3,900</b>
<b>Drainage</b>				
Salaries and Wages	\$962	\$1,500	\$2,300	<b>\$2,300</b>
Fringes	506	900	200	<b>1,300</b>
Operating Supplies	0	0	0	<b>0</b>
Contractual Services	1,400	1,400	0	<b>0</b>
Equipment Rental	31	1,000	200	<b>200</b>
<b>Total Drainage</b>	<b>\$2,899</b>	<b>\$4,800</b>	<b>\$2,700</b>	<b>\$3,800</b>
<b>Winter Maintenance</b>				
Salaries and Wages	\$17,692	\$20,000	\$15,000	<b>\$15,000</b>
Fringes	8,455	11,000	8,600	<b>9,000</b>
Operating Supplies	44,616	40,000	35,000	<b>35,000</b>
Equipment Rental	42,834	50,000	40,000	<b>40,000</b>
<b>Total Winter Maintenance</b>	<b>\$113,597</b>	<b>\$121,000</b>	<b>\$98,600</b>	<b>\$99,000</b>
<b>Snow Hauling</b>				
Salaries and Wages	\$4,408	\$7,500	\$4,000	<b>\$4,000</b>
Fringes	2,012	4,500	2,300	<b>2,400</b>
Equipment Rental	9,196	20,000	10,000	<b>10,000</b>
<b>Total Snow Hauling</b>	<b>\$15,616</b>	<b>\$32,000</b>	<b>\$16,300</b>	<b>\$16,400</b>
<b>Total State Trunkline</b>	<b>\$146,790</b>	<b>\$184,200</b>	<b>\$137,400</b>	<b>\$139,000</b>
<b>Total Expenditures</b>	<b>\$596,527</b>	<b>\$725,600</b>	<b>\$653,000</b>	<b>\$864,100</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Major Street Fund**

**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

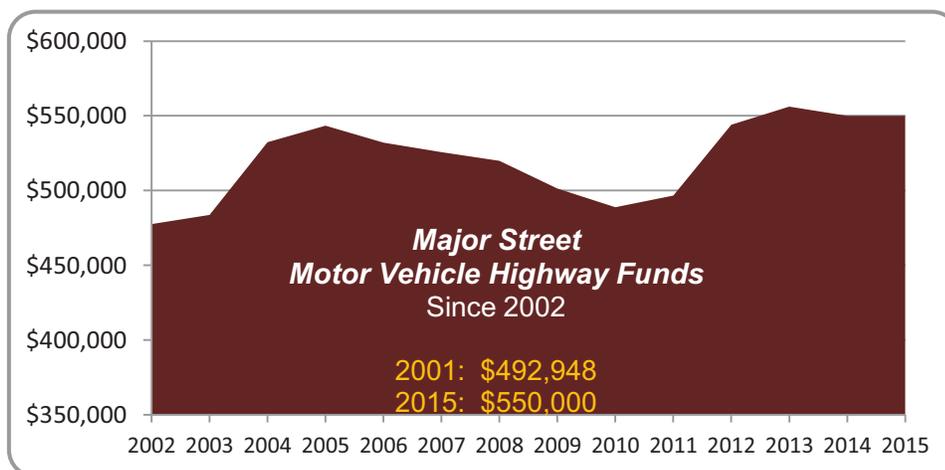
**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Major Street Fund**

<i>Streets in the Major Street System (Continued)</i>			
<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>	<u>2,200</u>
<b>Total Feet:</b>			<b>113,205 (21.53 Miles)</b>

**State of Michigan Act 51 Funds Recovering**

The graphic below presents the harsh funding reality that has plagued the street system until the last several years. Revenue from the State of Michigan in the form of Act 51 funds has finally begun to recover and increase after several years of reductions. As costs of street maintenance continue to escalate, additional revenue is critical to maintaining core infrastructure in the Major Street system.



**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Local Street Fund**

**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**

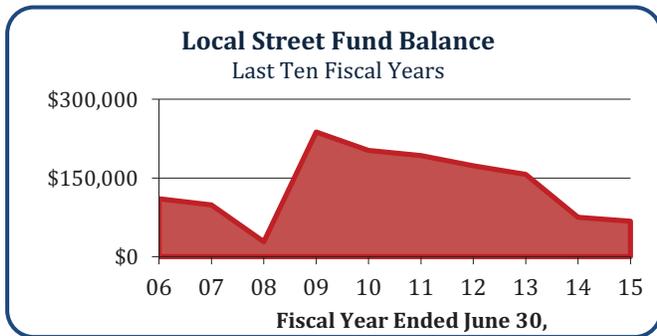
MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2012	2013	2014	2015	
Miles of Local Streets		41.81	41.81	41.81	41.81	↔
Operating Expenditures per Road Mile		\$9,057	\$7,874	\$9,512	\$10,244	↑
Operating Expenditures per Resident		\$37	\$32	\$38	\$41	↑
Hours Spent in Local Street Maintenance		6,170	5,543	6,052	6,324	↑
Cost per Hour of Local Street Maintenance		\$61	\$59	\$66	\$68	↑
Total Winter Maintenance Expenditures		\$72,401	\$97,419	\$108,500	\$99,800	↑
Hours Spent in Winter Maintenance		852	1,110	1,241	1,100	↔
Cost per Hour of Winter Maintenance		\$85	\$88	\$87	\$91	↔
Winter Maintenance Expenditures per Mile		\$1,732	\$2,330	\$2,595	\$2,387	↔
Winter Maintenance Expenditures per Resident		\$7	\$9	\$10	\$10	↑
% of Local Streets remaining Unpaved		4.38%	4.38%	4.38%	4.38%	↔
Number of Trees Planted		86	86	75	75	↔
Number of Trees Removed		33	59	45	45	↔

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Local Street Fund**

<b>FUNDING SUMMARY</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Revenues</b>				
Motor Vehicle Highway Fund	\$199,733	\$201,000	\$197,500	<b>\$206,000</b>
Interest Income	2,006	500	500	<b>500</b>
Other Revenue	1,600	0	0	<b>0</b>
General Fund	425,000	375,000	375,000	<b>325,000</b>
Major Street Fund	15,000	40,000	40,000	<b>60,000</b>
Surplus	0		87,100	<b>0</b>
<b>Total</b>	<b>\$643,339</b>	<b>\$616,500</b>	<b>\$700,100</b>	<b>\$591,500</b>
<b>Expenditures</b>				
Construction	\$139,825	\$120,000	\$107,500	<b>\$7,500</b>
Surface Maintenance	54,865	74,000	81,400	<b>82,000</b>
Sweeping and Flushing	45,369	50,000	51,000	<b>51,200</b>
Forestry	81,715	74,000	81,500	<b>88,600</b>
Catch Basin	15,287	44,200	50,700	<b>56,900</b>
Drainage	19,631	21,500	20,200	<b>22,000</b>
Traffic Services	14,935	25,500	27,500	<b>27,800</b>
Winter Maintenance	97,419	108,500	99,300	<b>99,800</b>
Administration	191,417	180,600	181,000	<b>138,200</b>
<b>TOTAL EXPENDITURES</b>	<b>\$660,463</b>	<b>\$698,300</b>	<b>\$700,100</b>	<b>\$574,000</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$17,124)	(\$81,800)	(\$87,100)	<b>\$17,500</b>
Fund Balance - Beginning of Year	173,970	156,846	156,846	<b>75,046</b>
<b>Ending Fund Balance</b>	<b>\$156,846</b>	<b>\$75,046</b>	<b>\$69,746</b>	<b>\$92,546</b>

**Fund Balance Analysis**



**Fund Balance**

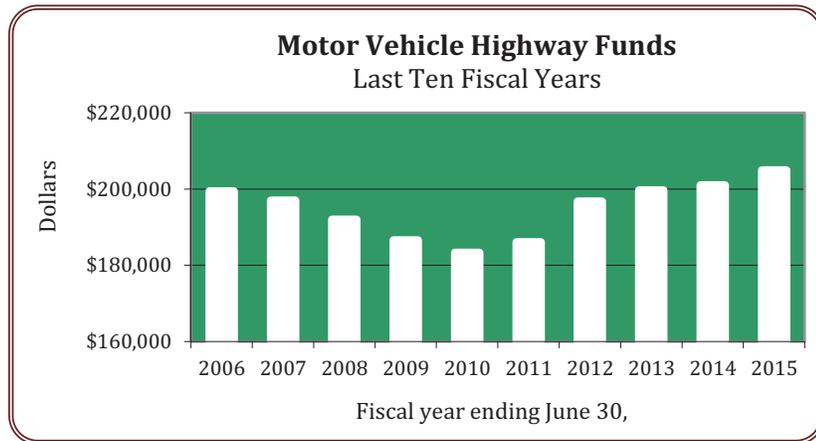
The Local Street Fund does not typically have a significant fund balance. The spike in 2005 was due to the receipt of bond proceeds, which were subsequently spent down over the next three fiscal years. In FY2009, proceeds from a sale of a property owned by the City were transferred to this fund to be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

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Local Street Fund**

**Revenue Details**

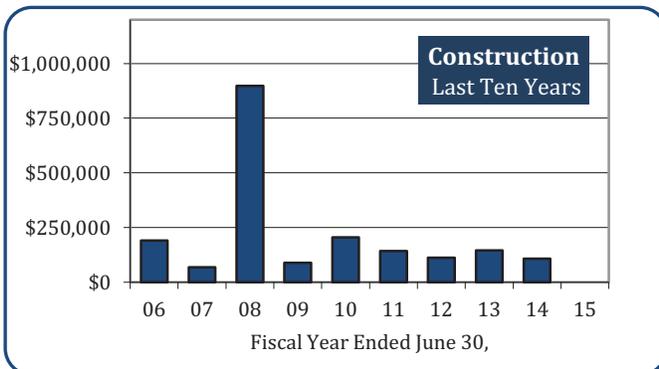
The first major source of revenue is the State of Michigan Motor Vehicle Highway Funds which are generated from the gas and weight taxes collected state wide and distributed to local governments based on miles of streets, a flat rate established by the State, and the population of the City. The second 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**

Construction projects over the next few years are anticipated to be funded through the issuance of bonds. Over the last 10 years, construction in the Local Street Fund 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 FY2015:

No Major Project	\$0
Street Signs	7,500
<b>Total</b>	<b><u><u>\$7,500</u></u></b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Local Street Fund**

<b>FUNDING DETAILS</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Expenditures</b>				
<b>Construction</b>				
Contractual Services	\$139,825	\$120,000	\$107,500	\$7,500
<b>Surface Maintenance</b>				
Salaries and Wages	\$17,227	\$18,500	\$19,000	\$19,000
Fringes	8,547	9,500	10,400	11,000
Operating Supplies	5,148	15,000	17,000	17,000
Equipment Rental	23,943	31,000	35,000	35,000
<b>Total Surface Maintenance</b>	<b>\$54,865</b>	<b>\$74,000</b>	<b>\$81,400</b>	<b>\$82,000</b>
<b>Sweeping and Flushing</b>				
Salaries and Wages	\$6,300	\$7,000	\$7,000	\$7,000
Fringes	4,396	5,000	4,000	4,200
Equipment Rental	34,673	38,000	40,000	40,000
<b>Total Sweeping and Flushing</b>	<b>\$45,369</b>	<b>\$50,000</b>	<b>\$51,000</b>	<b>\$51,200</b>
<b>Forestry</b>				
Salaries and Wages	\$27,116	\$21,000	\$21,500	\$25,500
Fringes	13,198	13,000	12,000	15,100
Operating Supplies	2,861	3,000	4,000	4,000
Contractual Services	1,424	2,000	6,000	6,000
Equipment Rental	37,116	35,000	38,000	38,000
<b>Total Forestry</b>	<b>\$81,715</b>	<b>\$74,000</b>	<b>\$81,500</b>	<b>\$88,600</b>
<b>Catch Basin</b>				
Salaries and Wages	\$6,506	\$11,000	\$16,500	\$16,500
Fringes	3,446	5,500	3,200	9,400
Operating Supplies	0	500	500	500
Utilities	2,438	2,200	2,500	2,500
Equipment Rental	2,897	25,000	28,000	28,000
<b>Total Catch Basin</b>	<b>\$15,287</b>	<b>\$44,200</b>	<b>\$50,700</b>	<b>\$56,900</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Local Street Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenditures (Cont'd)</b>				
<b>Drainage</b>				
Salaries and Wages	\$7,756	\$9,000	\$10,000	<b>\$10,000</b>
Fringes	4,389	5,000	5,700	<b>6,000</b>
Operating Supplies	3,126	2,500	0	<b>1,500</b>
Equipment Rental	4,360	5,000	4,500	<b>4,500</b>
<b>Total Drainage</b>	<b>\$19,631</b>	<b>\$21,500</b>	<b>\$20,200</b>	<b>\$22,000</b>
<b>Traffic Services</b>				
Salaries and Wages	\$6,513	\$11,000	\$10,500	<b>\$10,500</b>
Fringes	4,429	7,500	6,000	<b>6,300</b>
Operating Supplies	956	2,000	5,000	<b>5,000</b>
Contractual Services	0	0	0	<b>0</b>
Equipment Rental	3,037	5,000	6,000	<b>6,000</b>
<b>Total Traffic Services</b>	<b>\$14,935</b>	<b>\$25,500</b>	<b>\$27,500</b>	<b>\$27,800</b>
<b>Winter Maintenance</b>				
Salaries and Wages	\$17,876	\$20,000	\$18,000	<b>\$18,000</b>
Fringes	8,210	12,500	10,300	<b>10,800</b>
Operating Supplies	21,215	20,000	15,000	<b>15,000</b>
Equipment Rental	50,118	56,000	56,000	<b>56,000</b>
<b>Total Winter Maintenance</b>	<b>\$97,419</b>	<b>\$108,500</b>	<b>\$99,300</b>	<b>\$99,800</b>
<b>Administration</b>				
Salaries and Wages	\$33,185	\$33,000	\$33,000	<b>\$39,000</b>
Fringes	14,922	16,200	16,600	<b>19,000</b>
Audit	1,500	1,500	1,500	<b>1,500</b>
Equipment Rental	7,449	7,500	7,500	<b>7,500</b>
Principal Payment	26,111	52,400	52,400	<b>0</b>
Interest Expense	2,350	1,600	1,600	<b>0</b>
Transfers Out	105,900	68,400	68,400	<b>71,200</b>
<b>Total Administration</b>	<b>\$191,417</b>	<b>\$180,600</b>	<b>\$181,000</b>	<b>\$138,200</b>
<b>TOTAL EXPENDITURES</b>	<b>\$660,463</b>	<b>\$698,300</b>	<b>\$700,100</b>	<b>\$574,000</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**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>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2004 GO Capital Improvement Bonds	55,300	14,100	<b>69,400</b>
		<b>Total:</b>	<b>\$69,400</b>
			<b>\$1,000</b> Audit Fees
			<b>\$800</b> Paying agent fees
			<b>\$71,200</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%

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**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>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Revenues</b>				
Water Sales	\$1,269,629	\$1,285,000	\$1,290,000	<b>\$1,285,000</b>
Sewer Sales - Flat Rate	52,494	47,000	45,000	<b>45,000</b>
Sewer Sales - Metered	2,155,573	2,150,000	2,100,000	<b>2,125,000</b>
Fire Protection	125,908	96,000	95,000	<b>100,000</b>
Hydrant Rental	0	24,000	24,000	<b>24,000</b>
Charges for Services	12,331	15,000	10,000	<b>10,000</b>
Services & Materials	1,978	15,000	20,000	<b>20,000</b>
Interest Income	11,441	27,000	30,000	<b>30,000</b>
Sale of Surplus Material	0	5,000	5,000	<b>5,000</b>
Wexford County DPW	96,568	85,000	75,000	<b>75,000</b>
Leachate	270,678	145,000	125,000	<b>100,000</b>
Laboratory Fees	82,707	74,000	70,000	<b>75,000</b>
Federal Grants	0	0	0	<b>0</b>
State Grants	0	0	0	<b>0</b>
Other Income	4,698	2,500	5,000	<b>5,000</b>
<b>Total Revenues</b>	<b>\$4,084,005</b>	<b>\$3,970,500</b>	<b>\$3,894,000</b>	<b>\$3,899,000</b>

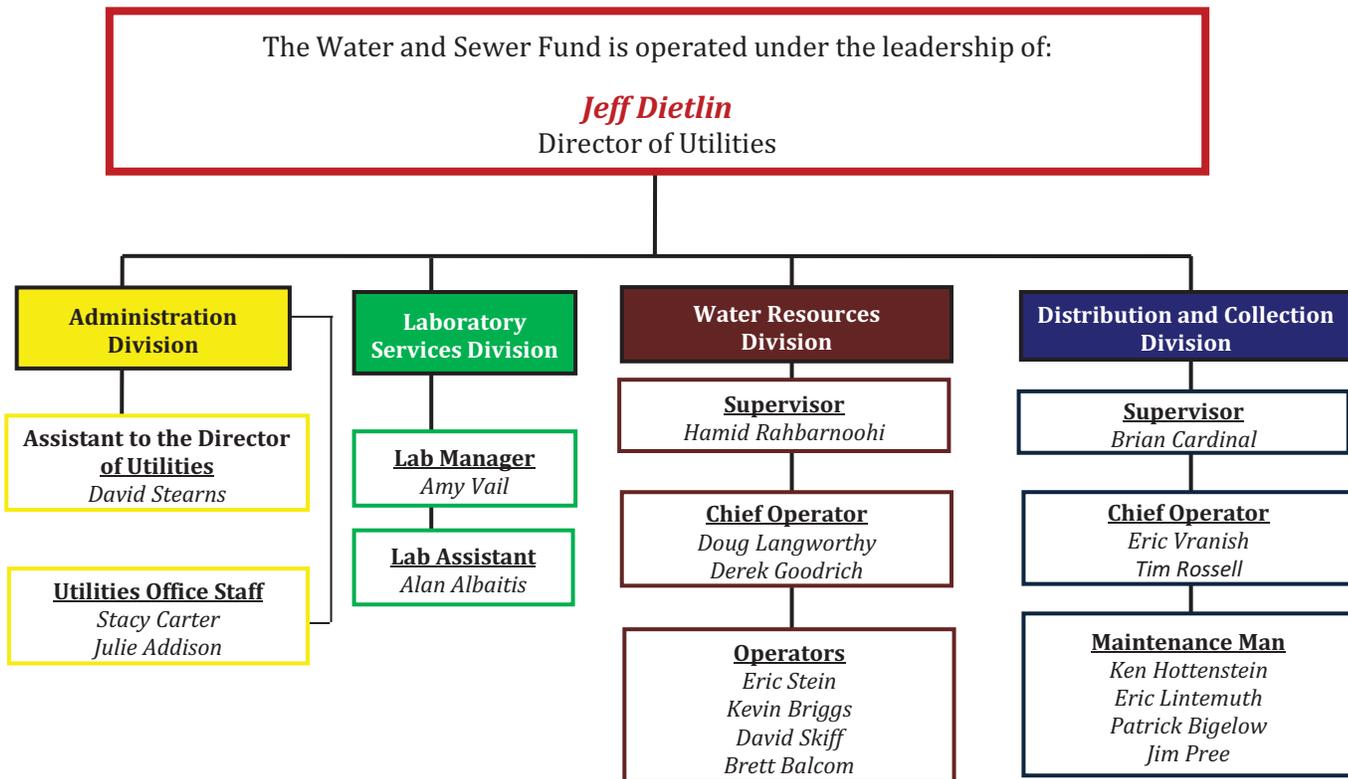
**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Water and Sewer Fund**

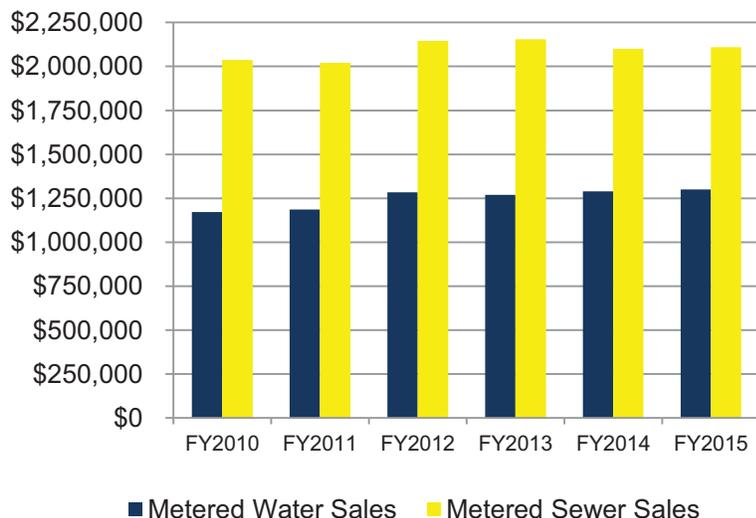
<b>FUNDING SUMMARY</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Expenses</b>				
<b>Total Administration</b>	\$1,029,782	\$1,035,100	\$1,004,000	<b>\$1,034,200</b>
<b>Water Resources</b>				
Preliminary Treatment	\$34,591	\$28,800	\$20,600	<b>\$27,500</b>
Primary Treatment	35,740	26,500	18,600	<b>25,000</b>
Secondary Treatment	113,201	105,500	80,300	<b>86,400</b>
Tertiary Treatment	96,626	86,500	70,400	<b>70,200</b>
Sludge Removal	90,416	107,500	112,600	<b>112,100</b>
Nutrient Removal	104,860	77,000	60,500	<b>67,400</b>
Effluent Disposal	56,703	57,000	54,700	<b>55,500</b>
Building & Grounds	224,936	183,500	216,400	<b>229,000</b>
Industrial Surveillance	17,502	16,600	21,000	<b>21,300</b>
Lift Station-Sanitary	85,441	85,200	88,900	<b>92,100</b>
Vehicles	26,127	35,500	16,100	<b>23,600</b>
<b>Total Water Resources</b>	<b>\$886,143</b>	<b>\$809,600</b>	<b>\$760,100</b>	<b>\$810,100</b>
<b>Distribution and Collection</b>				
Building & Water Tank	\$19,453	\$23,000	\$28,100	<b>\$29,200</b>
Pumping Station	246,657	224,500	199,700	<b>221,300</b>
Wells & Well Field	56,567	53,500	47,200	<b>58,000</b>
General Street Expense	11,344	15,700	22,300	<b>20,100</b>
Meter Reading & Delinquent Accounts	28,011	23,300	25,500	<b>26,800</b>
Meter Operations & Maintenance	175,726	205,000	173,200	<b>181,000</b>
Customer Service	33,597	31,000	38,200	<b>38,800</b>
Maintenance-Mains & Hydrants	84,342	60,500	89,100	<b>90,500</b>
New Water Service	14,720	32,200	17,100	<b>17,100</b>
Water Service Maintenance	15,527	42,000	8,900	<b>11,300</b>
Sanitary Sewer	76,305	65,500	67,300	<b>68,000</b>
Vehicles	34,085	39,700	35,800	<b>36,800</b>
<b>Total Distribution and Collection</b>	<b>\$796,334</b>	<b>\$815,900</b>	<b>\$752,400</b>	<b>\$798,900</b>
<b>Laboratory Division</b>				
General Laboratory	\$55,884	\$58,600	\$61,300	<b>\$62,000</b>
Contract Laboratory	38,014	42,000	43,200	<b>43,500</b>
<b>Total Laboratory Division</b>	<b>\$93,898</b>	<b>\$100,600</b>	<b>\$104,500</b>	<b>\$105,500</b>
<b>Total Non-Operating</b>	<b>\$1,206,362</b>	<b>\$1,175,000</b>	<b>\$1,245,000</b>	<b>\$1,150,000</b>
<b>Total Expenses</b>	<b>\$4,012,519</b>	<b>\$3,936,200</b>	<b>\$3,866,000</b>	<b>\$3,898,700</b>
<b>NET ASSETS AT YEAR END</b>				
Change in Net Assets	\$71,486	\$34,300	\$28,000	<b>\$300</b>
Total Net Assets - Beginning of Year	15,963,326	16,034,812	16,034,812	<b>16,069,112</b>
<b>Total Net Assets at Year End</b>	<b>\$16,034,812</b>	<b>\$16,069,112</b>	<b>\$16,062,812</b>	<b>\$16,069,412</b>

**Water and Sewer Fund**

**Fund Staffing and Organizational Structure**



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



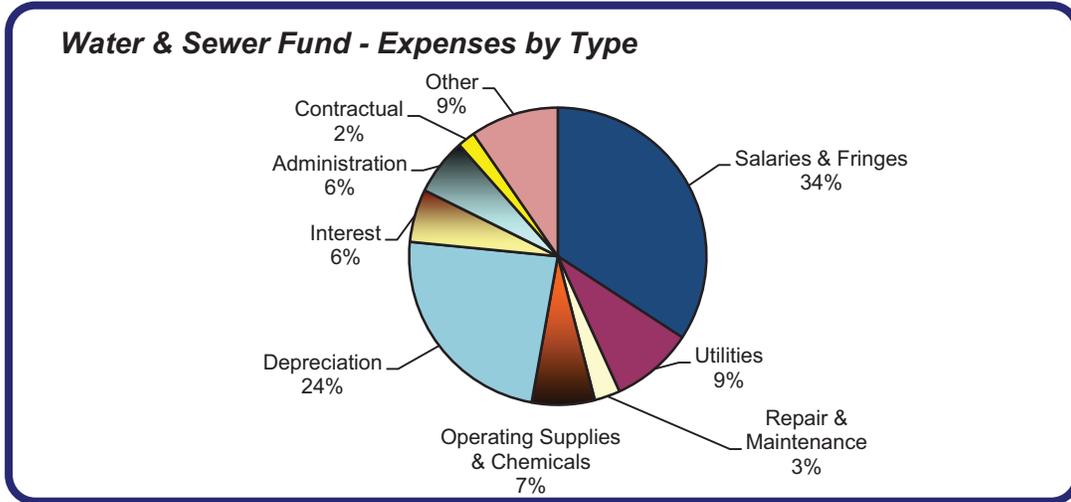
**Metered Usage**

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.

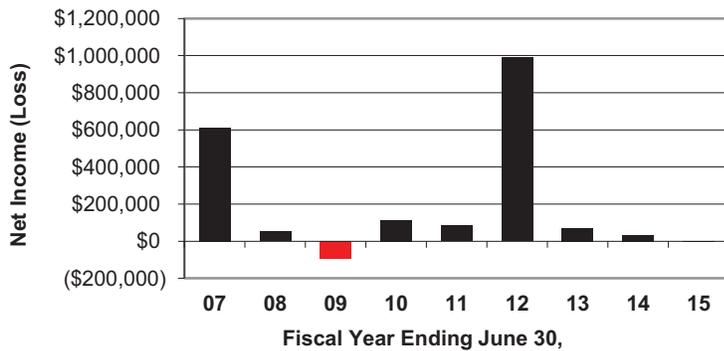
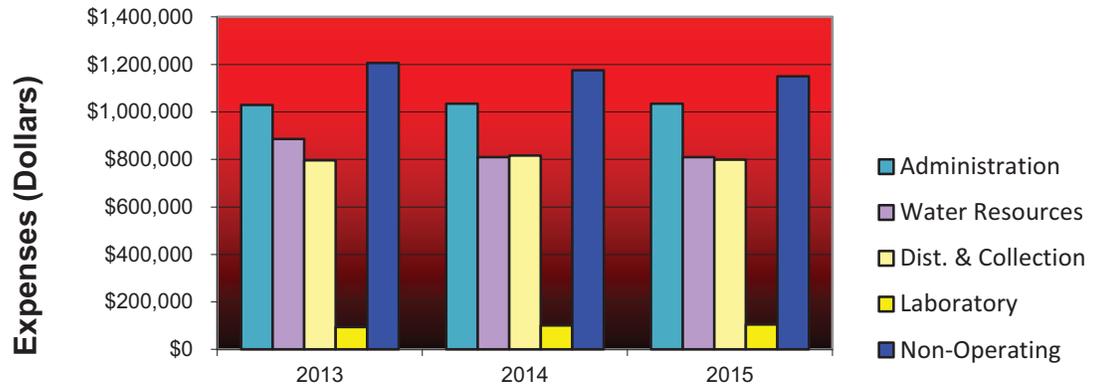
**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Water and Sewer Fund**

**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**

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Water and Sewer Fund

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenses</b>				
<b>Administration</b>				
Salaries and Wages	\$357,157	\$355,000	\$336,700	\$345,000
Fringes	170,681	175,000	168,400	181,200
Office Supplies	24,251	12,000	8,800	12,000
Postage	8,021	20,500	21,000	21,000
Safety Supplies	4,913	4,500	4,800	4,800
Contractual Services	28,289	20,000	20,000	20,000
Engineering Fees	6,360	10,000	18,000	18,000
Audit	5,000	6,000	4,000	4,000
G.I.S. Contractual Services	31,845	28,000	36,000	36,000
Legal Fees	33,271	40,000	10,000	10,000
State Mandated Fees	23,782	20,000	20,000	20,000
Data Processing	55,000	50,000	50,000	50,000
Liability Insurance	30,765	30,000	30,000	30,000
Dues & Publications	2,952	2,500	2,500	2,500
Telephone	6,667	6,800	7,000	7,000
Alarm Systems	2,570	2,800	4,700	4,700
Travel & Education - Salary	5,717	6,500	7,000	7,000
Travel & Education - Hourly	4,230	5,000	5,500	5,500
Vehicle Repair & Maintenance	1,104	1,000	1,000	1,000
Employee Safety	3,500	3,500	3,500	3,500
Bad Debt Expense	0	0	1,000	1,000
Property Taxes	0	0	7,600	7,500
Administration - City	220,000	234,000	234,000	240,000
Public Relations	3,707	2,000	2,500	2,500
<b>Total Administration</b>	<b>\$1,029,782</b>	<b>\$1,035,100</b>	<b>\$1,004,000</b>	<b>\$1,034,200</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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Water and Sewer Fund**

**PERFORMANCE MEASURES - WATER RESOURCES DIVISION**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2012	2013	2014	2015	
Number of Customers - Sewer		3,582	3,581	3,580	3,580	↔
Miles of Sewer Main		51	51	51	51	↔
Number of Water Resources FTE		7	7	7	7	↔
Water Resources service connections per FTE		512	512	511	511	↔
Millions of Gallons Treated per Day		2.280	2.620	2.500	2.500	↔
Industrial Monitoring and Pretreatment Discharge permits		19	20	19	19	↑
Rate Increase - Sewer		4.50%	0.00%	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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Water and Sewer Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenses (Cont.)</b>				
<b>Water Resources Division:</b>				
<b>Preliminary Treatment</b>				
Salaries and Wages	\$18,030	\$15,000	\$10,000	<b>\$14,000</b>
Fringes	9,645	8,000	5,300	<b>7,700</b>
Operating Supplies	120	800	800	<b>800</b>
Utilities	3,147	3,000	2,500	<b>3,000</b>
Repair & Maintenance	3,649	2,000	2,000	<b>2,000</b>
<b>Total</b>	<b>\$34,591</b>	<b>\$28,800</b>	<b>\$20,600</b>	<b>\$27,500</b>
<b>Primary Treatment</b>				
Salaries and Wages	\$19,496	\$16,000	\$10,000	<b>\$14,000</b>
Fringes	10,424	8,500	5,300	<b>7,700</b>
Operating Supplies	120	1,000	1,500	<b>1,500</b>
Repair & Maintenance	5,700	1,000	1,800	<b>1,800</b>
<b>Total</b>	<b>\$35,740</b>	<b>\$26,500</b>	<b>\$18,600</b>	<b>\$25,000</b>
<b>Secondary Treatment</b>				
Salaries and Wages	\$17,686	\$18,500	\$12,000	<b>\$13,000</b>
Fringes	9,279	10,000	6,300	<b>7,200</b>
Operating Supplies	120	500	1,200	<b>1,200</b>
Utilities	78,683	70,000	57,000	<b>61,000</b>
Repair & Maintenance	7,433	6,500	3,800	<b>4,000</b>
<b>Total</b>	<b>\$113,201</b>	<b>\$105,500</b>	<b>\$80,300</b>	<b>\$86,400</b>

**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 85-90% removal of pollutants.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Water and Sewer Fund

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenses (Cont.)</b>				
<b>Water Resources Division (Cont.)</b>				
<b>Tertiary Treatment</b>				
Salaries and Wages	\$18,331	\$17,500	\$13,000	<b>\$13,000</b>
Fringes	9,419	9,500	6,900	<b>7,200</b>
Operating Supplies	3,431	3,000	6,000	<b>4,500</b>
Utilities	55,760	48,000	36,000	<b>37,000</b>
Repair & Maintenance	9,685	8,500	8,500	<b>8,500</b>
<b>Total</b>	<b>\$96,626</b>	<b>\$86,500</b>	<b>\$70,400</b>	<b>\$70,200</b>
<b>Sludge Treatment</b>				
Salaries and Wages	\$21,875	\$22,000	\$22,000	<b>\$22,000</b>
Fringes	12,475	11,500	11,600	<b>12,100</b>
Operating Supplies	275	1,500	3,000	<b>2,000</b>
Laboratory	1,864	3,500	5,000	<b>5,000</b>
Injection Contract Cost	31,047	44,000	45,000	<b>45,000</b>
Utilities	17,935	19,000	20,000	<b>20,000</b>
Repair & Maintenance	4,945	6,000	6,000	<b>6,000</b>
<b>Total</b>	<b>\$90,416</b>	<b>\$107,500</b>	<b>\$112,600</b>	<b>\$112,100</b>
<b>Nutrient Removal</b>				
Salaries and Wages	\$12,917	\$14,000	\$9,100	<b>\$10,400</b>
Fringes	7,235	8,500	4,800	<b>5,800</b>
Operating Supplies	386	500	700	<b>700</b>
Chemicals	74,505	41,000	41,000	<b>41,000</b>
Repair & Maintenance	9,817	13,000	4,900	<b>9,500</b>
<b>Total</b>	<b>\$104,860</b>	<b>\$77,000</b>	<b>\$60,500</b>	<b>\$67,400</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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Water and Sewer Fund**

**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**

<u>Customer</u>	<b>2012 Usage and Billing</b>				
	<u>Cubic Feet</u>		<u>Gallons</u>		<u>Total Billing</u>
	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	
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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Water and Sewer Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenses (Cont.)</b>				
<b>Water Resources Division (Cont.)</b>				
<b>Effluent Disposal</b>				
Salaries and Wages	\$12,493	\$13,000	\$12,000	\$12,000
Fringes	6,883	7,000	6,300	6,600
Operating Supplies	3,063	2,000	2,400	2,400
Plant Lab Supplies	5,740	5,500	7,500	6,000
Chemicals	435	500	500	500
Contracted Laboratory	8,605	10,000	11,000	10,000
Utilities	15,737	15,000	11,500	14,500
Repair & Maintenance	3,747	4,000	3,500	3,500
<b>Total</b>	<b>\$56,703</b>	<b>\$57,000</b>	<b>\$54,700</b>	<b>\$55,500</b>
<b>Building &amp; Grounds</b>				
Salaries and Wages	\$95,754	\$70,000	\$95,500	\$95,500
Salaries - Part Time	6,266	6,500	9,000	9,000
Fringes	41,496	40,000	54,900	57,500
Operating Supplies	38,228	30,000	30,000	35,000
Utilities	15,930	25,000	15,000	20,000
Repair & Maintenance	27,262	12,000	12,000	12,000
<b>Total</b>	<b>\$224,936</b>	<b>\$183,500</b>	<b>\$216,400</b>	<b>\$229,000</b>
<b>Industrial Surveillance</b>				
Salaries and Wages	\$8,902	\$8,500	\$10,400	\$10,400
Fringes	5,222	4,000	5,500	5,800
Operating Supplies	1,765	500	1,000	1,000
Laboratory	1,613	2,500	3,000	3,000
Repair & Maintenance	0	1,100	1,100	1,100
<b>Total</b>	<b>\$17,502</b>	<b>\$16,600</b>	<b>\$21,000</b>	<b>\$21,300</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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Water and Sewer Fund**

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenses (Cont.)</b>				
<b>Water Resources Division (Cont.)</b>				
<b>Lift Station - Sanitary</b>				
Salaries and Wages	\$15,206	\$14,000	\$18,100	<b>\$18,100</b>
Fringes	8,361	8,000	9,600	<b>10,000</b>
Operating Supplies	3,406	7,000	9,500	<b>9,500</b>
Disposal Fees	1,446	1,200	1,500	<b>1,500</b>
Utilities	42,320	40,000	38,200	<b>40,000</b>
Repair & Maintenance	14,702	15,000	12,000	<b>13,000</b>
<b>Total</b>	<b>\$85,441</b>	<b>\$85,200</b>	<b>\$88,900</b>	<b>\$92,100</b>
<b>Vehicles</b>				
Salaries and Wages	\$125	\$500	\$800	<b>\$700</b>
Fringes	67	200	500	<b>400</b>
Operating Supplies	403	800	500	<b>500</b>
Fuel Costs	14,961	14,000	10,000	<b>13,000</b>
Repair & Maintenance	10,571	20,000	4,300	<b>9,000</b>
<b>Total</b>	<b>\$26,127</b>	<b>\$35,500</b>	<b>\$16,100</b>	<b>\$23,600</b>
<b>Total Water Resources Division</b>	<b>\$886,143</b>	<b>\$809,600</b>	<b>\$760,100</b>	<b>\$810,100</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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Water and Sewer Fund**

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

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2012	2013	2014	2015	
Number of Customers - Water		3,551	3,553	3,550	3,550	↔
Miles of Water Main		73	74	74	74	↔
Number of Distribution and Collection FTE		7	7	7	7	↔
Water Service Connections per FTE		507	508	507	507	↔
Millions of Gallons Pumped per Day		2.089	2.064	2.100	2.100	↔
Total Calls for Service		1,044	1,067	1,050	1,050	↔
Total Calls for Service Per FTE		149	152	150	150	↔
MISS-DIG Responses		764	500	650	650	↑
Meter Repairs		168	129	135	135	↔
New Meter Installations		7	8	10	10	↔
Feet of Sanitary Sewers Cleaned		10,000	28,673	30,000	35,000	↑

**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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Water and Sewer Fund

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenses (Cont.)</b>				
<b>Distribution &amp; Collection Division</b>				
<b>Building &amp; Water Tank</b>				
Salaries and Wages	\$3,675	\$4,500	\$3,400	<b>\$4,000</b>
Salaries - Part Time	2,408	3,500	4,500	<b>4,500</b>
Fringes	1,987	3,000	4,200	<b>4,700</b>
Operating Supplies	10,717	11,000	14,500	<b>14,500</b>
Repair & Maintenance	666	1,000	1,500	<b>1,500</b>
<b>Total</b>	<b>\$19,453</b>	<b>\$23,000</b>	<b>\$28,100</b>	<b>\$29,200</b>
<b>Pumping Station</b>				
Salaries and Wages	\$7,479	\$6,000	\$4,700	<b>\$4,700</b>
Fringes	2,699	3,500	2,500	<b>2,600</b>
Operating Supplies	8,980	8,500	8,500	<b>10,000</b>
Chemicals	28,649	25,000	28,500	<b>28,500</b>
Laboratory Control	21,593	15,000	18,000	<b>18,000</b>
Utilities	176,679	165,000	135,000	<b>155,000</b>
Repair & Maintenance	578	1,500	2,500	<b>2,500</b>
<b>Total</b>	<b>\$246,657</b>	<b>\$224,500</b>	<b>\$199,700</b>	<b>\$221,300</b>
<b>Wells &amp; Well Field</b>				
Salaries and Wages	\$12,032	\$12,000	\$4,700	<b>\$10,000</b>
Fringes	6,625	6,500	2,500	<b>5,500</b>
Operating Supplies	8,138	6,500	2,500	<b>5,000</b>
Wellhead Protection	0	500	2,000	<b>2,000</b>
Contractual Services	27,368	20,000	25,000	<b>25,000</b>
Repair & Maintenance	2,404	8,000	10,500	<b>10,500</b>
Special Projects	0	0	0	<b>0</b>
<b>Total</b>	<b>\$56,567</b>	<b>\$53,500</b>	<b>\$47,200</b>	<b>\$58,000</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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Water and Sewer Fund

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenses (Cont.)</b>				
<b>Distribution &amp; Collection Division (Cont.)</b>				
<b>General Street Expense</b>				
Salaries and Wages	\$50	\$500	\$800	\$700
Fringes	16	200	500	400
Operating Supplies	461	2,500	4,000	3,000
Contractual Services	10,817	12,500	17,000	16,000
<b>Total</b>	<b>\$11,344</b>	<b>\$15,700</b>	<b>\$22,300</b>	<b>\$20,100</b>
<b>Meter Reading &amp; Delinquent Accounts</b>				
Salaries and Wages	\$19,347	\$15,000	\$16,500	\$16,500
Fringes	8,664	8,000	8,700	10,000
Operating Supplies	0	300	300	300
<b>Total</b>	<b>\$28,011</b>	<b>\$23,300</b>	<b>\$25,500</b>	<b>\$26,800</b>
<b>Meter Operations &amp; Maintenance</b>				
Salaries and Wages	\$99,476	\$120,000	\$100,000	\$100,000
Fringes	50,375	60,000	52,500	55,000
Operating Supplies	25,875	25,000	20,700	26,000
<b>Total</b>	<b>\$175,726</b>	<b>\$205,000</b>	<b>\$173,200</b>	<b>\$181,000</b>
<b>Customer Service</b>				
Salaries and Wages	\$22,618	\$20,000	\$25,000	\$25,000
Fringes	10,979	11,000	13,200	13,800
<b>Total</b>	<b>\$33,597</b>	<b>\$31,000</b>	<b>\$38,200</b>	<b>\$38,800</b>
<b>Maintenance - Mains &amp; Hydrants</b>				
Salaries and Wages	\$44,325	\$27,000	\$42,000	\$42,000
Fringes	22,080	15,500	22,100	23,500
Operating Supplies	14,432	15,000	21,500	21,500
Contractual Services	3,505	3,000	3,500	3,500
<b>Total</b>	<b>\$84,342</b>	<b>\$60,500</b>	<b>\$89,100</b>	<b>\$90,500</b>

### 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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### 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.

Water Supply Statistics				
	Gallons Pumped	Gallons Sold	% Lost (1)	Customers
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
2013	753,696,000	676,170,000	10.29	3,553

*(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.*

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Water and Sewer Fund

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenses (Cont.)</b>				
<b>Distribution &amp; Collection Division (Cont.)</b>				
<b>New Water Service</b>				
Salaries and Wages	\$1,804	\$20,000	\$2,500	<b>\$2,500</b>
Salaries - Part Time	0	0	0	<b>0</b>
Fringes	996	1,200	1,400	<b>1,400</b>
Operating Supplies	9,940	10,000	12,000	<b>12,000</b>
Contractual Services	1,980	1,000	1,200	<b>1,200</b>
<b>Total</b>	<b>\$14,720</b>	<b>\$32,200</b>	<b>\$17,100</b>	<b>\$17,100</b>
<b>Water Service Maintenance</b>				
Salaries and Wages	\$9,712	\$25,000	\$3,300	<b>\$5,000</b>
Fringes	5,287	13,500	1,800	<b>2,800</b>
Operating Supplies	528	3,000	3,000	<b>3,000</b>
Repair & Maintenance	0	500	800	<b>500</b>
<b>Total</b>	<b>\$15,527</b>	<b>\$42,000</b>	<b>\$8,900</b>	<b>\$11,300</b>
<b>Sanitary Sewer</b>				
Salaries and Wages	\$35,267	\$30,000	\$30,000	<b>\$30,000</b>
Fringes	16,253	15,500	15,800	<b>16,500</b>
Operating Supplies	15,798	11,000	10,000	<b>10,000</b>
Contractual	8,357	7,000	9,500	<b>9,500</b>
Damage Contractual Services	0	1,000	1,000	<b>1,000</b>
Repair & Maintenance	630	1,000	1,000	<b>1,000</b>
<b>Total</b>	<b>\$76,305</b>	<b>\$65,500</b>	<b>\$67,300</b>	<b>\$68,000</b>
<b>Vehicles</b>				
Salaries and Wages	\$235	\$500	\$800	<b>\$800</b>
Fringes	159	200	500	<b>500</b>
Operating Supplies	3,178	3,000	2,000	<b>2,500</b>
Fuel & Oil	17,900	17,500	17,500	<b>18,000</b>
Repair & Maintenance	12,613	18,500	15,000	<b>15,000</b>
<b>Total</b>	<b>\$34,085</b>	<b>\$39,700</b>	<b>\$35,800</b>	<b>\$36,800</b>
<b>Total Distribution and Collection</b>	<b>\$796,334</b>	<b>\$815,900</b>	<b>\$752,400</b>	<b>\$798,900</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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Water and Sewer Fund**

<b>FUNDING DETAILS</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Expenses (Cont.)</b>				
<b>Laboratory Division</b>				
<b>General Laboratory</b>				
Salaries and Wages	\$25,795	\$27,000	\$28,000	<b>\$28,000</b>
Fringes	12,855	14,000	14,700	<b>15,400</b>
Operating Supplies	14,091	13,500	14,500	<b>14,500</b>
Repair & Maintenance	1,903	2,100	2,100	<b>2,100</b>
Equipment Rental	481	500	500	<b>500</b>
Research & Development	759	1,500	1,500	<b>1,500</b>
<b>Total</b>	<b>\$55,884</b>	<b>\$58,600</b>	<b>\$61,300</b>	<b>\$62,000</b>
<b>Contract Laboratory</b>				
Salaries and Wages	\$14,143	\$14,500	\$14,000	<b>\$14,000</b>
Fringes	7,304	8,000	7,400	<b>7,700</b>
Operating Supplies	13,309	14,500	14,700	<b>14,700</b>
Repair & Maintenance	2,956	3,500	5,600	<b>5,600</b>
Equipment Rental	0	500	500	<b>500</b>
Research & Development	302	1,000	1,000	<b>1,000</b>
<b>Total</b>	<b>\$38,014</b>	<b>\$42,000</b>	<b>\$43,200</b>	<b>\$43,500</b>
<b>Total Laboratory Division</b>	<b>93,898</b>	<b>100,600</b>	<b>104,500</b>	<b>105,500</b>
<b>Non-Operating</b>				
Interest Expense	\$322,890	\$280,000	\$320,000	<b>\$225,000</b>
Depreciation	883,472	895,000	925,000	<b>925,000</b>
<b>Total</b>	<b>\$1,206,362</b>	<b>\$1,175,000</b>	<b>\$1,245,000</b>	<b>\$1,150,000</b>
<b>TOTAL EXPENSES</b>	<b>\$4,012,519</b>	<b>\$3,936,200</b>	<b>\$3,866,000</b>	<b>\$3,898,700</b>

**Non-Operating**

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

**2013 Revenue Refunding Bond:** Interest payments September 1, 2014 and March 1, 2015 total \$106,583.

**2007 State of Michigan SRF Loan:** Interest payments October 1, 2014 and April 1, 2015 total \$47,453.

**2011 State of Michigan DWRF Loan:** Interest payments October 1, 2014 and April 1, 2015 total \$52,566.

Depreciation has increased based on several significant capital investments. The \$4 million upgrade project at the Wastewater Treatment facility was completed in 2009, Phase I of the well field relocation project is being depreciated as of FY2013, and other capital equipment purchases have taken place as well. It is calculated based on annual depreciation schedules using the straight-line method of depreciation.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Water and Sewer Fund**

**PERFORMANCE MEASURES - LABORATORY DIVISION**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2012	2013	2014	2015	
Number of Laboratory Analyses Performed		34,835	33,906	35,000	35,000	↑
Charges for Services - Laboratory		\$79,515	\$82,707	\$80,000	\$80,000	↔
Number of Laboratory FTE		3	3	3	3	↔
Analyses Performed per FTE		11,612	11,302	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:	2008	2009	2010	2011	2012	2013
Lead and Copper	32	30	31	45	41	37
Metals	7,749	8,122	8,202	8,345	7,402	7,034
Volatile Organic	72	72	72	72	12	87
Bacterial Testing	2,084	1,506	1,952	1,937	1,880	1,748
Wet Chemistry	25,640	24,550	25,000	25,500	25,500	25,000

**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.



**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Water and Sewer Fund**

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

**FY2015**

**Source of Funds**

State of Michigan Drinking Water Revolving Fund	500,000	
Investments - Unrestricted	550,000	
		<u>\$1,050,000</u>

**Total Source of Funds**

**Use of Funds**

**Anticipated Capital Investment**

Lake Street	50,000
Evert Street	50,000
Holly Road	40,000
East Garfield Street	40,000
Simons Street	40,000
Selma Street	90,000
Aldrich Street	40,000
R&D Pump	10,000
Heavy Duty Service Truck	30,000
Regular Duty Service Truck	20,000
Manhole Rehabilitation	25,000
Lift Station Influent Gate Valves	75,000
Laboratory Stills	30,000
13th Street Storm Pond Transformer	10,000
Water Supply Improvements	500,000

**Total Use of Funds**

\$1,050,000

**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.



*Manhole Replacement*

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Water and Sewer Fund**

**Cash Flow Analysis**

**FY2015**

**Additions**

Net Income from Operations	\$300	
DWRF Loan Funds	500,000	
Depreciation	925,000	
<b>Total Additions</b>		1,425,300

**Deductions**

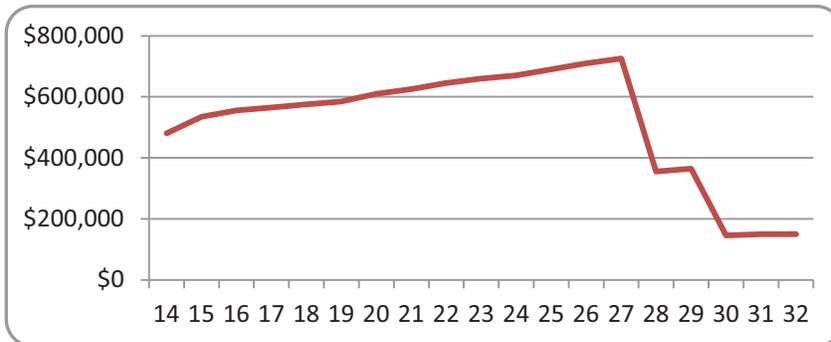
Principal Payments (1)	\$535,000	
Capital Improvements	1,050,000	
<b>Total Deductions</b>		1,585,000

**Net Increase (Decrease) of Available Cash** (\$159,700)

**Footnotes:**

(1) Principal payments include:

	<i>Principal</i>	<i>Interest</i>	
<b><u>2013 Revenue Refunding Bond</u></b>			
September 1, 2014	255,000		
September 1, 2014 (2.70%)		55,013	
March 1, 2015 (2.70%)		51,571	
<b><u>2007 State of Michigan SRF Loan</u></b>			
October 1, 2014	180,000		
October 1, 2014 (1.625%)		24,458	
April 1, 2015 (1.625%)		22,995	
<b><u>2011 State of Michigan DWRF Loan</u></b>			
April 1, 2015	100,000		
October 1, 2014 (2.50%)		26,283	
April 1, 2015 (2.50%)		26,283	
<b>Total Debt Payments</b>	<b>\$535,000</b>	<b>\$206,603</b>	<b>\$741,603</b>



**Water and Sewer System**  
 Future Debt Principal Payments

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Water and Sewer Fund**

**Water and Sewer Rates**

**Rates and Charges proposed as of July 1, 2014**

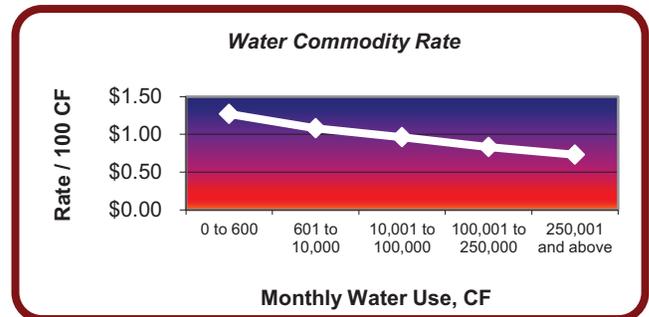
**Ready to serve charge**

<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

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Water and Sewer Fund**

**Continuing Disclosure Information**

**Revenue as Billed By Meter Classification**  
Fiscal Year Ended June 30, 2013

<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	\$86	0.01	\$50,426	2.26
5/8"	533,007	41.77	816,090	36.61
3/4"	2,924	0.23	2,476	0.11
1"	71,054	5.57	84,889	3.81
1-1/2"	80,924	6.34	114,439	5.13
2"	189,722	14.87	468,797	21.03
3"	32,640	2.56	66,799	3.00
4"	179,222	14.05	305,001	13.68
6"	168,014	13.17	303,386	13.61
8"	18,349	1.44	16,588	0.74
	<u>\$1,275,942</u>	<u>100.00</u>	<u>\$2,228,891</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>
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
2014	9.76	14.66	24.42	48.84	78.17	171.12	293.17	610.87	879.61

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

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Water and Sewer Fund**

**Continuing Disclosure Information (Continued)**

**Monthly Ready-To-Serve Charge For Fire Protection**  
 Fiscal Year Ended June 30, 2014

<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>
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
2014	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*

# CITY OF CADILLAC

2014-2015 Annual Operating Budget

## Water and Sewer Fund

### Continuing Disclosure Information (Continued)

#### Number of Water Supply and Wastewater Treatment Customers Last Ten Fiscal Years

Fiscal Year	Water Supply Customers		Wastewater Treatment Customers	
	Number	Percent of	Number	Percent of
		Change		Change
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
2013	3,551	0.00	3,582	0.00

#### Average Number of Water Supply and Wastewater Treatment Customers By Meter Classification Fiscal Year Ended June 30, 2013

Meter Classification	Average Customers	
	Water Supply	Wastewater Treatment
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*

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**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.

FUNDING SUMMARY	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Rental Income	\$195,870	\$195,900	\$195,900	<b>\$195,900</b>
Interest Income	7	1,200	1,500	<b>1,500</b>
<b>Total</b>	<b>\$195,877</b>	<b>\$197,100</b>	<b>\$197,400</b>	<b>\$197,400</b>
<b>Expenditures</b>				
Building Maintenance	8,694	13,000	9,000	<b>15,000</b>
Contractual Services	15,121	20,000	30,000	<b>30,000</b>
Audit	900	900	900	<b>900</b>
Liability Insurance	1,348	700	700	<b>700</b>
Utilities	3,094	3,200	3,500	<b>3,500</b>
Administration	5,000	5,000	5,000	<b>5,000</b>
Depreciation	40,181	39,900	39,500	<b>39,500</b>
Debt Service				
Interest Payment	20,408	17,000	17,000	<b>11,000</b>
<b>Total</b>	<b>\$94,746</b>	<b>\$99,700</b>	<b>\$105,600</b>	<b>\$105,600</b>
<b>Net Assets</b>				
Change in Net Assets	\$101,131	\$97,400	\$91,800	<b>\$91,800</b>
Total Net Assets - Beginning of Year	846,017	947,148	947,148	<b>1,044,548</b>
<b>TOTAL NET ASSETS AT YEAR END</b>	<b>\$947,148</b>	<b>\$1,044,548</b>	<b>\$1,038,948</b>	<b>\$1,136,348</b>

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Building Authority Operating Fund

#### 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:**

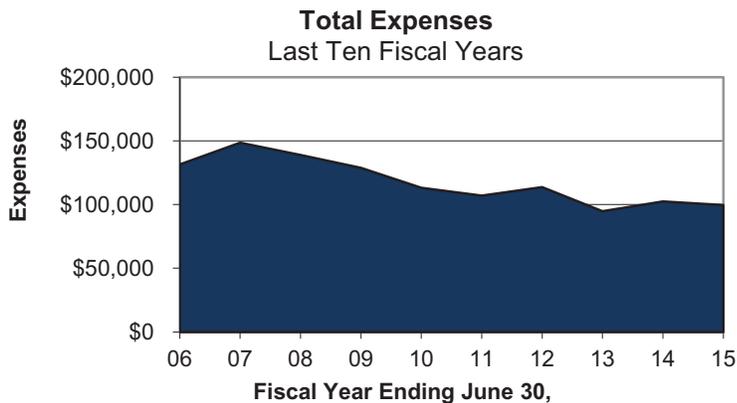
*Marcus A. Peccia*  
City Manager  
City of Cadillac

**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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Building Authority Operating Fund

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

##### FY2015

###### Source of Funds

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

###### Use of Funds

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

##### FY2015

###### Additions:

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

###### Deductions:

Principal Payment	135,000	
Capital Improvements	45,000	
<b>Total Deductions</b>	<u>180,000</u>	\$180,000

<b>Net Increase (Decrease) in Cash</b>	<u><u>(\$48,700)</u></u>	
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##### Note:

There are sufficient reserves on hand to cover the use of cash anticipated for FY2015.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**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**

		<b>Amount Redeemed</b>		
		<u>Prior</u>	<u>Current</u>	<u>Balance</u>
<b>Amount of Issue:</b>	\$1,265,000	\$860,000	\$130,000	<b>\$275,000</b>

<b>DEBT SERVICE REQUIREMENTS</b>				
<u>DUE DATES</u>	<u>RATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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
		\$275,000	\$12,765	\$287,765

# CITY OF CADILLAC

2014-2015 Annual Operating Budget

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## Special Revenue Funds Summary

### 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.

# CITY OF CADILLAC

2014-2015 Annual Operating Budget

## Special Revenue Funds Summary

**FY2015**

	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			17,000			17,000
Principal Repayment-Loan						0
Rental		11,200				11,200
Charges for Services	52,400					52,400
Local Funds	12,000					12,000
General Fund	75,000					75,000
Property Taxes						0
Surplus		11,200	40,900	123,000		175,100
<b>TOTAL REVENUES</b>	<b>\$139,400</b>	<b>\$22,500</b>	<b>\$67,900</b>	<b>\$124,500</b>	<b>\$1,000</b>	<b>\$355,300</b>
<b>EXPENDITURES</b>						
Operating Expenditures	130,300	22,500	30,000	124,500	500	307,800
Community Development			37,900			37,900
Capital Outlay	9,000					9,000
Debt Service						0
Transfer Out						0
<b>TOTAL EXPENDITURES</b>	<b>\$139,300</b>	<b>\$22,500</b>	<b>\$67,900</b>	<b>\$124,500</b>	<b>\$500</b>	<b>\$354,700</b>
Change in Fund Balance	\$100	(\$11,200)	(\$40,900)	(\$123,000)	\$500	(\$174,500)
Fund Balance - Beginning of Year	10,569	11,448	1,327,938	139,170	116,105	1,605,230
<b>Fund Balance - End of Year</b>	<b>\$10,669</b>	<b>\$248</b>	<b>\$1,287,038</b>	<b>\$16,170</b>	<b>\$116,605</b>	<b>\$1,430,730</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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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*

**Glenna Anderson**, *Member*

**Sandra Wasson**, *Secretary*

**Bruce DeWitt**, *Ex-Officio, Director of Public Works and Engineering*

#### PERFORMANCE MEASURES - MAPLE HILL CEMETERY

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2012	2013	2014	2015	
Number of Lots Sold		34	31	30	30	↔
Number of Burials		46	40	40	40	↔
Number of Cremains		26	29	30	30	↔
Total Generated Revenue		\$55,553	\$54,667	\$50,500	\$52,400	↔
General Fund Contribution		\$75,000	\$75,000	\$75,000	\$75,000	↔
G.F. Contribution as % of Expenditures		57%	58%	48%	59%	↔

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Cemetery Operating Fund

FUNDING SUMMARY	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenue</b>				
Charges For Services:				
Sale of Lots & Burial Rites	\$12,175	\$10,000	\$10,500	<b>\$11,000</b>
Grave Openings & Storage	37,480	33,000	33,000	<b>33,000</b>
Foundations & Miscellaneous	5,012	7,500	8,400	<b>8,400</b>
Miscellaneous:				
Transfer In - Perpetual Care	10,000	32,000	32,000	<b>12,000</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>\$139,667</b>	<b>\$157,500</b>	<b>\$158,900</b>	<b>\$139,400</b>
<b>Expenditures</b>				
Salaries - Regular	\$40,145	\$40,000	\$39,000	<b>\$40,000</b>
Salaries - Part Time	14,653	22,000	25,000	<b>25,000</b>
Fringes	25,359	26,000	26,400	<b>28,000</b>
Liability Insurance	500	500	500	<b>500</b>
Operating Supplies	13,872	14,000	15,000	<b>15,000</b>
Contractual Services	1,025	0	0	<b>0</b>
Audit	500	500	500	<b>500</b>
Utilities	10,511	11,000	11,000	<b>11,000</b>
Telephone	294	400	300	<b>300</b>
Equipment Rental	4,268	4,500	4,300	<b>4,300</b>
Travel & Education	339	400	400	<b>400</b>
Repair and Maintenance	6,791	7,000	5,300	<b>5,300</b>
Capital Outlay	11,435	31,000	31,000	<b>9,000</b>
<b>Total</b>	<b>\$129,692</b>	<b>\$157,300</b>	<b>\$158,700</b>	<b>\$139,300</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	9,975	200	200	<b>100</b>
Fund Balance - Beginning of Year	394	10,369	10,369	<b>10,569</b>
<b>Ending Fund Balance</b>	<b>\$10,369</b>	<b>\$10,569</b>	<b>\$10,569</b>	<b>\$10,669</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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**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.



FUNDING SUMMARY	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Interest Income	\$2	\$100	\$100	<b>\$100</b>
Rental Income:				
City of Cadillac Parks Division	1,100	1,100	1,100	<b>1,100</b>
Senior Citizens Center	5,453	5,500	5,500	<b>5,500</b>
Northwest Baptist Association	3,936	4,000	4,000	<b>4,000</b>
Wexford Genealogical Society	679	700	600	<b>600</b>
Miscellaneous	4,200	2,500	0	<b>0</b>
Surplus	0	7,100	11,200	<b>11,200</b>
<b>Total</b>	<b>\$15,370</b>	<b>\$21,000</b>	<b>\$22,500</b>	<b>\$22,500</b>
<b>Expenditures</b>				
Building Maintenance	\$1,338	\$4,500	\$5,000	<b>\$5,000</b>
Audit	500	\$0	0	<b>0</b>
Liability Insurance	1,373	500	500	<b>500</b>
Utilities	16,762	16,000	17,000	<b>17,000</b>
<b>Total</b>	<b>\$19,973</b>	<b>\$21,000</b>	<b>\$22,500</b>	<b>\$22,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$4,603)	(\$7,100)	(\$11,200)	<b>(\$11,200)</b>
Fund Balance - Beginning of Year	23,151	18,548	18,548	<b>11,448</b>
<b>Ending Fund Balance</b>	<b>\$18,548</b>	<b>\$11,448</b>	<b>\$7,348</b>	<b>\$248</b>

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### 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.

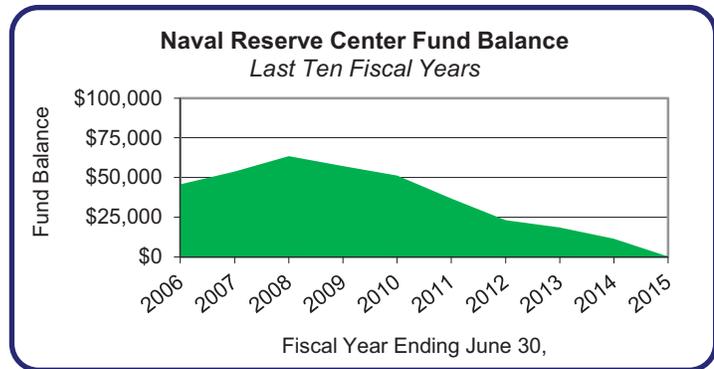
#### **Property Management**

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.

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#### 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.



# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Revenues</b>				
Interest Income	\$0	\$7,500	\$10,000	<b>\$10,000</b>
Interest Income - Loans	23,933	17,000	21,000	<b>17,000</b>
Surplus	0	47,000	40,000	<b>40,900</b>
<b>Total</b>	<b>\$23,933</b>	<b>\$71,500</b>	<b>\$71,000</b>	<b>\$67,900</b>
<b>Expenditures</b>				
Urban Redevelopment and Housing Administration	\$12,893	\$35,100	\$35,100	<b>\$30,000</b>
Community Development Director	33,357	36,400	35,900	<b>37,900</b>
	<b>\$46,250</b>	<b>\$71,500</b>	<b>\$71,000</b>	<b>\$67,900</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$22,317)	(\$47,000)	(\$40,000)	<b>(\$40,900)</b>
Fund Balance - Beginning of Year	1,397,255	1,374,938	1,374,938	<b>1,327,938</b>
<b>Ending Fund Balance</b>	<b>\$1,374,938</b>	<b>\$1,327,938</b>	<b>\$1,334,938</b>	<b>\$1,287,038</b>

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Cadillac Development Fund

FUNDING DETAILS	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Expenditures</b>				
<b>Urban Redevelopment and Housing Administration</b>				
Office Supplies	\$18	\$100	\$100	\$0
Audit	700	500	500	500
Contractual Services	175	2,500	2,500	2,500
Administration	12,000	12,000	12,000	12,000
Transfer Out - Auto Parking Fund	0	20,000	20,000	15,000
<b>Total Administration</b>	<b>\$12,893</b>	<b>\$35,100</b>	<b>\$35,100</b>	<b>\$30,000</b>
<b>Community Development Director</b>				
Salaries	\$24,184	\$25,000	\$25,000	\$25,500
Fringes	9,173	10,500	10,000	11,500
Office Supplies	0	100	300	300
Dues and Publications	0	300	300	300
Travel & Education	0	500	300	300
<b>Total Community Development Director</b>	<b>\$33,357</b>	<b>\$36,400</b>	<b>\$35,900</b>	<b>\$37,900</b>
<b>Total Expenditures</b>	<b>\$46,250</b>	<b>\$71,500</b>	<b>\$71,000</b>	<b>\$67,900</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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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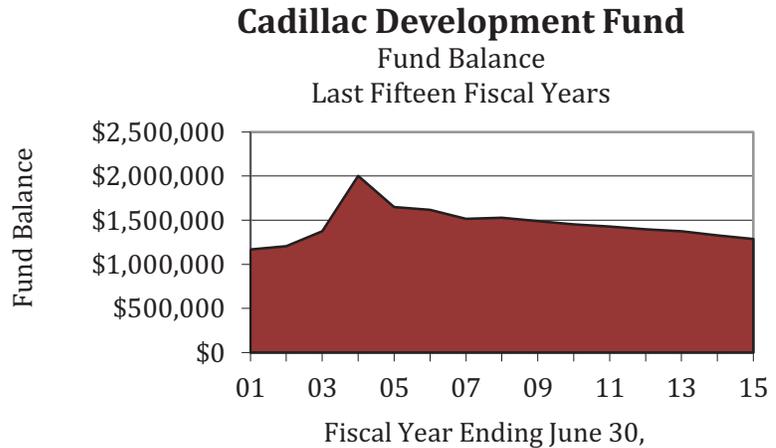
### Cadillac Development Fund

#### Fund Financial Highlights

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##### 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

This fund helps subsidize downtown parking lot maintenance activities. The parking lot assessment does not fully cover these costs.

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#### Project Highlights

##### Facade 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

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### Cadillac Development Fund

#### Project Highlights (Continued)

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#### 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.

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#### 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.

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#### 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.



# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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.

FUNDING SUMMARY	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Special Assessment Payments	\$125,119	\$120,000	\$123,000	\$0
Interest Income	399	700	1,500	1,500
Surplus	0	0	0	123,000
<b>Total</b>	<b>\$125,518</b>	<b>\$120,700</b>	<b>\$124,500</b>	<b>\$124,500</b>
<b>Expenditures</b>				
Contractual Services	\$51,630	\$95,000	\$122,500	\$122,500
Supplies	110	500	1,500	1,500
Audit	500	450	500	500
<b>Total</b>	<b>\$52,240</b>	<b>\$95,950</b>	<b>\$124,500</b>	<b>\$124,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$73,278	\$24,750	\$0	(\$123,000)
Fund Balance - Beginning of Year	41,142	114,420	114,420	139,170
<b>Ending Fund Balance</b>	<b>\$114,420</b>	<b>\$139,170</b>	<b>\$114,420</b>	<b>\$16,170</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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### 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

Except for the annual audit costs, there are no planned expenditures for FY2015.

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<b>FUNDING SUMMARY</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Revenues</b>				
Land Contract - Grant	\$17,295	\$0	\$0	\$0
Interest Income	198	500	1,000	1,000
<b>Total</b>	<b>\$17,493</b>	<b>\$500</b>	<b>\$1,000</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	\$16,993	\$0	\$500	\$500
Fund Balance - Beginning of Year	99,012	116,005	116,005	116,005
<b>Ending Fund Balance</b>	<b>\$116,005</b>	<b>\$116,005</b>	<b>\$116,505</b>	<b>\$116,505</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**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.

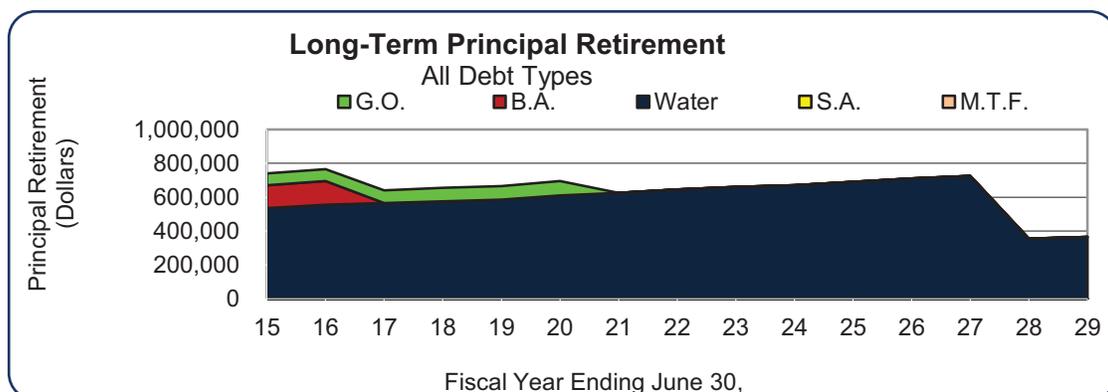
More information regarding the City's debt policy can be found in the Supplemental Section of the Operating Budget document.

**LEGAL DEBT MARGIN - JUNE 30, 2013 (amounts expressed in thousands)**

Taxable Valuation		<u><u>\$247,210</u></u>
Statutory Debt Limit - 10% of Assessed Valuation		\$24,721
Amount of Debt Applicable to Limit:		
Gross Bonded Debt	\$10,772	
Less		
Assets Available for Debt Service	2	
Bond Debt Not Subject To Limit:		
Special Assessment Bonds	25	
Revenue Bonds	10,038	
Other Debt	114	<u>10,179</u>
Total Amount of Debt Applicable to Debt Limit		<u>593</u>
<b>LEGAL DEBT MARGIN</b>		<u><u>\$24,128</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.



# CITY OF CADILLAC

2014-2015 Annual Operating Budget

## Debt Service Funds Summary

### Debt Summary

<i>Fiscal Year Ending June 30, 2015</i>				
<u>Description of Debt</u>	<u>Fund Servicing Debt</u>	<u>Debt Outstanding June 30, 2014</u>	July 1, 2014 - June 30, 2015 Debt Service Payments	
			<u>Principal</u>	<u>Interest</u>
Bonds and Installment Notes				
1999	Building Authority	275,000	135,000	9,545
Revenue Bonds				
2007	State of Michigan SRF	3,010,205	180,000	47,453
2012	State of Michigan DWRP	2,102,671	100,000	52,566
2013	Revenue Refunding	4,075,000	255,000	106,584
General Obligation Bonds				
2004	Major/Local Streets	460,000	70,000	17,143
Total Debt		<u>\$9,922,876</u>	<u>\$740,000</u>	<u>\$233,291</u>

### Other Debt Statistics

<u>Fiscal Year Ending June 30,</u>	<u>Total Debt Per Capita (inclusive of all funds) 2010 Census - 10,355</u>	<u>Rate of Principal Retirement</u>
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%
2015	958.27	7.46%

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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.

FUNDING SUMMARY	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Transfer from Local Street Fund	\$70,100	\$68,400	\$68,400	<b>\$71,200</b>
Transfer from Major Street Fund	18,600	18,200	18,200	<b>17,800</b>
Transfer In - Other Debt Funds	0	121,000	\$120,400	<b>0</b>
<b>Total</b>	<b>\$88,700</b>	<b>\$207,600</b>	<b>\$207,000</b>	<b>\$89,000</b>
<b>Expenditures</b>				
Audit	500	500	500	<b>500</b>
Bond Principal Paid	65,000	65,000	65,000	<b>70,000</b>
Interest Expense	22,190	21,000	21,100	<b>18,500</b>
<b>Total</b>	<b>\$87,690</b>	<b>\$86,500</b>	<b>\$86,600</b>	<b>\$89,000</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$1,010	\$121,100	\$120,400	<b>\$0</b>
Fund Balance - Beginning of Year	2,514	3,524	3,524	<b>124,624</b>
<b>Ending Fund Balance</b>	<b>\$3,524</b>	<b>\$124,624</b>	<b>\$123,924</b>	<b>\$124,624</b>

<b>DEBT SERVICE REQUIREMENTS</b>						
Fiscal Year	Major Street Fund		Local Street Fund		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	14,700	3,600	55,300	13,543	<b>\$70,000</b>	<b>\$17,143</b>
2016	14,700	3,041	55,300	11,442	<b>\$70,000</b>	<b>\$14,483</b>
2017	15,750	2,447	59,250	9,207	<b>\$75,000</b>	<b>\$11,654</b>
2018	16,800	1,796	63,200	6,756	<b>\$80,000</b>	<b>\$8,552</b>
2019	16,800	1,107	63,200	4,165	<b>\$80,000</b>	<b>\$5,272</b>
2020	17,850	379	67,150	1,427	<b>\$85,000</b>	<b>\$1,806</b>
	96,600	12,371	363,400	46,539	<b>460,000</b>	<b>58,910</b>

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 2004 General Obligation Capital Improvement Debt Retirement Fund

#### DEBT SERVICE DETAILS

AMOUNT OF ISSUE	AMOUNT REDEEMED			Balance
		Prior	Current	
\$995,000	\$470,000	\$65,000	\$460,000	

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
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
		\$460,000	\$58,910	\$518,910

#### FIVE YEAR PROJECTIONS

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
<b>Revenues</b>					
Local Contribution - Local Street Fund	\$68,800	\$66,400	\$72,400	\$69,600	\$70,400
Local Contribution - Major Street Fund	17,200	16,600	18,100	17,400	17,600
<b>Total Revenues</b>	<b>\$86,000</b>	<b>\$83,000</b>	<b>\$90,500</b>	<b>\$87,000</b>	<b>\$88,000</b>
<b>Expenditures</b>					
Audit	\$500	\$500	\$500	\$500	\$500
Principal Payment	70,000	70,000	80,000	80,000	85,000
Interest Expense	15,500	12,500	10,000	6,500	2,500
<b>Total Expenditures</b>	<b>\$86,000</b>	<b>\$83,000</b>	<b>\$90,500</b>	<b>\$87,000</b>	<b>\$88,000</b>

**Capital Projects Funds Summary**

**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.

# CITY OF CADILLAC

2014-2015 Annual Operating Budget

## Capital Projects Funds Summary

### Capital Projects Funds Summary

#### FY2015

	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		2,500	2,500
Special Assessment Principal		18,000	18,000
Bond Proceeds		1,500,000	1,500,000
Surplus	10,100		10,100
<b>Total Revenue (2)</b>	\$49,100	\$1,521,000	\$1,570,100
<b>Expenditures</b>			
Fees and Commissions	3,500		3,500
Administration	2,800	1,500	4,300
Construction	25,000	985,000	1,010,000
Office Supplies			0
Principal Payment	17,800		17,800
Interest Payment			0
<b>Total Expenditures</b>	\$49,100	\$986,500	\$1,035,600
<b>Fund Balance</b>			
Net Change in Fund Balance (1)	(\$10,100)	\$534,500	\$524,400
Fund Balance - Beginning	\$404,852	\$200,805	\$605,657
<b>Fund Balance - End of Year</b>	\$394,752	\$735,305	\$1,130,057

**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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**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	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Sale of Property	\$0	\$0	\$35,000	<b>\$35,000</b>
Interest Income	2,166	3,500	4,000	<b>4,000</b>
Surplus	0	0	10,100	<b>10,100</b>
<b>Total</b>	<b>\$2,166</b>	<b>\$3,500</b>	<b>\$49,100</b>	<b>\$49,100</b>
<b>Expenditures</b>				
Property Taxes	\$0	\$1,700	\$2,000	<b>\$2,000</b>
Audit	800	600	800	<b>800</b>
Capital Outlay	0	0	25,000	<b>25,000</b>
Principal Payment	17,721	17,800	17,800	<b>17,800</b>
Fees and Commissions	1,450	0	3,500	<b>3,500</b>
<b>Total</b>	<b>\$19,971</b>	<b>\$20,100</b>	<b>\$49,100</b>	<b>\$49,100</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$17,805)	(\$16,600)	(\$10,100)	<b>(\$10,100)</b>
Fund Balance - Beginning of Year	439,257	421,452	404,852	<b>404,852</b>
<b>Ending Fund Balance</b>	<b>\$421,452</b>	<b>\$404,852</b>	<b>\$394,752</b>	<b>\$394,752</b>

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Industrial Park Fund

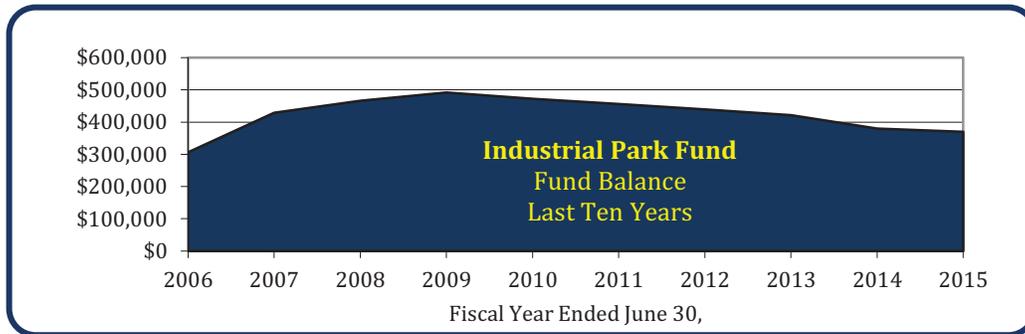
#### Fund Financial Highlights

##### 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, 2014 was \$48,733.

##### 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

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**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. Its use has been expanded to include other infrastructure-related capital projects, including those funded 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	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Interest Income - Special Assessment	\$5,160	\$3,500	\$4,000	\$2,500
Special Assessment	27,075	21,000	23,000	18,000
Bond Proceeds	0	0	0	1,500,000
Interest Income	25	500	500	500
Surplus	0	0	0	0
<b>Total Revenue</b>	<b>\$32,260</b>	<b>\$25,000</b>	<b>\$27,500</b>	<b>\$1,521,000</b>
<b>Expenditures</b>				
Audit	\$1,500	\$1,500	\$1,500	\$1,500
Construction	134,609	0	0	985,000
<b>Total Expenditures</b>	<b>\$136,109</b>	<b>\$1,500</b>	<b>\$1,500</b>	<b>\$986,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$103,849)	\$23,500	\$26,000	\$534,500
Fund Balance - Beginning of Year	281,154	177,305	177,305	200,805
<b>FUND BALANCE AT YEAR END</b>	<b>\$177,305</b>	<b>\$200,805</b>	<b>\$203,305</b>	<b>\$735,305</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**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**

**FY2015 Major Construction Projects**

Project	<i>Source of Funds:</i>					Total
	Bond Proceeds	Capital Projects Fund	Local Street Fund	Utilities Fund	Major Street Fund	
Lake Street				\$50,000	\$200,000	<b>\$250,000</b>
Evert Street	\$105,000			50,000		<b>155,000</b>
Holly Road	150,000			40,000		<b>190,000</b>
East Garfield Street	180,000			40,000		<b>220,000</b>
Simons Street	225,000			40,000		<b>265,000</b>
Selma Street	150,000			90,000		<b>240,000</b>
Aldrich Street	120,000			40,000		<b>160,000</b>
Parking Lot		\$35,000				<b>35,000</b>
Water Supply Improvements				500,000		<b>500,000</b>
<b>Total Projects</b>	<b>\$930,000</b>	<b>\$35,000</b>	<b>\$0</b>	<b>\$850,000</b>	<b>\$200,000</b>	<b>\$2,015,000</b>

**Notes:**

> Over the last several years, several general obligation debt issues have been paid in full. This has provided the ability to utilize a new debt issue to fund the next several years of construction projects. It is expected that bonds will be issued in FY2015 accordingly.

> The Well Supply Improvements 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 FY2015 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.

# CITY OF CADILLAC

2014-2015 Annual Operating Budget

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## Permanent Funds Summary

### 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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Permanent Funds Summary**

**Permanent Funds Financial Summary**

**FY2015**

	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			0
<b>Total Revenues (2)</b>	<b>27,500</b>	<b>20,000</b>	<b>47,500</b>
<b>Expenditures</b>			
Audit	500	500	1,000
Contribution - Cemetery Operating	12,000		12,000
Contribution - Public Infrastructure			0
<b>Total Expenditures</b>	<b>12,500</b>	<b>500</b>	<b>13,000</b>
<b>Fund Balance</b>			
Net Change in Fund Balance (1)	15,000	19,500	34,500
Beginning Fund Balance	512,528	600,282	1,112,810
<b>Ending Fund Balance</b>	<b>527,528</b>	<b>619,782</b>	<b>1,147,310</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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**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 \$500,000, 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>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Revenues</b>				
Perpetual Care of Lots	\$12,175	\$8,500	\$7,500	<b>\$7,500</b>
Gain (Loss) on Investments	(7,466)	10,000	10,000	<b>10,000</b>
Interest Income	13,049	10,000	10,000	<b>10,000</b>
Surplus	0	4,600	5,600	<b>0</b>
<b>TOTAL REVENUES</b>	<b>\$17,758</b>	<b>\$33,100</b>	<b>\$33,100</b>	<b>\$27,500</b>
<b>Expenditures</b>				
Audit	\$1,100	\$1,100	\$1,100	<b>\$500</b>
Transfer out - Cemetery Operating	10,000	32,000	32,000	<b>12,000</b>
<b>Total</b>	<b>\$11,100</b>	<b>\$33,100</b>	<b>\$33,100</b>	<b>\$12,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$6,658	(\$4,600)	(\$5,600)	<b>\$15,000</b>
Fund Balance - Beginning of Year	510,470	517,128	517,128	<b>512,528</b>
<b>Ending Fund Balance</b>	<b>\$517,128</b>	<b>\$512,528</b>	<b>\$511,528</b>	<b>\$527,528</b>

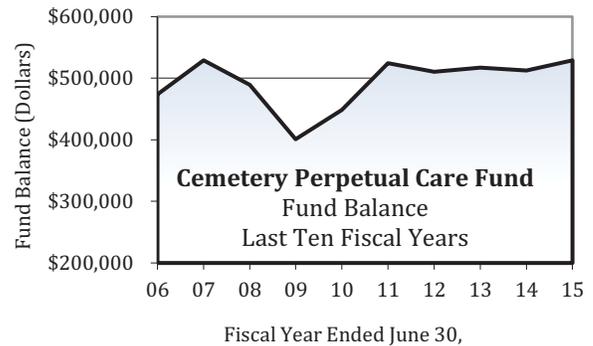
**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Cemetery Perpetual Care Fund**

**Fund Financial Highlights**

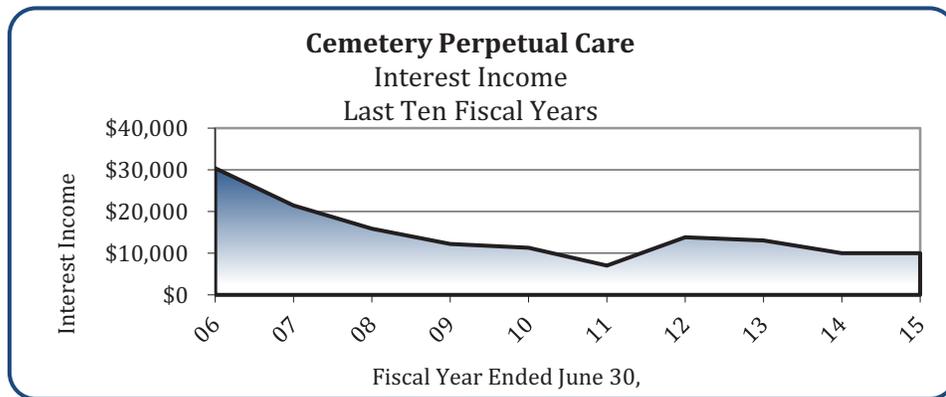
**Fund Balance**

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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**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	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Interest Income	\$16,891	\$1,500	\$10,000	<b>\$10,000</b>
Gain on Investments	(37,791)	10,000	10,000	<b>10,000</b>
Surplus	0	0	0	<b>0</b>
<b>Total</b>	<b>(\$20,900)</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	0	0	0	<b>0</b>
<b>Total</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$21,400)	\$11,000	\$19,500	<b>\$19,500</b>
Fund Balance - Beginning of Year	610,682	589,282	589,282	<b>600,282</b>
<b>Ending Fund Balance</b>	<b>\$589,282</b>	<b>\$600,282</b>	<b>\$608,782</b>	<b>\$619,782</b>

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Capital Projects Trust Fund

#### 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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**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.

<b>FUNDING SUMMARY</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Revenues</b>				
Parking Violations	\$220	\$500	\$1,000	<b>\$1,000</b>
Parking Permit Fees	1,345	1,100	1,500	<b>1,500</b>
Interest Income	1,899	1,500	1,000	<b>1,000</b>
Special Assessment	35,967	41,200	40,000	<b>47,000</b>
Local Funds	0	20,000	20,000	<b>15,000</b>
Surplus	0	15,200	5,300	<b>3,600</b>
<b>Total</b>	<b>\$39,431</b>	<b>\$79,500</b>	<b>\$68,800</b>	<b>\$69,100</b>
<b>Expenses</b>				
Operation	\$22,597	\$22,200	\$23,000	<b>\$23,100</b>
Lot Repair	933	4,900	6,400	<b>6,400</b>
Snow Plowing	14,939	22,300	22,500	<b>22,600</b>
Snow Hauling	18,392	30,100	16,900	<b>17,000</b>
<b>Total</b>	<b>\$56,861</b>	<b>\$79,500</b>	<b>\$68,800</b>	<b>\$69,100</b>
<b>Net Assets</b>				
Change in Net Assets	(\$17,430)	(\$15,200)	(\$5,300)	<b>(\$3,600)</b>
Net Assets - Beginning of Year	702,939	685,509	685,509	<b>670,309</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	171,138	181,038	<b>184,338</b>
<b>TOTAL</b>	<b>\$685,509</b>	<b>\$670,309</b>	<b>\$680,209</b>	<b>\$666,709</b>

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Auto Parking Fund**

<b>FUNDING DETAILS</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>EXPENSES</b>				
<b>Operations</b>				
Salaries - Enforcement	\$3,330	\$3,400	\$3,400	\$5,000
Fringes	1,814	2,000	2,000	800
Office Supplies	0	0	300	0
Audit	700	0	500	500
Depreciation	16,753	16,800	16,800	16,800
<b>Total Operations</b>	<b>\$22,597</b>	<b>\$22,200</b>	<b>\$23,000</b>	<b>\$23,100</b>
<b>Lot Repair</b>				
Salaries	\$330	\$1,500	\$1,500	\$1,500
Fringes	240	1,000	900	900
Operating Supplies	0	1,200	2,000	2,000
Equipment Rental	363	1,200	2,000	2,000
<b>Total Lot Repair</b>	<b>\$933</b>	<b>\$4,900</b>	<b>\$6,400</b>	<b>\$6,400</b>
<b>Snow Plowing</b>				
Salaries	\$3,605	\$6,000	\$6,000	\$6,000
Fringes	2,103	3,300	3,500	3,600
Operating Supplies	79	500	1,000	1,000
Equipment Rental	9,152	12,500	12,000	12,000
<b>Total Snow Plowing</b>	<b>\$14,939</b>	<b>\$22,300</b>	<b>\$22,500</b>	<b>\$22,600</b>
<b>Snow Hauling</b>				
Salaries	\$5,029	\$8,000	\$5,000	\$5,000
Fringes	2,374	4,100	2,900	3,000
Equipment Rental	10,989	18,000	9,000	9,000
<b>Total Snow Hauling</b>	<b>\$18,392</b>	<b>\$30,100</b>	<b>\$16,900</b>	<b>\$17,000</b>
<b>TOTAL EXPENSES</b>	<b>\$56,861</b>	<b>\$79,500</b>	<b>\$68,800</b>	<b>\$69,100</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.



# CITY OF CADILLAC

2014-2015 Annual Operating Budget

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## 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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Internal Service Funds Summary**

**Internal Service Funds Financial Summary**

**FY2015**

<u>Revenues</u>	Stores and Garage Fund	Information Technology Fund	Self- Insurance Fund	Employee Safety Fund	Total
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	3,500	500			4,000
Intergovernmental Services		201,000		11,500	212,500
Employer Contribution			1,081,500		1,081,500
Employee Contribution			65,000		65,000
Surplus			199,000		199,000
<b>Total Revenues</b>	<b>\$563,500</b>	<b>\$201,600</b>	<b>\$1,360,500</b>	<b>\$11,800</b> (2)	<b>\$2,137,400</b>
<b><u>Expenditures</u></b>					
Administration	\$414,000		\$35,500	\$11,800	\$461,300
Outside Work	23,000				23,000
Building & Grounds	11,100				11,100
Operating		\$141,300			141,300
Reinsurance			1,025,000		1,025,000
Benefit Payments			300,000		300,000
Interest Expense	15,000				15,000
Depreciation	100,000	60,000			160,000
<b>Total Expenditures</b>	<b>\$563,100</b>	<b>\$201,300</b>	<b>\$1,360,500</b>	<b>\$11,800</b>	<b>\$2,136,700</b>
<b>Change in Net Assets (1)</b>	<b>\$400</b>	<b>\$300</b>	<b>(\$199,000)</b>	<b>\$0</b>	<b>(\$198,300)</b>
<b>Net Assets - Beginning of Year</b>	<b>253,922</b>	<b>424,867</b>	<b>972,769</b>	<b>10,930</b>	<b>1,662,488</b>
<b>Net Assets - End of Year</b>	<b>\$254,322</b>	<b>\$425,167</b>	<b>\$773,769</b>	<b>\$10,930</b>	<b>\$1,464,188</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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**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
		2012	2013	2014	2015	
Number of Vehicles/Equipment Maintained		85	85	85	85	↔
Total Fuel Costs		\$53,519	\$61,628	\$64,000	\$62,000	↔
Gallons of Diesel Used		11,636	13,988	15,000	14,000	↔
Gallons of Unleaded Fuel Used		5,608	5,264	6,000	6,000	↔
Cost per Gallon - Diesel		\$3.06	\$3.20	\$3.15	\$3.20	↔
Cost per Gallon - Unleaded		\$2.93	\$2.96	\$2.90	\$2.95	↔
Total Annual Cost of Road Salt		\$51,878	\$76,309	\$76,776	\$72,000	↔
Tons of Road Salt Used		834	1,230	1,400	1,200	↔
Cost per Ton - Road Salt		\$62.36	\$62.04	\$54.84	\$60.00	↔

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

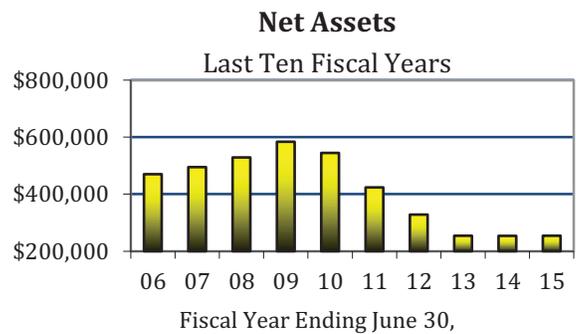
**Stores and Garage Fund**

FUNDING SUMMARY	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Charges for Services:				
Services & Materials	\$28,811	\$20,000	\$25,000	<b>\$25,000</b>
Equipment Rental	473,510	525,000	535,000	<b>535,000</b>
Miscellaneous				
Interest Income	1	0	0	<b>0</b>
Sale of Surplus Material	5,968	2,000	2,500	<b>2,500</b>
Other	472	1,200	0	<b>1,000</b>
<b>Total</b>	<b>\$508,762</b>	<b>\$548,200</b>	<b>\$562,500</b>	<b>\$563,500</b>
<b>Expenses</b>				
Administration	\$546,617	\$517,400	\$526,100	<b>\$529,000</b>
Outside Work	28,722	23,100	23,100	<b>23,000</b>
Building & Grounds	7,611	8,100	13,100	<b>11,100</b>
<b>Total</b>	<b>\$582,950</b>	<b>\$548,600</b>	<b>\$562,300</b>	<b>\$563,100</b>
<b>Net Assets</b>				
Change in Net Assets	(\$74,188)	(\$400)	\$200	<b>\$400</b>
Total Net Assets - Beginning of Year	328,510	254,322	254,322	<b>253,922</b>
<b>Total Net Assets - End of Year</b>	<b>\$254,322</b>	<b>\$253,922</b>	<b>\$254,522</b>	<b>\$254,322</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.



**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Stores and Garage Fund**

<b>FUNDING DETAILS</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Expenses</b>				
<b>Administration</b>				
Salaries and Wages	\$100,045	\$101,000	\$100,000	\$100,000
Salaries - Part Time	137	900	1,000	500
Fringes	71,551	68,000	58,000	60,500
Operating Supplies	54,097	35,000	68,000	25,000
Fuel Costs	61,728	66,000	58,000	65,000
Property Taxes	0	0	2,000	1,000
Contractual Services	130	0	0	0
Audit	2,500	1,500	2,600	500
Data Processing	10,000	5,000	5,000	5,000
Travel & Education	6,961	3,500	6,000	4,000
Insurance	11,293	15,000	15,000	15,000
Utilities	22,370	24,000	28,000	25,000
Employee Safety	2,500	2,500	2,500	2,500
General Administrative Charges	20,000	20,000	20,000	20,000
Depreciation	102,509	85,000	100,000	100,000
Equipment Maintenance	61,236	75,000	45,000	90,000
Equipment Rental	944	0	0	0
Interest Expense	18,616	15,000	15,000	15,000
<b>Total Administration</b>	<b>\$546,617</b>	<b>\$517,400</b>	<b>\$526,100</b>	<b>\$529,000</b>
<b>Outside Work</b>				
Salaries	\$6,803	\$7,000	\$7,000	\$7,000
Fringes	4,435	3,800	3,800	4,000
Supplies	9,599	4,300	4,300	4,500
Equipment Rental	7,885	8,000	8,000	7,500
<b>Total Outside Work</b>	<b>\$28,722</b>	<b>\$23,100</b>	<b>\$23,100</b>	<b>\$23,000</b>
<b>Building &amp; Grounds</b>				
Salaries	\$2,771	\$1,000	\$1,000	\$1,000
Fringes	1,741	600	600	600
Operating Supplies	512	2,000	3,000	3,000
Contractual Services	113	0	0	0
Repair and Maintenance	2,474	4,000	8,000	6,000
Equipment Rental	0	500	500	500
<b>Total Building &amp; Grounds</b>	<b>\$7,611</b>	<b>\$8,100</b>	<b>\$13,100</b>	<b>\$11,100</b>
<b>Total Expenses</b>	<b>\$582,950</b>	<b>\$548,600</b>	<b>\$562,300</b>	<b>\$563,100</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Stores and Garage Fund**

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

**FY2015**

**Source of Funds:**

Internal Loan	160,000	
Operating Funds	\$40,000	
<b>Total Source of Funds</b>		<b>\$200,000</b>



**Use of Funds:**

**Equipment:**

Wheel Loader/Snow Bucket	\$175,000	
Truck	25,000	
Underbody Plows	9,000	
<b>Total Use of Funds</b>		<b>\$209,000</b>

*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. The Department is anticipating replacing a front-end loader used primarily in winter maintenance activities, as well as a service truck and underbody plows.

**Cash Flow Analysis**

**FY2015**

**ADDITIONS:**

Depreciation	\$100,000	
Internal Loan Proceeds	\$160,000	
Net Income (Loss)	400	
<b>TOTAL ADDITIONS</b>		<b>\$260,400</b>



**DEDUCTIONS:**

Principal Payment - Internal Loan	\$50,000	
Capital Items	209,000	
<b>TOTAL DEDUCTIONS</b>		<b>\$259,000</b>
<b>NET INCREASE (DECREASE) OF AVAILABLE CASH</b>		<b>\$1,400</b>

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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, tablets, scanners, and other related equipment and software.

### PERFORMANCE MEASURES - INFORMATION TECHNOLOGY

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2012	2013	2014	2015	
Number of Workstations		68	68	68	68	↔
Operating Cost per Workstation		\$3,781	\$2,612	\$2,637	\$2,960	↓
Number of Workstations Replaced		0	6	15	15	↔
Total Capital Investment		\$7,828	\$66,388	\$35,000	\$40,000	↑

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Information Technology Fund**

FUNDING SUMMARY	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Intergovernmental Services				
General Fund				
City Council	\$5,000	\$4,000	\$4,000	<b>\$4,000</b>
City Manager	7,000	8,000	8,000	<b>8,000</b>
Finance	25,000	20,000	20,000	<b>20,000</b>
Assessor	18,000	15,000	15,000	<b>15,000</b>
Treasurer	30,000	20,000	20,000	<b>20,000</b>
Municipal Complex	5,500	6,000	6,000	<b>6,000</b>
Police	50,000	45,000	45,000	<b>45,000</b>
Fire	11,000	10,000	10,000	<b>10,000</b>
Engineering	20,000	18,000	18,000	<b>18,000</b>
Community Development	2,500	2,500	2,500	<b>2,500</b>
Water & Sewer	55,000	47,500	47,500	<b>47,500</b>
Stores and Garage	10,000	5,000	5,000	<b>5,000</b>
Total Intergovernmental Services	239,000	201,000	201,000	<b>201,000</b>
Interest Income	14	100	100	<b>100</b>
Sale of Property	0	500	500	<b>500</b>
<b>Total Revenue</b>	<b>\$239,014</b>	<b>\$201,600</b>	<b>\$201,600</b>	<b>\$201,600</b>
<b>Expenses</b>				
<b>Operating</b>				
Salaries	\$8,875	\$8,900	\$8,800	<b>\$9,000</b>
Fringes	3,648	4,000	3,900	<b>4,200</b>
Office Supplies	4,492	6,000	7,500	<b>7,000</b>
Audit	700	700	700	<b>700</b>
Contractual Services	47,700	12,000	12,000	<b>12,300</b>
Software and Programming	25,504	62,000	65,000	<b>66,000</b>
Liability Insurance	1,010	1,100	1,100	<b>1,100</b>

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Information Technology Fund**

<b>FUNDING DETAILS</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Expenses (Continued)</b>				
Dues & Publications	0	100	200	0
Telephone	6,426	6,500	6,500	6,500
Travel and Education	0	1,000	1,500	1,500
Repair and Maintenance	1,015	2,000	3,000	3,000
Depreciation	48,246	45,000	60,000	60,000
Administration	30,000	30,000	30,000	30,000
<b>Total Expenses</b>	<b>\$177,616</b>	<b>\$179,300</b>	<b>\$200,200</b>	<b>\$201,300</b>
<b>Net Assets</b>				
Change in Net Assets	\$61,398	\$22,300	\$1,400	\$300
Total Net Assets - Beginning of Year	341,169	402,567	402,567	424,867
<b>Total Net Assets - End of Year</b>	<b>\$402,567</b>	<b>\$424,867</b>	<b>\$403,967</b>	<b>\$425,167</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.

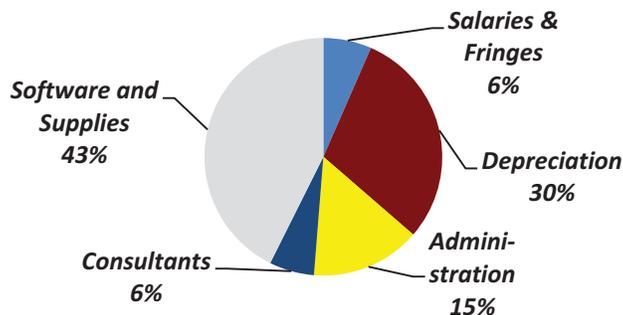
**Software and Programming**

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



**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Information Technology Fund**

**Other Financial Analysis**

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

**FY2015**

**Source of Funds:**

Revenues:

Operating Revenues 40,000

**Total Source of Funds** \$40,000

**Use of Funds**

Computer Replacement \$20,000

IT Infrastructure 20,000

**Total Use of Funds** \$40,000

*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**

**FY2015**

**Additions**

Depreciation \$60,000

Net Income (Loss) 300

**Total Additions** \$60,300

**Deductions**

Capital Items 40,000

**Total Deductions** \$40,000

**Net Increase (Decrease) in Available Cash** \$20,300

Budget staff has confirmed that there will be sufficient cash on hand to handle the projected cash flow needs for FY2015.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**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	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Employer Contributions	\$886,469	\$900,000	\$920,000	<b>\$990,000</b>
Employer Contributions-Dental	73,348	75,000	80,000	<b>75,000</b>
Employer Contributions-Optical	10,005	10,000	11,000	<b>10,000</b>
Employer Contributions-Life	6,509	6,500	6,800	<b>6,500</b>
Employee Contribution	118,579	120,000	110,000	<b>65,000</b>
Interest Income	7,962	10,000	15,000	<b>15,000</b>
Surplus	0	53,000	217,700	<b>199,000</b>
<b>Total</b>	<b>\$1,102,872</b>	<b>\$1,174,500</b>	<b>\$1,360,500</b>	<b>\$1,360,500</b>
<b>Expenses</b>				
Audit	\$500	\$500	\$500	<b>\$500</b>
Reinsurance Premiums	924,360	1,000,000	1,000,000	<b>1,025,000</b>
Administration	23,837	30,000	25,000	<b>35,000</b>
Benefit Payments				
Health Insurance	196,335	225,000	325,000	<b>290,000</b>
Life Insurance	6,517	8,500	10,000	<b>10,000</b>
<b>Total</b>	<b>\$1,151,549</b>	<b>\$1,264,000</b>	<b>\$1,360,500</b>	<b>\$1,360,500</b>
<b>Net Assets</b>				
Change in Net Assets	(\$48,677)	(\$142,500)	(\$217,700)	<b>(\$199,000)</b>
Total Net Assets - Beginning of Year	1,163,946	1,115,269	1,115,269	<b>972,769</b>
<b>Total Net Assets - End of Year</b>	<b>\$1,115,269</b>	<b>\$972,769</b>	<b>\$897,569</b>	<b>\$773,769</b>

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Self Insurance Fund

#### 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	# of Participants
	Medical	Dental	Vision				
<b>Blue Cross Blue Shield PPO</b>							
Single	\$7,184	\$444	\$71	<b>\$7,699</b>	\$1,013	13.16%	4
Two-Person	\$17,243	\$820	\$109	<b>\$18,172</b>	\$2,431	13.38%	9
Family	\$21,553	\$1,447	\$195	<b>\$23,195</b>	\$3,039	13.10%	7
<b>Blue Care Network HMO</b>							
Single	\$6,002	\$444	\$71	<b>\$6,517</b>	\$180	2.76%	8
Two-Person	\$13,806	\$820	\$109	<b>\$14,735</b>	\$300	2.04%	24
Family	\$16,507	\$1,447	\$195	<b>\$18,149</b>	\$420	2.31%	30

\* An additional 15 employees/retirees that are eligible for health care participate in the City's opt-out program. The City provides opt-out payments of up to \$2,700 per year for electing other available coverage.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Safety Fund**

**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	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Interest Income	\$0	\$300	\$300	<b>\$300</b>
General Fund	5,500	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	2,500	2,500	2,500	<b>2,500</b>
Surplus	0	0	0	<b>0</b>
<b>Total</b>	<b>\$11,500</b>	<b>\$11,800</b>	<b>\$11,800</b>	<b>\$11,800</b>
<b>Expenditures</b>				
Salaries and Wages	\$2,500	\$3,000	\$3,500	<b>\$3,500</b>
Fringes	365	1,100	1,800	<b>1,800</b>
Operating Supplies	1,756	2,500	3,000	<b>3,000</b>
Audit	500	500	500	<b>500</b>
Dues and Publications	350	300	500	<b>500</b>
Travel and Education	2,570	2,000	2,500	<b>2,500</b>
<b>Total</b>	<b>\$8,041</b>	<b>\$9,400</b>	<b>\$11,800</b>	<b>\$11,800</b>
<b>Net Assets</b>				
Change in Net Assets	\$3,459	\$2,400	\$0	<b>\$0</b>
Total Net Assets - Beginning of Year	5,071	8,530	8,530	<b>10,930</b>
<b>Total Net Assets - End of Year</b>	<b>\$8,530</b>	<b>\$10,930</b>	<b>\$8,530</b>	<b>\$10,930</b>

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Safety Fund**

**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	2010	2011	2012	2013
Deaths	0	0	0	0
Number of cases with days away from work	0	0	1	5
Number of cases with job transfer/restriction	3	1	1	1
Other reported cases	3	4	5	3
Days				
Total days away from work	0	0	1	41
Total days of job transfer/restriction	125	7	15	4
Total hours worked - all employees	172,846	170,428	169,121	167,418

**Note:**

An extended leave injury to one employee in the Fire Department accounted for the increase in total days away from work in 2013.

**GOALS**

**FY2015**

1. Distribute safety handbooks to all employees.
2. Provide additional training and/or suggest changes to procedures to help reduce common injuries.
3. Follow up on injury reports to make sure injury has been discussed with employee.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**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
	2010	2011	2012	2013	
Actuarially Accrued Pension <b>Liabilities</b>	\$10,326,784	\$10,852,937	\$11,246,821	\$11,624,354	↑
Funding Value of Accrued <b>Assets</b>	\$7,188,395	\$7,989,372	\$8,200,264	\$8,565,010	↑
<b>Unfunded</b> Actuarially Accrued <b>Liabilities</b>	\$3,138,389	\$2,863,565	\$3,046,557	\$3,059,344	↔
Funded Ratio (Assets/Liabilities)	69.61%	73.61%	72.91%	73.68%	↔
Total Pension Payments	\$585,542	\$631,514	\$614,185	\$719,195	↑
Number of Retirees	32	33	31	34	↑
Average Annual Pension	\$18,298	\$19,137	\$19,812	\$21,153	↑
Contribution Required (% of payroll) - Police	34.10%	35.18%	35.00%	35.15%	↑
Contribution Required (% of payroll) - Fire	30.41%	25.03%	26.98%	31.59%	↑
Total Contribution Required	\$556,203	\$513,543	\$545,530	\$549,400	↑
Number of Active Members	27	26	26	26	↔
Average Annual Salary	\$58,723	\$59,414	\$61,564	\$60,557	↔

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Police and Fire Retirement Fund

FUNDING SUMMARY	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Additions</b>				
Contributions - Employer	651,762	\$620,000	\$615,000	<b>\$625,000</b>
Contributions - Employee	38,710	\$40,000	\$45,000	<b>45,000</b>
Interest and Dividend Income	45	1,000	\$2,000	<b>2,000</b>
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	849,864	300,000	105,000	<b>133,000</b>
Investment Expenses	(7,363)	(12,000)	(20,000)	<b>(15,000)</b>
<b>Total Additions</b>	<b>\$1,533,018</b>	<b>\$949,000</b>	<b>\$747,000</b>	<b>\$790,000</b>
<b>Deductions</b>				
Benefit Payments				
Retirement	\$639,494	\$740,000	\$735,000	<b>780,000</b>
Administrative Expenses				
Audit	1,300	1,500	1,500	<b>2,000</b>
Contractual Services	4,800	6,000	10,000	<b>8,000</b>
<b>Total Deductions</b>	<b>\$645,594</b>	<b>\$747,500</b>	<b>\$746,500</b>	<b>\$790,000</b>
<b>Net Increase (Decrease) in Plan Assets</b>	<b>\$887,424</b>	<b>\$201,500</b>	<b>\$500</b>	<b>\$0</b>
<b>Net Assets Held in Trust for Pension Benefits</b>				
Beginning of Year	\$7,788,030	\$8,675,454	\$8,675,454	<b>\$8,876,954</b>
<b>End of Year</b>	<b>\$8,675,454</b>	<b>\$8,876,954</b>	<b>\$8,675,954</b>	<b>\$8,876,954</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

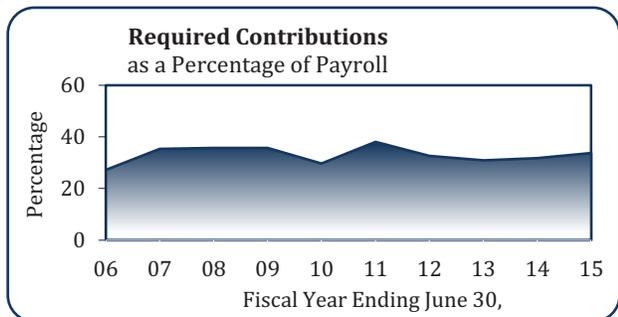
**Jay Thiebaut**, *Chairperson* - Citizen Member  
**Keri Lanning**, *Secretary/Treasurer* - City Treasurer  
**Chris Shankland**, Citizen Member  
**James Kozlowski**, Fire Fighter Member  
**Todd Golnick**, Police Member

*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.*

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Police and Fire Retirement Fund**

**Plan Financial Details**



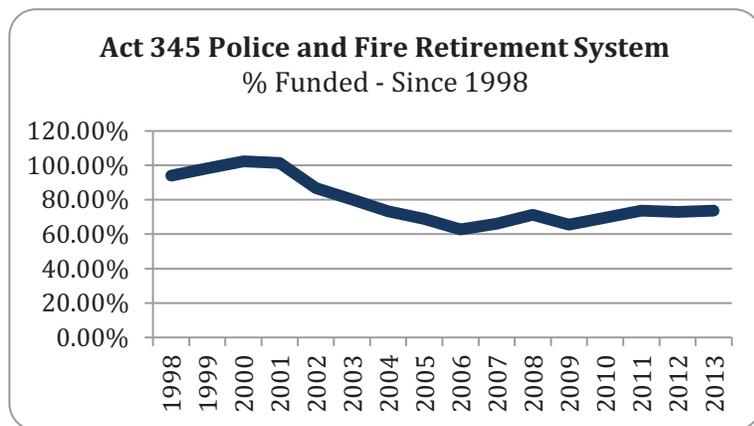
**Required Contribution**

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 33.75% in FY2015 from 31.71% in FY2014 due primarily the smoothing of annual returns on the assets of the system.

**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, 2013 the plan is now 73.7% funded.

**Summary of Actuarial Methods and Assumptions**

Last Valuation Date	June 30, 2013
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	10
Remaining Amortization - Benefit Increase	18 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%

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Police and Fire Retirement Fund**

**Summary of Act 345 Benefits & Conditions**

<i>Eligibility:</i>	<i>Benefit:</i>
<b><i>Regular Retirement</i></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><i>Deferred Retirement</i></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><i>Death After Retirement</i></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><i>Duty Disability Retirement</i></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><i>Non-Duty Disability Retirement</i></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><i>Duty Death in Service Retirement</i></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><i>Non-Duty Death in Service Retirement</i></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***



# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### 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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Component Unit Funds Summary**

**Component Unit Funds Summary**

**FY2015**

	<i>Major Fund</i>	<i>Nonmajor Funds</i>		
	<b>Local Development Finance Authority Operating</b>	<b>Local Development Finance Authority Utilities</b>	<b>Local Development Finance Authority Capital Projects</b>	<b>Brownfield Redevelopment Authority Operating</b>
<b>Revenues</b>				
Tax Revenues			\$140,000	\$25,000
Interest Income	\$25,000	\$1,500	10,000	\$500
Management Fees				
Water Revenues		18,500		
Grant Funds				
Contributions				
Surplus	336,300			
<b>Total Revenues</b>	<b>\$361,300</b>	<b>\$20,000</b>	<b>\$150,000</b>	<b>\$25,500</b>
<b>Expenditures</b>				
Salaries - Regular	\$18,500	\$3,000		
Salaries - Part Time				
Fringes	10,200	1,800		
Other Operating Expenses	332,600	10,500	100,500	25,500
Capital Outlay				
Principal Payment				
Interest Payment				
Depreciation				
<b>Total Expenditures</b>	<b>\$361,300</b>	<b>\$15,300</b>	<b>\$100,500</b>	<b>\$25,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance (1)	(\$336,300)	\$4,700	\$49,500	\$0
Beginning Fund Balance	1,249,709	432,231	974,949	203,143
Ending Fund Balance	<b>\$913,409</b>	<b>\$436,931</b>	<b>\$1,024,449</b>	<b>\$203,143</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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

**Component Unit Funds Summary**

**Component Unit Funds Summary (Continued)**

**FY2015**

	<i>Nonmajor Funds</i>		<b>Total</b>
	<b>Downtown Development Authority</b>	<b>Downtown Development Authority Capital Projects</b>	
<b>Revenues</b>			
Tax Revenues	\$29,000	\$80,000	\$274,000
Interest Income	200	500	37,700
Management Fees	5,000		5,000
Water Revenues			18,500
Grant Funds			0
Contributions	3,000		3,000
Surplus			336,300
<b>Total Revenues</b>	<b>\$37,200</b>	<b>\$80,500</b>	<b>\$674,500</b>
<b>Expenditures</b>			
Salaries - Regular	\$18,500		\$40,000
Salaries - Part Time	2,000		2,000
Fringes	7,500		19,500
Other Operating Expenses	9,900	4,500	483,500
Capital Outlay			0
Principal Payment			0
Interest Payment			0
Depreciation			0
<b>Total Expenditures</b>	<b>\$37,900</b>	<b>\$4,500</b>	<b>\$545,000</b>
<b>Fund Balance</b>			
Net Change in Fund Balance (1)	(700)	76,000	(\$206,800)
Beginning Fund Balance	7,098	303,072	\$3,170,202
<b>Ending Fund Balance</b>	<b>\$6,398</b>	<b>\$379,072</b>	<b>\$2,963,402</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**

**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*

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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 2015 will be the nineteenth full year the plant has been in operation.

FUNDING SUMMARY	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Tax Revenue	\$0	\$0	\$220,000	\$0
Interest Income	18,388	20,000	25,000	25,000
Surplus	0	249,100	88,900	0
<b>Total</b>	<b>\$18,388</b>	<b>\$269,100</b>	<b>\$333,900</b>	<b>\$25,000</b>
<b>Expenditures</b>				
Salaries and Wages - Regular	\$13,851	\$17,500	18,500	18,500
Fringes	8,323	9,000	9,800	10,200
Operating Supplies	5,575	11,000	11,500	11,500
Chemicals	0	200	200	200
Contractual Services	155	5,000	75,000	75,000
Legal Contractual Services	0	5,000	9,500	9,500
Audit	900	900	900	900
Contracted Lab Costs	42,710	50,000	45,000	45,000
Utilities	157,606	155,000	130,000	160,000
Repair & Maintenance	7,676	12,000	15,500	15,500
Carbon	0	0	3,000	0
Engineering Fees	0	0	15,000	15,000
<b>Total</b>	<b>\$236,796</b>	<b>\$265,600</b>	<b>\$333,900</b>	<b>\$361,300</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	(\$218,408)	(\$245,600)	(\$88,900)	(\$336,300)
Fund Balance - Beginning of Year	1,713,717	1,495,309	1,249,709	1,249,709
<b>Ending Fund Balance</b>	<b>\$1,495,309</b>	<b>\$1,249,709</b>	<b>\$1,160,809</b>	<b>\$913,409</b>

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### 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 2013 the daily average was 2.3 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><i>Board of Directors:</i></b>
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<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>Frank Verhoven</b>	Assistant Superintendent of Operations and Personnel, Cadillac Area Public Schools
<b>Denny Benson</b>	Local Attorney
<b>Leslie Housler</b>	Wexford County Commissioner

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#### 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

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.

# CITY OF CADILLAC

2014-2015 Annual Operating Budget

## Local Development Finance Authority Operating Fund

### L.D.F.A. Groundwater Treatment Statistics

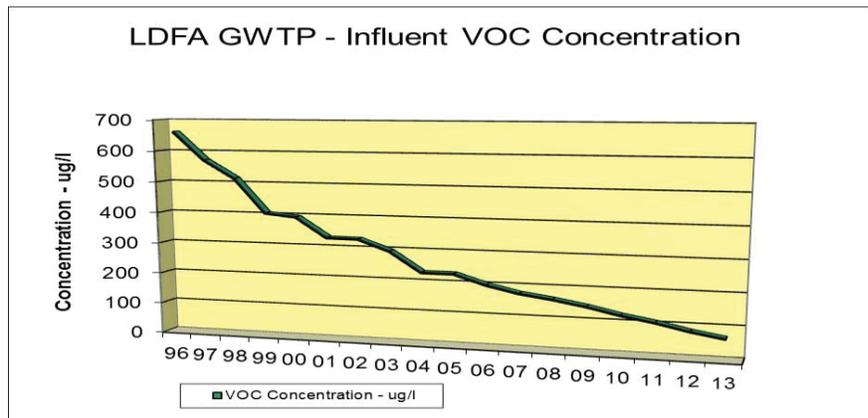
*Volume of groundwater pumped and treated:*

Year	Gallons	
	Per Day	Per Year
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
2013	2,255,041	823,090,000



*LDFA Water Treatment Facility*

Year	Estimated pounds of volatile organics stripped from the water (per year):	Hours spent in Operation and Maintenance
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
2013	460	890



# CITY OF CADILLAC

2014-2015 Annual Operating Budget

## Local Development Finance Authority Operating Fund

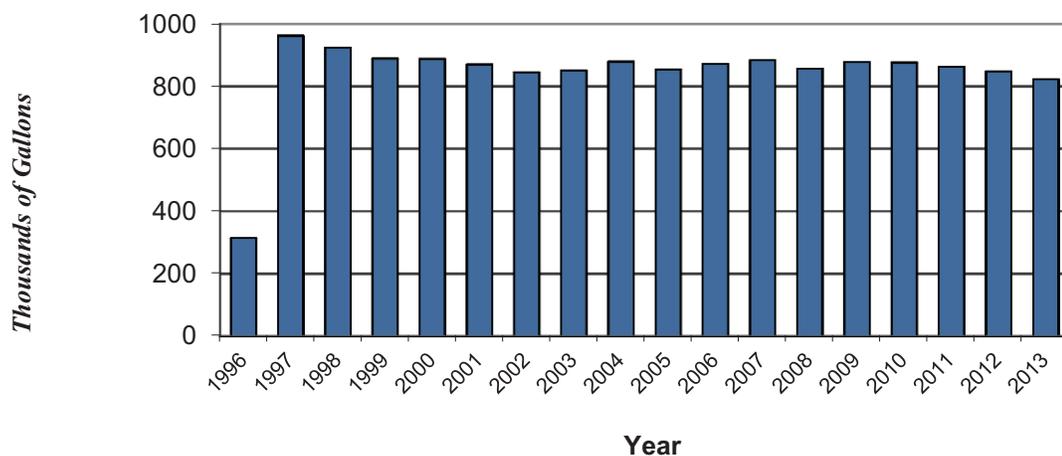
### Other L.D.F.A. Groundwater Treatment Details



\* More than 15.1 billion gallons of water have been treated since the inception of the program.

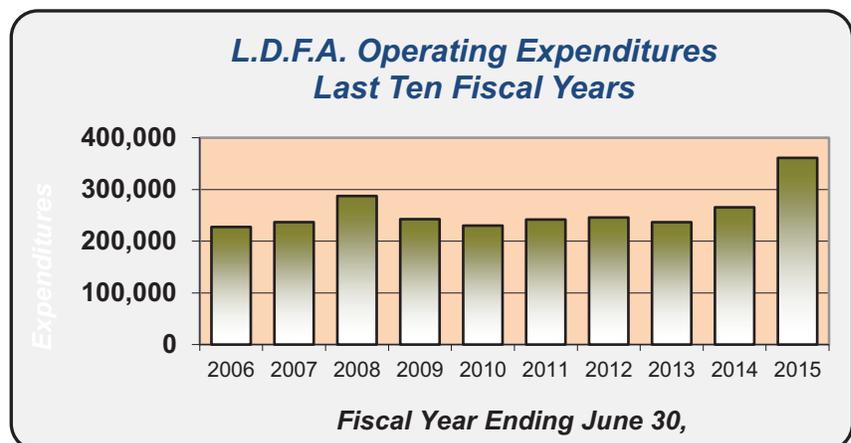
\* VOC distribution in the LDFA discharge has been below detection limit since the beginning of the program in 1996.

*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.



# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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.

<b>FUNDING SUMMARY</b>	<b>FY2013 Actual</b>	<b>FY2014 Estimated</b>	<b>FY2014 Adopted</b>	<b>FY2015 Proposed</b>
<b>Revenues</b>				
Water Revenue	\$17,860	\$18,500	\$19,500	<b>\$18,500</b>
Interest Income	1,374	1,500	1,500	<b>1,500</b>
<b>Total</b>	<b>\$19,234</b>	<b>\$20,000</b>	<b>\$21,000</b>	<b>\$20,000</b>
<b>Expenditures</b>				
Salaries and Wages - Regular	\$793	\$2,500	\$3,000	<b>\$3,000</b>
Fringes	452	1,300	1,700	<b>1,800</b>
Operating Supplies	0	1,500	500	<b>500</b>
Contractual Services	0	1,000	4,500	<b>4,500</b>
Audit	400	400	400	<b>500</b>
Depreciation	4,535	4,600	5,000	<b>5,000</b>
<b>Total</b>	<b>\$6,180</b>	<b>\$11,300</b>	<b>\$15,100</b>	<b>\$15,300</b>
<b>Net Assets</b>				
Change in Net Assets	\$13,054	\$8,700	\$5,900	<b>\$4,700</b>
Total Net Assets - Beginning of Year	410,477	423,531	423,531	<b>432,231</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$423,531</b>	<b>\$432,231</b>	<b>\$429,431</b>	<b>\$436,931</b>

#### Fund Highlights

##### Net Assets

Available net assets will be used to assist in replacement of the well and funding major system repairs.

# CITY OF CADILLAC

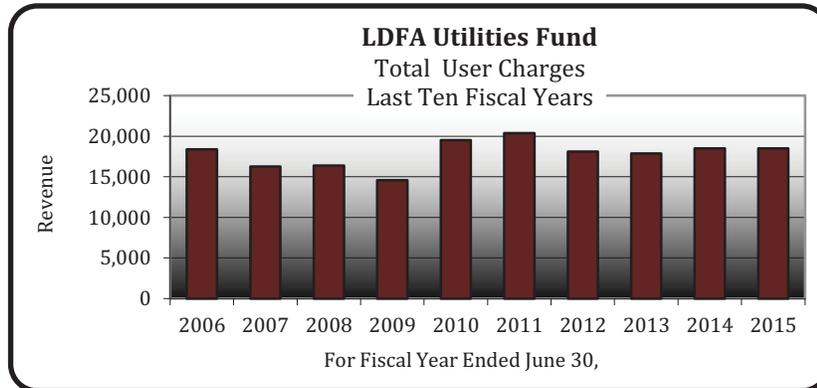
## 2014-2015 Annual Operating Budget

### Local Development Authority Utilities Fund

#### 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>
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
2013	133,881,884



*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>
2004	170
2005	134
2006	125
2007	175
2008	151
2009	110
2010	127
2011	126
2012	112
2013	102

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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.

FUNDING SUMMARY	FY2012 Actual	FY2013 Estimated	FY2013 Adopted	FY2014 Proposed
<b>Revenues</b>				
Tax Increment Financing Revenue	\$118,642	\$115,000	\$135,000	<b>\$140,000</b>
Interest Income	8,266	10,000	10,000	<b>10,000</b>
<b>Total</b>	<b>\$126,908</b>	<b>\$125,000</b>	<b>\$145,000</b>	<b>\$150,000</b>
<b>Expenditures</b>				
Audit	\$500	\$500	\$500	<b>\$500</b>
Construction	0	0	100,000	<b>100,000</b>
<b>Total</b>	<b>\$500</b>	<b>\$500</b>	<b>\$100,500</b>	<b>\$100,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$126,408	\$124,500	\$44,500	<b>\$49,500</b>
Fund Balance - Beginning of Year	724,041	850,449	850,449	<b>974,949</b>
<b>Ending Fund Balance</b>	<b>\$850,449</b>	<b>\$974,949</b>	<b>\$894,949</b>	<b>\$1,024,449</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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Local Development Authority Capital Projects Fund

#### L DFA Groundwater Treatment System

##### Anticipated Capital Needs

The LDFA telemetry system was budgeted for replacement in FY2014. 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	\$3,514,102	\$4,487,600	\$8,001,702
Base Value	(551,400)	0	(551,400)
Captured Value	<u>\$2,962,702</u>	<u>\$4,487,600</u>	<u>\$7,450,302</u>

	<u>Millage</u>	<u>Capture</u>		
		<u>Ad Valorem</u>	<u>IFT</u>	<u>Total</u>
<b>Taxes Captured:</b>				
City Operating	13.94730	\$41,322	\$31,295	\$72,617
Police and Fire Retirement (City)	2.60000	7,703	5,834	13,537
Wexford County Allocated	6.77970	20,086	15,212	35,299
Wexford County - Recreation	0.25000	741	561	1,302
Wexford County - Animal Control	0.25000	741	561	1,302
Wexford County - Road Patrol	0.95000	2,815	2,132	4,946
CWTA	0.60000	1,778	1,346	3,124
Cadillac-Wexford Public Library	0.75000	2,222	1,683	3,905
Council on Aging	0.99760	2,956	2,238	5,194
<b>Total Taxes Captured</b>	<u>27.12460</u>	<u>\$80,362</u>	<u>\$60,862</u>	<u>\$141,224</u>

*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 \$243,471,602. The LDFA captures about 1.2% of the ad valorem tax roll, and an additional 29.2% of the IFT tax levy.*

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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.

FUNDING SUMMARY	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Interest Income	\$86	\$200	\$200	<b>\$200</b>
Tax Revenue	30,890	31,000	30,000	<b>29,000</b>
DEQ Management Fee	5,000	5,000	5,000	<b>5,000</b>
Contributions From Private Sources	1,530	2,000	3,000	<b>3,000</b>
<b>Total</b>	<b>\$37,506</b>	<b>\$38,200</b>	<b>\$38,200</b>	<b>\$37,200</b>
<b>Expenditures</b>				
Salaries and Wages - Regular	\$17,735	\$18,000	\$18,500	<b>\$18,500</b>
Salaries and Wages - Part Time	1,776	1,800	2,000	<b>2,000</b>
Fringes	6,859	7,400	7,500	<b>7,500</b>
Office Supplies	432	200	200	<b>200</b>
Postage	0	0	100	<b>100</b>
Contractual Services	14,847	9,000	7,000	<b>7,000</b>
Audit	900	900	900	<b>900</b>
Travel and Education	200	200	200	<b>200</b>
Publisher's Costs	0	500	500	<b>500</b>
Downtown Marketing	1,500	1,000	1,000	<b>1,000</b>
<b>Total</b>	<b>\$44,249</b>	<b>\$39,000</b>	<b>\$37,900</b>	<b>\$37,900</b>
<b>Fund Balance</b>				
Change in Fund Balance	(\$6,743)	(\$800)	\$300	<b>(\$700)</b>
Fund Balance - Beginning of Year	14,641	7,898	7,898	<b>7,098</b>
<b>Ending Fund Balance</b>	<b>\$7,898</b>	<b>\$7,098</b>	<b>\$8,198</b>	<b>\$6,398</b>

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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

Name		Business	Occupation
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
Michelle Bosscher	Member	Downtown Property Owner	Owner
Lincoln VanDrie	Member	Resident	N/A
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.

Fiscal Year	Taxable Value	Millage	Taxes	Change
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%
2015	\$14,593,473	1.9548	\$28,527	-5.46%

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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.

FUNDING SUMMARY	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Tax Revenue	\$110,383	\$105,000	\$104,000	<b>\$80,000</b>
Interest Income	863	1,000	500	<b>500</b>
Surplus	0	0	0	<b>0</b>
<b>Total</b>	<b>\$111,246</b>	<b>\$106,000</b>	<b>\$104,500</b>	<b>\$80,500</b>
<b>Expenditures</b>				
Audit	\$500	\$400	\$500	<b>\$500</b>
Contractual Services	0	2,500	4,000	<b>4,000</b>
Construction	0	0	0	<b>0</b>
Debt Service	47,069	31,000	50,000	<b>0</b>
<b>Total</b>	<b>\$47,569</b>	<b>\$33,900</b>	<b>\$54,500</b>	<b>\$4,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$63,677	\$72,100	\$50,000	<b>\$76,000</b>
Fund Balance - Beginning of Year	167,295	230,972	230,972	<b>303,072</b>
<b>Ending Fund Balance</b>	<b>\$230,972</b>	<b>\$303,072</b>	<b>\$280,972</b>	<b>\$379,072</b>

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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		\$14,593,473
1996 Base Value		<u>(11,654,550)</u>
Captured Value		\$2,938,923
<b>Taxes Captured:</b>	<b><u>Millage</u></b>	<b><u>Capture</u></b>
City Operating	13.94730	\$40,990
Police and Fire Retirement (City)	2.60000	7,641
Wexford County - Allocated	6.77970	19,925
Wexford County - Recreation	0.25000	735
Wexford County - Animal Control	0.25000	735
Wexford County - Road Patrol	0.95000	2,792
CWTA	0.60000	1,763
Cadillac-Wexford Public Library	0.75000	2,204
Council on Aging	0.99760	2,932
<b>Total Taxes Captured</b>	<b>27.12460</b>	<b>\$79,717</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 \$243,471,602. The DDA captures about 1.2% of the ad valorem tax roll.*

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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.

FUNDING SUMMARY	FY2013 Actual	FY2014 Estimated	FY2014 Adopted	FY2015 Proposed
<b>Revenues</b>				
Current Property Taxes	\$9,046	\$20,000	\$30,000	\$25,000
Interest Income	6	500	500	500
State of Michigan - Grant	37,255	21,000	0	0
<b>Total</b>	<b>\$46,307</b>	<b>\$41,500</b>	<b>\$30,500</b>	<b>\$25,500</b>
<b>Expenditures</b>				
Contractual Services	\$20,471	\$35,000	\$30,000	\$25,000
Audit	500	500	500	500
<b>Total</b>	<b>\$20,971</b>	<b>\$35,500</b>	<b>\$30,500</b>	<b>\$25,500</b>
<b>Fund Balance</b>				
Net Change in Fund Balance	\$25,336	\$6,000	\$0	\$0
Fund Balance - Beginning of Year	171,807	197,143	197,143	203,143
<b>Ending Fund Balance</b>	<b>\$197,143</b>	<b>\$203,143</b>	<b>\$197,143</b>	<b>\$203,143</b>

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### 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

<b><i>Brownfield Redevelopment Authority</i></b>	
<b><i>Board of Directors:</i></b>	
<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 FY2015 are as follows:

Total Brownfield Taxable Value	\$808,000
Base Value	<u>\$295,721</u>
Captured Value	\$512,279

<b>Captured Taxes</b>	
City Operating	\$4,674
Police and Fire Retirement (City)	871
Lake Cadillac Treatment (City)	168
Wexford County	2,758
Other	788
CAPS Operating	9,460
State Education Tax	3,153
Wexford-Missaukee ISD	<u>3,123</u>
<b>Total Taxes Captured</b>	<b>\$24,995</b>

Each project is captured differently, and the specific taxes which each project can capture may vary as well.

**Capital Improvement Program**

**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**

**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.

**CITY OF CADILLAC**  
**2014-2015 Annual Operating Budget**

**Capital Improvement Program**

**Program Summary**

On a departmental basis, the 5-Year Capital Improvement Program includes the following request levels, presented by fiscal year:

Department	<i>For the fiscal year ending June 30,</i>					Total
	2015	2016	2017	2018	2019	
Complex/Administration	10,500	806,500	372,000	0	0	1,189,000
Public Safety						
Police	38,000	65,000	31,000	32,000	32,000	198,000
Fire	0	38,000	385,000	0	0	423,000
Municipal Parks	44,000	207,500	74,000	7,500	9,000	342,000
<b>Total General Fund</b>	<b>92,500</b>	<b>1,117,000</b>	<b>862,000</b>	<b>39,500</b>	<b>41,000</b>	<b>2,152,000</b>
Major Streets	207,500	220,000	130,000	250,000	350,000	1,157,500
Local Streets	937,500	492,500	72,500	377,500	187,500	2,067,500
Cemetery Operating	9,000	40,000	9,000	50,000	109,000	217,000
Industrial Parks	25,000	0	0	0	525,000	550,000
Water and Wastewater	1,050,000	2,937,000	416,000	468,500	428,000	5,299,500
Stores and Garage	209,000	255,000	252,000	360,000	369,000	1,445,000
Information Technology	40,000	20,000	165,000	20,000	70,000	315,000
Totals	\$2,570,500	\$5,081,500	\$1,906,500	\$1,565,500	\$2,079,500	\$13,203,500

**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	<i>For the fiscal year ending June 30,</i>					Total
	2015	2016	2017	2018	2019	
Current Property Tax Revenues	92,500	367,000	447,000	39,500	41,000	987,000
<b>Donations</b>						
Donations Received	0	0	0	0	0	0
Future Donations	0	250,000	65,000	50,000	0	365,000
Operating Revenues	833,000	952,000	842,000	848,500	1,134,100	4,609,600
MVHF	1,145,000	712,500	202,500	627,500	537,500	3,225,000
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	\$2,570,500	\$5,081,500	\$1,906,500	\$1,565,500	\$2,079,500	\$13,203,500

**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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Capital Improvement Program**

<b>Plan Fiscal Year: 2014-2015</b>				
<b>Department</b>	<b>Project</b>	<b>Year 1 Priority</b>	<b>Cost</b>	<b>Page</b>
Gen'l Government	FLOOR COVERING	2	10,500	8
Public Safety	POLICE PATROL VEHICLE	1	30,000	20
Public Safety	PORTABLE RADIOS	2	8,000	21
Parks	PARKING LOT UPGRADE - LAKE/CHESTNUT ST.	2	35,000	30
Parks	RIDING LAWN MOWER	1	9,000	31
Major Street	LAKE STREET (CHAPIN TO POLLARD)	1	200,000	42
Major Street	STREET SIGN REPLACEMENT	2	7,500	43
Local Street	EVART STREET (OAK TO LESTER)	1	105,000	50
Local Street	HOLLY ROAD (BARBARA TO WREN)	1	150,000	51
Local Street	EAST GARFIELD STREET (HOLBROOK TO HIGGINS)	1	180,000	52
Local Street	SIMONS STREET (HARRIS TO BREMER)	1	225,000	53
Local Street	SELMA STREET (W. DIVISION TO WRIGHT)	1	150,000	54
Local Street	ALDRICH STREET (BOND TO LINDEN)	1	120,000	55
Local Street	STREET SIGN REPLACEMENT	2	7,500	56
Cemetery	RIDING LAWN MOWER	1	9,000	70
Industrial Parks	ENTRANCE SIGNS	3	25,000	77
Water/Wastewater	LAKE STREET	1	50,000	81
Water/Wastewater	EVART STREET	1	50,000	82
Water/Wastewater	HOLLY ROAD	1	40,000	83
Water/Wastewater	EAST GARFIELD STREET	1	40,000	84
Water/Wastewater	SIMONS STREET	1	40,000	85
Water/Wastewater	SELMA STREET	1	90,000	86
Water/Wastewater	ALDRICH STREET	1	40,000	87
Water/Wastewater	R&D PUMP	2	10,000	88
Water/Wastewater	SERVICE TRUCK (HEAVY DUTY)	2	30,000	89
Water/Wastewater	SERVICE TRUCK (REGULAR DUTY)	1	20,000	90
Water/Wastewater	MANHOLE REHABILITATION	1	25,000	91
Water/Wastewater	LIFT STATION INFLUENT GATE VALVES	1	75,000	92
Water/Wastewater	LABORATORY STILLs	1	30,000	93
Water/Wastewater	13TH STREET STORM POND TRANSFORMER	1	10,000	94
Water/Wastewater	WATER SUPPLY IMPROVEMENTS	1	500,000	95
Stores & Garage	WHEEL LOADER WITH SNOW BUCKET	1	175,000	142
Stores & Garage	3/4-TON 4X4 PICKUP TRUCK	2	25,000	143
Stores & Garage	REPLACEMENT UNDERBODY PLOWS	2	9,000	144
IT	COMPUTER REPLACEMENT	1	20,000	160
IT	IT INFRASTRUCTURE	2	20,000	161
<b>Total for FY 2014-2015</b>			<b>\$2,570,500</b>	

This fiscal year promises to be a challenging year in terms of financing capital projects. The funded projects above represent the FY2015 capital budget totaling \$2,570,000 and the projects have been included in the budget of the appropriate fund. 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 FY2015, a small carpeting project is planned in the Municipal complex. This project will replace worn carpet, but will not have a material impact on the operating budget.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### Capital Improvement Program

#### Public Safety

The annual patrol vehicle replacement program is funded for the FY2015 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. In addition, funds will be made available to assist in a major radio replacement project, which will be primarily funded through a grant. These new radios will increase ongoing subscription costs by up to \$1,500 per year.

#### Parks

A riding lawn mower will be replaced in FY2015. Mowers are critical pieces of maintenance equipment and regular replacement is an important component of maintaining efficiency in the department. The replacement will reduce maintenance costs by between \$500 and \$1,000 per year. In addition, a parking lot adjacent to the lakefront park will be resurfaced.

#### Major and Local Streets

A number of infrastructure projects are included in the FY2015 budget. Over the last couple of years, several outstanding bond issues have been paid in full. This has enabled the City to build additional debt service capacity, which will be leveraged to help fund over a million dollars in street construction during the year. These infrastructure upgrade projects provide significant relief to the street maintenance operating budget, as the need to fill potholes, undergo spot repairs and resurfacing, and other maintenance efforts are reduced.

#### Cemetery

The FY2015 budget has scheduled the replacement of one of the riding mowers used to maintain the Maple Hill Cemetery. As in the parks system, regular upgrade of maintenance equipment enables the cemetery maintenance operations to be performed at the highest level of efficiency and productivity. Newer equipment helps prevent between \$500 and \$1,000 per piece of equipment of repairs that accompany outdated and aging equipment.

#### Water and Wastewater

As mentioned above, several street infrastructure projects will be undertaken in FY2015, and the Water and Sewer Fund plans to replace the utilities infrastructure below the streets that are being reconstructed while 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. All phases of this project are 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

A wheel loader (\$175,000), a service truck (\$25,000) will be replaced in FY2015. These important pieces of equipment have been delayed for several years, making the current replacements even more urgent. The equipment maintenance budget has been negatively impacted by aging and outdated equipment. In addition, the department has experienced additional downtime that results from older equipment. In order to maintain a high level of efficiency and productivity, and to help mitigate rising repair and maintenance costs, this equipment must be updated.

#### 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 FY2015. 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.

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Capital Improvement Program**

**Summary of Years 2-5 of Five Year Capital Improvement Program**

<b>Plan Fiscal Year: 2015-2016</b>			
<b>Department</b>	<b>Project</b>	<b>Cost</b>	<b>Page</b>
Gen'l Government	AUTOMATED EXTERNAL DEFIBRILLATORS	7,500	9
Gen'l Government	MUNICIPAL COMPLEX RESTROOMS	30,000	10
Gen'l Government	STAFF CAR	19,000	11
Gen'l Government	ROTARY PERFORMING ARTS PAVILION UPGRADES	500,000	12
Gen'l Government	WHITE PINE TRAIL CONNECTOR	250,000	13
Public Safety	POLICE K-9 VEHICLE	35,000	22
Public Safety	INCIDENT MANAGEMENT SOFTWARE	30,000	23
Public Safety	VEHICLE REPLACEMENT	38,000	24
Parks	KENWOOD PARK LOT PAVING	60,000	32
Parks	SPRINKLER SYSTEM REPLACEMENT	60,000	33
Parks	SHORELINE STABILIZATION	7,500	34
Parks	KENWOOD BATHROOM	80,000	35
Major Street	WEST DIVISION STREET (LINDEN TO SENECA)	160,000	44
Major Street	WEST BREMER STREET (LAKE TO MITCHELL)	60,000	45
Local Street	CRIPPEN STREET (MITCHELL TO PARK)	160,000	57
Local Street	SOUTH STREET (LAKE TO FOUR WINNS TEST CENTER)	75,000	58
Local Street	MARBLE STREET (MITCHELL TO SUNNYSIDE)	150,000	59
Local Street	SMITH STREET (WHEELER TO BURLINGAME)	100,000	60
Local Street	STREET SIGN REPLACEMENT	7,500	61
Cemetery	ROAD PAVING	40,000	71
Water/Wastewater	WEST BREMER STREET	40,000	96
Water/Wastewater	CRIPPEN STREET	60,000	97
Water/Wastewater	SOUTH STREET	40,000	98
Water/Wastewater	MARBLE STREET	100,000	99
Water/Wastewater	SMITH STREET	35,000	100
Water/Wastewater	CHANNEL MONSTER	75,000	101
Water/Wastewater	MANHOLE REHABILITATION	25,000	102
Water/Wastewater	RAW/PRIMARY SAMPLER REPLACEMENT	10,000	103
Water/Wastewater	WATER TOWER PAINTING	230,000	104
Water/Wastewater	WASTEWATER FUME HOOD	10,000	105
Water/Wastewater	WASTEWATER PARKING LOT IMPROVEMENTS	12,000	106
Water/Wastewater	WATER SUPPLY IMPROVEMENTS	2,300,000	95
Stores & Garage	TANDEM AXLE PLOW TRUCK	195,000	145
Stores & Garage	1-TON 4X4 TRUCK WITH DUMP BOX	35,000	146
Stores & Garage	3/4-TON 4X4 PICKUP TRUCK	25,000	147
IT	COMPUTER REPLACEMENT	20,000	162
<b>Total for FY 2015-2016</b>		<b>\$5,081,500</b>	

<b>Plan Fiscal Year: 2016-2017</b>			
<b>Department</b>	<b>Project</b>	<b>Cost</b>	<b>Page</b>
Gen'l Government	CONCRETE APRON REPLACEMENTS	22,000	14
Gen'l Government	COBB STREET SIDEWALK	100,000	15
Gen'l Government	CHESTNUT STREET SIDEWALK	75,000	16
Gen'l Government	CARMEL STREET SIDEWALK	75,000	17
Gen'l Government	PEARL STREET SIDEWALK	100,000	18
Public Safety	POLICE PATROL VEHICLE	31,000	25
Public Safety	FIRE PUMPER	385,000	26

**CITY OF CADILLAC**  
**2014-2015 Annual Operating Budget**

**Capital Improvement Program**

Parks	SKATE PARK EQUIPMENT	40,000	36
Parks	WALKWAY BRIDGE GAZEBO	25,000	37
Parks	RIDING LAWN MOWER	9,000	38
Major Street	LEESON STREET	130,000	46
Local Street	BLODGETT STREET (LINCOLN TO E. DIVISION)	65,000	62
Local Street	STREET SIGN REPLACEMENT	7,500	63
Cemetery	RIDING LAWN MOWER	9,000	72
Water/Wastewater	WEST DIVISION STREET	95,000	107
Water/Wastewater	BLODGETT STREET	25,000	108
Water/Wastewater	STAFF CAR	18,000	109
Water/Wastewater	DUMP TRUCK	75,000	110
Water/Wastewater	MUFFLE FURNACE/DRYING OVEN REPLACEMENT	8,000	111
Water/Wastewater	MANHOLE REHABILITATION	25,000	112
Water/Wastewater	EMPLOYEE BREAKROOM AND LOCKER FACILITY	40,000	113
Water/Wastewater	FEW PUMP REPLACEMENT	20,000	114
Water/Wastewater	WATER WELL MAINTENANCE	25,000	115
Water/Wastewater	ULTRAVIOLET DISINFECTION EQUIPMENT	15,000	116
Water/Wastewater	ATOMIC ABSORPTION SPECTROSCOPY MACHINE	70,000	117
Stores & Garage	VACUUM STREET SWEEPER/CATCH BASIN CLEANER	198,000	148
Stores & Garage	REPLACEMENT UNDERBODY PLOWS	9,000	149
Stores & Garage	MEDIUM-DUTY TRACTOR	45,000	150
IT	COMPUTER REPLACEMENT	20,000	163
IT	IT INFRASTRUCTURE	20,000	164
IT	SOFTWARE REPLACEMENT	125,000	165
<b>Total for FY 2016-2017</b>		<b>\$1,906,500</b>	

**Plan Fiscal Year: 2017-2018**

<b>Department</b>	<b>Project</b>	<b>Cost</b>	<b>Page</b>
Public Safety	POLICE PATROL VEHICLE	32,000	27
Parks	SHORELINE STABILIZATION	7,500	39
Major Street	COBB AND CARMEL STREETS	250,000	47
Local Street	EAST BREMER STREET (MITCHELL TO PARK)	150,000	64
Local Street	CRESTVIEW, EVART AND STIMSON STREETS	220,000	65
Local Street	STREET SIGN REPLACEMENT	7,500	66
Cemetery	ENTRANCE PILLAR RECONSTRUCTION	50,000	73
Water/Wastewater	EAST BREMER STREET	85,000	118
Water/Wastewater	CRESTVIEW, EVART AND STIMSON STREETS	90,000	119
Water/Wastewater	COBB & CARMEL STREET	50,000	120
Water/Wastewater	SEWER JETTER	100,000	121
Water/Wastewater	TWO (2) SERVICE TRUCKS	50,000	122
Water/Wastewater	CIRCULAR PUMP	15,000	123
Water/Wastewater	RAS PUMP	11,000	124
Water/Wastewater	WATER WELL MAINTENANCE	25,000	125
Water/Wastewater	WASTEWATER FUME HOOD	10,000	126
Water/Wastewater	MANHOLE REHABILITATION	25,000	127
Water/Wastewater	BOD INCUBATOR	7,500	128
Stores & Garage	SINGLE AXLE PLOW TRUCK	160,000	151
Stores & Garage	REGENERATIVE AIR SWEEPER	175,000	152
Stores & Garage	3/4-TON 4X4 PICKUP TRUCK	25,000	153
IT	COMPUTER REPLACEMENT	20,000	166
<b>Total for FY 2017-2018</b>		<b>\$1,565,500</b>	

**CITY OF CADILLAC**  
 2014-2015 Annual Operating Budget

**Capital Improvement Program**

<b>Plan Fiscal Year: 2018-2019</b>			
<b>Department</b>	<b>Project</b>	<b>Cost</b>	<b>Page</b>
Public Safety	POLICE PATROL VEHICLE	32,000	28
Parks	RIDING LAWN MOWER	9,000	40
Major Street	NORTH BOULEVARD (KENWOOD PARK TO M-115)	350,000	48
Local Street	COLFAX STREET (W. DIVISION TO WRIGHT)	180,000	67
Local Street	STREET SIGN REPLACEMENT	7,500	68
Cemetery	RIDING LAWN MOWER	9,000	74
Cemetery	MAINTENANCE GARAGE	100,000	75
Industrial Parks	INDUSTRIAL PARK EXPANSION	525,000	78
Water/Wastewater	COLFAX STREET	60,000	129
Water/Wastewater	WATER WELL MAINTENANCE	25,000	130
Water/Wastewater	3/4 TON, 4X4 SERVICE TRUCK	28,000	131
Water/Wastewater	MOBILE DIESEL AIR COMPRESSOR	20,000	132
Water/Wastewater	MANHOLE REHABILITATION	25,000	133
Water/Wastewater	LAB FRIDGES AND FREEZERS	10,000	134
Water/Wastewater	FERRIC PUMPS	10,000	135
Water/Wastewater	CUTTER STACK FOR MUFFIN MONSTER	25,000	136
Water/Wastewater	CONCRETE/ASPHALT WORK AT WWTP	105,000	137
Water/Wastewater	TWO SERVICE TRUCKS	50,000	138
Water/Wastewater	BAR SCREENS AT WWTP	50,000	139
Stores & Garage	SUNSET/LAKESHORE MAIN REPLACEMENT	20,000	140
Stores & Garage	SINGLE AXLE PLOW TRUCK	160,000	154
Stores & Garage	BUCKET TRUCK	165,000	155
Stores & Garage	RIDING LAWN MOWER	10,000	156
Stores & Garage	REPLACEMENT UNDERBODY PLOWS	9,000	157
Stores & Garage	SIDEWALK AND PARKING LOT SWEEPER	25,000	158
IT	IT INFRASTRUCTURE	50,000	167
IT	COMPUTER REPLACEMENT	20,000	168
<b>Total for FY 2018-2019</b>		<b>\$2,079,500</b>	
<b>5-Year Total Capital Improvement Program</b>		<b>\$13,203,500</b>	

**2015-2019 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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

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**Supplemental Section**

**2014-2015 Annual Budget Calendar**

**2013**

December City Manager, Director of Finance have preliminary discussions regarding budget objectives and priorities.



**2014**

- January 14 Staff meeting held to discuss the general guidelines for the 2014-2015 Annual Operating Budget preparation. Departments given access to Budget Maintenance in financial software as well as given a copy of 2014-2015 Personnel Summary.
- February 14 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 7 City Council holds budget work session.
- April 9 City Clerk makes public notice of public hearing on the budget.
- April 21 Public hearing held on the preliminary budget.
- May 5 City Council holds additional budget work session (if necessary).
- May 19 Budget adoption and tax levy authorization.
- June 20 City Clerk completes 2014 tax roll.
- June 30 Tax bills mailed.
- July 1 2014-2015 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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### Supplemental Section

**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 |

**Supplemental Section**

**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.

**Supplemental Section**

**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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

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**Supplemental Section**

**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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

---

### Supplemental Section

- (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

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

---

### Supplemental Section

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.

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### INVESTMENT POLICY GLOSSARY

**AGENCIES:** Federal agency securities.

**ASKED:** The price at which securities are offered.

**BANKERS' ACCEPTANCE (BA):** A draft or bill of 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).

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

---

### Supplemental Section

**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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

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**Supplemental Section**

**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.

**Supplemental Section**

**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.

**CITY OF CADILLAC**  
2014-2015 Annual Operating Budget

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**Supplemental Section**

**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, 2016

**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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

### Supplemental Section

# Cadillac, Michigan

#### Population:

2010 Census Population: 10,355  
Wexford County Population: 31,553  
(City represents 32% of county population)

#### Area within the City:

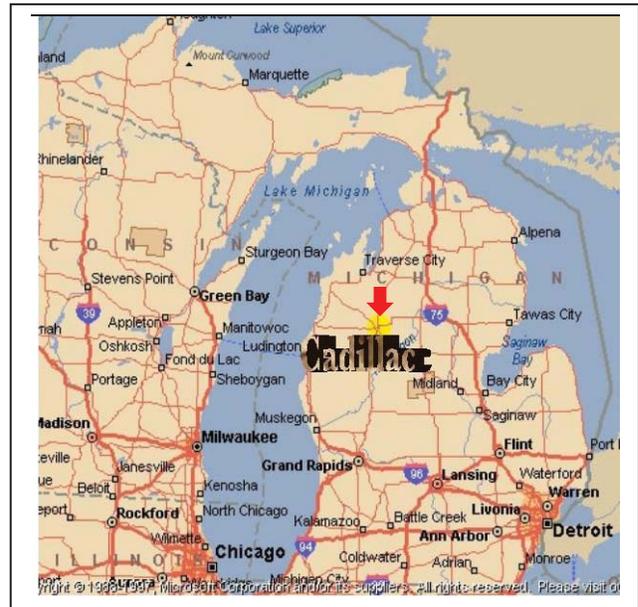
9 square miles  
Large all-sports lake within City limits. Located approximately 100 miles north of Grand Rapids and 50 miles southeast of Traverse City.

#### Government:

Incorporated in 1877; Council/Manager form of government (one of the first in Michigan);  
County Seat for Wexford County.

#### Major Industries:

Boat Manufacturer  
Rubber Products  
Medical Care  
Vacuum Cleaner Manufacturer  
Truck Parts and Commercial Freezers Manufacturer  
Automobile Parts Manufacturer  
Iron Foundry  
Military Hardware  
Tourism  
Beverage Distributing



#### Employment Data:

2010 – 19,737 labor force in the Wexford/Missaukee Labor Market Area (LMA)  
2010 - 16.6% unemployment rate in LMA

*\*Source: Michigan Department of Labor and Economic Growth; Retrieved from: [www.milmi.org](http://www.milmi.org)*

#### Other:

- Class 5 fire department rating.
- Three police agency headquarters, including City, Wexford County Sheriff and State Police.
- Cadillac is the County seat of Wexford County and as such, many legal and financial experts reside and practice here.
- 97 bed hospital.
- Several truck lines serve the area and railroad, bus line and airport further enhance the transportation network.

**Supplemental Section**

**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**  
 2014-2015 Annual Operating Budget

**Supplemental Section**

**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
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
2013	196,431,899	50,777,800	247,209,699	516,593,200	47.85%	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**  
2014-2015 Annual Operating Budget

**Supplemental Section**

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

<b>Taxpayer</b>	<b>2013</b>			<b>2004</b>		
	<b>Taxable Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Value <sup>a</sup></b>	<b>Taxable Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Value <sup>b</sup></b>
Cadillac Renewable Energy <sup>c</sup>	\$13,946,500	1	5.64%	\$13,358,600	2	6.08%
Cadillac Casting <sup>d</sup>	10,559,900	2	4.27%	15,529,500	1	7.07%
Paulstra CRC Corporation	6,873,039	3	2.78%	2,887,900	10	1.31%
Consumers Energy	6,342,144	4	2.57%	5,343,854	5	2.43%
Avon Protection	6,318,375	5	2.56%			
AAR Cadillac Manufacturing	5,051,500	6	2.04%	4,191,000	8	1.91%
Avon Automotive	4,899,200	7	1.98%			
Rexair, Inc.	4,729,809	8	1.91%	6,697,800	4	3.05%
Piranha Hose Products Inc.	4,573,726	9	1.85%			
FIAMM Technologies, Inc.	3,887,200	10	1.57%	5,054,200	6	2.30%
925 Frisbie Street LLC <sup>e</sup>				3,838,396	9	1.75%
Avon Rubber & Plastics				9,262,500	3	4.22%
Michigan Rubber				4,892,545	7	2.23%
<b>Totals</b>	<b>\$67,181,393</b>		<b>27.18%</b>	<b>\$71,056,295</b>		<b>32.35%</b>

*Source: City of Cadillac Treasurer's Office*

<sup>a</sup> Based on total taxable value of \$247,209,699.

<sup>b</sup> Based on total taxable value of \$219,682,139.

<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**  
 2014-2015 Annual Operating Budget

**Supplemental Section**

**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>	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2013	4,409,413	4,190,778	95.04%	218,635	4,409,413	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.

**Supplemental Section**

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

<b>Fiscal</b>		<b>Personal</b>	<b>Per</b>		<b>Local</b>	<b>State</b>	
<b>Year</b>	<b>Population<sup>1</sup></b>	<b>Income</b>	<b>Capita</b>	<b>School</b>	<b>Unemployment</b>	<b>Unemployment</b>	<b>Civilian</b>
		<b>(amounts</b>	<b>Personal</b>	<b>Enrollment<sup>3</sup></b>	<b>Percentage</b>	<b>Percentage</b>	<b>Labor</b>
		<b>expressed</b>	<b>Income<sup>2</sup></b>		<b>Rate<sup>4</sup></b>	<b>Rate<sup>4</sup></b>	<b>Force<sup>4</sup></b>
		<b>in thousands)</b>					
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	294,455	28,436	3,267	12.0	11.1	18,540
2012	10,355	N/A	N/A	3,262	9.8	9.3	18,960
2013	10,355	N/A	N/A	3,378	11.7	9.0	19,399

**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.

**Supplemental Section**

**CITY OF CADILLAC, MICHIGAN**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2013</u>			<u>2004</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>
Manufacturer-Equipment	576	1	3.36%	394	8	2.01%
Healthcare	472	2	2.76%	560	4	2.86%
Manufacturer-Recreation	420	3	2.45%	750	2	3.83%
Manufacturer-Iron Casting	394	4	2.30%			
Supplier-Automotive	372	5	2.17%			
Education	286	6	1.67%	450	6	2.30%
Manufacturer-Protection Products	236	7	1.38%			
Manufacturer-Molded Products	211	8	1.23%	700	3	3.57%
Manufacturer-Home Cleaning Systems	188	9	1.10%	450	7	2.30%
Manufacturer-Automotive	140	10	0.82%	240	9	1.23%
Manufacturer-Molded Products				802	1	4.09%
Manufacturer-Automotive				540	5	2.76%
Senior Housing and Rehabilitation				220	10	1.12%
	<u>3,295</u>		<u>19.24%</u>	<u>5,106</u>		<u>26.06%</u>

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

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

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### Glossary

The Annual Budget contains specialized and technical terminology unique to public finance and budgeting. To assist the reader of the Annual Budget document in understanding these terms, a budget glossary has been included in the document.

**ACCRUAL ACCOUNTING** A basis of accounting in which revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they are incurred.

**AGENCY FUND** A fund used to account for assets held by the city as an agent for individuals, private organizations, other governments and/or other funds.

**ANNEXATION** The incorporation of a land area into an existing city or village with a resulting change in the boundaries of that unit of local government.

**APPROVED BUDGET** The revenue and expenditure plan for the City for the fiscal year as reviewed and given final approval by the City Council.

**ASSESSED VALUATION** The taxable value placed upon property as a basis for levying taxes, equal to 50% of market value, as required by state law.

**AUTOMOBILE PARKING SYSTEM FUND** This fund accounts for Operations of the on-street and off-street parking facilities within the City.

**AUDIT** A comprehensive review of the manner in which the government's resources were actually utilized. The main purpose of an audit is to issue an opinion over the presentation of financial statements and to test the controls over the safekeeping of assets while making any recommendations for improvements where necessary.

**BALANCED BUDGET** A balanced budget is where the revenues and other financing sources match the expenditures and other financing uses or expenses.

**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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### Glossary

**CAPITAL EXPENDITURES** 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.

**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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### Glossary

**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.

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

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### Glossary

**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

# CITY OF CADILLAC

## 2014-2015 Annual Operating Budget

---

### Glossary

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, 2013**

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, 2013. 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

