

**CITY OF CADILLAC  
WEXFORD COUNTY, MICHIGAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2014**

City of  
**CADILLAC MICHIGAN**

People, Place, Partnerships: The Cadillac Standard

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

**CITY OF CADILLAC, MICHIGAN**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2014

Prepared by: Financial Services Department

**Director of Finance**

Owen Roberts

**Accountant**

Carol Pacella

# TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	I - V
Certificate of Achievement for Excellence in Financial Reporting	VI
Organizational Chart	VII
<b>FINANCIAL SECTION</b>	
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	16
Statement of Activities	17
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet	18
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	20
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances with the Statement of Activities	21
<b>Proprietary Funds</b>	
Statement of Net Position	22
Statement of Revenues, Expenses and Changes in Net Position	23
Statement of Cash Flows	24
<b>Fiduciary Funds</b>	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
<b>Component Units</b>	
Combining Statement of Net Position	28
Combining Statement of Activities	29
<b>Notes to the Financial Statements</b>	31
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	66
Schedule of Funding Progress - MERS	68
Schedule of Funding Progress - Other Post Employment Benefits	69
Schedule of Changes in Net Pension Liability and Related Ratios	70
Schedule of Contributions	71
Schedule of Investment Returns	72

# TABLE OF CONTENTS

Page

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## OTHER SUPPLEMENTARY INFORMATION

### Governmental Funds

Nonmajor Governmental Fund Descriptions	74
Combining Balance Sheet – Nonmajor Governmental Funds	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	79
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Major Streets	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Local Streets	83
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Cemetery	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Milfoil	85
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Cadillac Development	86
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Naval Reserve Center	87
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - HL Green Operating	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Clam River Greenway	89

### Proprietary Funds

Nonmajor Proprietary Fund Descriptions	90
Combining Statement of Net Position - Nonmajor Enterprise Funds	91
Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds	92
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	93

### Internal Service Funds

Internal Service Fund Descriptions	94
Combining Statement of Net Position - Internal Service Funds	95
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	96
Combining Statement of Cash Flows - Internal Service Funds	97

### Fiduciary Funds

Agency Fund Descriptions	99
Combining Statement of Fiduciary Net Position	100
Combined Statement of Changes in Fiduciary Net Position	101

### Component Unit Funds

Component Unit Description	102
LDFA Combining Balance Sheet and Statement of Net Position	103
LDFA Combining Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities	104
DDA Combining Balance Sheet and Statement of Net Position	105
DDA Combining Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities	106
EDC Balance Sheet and Statement of Net Position	107
EDC Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities	108
Brownfield Redevelopment Balance Sheet and Statement of Net Position	109
Brownfield Redevelopment Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities	110

### Schedules

Debt Schedules	111
Tax Roll Schedules	121

# TABLE OF CONTENTS

	<u>Page</u>
<b>STATISTICAL SECTION</b>	
<b>Statistical Section Table of Contents</b>	130
<b>Financial Trend Tables</b>	
Net Position by Component	131
Changes in Net Position	132
Fund Balances of Governmental Funds	134
Changes in Fund Balances In Governmental Funds	135
<b>Revenue Capacity Tables</b>	
Taxable Value and Estimated Actual Value of Taxable Property	136
Direct and Overlapping Property Tax Rates	137
Property Tax Levies and Collections	138
Principal Property Tax Payers	139
<b>Debt Capacity Tables</b>	
Ratios of Outstanding Debt by Type	140
Ratios of General Bonded Debt Outstanding	141
Direct and Overlapping Governmental Activities Debt	142
Legal Debt Margin Information	143
Pledged-Revenue Coverage	144
<b>Demographic and Economic Information</b>	
Demographic and Economic Statistics	145
Principal Employers	146
<b>Operating Information</b>	
Full-Time Equivalent City Employees by Function/Program	147
Operating Indicators by Function/Program	148
Capital Asset Statistics by Function/Program	149
Municipal Employees Retirement System Comparative Schedule	150
Police and Firemen Retirement System	152
Labor Agreements	153
Tax Information	154
<b>Wastewater</b>	
Number of Water Supply and Wastewater Treatment Customers	155
Monthly Ready-to-Serve Charge for Fire Protection	156
Fifteen Largest Water and Sewer Users	157
Water Supply and Wastewater Treatment Volume as Pumped	158
Water Supply and Wastewater Treatment Revenue as Billed by Meter Classification	159

## **INTRODUCTORY SECTION**



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

December 19, 2014

To the Honorable Mayor, Members of the City Council, and citizens of the City of Cadillac:

The comprehensive annual financial report of the City of Cadillac for the fiscal year ended June 30, 2014 is hereby submitted.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

Gabridge & Company, PLC, have issued an unmodified (“clean”) opinion on the City of Cadillac’s financial statements for the year ended June 30, 2014. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the Government***

The City of Cadillac was incorporated in 1877 and serves as the county seat of Wexford County. It is located in beautiful Northern Michigan and offers four very separate and distinct seasons which provide a variety of recreational opportunities for visitors. The community has been recognized as the largest manufacturing base north of Grand Rapids, and therefore provides employment opportunities which create an excellent quality of life for the year-round residents. Cadillac occupies nine square miles, which includes a lake that is entirely within the city limits.

The City government operates under a council/manager form of government and was one of the first municipalities in the state of Michigan to adopt this form of local governance. The City Council consists of four council members and a mayor elected at large. The council members are elected on a nonpartisan basis to staggered four-year terms based on four districts within the city. The mayor serves a two year term. The chief function of the City Council is to hire a City Manager and take legislative action as appropriate.

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

The City Council is required to adopt an annual budget by the second council meeting in May of each year. The annual budget serves as the foundation of the City of Cadillac's financial planning and control. The budget is prepared by fund and department. The budget is adopted by total fund for all funds except the General Fund. The General Fund is adopted by department (i.e. Police Department, Fire Department). The level of budgetary control for all transfers for the budget amounts within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the City Council. General Fund expenditures may not legally exceed appropriations at the major function level. Expenditures in all other funds may not exceed appropriations at the total fund level. The budget is approved by the city council annually by ordinance and amended by resolution quarterly as needed.

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

### ***Local Economy and Future Outlook***

Our local economy is comprised of a healthy mixture of manufacturing, tourism, recreation, retail, and professional services including major health care providers and services. The manufacturing sector provides significant employment opportunities and is a critical component of our overall local economic condition. Additionally, local recreation opportunities are vast, and include hunting, fishing, snowmobiling, biking, camping, golf, water sports and others. These activities bring in visitors from around the country to spend their tourism and recreational dollars in the community.

Economic conditions in our community continue to improve and our future is bright. Recent examples include new downtown development with the opening of the new Baker College off-campus apartment development, and the redevelopment of a restaurant into a combination restaurant/brew pub that has become a regional attraction. Additionally, Cadillac's west-side business area - Cadillac West – has seen a resurgence of activity with the revitalization of the strip mall facilities.

Cadillac is also still actively involved in several initiatives including redevelopment of the Rotary Performing Arts Pavilion, White Pine Trailhead Extension Project, Cadillac West Corridor Improvement Authority, and a PlacePlans Project - "Cadillac Heritage Plaza" in our core downtown area. Not only do these projects enhance core areas of the community, but they also provide the City with valuable opportunities to partner with other local agencies and organizations, like the Rotary Club, Michigan Municipal League, Cadillac Area Visitors Bureau, and others. Without these important partnerships and joint efforts, many of these projects would not be possible.

Local manufacturing facilities continue to invest in new equipment and facility upgrades, and have shown increases in overall employment levels. Several companies have brought new lines of products to Cadillac thereby securing their local stability and employment levels. There has also been a rise in lodging utilization rates and increased attendance at our major festivals and events, which positively impacts commerce that benefits our local economy. Looking far ahead, it is highly anticipated that a new, smartly designed mixed-use development consisting of high quality market rate multi-family residential and major commercial retail establishments, will be built on land recently annexed into the City. Though it is likely that this project will take several years to fully develop, it is still very exciting to see this property come into the City and to have the prospect of such a significant new development.

State-wide, the economic recovery that has been taking place over the last several years has continued to show positive results. According to the most recent statistics, Michigan's unemployment rate is now down to 6.7%, its lowest level since April, 2006! Additionally, survey results from the Business Facilities magazine annual report rank Michigan among the top states in employment recovery, specifically in automotive jobs and automotive manufacturing. Cadillac is proud to be home to several automotive component manufacturers and as such the recovery of this industry is significant for the community. The report also indicated that Michigan has gained 120,000 new manufacturing jobs since 2009, all of which are good indications that our state employment levels are strong and our future is bright.

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

Last year's debate over the personal property tax reform has been settled by an affirmative vote of the people and the passage of new tax law. It is too early to know for sure whether the impact of the reform will improve the fiscal stability of Cadillac, however it is anticipated that there will be major benefits to businesses statewide that will hopefully continue to improve and stabilize business conditions and opportunities in the State which will carry over to the local Cadillac economy as well.

Cadillac's economic condition continues to improve, and it is exciting to see the City bustling with activity!

### ***Long Term Financial Planning and Major Initiatives***

The City of Cadillac has unrestricted fund balance (the total of the assigned and unassigned components of fund balance) in the General Fund of \$1,950,614. This represents 29.5% of total General Fund expenditures for the fiscal year just ended. In accordance with City policy, 15% of annual expenditures – or \$991,414 – has been assigned as a working capital reserve. The City has also had a long-standing practice of assigning an amount to fully fund accrued but unpaid sick and vacation leave. As of June 30, 2014 this amount was \$420,930. These two amounts help stabilize the financial condition of the City.

The City also adopts a five-year capital improvement plan (CIP) each year. This plan identifies all capital projects in excess of \$7,500 and with an expected life of more than one year. Identifying these projects in the CIP aids in prioritizing appropriations and in identifying relevant sources of funding for future capital projects.

The most significant project identified in the CIP is the final phase of relocating the City's well field. Phase I of this project, which included about half of the required system capacity, has been online for more than a year. Initial engineering and site identification activities are ongoing and it is anticipated that construction could begin late in 2015. The City anticipates using a low-interest loan from the Michigan Department of Environmental Quality's Drinking Water Revolving Fund to fund this project that is estimated to cost \$2.8 million. The CIP also identified over \$3 million in street and infrastructure maintenance projects, \$1.9 million in major equipment purchases, and \$345,000 in technology upgrades.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cadillac for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the twenty-eighth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City of Cadillac published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2013. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide, and a communications device. This award has been received twenty-nine consecutive years.

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

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

Sincerely,



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Marcus A. Peccia, City Manager



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Owen E. Roberts, Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Cadillac  
Michigan**

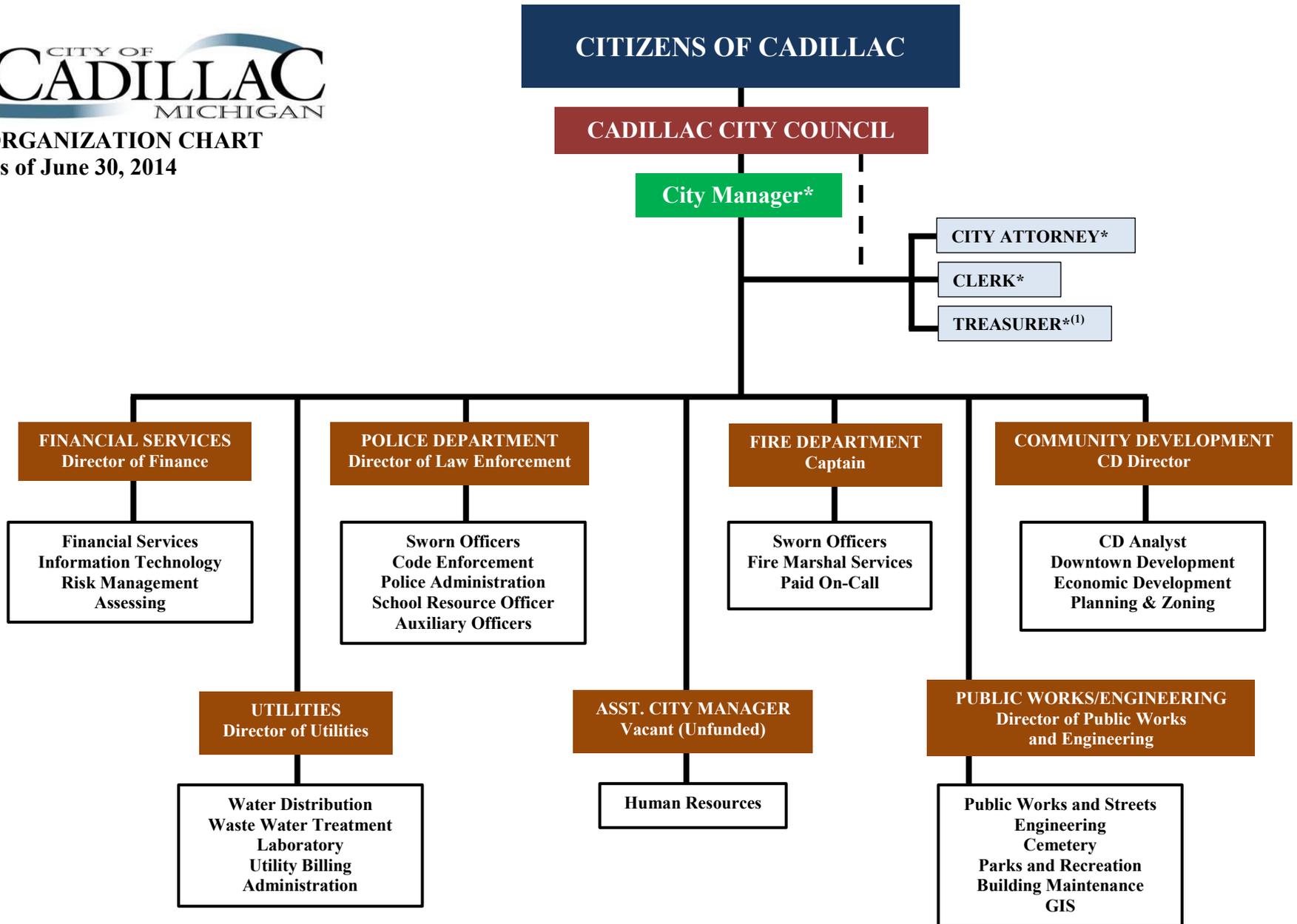
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



**ORGANIZATION CHART**  
As of June 30, 2014



*\* Positions appointed by the Cadillac City Council.  
(1) Reports to Director of Finance*

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council  
City of Cadillac, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Cadillac, Michigan, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cadillac, Michigan, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cadillac, Michigan's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, debt and tax roll schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, along with the debt and tax roll schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, along with the debt and tax roll schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the City of Cadillac, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Cadillac, Michigan's internal control over financial reporting and compliance.



Gabridge & Company, PLC  
Grand Rapids, Michigan  
December 19, 2014

**City of Cadillac**  
**Management's Discussion and Analysis**  
**June 30, 2014**

**Management's Discussion and Analysis**

The management of the City of Cadillac, Michigan ("the City") offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014, for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the City's financial activity. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and with the financial statements as a whole, which can be found in this report.

**Financial Highlights**

**Government-Wide**

- The assets and deferred outflows of the City exceeded its liabilities at the close of this fiscal year by \$36,583,027 (shown as *Net Position*), representing a decrease of \$527,823 over the previous fiscal year. Governmental Activities decreased \$527,296, while the Net Position of the Business-Type activities decreased by \$527.
- Of the total net position, \$7,146,350 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

**Fund Level Financial Highlights**

- As of June 30, 2014, the governmental funds of the City of Cadillac reported combined ending fund balances of \$6,171,640. This is a decrease of \$34,373. Revenues and expenditures were close to projected amounts, causing the minimal change in fund balance.
- In accordance with the City's policy, an amount equal to 15% of total General Fund expenditures has been assigned as a working capital reserve.
- In the General Fund, total Assigned and Unassigned Fund Balance decreased to \$1,950,614 as of June 30, 2014. Of this amount, \$371,323 represents fund balance that is unassigned and therefore available for future appropriation.

**Long-Term Debt**

- The City of Cadillac's total bonded debt **decreased** by just over \$1 million during the fiscal year. This decrease is the result of all debt service payments on the city's outstanding bond issues being made in a timely manner and no additional debt incurred during the fiscal year.

**Overview of the Financial Statements**

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

**City of Cadillac**  
**Management's Discussion and Analysis**  
**June 30, 2014**

**Government-Wide Financial Statements** - The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the City include general government, public safety, public works, recreation and culture, economic development and assistance, and interest on long-term debt. Business-type activities of the City include water and sewer utility services, building authority, and auto parking.

The government-wide financial statements include not only the City of Cadillac itself (known as the *primary government*), but also a legally separate component units for which the City is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16-17 of this report.

**Fund Financial Statements**

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

**Governmental Funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

**City of Cadillac**  
**Management's Discussion and Analysis**  
**June 30, 2014**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental funds for the City include the General Fund as well as the special revenue, capital project, debt service and permanent funds. The information is presented individually in the basic financial statements for the General Fund, which is considered to be a major fund. Data is combined into a single aggregated presentation for the other governmental funds (non-major governmental funds). Individual data for each of the remaining nonmajor governmental funds is provided in the form of combining statements and schedules.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

***Proprietary Funds*** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer activities, the Automobile Parking System, and the Building Authority Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its insurance benefit plans, information technology and safety activities, and for its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered to be a major fund of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

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

**City of Cadillac**  
**Management's Discussion and Analysis**  
**June 30, 2014**

The City maintains two fiduciary funds, the Police and Fire Retirement Fund, a pension trust fund to report resources held in trust for retirees and beneficiaries of the City's Act 345 Police and Fire Retirement System, and an agency fund used to report resources held by the City for other governments.

The fiduciary fund financial statements can be found on pages 26-27 of this report.

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

**Notes to the Financial Statements**

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes can be found beginning on page 31 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements. This information can be found beginning on page 66 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the City exceeded liabilities by \$36,583,027 at June 30, 2014. A comparison with the previous fiscal year is presented in order to show the change in Net Position over the previous fiscal year.

**City of Cadillac  
Management's Discussion and Analysis  
June 30, 2014**

**City of Cadillac Net Position**

*(amounts expressed in thousands)*

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$8,722	\$8,956	\$4,142	\$4,579	\$12,864	\$13,535
Capital Assets	11,973	12,813	23,471	23,578	35,444	36,391
<b>Total Assets</b>	<b>\$20,695</b>	<b>\$21,769</b>	<b>\$27,613</b>	<b>\$28,157</b>	<b>\$48,308</b>	<b>\$49,926</b>
Current and Other Liabilities	\$493	\$1,058	\$968	\$1,061	\$1,461	\$2,119
Long-Term Liabilities	1,286	1,289	8,977	9,407	10,263	10,696
<b>Total Liabilities</b>	<b>\$1,779</b>	<b>\$2,347</b>	<b>\$9,945</b>	<b>\$10,468</b>	<b>\$11,724</b>	<b>\$12,815</b>
<b>Net Position</b>						
Net Investment in Capital Assets	\$11,470	\$12,131	\$13,972	\$13,560	\$25,442	\$25,691
Restricted	3,369	3,794	626	671	3,995	4,465
Unrestricted	4,077	3,497	3,069	3,458	7,146	6,955
<b>Total Net Position</b>	<b>\$18,916</b>	<b>\$19,422</b>	<b>\$17,667</b>	<b>\$17,689</b>	<b>\$36,583</b>	<b>\$37,111</b>

The most significant portion of the City's Net Assets (69%) represents investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the City used to acquire or construct the asset. These assets are used by the City of Cadillac to provide public services to its citizens; consequently, these assets are not available for future spending.

The City has \$7,146,350 (20%) in unrestricted Net Position. This net position represents resources that are available for appropriation, but are limited by City policies regarding their use. An additional portion of net position (11%) represents resources that are subject to external restrictions on how they may be used.

The total net position of the City decreased by \$527,823 during the fiscal year. Reasons for this change in net position are discussed in upcoming sections.

**City of Cadillac  
Management's Discussion and Analysis  
June 30, 2014**

**City of Cadillac Change in Net Position**  
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$1,375	\$1,258	\$4,270	\$4,306	\$5,645	\$5,564
Operating Grants and Contributions	1,148	1,193	0	0	1,148	1,193
Capital Grants	0	47	0	0	0	47
<b>General Revenues</b>						
Property Taxes and Assessments	4,338	4,339	0	0	4,338	4,339
State Shared Revenue	988	924	0	0	988	924
Unrestricted Investment Earnings	68	62	19	13	87	75
Gain on Sale of Capital Assets	0	7	0	0	0	7
Other	10	4	0	0	10	4
<b>Total Revenues</b>	<b>\$7,927</b>	<b>\$7,834</b>	<b>\$4,289</b>	<b>\$4,319</b>	<b>\$12,216</b>	<b>\$12,153</b>
<b>Expenses</b>						
General Government, Administrative	\$1,987	\$1,862	\$0	\$0	\$1,987	\$1,862
Public Safety	3,199	3,224	0	0	3,199	3,224
Public Works	2,571	2,456	0	0	2,571	2,456
Recreation and Culture	421	520	0	0	421	520
Economic Development/Assistance	256	198	0	0	256	198
Interest on Long-Term Debt	21	39	0	0	21	39
Water and Sewer	0	0	4,138	4,025	4,138	4,025
Automobile Parking System	0	0	63	56	63	56
Building Authority Operating	0	0	88	95	88	95
<b>Total Expenses</b>	<b>\$8,455</b>	<b>\$8,299</b>	<b>\$4,289</b>	<b>\$4,176</b>	<b>\$12,744</b>	<b>\$12,475</b>
Changes in Net Position	(528)	(465)	0	143	(528)	(322)
Beginning Net Position	19,422	19,887	17,667	16,557	37,089	36,444
Ending Net Position	<u>\$18,894</u>	<u>\$19,422</u>	<u>\$17,667</u>	<u>\$16,700</u>	<u>\$36,561</u>	<u>\$36,122</u>

**Governmental Activities**

The net position of the City's governmental activities decreased by \$527,296 during the year. Much of this decrease can be attributed to depreciation expense charged against governmental assets. The City's overall taxable value declined for the fourth straight year, putting additional strain on available resources to fund operations and capital purchases. The City's obligation for other post-employment benefits (OPEB) also increased for the year.

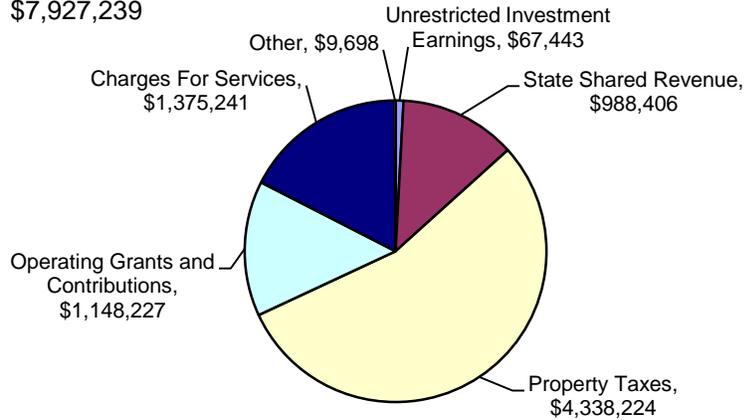
**City of Cadillac  
Management's Discussion and Analysis  
June 30, 2014**

The following chart summarizes the revenue sources for the City's governmental activities for the year ended June 30, 2014:

**Revenues - Governmental Activities**

Fiscal Year Ended June 30, 2014

Total Revenue: \$7,927,239

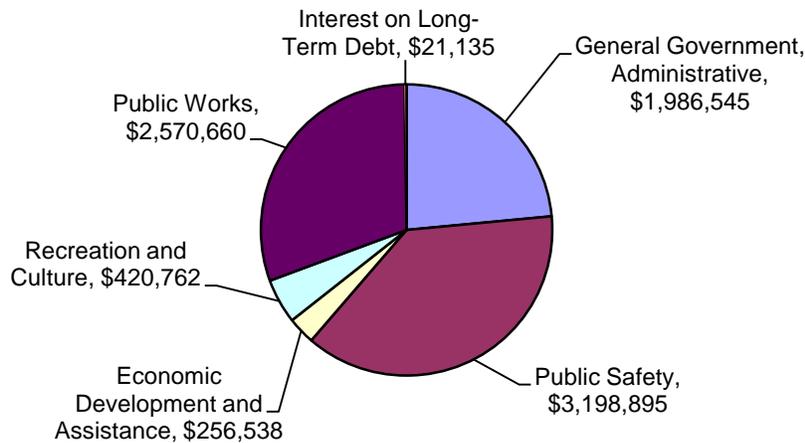


Total expenses for governmental activities for the year ended June 30, 2014 are summarized below:

**Expenses - Governmental Activities**

Fiscal Year Ended June 30, 2014

Total Expenses: \$8,454,535



**City of Cadillac  
Management's Discussion and Analysis  
June 30, 2014**

**Business-Type Activities**

Net position within the City's business-type activities decreased just \$527 during the year. The City's water and sewer activities resulted in a loss of \$89,559 for the year. Much of this loss was attributable to the costs of a "Run Water Notice" having to be issued by the Utilities Department that lasted several months at the end of the winter. The department incurred thousands of dollars of unexpected costs related to the event for contractual thawing services and departmental overtime as a result of pipes freezing and breaking. These losses were offset by a gain in the Building Authority Fund, which reports the activities related to the rental of a City building to the Michigan Department of Environmental Quality. This fund had an increase in net position of \$108,416.

**Financial Analysis of the Government's Funds**

**Governmental Funds** At the completion of the City's fiscal year ended June 30, 2014, governmental funds reported combined ending fund balances of \$6,171,640. This ending fund balance is \$34,373 lower than the end of the previous fiscal year. Of the total ending fund balance, \$817,327, or 13%, is nonspendable. An additional amount of \$1,532,935, or 25%, is restricted to spending for specific purposes, including street projects, lake treatment, and perpetual care of Maple Hill Cemetery. Portions of total fund balance have also been assigned for various uses, including a 15% working capital reserve and an amount equal to the estimated cost of sick and vacation leave benefits, totaling \$3,450,055, or 56% of the total. Finally, \$371,323 is unassigned and available for appropriation at the discretion of the City.

Detailed information regarding the various classifications of fund balance on hand as of June 30, 2014 can be found on pages 60-61 of this report.

**General Fund** – The General Fund is the main operating fund of the City. The fund balance in the General Fund at June 30, 2014 was \$2,041,817. This represents a 5% decrease from the prior year. An amount equal to 15% of total annual expenditures is assigned as a working capital reserve in accordance with City policy. This level has been maintained or exceeded for several years. There is also \$420,930 assigned to fund sick and vacation benefits that have accrued but have not yet been paid out.

Total fund balance in the City of Cadillac's General Fund decreased by \$117,756 in the current fiscal year. The City had budgeted for a use of fund balance of \$160,000 but due to the a couple of position vacancies, and several revenue sources exceeding the budget, the City ended the year in better condition than anticipated.

**Proprietary Funds** The City's proprietary funds provide virtually the same information as the government-wide statements; however, more detail may be found in the fund financial statements. The Water and Sewer Fund decreased net position by \$89,559 during the year. The issues discussed prior were the reason for the decrease. The Building Authority Operating Fund saw its net position increase in this fiscal year by \$108,416. Rental income from the Michigan Department of Environmental Quality totaled \$195,870, which holds steady from year to year in accordance with the City's lease with the State of Michigan.

**City of Cadillac  
Management's Discussion and Analysis  
June 30, 2014**

**General Fund Budgetary Highlights**

*Budget Amendments*

During the year, two budget amendments were approved by City Council. These amendments increased total General Fund appropriations by \$334,300. The major appropriation increases were related to the following:

- Appropriations for revenues and expenditures related to several grants awarded or received after the beginning of the fiscal year were amended into the budget.
- Additional legal fees were appropriated to cover annual activity that exceeded projections in the amount of \$135,000.
- Funds were amended into the budget from the Sick and Vacation reserve to fund the accrued sick and vacation payout for three employees that retired or resigned during the year. These items totaled \$89,000.

*Budget Variances*

Overall, actual expenditures were \$366,872 below the legal appropriations. Several factors contributed to this positive variance:

- Continued vacancies in the Police and Fire Departments caused expenditures to be below appropriations.
- A significant credit was received in the prior fiscal year on the City's electric bills related to street lights. Overall expenditures for these electric charges were nearly \$90,000 below appropriations.
- General savings and smaller cost-reduction actions accounted for the remainder of the positive variances.

**City of Cadillac  
Management's Discussion and Analysis  
June 30, 2014**

**Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for the governmental and business-type activities as of June 30, 2014 amounted to \$35,445,425 (net of accumulated depreciation). This represents a decrease of \$944,861 during the prior year. The City added approximately \$480,000 (net of disposals) in assets during the year. These were primarily in the form of infrastructure and water and sewer system improvements. Total capital assets declined primarily due to normal government-wide depreciation costs of approximately \$2,078,332. The City has invested in a broad range of capital assets, as detailed below:

<b>City of Cadillac Capital Assets</b> (amounts expressed in thousands)						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Infrastructure	\$19,144	\$19,023	\$0	\$0	\$19,144	\$19,023
Land and Land Improvements	3,482	3,482	1,402	1,311	4,884	4,793
Buildings	4,540	4,540	2,350	2,672	6,890	7,212
Machinery & Equipment	5,039	5,413	1,577	1,251	6,616	6,664
Investment in Water and Sewer Systems	0	0	37,927	37,507	37,927	37,507
<b>Subtotal</b>	<b>\$32,205</b>	<b>\$32,458</b>	<b>\$43,256</b>	<b>\$42,741</b>	<b>\$75,461</b>	<b>\$75,199</b>
Construction in Progress	0	0	278	55	278	55
Accumulated Depreciation	(20,232)	(19,646)	(20,062)	(19,218)	(40,294)	(38,864)
<b>Net Capital Assets</b>	<b>\$11,973</b>	<b>\$12,812</b>	<b>\$23,472</b>	<b>\$23,578</b>	<b>\$35,445</b>	<b>\$36,390</b>

Capital assets of the City include any items purchased that cost in excess of \$5,000 and have an expected useful life greater than one year. Additional information regarding the City's capital assets can be found in the Notes to Financial Statements section on page 38 and pages 45-47.

**Long-Term Debt.** As of June 30, 2014, the City had total long-term debt outstanding of approximately \$10,567,000. This is a decrease of just over \$1 million, or 9%, over the prior fiscal year. No additional debt was undertaken through the year, but two outstanding water and sewer revenue bond issues were refinanced early in the fiscal year. This refinancing was done to take advantage of favorable interest rates and is expected to reduce total debt service by \$694,699 over the remaining life of the bonds. Total debt was reduced by normal debt service requirements that were met throughout the year.

Of the City's total outstanding debt, \$460,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources. Most of the City's revenue bonds are associated with the Water and

**City of Cadillac  
Management's Discussion and Analysis  
June 30, 2014**

Sewer Fund (\$9,191,061), are backed by revenues from the Water and Sewer system, and have been used to finance major capital projects within the system.

<b>City of Cadillac Outstanding Debt</b> (amounts expressed in thousands)						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
General Obligation Bonds	\$460	\$595	\$0	\$0	\$460	\$595
Special Assessment Debt with Governmental Commitment	0	25	0	0	0	25
Contracts, Notes, and Other	465	923	143	0	608	923
Revenue Bonds	0	0	9,499	10,038	9,499	10,038
<b>Total Outstanding Debt</b>	<b>\$925</b>	<b>\$1,543</b>	<b>\$9,642</b>	<b>\$10,038</b>	<b>\$10,567</b>	<b>\$11,581</b>

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of total assessed valuation. The current debt limitation based on the City's taxable valuation of \$245,217,449 is \$24,521,744 which significantly exceeds the City's outstanding general obligation debt of \$460,000. More information on the City's long-term debt is available in the Notes to Financial Statements section of this document, on pages 48-50.

**Contacting the City's Financial Services Department**

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

## **BASIC FINANCIAL STATEMENTS**

**City of Cadillac**  
**Statement of Net Position**  
**June 30, 2014**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash & Pooled Investments	\$ 7,167,635	\$ 2,589,791	\$ 9,757,426	\$ 3,033,114
Receivables	472,884	696,727	1,169,611	31,457
Prepays	151,233	12,002	163,235	49
Inventory	62,980	196,823	259,803	--
Due from Fiduciary Funds	4,346	20,265	24,611	--
<b>Total Current Assets</b>	<b>7,859,078</b>	<b>3,515,608</b>	<b>11,374,686</b>	<b>3,064,620</b>
<i>Noncurrent Assets</i>				
Restricted Cash	--	625,784	625,784	--
Capital Assets not being Depreciated	2,480,493	990,126	3,470,619	--
Capital Assets being Depreciated	9,493,423	22,481,383	31,974,806	1,142,774
Net Other Post Employment Benefits Asset	84,052	--	84,052	--
Net Pension Asset	777,584	--	777,584	--
<b>Total Assets</b>	<b>20,694,630</b>	<b>27,612,901</b>	<b>48,307,531</b>	<b>4,207,394</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	213,774	213,633	427,407	19,858
Accrued Liabilities	55,005	16,594	71,599	698
Customer Deposits	--	7,930	7,930	--
Accrued Interest	4,614	65,435	70,049	--
Current Portion of Long-term Debt	87,721	665,000	752,721	--
Due to Fiduciary Funds	131,526	--	131,526	--
<b>Total Current Liabilities</b>	<b>492,640</b>	<b>968,592</b>	<b>1,461,232</b>	<b>20,556</b>
<i>Noncurrent Liabilities</i>				
Compensated Absences	471,121	143,306	614,427	9,303
Long-term Debt	416,583	8,834,061	9,250,644	143,324
Net Other Post Employment Benefits Liability	398,201	--	398,201	--
<b>Total Liabilities</b>	<b>1,778,545</b>	<b>9,945,959</b>	<b>11,724,504</b>	<b>173,183</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	11,469,612	13,972,448	25,442,060	1,142,774
Restricted	3,368,833	625,784	3,994,617	2,891,437
Unrestricted	4,077,640	3,068,710	7,146,350	--
<b>Total Net Position</b>	<b>\$ 18,916,085</b>	<b>\$ 17,666,942</b>	<b>\$ 36,583,027</b>	<b>\$ 4,034,211</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Cadillac  
Statement of Activities  
For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
General Government	\$ 1,986,545	\$ 509,067	\$ 21,338	\$ --	\$ (1,456,140)	\$ --	\$ (1,456,140)	\$ --
Public Safety	3,198,895	105,527	208,006	--	(2,885,362)	--	(2,885,362)	--
Public Works	2,570,660	733,327	838,773	--	(998,560)	--	(998,560)	--
Recreation & Culture	420,762	24,937	74,211	--	(321,614)	--	(321,614)	--
Economic Development	256,538	2,383	5,899	--	(248,256)	--	(248,256)	--
Interest on Long-term Debt	21,135	--	--	--	(21,135)	--	(21,135)	--
<b>Total Governmental Activities</b>	<b>8,454,535</b>	<b>1,375,241</b>	<b>1,148,227</b>	<b>--</b>	<b>(5,931,067)</b>	<b>--</b>	<b>(5,931,067)</b>	<b>--</b>
<b>Business-type Activities:</b>								
Auto Parking	63,300	42,361	--	--	--	(20,939)	(20,939)	--
Building Authority	87,968	195,870	--	--	--	107,902	107,902	--
Water and Sewer	4,138,372	4,031,762	--	--	--	(106,610)	(106,610)	--
<b>Total Business-type Activities</b>	<b>4,289,640</b>	<b>4,269,993</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(19,647)</b>	<b>(19,647)</b>	<b>--</b>
<b>Total Primary Government</b>	<b>\$ 12,744,175</b>	<b>\$ 5,645,234</b>	<b>\$ 1,148,227</b>	<b>\$ --</b>	<b>\$ (5,931,067)</b>	<b>\$ (19,647)</b>	<b>\$ (5,950,714)</b>	<b>--</b>
<b>Component Units</b>								
Brownfield Redevelopment	\$ 35,088	\$ --	\$ 20,736	\$ --	--	--	--	(14,352)
Downtown Development Authority	98,757	5,000	1,725	--	--	--	--	(92,032)
Local Development Finance Authority	271,830	17,968	--	--	--	--	--	(253,862)
Economic Development Corporation	--	--	--	--	--	--	--	--
<b>Total Component Units</b>	<b>\$ 405,675</b>	<b>\$ 22,968</b>	<b>\$ 22,461</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(360,246)</b>
<b>General Purpose Revenues and Transfers:</b>								
<b>Revenues</b>								
Property Taxes					4,338,224	--	4,338,224	300,881
State Revenue					988,406	--	988,406	--
Interest Income					67,443	19,120	86,563	25,445
Miscellaneous					9,698	--	9,698	--
<b>Transfers</b>					--	--	--	--
<b>Total General Revenues and Transfers</b>					<b>5,403,771</b>	<b>19,120</b>	<b>5,422,891</b>	<b>326,326</b>
<b>Change in Net Position</b>					<b>(527,296)</b>	<b>(527)</b>	<b>(527,823)</b>	<b>(33,920)</b>
<i>Net Position at Beginning of Period</i>					19,443,381	17,667,469	37,110,850	4,068,131
<b>Net Position at End of Period</b>					<b>\$ 18,916,085</b>	<b>\$ 17,666,942</b>	<b>\$ 36,583,027</b>	<b>\$ 4,034,211</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Cadillac  
Balance Sheet  
Governmental Funds  
June 30, 2014**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash & Pooled Investments	\$ 2,280,977	\$ 3,655,079	\$ 5,936,056
Receivables	118,723	323,045	441,768
Prepays	37,127	3,743	40,870
Due from Fiduciary Funds	4,213	133	4,346
Due from Other Funds	--	75,272	75,272
Advance to Other Funds	--	250,000	250,000
<b><i>Total Assets</i></b>	<b><u>\$ 2,441,040</u></b>	<b><u>\$ 4,307,272</u></b>	<b><u>\$ 6,748,312</u></b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 137,993	\$ 45,031	\$ 183,024
Accrued Liabilities	45,477	4,884	50,361
Due to Fiduciary Funds	131,526	--	131,526
Due to Other Funds	72,496	2,776	75,272
<b><i>Total Liabilities</i></b>	<b><u>387,492</u></b>	<b><u>52,691</u></b>	<b><u>440,183</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues	11,731	124,758	136,489
<b><i>Total Liabilities and Deferred Inflows of Resources</i></b>	<b><u>399,223</u></b>	<b><u>177,449</u></b>	<b><u>576,672</u></b>
<b>FUND BALANCE</b>			
Nonspendable	37,127	780,200	817,327
Restricted	54,076	1,478,859	1,532,935
Assigned	1,579,291	1,870,764	3,450,055
Unassigned	371,323	--	371,323
<b><i>Total Fund Balance</i></b>	<b><u>2,041,817</u></b>	<b><u>4,129,823</u></b>	<b><u>6,171,640</u></b>
<b><i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i></b>	<b><u>\$ 2,441,040</u></b>	<b><u>\$ 4,307,272</u></b>	<b><u>\$ 6,748,312</u></b>

**City of Cadillac**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2014**

Total Fund Balance - Governmental Funds	\$	6,171,640
Net position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.		1,814,513
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.		(4,614)
General government capital assets of \$29,215,769, net of accumulated depreciation of \$17,955,913, are not financial resources, and accordingly are not reported in the funds.		11,259,856
Certain receivables are not available to pay for current period expenditures and, therefore, are unearned in the funds.		136,489
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(504,304)
Compensated absences are not due in and payable in the current period, and therefore, are not reported in the funds.		(420,930)
The net pension asset is not paid form current financial resources and, therefore, is excluded from the fund financial statements but is included as an asset in the government-wide financial statements.		777,584
Other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(314,149)
<b>Total Net Position - Governmental Funds</b>	<b>\$</b>	<b><u>18,916,085</u></b>

**City of Cadillac**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2014**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property Taxes	\$ 4,216,334	\$ 121,890	\$ 4,338,224
Licenses & Permits	129,179	--	129,179
Federal Revenue	4,779	--	4,779
State Revenue	996,914	1,018,902	2,015,816
Local Revenue Sharing	208,006	7,817	215,823
Charges for Services	865,645	74,213	939,858
Fines	13,582	--	13,582
Miscellaneous	26,798	109,132	135,930
Interest Income	30,435	37,008	67,443
<b><i>Total Revenues</i></b>	<b><u>6,491,672</u></b>	<b><u>1,368,962</u></b>	<b><u>7,860,634</u></b>
<b>Expenditures</b>			
General Government	1,666,939	152,562	1,819,501
Public Safety	3,152,675	--	3,152,675
Public Works	782,725	1,131,626	1,914,351
Economic Development	202,000	46,307	248,307
Recreation & Culture	295,547	--	295,547
Capital Outlay	59,542	150,384	209,926
Debt Service - Principal	--	229,943	229,943
Debt Service - Interest	--	24,757	24,757
<b><i>Total Expenditures</i></b>	<b><u>6,159,428</u></b>	<b><u>1,735,579</u></b>	<b><u>7,895,007</u></b>
<b><i>Excess of Revenues Over (Under) Expenditures</i></b>	<b><u>332,244</u></b>	<b><u>(366,617)</u></b>	<b><u>(34,373)</u></b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	--	806,035	806,035
Transfers Out	(450,000)	(356,035)	(806,035)
<b><i>Net Other Financing Sources (Uses)</i></b>	<b><u>(450,000)</u></b>	<b><u>450,000</u></b>	<b><u>--</u></b>
<b><i>Net Change in Fund Balance</i></b>	<b><u>(117,756)</u></b>	<b><u>83,383</u></b>	<b><u>(34,373)</u></b>
<i>Fund Balance at Beginning of Period</i>	<u>2,159,573</u>	<u>4,046,440</u>	<u>6,206,013</u>
<b><i>Fund Balance at End of Period</i></b>	<b><u>\$ 2,041,817</u></b>	<b><u>\$ 4,129,823</u></b>	<b><u>\$ 6,171,640</u></b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Cadillac**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended June 30, 2014**

Total Net Change in Fund Balances - Governmental Funds	\$	(34,373)
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements		35,909
Governmental fund report capital outlay as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$976,637 is in excess of capital outlay expenditures of \$209,926.		(766,711)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but not in the Statement of Activities (where it is a reduction of liabilities).		229,943
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		3,622
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		33,444
Some receivables are long-term in nature and are collectable over several years. However, the current receipts are reflected as revenues on the fund statements.		(9,017)
Changes to the net pension asset are not shown in the fund financial statements. The net effect of the current year increase is to increase net position.		90,358
In the Statement of Activities, an expense is recorded for other post-employment benefits (OPEB) to adjust net OPEB obligation to the actuarial determined amount less any contributions to fund the obligation. This is the difference between the prior year and the current year net OPEB obligation.		(110,471)
<b>Changes in Net Position - Governmental Funds</b>	<b>\$</b>	<b><u>(527,296)</u></b>

**City of Cadillac**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	<u>Business-type Activities - Enterprise Funds</u>			<b>Governmental Activities Internal Service Funds</b>
	<u>Water and Sewer</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash & Pooled Investments	\$ 2,297,217	\$ 292,574	\$ 2,589,791	\$ 1,231,579
Receivables	696,204	523	696,727	31,116
Prepays	11,970	32	12,002	110,363
Inventory	196,823	--	196,823	62,980
Due from Fiduciary Funds	20,265	--	20,265	--
<b>Total Current Assets</b>	<u>3,222,479</u>	<u>293,129</u>	<u>3,515,608</u>	<u>1,436,038</u>
<i>Noncurrent Assets</i>				
Restricted Cash	625,784	--	625,784	--
Capital Assets not being Depreciated	650,460	339,666	990,126	25,000
Capital Assets being Depreciated	21,112,130	1,369,253	22,481,383	689,060
<b>Total Assets</b>	<u>25,610,853</u>	<u>2,002,048</u>	<u>27,612,901</u>	<u>2,150,098</u>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	213,030	603	213,633	30,750
Accrued Liabilities	15,001	1,593	16,594	4,644
Customer Deposits	7,930	--	7,930	--
Accrued Interest	62,272	3,163	65,435	--
Current Portion of Long-term Debt	530,000	135,000	665,000	--
<b>Total Current Liabilities</b>	<u>828,233</u>	<u>140,359</u>	<u>968,592</u>	<u>35,394</u>
<i>Noncurrent Liabilities</i>				
Compensated Absences	143,306	--	143,306	50,191
Long-term Debt	8,694,061	140,000	8,834,061	--
Advance from Other Funds	--	--	--	250,000
<b>Total Liabilities</b>	<u>9,665,600</u>	<u>280,359</u>	<u>9,945,959</u>	<u>335,585</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	12,538,529	1,433,919	13,972,448	464,060
<i>Restricted for:</i>				
Debt Service	625,784	--	625,784	--
Retirees' Life Insurance	--	--	--	168,866
Employees' Life and Health Insurance	--	--	--	906,690
<i>Unrestricted</i>	2,780,940	287,770	3,068,710	274,897
<b>Total Net Position</b>	<u>\$ 15,945,253</u>	<u>\$ 1,721,689</u>	<u>\$ 17,666,942</u>	<u>\$ 1,814,513</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Cadillac**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<u>Business-type Activities - Enterprise Funds</u>			<b>Governmental</b>
	<u>Water and Sewer</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<b>Internal Service Funds</b>
<b>Operating Revenues</b>				
Local Revenue Sharing	\$ 126,344	\$ --	\$ 126,344	\$ --
Charges for Services	3,903,519	1,080	3,904,599	1,859,698
Special Assessments	--	41,281	41,281	--
Rent	--	195,870	195,870	--
Miscellaneous	1,899	--	1,899	126,174
<b>Total Operating Revenues</b>	<u>4,031,762</u>	<u>238,231</u>	<u>4,269,993</u>	<u>1,985,872</u>
<b>Operating Expenses</b>				
Salaries & Wages	1,370,578	23,750	1,394,328	212,530
Materials & Supplies	345,441	792	346,233	148,776
Utilities	461,024	3,019	464,043	36,858
Repair & Maintenance	132,067	12,271	144,338	93,003
Equipment Rental	237,428	21,504	258,932	9,523
Contracted Services	351,759	16,785	368,544	190,066
Professional Fees	--	5,500	5,500	--
Self Insurance	--	--	--	1,121,776
Depreciation	917,646	53,162	970,808	130,887
<b>Total Operating Expenses</b>	<u>3,815,943</u>	<u>136,783</u>	<u>3,952,726</u>	<u>1,943,419</u>
<b>Operating Income (Loss)</b>	<u>215,819</u>	<u>101,448</u>	<u>317,267</u>	<u>42,453</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest Income	17,051	2,069	19,120	9,413
Interest Expense	(266,008)	(14,485)	(280,493)	(15,957)
Bond Issuance Costs	(56,421)	--	(56,421)	--
<b>Net Non-Operating Revenues (Expenses)</b>	<u>(305,378)</u>	<u>(12,416)</u>	<u>(317,794)</u>	<u>(6,544)</u>
<b>Income Before Contributions and Transfers</b>	<u>(89,559)</u>	<u>89,032</u>	<u>(527)</u>	<u>35,909</u>
Transfers In	--	--	--	--
Transfers Out	--	--	--	--
<b>Change In Net Position</b>	<u>(89,559)</u>	<u>89,032</u>	<u>(527)</u>	<u>35,909</u>
<i>Net Position at Beginning of Period</i>	16,034,812	1,632,657	17,667,469	1,778,604
<b>Net Position at End of Period</b>	<u>\$ 15,945,253</u>	<u>\$ 1,721,689</u>	<u>\$ 17,666,942</u>	<u>\$ 1,814,513</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Cadillac**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water and Sewer</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Total Internal Service Funds</b>
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 4,055,400	\$ 238,301	\$ 4,293,701	\$ 2,020,714
Cash Payments to Employees for Services and Fringe Benefits	(1,368,379)	(22,157)	(1,390,536)	(208,431)
Cash Payments to Suppliers for Goods and Services	(1,509,982)	(60,351)	(1,570,333)	(1,696,855)
<b>Total Cash Flows from Operating Activities</b>	<b>1,177,039</b>	<b>155,793</b>	<b>1,332,832</b>	<b>115,428</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Principal Paid	(392,329)	(130,000)	(522,329)	-
Payment on Advance	-	-	-	(50,000)
Interest Paid	(357,698)	(15,980)	(373,678)	(15,957)
Purchase of Equipment	(860,671)	-	(860,671)	(58,848)
<b>Total Cash Flows from Capital and Related Financing Activities</b>	<b>(1,610,698)</b>	<b>(145,980)</b>	<b>(1,756,678)</b>	<b>(124,805)</b>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	17,051	2,069	19,120	9,413
<b>Total Cash Flows from Investing Activities</b>	<b>17,051</b>	<b>2,069</b>	<b>19,120</b>	<b>9,413</b>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	<b>(416,608)</b>	<b>11,882</b>	<b>(404,726)</b>	<b>36</b>
<i>Cash and Equivalents - Beginning of Year</i>	3,339,609	280,692	3,620,301	1,231,543
<b>Cash and Equivalents - End of Year</b>	<b>\$ 2,923,001</b>	<b>\$ 292,574</b>	<b>\$ 3,215,575</b>	<b>\$ 1,231,579</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Cadillac**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<u>Business-type Activities - Enterprise Funds</u>			<b>Governmental</b>
	<u>Water and Sewer</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<b>Internal Service Funds</b>
<b>Reconciliation of Operating Income (Loss) to</b>				
<b>Net Cash Provided (Used) by Operating Activities</b>				
<b>Operating Income</b>	\$ 215,819	\$ 101,448	\$ 317,267	\$ 42,453
<b>Adjustments to Reconcile Operating Income to Net Cash</b>				
<b>Provided (Used) by Operating Activities</b>				
Depreciation Expense	917,646	53,162	970,808	130,887
<b>Changes in Assets &amp; Liabilities</b>				
Receivables	23,638	-	23,638	34,843
Inventory	265	-	265	11,514
Prepaid Expenses	(11,970)	(32)	( 12,002 )	(24,264)
Accounts Payable	29,442	(378)	29,064	(88,748)
Accrued Liabilities	2,199	1,593	3,792	8,743
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,177,039</u>	<u>\$ 155,793</u>	<u>\$ 1,332,832</u>	<u>\$ 115,428</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Cadillac**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

	<b>Pension and Benefit Trust</b>	
	<b>Police &amp; Fire Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash & Pooled Investments	\$ 520,285	\$ 182,091
Investments	9,095,719	--
Due from General Fund	131,526	--
<i><b>Total Assets</b></i>	<b>9,747,530</b>	<b>182,091</b>
<b>LIABILITIES</b>		
Due to Other Governmental Units	--	157,480
Due to Other Funds	--	24,611
<i><b>Total Liabilities</b></i>	<b>--</b>	<b>182,091</b>
<b>NET POSITION</b>		
Restricted for Pensions	<b>\$ 9,747,530</b>	<b>\$ --</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Cadillac**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2014**

	<b>Police &amp; Fire Trust</b>
<b>Additions</b>	
<i>Contributions</i>	
Employer	\$ 633,673
Employee	42,195
<b><i>Total Contributions</i></b>	<b>675,868</b>
<i>Investment Income</i>	
Interest Income	15
Net Investment Income	1,146,917
<b><i>Total Investment Income</i></b>	<b>1,146,932</b>
<b><i>Total Additions</i></b>	<b>1,822,800</b>
<b>Deductions</b>	
Benefit Payments, Including Refunds of Member Contributions	743,524
Administrative Expenses	7,200
<b><i>Total Deductions</i></b>	<b>750,724</b>
<b><i>Change in Net Position</i></b>	<b>1,072,076</b>
<b>Net Position Restricted for Pensions</b>	
<i>Net Position at Beginning of Period</i>	8,675,454
<b><i>Net Position at End of Period</i></b>	<b>\$ 9,747,530</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Cadillac**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2014**

	<u>Brownfield Redevelopment</u>	<u>Downtown Development Authority</u>	<u>Local Development Finance</u>	<u>Economic Development Corporation</u>	<u>Total Component Units</u>
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash & Pooled Investments	\$ 209,852	\$ 305,179	\$ 2,516,916	\$ 1,167	\$ 3,033,114
Receivables	--	205	31,252	--	31,457
Prepays	--	49	--	--	49
<b>Total Current Assets</b>	<u>209,852</u>	<u>305,433</u>	<u>2,548,168</u>	<u>1,167</u>	<u>3,064,620</u>
<i>Noncurrent Assets</i>					
Capital Assets being Depreciated	--	1,002,532	140,242	--	1,142,774
<b>Total Assets</b>	<u>209,852</u>	<u>1,307,965</u>	<u>2,688,410</u>	<u>1,167</u>	<u>4,207,394</u>
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	--	9,095	10,763	--	19,858
Accrued Liabilities	--	191	507	--	698
<b>Total Current Liabilities</b>	<u>--</u>	<u>9,286</u>	<u>11,270</u>	<u>--</u>	<u>20,556</u>
<i>Noncurrent Liabilities</i>					
Compensated Absences	--	9,303	--	--	9,303
Long-term Debt	143,324	--	--	--	143,324
<b>Total Liabilities</b>	<u>143,324</u>	<u>18,589</u>	<u>11,270</u>	<u>--</u>	<u>173,183</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	--	1,002,532	140,242	--	1,142,774
<i>Restricted for:</i>					
Groundwater Clean Up	--	--	1,250,280	--	1,250,280
Capital Projects	--	--	992,673	--	992,673
Economic Development	66,528	286,844	293,945	1,167	648,484
<i>Unrestricted</i>	--	--	--	--	--
<b>Total Net Position</b>	<u>\$ 66,528</u>	<u>\$ 1,289,376</u>	<u>\$ 2,677,140</u>	<u>\$ 1,167</u>	<u>\$ 4,034,211</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Cadillac**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2014**

	<u>Brownfield Redevelopment</u>	<u>Downtown Development Authority</u>	<u>Development Finance Authority</u>	<u>Economic Development Corporation</u>	<u>Total Component Units</u>
<b>Expenses</b>					
Economic Development	\$ 35,088	\$ 57,564	\$ 267,295	\$ --	\$ 359,947
Interest on Long-term Debt	--	682	--	--	682
Depreciation	--	40,511	4,535	--	45,046
<b>Total Expenses</b>	<u>35,088</u>	<u>98,757</u>	<u>271,830</u>	<u>--</u>	<u>405,675</u>
<b>Program Revenues</b>					
Charges for services	--	5,000	17,968	--	22,968
Operating Grants & Contributions	20,736	1,725	--	--	22,461
Capital Grants & Contributions	--	--	--	--	--
<b>Total Program Revenues</b>	<u>20,736</u>	<u>6,725</u>	<u>17,968</u>	<u>--</u>	<u>45,429</u>
<b>Net Program Revenues (Expenses)</b>	<u>(14,352)</u>	<u>(92,032)</u>	<u>(253,862)</u>	<u>--</u>	<u>(360,246)</u>
<b>General Revenue</b>					
Property Taxes	27,059	135,479	138,343	--	300,881
Interest Income	2	2,073	23,370	--	25,445
<b>Total General Revenues</b>	<u>27,061</u>	<u>137,552</u>	<u>161,713</u>	<u>--</u>	<u>326,326</u>
<b>Change in Net Position</b>	<b>12,709</b>	<b>45,520</b>	<b>(92,149)</b>	<b>--</b>	<b>(33,920)</b>
<i>Net Position at Beginning of Period</i>	53,819	1,243,856	2,769,289	1,167	4,068,131
<b>Net Position at End of Period</b>	<u>\$ 66,528</u>	<u>\$ 1,289,376</u>	<u>\$ 2,677,140</u>	<u>\$ 1,167</u>	<u>\$ 4,034,211</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

## **NOTES TO THE FINANCIAL STATEMENTS**

## City of Cadillac

### Notes to the Financial Statements

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#### **Note 1 – Summary of Significant Accounting Policies**

The financial statements of the City of Cadillac (the “City” or “government”) have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the City’s accounting policies are described below.

#### ***Reporting Entity***

The City was incorporated March 9, 1877, and adopted its current charter on November 2, 1976. The City has a population of about 10,000 residents, and operates under a Council-Manager form of government. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. Each blended and discretely presented component unit has a June 30 year end.

#### ***Blended Component Units***

**City of Cadillac Policemen and Firemen Retirement System** – The City’s police and fire employees participate in the Policemen and Firemen Retirement System (“PFRS”). PFRS functions for the benefit of the employees and is governed by a five-member pension board. The City’s treasurer, one fireman, one police officer, and two members appointed by the mayor constitute the pension board. The City is responsible for funding all PFRS costs based on actuarial valuations. These costs are paid for out of an unlimited tax levy approved by the voters of the City. The City is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels. A separate report is not prepared for the PFRS.

**Cadillac Building Authority** – The Cadillac Building Authority (the “Authority”) is a municipal, nonprofit, nonstock corporation organized under the laws of the State of Michigan solely for the purpose of acquiring and owning buildings for lease to the City. Due to this special financing relationship, the Authority is considered a component of the City’s reporting entity. A separate report is not prepared for the Authority.

#### ***Discretely Presented Component Units***

**Downtown Development Authority** – The Downtown Development Authority (the “DDA”) was established through City Ordinance under Act No. 197 of the Public Acts of Michigan 1975. The City Council determined that it was necessary and in the best interest of the City to halt property value deterioration, to eliminate the causes and to promote economic growth.

## City of Cadillac

### Notes to the Financial Statements

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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. Because the DDA board members are appointed by the City Council, the City exercises effective control over the activity of the DDA.

**Economic Development Corporation of the City of Cadillac** – The Economic Development Corporation (the “EDC”) is a nonstock, nonprofit corporation. Its purpose is to act as an economic development corporation for the City of Cadillac in accordance with state law. Directors of the EDC are appointed by the Mayor with the advice and consent of the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council. Because the EDC board members are appointed by the Mayor, and the City Council approves the EDC’s operations and capital budgets along with bonded debt, the City exercises effective control over the activity of the EDC.

**Local Development Finance Authority** – The Local Development Finance Authority (the “LDFA”) was created by the City Council pursuant to the provisions of Act 251, Public Acts of 1986. The members of the board of the LDFA are appointed by the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council. The LDFA has a stated purpose to provide for the acquisition, construction and financing of a groundwater treatment facility, which will consist of a complex of wells and pumps installed on property where contaminated groundwater is located; piping sufficient to carry the contaminated groundwater to a cleaning facility; and the cleaning facility itself. The LDFA has also indicated that, if funds are available, they will construct roads, water and sewer lines within the VanderJagt Industrial Park. Money to finance these projects will come from tax increments attributed to the increased in the value of real and personal property resulting from new construction, and property value increase within the industrial park. Because the LDFA board members are appointed by the City Council, and the City Council approves the LDFA’s operations and capital budgets along with bonded debt, the City exercises effective control over the activity of the LDFA.

**Brownfield Redevelopment Authority** – The Brownfield Redevelopment Authority (the “BRA”) was established through City Ordinance under Michigan Public Act 381 of 1996. Its purpose is to identify contaminated sites and remediate them, as well as, to provide the financing to do so. The members of the board of the BRA are appointed by the City Council. Its operational and capital budget and bonded debt must be approved by the City Council. Because the BRA board members are appointed by the City Council, and the City Council approves the BRA’s operations and capital budgets along with bonded debt, the City exercises effective control over the activity of the BRA.

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

## City of Cadillac

### Notes to the Financial Statements

The following entities are not included in the City's financial statements but do represent an ongoing financial interest or responsibility:

#### *Joint Venture*

**Wexford County Airport Authority** – The Wexford County Airport Authority is a joint venture created to construct, maintain, operate and improve the Wexford County Airport. Authority board members are appointed by the mayor with the advice and consent of the City Council and by the Wexford County Board of Commissioners. The Authority receives funding from the City and from Wexford County. The Authority's fiscal year corresponds with the County's and, because the County has majority representation on the board and provides 60% of the Authority's funding, its financial statements are included in the County's comprehensive annual financial report rather than the City's. The following financial information was taken from the Authority's December 31, 2013, audited financial statements:

Total Assets	\$ 3,143,216
Total Liabilities	9,336
Net Investment in Capital Assets	2,832,624
Net Position - Unrestricted	301,256
Total Revenues - Governmental & Business-type Activities	656,779
Total Expenses - Governmental & Business-type Activities	646,584
Change in Net Position	10,195

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

#### *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are charged based upon a City-wide cost allocation plan which allocates costs based on the number of full-time equivalents, number of transactions, and other pertinent information. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are

## City of Cadillac

### Notes to the Financial Statements

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restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental fund:

The ***general fund*** is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

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

## City of Cadillac

### Notes to the Financial Statements

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Additionally, the City reports the following fund types:

The *special revenue funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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

The *capital projects funds* account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

The *permanent funds* account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the City programs.

The *enterprise funds* are used to account for operations of the City that are financed by charges for the services provided.

The *internal service funds* are used to account for shared services, equipment usage, and insurance coverage provided to the City departments and funds on a cost reimbursement basis.

The *pension trust fund* is used to account for the operations of the City Act 345 Pension Plan which provides pension benefits to public safety department employees.

The *agency funds* are used to account for the collection and disbursement of funds that are collected on behalf of outside governments or other parties.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## City of Cadillac

### Notes to the Financial Statements

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#### ***Budgets and Budgetary Accounting***

Comparisons to budget are presented for the general and special revenue funds. General and special revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the City Manager submits to the City Council a proposed operating budget for all governmental funds for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to May 31, the budget is legally enacted through passage of a budget ordinance. Budgets are submitted on a line-item basis but adopted by the Council on a major function basis.
4. All transfers of budget amounts between functions within the general fund and any revisions that alter the total expenditures of any fund must be approved by the City Council. General fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental funds may not exceed appropriations at the total fund level.
5. Formal budgetary integration is employed for the governmental fund types as a management control device.
6. Budgets for the general, special revenue, debt service and capital project funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end. Budgeted amounts are as originally adopted, or as amended by the City Council from time to time throughout the year. Two budget amendments were made during the year in a legally permissible manner.
7. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

#### ***Cash and Pooled Investments***

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal at any time similar to a demand deposit account.

## City of Cadillac

### Notes to the Financial Statements

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#### ***Investments***

The City's investment policy is in compliance with state law and authorizes the City to invest in passbook savings accounts, negotiable and nonnegotiable certificates of deposit, repurchase agreements backed by the United States government or federal agency obligations, United States Treasury bills and bonds, bankers acceptances, federal agency instruments, money market funds and commercial paper. Investments in commercial paper must be rated in one of the two highest rating categories by Standard and Poor's or Moody's and are limited to fifty percent of a fund's portfolio in accordance with state statutes. The policemen and firemen retirement system trust fund and cemetery perpetual care fund are also authorized to invest in corporate common and preferred stocks and bonds.

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

#### ***Receivables/Due from Other Governments***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances at year-end are considered by management to be immaterial. Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program and capital grants are recorded as receivables and revenue at the time reimbursable costs are incurred. Revenues received in advance of costs being incurred are reported as unearned revenue (a liability).

#### ***Special Assessments Receivable***

Special assessments receivable consist of long-term receivables from customers and benefited parties for various infrastructure improvement projects.

#### ***Loans Receivable***

Loans receivable as reported in the special revenue funds consist of the following:

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

#### ***Prepaid and Other Assets***

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

## City of Cadillac

### Notes to the Financial Statements

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#### ***Inventory***

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Inventory represents parts, materials, and supplies utilized in the various City operations. Inventories are recorded as expenditures when consumed rather than when purchased.

#### ***Restricted Cash***

Certain resources of the water and sewer fund, which are set aside for repayment of revenue bonds, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond reserve" account (\$379,918) is used to report resources set aside to make current debt service payments and to make up potential future deficiencies in the funds available for debt service. The "bond replacement" account (\$245,866) is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

#### ***Capital Assets***

Capital assets, which include land, construction in progress, buildings, vehicles and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

<b>Description</b>	<b>Useful Life</b>
Buildings	50
Building Improvements	20
Public Domain Infrastructure	50
System Infrastructure	30
Vehicles	5
Equipment	5-10

## City of Cadillac

### Notes to the Financial Statements

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#### ***Compensated Absences***

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

#### ***Long-term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bond issuance costs are expensed during the current period in both the government-wide and proprietary fund financial statements.

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

#### ***Deferred Inflows of Resources***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item, which arises only under a modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, the item, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues with three sources: installment notes and mortgages, personal property taxes, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### ***Net Position Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and

## City of Cadillac

### Notes to the Financial Statements

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proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

#### ***Fund Balance Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### ***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, interfund advances, and the nonspendable portion of endowments. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

## City of Cadillac

### Notes to the Financial Statements

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*Unassigned fund balance* is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the City Council.

#### ***Property Taxes***

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

The 2013 taxable valuation of the City of Cadillac totaled \$245,217,449, on which ad valorem taxes levied consisted of 13.9473 mills for the City of Cadillac operating purposes, 2.6000 mills for the City of Cadillac Policemen and Firemen Retirement System, and .5000 mills for milfoil eradication. These levies raised approximately \$3,394,318 for operating purposes, \$632,821 for the Policemen and Firemen Retirement System, and \$121,890 for milfoil eradication. These amounts are recognized in the respective general fund or special revenue fund financial statements as taxes receivable or as tax revenue. Portions of these taxes levied were captured by the Downtown Development Authority, the Local Development Finance Authority, and the Brownfield Redevelopment Authority.

#### ***Interfund Transactions***

During the course of normal operations, the City has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Changes between enterprise funds and other functions of the City are not reimbursements because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Remaining transactions are generally reflected as transfers.

#### ***Use of Estimates***

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

# City of Cadillac

## Notes to the Financial Statements

### ***Subsequent Events***

Subsequent events have been evaluated through December 19, 2014, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would have a significant impact on the financial condition of the City.

### **Note 2 – Statutory Compliance**

#### **Excess of expenditures over appropriations in budgetary funds**

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

The City's actual expenditures and budgeted expenditures for the budgeted funds have been shown at the department level. The approved budgets of the City for these budgeted funds were adopted at the major function level.

During the year ended June 30, 2014, the City did not incur any excess of expenditures over appropriations.

### **Note 3 – Cash and Investments**

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	Primary Government	Component Units	Total
Cash & Pooled Investments	\$ 9,757,426	\$ 3,033,114	\$ 12,790,540
Restricted Cash	625,784	-	625,784
Total	<u>\$ 10,383,210</u>	<u>\$ 3,033,114</u>	<u>\$ 13,416,324</u>

The cash and investments making up the above balances are as follows:

Bank Deposits	\$ 4,360,199
Certificates of Deposit	5,408,937
Investments	3,021,104
Petty Cash	300
Total	<u>\$ 13,416,324</u>

The deposits are in financial institutions in varying amounts. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

## City of Cadillac

### Notes to the Financial Statements

#### Investments

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
MI Class Investments	N/A	\$ 186,233	AAAm	S&P
U.S. Government Bonds	2016 - 2027	2,358,633	AA+	S&P
Money Market Mutual Funds	N/A	476,238	N/A	
<b>Total</b>		<u>\$ 3,021,104</u>		

#### *Investment and Deposit Risk*

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

*Interest Rate Risk* - The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, investments are purchased with the intent of holding them until they mature or are called. The maturity date for each investment is identified above for investments held at year-end. The maturity dates for the certificates of deposits are as follows:

	<u>Certificates of Deposit</u>
Due Within One Year	\$ 1,011,912
Due in 1-5 Years	4,397,025
<b>Total</b>	<u>\$ 5,408,937</u>

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of year-end, \$4,072,696 of the City's bank deposits and certificates of deposit balance of \$8,333,077 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

*Custodial Credit Risk – Investments* - For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments in U.S. government securities, corporate bonds and notes, stocks and government notes have custodial credit risk exposure because they are uninsured, and unregistered and the securities are

## City of Cadillac

### Notes to the Financial Statements

held by brokers in the City's name. The government does not have an investment policy for custodial credit risk.

*Concentration of Credit Risk* - The City minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, as follows: with the exception of U.S. Treasury and agency securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

#### Note 4 – Receivables

Receivables were as follows at June 30, 2014:

	<u>General Fund</u>	<u>Non-major Funds</u>	<u>Internal Service Funds</u>	<u>Water &amp; Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>
<b>Receivables</b>							
Accounts	\$ 98,003	\$ 479	\$ 14,744	\$ 384,463	\$ -	\$ 497,689	\$ 4,106
Special Assessment	-	92,958	-	-	-	92,958	-
Due from State	-	148,163	-	-	-	148,163	-
Taxes	12,745	229	-	-	-	12,974	-
Interest	7,975	1,952	16,372	1,815	523	28,637	27,351
Loans	-	19,791	-	-	-	19,791	-
Grants	-	59,473	-	-	-	59,473	-
Unbilled	-	-	-	309,926	-	309,926	-
<b>Total Receivables</b>	<u>\$ 118,723</u>	<u>\$ 323,045</u>	<u>\$ 31,116</u>	<u>\$ 696,204</u>	<u>\$ 523</u>	<u>\$ 1,169,611</u>	<u>\$ 31,457</u>

#### Note 5 – Advances Between Funds

Advances receivable and payable at June 30, 2014 were \$250,000. Advances represent long-term loans between funds. The Cadillac development fund has an advance due of \$250,000 from the central stores and municipal garage fund as of June 30, 2014.

#### Note 6 – Interfund Transactions

Transfers in and out for the year ended June 30, 2014 are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 450,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	356,035

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

## City of Cadillac

### Notes to the Financial Statements

As of June 30, 2014, interfund balances were as follows:

Due from Other Funds	Due to Other Funds	Amount
General	Nonmajor Governmental Funds	\$ 72,496
Nonmajor Governmental Funds	Nonmajor Governmental Funds	2,766
		\$ 75,262

Interfund balances resulted primarily from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

### Note 7 – Capital Assets

Capital asset activity for governmental activities for the year was as follows:

	June 30, 2013	Additions	Reductions	June 30, 2014
<b>Governmental Activities</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 2,455,493	\$ -	\$ -	\$ 2,455,493
<b>Capital assets being depreciated</b>				
Buildings	4,062,010	-	-	4,062,010
Land Improvements	932,865	-	-	932,865
Machinery & Equipment	2,725,621	88,920	193,098	2,621,443
Infrastructure	19,022,952	121,006	-	19,143,958
<b>Total capital assets being depreciated</b>	26,743,448	209,926	193,098	26,760,276
<b>Less accumulated depreciation</b>				
Buildings	3,029,346	91,703	-	3,121,049
Land Improvements	549,263	30,306	-	579,569
Machinery & Equipment	2,152,761	128,387	193,098	2,088,050
Infrastructure	11,441,004	726,241	-	12,167,245
<b>Total accumulated depreciation</b>	17,172,374	976,637	193,098	17,955,913
<b>Internal Service Fund Capital Assets</b>	786,098	(72,039)	-	714,060
<i>Net capital assets being depreciated</i>	10,357,173	(766,711)	-	9,518,423
<b>Governmental Activities Capital Assets, Net</b>	\$ 12,812,666	\$ (766,711)	\$ -	\$ 11,973,916

## City of Cadillac

### Notes to the Financial Statements

Capital asset activity for the internal service funds for the year was as follows:

<b>Internal Service Funds</b>	June 30, 2013	Additions	Reductions	June 30, 2014
<b>Capital assets not being depreciated</b>				
Land	\$ 25,000	-	-	25,000
<b>Capital assets being depreciated</b>				
Buildings	478,181	-	-	478,181
Land Improvements	68,971	-	-	68,971
Machinery & Equipment	2,687,456	58,848	328,521	2,417,783
<b>Total capital assets being depreciated</b>	<u>3,234,608</u>	<u>58,848</u>	<u>328,521</u>	<u>2,964,935</u>
<b>Less accumulated depreciation</b>				
Buildings	210,954	10,447	-	221,401
Land Improvements	66,343	263	-	66,606
Machinery & Equipment	2,196,212	120,177	328,521	1,987,868
<b>Total accumulated depreciation</b>	<u>2,473,509</u>	<u>130,887</u>	<u>328,521</u>	<u>2,275,875</u>
<i>Net capital assets being depreciated</i>	<u>761,098</u>	<u>(72,039)</u>	<u>-</u>	<u>689,060</u>
<b>Internal Service Funds Capital Assets, Net</b>	<u>\$ 786,098</u>	<u>\$ (72,039)</u>	<u>\$ -</u>	<u>\$ 714,060</u>

Capital asset activity for business-type activities for the year was as follows:

<b>Business-type Activities</b>	June 30, 2013	Additions	Reductions	June 30, 2014
<b>Capital assets not being depreciated</b>				
Land	\$ 712,319	\$ -	\$ -	\$ 712,319
Construction in Process	54,715	223,092	-	277,807
<b>Total capital assets not being depreciated</b>	<u>767,034</u>	<u>223,092</u>	<u>-</u>	<u>990,126</u>
<b>Capital assets being depreciated</b>				
Buildings	2,350,590	-	-	2,350,590
Land Improvements	689,966	-	-	689,966
Machinery & Equipment	811,135	472,400	-	1,283,535
Vehicles	396,972	22,824	127,042	292,754
Water	13,424,666	142,355	-	13,567,021
Sewer	24,359,536	-	-	24,359,536
<b>Total capital assets being depreciated</b>	<u>42,032,865</u>	<u>637,579</u>	<u>127,042</u>	<u>42,543,402</u>
<b>Less accumulated depreciation</b>				
Buildings	1,094,498	46,938	-	1,141,436
Land Improvements	324,719	21,335	-	346,055
Machinery & Equipment	774,326	32,800	-	807,126
Vehicles	383,939	8,685	127,042	265,582
Water	5,110,927	256,342	-	5,367,269
Sewer	11,529,844	604,708	-	12,134,552
<b>Total accumulated depreciation</b>	<u>19,218,253</u>	<u>970,808</u>	<u>127,042</u>	<u>20,062,020</u>
<i>Net capital assets being depreciated</i>	<u>22,814,612</u>	<u>(333,229)</u>	<u>-</u>	<u>22,481,383</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 23,581,646</u>	<u>\$ (110,137)</u>	<u>\$ -</u>	<u>\$ 23,471,509</u>

## City of Cadillac

### Notes to the Financial Statements

Capital asset activity for the component units for the year was as follows

<b>Discretely Presented Component Units</b>	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>
<b>Capital assets being depreciated</b>				
Land Improvements	\$ 8,965	\$ -	\$ -	\$ 8,965
Infrastructure	1,407,848	-	-	1,407,848
<b><i>Total capital assets being depreciated</i></b>	<u>1,416,813</u>	<u>-</u>	<u>-</u>	<u>1,416,813</u>
<b>Less accumulated depreciation</b>				
Land Improvements	7,620	896	-	8,516
Infrastructure	221,373	44,150	-	265,523
<b><i>Total accumulated depreciation</i></b>	<u>228,993</u>	<u>45,046</u>	<u>-</u>	<u>274,039</u>
<b><i>Component Units Capital Assets, Net</i></b>	<u>\$ 1,187,820</u>	<u>\$ (45,046)</u>	<u>\$ -</u>	<u>\$ 1,142,774</u>

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

#### **Governmental Activities**

General Government	\$ 69,354
Public Safety	111,055
Public Works	661,650
Recreation & Culture	125,215
Economic Development	9,363
Internal Service Funds	130,887
<b><i>Total Governmental Activities</i></b>	<u>\$ 1,107,524</u>

#### **Business-type Activities**

Water & Sewer	\$ 917,646
Auto Parking	16,754
Building Authority	36,408
<b><i>Total Business-type Activities</i></b>	<u>\$ 970,808</u>

#### **Component Units**

Downtown Development Authority	\$ 40,511
Local Development Finance Authority	4,535
<b><i>Total Component Units</i></b>	<u>\$ 45,046</u>

# City of Cadillac

## Notes to the Financial Statements

### Note 8 – Long-term Debt

The following is a summary of the debt transactions of the City for the year ended June 30, 2014:

<u>Governmental Activities</u>	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>	<u>Due Within One Year</u>
\$300,000 2000 Michigan Transportation Fund Bonds due in annual installments of \$35,000 through October 1, 2014; interest at 5.55%	\$ 70,000	\$ -	\$ 70,000	\$ -	\$ -
\$995,000 2004 General Obligation Capital Improvement Bonds due in annual installments of \$65,000 to \$85,000 through September 1, 2019; interest at 3.65% to 4.25%	525,000	-	65,000	460,000	70,000
\$210,000 Special Assessment limited Tax Bonds due in annual installments of \$5,000 through October 1, 2014; interest at 5.55%	10,000	-	10,000	-	-
\$325,000 Special Assessment Limited Tax Bonds due in annual installments of \$5,000 through October 1, 2015; interest at 4.75% to 5.00%	15,000	-	15,000	-	-
\$212,653 Michigan Jobs Commission loan due in quarterly installments of \$4,430 beginning September 1, 2005 and running through December 1, 2016; this loan is interest-free.	62,025	-	17,721	44,304	17,721
\$235,000 Construction Loan, due in annual installments of \$26,111 through 2014; interest at 3.00%	52,222	-	52,222	-	-
<b>Total Governmental Activities Debt</b>	<u>734,247</u>	<u>-</u>	<u>229,943</u>	<u>504,304</u>	<u>87,721</u>
Governmental Compensated Absences	454,374	209,101	242,545	420,930	-
Internal Service Compensated Absences	46,092	37,523	33,424	50,191	-
<b>Total Compensated Absences</b>	<u>500,466</u>	<u>246,624</u>	<u>275,969</u>	<u>471,121</u>	<u>-</u>
<b>Total Long-term Debt</b>	<u>\$ 1,188,621</u>	<u>\$ 246,624</u>	<u>\$ 472,488</u>	<u>\$ 925,234</u>	<u>\$ 87,721</u>

# City of Cadillac

## Notes to the Financial Statements

<u>Business-type Activities</u>	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>	<u>Due Within One Year</u>
\$3,865,205 Wastewater System Junior Lein Revenue Refunding Bond due in annual installments of \$175,000 to \$220,205 through October 1, 2028; interest at 1.625%	\$ 3,185,205	\$ -	\$ 175,000	\$ 3,010,205	\$ 180,000
\$2,110,000 Water Supply and Wastewater Systems Revenue and Revenue Refunding Bonds due in annual installments of \$130,000 to \$175,000 through September 1, 2019; interest at 4.70% to 4.90%	1,060,000	-	1,060,000	-	-
\$2,324,906 Water Supply and Wastewater Systems Revenue Junior Lein Revenue Bonds due in annual installments of \$27,671 to \$150,000 through April 1, 2032; interest at 2.50%	2,197,721	31,135	90,000	2,138,856	95,000
\$5,215,000 Water and Sewer Revenue and Revenue Refunding Bonds due in annual installments of \$80,000 to \$415,000 through September 1, 2026; interest at 4.60% to 5.125%	3,190,000	-	3,190,000	-	-
\$1,265,000 1999 Building Authority Refunding Bonds due in annual installments of \$130,000 to \$140,000 through October 1, 2015; interest at 4.60%	405,000	-	130,000	275,000	135,000
\$4,075,000 2013 Water Supply and Wastewater Systems Revenue Refunding Bonds due in annual installments of \$255,000 to \$370,000 through September 2026; interest at 2.70%	-	4,075,000	-	4,075,000	255,000
<b>Total Business-type Activities Debt</b>	<u>10,037,926</u>	<u>4,106,135</u>	<u>4,645,000</u>	<u>9,499,061</u>	<u>665,000</u>
Business-type Compensated Absences	156,958	76,255	89,907	143,306	-
<b>Total Long-term Debt</b>	<u>\$ 10,194,884</u>	<u>\$ 4,182,390</u>	<u>\$ 4,734,907</u>	<u>\$ 9,642,367</u>	<u>\$ 665,000</u>
<u>Component Units</u>	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>	<u>Due Within One Year</u>
\$75,000 Working Capital Loan, due in annual installments of \$15,000 through 2015; interest at 3.00%	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ -
\$143,324 Brownfield Redemption Loan from the Department of Environmental Quality, due in annual installments of \$14,332 starting October 2016 and through 2026; interest at 1.50%	143,324	-	-	143,324	-
<b>Total Component Unit Debt</b>	<u>173,324</u>	<u>-</u>	<u>30,000</u>	<u>143,324</u>	<u>-</u>
Compensated Absences	8,229	6,910	5,836	9,303	-
<b>Total Component Units</b>	<u>\$ 354,877</u>	<u>\$ 6,910</u>	<u>\$ 35,836</u>	<u>\$ 152,627</u>	<u>\$ -</u>

## City of Cadillac

### Notes to the Financial Statements

The annual requirements to amortize all debt outstanding (excluding compensated absences) as of June 30, 2014 are as follows:

Year Ending June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 87,721	\$ 17,143	\$ 104,864	\$ 665,000	\$ 218,487	\$ 883,487
2016	87,721	14,483	102,204	690,000	201,032	891,032
2017	83,862	11,654	95,515	560,000	182,287	742,287
2018	80,000	8,553	88,553	570,000	169,247	739,247
2019	80,000	5,273	85,273	580,000	156,032	736,032
2020-2024	85,000	1,806	86,806	3,185,000	565,755	3,750,755
2025-2029	-	-	-	2,815,205	192,156	3,007,361
2020-2034	-	-	-	433,856	37,925	455,770
<b>Totals</b>	<b>\$ 504,304</b>	<b>\$ 58,910</b>	<b>\$ 563,213</b>	<b>\$ 9,499,061</b>	<b>\$ 1,722,922</b>	<b>\$ 11,221,983</b>

Year Ending June 30,	Component Units		
	Principal	Interest	Total
2015	\$ -	\$ -	\$ -
2016	-	-	-
2017	14,332	2,150	-
2018	14,332	1,935	-
2019	14,332	1,720	-
2020-2024	71,664	5,375	-
2025-2026	28,664	430	-
<b>Totals</b>	<b>\$ 143,324</b>	<b>\$ 11,609</b>	<b>\$ -</b>

**Advance Refunding** - In July 2013, the City issued \$4,075,000 of General Obligation Refunding Bonds to advance refund the City's 1999 Water Supply and Wastewater Systems Revenue and Revenue Refunding Bonds in the amount of \$1,060,000 and the City's 2001 Water and Sewer Revenue and Revenue Refunding Bonds in the amount of \$3,190,000. The proceeds of the bonds were used to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payment on the refunded debt. As a result, the bonds are considered defeased and the liability has been removed from the statement of net position. At June 30, 2014, no defeased debt was outstanding as these bonds were called for payment on September 1, 2013. The refunding resulted in a net cash savings of \$700,184 and an economic gain of \$694,699.

Compensated absences are generally liquidated from the general fund in governmental activities and the water and sewer fund in business-type activities.

# City of Cadillac

## Notes to the Financial Statements

### Note 9 – Pension Plans

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

#### *MERS Plan Description*

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

**Funding Policy.** MERS members are not required to make any contributions to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 0.00% to 23.46% of annual covered payroll depending on division of employees. The contribution requirements of plan members and the City are established and may be amended by the MERS board of trustees.

**Annual Pension Cost.** For the year ended June 30, 2014, the annual pension cost of \$261,878 was equal to the City's required and actual contributions.

<b>Three-Year Trend Information</b>			
<b>Fiscal Year Ending</b>	<b>Annual Pension Cost</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2012	\$ 211,857	100%	\$ -
6/30/2013	227,945	100%	-
6/30/2014	261,878	100%	-

**Actuarial Methods and Assumptions.** The required contribution was most recently determined as part of the December 31, 2013 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions include (a) 8.0% investment rate of return (net of administrative expenses), and (b) projected salary increases ranging from 4.50% to 12.90% per year. Both (a) and (b) include an inflation component of 4.50%. The actuarial value of assets was determined

## City of Cadillac

### Notes to the Financial Statements

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on the basis of a method that calculates expected investment income at the valuation rate of return and adds a portion of the difference between the expected investment income and actual investment income earned on a market value basis. The difference in investment income between expected return and market return is recognized over a 10 year period at the rate of 10% per year. Positive unfunded accrued liability (if any) is amortized on an open basis as a level percentage of payroll over a period of 25 years, while negative unfunded liability (if any) is amortized as a level percentage of payroll on an open basis over a period of 10 years.

***Funded Status and Funding Progress.*** As of December 31, 2013, the most recent actuarial valuation date, the plan was 89 percent funded. The actuarial accrued liability for benefits was \$13,097,078 and the actuarial value of assets was \$11,667,590, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$1,429,488. The covered payroll (annual payroll of active employees covered by the plan) was \$2,647,200, and the ratio of the UAAL to the covered payroll was 54 percent.

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

### ***Police and Fireman Retirement System Plan Description (“PFRS” or “Act 345 Defined Benefit Plan”)***

#### **Summary of Significant Accounting Policies**

***Method used to value investments.*** A smoothed market value of assets was used for the June 30, 2014 valuation. This method credits investment income at the assumed rate and spreads the difference between the actual and assumed rate over 5 years. This method is the same method that was used in last year’s valuation.

#### **Plan Description**

***Plan administration.*** The City’s police and fire employees participate in the Policemen and Firemen Retirement System. PFRS functions for the benefit of the employees and is governed by a five-member pension board. The City’s treasurer, one fireman, one police officer, and two members appointed by the mayor constitute the pension board. The City is responsible for funding all PFRS costs based on actuarial valuations. These costs are paid for out of an unlimited tax levy approved by the voters of the City. The City is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels. A separate report is not prepared for the PFRS.

## City of Cadillac

### Notes to the Financial Statements

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**Plan membership.** Membership of the Act 345 defined benefit plan consisted of the following at the date of the latest actuarial valuation (June 30, 2014):

<b>ACT 345 Defined Benefit Plan</b>	
Retirees and Beneficiaries Receiving Benefits	35
Terminated Plan Members Entitled but not yet Receiving Benefits	1
Active Plan Members	<u>25</u>
<b>Total Participants</b>	<b><u>61</u></b>

**Contributions.** Fire members hired prior to 7/06/2010 and all police members contribute an actuarially determined amount to pay for the increase in the benefit multiplier from 2.0% to 2.5%, but no larger than 3% annually. Fire members hired on or after 7/06/2010 do not contribute.

The City is required to contribute at an actuarially determined rate of 35.00% of payroll for police members and 26.98% of payroll for fire members. These rates totaled an actuarially determined contribution of \$543,315 for the year ending June 30, 2014, of which \$633,673 was contributed to the plan in the current year. The City establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

**Benefits provided.** The City of Cadillac Policeman and Firemen Retirement System is a single-employer defined benefit pension plan that covers policemen and firemen employees of the City of Cadillac. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The pension board is able to establish and amend the types of benefits offered through the plan.

# City of Cadillac

## Notes to the Financial Statements

The benefits provided can be summarized as follows:

Eligibility	Amount
<b>Service Retirement</b>	
Age 50 with 25 or more years of service or age 60 regardless of service.	Straight life pension at retirement equals 2.5% of 5 year average final compensation (AFC) times first 25 years of service plus 1% of AFC times year of service in excess of 25 years.
<b>Deferred Retirement</b>	
10 or more years of service.	Computed as service retirement but based upon service, AFC, and benefit in effect at termination. Benefit begins at date of retirement would have occurred had member remained in employment.
<b>Death After Retirement Survivor's Pension</b>	
Payable to 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>Non-Duty Death in Service Survivor's Pension</b>	
Payable to a surviving spouse, if any, upon the death of a member with 20 or more years of service.	Accrued service life pension actuarially reduced in accordance with an Option I election.
<b>Duty Death In Service Survivor's Pension</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 workers' compensation.
<b>Non-Duty Disability</b>	
Payable upon the total and permanent disability of a member with 5 or more years of service.	To age 55: 1.5% of AFC times years of service. At age 55: Same as service retirement pension.
<b>Duty Disability</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 as service retirement pension with service credit from date of disability to age 55.

\*Average final compensation (AFC) is highest 5 years out of last 10. Covered compensation includes base pay, overtime pay, longevity pay, cost of living allowance, holiday and vacation time pay.

### Investments

**Investment policy.** The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its Board and City Council. It is the policy of the City to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

## City of Cadillac

### Notes to the Financial Statements

The following was the City's asset allocation policy as of June 30, 2014:

<b>MERS Total Market Fund</b>	<b>Target Allocation</b>
U.S. Stock	35.00%
International Stock	7.00%
Emerging Market Stock	4.00%
U.S. Bond	17.00%
Global Bond	12.00%
Global Real Estate	6.00%
Private Equity	7.00%
Cash	7.00%
Commodity	5.00%
<b>Total</b>	<b>100.00%</b>

**Rate of return.** For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.55 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### **Net Pension Liability of the City**

The components of the net pension liability of the City at June 30, 2014, were as follows:

Total Pension Liability	\$ 12,220,792
Plan Fiduciary Net Position	(9,747,530)
<b>City's Net Pension Liability</b>	<b>\$ 2,473,262</b>
Plan Fiduciary Net Position as a % of the Total Pension Liability	79.76%

**Actuarial assumptions.** The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0 percent
Salary Increases	4.0 - 5.5 percent, average, including inflation
Investment Rate of Return	7.5 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the 1994 Healthy Annuitant Mortality Table for 50% Male – 50% Female blend.

## City of Cadillac

### Notes to the Financial Statements

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic long-term real rates of return for the MERS Total Market Fund included in the pension plan’s target asset allocation as of June 30, 2014 are 7.50%

**Discount rate.** The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Net Pension Liability	\$ 3,853,366	\$ 2,473,262	\$ 1,308,148

#### **Note 10 - Other Postemployment Benefits**

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

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

## City of Cadillac

### Notes to the Financial Statements

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

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

The City's annual OPEB cost for the current year for each plan are as follows:

	General Retirees	Police & Fire Retirees
Annual Required Contribution	\$ 152,383	\$ 123,995
Interest on Net OPEB Obligation	(11,307)	26,583
Annual OPEB Cost (Expense)	141,076	150,578
Less: Contributions Made	(74,370)	(106,813)
<b>Increase in OPEB Obligation</b>	66,706	43,765
<i>Beginning Net OPEB Obligation</i>	(150,758)	354,436
<b>Ending Net OPEB Obligation</b>	\$ (84,052)	\$ 398,201

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2013 and the two preceding years were as follows:

	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
General Retiree Health Care Plan	6/30/2012	\$ 89,220	119%	\$ (198,075)
	6/30/2013	93,262	49%	(150,758)
	6/30/2014	141,076	53%	(84,052)
Policemen & Firemen Retiree Health Care Plan	6/30/2012	\$ 139,375	56%	\$ 266,442
	6/30/2013	145,739	40%	354,436
	6/30/2014	150,578	71%	398,201

**Funded Status and Funding Progress.** As of June 30, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,624,119 for the GRHCP plan and \$2,710,557 for the PFRHP Plan, which were funded \$1,085,035 and \$1,375,973, respectively.

## City of Cadillac

### Notes to the Financial Statements

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The covered payroll (annual payroll of the active employees covered by the Plan) was not available and the ratio of the UAAL to the covered payroll was unknown as well.

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

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

## City of Cadillac

### Notes to the Financial Statements

Significant methods and assumptions were as follows:

	<u>General Retiree Health Care Plan</u>	<u>Policemen &amp; Firemen Retiree Health Care Plan</u>
Valuation Date	6/30/2013	6/30/2013
Actuarial Cost Method	Entry Age	Entry Age
	Normal Level % of Salary	Normal Level % of Salary
Amortization Method	Level Dollar over 20 years, Closed	Level Dollar over 20 years, Closed
Remaining Amortization	19 Years	19 Years
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions		
Interest Rate	7.5%	7.5%
Inflation Rate Assumptions		
Projected Salary Increases	4.5%	4.5%
Valuation Health Care Cost Trend Rate		
Medical	9.0% in 2014 to 5.0% in 2023	9.0% in 2014 to 5.0% in 2023
Prescription Drug	9.0% in 2014 to 5.0% in 2023	9.0% in 2014 to 5.0% in 2023
Dental / Vision	5.0% initially, decreasing by 0.5% to 3.0%	5.0% initially, decreasing by 0.5% to 3.0%

#### Note 11 – Risk Management

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

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

# City of Cadillac

## Notes to the Financial Statements

### Note 12 - Contingent Liabilities

Currently, the City has several cases being brought to the Michigan Tax Tribunal for reduction of assessed values due to proposed changes in the calculations of valuations on assets of certain taxpayers. If successful in their petition for reduced taxable values, the City's tax revenues may be reduced; the amount of potential reduction is not known. The City collects and disburses taxes, payments in lieu of taxes, and other receipts to various other units of government. Occasionally, chargebacks, tax tribunals, and various other situations occur where the City is directed to change the way collections have been previously disbursed. These changes could include money the City has previously recognized as income in its own various funds. There is no reasonable estimate of potential costs, if any, that are not already reflected in the financial statements.

### Note 13 – Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the City.

### Note 14 – Fund Balances – Governmental Funds

The City reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Nonspendable</b>			
Prepays	\$ 37,127	\$ 3,743	\$ 40,870
Loan Receivables	-	19,791	19,791
Cemetery Perpetual Care	-	245,000	245,000
Capital Projects	-	511,666	511,666
<b>Total Nonspendable</b>	<u>37,127</u>	<u>780,200</u>	<u>817,327</u>

## City of Cadillac

### Notes to the Financial Statements

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Restricted for</b>			
Veterans Memorial	1,855	-	1,855
Youth Services	844	-	844
Drug Forfeiture	3,977	-	3,977
Fire Safety House	1,859	-	1,859
Blackburn Skate Park	2,996	-	2,996
White Pine Trail	1,859	-	1,859
Diggins Hill Park	1,840	-	1,840
CAMA Lighthouse	25,000	-	25,000
Sundial Project	3,225	-	3,225
Bike Routes	2,000	-	2,000
Cadillac Trail Signage	5,000	-	5,000
McKellop Walkway Plowing	3,621	-	3,621
Major & Local Streets	-	503,829	503,829
Cemetery	-	18,775	18,775
Milfoil	-	197,858	197,858
Clam River Greenway	-	20,769	20,769
Debt Service	-	134,993	134,993
Capital Projects	-	355,950	355,950
Cemetery Perpetual Care	-	246,685	246,685
<b>Total Restricted</b>	<u>54,076</u>	<u>1,478,859</u>	<u>1,532,935</u>
<b>Assigned for</b>			
Working Capital	991,414	-	991,414
Sick & Vacation	420,930	-	420,930
Subsequent Year Use of Fund Balance	160,000	-	160,000
Pistol Range	3,727	-	3,727
CASA Field Use	2,520	-	2,520
Mayor Wedding Fees	700	-	700
HL Green Operating	-	115,754	115,754
Future Economic Development Loans	-	1,330,908	1,330,908
Naval Reserve Center	-	12,365	12,365
Industrial Development	-	405,838	405,838
Corridor Improvement	-	5,899	5,899
<b>Total Assigned</b>	<u>1,579,291</u>	<u>1,870,764</u>	<u>3,450,055</u>
<b>Unassigned</b>	<u>371,323</u>	<u>-</u>	<u>371,323</u>
<b>Total Fund Balances - Governmental Funds</b>	<u>\$ 2,041,817</u>	<u>\$ 4,129,823</u>	<u>\$ 6,171,640</u>

**City of Cadillac**

Notes to the Financial Statements

**Note 15 – Restricted Net Position**

The City reports restricted net position in its government-wide financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
<b>Restricted for</b>			
Veterans Memorial	\$ 1,855	\$ -	\$ -
Youth Services	844	-	-
Drug Forfeiture	3,977	-	-
Fire Safety House	1,859	-	-
Blackburn Skate Park	2,996	-	-
White Pine Trail	1,859	-	-
Diggins Hill Park	1,840	-	-
CAMA Lighthouse	25,000	-	-
Sundial Project	3,225	-	-
Bike Routes	2,000	-	-
Cadillac Trail Signage	5,000	-	-
McKellop Walkway Plowing	3,621	-	-
Major & Local Streets	507,505	625,784	-
Cemetery	18,775	-	-
Milfoil	197,858	-	-
Clam River Greenway	20,769	-	-
Debt Service	134,993	-	-
Capital Projects	867,616	-	992,673
Groundwater Cleanup	-	-	1,250,280
Economic Development	-	-	648,484
EE & Retiree Life & Health Insurance	1,075,556	-	-
Cemetery Perpetual Care	491,685	-	-
<b>Total Restricted Net Position</b>	<u>\$ 3,368,833</u>	<u>\$ 625,784</u>	<u>\$ 2,891,437</u>

**Note 16 – Upcoming Accounting Pronouncements**

***GASB 67 – Financial Reporting for Pension Plans***

*Implemented by the City on 6/30/14*

This standard established the requirements for pension plans administered by trusts to report on their operations, including setting new uniform requirements for actuarial valuations of the total pension liability, and reporting various 10-year trend data as required supplementary information. The financial statements of pension plans will not change substantially as a result of GASB 67, though the additional note disclosures and required supplementary information will be

## City of Cadillac

### Notes to the Financial Statements

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significant. Additionally, actuarial valuations conducted in accordance with GASB 67 will have to match the government's fiscal year, or be rolled forward to that date by the actuary.

#### ***GASB 68 – Accounting and Financial Reporting for Pensions***

*Effective 6/15/15 (the City's FY 2015)*

This standard establishes new requirements for governments to report a "net pension liability" for the unfunded portion of its pension plan. Governments that maintain their own pension plans (either single employer or agent multiple-employer) will report a liability for the difference between the total pension liability calculated by the plan actuaries and the amount held in the pension trust fund. Governments that participate in a cost sharing plan will report a liability for their "proportionate share" of the net pension liability of the entire system.

Historically, governments have only been required to report a net pension obligation to the extent that they have not met the annual required contribution (ARC) in any given year. Upon implementation of this standard, governments will be required to report a net pension liability based on the current funded status of their pension plans. This liability would be limited to the government-wide financial statements and proprietary funds. Changes in this liability from year to year will largely be reflected on the income statement, though certain amounts will be deferred and amortized over varying periods.

GASB 68 also requires more extensive note disclosures and required supplementary information, including 10 years of historical information. The methods used to determine the discount rate (the assumed rate of return on plan assets held in trust) are mandated and must be disclosed, along with what the impact would be on the net pension liability if that rate changed by 1% in either direction. Other new disclosure requirements include details of the changes in the components of the net pension liability, comparisons of actual employer contributions to actuarially determined contributions, and ratios to put the net pension liability in context. For single-employer and agent multiple-employer plans, the information for these statements will come from the annual actuarial valuation. For cost sharing plans, this information will be derived from the financial reports of the plan itself, multiplied by the government's proportionate share of plan.

#### ***GASB 69 – Government Combinations and Disposals of Government Operations***

*Effective 12/15/14 (the City's 2015)*

This standard provides detailed requirements for the accounting and disclosure of various types of government combinations, such as mergers, acquisitions, and transfers of operations. The guidance available previously was limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and the legal structure of the new or continuing entity.

## City of Cadillac

### Notes to the Financial Statements

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#### ***GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date***

*Effective with the implementation of GASB 68*

This standard is an amendment to GASB 68, and seeks to clarify certain implementation issues related to amounts that are deferred and amortized at the time GASB 68 is first adopted. It applies to situations in which the measurement date of an actuarial valuation differs from the government's fiscal year.

#### ***2 CFR 200 – Uniform Guidance for Federal Awards***

*Cost Principles Effective 12/26/14 (the City's FY 2015); Single Audit Requirements Effective 12/26/14 (the City's FY 2016)*

The Office of Management and Budget (OMB) has consolidated seven separate circulars (including administrative requirements, cost principles, and audit requirements) into a single federal regulation. The new Uniform Guidance covers all aspects of federal grants from pre-award through the single audit. While much of the guidance was simply reorganized and recodified, there were also several substantive changes to the single audit thresholds. A single audit will now only be required if total expenditures of federal awards exceed \$750,000 (up from \$500,000). The OMB has indicated that further changes to the single audit will be announced in 2015.

In addition, the Uniform Guidance now explicitly requires grant recipients to have sound internal controls that are consistent with the COSO framework and documented procedures for grant administration.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Cadillac**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative)</b>
				<b>Final to Actual</b>
<b>Revenues</b>				
Property Taxes	\$ 4,234,500	\$ 4,234,500	\$ 4,216,334	\$ (18,166)
Federal Revenue	--	50,000	4,779	(45,221)
State Revenue	958,000	958,000	996,914	38,914
Local Revenue Sharing	197,000	197,000	208,006	11,006
Licenses & Permits	111,000	111,000	129,179	18,179
Charges for Services	898,500	898,500	865,645	(32,855)
Fines	30,000	30,000	13,582	(16,418)
Miscellaneous	16,500	16,500	26,798	10,298
Interest Income	36,500	36,500	30,435	(6,065)
<b>Total Revenues</b>	<u>6,482,000</u>	<u>6,532,000</u>	<u>6,491,672</u>	<u>(40,328)</u>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<u>6,482,000</u>	<u>6,532,000</u>	<u>6,491,672</u>	<u>(40,328)</u>
<b>Expenditures</b>				
<b>General Government</b>				
City Council	42,700	42,700	37,871	4,829
City Manager	248,200	271,400	252,345	19,055
Finance	219,000	220,800	215,676	5,124
Assessor	131,000	131,000	128,752	2,248
Clerk/Treasurer	271,100	292,900	289,068	3,832
Elections	14,500	14,500	8,840	5,660
Building and Grounds	290,700	291,400	275,120	16,280
City Attorney	150,000	285,000	283,360	1,640
Engineering	172,800	173,500	175,907	(2,407)
<b>Total General Government</b>	<u>1,540,000</u>	<u>1,723,200</u>	<u>1,666,939</u>	<u>56,261</u>
<b>Public Safety</b>				
Police Department	1,910,900	1,963,100	1,916,559	46,541
Code Enforcement	31,600	32,200	29,220	2,980
Fire Department	1,294,200	1,299,700	1,206,896	92,804
<b>Total Public Safety</b>	<u>3,236,700</u>	<u>3,295,000</u>	<u>3,152,675</u>	<u>142,325</u>

**City of Cadillac**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Expenditures</b>				
<b>Public Works</b>				
Public Works	\$ 252,800	\$ 253,800	\$ 151,655	\$ 102,145
Alleys	59,400	59,400	52,489	6,911
Leaves	36,400	36,400	46,921	(10,521)
Grass and Weed Control	28,500	28,500	20,933	7,567
Composting	5,300	5,300	263	5,037
Waste Removal	498,000	498,000	477,464	20,536
Airport	33,000	33,000	33,000	--
<b>Total Public Works</b>	<u>913,400</u>	<u>914,400</u>	<u>782,725</u>	<u>131,675</u>
<b>Economic Development</b>				
Planning and Zoning	117,300	117,300	110,170	7,130
Economic Development	--	60,000	64,034	(4,034)
Community Promotions	43,200	44,400	27,796	16,604
<b>Total Economic Development</b>	<u>160,500</u>	<u>221,700</u>	<u>202,000</u>	<u>19,700</u>
<b>Recreation &amp; Culture</b>				
Municipal Parks	207,800	208,400	203,337	5,063
Arts Commission	10,500	10,500	10,500	--
Cadillac Community TV	26,500	26,500	15,510	10,990
School Recreation Program	66,600	66,600	66,200	400
<b>Total Recreation &amp; Culture</b>	<u>311,400</u>	<u>312,000</u>	<u>295,547</u>	<u>16,453</u>
<b>Capital Outlay</b>	<u>30,000</u>	<u>60,000</u>	<u>59,542</u>	<u>458</u>
<b>Total Expenditures</b>	6,192,000	6,526,300	6,159,428	366,872
<b>Other Financing Uses</b>				
Transfers Out	450,000	450,000	450,000	--
<b>Total Expenditures and Other Financing Uses</b>	<u>6,642,000</u>	<u>6,976,300</u>	<u>6,609,428</u>	<u>366,872</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(160,000)</u>	<u>(444,300)</u>	<u>(117,756)</u>	<u>326,544</u>
<b>Net Change in Fund Balance</b>	<u>(160,000)</u>	<u>(444,300)</u>	<u>(117,756)</u>	<u>326,544</u>
<i>Fund Balance at Beginning of Period</i>	2,159,573	2,159,573	2,159,573	--
<b>Fund Balance at End of Period</b>	<u>\$ 1,999,573</u>	<u>\$ 1,715,273</u>	<u>\$ 2,041,817</u>	<u>\$ 326,544</u>

**City of Cadillac**  
**Required Supplementary Information**  
**MERS Agent Multiple-Employer Defined Benefit Pension Plan**  
**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio Total</b>	<b>Covered Payroll (c)</b>	<b>UAL as a Percentage of Covered Payroll ((b-a)/c)</b>
6/30/2011	\$ 11,662,971	\$ 12,411,116	\$ 748,145	94%	\$ 2,413,371	31%
6/30/2012	11,554,072	12,815,528	1,261,456	90%	2,522,912	50%
6/30/2013	11,667,590	13,097,078	1,429,488	89%	2,647,200	54%
		<b>Fiscal Year Ending</b>	<b>Annual Required Contributions</b>	<b>Percentage Contributed</b>		
		6/30/2012	\$ 211,857	100%		
		6/30/2013	227,945	100%		
		6/30/2014	261,878	100%		

**City of Cadillac  
Other Post Employment Benefits  
Schedule of Funding Progress**

**General Retiree Health Care Plan**

<b>Actuarial Valuation Date</b>	<b>Year Ended</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) Entry Age (b)</b>	<b>(Overfunded) Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio Total</b>	<b>Covered Payroll (c)</b>	<b>UAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/2004	6/30/2005	\$ 50,000	\$ 1,133,778	\$ 1,083,778	4%	\$ 1,384,857	78%
12/31/2004	6/30/2006	167,234	1,133,778	966,544	15%	1,447,176	67%
12/31/2006	6/30/2007	162,619	1,963,259	1,800,640	8%	1,512,299	119%
12/31/2006	6/30/2008	217,839	1,963,259	1,745,420	11%	1,490,557	117%
12/31/2006	6/30/2009	290,223	1,963,259	1,673,036	15%	1,557,632	107%
12/31/2006	6/30/2010	365,738	1,963,259	1,597,521	19%	1,627,725	98%
1/1/2010	6/30/2011	738,227	1,469,797	731,570	50%	1,882,787	39%
1/1/2010	6/30/2012	969,841	1,616,777	646,936	60%	1,967,512	33%
6/30/2013	6/30/2013	1,085,035	1,624,119	539,084	67%	1,389,519	39%

**Policemen & Firemen Retiree Health Care Plan**

<b>Actuarial Valuation Date</b>	<b>Year Ended</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) Entry Age (b)</b>	<b>(Overfunded) Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio Total</b>	<b>Covered Payroll (c)</b>	<b>UAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/2004	6/30/2005	\$ 50,000	\$ 2,045,075	\$ 1,995,075	2%	\$ 1,111,519	179%
12/31/2004	6/30/2006	185,623	2,045,075	1,859,452	9%	1,161,537	160%
12/31/2006	6/30/2007	263,030	2,634,900	2,371,870	10%	1,213,806	195%
12/31/2006	6/30/2008	399,724	2,634,900	2,235,176	15%	1,385,573	161%
12/31/2006	6/30/2009	538,241	2,634,900	2,096,659	20%	1,440,996	146%
12/31/2006	6/30/2010	675,353	2,634,900	1,959,547	26%	1,498,636	131%
1/1/2010	6/30/2011	936,173	1,983,778	1,047,605	47%	1,399,695	75%
1/1/2010	6/30/2012	1,229,891	2,182,156	952,265	56%	1,455,683	65%
6/30/2013	6/30/2013	1,375,973	2,710,557	1,334,584	51%	1,129,785	118%

**City of Cadillac**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last 10 Fiscal Years**

	2014	Information Unavailable								
		2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Total Pension Liability</b>										
Service Cost	\$ 236,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	852,820	-	-	-	-	-	-	-	-	-
Changes in Benefit Terms	-	-	-	-	-	-	-	-	-	-
Differences Between Expected & Actual Experience	250,448	-	-	-	-	-	-	-	-	-
Changes in Assumptions	-	-	-	-	-	-	-	-	-	-
Benefit Payments, Including Refunds	(743,524)	-	-	-	-	-	-	-	-	-
<b>Net Change in Pension Liability</b>	<b>596,438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Total Pension Liability - Beginning</i>	<i>11,624,354</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 12,220,792</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 633,673	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	42,195	-	-	-	-	-	-	-	-	-
Net Investment Income	1,146,932	-	-	-	-	-	-	-	-	-
Benefit Payments, Including Refunds	(743,524)	-	-	-	-	-	-	-	-	-
Administrative Expenses	(7,200)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,072,076</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Plan Fiduciary Net Position - Beginning</i>	<i>8,675,454</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 9,747,530</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Pension (Asset) Liability - Ending (a) - (b)</b>	<b>\$ 2,473,262</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Covered Employee Payroll	\$ 1,568,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	158%	0%	0%	0%	0%	0%	0%	0%	0%	0%

*Notes*

Information from 2013 to 2005 is unavailable

**City of Cadillac  
Required Supplementary Information  
Schedule of Contributions  
Last 10 Fiscal Years**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially Determined Contribution	\$ 543,315	\$ 549,400	\$ 545,530	\$ 513,543	\$ 556,203	\$ 573,385	\$ 482,450	\$ 572,257	\$ 528,923	\$ 411,833
Contributions in Relation to the Actuarially Determined Contribution	<u>633,673</u>	<u>651,762</u>	<u>666,098</u>	<u>1,051,479</u>	<u>504,691</u>	<u>567,171</u>	<u>558,831</u>	<u>556,555</u>	<u>469,725</u>	<u>446,560</u>
Contribution Deficiency (Excess)	<u>\$ (90,358)</u>	<u>\$ (102,362)</u>	<u>\$ (120,568)</u>	<u>\$ (537,936)</u>	<u>\$ 51,512</u>	<u>\$ 6,214</u>	<u>\$ (76,381)</u>	<u>\$ 15,702</u>	<u>\$ 59,198</u>	<u>\$ (34,727)</u>
Covered Employee Payroll	1,568,160	2,647,200	2,522,912	2,413,371	1,585,519	1,399,695	1,389,958	1,482,941	1,437,073	1,446,234
Contributions as a Percentage of Covered Employee Payroll	40%	25%	26%	44%	32%	41%	40%	38%	33%	31%

*Notes*

**Valuation Date**

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.  
Covered employee payroll is as of June 30 of the fiscal year.

**Methods and assumptions used to determine contribution rates**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	10 years
Asset valuation method	5 year smoothed market
Inflation	4.00%
Salary increases	4.00% - 5.50%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

**City of Cadillac  
Required Supplementary Information  
Schedule of Investment Returns  
Last 10 Fiscal Years**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Annual Money-weighted rate of return, net of investment expense	9.55%	NA								

*Notes*

Information from 2013 to 2005 is unavailable

**OTHER SUPPLEMENTARY INFORMATION**

## City of Cadillac

### Nonmajor Governmental Fund Descriptions

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#### **SPECIAL REVENUE FUNDS**

**Major Streets Fund** - is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended which are for use on major streets. Gas and weight taxes are distributed to cities and villages in Michigan on the basis of population and the number of miles of streets.

**Local Streets Fund** - This fund is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended which are for use on local streets within the City. Gas and weight taxes are distributed to cities and villages in Michigan on the basis of population and the number of miles of streets.

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

**H.L. Green Operating Fund** - This fund was established to account for the rental of the H.L. Green building until it was sold on a land contract.

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

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

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

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

#### **DEBT SERVICE FUNDS**

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

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

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

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

## City of Cadillac

### Nonmajor Governmental Fund Descriptions

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

#### **CAPITAL PROJECT FUNDS**

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

***Corridor Improvement*** - The purpose is to assist funding improvements in commercial corridors outside of the main commercial or downtown area.

***Lakefront Playground Project Fund*** - The purpose is to account for the lakefront playground on Lake Cadillac.

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

#### **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 investment income is used to maintain the cemetery operation.

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

**City of Cadillac  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014**

	<b>Special Revenue</b>					
	<b>Major Streets</b>	<b>Local Streets</b>	<b>Cemetery</b>	<b>Milfoil</b>	<b>Cadillac Development</b>	<b>Naval Reserve Center</b>
<b>ASSETS</b>						
Cash & Pooled Investments	\$ 308,888	\$ 75,719	\$ 23,823	\$ 210,587	\$ 1,080,046	\$ 14,454
Receivables	114,802	33,923	--	625	80,226	--
Prepays	970	1,477	1,229	--	67	--
Due from Fiduciary Funds	--	--	--	--	--	--
Due from Other Funds	--	--	--	--	--	--
Advance to Other Funds	--	--	--	--	250,000	--
<b>Total Assets</b>	<b>\$ 424,660</b>	<b>\$ 111,119</b>	<b>\$ 25,052</b>	<b>\$ 211,212</b>	<b>\$ 1,410,339</b>	<b>\$ 14,454</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 298	\$ 25,502	\$ 3,967	\$ 13,175	\$ --	\$ 2,089
Accrued Liabilities	1,162	2,541	1,081	--	100	--
Due to Other Funds	--	--	--	--	--	--
<b>Total Liabilities</b>	<b>1,460</b>	<b>28,043</b>	<b>5,048</b>	<b>13,175</b>	<b>100</b>	<b>2,089</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue	--	--	--	179	59,473	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>1,460</b>	<b>28,043</b>	<b>5,048</b>	<b>13,354</b>	<b>59,573</b>	<b>2,089</b>
<b>FUND BALANCE</b>						
Nonspendable	970	1,477	1,229	--	19,858	--
Restricted	422,230	81,599	18,775	197,858	--	--
Assigned	--	--	--	--	1,330,908	12,365
Unassigned	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>423,200</b>	<b>83,076</b>	<b>20,004</b>	<b>197,858</b>	<b>1,350,766</b>	<b>12,365</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 424,660</b>	<b>\$ 111,119</b>	<b>\$ 25,052</b>	<b>\$ 211,212</b>	<b>\$ 1,410,339</b>	<b>\$ 14,454</b>

**City of Cadillac  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014**

	Special Revenue		Debt Service				
	HL Green Operating	Clam River Greenway	2000 Special Assessment	2002 Special Assessment	2000 Michigan Transportation Fund	2004 Capital Improvement Bonds	1997 BA Debt Retirement
<b>ASSETS</b>							
Cash & Pooled Investments	\$ 115,302	\$ 20,769	\$ --	\$ --	\$ --	\$ 130,543	\$ 1,541
Receivables	452	--	--	--	--	--	--
Prepays	--	--	--	--	--	--	--
Due from Fiduciary Funds	--	--	--	--	--	133	--
Due from Other Funds	--	--	--	--	--	2,776	--
Advance to Other Funds	--	--	--	--	--	--	--
<b>Total Assets</b>	<b>\$ 115,754</b>	<b>\$ 20,769</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 133,452</b>	<b>\$ 1,541</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Accrued Liabilities	--	--	--	--	--	--	--
Due to Other Funds	--	--	--	--	--	--	--
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	--	--	--	--	--	--	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>FUND BALANCE</b>							
Nonspendable	--	--	--	--	--	--	--
Restricted	--	20,769	--	--	--	133,452	1,541
Assigned	115,754	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>115,754</b>	<b>20,769</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>133,452</b>	<b>1,541</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 115,754</b>	<b>\$ 20,769</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 133,452</b>	<b>\$ 1,541</b>

**City of Cadillac  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014**

	Capital Projects				Permanent		Total Nonmajor Governmental Funds
	Industrial Park	Corridor Improvement	Lakefront Playground Project	Special Assessment Capital Projects	Cemetery Perpetual	Capital Projects Trust	
<b>ASSETS</b>							
Cash & Pooled Investments	\$ 405,810	\$ 5,899	\$ --	\$ 180,348	\$ 491,685	\$ 589,665	\$ 3,655,079
Receivables	28	--	--	92,958	--	31	323,045
Prepays	--	--	--	--	--	--	3,743
Due from Fiduciary Funds	--	--	--	--	--	--	133
Due from Other Funds	--	--	72,496	--	--	--	75,272
Advance to Other Funds	--	--	--	--	--	--	250,000
<b>Total Assets</b>	<b>\$ 405,838</b>	<b>\$ 5,899</b>	<b>\$ 72,496</b>	<b>\$ 273,306</b>	<b>\$ 491,685</b>	<b>\$ 589,696</b>	<b>\$ 4,307,272</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 45,031
Accrued Liabilities	--	--	--	--	--	--	4,884
Due to Other Funds	--	--	--	2,776	--	--	2,776
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2,776</b>	<b>--</b>	<b>--</b>	<b>52,691</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	--	--	--	65,106	--	--	124,758
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>67,882</b>	<b>--</b>	<b>--</b>	<b>177,449</b>
<b>FUND BALANCE</b>							
Nonspendable	--	--	--	--	245,000	511,666	780,200
Restricted	--	--	72,496	205,424	246,685	78,030	1,478,859
Assigned	405,838	5,899	--	--	--	--	1,870,764
Unassigned	--	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>405,838</b>	<b>5,899</b>	<b>72,496</b>	<b>205,424</b>	<b>491,685</b>	<b>589,696</b>	<b>4,129,823</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 405,838</b>	<b>\$ 5,899</b>	<b>\$ 72,496</b>	<b>\$ 273,306</b>	<b>\$ 491,685</b>	<b>\$ 589,696</b>	<b>\$ 4,307,272</b>

**City of Cadillac**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

	<b>Special Revenue</b>					
	<u>Major Streets</u>	<u>Local Streets</u>	<u>Cemetery</u>	<u>Milfoil</u>	<u>Cadillac Development</u>	<u>Naval Reserve Center</u>
<b>Revenues</b>						
Property Taxes	\$ --	\$ --	\$ --	\$ 121,890	\$ --	\$ --
State Revenue	780,045	238,857	--	--	--	--
Local Revenue Sharing	--	--	--	6,102	--	--
Charges for Services	--	--	51,940	--	--	11,584
Miscellaneous	--	1,000	--	--	--	4,800
Interest Income	15	1,400	--	1,556	22,135	--
<b>Total Revenues</b>	<u>780,060</u>	<u>241,257</u>	<u>51,940</u>	<u>129,548</u>	<u>22,135</u>	<u>16,384</u>
<b>Expenditures</b>						
General Government	--	--	119,927	--	--	22,567
Public Works	598,295	487,221	--	46,110	--	--
Economic Development	--	--	--	--	46,307	--
Capital Outlay	--	121,006	29,378	--	--	--
Debt Service - Principal	--	52,222	--	--	--	--
Debt Service - Interest	--	1,178	--	--	--	--
<b>Total Expenditures</b>	<u>598,295</u>	<u>661,627</u>	<u>149,305</u>	<u>46,110</u>	<u>46,307</u>	<u>22,567</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>181,765</u>	<u>(420,370)</u>	<u>(97,365)</u>	<u>83,438</u>	<u>(24,172)</u>	<u>(6,183)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	--	415,000	107,000	--	--	--
Transfers Out	(58,200)	(68,400)	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<u>(58,200)</u>	<u>346,600</u>	<u>107,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Change in Fund Balance</b>	<u>123,565</u>	<u>(73,770)</u>	<u>9,635</u>	<u>83,438</u>	<u>(24,172)</u>	<u>(6,183)</u>
<i>Fund Balance at Beginning of Period</i>	299,635	156,846	10,369	114,420	1,374,938	18,548
<b>Fund Balance at End of Period</b>	<u>\$ 423,200</u>	<u>\$ 83,076</u>	<u>\$ 20,004</u>	<u>\$ 197,858</u>	<u>\$ 1,350,766</u>	<u>\$ 12,365</u>

**City of Cadillac**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

	Special Revenue		Debt Service				
	HL Green Operating	Clam River Greenway	2000 Special Assessment	2002 Special Assessment	2000 Michigan Transportation Fund	2004 Capital Improvement Bonds	1997 BA Debt Retirement
<b>Revenues</b>							
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State Revenue	--	--	--	--	--	--	--
Local Revenue Sharing	--	1,715	--	--	--	--	--
Charges for Services	--	--	--	--	--	--	--
Miscellaneous	--	--	--	--	--	--	--
Interest Income	624	1	36	977	--	--	--
<b>Total Revenues</b>	<u>624</u>	<u>1,716</u>	<u>36</u>	<u>977</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Expenditures</b>							
General Government	875	--	--	--	--	500	--
Public Works	--	--	--	--	--	--	--
Economic Development	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--
Debt Service - Principal	--	--	10,000	15,000	70,000	65,000	--
Debt Service - Interest	--	--	653	743	2,318	19,865	--
<b>Total Expenditures</b>	<u>875</u>	<u>--</u>	<u>10,653</u>	<u>15,743</u>	<u>72,318</u>	<u>85,365</u>	<u>--</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(251)</u>	<u>1,716</u>	<u>(10,617)</u>	<u>(14,766)</u>	<u>(72,318)</u>	<u>(85,365)</u>	<u>--</u>
<b>Other Financing Sources (Uses)</b>							
Transfers In	--	--	--	310	68,432	215,293	--
Transfers Out	--	--	(197,435)	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>(197,435)</u>	<u>310</u>	<u>68,432</u>	<u>215,293</u>	<u>--</u>
<b>Net Change in Fund Balance</b>	<u>(251)</u>	<u>1,716</u>	<u>(208,052)</u>	<u>(14,456)</u>	<u>(3,886)</u>	<u>129,928</u>	<u>--</u>
<b>Fund Balance at Beginning of Period</b>	116,005	19,053	208,052	14,456	3,886	3,524	1,541
<b>Fund Balance at End of Period</b>	<u>\$ 115,754</u>	<u>\$ 20,769</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 133,452</u>	<u>\$ 1,541</u>

**City of Cadillac**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

	Capital Projects			Permanent		Total Nonmajor Governmental Funds	
	Industrial Park	Corridor Improvement	Lakefront Playground Project	Special Assessment Capital Projects	Cemetery Perpetual		Capital Projects Trust
<b>Revenues</b>							
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 121,890
State Revenue	--	--	--	--	--	--	1,018,902
Local Revenue Sharing	--	--	--	--	--	--	7,817
Charges for Services	--	--	--	--	10,689	--	74,213
Miscellaneous	--	5,899	72,496	24,937	--	--	109,132
Interest Income	3,158	--	--	4,682	--	2,424	37,008
<b>Total Revenues</b>	<u>3,158</u>	<u>5,899</u>	<u>72,496</u>	<u>29,619</u>	<u>10,689</u>	<u>2,424</u>	<u>1,368,962</u>
<b>Expenditures</b>							
General Government	1,051	--	--	1,500	4,132	2,010	152,562
Public Works	--	--	--	--	--	--	1,131,626
Economic Development	--	--	--	--	--	--	46,307
Capital Outlay	--	--	--	--	--	--	150,384
Debt Service - Principal	17,721	--	--	--	--	--	229,943
Debt Service - Interest	--	--	--	--	--	--	24,757
<b>Total Expenditures</b>	<u>18,772</u>	<u>--</u>	<u>--</u>	<u>1,500</u>	<u>4,132</u>	<u>2,010</u>	<u>1,735,579</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(15,614)</u>	<u>5,899</u>	<u>72,496</u>	<u>28,119</u>	<u>6,557</u>	<u>414</u>	<u>(366,617)</u>
<b>Other Financing Sources (Uses)</b>							
Transfers In	--	--	--	--	--	--	806,035
Transfers Out	--	--	--	--	(32,000)	--	(356,035)
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(32,000)</u>	<u>--</u>	<u>450,000</u>
<b>Net Change in Fund Balance</b>	<u>(15,614)</u>	<u>5,899</u>	<u>72,496</u>	<u>28,119</u>	<u>(25,443)</u>	<u>414</u>	<u>83,383</u>
<i>Fund Balance at Beginning of Period</i>	421,452	--	--	177,305	517,128	589,282	4,046,440
<b>Fund Balance at End of Period</b>	<u>\$ 405,838</u>	<u>\$ 5,899</u>	<u>\$ 72,496</u>	<u>\$ 205,424</u>	<u>\$ 491,685</u>	<u>\$ 589,696</u>	<u>\$ 4,129,823</u>

**City of Cadillac**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Major Streets**  
**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
State Revenue	\$ 677,400	\$ 740,000	\$ 780,046	\$ 40,046
Interest Income	--	--	14	14
<b>Total Revenues</b>	<u>677,400</u>	<u>740,000</u>	<u>780,060</u>	<u>40,060</u>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<u>677,400</u>	<u>740,000</u>	<u>780,060</u>	<u>40,060</u>
<b>Expenditures</b>				
Public Works	<u>653,000</u>	<u>723,300</u>	<u>656,495</u>	<u>66,805</u>
<b>Total Expenditures</b>	<u>653,000</u>	<u>723,300</u>	<u>656,495</u>	<u>66,805</u>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<u>653,000</u>	<u>723,300</u>	<u>656,495</u>	<u>66,805</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>24,400</u>	<u>16,700</u>	<u>123,565</u>	<u>106,865</u>
<b>Net Change in Fund Balance</b>	<b>24,400</b>	<b>16,700</b>	<b>123,565</b>	<b>106,865</b>
<i>Fund Balance at Beginning of Period</i>	299,635	299,635	299,635	--
<b>Fund Balance at End of Period</b>	<b>\$ 324,035</b>	<b>\$ 316,335</b>	<b>\$ 423,200</b>	<b>\$ 106,865</b>

**City of Cadillac**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Local Streets**  
**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
State Revenue	\$ 197,500	\$ 229,500	\$ 238,857	\$ 9,357
Local Revenue Sharing	40,000	40,000	1,000	(39,000)
Interest Income	500	500	1,400	900
<b>Total Revenues</b>	<u>238,000</u>	<u>270,000</u>	<u>241,257</u>	<u>(28,743)</u>
<b>Other Financing Sources</b>				
Transfers In	<u>375,000</u>	<u>375,000</u>	<u>415,000</u>	<u>40,000</u>
<b>Total Revenues and Other Financing Sources</b>	<u>613,000</u>	<u>645,000</u>	<u>656,257</u>	<u>11,257</u>
<b>Expenditures</b>				
Public Works	457,200	493,400	487,221	6,179
Capital Outlay	121,500	121,500	121,006	494
Debt Service - Principal	52,400	52,400	52,222	178
Debt Service - Interest	<u>1,600</u>	<u>1,600</u>	<u>1,178</u>	<u>422</u>
<b>Total Expenditures</b>	<u>632,700</u>	<u>668,900</u>	<u>661,627</u>	<u>7,273</u>
<b>Other Financing Uses</b>				
Transfers Out	<u>68,400</u>	<u>68,400</u>	<u>68,400</u>	<u>--</u>
<b>Total Expenditures and Other Financing Uses</b>	<u>701,100</u>	<u>737,300</u>	<u>730,027</u>	<u>7,273</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(88,100)</u>	<u>(92,300)</u>	<u>(73,770)</u>	<u>18,530</u>
<b>Net Change in Fund Balance</b>	<b>(88,100)</b>	<b>(92,300)</b>	<b>(73,770)</b>	<b>18,530</b>
<i>Fund Balance at Beginning of Period</i>	156,846	156,846	156,846	--
<b>Fund Balance at End of Period</b>	<b>\$ 68,746</b>	<b>\$ 64,546</b>	<b>\$ 83,076</b>	<b>\$ 18,530</b>

**City of Cadillac**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Cemetery**  
**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Charges for Services	\$ 51,900	\$ 51,900	\$ 51,941	\$ 41
<i><b>Total Revenues</b></i>	<u>51,900</u>	<u>51,900</u>	<u>51,941</u>	<u>41</u>
<b>Other Financing Sources</b>				
Transfers In	<u>107,000</u>	<u>107,000</u>	<u>107,000</u>	<u>--</u>
<i><b>Total Revenues and Other Financing Sources</b></i>	<u>158,900</u>	<u>158,900</u>	<u>158,941</u>	<u>41</u>
<b>Expenditures</b>				
General Government	127,700	128,400	119,928	8,472
Capital Outlay	<u>31,000</u>	<u>31,000</u>	<u>29,378</u>	<u>1,622</u>
<i><b>Total Expenditures</b></i>	<u>158,700</u>	<u>159,400</u>	<u>149,306</u>	<u>10,094</u>
<b>Other Financing Uses</b>				
<i><b>Total Expenditures and Other Financing Uses</b></i>	<u>158,700</u>	<u>159,400</u>	<u>149,306</u>	<u>10,094</u>
<i><b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b></i>	<u>200</u>	<u>(500)</u>	<u>9,635</u>	<u>10,135</u>
<i><b>Net Change in Fund Balance</b></i>	<u>200</u>	<u>(500)</u>	<u>9,635</u>	<u>10,135</u>
<i>Fund Balance at Beginning of Period</i>	10,369	10,369	10,369	--
<i><b>Fund Balance at End of Period</b></i>	<u>\$ 10,569</u>	<u>\$ 9,869</u>	<u>\$ 20,004</u>	<u>\$ 10,135</u>

**City of Cadillac**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Milfoil**  
**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Property Taxes	\$ 123,000	\$ 123,000	\$ 121,890	\$ (1,110)
Local Revenue Sharing	--	--	6,102	6,102
Interest Income	1,500	1,500	1,556	56
<b>Total Revenues</b>	<u>124,500</u>	<u>124,500</u>	<u>129,548</u>	<u>5,048</u>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<u>124,500</u>	<u>124,500</u>	<u>129,548</u>	<u>5,048</u>
<b>Expenditures</b>				
Public Works	124,500	124,500	46,110	78,390
<b>Total Expenditures</b>	<u>124,500</u>	<u>124,500</u>	<u>46,110</u>	<u>78,390</u>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<u>124,500</u>	<u>124,500</u>	<u>46,110</u>	<u>78,390</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	--	--	83,438	83,438
<b>Net Change in Fund Balance</b>	--	--	<b>83,438</b>	<b>83,438</b>
<i>Fund Balance at Beginning of Period</i>	114,420	114,420	114,420	--
<b>Fund Balance at End of Period</b>	<u>\$ 114,420</u>	<u>\$ 114,420</u>	<u>\$ 197,858</u>	<u>\$ 83,438</u>

**City of Cadillac**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Cadillac Development**  
**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Interest Income	\$ 31,000	\$ 31,000	\$ 22,135	\$ (8,865)
<i>Total Revenues</i>	<u>31,000</u>	<u>31,000</u>	<u>22,135</u>	<u>(8,865)</u>
<b>Other Financing Sources</b>				
<i>Total Revenues and Other Financing Sources</i>	<u>31,000</u>	<u>31,000</u>	<u>22,135</u>	<u>(8,865)</u>
<b>Expenditures</b>				
Economic Development	71,000	71,000	46,307	24,693
<i>Total Expenditures</i>	<u>71,000</u>	<u>71,000</u>	<u>46,307</u>	<u>24,693</u>
<b>Other Financing Uses</b>				
<i>Total Expenditures and Other Financing Uses</i>	<u>71,000</u>	<u>71,000</u>	<u>46,307</u>	<u>24,693</u>
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</i>	<u>(40,000)</u>	<u>(40,000)</u>	<u>(24,172)</u>	<u>15,828</u>
<i>Net Change in Fund Balance</i>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(24,172)</b>	<b>15,828</b>
<i>Fund Balance at Beginning of Period</i>	1,374,938	1,374,938	1,374,938	--
<i>Fund Balance at End of Period</i>	<b>\$ 1,334,938</b>	<b>\$ 1,334,938</b>	<b>\$ 1,350,766</b>	<b>\$ 15,828</b>

**City of Cadillac**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Naval Reserve Center**  
**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Reimbursements	\$ --	\$ --	\$ 4,800	\$ 4,800
Interest Income	11,300	11,300	11,584	284
<b>Total Revenues</b>	<u>11,300</u>	<u>11,300</u>	<u>16,384</u>	<u>5,084</u>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<u>11,300</u>	<u>11,300</u>	<u>16,384</u>	<u>5,084</u>
<b>Expenditures</b>				
General Government	22,500	22,500	22,567	(67)
<b>Total Expenditures</b>	<u>22,500</u>	<u>22,500</u>	<u>22,567</u>	<u>(67)</u>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<u>22,500</u>	<u>22,500</u>	<u>22,567</u>	<u>(67)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(11,200)</u>	<u>(11,200)</u>	<u>(6,183)</u>	<u>5,017</u>
<b>Net Change in Fund Balance</b>	<b>(11,200)</b>	<b>(11,200)</b>	<b>(6,183)</b>	<b>5,017</b>
<i>Fund Balance at Beginning of Period</i>	18,548	18,548	18,548	--
<b>Fund Balance at End of Period</b>	<u>\$ 7,348</u>	<u>\$ 7,348</u>	<u>\$ 12,365</u>	<u>\$ 5,017</u>

**City of Cadillac**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**HL Green Operating**  
**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative) Final to Actual</u>
<b>Revenues</b>				
Interest Income	\$ 1,000	\$ 1,000	\$ 624	\$ (376)
<i>Total Revenues</i>	<u>1,000</u>	<u>1,000</u>	<u>624</u>	<u>(376)</u>
<b>Other Financing Sources</b>				
<i>Total Revenues and Other Financing Sources</i>	<u>1,000</u>	<u>1,000</u>	<u>624</u>	<u>(376)</u>
<b>Expenditures</b>				
General Government	500	500	875	(375)
<i>Total Expenditures</i>	<u>500</u>	<u>500</u>	<u>875</u>	<u>(375)</u>
<b>Other Financing Uses</b>				
<i>Total Expenditures and Other Financing Uses</i>	<u>500</u>	<u>500</u>	<u>875</u>	<u>(375)</u>
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</i>	<u>500</u>	<u>500</u>	<u>(251)</u>	<u>(751)</u>
<i>Net Change in Fund Balance</i>	<u>500</u>	<u>500</u>	<u>(251)</u>	<u>(751)</u>
<i>Fund Balance at Beginning of Period</i>	116,005	116,005	116,005	--
<i>Fund Balance at End of Period</i>	<u>\$ 116,505</u>	<u>\$ 116,505</u>	<u>\$ 115,754</u>	<u>\$ (751)</u>

**City of Cadillac**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Clam River Greenway**  
**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Local Revenue Sharing	\$ --	\$ --	\$ 1,715	\$ 1,715
Interest Income	--	--	1	1
<b>Total Revenues</b>	--	--	1,716	1,716
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>				
<b>Expenditures</b>				
<b>Total Expenditures</b>	--	--	--	--
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	--	--	--	--
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	--	--	1,716	1,716
<b>Net Change in Fund Balance</b>	--	--	1,716	1,716
<i>Fund Balance at Beginning of Period</i>	19,053	19,053	19,053	--
<b>Fund Balance at End of Period</b>	<b>\$ 19,053</b>	<b>\$ 19,053</b>	<b>\$ 20,769</b>	<b>\$ 1,716</b>

## City of Cadillac

### Nonmajor Proprietary Fund Descriptions

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#### **NONMAJOR PROPRIETARY FUNDS**

Proprietary funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges. The significant characteristic of proprietary funds is the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprises. Thus, the reports of proprietary funds are self-contained and creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as they can evaluate the performance of investor owned enterprises in the same industry.

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

*Building Authority Fund* - This fund accounts for operations of the building.

**City of Cadillac**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2014**

	<u>Enterprise</u>		
	<u>Auto Parking</u>	<u>Building Authority</u>	
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash & Pooled Investments	\$ 140,657	\$ 151,917	\$ 292,574
Receivables	523	--	523
Prepays	32	--	32
<b>Total Current Assets</b>	<u>141,212</u>	<u>151,917</u>	<u>293,129</u>
<i>Noncurrent Assets</i>			
Capital Assets not being Depreciated	249,221	90,445	339,666
Capital Assets being Depreciated	277,285	1,091,968	1,369,253
<b>Total Assets</b>	<u>667,718</u>	<u>1,334,330</u>	<u>2,002,048</u>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	--	603	603
Accrued Liabilities	1,593	--	1,593
Accrued Interest	--	3,163	3,163
Current Portion of Long-term Debt	--	135,000	135,000
<b>Total Current Liabilities</b>	<u>1,593</u>	<u>138,766</u>	<u>140,359</u>
<i>Noncurrent Liabilities</i>			
Long-term Debt	--	140,000	140,000
<b>Total Liabilities</b>	<u>1,593</u>	<u>278,766</u>	<u>280,359</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	526,506	907,413	1,433,919
<i>Unrestricted</i>	139,619	148,151	287,770
<b>Total Net Position</b>	<u>\$ 666,125</u>	<u>\$ 1,055,564</u>	<u>\$ 1,721,689</u>

**City of Cadillac**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2014**

	<u>Enterprise</u>		
	<u>Auto Parking</u>	<u>Building Authority</u>	<u>Total Enterprise Funds</u>
<b>Operating Revenues</b>			
Charges for Services	\$ 1,080	\$ --	\$ 1,080
Special Assessments	41,281	--	41,281
Rent	--	195,870	195,870
<b>Total Operating Revenues</b>	<u>42,361</u>	<u>195,870</u>	<u>238,231</u>
<b>Operating Expenses</b>			
Salaries & Wages	23,750	--	23,750
Materials & Supplies	792	--	792
Utilities	--	3,019	3,019
Repair & Maintenance	--	12,271	12,271
Equipment Rental	21,504	--	21,504
Contracted Services	--	16,785	16,785
Professional Fees	500	5,000	5,500
Depreciation	16,754	36,408	53,162
<b>Total Operating Expenses</b>	<u>63,300</u>	<u>73,483</u>	<u>136,783</u>
<b>Operating Income (Loss)</b>	<u>(20,939)</u>	<u>122,387</u>	<u>101,448</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	1,555	514	2,069
Interest Expense	--	(14,485)	(14,485)
<b>Net Non-Operating Revenues (Expenses)</b>	<u>1,555</u>	<u>(13,971)</u>	<u>(12,416)</u>
<b>Income Before Contributions and Transfers</b>	<u>(19,384)</u>	<u>108,416</u>	<u>89,032</u>
Transfers In	--	--	--
Transfers Out	--	--	--
<b>Change In Net Position</b>	<u>(19,384)</u>	<u>108,416</u>	<u>89,032</u>
<i>Net Position at Beginning of Period</i>	<u>685,509</u>	<u>947,148</u>	<u>1,632,657</u>
<b>Net Position at End of Period</b>	<u>\$ 666,125</u>	<u>\$ 1,055,564</u>	<u>\$ 1,721,689</u>

**City of Cadillac**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<u>Nonmajor Proprietary Funds</u>		
	<u>Auto Parking</u>	<u>Building Authority</u>	<u>Total Enterprise Funds</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers and Special Assessments	\$ 42,357	\$ 195,944	\$ 238,301
Cash Payments to Employees for Services and Fringe Benefits	(22,157)	-	(22,157)
Cash Payments to Suppliers for Goods and Services	(22,828)	(37,523)	(60,351)
<b>Total Cash Flows from Operating Activities</b>	<u>(2,628)</u>	<u>158,421</u>	<u>155,793</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Principal Paid	-	(130,000)	(130,000)
Interest Paid	-	(15,980)	(15,980)
<b>Total Cash Flows from Capital and Related Financing Activities</b>	<u>-</u>	<u>(145,980)</u>	<u>(145,980)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	1,555	514	2,069
<b>Total Cash Flows from Investing Activities</b>	<u>1,555</u>	<u>514</u>	<u>2,069</u>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	(1,073)	12,955	11,882
<i>Cash and Equivalents - Beginning of Year</i>	141,730	138,962	280,692
<b>Cash and Equivalents - End of Year</b>	<u>\$ 140,657</u>	<u>\$ 151,917</u>	<u>\$ 292,574</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
<b>Operating Income (Loss)</b>	\$ (20,939)	\$ 122,387	\$ 101,448
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities</b>			
Depreciation and Amortization Expense	16,754	36,408	53,162
<b>Changes in Assets &amp; Liabilities</b>			
Receivables	(4)	74	70
Prepaid Expenses	(32)	-	(32)
Accounts Payable	-	(448)	(448)
Accrued Liabilities	1,593	-	1,593
<b>Net Cash Provided by Operating Activities</b>	<u>\$ (2,628)</u>	<u>\$ 158,421</u>	<u>\$ 155,793</u>

# City of Cadillac

## Internal Service Fund Descriptions

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### INTERNAL SERVICE FUNDS

Internal service funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the City. Since the services and commodities are supplied exclusively to programs under the City's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in general, special revenue or enterprise funds.

The City of Cadillac central stores and municipal garage fund, information technology fund, self-insurance fund and safety fund make up the internal service funds category.

*Central Stores and Municipal Garage Fund* - Operates the motor pool for the City.

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

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

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

**City of Cadillac**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2014**

	<b>Internal Service</b>				<b>Total Internal Service Funds</b>
	<b>Information Technology</b>	<b>Central Stores and Municipal Garage</b>	<b>Self Insurance</b>	<b>Safety</b>	
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash & Pooled Investments	\$ 175,888	\$ 49,019	\$ 993,676	\$ 12,996	\$ 1,231,579
Receivables	633	12,549	17,934	--	31,116
Prepays	17,129	14,575	78,659	--	110,363
Inventory	--	62,980	--	--	62,980
<b>Total Current Assets</b>	<b>193,650</b>	<b>139,123</b>	<b>1,090,269</b>	<b>12,996</b>	<b>1,436,038</b>
<i>Noncurrent Assets</i>					
Capital Assets not being Depreciated	--	25,000	--	--	25,000
Capital Assets being Depreciated	220,630	468,430	--	--	689,060
<b>Total Assets</b>	<b>414,280</b>	<b>632,553</b>	<b>1,090,269</b>	<b>12,996</b>	<b>2,150,098</b>
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	367	15,670	14,713	--	30,750
Accrued Liabilities	35	4,609	--	--	4,644
<b>Total Current Liabilities</b>	<b>402</b>	<b>20,279</b>	<b>14,713</b>	<b>--</b>	<b>35,394</b>
<i>Noncurrent Liabilities</i>					
Compensated Absences	2,667	47,524	--	--	50,191
Advance from Other Funds	--	250,000	--	--	250,000
<b>Total Liabilities</b>	<b>3,069</b>	<b>317,803</b>	<b>14,713</b>	<b>--</b>	<b>335,585</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	220,630	243,430	--	--	464,060
<i>Restricted for:</i>					
Internal Service - Retirees' Life Insurance	--	--	168,866	--	168,866
Internal Service - Employees' Life and Health Insurance	--	--	906,690	--	906,690
<i>Unrestricted</i>	190,581	71,320	--	12,996	274,897
<b>Total Net Position</b>	<b>\$ 411,211</b>	<b>\$ 314,750</b>	<b>\$ 1,075,556</b>	<b>\$ 12,996</b>	<b>\$ 1,814,513</b>

**City of Cadillac**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2014**

	<b>Internal Service</b>				<b>Total Internal Service Funds</b>
	<b>Information Technology</b>	<b>Central Stores and Municipal Garage</b>	<b>Self Insurance</b>	<b>Safety</b>	
<b>Operating Revenues</b>					
Charges for Services	\$ 201,000	\$ 659,584	\$ 987,613	\$ 11,501	\$ 1,859,698
Miscellaneous	--	1,320	124,854	--	126,174
<b>Total Operating Revenues</b>	<b>201,000</b>	<b>660,904</b>	<b>1,112,467</b>	<b>11,501</b>	<b>1,985,872</b>
<b>Operating Expenses</b>					
Salaries & Wages	12,395	195,677	--	4,458	212,530
Materials & Supplies	24,586	122,113	--	2,077	148,776
Utilities	6,182	30,676	--	--	36,858
Repair & Maintenance	784	92,219	--	--	93,003
Equipment Rental	--	9,523	--	--	9,523
Contracted Services	107,158	42,600	39,808	500	190,066
Self Insurance	--	--	1,121,776	--	1,121,776
Depreciation	39,176	91,711	--	--	130,887
<b>Total Operating Expenses</b>	<b>190,281</b>	<b>584,519</b>	<b>1,161,584</b>	<b>7,035</b>	<b>1,943,419</b>
<b>Operating Income (Loss)</b>	<b>10,719</b>	<b>76,385</b>	<b>(49,117)</b>	<b>4,466</b>	<b>42,453</b>
<b>Non-Operating Revenues (Expenses)</b>					
Interest Income	9	--	9,404	--	9,413
Interest Expense	--	(15,957)	--	--	(15,957)
<b>Net Non-Operating Revenues (Expenses)</b>	<b>9</b>	<b>(15,957)</b>	<b>9,404</b>	<b>--</b>	<b>(6,544)</b>
<b>Transfers</b>	<b>10,728</b>	<b>60,428</b>	<b>(39,713)</b>	<b>4,466</b>	<b>35,909</b>
Transfers In	--	--	--	--	--
Transfers Out	--	--	--	--	--
<b>Change In Net Position</b>	<b>10,728</b>	<b>60,428</b>	<b>(39,713)</b>	<b>4,466</b>	<b>35,909</b>
<i>Net Position at Beginning of Period</i>	400,483	254,322	1,115,269	8,530	1,778,604
<b>Net Position at End of Period</b>	<b>\$ 411,211</b>	<b>\$ 314,750</b>	<b>\$ 1,075,556</b>	<b>\$ 12,996</b>	<b>\$ 1,814,513</b>

**City of Cadillac**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2014**

	<b>Internal Service</b>				<b>Total Internal Service Funds</b>
	<b>Information Technology</b>	<b>Central Stores and Municipal Garage</b>	<b>Self Insurance</b>	<b>Safety</b>	
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers	\$ 200,367	\$ 658,577	\$ 1,150,270	\$ 11,500	\$ 2,020,714
Cash Payments to Employees for Services and Fringe Benefits	(12,263)	(191,710)	-	(4,458)	(208,431)
Cash Payments to Suppliers for Goods and Services	(155,859)	(326,458)	(1,211,962)	(2,576)	(1,696,855)
<b>Total Cash Flows from Operating Activities</b>	<u>32,245</u>	<u>140,409</u>	<u>(61,692)</u>	<u>4,466</u>	<u>115,428</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Payment on Advance	-	(50,000)	-	-	(50,000)
Interest Paid	-	(15,957)	-	-	(15,957)
Purchase of Equipment	(19,860)	(38,988)	-	-	(58,848)
<b>Total Cash Flows from Capital and Related Financing Activities</b>	<u>(19,860)</u>	<u>(104,945)</u>	<u>-</u>	<u>-</u>	<u>(124,805)</u>
<b>Cash Flows from Investing Activities</b>					
Interest on Investments	9	-	9,404	-	9,413
<b>Total Cash Flows from Investing Activities</b>	<u>9</u>	<u>-</u>	<u>9,404</u>	<u>-</u>	<u>9,413</u>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	12,394	35,464	(52,288)	4,466	36
<i>Cash and Equivalents - Beginning of Year</i>	163,494	13,555	1,045,964	8,530	1,231,543
<b>Cash and Equivalents - End of Year</b>	<u>\$ 175,888</u>	<u>\$ 49,019</u>	<u>\$ 993,676</u>	<u>\$ 12,996</u>	<u>\$ 1,231,579</u>

**City of Cadillac**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2014**

	<u>Internal Service</u>				<u>Total Internal Service Funds</u>
	<u>Information Technology</u>	<u>Central Stores and Municipal Garage</u>	<u>Self Insurance</u>	<u>Safety</u>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
<b>Operating Income</b>	\$ 10,719	\$ 76,385	\$ (49,117)	\$ 4,466	\$ 42,453
<b>Adjustments to Reconcile Operating Income to Net Cash     Provided (Used) by Operating Activities</b>					
Depreciation and Amortization Expense	39,176	91,711	-	-	130,887
<b>Changes in Assets &amp; Liabilities</b>					
Accounts Receivable	(633)	(2,327)	37,803	-	34,843
Inventory	-	11,514	-	-	11,514
Prepaid Expenses	(17,129)	(14,575)	7,440	-	(24,264)
Accounts Payable	(55)	(30,875)	(57,818)	-	(88,748)
Accrued Liabilities	167	8,576	-	-	8,743
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 32,245</u>	<u>\$ 140,409</u>	<u>\$ (61,692)</u>	<u>\$ 4,466</u>	<u>\$ 115,428</u>

# City of Cadillac

## Agency Fund Descriptions

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### AGENCY FUNDS

*Current Tax Fund* – This fund is used to record the receipt and transfers of property taxes collected by the City on behalf of the state, county, school districts, and other governments.

*Payroll Fund* – This fund is used to account for receipts and disbursements of payroll withholdings.

**City of Cadillac**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

	Agency		Total Fiduciary Funds
	Current Tax	Payroll	
<b>ASSETS</b>			
Cash & Pooled Investments	\$ 182,091	\$ --	\$ 182,091
Investments	--	--	--
Due from General Fund	--	--	--
<i><b>Total Assets</b></i>	182,091	--	182,091
<b>LIABILITIES</b>			
Due to Other Governmental Units	157,480	--	157,480
Due to Other Funds	24,611	--	24,611
<i><b>Total Liabilities</b></i>	182,091	--	182,091
<b>NET POSITION</b>			
Held in Trust	\$ --	\$ --	\$ --

**City of Cadillac**  
**Combined Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2014**

	<b>Payroll</b>			
	<b>June 30, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2014</b>
<b>ASSETS</b>				
Cash & Pooled Investments	\$ -	\$ 7,041,311	\$ 7,041,311	\$ -
<i>Total Assets</i>	<u>-</u>	<u>7,041,311</u>	<u>7,041,311</u>	<u>-</u>
<b>LIABILITIES</b>				
Due to Others	-	17,288,106	17,288,106	-
<i>Total Liabilities</i>	<u>\$ -</u>	<u>\$ 17,288,106</u>	<u>\$ 17,288,106</u>	<u>\$ -</u>

	<b>Current Tax Collection Fund</b>			
	<b>June 30, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2014</b>
<b>ASSETS</b>				
Cash & Pooled Investments	\$ 56,864	\$ 7,306,066	\$ 7,180,839	\$ 182,091
Due from Other Governments	4,290	-	4,290	-
<i>Total Assets</i>	<u>61,154</u>	<u>7,306,066</u>	<u>7,185,129</u>	<u>182,091</u>
<b>LIABILITIES</b>				
Due to Other Governments	54,191	19,325,157	19,221,868	157,480
Due to Other Funds	6,963	9,618,877	9,601,229	24,611
<i>Total Liabilities</i>	<u>\$ 61,154</u>	<u>\$ 19,325,157</u>	<u>\$ 19,221,868</u>	<u>\$ 182,091</u>

	<b>Total Agency Funds</b>			
	<b>June 30, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2014</b>
<b>ASSETS</b>				
Cash & Pooled Investments	\$ 56,864	\$ 14,347,377	\$ 14,222,150	\$ 182,091
Due from Other Governments	4,290	-	4,290	-
<i>Total Assets</i>	<u>61,154</u>	<u>14,347,377</u>	<u>14,226,440</u>	<u>182,091</u>
<b>LIABILITIES</b>				
Due to Other Governments	54,191	19,325,157	19,221,868	157,480
Due to Other Funds	6,963	9,618,877	9,601,229	24,611
Due to Others	-	17,288,106	17,288,106	-
<i>Total Liabilities</i>	<u>\$ 61,154</u>	<u>\$ 46,232,140</u>	<u>\$ 46,111,203</u>	<u>\$ 182,091</u>

# City of Cadillac

## Component Unit Fund Descriptions

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### COMPONENT UNITS

***L DFA Operating Fund*** – This fund was established to operate the groundwater cleanup facility located in the industrial park.

***L DFA Capital Projects Fund*** – This fund was established to provide a source of revenue for the L DFA to undertake various capital and public infrastructure improvements within the L DFA district.

***L DFA Utilities Fund*** – This fund was established to provide water utility services to the cogeneration plant located within the boundaries of the L DFA district.

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

***DDA 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 district.

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

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

**City of Cadillac**  
**L DFA Combining Balance Sheet and Statement of Net Position**  
**June 30, 2014**

	<u>L DFA</u>	<u>L DFA Capital Projects</u>	<u>L DFA Utilities</u>	<u>Total L DFA Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash & Pooled Investments	\$ 9,513	\$ 12,723	\$ 37,112	\$ 59,348	\$ --	\$ 59,348
Investments	1,225,867	979,497	252,204	2,457,568	--	2,457,568
Accounts Receivable	--	--	4,106	4,106	--	4,106
Interest Receivable	26,170	453	523	27,146	--	27,146
<b>Total Current Assets</b>	<u>1,261,550</u>	<u>992,673</u>	<u>293,945</u>	<u>2,548,168</u>	<u>--</u>	<u>2,548,168</u>
<i>Noncurrent Assets</i>						
Capital Assets being Depreciated	--	--	--	--	140,242	140,242
<b>Total Assets</b>	<u>\$ 1,261,550</u>	<u>\$ 992,673</u>	<u>\$ 293,945</u>	<u>\$ 2,548,168</u>	<u>\$ 140,242</u>	<u>\$ 2,688,410</u>
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Accounts Payable	\$ 10,763	\$ --	\$ --	\$ 10,763	\$ --	\$ 10,763
Accrued Liabilities	507	--	--	507	--	507
<b>Total Current Liabilities</b>	<u>11,270</u>	<u>--</u>	<u>--</u>	<u>11,270</u>	<u>--</u>	<u>11,270</u>
<b>FUND BALANCE</b>						
<i>Restricted for:</i>						
Ground Water Cleanup	1,250,280	--	--	1,250,280	(1,250,280)	--
Capital Projects	--	992,673	--	992,673	(992,673)	--
Economic Development	--	--	293,945	293,945	(293,945)	--
Unassigned	--	--	--	--	--	--
<b>Total Fund Balance</b>	<u>1,250,280</u>	<u>992,673</u>	<u>293,945</u>	<u>2,536,898</u>	<u>(2,536,898)</u>	<u>--</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,261,550</u>	<u>\$ 992,673</u>	<u>\$ 293,945</u>	<u>\$ 2,548,168</u>	<u>\$ (2,536,898)</u>	<u>\$ 11,270</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets					\$ 140,242	\$ 140,242
<i>Restricted for:</i>						
Ground Water Cleanup					1,250,280	1,250,280
Capital Projects					992,673	992,673
Economic Development					293,945	293,945
<b>Total Net Position</b>					<u>\$ 2,677,140</u>	<u>\$ 2,677,140</u>

**City of Cadillac**  
**LDFA Combining Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities**  
**For the Year Ended June 30, 2014**

	<u>LDFA</u>	<u>LDFA Capital Projects</u>	<u>LDFA Utilities</u>	<u>Total LDFA Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>						
Operating revenues	\$ --	\$ 138,343	\$ --	\$ 138,343	\$ --	\$ 138,343
Charges for Services	--	--	17,968	17,968	--	17,968
Interest and Rents	16,565	--	--	16,565	--	16,565
Other Revenues	--	4,381	2,424	6,805	--	6,805
<b>Total Revenues</b>	<u>16,565</u>	<u>142,724</u>	<u>20,392</u>	<u>179,681</u>	<u>--</u>	<u>179,681</u>
<b>Expenditures</b>						
General Government	--	500	--	500	(500)	--
Economic Development	261,594	--	--	261,594	(261,594)	--
Salaries & Wages	--	--	3,625	3,625	(3,625)	--
Materials & Supplies	--	--	1,176	1,176	(1,176)	--
Contracted Services	--	--	400	400	(400)	--
Economic Development					267,295	267,295
Depreciation					4,535	4,535
<b>Total Expenditures</b>	<u>261,594</u>	<u>500</u>	<u>5,201</u>	<u>267,295</u>	<u>4,535</u>	<u>271,830</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(245,029)</u>	<u>142,224</u>	<u>15,191</u>	<u>(87,614)</u>	<u>(4,535)</u>	<u>(92,149)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers from Other Funds	--	--	--	--	--	--
Transfers to Other Funds	--	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Change in Fund Balance / Net Position</b>	<u>(245,029)</u>	<u>142,224</u>	<u>15,191</u>	<u>(87,614)</u>	<u>(4,535)</u>	<u>(92,149)</u>
<i>Fund Balance / Net Position at Beginning of Period</i>	1,495,309	850,449	278,754	2,624,512	144,777	2,769,289
<b>Fund Balance / Net Position at End of Period</b>	<u>\$ 1,250,280</u>	<u>\$ 992,673</u>	<u>\$ 293,945</u>	<u>\$ 2,536,898</u>	<u>\$ 140,242</u>	<u>\$ 2,677,140</u>

**City of Cadillac**  
**DDA Combining Balance Sheet and Statement of Net Position**  
**June 30, 2014**

	<u>Downtown Development Authority</u>	<u>Downtown Development Capital Projects</u>	<u>Total DDA Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash & Pooled Investments	\$ 4,827	\$ 23,190	\$ 28,017	\$ --	\$ 28,017
Investments	--	277,162	277,162	--	277,162
Prepays	49	--	49	--	49
Interest Receivable	--	205	205	--	205
<b>Total Current Assets</b>	<u>4,876</u>	<u>300,557</u>	<u>305,433</u>	<u>--</u>	<u>305,433</u>
<i>Noncurrent Assets</i>					
Capital Assets being Depreciated	--	--	--	1,002,532	1,002,532
<b>Total Assets</b>	<u>\$ 4,876</u>	<u>\$ 300,557</u>	<u>\$ 305,433</u>	<u>\$ 1,002,532</u>	<u>\$ 1,307,965</u>
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	\$ 1,150	\$ 7,945	\$ 9,095	\$ --	\$ 9,095
Accrued Liabilities	191	--	191	--	191
<b>Total Current Liabilities</b>	<u>1,341</u>	<u>7,945</u>	<u>9,286</u>	<u>--</u>	<u>9,286</u>
<i>Noncurrent Liabilities</i>					
Compensated Absences	--	--	--	9,303	9,303
<b>Total Liabilities</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,303</u>	<u>18,589</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenues	172	--	172	(172)	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>1,513</u>	<u>7,945</u>	<u>9,458</u>	<u>9,131</u>	<u>18,589</u>
<b>FUND BALANCE</b>					
Restricted	3,363	292,612	295,975	(295,975)	--
Unassigned	--	--	--	--	--
<b>Total Fund Balance</b>	<u>3,363</u>	<u>292,612</u>	<u>295,975</u>	<u>(295,975)</u>	<u>--</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 4,876</u>	<u>\$ 300,557</u>	<u>\$ 305,433</u>	<u>\$ (286,844)</u>	<u>\$ 18,589</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets				\$ 1,002,532	\$ 1,002,532
<i>Restricted for:</i>					
Economic Development				286,844	286,844
<b>Total Net Position</b>				<u>\$ 1,289,376</u>	<u>\$ 1,289,376</u>

**City of Cadillac**  
**DDA Combining Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities**  
**For the Year Ended June 30, 2014**

	<b>Downtown Development Authority</b>	<b>Downtown Development Capital Projects</b>	<b>Total DDA Funds</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>					
Operating revenues	\$ 30,291	\$ 105,188	\$ 135,479	\$ --	\$ 135,479
Charges for Services	5,000	--	5,000	--	5,000
Miscellaneous	1,725	--	1,725	--	1,725
Interest Income	1	2,072	2,073	--	2,073
<b>Total Revenues</b>	<b>37,017</b>	<b>107,260</b>	<b>144,277</b>	<b>--</b>	<b>144,277</b>
<b>Expenditures</b>					
Economic Development	41,552	14,938	56,490	1,074	57,564
Debt Service - Principal	--	30,000	30,000	(30,000)	--
Debt Service - Interest	--	682	682	--	682
Depreciation				40,511	40,511
<b>Total Expenditures</b>	<b>41,552</b>	<b>45,620</b>	<b>87,172</b>	<b>11,585</b>	<b>98,757</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(4,535)</b>	<b>61,640</b>	<b>57,105</b>	<b>(11,585)</b>	<b>45,520</b>
<b>Other Financing Sources (Uses)</b>					
Transfers from Other Funds	--	--	--	--	--
Transfers to Other Funds	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Net Change in Fund Balance / Net Position</b>	<b>(4,535)</b>	<b>61,640</b>	<b>57,105</b>	<b>(11,585)</b>	<b>45,520</b>
<i>Fund Balance / Net Position at Beginning of Period</i>	7,898	230,973	238,871	1,482,727	1,243,856
<b>Fund Balance / Net Position at End of Period</b>	<b>\$ 3,363</b>	<b>\$ 292,613</b>	<b>\$ 295,975</b>	<b>\$ 1,471,142</b>	<b>\$ 1,289,376</b>

**City of Cadillac**  
**EDC Balance Sheet and Statement of Net Position**  
**June 30, 2014**

	<b>Economic Development Corporation</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>ASSETS</b>			
Cash & Pooled Investments	\$ 1,167	\$ --	\$ 1,167
<i>Total Assets</i>	<b>\$ 1,167</b>	<b>\$ --</b>	<b>\$ 1,167</b>
<b>LIABILITIES</b>			
<i>Total Liabilities</i>	\$ --	\$ --	\$ --
<i>Total Liabilities</i>	--	--	--
<b>FUND BALANCE</b>			
Restricted	1,167	(1,167)	--
Unassigned	--	--	--
<i>Total Fund Balance</i>	1,167	(1,167)	--
<i>Total Liabilities and Fund Balance</i>	<b>\$ 1,167</b>	<b>\$ (1,167)</b>	<b>\$ --</b>
<b>NET POSITION</b>			
<i>Restricted for:</i>			
Economic Development		\$ 1,167	\$ 1,167
<i>Total Net Position</i>		<b>\$ 1,167</b>	<b>\$ 1,167</b>

**City of Cadillac**  
**EDC Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities**  
**For the Year Ended June 30, 2014**

	<b>Economic Development Corporation</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
<i>Total Revenues</i>	--	--	--
<b>Expenditures</b>			
<i>Total Expenditures</i>	--	--	--
<i>Excess of Revenues Over     (Under) Expenditures</i>	--	--	--
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	\$ --	\$ --	\$ --
Transfers to Other Funds	--	--	--
<i>Net Other Financing Sources (Uses)</i>	--	--	--
<i>Net Change in Fund Balance / Net Position</i>	--	--	--
<i>Fund Balance / Net Position at Beginning of Period</i>	1,167	--	1,167
<b><i>Fund Balance / Net Position at End of Period</i></b>	<b>\$ 1,167</b>	<b>\$ --</b>	<b>\$ 1,167</b>

**City of Cadillac**  
**Brownfield Redevelopment Balance Sheet and Statement of Net Position**  
**June 30, 2014**

	<u>Brownfield Redevelopment</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash & Pooled Investments	\$ 209,852	\$ --	\$ 209,852
<b>Total Assets</b>	<b>\$ 209,852</b>	<b>\$ --</b>	<b>\$ 209,852</b>
<b>LIABILITIES</b>			
<i>Noncurrent Liabilities</i>			
Long-term Debt	\$ --	\$ 143,324	\$ 143,324
<b>Total Liabilities</b>	<b>--</b>	<b>143,324</b>	<b>143,324</b>
<b>FUND BALANCE</b>			
<i>Restricted for:</i>			
Economic Development	209,852	(209,852)	--
Unassigned	--	--	--
<b>Total Fund Balance</b>	<b>209,852</b>	<b>(209,852)</b>	<b>--</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 209,852</b>	<b>\$ (66,528)</b>	<b>\$ 143,324</b>
<b>NET POSITION</b>			
<i>Restricted for:</i>			
Economic Development		\$ 66,258	\$ 66,258
<b>Total Net Position</b>		<b>\$ 66,258</b>	<b>\$ 66,258</b>

**City of Cadillac**  
**Brownfield Redevelopment Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance and Statement of Activities**  
**For the Year Ended June 30, 2014**

	<u>Brownfield Redevelopment</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Operating revenues	\$ 27,059	\$ --	\$ 27,059
State Revenue	20,736	--	20,736
Note Proceeds	2	--	2
<b>Total Revenues</b>	<u>47,797</u>	<u>--</u>	<u>47,797</u>
<b>Expenditures</b>			
Public Works	35,088	--	35,088
<b>Total Expenditures</b>	<u>35,088</u>	<u>--</u>	<u>35,088</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>12,709</u>	<u>--</u>	<u>12,709</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	--	--	--
Transfers Out	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Change in Fund Balance / Net Position</b>	<u>12,709</u>	<u>--</u>	<u>12,709</u>
<i>Fund Balance / Net Position at Beginning of Period</i>	197,143	(143,324)	53,819
<b>Fund Balance / Net Position at End of Period</b>	<u>\$ 209,852</u>	<u>\$ (143,324)</u>	<u>\$ 66,528</u>

**City of Cadillac**  
**2000 Michigan Transportation Fund Bonds**  
**June 30, 2014**

**Title of Issue**    2000 Michigan Transportation Fund Bonds

**Purpose**            To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952, as amended

**Date of Issue**    June 1, 2000

<b>Amount of Issue</b>		\$        300,000
<b>Amount Redeemed</b>		
Prior to Current Period	\$        230,000	
During Current Period	70,000	
<b>Total Redeemed</b>		300,000
<b>Balance Outstanding</b>		\$            -

**City of Cadillac**  
**2004 General Obligation Capital Improvement Bonds**  
**June 30, 2014**

**Title of Issue** City of Cadillac 2004 General Obligation Capital Improvement Bonds

**Purpose** For the purpose of paying all or part of acquiring and constructing various street improvements in the City, including all related appurtenances and attachments pursuant to Act 24, Public Acts of Michigan 2001

**Date of Issue** November 1, 2004

**Amount of Issue** \$ 995,000

<b>Amount Redeemed</b>			
Prior to Current Period	\$	470,000	
During Current Period		65,000	
<b>Total Redeemed</b>			535,000
<b>Balance Outstanding</b>	\$		460,000

Due Dates	Interest Rates	Requirements		
		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





**City of Cadillac**  
**1999 Water Supply & Wastewater System Revenue & Revenue Refunding Bonds**  
**June 30, 2014**

**Title of Issue** City of Cadillac Water Supply & Wastewater System Revenue & Revenue Refunding Bonds, Series 1999

**Purpose** To finance the cost of (1) acquiring and constructing additions, extensions and improvements to the City's water supply and wastewater system, (2) refunding the City's Water Supply and Wastewater System Revenue Bonds, Series 1989, maturing in the years 2000, 2001 and 2008 on September 1, 1999, (3) refunding the City's Water Supply and Wastewater System Revenue Bonds, Series 1993, maturing in the years 2000 through and including 2008 on September 1, 1999, and (4) paying certain expenses relating to the issuance of the Bonds

**Date of Issue** May 5, 1999

**Amount of Issue** \$ 2,110,000

**Amount Redeemed**

Prior to Current Period \$ 1,050,000

During Current Period 1,060,000

**Total Redeemed** 2,110,000

**Balance Outstanding** \$ -



**City of Cadillac**  
**2007 Wastewater System Junior Lien Revenue Bonds**  
**June 30, 2014**

**Title of Issue** 2007 Wastewater System Junior Lien Revenue Bonds

**Purpose**

To finance the cost of (1) acquiring and constructing additions, extensions, and improvements to the City's wastewater system and (2) paying certain expenses related to the issuance of bonds

**Date of Issue** September 20, 2007

**Amount of Issue** \$ 3,865,205

**Amount Redeemed**

Prior to Current Period \$ 680,000

During Current Period 175,000

**Total Redeemed** 855,000

**Balance Outstanding** \$ 3,010,205

<b>Due Dates</b>	<b>Interest Rates</b>	<b>Requirements</b>		
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>
October 1, 2014	1.625%	\$ 180,000	\$ 24,458	\$ 204,458
April 1, 2015			22,995	22,995
October 1, 2015	1.625%	180,000	22,995	202,995
April 1, 2016			21,533	21,533
October 1, 2016	1.625%	185,000	21,533	206,533
April 1, 2017			20,030	20,030
October 1, 2017	1.625%	190,000	20,030	210,030
April 1, 2018			18,486	18,486
October 1, 2018	1.625%	190,000	18,486	208,486
April 1, 2019			16,942	16,942
October 1, 2019	1.625%	195,000	16,942	211,942
April 1, 2020			15,358	15,358
October 1, 2020	1.625%	195,000	15,358	210,358
April 1, 2021			13,774	13,774
October 1, 2021	1.625%	200,000	13,774	213,774
April 1, 2022			12,149	12,149
October 1, 2022	1.625%	205,000	12,149	217,149
April 1, 2023			10,483	10,483
October 1, 2023	1.625%	205,000	10,483	215,483
April 1, 2024			8,817	8,817
October 1, 2024	1.625%	210,000	8,817	218,817
April 1, 2025			7,111	7,111
October 1, 2025	1.625%	215,000	7,111	222,111
April 1, 2026			5,364	5,364
October 1, 2026	1.625%	220,000	5,364	225,364
April 1, 2027			3,577	3,577
October 1, 2027	1.625%	220,000	3,577	223,577
April 1, 2028			1,789	1,789
October 1, 2028	1.625%	220,205	1,789	221,994
		<u>\$ 3,010,205</u>	<u>\$ 381,274</u>	<u>\$ 3,391,479</u>

**City of Cadillac**  
**2011 Drinking Water Revolving Fund Loan**  
**June 30, 2014**

**Title of Issue** 2011 Drinking Water Revolving Fund Loan

**Purpose**

To finance the cost of (1) acquiring and constructing additions, extensions, and improvements to the City's wastewater system and (2) paying certain expenses related to the issuance of bonds

**Date of Issue** September 23, 2011

**Amount of Issue** \$ 2,324,906

**Amount Redeemed**

Prior to Current Period \$ 96,050

During Current Period 90,000

**Total Redeemed** 186,050

**Balance Outstanding** \$ 2,138,856

Due Dates	Interest Rates	Requirements		
		Principal	Interest	Total
October 1, 2014			\$ 26,736	\$ 26,736
April 1, 2015	2.50%	\$ 95,000	26,736	121,736
October 1, 2015			25,548	25,548
April 1, 2016	2.50%	95,000	25,548	120,548
October 1, 2016			24,361	24,361
April 1, 2017	2.50%	100,000	24,361	124,361
October 1, 2017			23,111	23,111
April 1, 2018	2.50%	100,000	23,111	123,111
October 1, 2018			21,861	21,861
April 1, 2019	2.50%	105,000	21,861	126,861
October 1, 2019			20,548	20,548
April 1, 2020	2.50%	110,000	20,548	130,548
October 1, 2020			19,173	19,173
April 1, 2021	2.50%	110,000	19,173	129,173
October 1, 2021			17,798	17,798
April 1, 2022	2.50%	115,000	17,798	132,798
October 1, 2022			16,361	16,361
April 1, 2023	2.50%	115,000	16,361	131,361
October 1, 2023			14,923	14,923
April 1, 2024	2.50%	120,000	14,923	134,923
October 1, 2024			13,423	13,423
April 1, 2025	2.50%	120,000	13,423	133,423
October 1, 2025			11,923	11,923
April 1, 2026	2.50%	125,000	11,923	136,923
October 1, 2026			10,361	10,361
April 1, 2027	2.50%	130,000	10,361	140,361
October 1, 2027			8,736	8,736
April 1, 2028	2.50%	130,000	8,736	138,736
October 1, 2028			7,111	7,111
April 1, 2029	2.50%	135,000	7,111	142,111
October 1, 2029			5,423	5,423
April 1, 2030	2.50%	140,000	5,423	145,423
October 1, 2030			3,673	3,673
April 1, 2031	2.50%	145,000	3,673	148,673
October 1, 2031			1,861	1,861
April 1, 2032	2.50%	148,856	1,861	150,717
		<u>\$ 2,138,856</u>	<u>\$ 545,862</u>	<u>\$ 2,684,718</u>

**City of Cadillac**  
**1999 Building Authority Refunding Bonds**  
**June 30, 2014**

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

**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, 1999

**Date of Issue** February 2, 1999

**Amount of Issue** \$ 1,265,000

**Amount Redeemed**

Prior to Current Period \$ 860,000

During Current Period 130,000

**Total Redeemed** 990,000

**Balance Outstanding** \$ 275,000

<u>Due Dates</u>	<u>Interest Rates</u>	<u>Requirements</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
		<u>\$ 275,000</u>	<u>\$ 12,765</u>	<u>\$ 287,765</u>

**City of Cadillac**  
**2013 Water Supply & Wastewater System Revenue Refunding Bonds**  
**June 30, 2014**

**Title of Issue** City of Cadillac Water Supply & Wastewater System Revenue Refunding Bonds, Series 2013

**Purpose** To finance the cost of (1) refunding the City's Water Supply and Wastewater System Revenue & revenue Refunding Bonds, Series 1999, maturing in the years 2015 through 2019 on July 19, 2013, (2) refunding the City's Water and Sewer Revenue and Revenue Refunding Bonds, Series 2001, maturing in the years 2015 through 2019 on July 19, 2013, and (3) paying certain expenses relating to the issuance of the Bonds

**Date of Issue** July 19, 2013

**Amount of Issue** \$ 4,075,000

<b>Amount Redeemed</b>		
Prior to Current Period	\$	-
During Current Period		-
<b>Total Redeemed</b>		-
<b>Balance Outstanding</b>		\$ 4,075,000

Due Dates	Interest Rates	Requirements		
		Principal	Interest	Total
September 1, 2014	2.70%	\$ 255,000	\$ 55,013	\$ 310,013
March 1, 2015			51,570	51,570
September 1, 2015	2.70%	275,000	51,570	326,570
March 1, 2016			47,858	47,858
September 1, 2016	2.70%	275,000	47,858	322,858
March 1, 2017			44,145	44,145
September 1, 2017	2.70%	280,000	44,145	324,145
March 1, 2018			40,365	40,365
September 1, 2018	2.70%	285,000	40,365	325,365
March 1, 2019			36,518	36,518
September 1, 2019	2.70%	300,000	36,518	336,518
March 1, 2020			32,468	32,468
September 1, 2020	2.70%	315,000	32,468	347,468
March 1, 2021			28,215	28,215
September 1, 2021	2.70%	325,000	28,215	353,215
March 1, 2022			23,828	23,828
September 1, 2022	2.70%	335,000	23,828	358,828
March 1, 2023			19,305	19,305
September 1, 2023	2.70%	340,000	19,305	359,305
March 1, 2024			14,715	14,715
September 1, 2024	2.70%	355,000	14,715	369,715
March 1, 2025			9,923	9,923
September 1, 2025	2.70%	365,000	9,923	374,923
March 1, 2026			4,995	4,995
September 1, 2026	2.70%	370,000	4,995	374,995
		\$ 4,075,000	\$ 762,823	\$ 4,837,823

**City of Cadillac  
Primary Government  
Statement of 2013 Tax Roll  
June 30, 2014**

	<u>Taxable Valuation</u>	<u>Mills Levied</u>	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Taxes Returned Delinquent</u>
Wexford County	\$ 245,217,449	6.7797	\$ 1,660,314	\$ 1,592,536	\$ 67,778
Wexford County - Public Safety	245,067,734	0.9500	232,637	218,920	13,717
<b>Cadillac Area Public Schools</b>					
Operating	11,021,630	9.0000	1,033,395	980,048	53,347
Operating Comm PPT	8,123,300	3.0000	-	-	-
Debt Retirement	245,067,734	1.4500	355,086	340,591	14,495
State Education Tax	209,168,849	6.0000	1,253,095	1,193,110	59,985
Wexford-Missaukee Intermediate School District	245,067,734	5.9419	1,455,137	1,369,329	85,808
Cadillac-Wexford Transit Authority	245,067,734	0.6000	146,932	138,268	8,664
Cadillac-Wexford Public Library	245,067,734	0.7500	183,657	172,828	10,829
Wexford County Council on Aging	245,067,734	1.0000	244,892	230,451	14,441
<b>City of Cadillac</b>					
General Fund	245,217,449	13.9473	3,415,650	3,276,213	139,437
Policemen & Firemen Retirement System	245,217,449	2.6000	636,729	610,736	25,993
Public Improvement Special Assessments			71,113	66,872	4,241
Lake Cadillac Inv Spec	245,217,449	0.5000	122,442	117,444	4,998
Water & Sewer Delinquent Accounts			19,779	14,925	4,854
Unpaid Invoices			4,430	1,469	2,961
Administration Fees			121,998	115,923	6,075
			<u>\$ 10,957,286</u>	<u>\$ 10,439,663</u>	<u>\$ 517,623</u>

**City of Cadillac**  
**Local Development Finance Authority**  
**Statement of 2013 Tax Roll**  
**June 30, 2014**

	<u>Taxable Valuation</u>	<u>Mills Levied</u>	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Less Taxes Captured by LDFA</u>	<u>Net Collections Due to Units</u>
Wexford County	\$ 2,128,700	6.7797	\$ 20,883	\$ 20,883	\$ 20,883	\$ -
Wexford County - Public Safety	2,128,700	0.9500	2,926	2,926	2,926	-
<b>Cadillac Area Public Schools</b>						
Operating	2,128,700	18.0000	38,317	38,317	-	38,317
Debt Retirement	2,128,700	3.0000	6,386	6,386	-	6,386
State Education Tax	2,128,700	6.0000	12,772	12,772	-	12,772
Wexford-Missaukee Intermediate School District	2,128,700	5.9419	12,772	12,772	-	12,772
Cadillac-Wexford Transit Authority	2,128,700	0.6000	2,310	2,310	2,310	-
Cadillac-Wexford Public Library	2,128,700	0.7500	1,515	1,515	1,515	-
Wexford County Council on Aging	2,128,700	1.0000	3,080	3,080	3,080	-
<b>City of Cadillac</b>						
General Fund	2,128,700	13.9473	42,961	42,961	42,961	-
Policemen & Firemen Retirement System	2,128,700	2.6000	8,009	8,009	8,009	-
Lake Cadillac Inv Spec	2,128,700	0.5000	1,540	1,540	1,540	-
Local Development Finance Authority Capture					(83,224)	83,224
			<u>\$ 153,471</u>	<u>\$ 153,471</u>	<u>\$ -</u>	<u>\$ 153,471</u>

**City of Cadillac**  
**Downtown Development Authority**  
**Statement of 2013 Tax Roll**  
**June 30, 2014**

	<u>Taxable Valuation</u>	<u>Mills Levied</u>	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Less Taxes Captured by DDA</u>	<u>Net Collections Due to Units</u>
Wexford County	\$ 15,503,815	6.7797	\$ 26,690	\$ 26,690	\$ 26,690	\$ -
Wexford County - Public Safety	15,503,815	0.9500	3,740	3,740	3,740	-
<b>Cadillac Area Public Schools</b>						
Operating	15,503,815	18.0000	279,069	279,069	-	279,069
Debt Retirement	15,503,815	3.0000	46,511	46,511	-	46,511
State Education Tax	15,503,815	6.0000	93,023	93,023	-	93,023
Wexford-Missaukee Intermediate School District	15,503,815	5.9419	92,122	92,122	-	92,122
Cadillac-Wexford Transit Authority	15,503,815	0.6000	2,362	2,362	2,362	-
Cadillac-Wexford Public Library	15,503,815	0.7500	2,952	2,952	2,952	-
Wexford County Council on Aging	15,503,815	1.0000	3,937	3,937	3,937	-
<b>City of Cadillac</b>			-			
General Fund	15,503,815	13.9473	54,907	54,907	54,907	-
Policemen & Firemen Retirement System	15,503,815	2.6000	10,236	10,236	10,236	-
Lake Cadillac Inv Spec	15,503,815	0.5000	1,968	1,968	1,968	-
Downtown Development Authority Capture					(106,792)	106,792
			<u>\$ 617,517</u>	<u>\$ 617,517</u>	<u>\$ -</u>	<u>\$ 617,517</u>

**City of Cadillac  
Brownfield Redevelopment Authority  
Statement of 2013 Tax Roll  
June 30, 2014**

	<u>Taxable Valuation</u>	<u>Mills Levied</u>	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Less Taxes Captured by Brownfield</u>	<u>Net Collections Due to Units</u>
Wexford County	\$ 375,500	6.7797	\$ 2,546	\$ 2,546	\$ 2,546	\$ -
Wexford County - Public Safety	375,500	0.9500	357	357	357	-
<b>Cadillac Area Public Schools</b>						
Operating	563,500	18.0000	10,144	10,144	10,144	-
State Education Tax	563,500	6.0000	3,381	3,381	3,381	-
Wexford-Missaukee Intermediate School District	563,500	5.9419	3,349	3,349	3,349	-
Cadillac-Wexford Transit Authority	375,500	0.6000	225	225	225	-
Cadillac-Wexford Public Library	375,500	0.7500	281	281	281	-
Wexford County Council on Aging	375,500	1.0000	375	375	375	-
<b>City of Cadillac</b>			-			
General Fund	375,500	13.9473	5,237	5,237	5,237	-
Policemen & Firemen Retirement System	375,500	2.6000	976	976	976	-
Lake Cadillac Inv Spec	375,500	0.5000	188	188	188	-
Brownfield Redevelopment Authority Capture					(27,059)	27,059
			<u>\$ 27,059</u>	<u>\$ 27,059</u>	<u>\$ -</u>	<u>\$ 27,059</u>

**City of Cadillac**  
**Primary Government**  
**Statement of 2013 Industrial Facilities Tax Roll**  
**June 30, 2014**

	<u>Taxable Valuation</u>	<u>Mills Levied</u>	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Taxes Returned Delinquent</u>
Wexford County	\$ 14,230,000	3.3899	\$ 48,237	\$ 48,237	\$ -
Wexford County - Public Safety	14,230,000	0.4750	6,759	6,759	-
<b>Cadillac Area Public Schools</b>					
Operating	4,405,500	4.5000	19,825	19,825	-
Debt Retirement	14,230,000	0.7250	10,316	10,316	-
State Education Tax			26,433	26,433	-
Wexford-Missaukee Intermediate School District	14,230,000	2.9709	42,275	42,275	-
Cadillac-Wexford Transit Authority	14,230,000	0.3000	4,269	4,269	-
Cadillac-Wexford Public Library	14,230,000	0.3750	5,336	5,336	-
Wexford County Council on Aging	14,230,000	0.5000	7,115	7,115	-
<b>City of Cadillac</b>					
General Fund	14,230,000	6.9736	99,234	99,234	-
Policemen & Firemen Retirement System	14,230,000	1.3000	18,499	18,499	-
Lake Cadillac Inv Spec	14,230,000	0.2500	3,557	3,557	-
			<u>\$ 291,855</u>	<u>\$ 291,855</u>	<u>\$ -</u>

**City of Cadillac**  
**Local Development Finance Authority**  
**Statement of 2013 Industrial Facilities Tax Roll**  
**June 30, 2014**

	<u>Taxable Valuation</u>	<u>Mills Levied</u>	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Less Taxes Captured by LDFA</u>	<u>Net Collections Due to Units</u>
Wexford County	\$ 4,990,744	3.3899	\$ 13,692	\$ 13,692	\$ 13,692	\$ -
Wexford County - Public Safety	4,990,744	0.4750	1,919	1,919	1,919	-
<b>Cadillac Area Public Schools</b>						
Operating	4,990,744	9.0000	44,917	44,917	-	44,917
Debt Retirement	4,990,744	1.4500	7,237	7,237	-	7,237
State Education Tax	4,990,744	3.0000	14,972	14,972	-	14,972
Wexford-Missaukee Intermediate School District	4,990,744	2.9710	14,827	14,827	-	14,827
Cadillac-Wexford Transit Authority	4,990,744	0.3000	1,212	1,212	1,212	-
Cadillac-Wexford Public Library	4,990,744	0.3750	1,515	1,515	1,515	-
Wexford County Council on Aging	4,990,744	0.5000	2,020	2,020	2,020	-
<b>City of Cadillac</b>			-	-		
General Fund	4,990,744	6.9737	28,168	28,168	28,168	-
Policemen & Firemen Retirement System	4,990,744	1.3000	5,250	5,250	5,250	-
Lake Cadillac Inv Spec	4,990,744	0.2500	1,010	1,010	1,010	-
Local Development Finance Authority Capture					(54,786)	54,786
			<u>\$ 136,739</u>	<u>\$ 136,739</u>	<u>\$ -</u>	<u>\$ 136,739</u>

**City of Cadillac**  
**Primary Government**  
**Statement of 2013 Obsolete Properties Tax Roll**  
**June 30, 2014**

	<u>Taxable Valuation</u>	<u>Mills Levied</u>	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Taxes Returned Delinquent</u>
Wexford County	\$ 265,200	6.7797	\$ 1,798	\$ 1,130	\$ 668
Wexford County - Public Safety	265,200	2.6000	252	158	94
<b>Cadillac Area Public Schools</b>					
Operating	235,803	9.0000	2,894	2,007	887
Operating	112,859	4.5000	2,894	2,007	887
Debt Retirement	407,303	1.4500	1,182	896	286
State Education Tax	235,803	6.0000	1,286	892	394
State Education Tax	142,103	3.0000	643	446	197
Wexford-Missaukee Intermediate School District	265,200	5.9419	1,576	991	585
Cadillac-Wexford Transit Authority	265,200	0.6000	159	100	59
Cadillac-Wexford Public Library	265,200	0.7500	199	125	74
Wexford County Council on Aging	265,200	1.0000	265	167	98
<b>City of Cadillac</b>					
General Fund	265,200	13.9473	3,699	2,325	1,374
Policemen & Firemen Retirement System	265,200	2.6000	690	433	257
Lake Cadillac Inv Spec	265,200	0.5000	132	83	49
Downtown Development Authority	265,200	1.9548	518	326	192
			<u>\$ 18,187</u>	<u>\$ 12,086</u>	<u>\$ 6,101</u>

**City of Cadillac  
Primary Government  
Statement of 2013 DNR/PILT Tax Roll  
June 30, 2014**

	<u>Taxable Valuation</u>	<u>Mills Levied</u>	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Taxes Returned Delinquent</u>
Wexford County	\$ 797,517	6.7797	\$ 5,407	\$ 5,407	\$ -
Wexford County - Public Safety	797,517	0.9500	758	758	-
<b>Cadillac Area Public Schools</b>					
Debt Retirement	797,517	2.9000	2,313	2,313	-
State Education Tax					
Wexford-Missaukee Intermediate School District	797,517	5.9419	4,739	4,739	-
Cadillac-Wexford Transit Authority	797,517	0.6000	478	478	-
Cadillac-Wexford Public Library	797,517	0.7500	598	598	-
Wexford County Council on Aging	797,517	1.0000	798	798	-
<b>City of Cadillac</b>					
General Fund	797,517	13.9473	11,123	11,123	-
Policemen & Firemen Retirement System	797,517	2.6000	2,074	2,074	-
Lake Cadillac Inv Spec	797,517	0.5000	399	399	-
			<u>\$ 28,687</u>	<u>\$ 28,687</u>	<u>\$ -</u>

**STATISTICAL SECTION**

# ***STATISTICAL SECTION***

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	131-135
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	136-139
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b>	140-144
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b>	145-146
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
<b>Operating Information</b>	147-149
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
<b>Other Schedules</b>	150-159

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

**City of Cadillac**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)  
(amounts expressed in thousands)

	<i>Fiscal Year</i>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 11,980	\$ 12,563	\$ 13,560	\$ 13,847	\$ 13,453	\$ 13,608	\$ 13,114	\$ 12,618	\$ 12,131	\$ 11,469
Restricted for Specific Purpose	457	792	1,162	1,360	1,383	1,398	3,202	2,744	2,688	3,369
Restricted for Specific Purpose, Temporarily Restricted	-	-	-	-	-	293	366	364	349	-
Restricted for Specific Purpose, Permanently Restricted	-	-	-	-	-	757	757	757	756	-
Unrestricted	6,537	5,907	5,534	6,052	6,202	4,802	3,071	3,404	3,498	4,078
Total governmental activities net position	<u>\$ 18,974</u>	<u>\$ 19,262</u>	<u>\$ 20,256</u>	<u>\$ 21,259</u>	<u>\$ 21,038</u>	<u>\$ 20,858</u>	<u>\$ 20,510</u>	<u>\$ 19,887</u>	<u>\$ 19,422</u>	<u>\$ 18,916</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 11,317	\$ 11,404	\$ 11,610	\$ 12,457	\$ 12,667	\$ 12,698	\$ 12,789	\$ 13,558	\$ 13,560	\$ 13,972
Restricted for Specific Purpose	2,048	1,656	1,799	1,490	1,318	1,332	1,350	1,363	671	626
Unrestricted	1,756	2,384	2,772	2,376	2,292	2,422	2,447	2,661	3,457	3,069
Total business-type activities net position	<u>\$ 15,121</u>	<u>\$ 15,444</u>	<u>\$ 16,181</u>	<u>\$ 16,323</u>	<u>\$ 16,277</u>	<u>\$ 16,452</u>	<u>\$ 16,586</u>	<u>\$ 17,582</u>	<u>\$ 17,688</u>	<u>\$ 17,667</u>
Primary Government										
Net Investment in Capital Assets	\$ 23,297	\$ 23,967	\$ 25,170	\$ 26,304	\$ 26,120	\$ 26,306	\$ 25,903	\$ 26,176	\$ 25,691	\$ 25,441
Restricted for Specific Purpose	2,505	2,448	2,961	2,850	2,701	2,730	4,552	4,107	3,359	3,995
Restricted for Specific Purpose, Temporarily Restricted	-	-	-	-	-	293	366	364	349	-
Restricted for Specific Purpose, Permanently Restricted	-	-	-	-	-	757	757	757	756	-
Unrestricted	8,293	8,291	8,306	8,428	8,494	7,224	5,518	6,065	6,955	7,147
Total primary government net position	<u>\$ 34,095</u>	<u>\$ 34,706</u>	<u>\$ 36,437</u>	<u>\$ 37,582</u>	<u>\$ 37,315</u>	<u>\$ 37,310</u>	<u>\$ 37,096</u>	<u>\$ 37,469</u>	<u>\$ 37,110</u>	<u>\$ 36,583</u>

**City of Cadillac**  
**Changes in Net Position**  
**Last Ten Years**  
(accrual basis of accounting)  
(amounts expressed in thousands)

	<i>Fiscal Year</i>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 1,695	\$ 2,313	\$ 1,829	\$ 1,642	\$ 1,854	\$ 1,888	\$ 1,746	\$ 1,796	\$ 1,862	\$ 1,987
Public Safety	3,322	3,403	3,449	3,434	3,296	3,305	3,427	3,236	3,224	3,199
Public Works	2,300	1,834	2,473	2,817	3,131	2,667	2,634	2,513	2,456	2,570
Recreation and Culture	285	417	448	476	514	453	421	538	520	421
Redevelopment and Housing	119	51	0	12	0	0	0	0	0	0
Economic Development/Assistance	85	74	404	239	236	237	255	244	198	257
Intergovernmental	100	0	0	0	0	0	0	0	0	0
Interest on Long-Term Debt	61	118	107	128	78	65	55	47	39	21
<b>Total Governmental Activities Expenses</b>	<b>\$ 7,967</b>	<b>\$ 8,210</b>	<b>\$ 8,710</b>	<b>\$ 8,748</b>	<b>\$ 9,109</b>	<b>\$ 8,615</b>	<b>\$ 8,538</b>	<b>\$ 8,374</b>	<b>\$ 8,299</b>	<b>\$ 8,455</b>
Business-Type Activities:										
Water and Sewer	\$ 3,473	\$ 3,605	\$ 3,623	\$ 3,785	\$ 3,916	\$ 3,857	\$ 3,823	\$ 3,767	\$ 4,025	\$ 4,138
Building Authority Operating	143	131	134	139	129	113	107	114	95	88
Automobile Parking System	50	48	57	56	52	46	56	45	57	63
<b>Total Business-Type Activities Expenses</b>	<b>\$ 3,666</b>	<b>\$ 3,784</b>	<b>\$ 3,814</b>	<b>\$ 3,980</b>	<b>\$ 4,097</b>	<b>\$ 4,016</b>	<b>\$ 3,986</b>	<b>\$ 3,926</b>	<b>\$ 4,177</b>	<b>\$ 4,289</b>
<b>Total Primary Government Expenses</b>	<b>\$ 11,633</b>	<b>\$ 11,994</b>	<b>\$ 12,524</b>	<b>\$ 12,728</b>	<b>\$ 13,206</b>	<b>\$ 12,631</b>	<b>\$ 12,524</b>	<b>\$ 12,300</b>	<b>\$ 12,476</b>	<b>\$ 12,744</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges For Services:										
General Government	\$ 416	\$ 464	\$ 459	\$ 507	\$ 472	\$ 441	\$ 377	\$ 482	\$ 472	\$ 509
Public Safety	374	401	470	287	299	295	282	266	258	106
Public Works	389	490	533	594	597	585	579	547	527	733
Recreation and Culture	0	0	0	0	0	0	1	2	1	25
Economic Development	0	0	0	0	0	0	0	0	0	2
Operating Grants and Contributions	970	1,031	1,113	1,065	994	983	1,059	1,119	1,193	1,148
Capital Grants and Contributions	739	505	1,316	1,250	360	332	104	269	47	-
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 2,888</b>	<b>\$ 2,891</b>	<b>\$ 3,891</b>	<b>\$ 3,703</b>	<b>\$ 2,722</b>	<b>\$ 2,636</b>	<b>\$ 2,402</b>	<b>\$ 2,685</b>	<b>\$ 2,498</b>	<b>\$ 2,523</b>

**City of Cadillac**  
**Changes in Net Position (Continued)**  
**Last Ten Years**  
(accrual basis of accounting)  
(amounts expressed in thousands)

	<i>Fiscal Year</i>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Program Revenues (Continued)</b>										
Business-Type Activities:										
Charges for Services:										
Water and Sewer System	\$ 3,395	\$ 3,670	\$ 3,735	\$ 3,771	\$ 3,660	\$ 3,882	\$ 3,823	\$ 3,995	\$ 4,073	\$ 4,032
Building Authority Operating	196	196	196	197	196	196	196	194	196	196
Automobile Parking System	46	50	49	49	47	47	36	1	37	42
Operating Grants and Contributions	14	0	0	0	0	0	0	0	0	0
Capital Grants and Contributions		76	410	0	0	0	0	509	0	0
Total Business-Type Activities Program Revenues	<u>\$ 3,651</u>	<u>\$ 3,992</u>	<u>\$ 4,390</u>	<u>\$ 4,017</u>	<u>\$ 3,903</u>	<u>\$ 4,125</u>	<u>\$ 4,055</u>	<u>\$ 4,699</u>	<u>\$ 4,306</u>	<u>\$ 4,270</u>
Total Primary Government Program Revenues	<u>\$ 6,539</u>	<u>\$ 6,883</u>	<u>\$ 8,281</u>	<u>\$ 7,720</u>	<u>\$ 6,625</u>	<u>\$ 6,761</u>	<u>\$ 6,457</u>	<u>\$ 7,384</u>	<u>\$ 6,804</u>	<u>\$ 6,793</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes	\$ 3,667	\$ 4,188	\$ 4,364	\$ 4,553	\$ 4,714	\$ 4,753	\$ 4,681	\$ 4,443	\$ 4,339	\$ 4,338
State Shared Revenue - Unrestricted	1,066	1,055	1,043	1,014	1,021	873	896	896	924	988
Investment Earnings - Unrestricted	182	215	271	263	169	146	203	103	62	67
Gain (Loss) on Sale of Capital Assets	16	134	109	0	235	8	2	3	7	0
Other	14	14	25	71	27	19	5	16	4	10
Transfers	0	0	0	0	0	0	0	0	0	0
Special Items	212	0	0	0	0	0	0	0	0	0
Total Governmental Activities	<u>\$ 5,157</u>	<u>\$ 5,606</u>	<u>\$ 5,812</u>	<u>\$ 5,901</u>	<u>\$ 6,166</u>	<u>\$ 5,799</u>	<u>\$ 5,787</u>	<u>\$ 5,461</u>	<u>\$ 5,336</u>	<u>\$ 5,403</u>
Business-Type Activities										
Investment Earnings - Unrestricted	90	115	161	104	148	66	65	15	13	19
Gain (Loss) on Sale of Capital Assets	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	209	0	0
Transfers	0	0	0	0	0	0	0	0	0	0
Total Business-Type Activities	<u>\$ 90</u>	<u>\$ 115</u>	<u>\$ 161</u>	<u>\$ 104</u>	<u>\$ 148</u>	<u>\$ 66</u>	<u>\$ 65</u>	<u>\$ 224</u>	<u>\$ 13</u>	<u>\$ 19</u>
Total Primary Government	<u>\$ 5,247</u>	<u>\$ 5,721</u>	<u>\$ 5,973</u>	<u>\$ 6,005</u>	<u>\$ 6,314</u>	<u>\$ 5,865</u>	<u>\$ 5,852</u>	<u>\$ 5,685</u>	<u>\$ 5,349</u>	<u>\$ 5,422</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 78	\$ 287	\$ 993	\$ 855	\$ (221)	\$ (180)	\$ (348)	\$ (228)	\$ (465)	\$ (527)
Business-Type Activities	75	323	737	142	(45)	175	134	996	142	(1)
Total Primary Government	<u>\$ 153</u>	<u>\$ 610</u>	<u>\$ 1,730</u>	<u>\$ 997</u>	<u>\$ (266)</u>	<u>\$ (5)</u>	<u>\$ (214)</u>	<u>\$ 768</u>	<u>\$ (323)</u>	<u>\$ (528)</u>

**City of Cadillac**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Fund</b>										
Reserved	\$ 143,221	\$ 170,765	\$ 93,586	\$ 125,961	\$ 218,008	\$ 205,112				
Unreserved	1,159,268	1,365,783	1,724,440	1,899,984	2,140,207	-				
Unreserved, Designated, reported in General Fund	-	-	-	-	-	1,885,301				
Unreserved, Undesignated, reported in General Fund	-	-	-	-	-	526,092				
Nonspendable							91,453	36,033	-	37,127
Restricted							58,273	42,884	56,855	54,076
Committed							1,574,414	-	-	-
Assigned							201,647	1,782,955	1,622,467	1,579,291
Unassigned							509,256	320,880	480,251	371,323
<b>Total General Fund</b>	<b>1,302,489</b>	<b>1,536,548</b>	<b>1,818,026</b>	<b>2,025,945</b>	<b>2,358,215</b>	<b>2,616,505</b>	<b>2,435,043</b>	<b>2,182,752</b>	<b>2,159,573</b>	<b>2,041,817</b>
<b>All Other Governmental Funds</b>										
Reserved	2,053,122	2,189,636	2,546,390	2,417,486	2,041,213	2,543,844				
Unreserved, reported in Special Revenue Funds	2,593,396	2,115,529	1,933,446	1,711,208	1,882,372	-				
Unreserved, Designated, reported in Special Rev. Funds	-	-	-	-	-	289,601				
Unreserved, Undesignated, reported in Special Rev. Funds	-	-	-	-	-	1,074,744				
Nonspendable							1,195,312	759,938	861,293	780,200
Restricted							1,188,188	1,314,116	1,358,831	1,478,859
Committed							-	-	-	-
Assigned							1,555,880	1,958,609	1,826,316	1,870,764
Unassigned							(8,072)	(10,734)	-	-
<b>Total All Other Governmental Funds</b>	<b>4,646,518</b>	<b>4,305,165</b>	<b>4,479,836</b>	<b>4,128,694</b>	<b>3,923,585</b>	<b>3,908,189</b>	<b>3,931,308</b>	<b>4,021,929</b>	<b>4,046,440</b>	<b>4,129,823</b>
<b>Total Fund Balance</b>	<b>\$ 5,949,007</b>	<b>\$ 5,841,713</b>	<b>\$ 6,297,862</b>	<b>\$ 6,154,639</b>	<b>\$ 6,281,800</b>	<b>\$ 6,524,694</b>	<b>\$ 6,366,351</b>	<b>\$ 6,204,681</b>	<b>\$ 6,206,013</b>	<b>\$ 6,171,640</b>

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

**City of Cadillac**  
**Changes of Fund Balances in Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes and Special Assessments	\$ 3,851,994	\$ 4,353,294	\$ 4,600,263	\$ 4,785,912	\$ 4,914,529	\$ 4,856,424	\$ 4,756,554	\$ 4,616,673	\$ 4,496,524	\$ 4,338,224
Licenses and Permits	1,160	1,345	1,730	1,210	2,050	1,275	765	109,775	122,102	129,179
Federal Grants	551,158	286,568	618,992	1,161,824	360,784	268,668	111,133	72,656	42,314	4,779
State Grants	1,975,966	2,062,398	2,423,778	1,937,266	2,114,947	1,745,491	1,833,017	2,003,498	1,883,928	2,015,816
Contributions from Local Units	290,625	223,321	219,612	205,298	208,397	212,273	206,991	205,615	227,103	215,823
Charges for Services	921,931	1,086,646	1,195,636	1,142,942	1,123,134	1,068,709	1,013,530	979,459	943,558	939,858
Fines and Forfeits	35,306	28,110	28,546	29,083	39,802	41,874	37,966	20,001	14,887	13,582
Interest and Rents	249,077	282,366	337,882	320,498	225,652	196,738	173,363	128,240	108,040	67,443
Gain (Loss) on Investments	28,978	56,275	173,057	(115,439)	(323,017)	65,613	37,501	(17,101)	(45,257)	-
Other Revenue	350,624	492,252	507,353	476,811	699,996	366,995	351,383	349,441	90,447	135,930
<b>Total Revenues</b>	<b>\$ 8,256,819</b>	<b>\$ 8,872,575</b>	<b>\$ 10,106,849</b>	<b>\$ 9,945,405</b>	<b>\$ 9,366,274</b>	<b>\$ 8,824,060</b>	<b>\$ 8,522,203</b>	<b>\$ 8,468,257</b>	<b>\$ 7,883,646</b>	<b>\$ 7,860,634</b>
<b>Expenditures</b>										
General Government	\$ 1,674,851	\$ 1,691,254	\$ 1,929,941	\$ 1,756,290	\$ 1,817,527	\$ 1,859,669	\$ 1,640,771	\$ 1,672,482	\$ 1,734,475	\$ 1,819,501
Public Safety	3,132,114	3,612,327	3,328,541	3,439,788	3,309,811	3,433,573	3,709,362	3,196,361	3,256,156	3,152,675
Public Works	2,621,945	2,337,285	2,733,378	3,483,417	2,168,283	2,105,374	2,049,646	2,175,179	1,903,925	1,914,351
Redevelopment and Housing	119,110	51,964	-	-	-	-	-	-	-	-
Community & Economic Development	73,528	57,593	384,223	270,559	225,467	219,194	234,664	226,141	184,069	248,307
Capital Outlay	122,759	127,120	29,536	106,876	360,950	3,761	3,815	4,114	138,359	209,926
Culture and Recreation	418,927	268,500	469,798	267,288	572,740	278,232	389,069	343,517	340,874	295,547
Debt Service										
Principal	322,404	395,443	325,082	310,971	324,082	287,832	272,729	218,832	188,832	229,943
Interest	101,871	116,395	98,785	90,532	74,404	62,104	51,326	43,904	32,631	24,757
Other Charges	26,002	5,240	5,650	4,770	4,809	4,200	4,200	3,300	2,235	-
Intergovernmental	306,387	316,748	372,116	358,137	381,040	327,227	324,964	351,006	100,758	-
<b>Total Expenditures</b>	<b>\$ 8,919,898</b>	<b>\$ 8,979,869</b>	<b>\$ 9,677,050</b>	<b>\$ 10,088,628</b>	<b>\$ 9,239,113</b>	<b>\$ 8,581,166</b>	<b>\$ 8,680,546</b>	<b>\$ 8,234,836</b>	<b>\$ 7,882,314</b>	<b>\$ 7,895,007</b>
<b>Other Financing Sources (Uses)</b>										
Transfers In	\$ 716,087	\$ 817,632	\$ 1,045,678	\$ 947,915	\$ 1,090,500	\$ 906,181	\$ 839,922	\$ 819,768	\$ 649,500	\$ 806,035
Transfers Out	(716,087)	(817,632)	(1,045,678)	(947,915)	(1,090,500)	(906,181)	(839,922)	(819,768)	(649,500)	(806,035)
Bond Proceeds	995,000	-	-	-	-	-	-	-	-	-
Loan Proceeds	-	-	26,350	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 995,000</b>	<b>\$ -</b>	<b>\$ 26,350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ 331,921</b>	<b>\$ (107,294)</b>	<b>\$ 456,149</b>	<b>\$ (143,223)</b>	<b>\$ 127,161</b>	<b>\$ 242,894</b>	<b>\$ (158,343)</b>	<b>\$ 233,421</b>	<b>\$ 1,332</b>	<b>\$ (34,373)</b>
Debt Service as a percentage of non-capital expenditures	5.71%	6.45%	5.23%	4.66%	4.53%	4.33%	3.92%	3.40%	2.96%	3.31%

**City of Cadillac**  
**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
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
2014	191,926,234	52,972,480	244,898,714	506,343,018	48.37%	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  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

Fiscal Year	<i>Direct Tax Rates</i>			<i>Overlapping Tax Rates <sup>a</sup></i>								
	<i>City of Cadillac</i>			<i>Wexford County</i>				<i>Cadillac Area Public Schools <sup>d</sup></i>	<i>Wexford Intermediate Schools</i>	<i>State Education Tax</i>	<i>Total Direct &amp; Overlapping Rates</i>	
	<i>General <sup>b</sup></i>	<i>Police &amp; Fire Retirement</i>	<i>Lake Cadillac Treatment</i>	<i>Total City</i>	<i>Wexford County <sup>c</sup></i>	<i>Cadillac-Wexford Transit Authority</i>	<i>Council on Aging</i>	<i>Wexford County Library</i>				
2005	13.9473	1.8000	N/A	<b>15.7473</b>	8.0893	0.3960	0.9942	0.6825	21.4505	5.9853	6.0000	<b>59.3451</b>
2006	13.9473	1.8000	N/A	<b>15.7473</b>	8.0665	0.3948	0.9913	0.6805	21.4505	5.9614	6.0000	<b>59.2923</b>
2007	13.9473	2.7000	N/A	<b>16.6473</b>	8.0797	0.6000	0.9976	0.6785	20.5505	5.9419	6.0000	<b>59.4955</b>
2008	13.9473	2.8000	N/A	<b>16.7473</b>	8.0797	0.6000	0.9976	0.6785	20.9000	5.9419	6.0000	<b>59.9450</b>
2009	13.9473	2.6000	N/A	<b>16.5473</b>	8.2797	0.6000	0.9976	0.7500	20.9000	5.9419	6.0000	<b>60.0165</b>
2010	13.9473	2.6000	N/A	<b>16.5473</b>	8.2797	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	<b>60.0189</b>
2011	13.9473	2.6000	N/A	<b>16.5473</b>	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	<b>59.9689</b>
2012	13.9473	2.6000	0.5000	<b>17.0473</b>	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	<b>60.4689</b>
2013	13.9473	2.6000	0.5000	<b>17.0473</b>	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	<b>59.9689</b>
2014	13.9473	2.6000	0.5000	<b>17.0473</b>	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	<b>59.9689</b>

*Source: City of Cadillac Treasurer's Office*

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

<sup>b</sup> City general operating tax rate is limited to 15.0 mills per the city charter.

<sup>c</sup> Includes Wexford County operating rate and if applicable Wexford County extra voted rate(s).

<sup>d</sup> Includes Cadillac Area Public Schools operating rate and school debt rate.

**City of Cadillac  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of Levy		Collections in Subsequent Years	Total Collections to Date <sup>a</sup>	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2014	4,300,632	4,128,524	96.00%	172,108	4,300,632	100.00%

**Source:** *City of Cadillac Treasurer's Office*

<sup>a</sup> In 1977 the Wexford County Treasurer began pooling all delinquent taxes together and financing delinquencies through bond sales. The proceeds from the bond sale are paid to the City giving the effect of 100% tax collection in a given year. The responsibility for the collection of the delinquent tax is shifted to the county treasurer.

**City of Cadillac  
Principal Property Tax Payers  
Current Year and Nine Years Ago**

<b>Taxpayer</b>	<b>2014</b>			<b>2005</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>	\$ 13,021,800	1	5.32%	\$ 11,049,000	2	4.81%
Cadillac Casting <sup>d</sup>	10,395,100	2	4.24%	14,288,900	1	6.23%
Avon Protection	7,020,687	3	2.87%			
Consumers Energy	6,802,666	4	2.78%	5,615,893	5	2.45%
Paulstra CRC Corporation	6,537,060	5	2.67%	3,496,000	9	1.52%
Avon Automotive	4,415,000	6	1.80%			
Rexair, Inc.	4,350,490	7	1.78%	6,425,864	4	2.80%
AAR Cadillac Manufacturing	3,880,600	8	1.58%	4,420,587	8	1.93%
Piranha Hose Products Inc.	3,696,370	9	1.51%			
FIAMM Technologies, Inc.	3,569,600	10	1.46%	5,212,711	6	2.27%
925 Frisbie Street LLC <sup>e</sup>				3,360,445	10	1.46%
Avon Rubber & Plastics				8,306,822	3	3.62%
Michigan Rubber				4,652,032	7	2.03%
Totals	<u>\$ 63,689,373</u>		<u>26.01%</u>	<u>\$ 66,828,254</u>		<u>29.12%</u>

*Source: City of Cadillac Treasurer's Office*

<sup>a</sup> Based on total taxable value of \$244,898,714.

<sup>b</sup> Based on total taxable value of \$229,508,673.

<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**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income</u> <sup>1</sup>	<u>Per Capita</u> <sup>1</sup>
	<u>General Obligation Bonds</u>	<u>Special Assessment Bonds</u>	<u>Other Debt</u> <sup>2</sup>	<u>Water &amp; Sewer Revenue Bonds</u>	<u>Building Authority Revenue Bonds</u>			
2005	1,665	775	562	7,640	1,275	12,391	5.21%	1,239
2006	1,525	625	455	7,290	1,180	11,548	4.67%	1,155
2007	1,395	485	924	6,925	1,080	10,809	4.38%	1,081
2008	1,260	365	810	7,851	975	11,261	4.30%	1,126
2009	1,115	260	733	9,712	870	12,690	4.88%	1,269
2010	980	170	265	9,400	760	11,575	4.42%	1,158
2011	840	100	202	8,775	645	10,562	3.60%	1,020
2012	720	45	158	10,145	530	11,598	3.94%	1,120
2013	595	25	114	9,633	405	10,772	N/A	1,040
2014	460	-	44	9,224	275	10,003	N/A	966

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

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

<sup>2</sup> Other Debt includes City obligations to the State of Michigan for one community development loan.

**City of Cadillac**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

(amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amount Available in Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</u>	<u>Per Capita<sup>2</sup></u>
2005	1,665	9	1,656	0.754%	165.60
2006	1,525	6	1,519	0.665%	151.90
2007	1,395	5	1,390	0.590%	139.00
2008	1,260	4	1,256	0.508%	125.60
2009	1,115	4	1,111	0.433%	111.10
2010	980	3	977	0.374%	97.70
2011	840	3	837	0.326%	80.83
2012	720	2	718	0.283%	69.34
2013	595	2	593	0.240%	57.27
2014	460	2	458	0.187%	44.23

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

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

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

**City of Cadillac**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2014**  
(dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes:</b>			
Wexford County	\$ 4,556	26.64%	\$ 1,214
Cadillac Area Public Schools	16,295	37.34%	\$ 6,085
Subtotal Overlapping Debt			\$ 7,299
<b>City of Cadillac Direct Debt</b>			<b>504</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 7,803</b>

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

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

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

<i>City of Cadillac Taxable Value:</i>	<i>\$244,898,714</i>
<i>Wexford County Taxable Value:</i>	<i>\$919,331,548</i>
<i>CAPS Taxable Value:</i>	<i>\$655,829,515</i>

**City of Cadillac**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	<i>Fiscal Year</i>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 22,862	\$ 23,652	\$ 27,161	\$ 24,712	\$ 25,670	\$ 26,151	\$ 25,698	\$ 25,330	\$ 24,721	\$ 24,490
Total net debt applicable to limit	1,656	1,519	1,390	1,253	1,111	977	837	718	593	458
Legal debt margin	<u>\$ 21,206</u>	<u>\$ 22,133</u>	<u>\$ 25,771</u>	<u>\$ 23,459</u>	<u>\$ 24,559</u>	<u>\$ 25,174</u>	<u>\$ 24,861</u>	<u>\$ 24,612</u>	<u>\$ 24,128</u>	<u>\$ 24,032</u>
Total net debt applicable to the limit as a percentage of debt limit	7.24%	6.42%	5.12%	5.07%	4.33%	3.74%	3.26%	2.83%	2.40%	1.87%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Taxable Value	<u>\$ 244,899</u>
Statutory Debt Limit (10%) of total taxable value)	\$ 24,490
Debt Applicable to Limit:	
Gross Bonded Debt and Other Long-Term Debt	10,003
Less:	
Assets Available for Debt Service	2
Bond Debt not Subject to Limit:	
Special Assessment Bonds	-
Revenue Bonds	9,499
Other Debt	<u>44</u>
	<u>9,545</u>
Total Amount of Debt Applicable to Debt Limit	<u>458</u>
Legal Debt Margin	<u>\$ 24,032</u>

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

**City of Cadillac**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Water &amp; Sewer Revenue Bonds</u>						<u>Special Assessment Bonds</u>				
	<u>Water &amp; Sewer Revenue</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>	<u>Special Assessment Collections</u>	<u>Debt Service</u>		<u>Coverage</u>	
				<u>Principal</u>	<u>Interest</u>			<u>Principal</u>	<u>Interest</u>		
2005	3,480	2,284	1,196	335	383	1.67	259	195	52	1.05	
2006	3,777	2,460	1,317	350	366	1.84	206	161	38	1.04	
2007	3,886	2,514	1,372	365	348	1.92	130	151	31	0.71	
2008	3,869	2,662	1,207	385	330	1.69	150	131	25	0.96	
2009	3,803	2,714	1,089	410	350	1.43	147	116	17	1.11	
2010	3,945	2,627	1,318	595	350	1.39	121	90	12	1.19	
2011	3,887	2,570	1,317	625	330	1.38	88	70	8	1.13	
2012	4,218	2,546	1,672	655	308	1.74	60	55	7	0.97	
2013	4,084	2,807	1,277	781	329	1.15	39	20	2	1.77	
2014	4,049	2,898	1,151	392	358	1.53	31	25	1	1.19	

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

**City of Cadillac  
Demographic and Economic Statistics  
Last Ten Calendar Years**

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Local Unemployment Percentage Rate<sup>4</sup></b>	<b>State Unemployment Percentage Rate<sup>4</sup></b>	<b>Civilian Labor Force<sup>4</sup></b>
2005	10,000	241,500	24,150	3,614	7.3	6.7	21,707
2006	10,000	245,500	24,550	3,479	7.9	7.1	22,088
2007	10,000	251,600	25,160	3,460	8.1	7.7	21,648
2008	10,000	258,010	25,801	3,381	11.2	8.9	21,563
2009	10,000	263,090	26,309	3,376	17.3	15.3	20,138
2010	10,000	258,620	25,862	3,334	15.3	13.0	19,161
2011	10,355	277,493	26,798	3,267	12.0	11.1	18,540
2012	10,355	292,984	28,294	3,262	9.8	9.3	18,960
2013	10,355	294,455	28,436	3,378	11.7	9.0	19,399
2014	10,355	N/A	N/A	3,371	7.6	7.2	19,491

**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 Technology, Management & Budget (Local unemployment and civilian labor force based on Wexford-Missaukee Labor Market Area; Personal and Per Capita income based on Cadillac Micropolitan Statistical Area)

**City of Cadillac  
Principal Employers  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>Type of Business</b>	<u>2014</u>	<u>2005</u>
		<b>Employees</b>	<b>Employees</b>
AAR Mobility Systems	Rapid deployment mobile equipment mfg	500-999	250-499
Mercy Hospital Cadillac	General medical and surgical hospitals	500-999	500-999
Avon Automotive	Hose supplier for various industries	250-499	500-999
Avon Protection Systems Inc	Metal coating and nonprecious engraving	250-499	
Cadillac Area Public Schools	Elementary and secondary schools	250-499	500-999
Cadillac Casting Inc	Iron foundries	250-499	250-499
Four Winns/Glastron/Wellcraft	Boat building	250-499	500-999
Michigan Rubber Products Inc	All other rubber product manufacturing	100-249	250-499
Rexair	Household vacuum cleaners	100-249	100-249
Fiamm Technologies	New motor vehicle parts merchant wholesale	100-249	100-249
Paulstra CRC Corp	Rubber product mfg for mechanical use	100-249	100-249
Lakeview Lutheran Manor	Homes for the elderly	100-249	100-249
BorgWarner Cooling Systems	Automotive parts and accessories		100-249
Universal Trim, Inc	Automotive Seat Covers		100-249

*Sources: Michigan Department of Technology, Management & Budget, Labor Market Information; Cadillac Area Chamber of Commerce*

**Note:** Data is representative of the City of Cadillac.

**City of Cadillac**  
**Full-time Equivalent City Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<i>Full-Time Equivalent Employees as of June 30,</i>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Government</b>										
City Manager	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	2.20
Administrative Services	0.90	0.90	0.90	0.90	0.80	0.98	1.22	1.22	1.22	0.00
Financial Services	1.94	1.94	1.94	1.94	2.25	2.25	2.25	2.25	2.25	2.25
Clerk/Treasurer	4.00	4.00	4.00	4.00	4.00	4.00	3.88	3.88	3.88	3.80
City Hall	1.30	1.30	1.30	1.30	1.10	1.28	1.28	1.30	1.00	1.00
City Engineer	2.41	2.41	2.41	2.41	2.41	2.51	1.79	1.79	1.79	1.80
<b>Public Safety</b>										
Police	18.41	18.41	18.41	17.41	17.06	16.41	16.91	16.91	17.36	16.36
Fire	11.50	11.50	11.50	11.50	11.85	11.85	11.85	11.85	11.50	11.50
Code Enforcement						0.40	0.50	0.50	0.50	0.50
Building Inspector	1.38	1.38	1.38	1.38	1.38	0.88	0.00	0.00	0.00	0.00
Planning/Zoning	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.55
<b>Other</b>										
Public Works	14.22	14.22	14.22	14.22	14.03	13.03	13.03	13.03	13.03	12.10
Data Processing	1.06	1.06	0.06	0.06	0.00	0.30	0.30	0.30	0.30	0.30
Auto Parking	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Water/Sewer	21.00	21.00	21.00	20.00	20.00	19.00	19.87	19.87	19.87	20.00
Community Development	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.65
Cemetery	0.68	0.68	0.68	0.68	0.92	0.92	0.92	0.90	0.90	0.90
<b>Total FTE</b>	82.00	82.00	81.00	79.00	79.00	77.00	77.00	77.00	76.00	75.00

*Source: City of Cadillac Financial Services Department*

**City of Cadillac  
Operating Indicators by Function  
Last Ten Fiscal Years**

<b><u>Function</u></b>	<b><i>Fiscal Year</i></b>									
	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
<b>Police</b>										
Traffic Citations	1,468	1,257	1,015	1,479	1,177	815	640	688	586	N/A <sup>1</sup>
<b>Fire</b>										
Number of Fire Inspections	129	370	376	260	262	301	50	50	98	N/A <sup>1</sup>
Number of Rental Inspections									332	N/A <sup>1</sup>
Number of Fires Reported	64	51	55	41	42	38	51	38	30	N/A <sup>1</sup>
Number of EMT Runs	1,322	1,119	1,171	1,242	1,295	1,353	1,358	1,341	1,059	N/A <sup>1</sup>
<b>Building Inspection</b>										
Number of Permits Issued	466	403	316	274	250	108 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>
<b>Water</b>										
Total Customers	3,520	3,524	3,517	3,544	3,496	3,474	3,497	3,551	3,553	3,578
Average Daily Consumption (thousands of gallons)	2,252	2,310	2,564	2,302	2,261	2,150	2,102	1,896	2,040	1,942
<b>Wastewater</b>										
Total Customers	3,569	3,573	3,564	3,592	3,541	3,527	3,542	3,582	3,581	3,604
Average Daily Treatment (thousands of gallons)	2,173	2,098	2,467	2,215	2,100	1,860	2,118	1,561	2,625	2,323

<sup>1</sup> Public Safety statistics are kept on a calendar year basis and are therefore not yet available for 2014.

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

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

**Source:** Various government departments

**City of Cadillac  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

<b><u>Function</u></b>	<b><i>Fiscal Year</i></b>									
	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	9	9	9	9	9	10	11	11	11	11
<b>Fire</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	6	6	6	6	6	7	7	7	7	6
<b>Culture and Recreation</b>										
Parks Acreage	117	117	117	117	117	117	117	117	117	117
Parks	4	4	4	4	4	4	4	4	4	4
<b>Streets</b>										
Streets (Miles)	68	68	68	68	68	68	68	68	68	68
Street Lights	574	574	574	587	578	578	578	578	591	591
<b>Water</b>										
Fire Hydrants	454	454	458	477	482	482	482	483	483	483
Miles of Water Mains	63	64	64	74	74	74	74	75	75	75
Water Mains Replaced (Feet)	3,185	200 <sup>(1)</sup>	2,360	620	1,900	1,070	1,500	2,110	1,000	100
<b>Wastewater</b>										
Miles of Sewer Mains	59	59	59	62	62	62	62	62	62	62
Feet of Sanitary Sewers										
Inspected with TV Cameras	3,380	1,900	1,350	2,550	810	690	600	1,084	1,000	1,491
Cleaned with Vacon								9,382	8,942	28,673

(1) Water mains replaced were low in 2006, but the main projects through the year, including North Boulevard, Paluster Street and Kenwood Street were all projects where a total of one mile of new water mains were added.

**Note:** Capital asset statistics are not available for the general government function.

**Source:** Various City government departments

**City of Cadillac  
Municipal Employees Retirement System  
Comparative Schedule  
Last Ten Fiscal Years**

FISCAL YEARS	ACTUARIAL ACCRUED LIABILITY	ASSETS ALLOCATED TO FUNDING	PERCENT FUNDED	UNFUNDED ACTUARIAL ACCRUED LIABILITY
2005	9,727,339	10,274,211	105.6	(546,872)
2006	10,161,879	10,812,671	106.4	(650,792)
2007	10,847,928	11,468,618	105.7	(620,690)
2008	11,538,051	11,561,995	100.2	(23,944)
2009	11,656,752	11,520,309	98.8	136,443
2010	11,896,112	11,570,167	97.3	325,945
2011	12,411,116	11,622,971	93.6	788,145
2012	12,815,528	11,554,072	90.2	1,261,456
2013	13,097,078	11,667,590	89.1	1,429,488
2014	N/A	N/A	N/A	N/A

**NOTES:**

- (1) The retirement board has implemented a program of contribution credits which give recognition to accelerated funding levels. Recent economic trends have produced a combination of high rates of investment return and moderating salary increments, which in turn have pushed funding levels significantly ahead of schedule. The retirement board believes that overly rapid funding rates are inconsistent with the basic financial objective of level percent of payroll contributions. The accelerated funding credit allows contributions to temporarily be lower than the regular contribution. The accelerated contribution would be a percentage of payroll, but because of the accelerated funding credit, the employer contribution rate was actually 0%.

**Source:**

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

**City of Cadillac  
Municipal Employees Retirement System  
Comparative Schedule (Continued)  
Last Ten Fiscal Years**

FISCAL YEARS	EMPLOYER CONTRIBUTIONS PERCENT OF PAYROLL	VALUATION PAYROLL	ACTIVE MEMBERS	RETIRANTS AND BENEFICIARIES	ACTIVE MEMBERS AVERAGE			
					ANNUAL PAY	AGE	SERVICE	
2005	7.93		856,613	23	46	37,997	48.1	13.9
	7.63	(2)	872,436	25				
	8.36	(3)	140,049	4				
	8.63	(4)	293,606	9				
	7.17	(5)	103,690	1				
	7.80	(6)	203,413	3				
2006	7.93		1,015,806	26	47	38,799	48.0	13.6
	7.63	(2)	775,555	25				
	8.36	(3)	144,512	4				
	8.63	(4)	307,119	9				
	7.17	(5)	108,458	1				
	7.80	(6)	209,300	3				
2007	8.66		902,230	24	51	38,786	47.7	13.3
	7.30	(2)	748,549	22				
	8.31	(3)	138,907	4				
	8.57	(4)	277,678	8				
	7.17	(5)	111,015	1				
	7.48	(6)	265,160	4				
2008	8.65		1,034,034	26	55	39,254	47.5	12.7
	7.96	(2)	807,111	23				
	7.67	(3)	96,909	3				
	8.20	(4)	295,894	9				
	8.76	(5)	113,870	1				
	8.45	(6)	203,683	3				
2009	8.64		1,122,756	26	57	43,539	48.0	12.5
	8.07	(2)	822,440	20				
	7.38	(3)	150,043	4				
	7.96	(4)	333,134	9				
	10.31	(5)	93,462	1				
	8.71	(6)	221,142	3				
2010	8.46		1,006,384	24	63	41,575	47.8	12.5
	8.14	(2)	831,440	21				
	7.43	(3)	154,124	4				
	7.96	(4)	271,107	7				
	10.4	(5)	90,000	1				
	8.89	(6)	141,434	2				
2011	8.43		1,079,159	25	63	41,837	46.2	12.7
	11.06	(2)	865,665	22				
	11.22	(3)	154,124	4				
	11.73	(4)	271,107	7				
	0	(5)	90,000	1				
	26.58	(6)	141,434	1				
2012	9.17		953,736	22	60	41,958	47.1	12.1
	12.73	(2)	844,810	22				
	10.40	(3)	184,721	5				
	13.56	(4)	228,754	7				
	0.00	(5)	100,800	1				
	22.55	(6)	146,345	2				
2013	9.83		1,004,759	23	62	42,376	48.3	12.3
	13.64	(2)	866,695	22				
	10.19	(3)	192,770	5				
	9.51	(4)	256,360	8				
	0.00	(5)	101,305	1				
	23.25	(6)	146,285	2				
2014	N/A		N/A		N/A	N/A	N/A	N/A

**NOTES:**

Local 14317 includes additional negotiated benefit for the union.  
 Separate benefits for Housing Commission.  
 Separate benefits for Library.  
 Separate benefits for City Manager.  
 Separate benefits for Department Heads.

**City of Cadillac  
Policemen and Firemen Retirement System (1)  
Comparative Schedule  
Last Ten Fiscal Years**

FISCAL YEARS	(2) ACTUARIAL ACCRUED LIABILITY	ASSETS ALLOCATED TO FUNDING	PERCENT FUNDED	UNFUNDED ACTUARIAL ACCRUED LIABILITY	EMPLOYER CONTRIBUTIONS PERCENT OF PAYROLL	VALUATION PAYROLL	ACTIVE MEMBERS	RETIRANTS AND BENEFICIARIES	AVERAGE ANNUAL PAY	AGE	SERVICE
2005	8,519,041	5,865,340	68.8	2,653,701	31.10	(3) 1,446,234	27	30	53,564	41.6	13.1
2006	9,626,707	6,047,771	62.8	3,578,936	38.39	(4) 1,437,073	27	28	53,225	42.6	14.1
2007	9,992,478	6,604,109	66.1	3,388,369	38.68	(5) 1,482,941	27	28	54,924	42.1	13.7
2008	9,936,669	7,080,393	71.3	2,856,276	32.71	(6) 1,389,958	25	32	55,598	40.0	11.7
2009	9,985,089	6,549,608	65.6	3,435,481	41.11	(7) 1,399,695	24	32	58,321	41.0	12.8
2010	10,326,784	7,188,395	69.6	3,138,389	35.63	(8) 1,585,519	27	32	58,723	39.7	12.2
2011	10,852,937	7,989,372	73.6	2,863,565	33.93	(9) 1,544,766	26	33	59,414	39.3	12.4
2012	11,246,821	8,200,264	72.9	3,046,557	31.71	(10) 1,600,665	26	31	61,564	40.5	13.3
2013	11,624,354	8,565,010	73.7	3,059,344	33.75	(11) 1,513,913	25	34	60,557	39.2	11.8
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**NOTES:**

- (1) Program began in fiscal year 1978. A vote to add needed millage in addition to the charter maximum was approved November 10, 1977. Act 345 limits eligibility only to police officers and firefighters. The fund is managed by a local board of directors.
- (2) Prior to 2009, data from Gabriel, Roeder, Smith and Co., Actuaries. From 2009 forward, data from Rodwan Consulting Company, Actuarial Consultants.
- (3) Police 30.83%, Fire 31.51% (Each group contributes 3% of salary to cover benefit enhancements.)
- (4) Police 38.39%, Fire 38.40% (Each group contributes 3% of salary to cover benefit enhancements.)
- (5) Police 39.03%, Fire 38.15% (Each group contributes 3% of salary to cover benefit enhancements.)
- (6) Police 34.41%, Fire 30.20% (Each group contributes 3% of salary to cover benefit enhancements.)
- (7) Police 42.06%, Fire 39.58% (Each group contributes 3% of salary to cover benefit enhancements.)
- (8) Police 37.10%, Fire 33.41% (Each group contributes 3% of salary to cover benefit enhancements.)
- (9) Police 38.18%, Fire 28.03% (Each group contributes 3% of salary to cover benefit enhancements.)
- (10) Police 38.00%, Fire 29.98% (Each group contributes 3% of salary to cover benefit enhancements. Fire members hired after 7/6/2010 do not contribute.)
- (11) Police 38.15%, Fire 33.59% (Each group contributes 3% of salary to cover benefit enhancements. Fire members hired after 7/6/2010 do not contribute.)

**City of Cadillac  
Labor Agreements  
As of June 30, 2014**

	DATE EFFECTIVE JULY 1,	EXPIRATION DATE JUNE 30,
<u>POLICE</u>		
Police Officers Association of Michigan (POAM) Local - Cadillac Police Officers Association (CPOA)	2014	2017
Command Officers Association of Michigan (COAM) Local - Cadillac Command Officers Association (CCOA) Captain, Lieutenant and Sergeants Agreement	2014	2017
<u>FIRE</u>		
International Association of Fire Fighters Local 704	2012	2015
<u>STREET DIVISION - DPW AND PUBLIC UTILITIES DEPARTMENT</u>		
United Steelworkers of America Local Union No. 14317	2013	2016

*Source: City of Cadillac Human Resources Department*

**City of Cadillac  
Tax Information  
As of June 30, 2014**

TAXES DUE AND

PAYABLE:

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

PENALTIES FOR

DELINQUENCY:

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

LIEN ON PROPERTY:

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

Date of Sale May,	Delinquent Tax Properties to be Sold Year
2005	2003
2006	2004
2007	2005
2008	2006
2009	2007
2010	2008
2011	2009
2012	2010
2013	2011
2014	2012

## City of Cadillac

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

FISCAL YEAR	WATER SUPPLY CUSTOMERS		WASTEWATER TREATMENT CUSTOMERS	
	NUMBER	PERCENTAGE OF CHANGE	NUMBER	PERCENTAGE OF CHANGE
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	3,553	0.06	3,581	(0.03)
2014	3,578	0.70	3,604	0.64

### AVERAGE NUMBER OF WATER SUPPLY AND WASTEWATER TREATMENT CUSTOMERS BY METER CLASSIFICATION FISCAL YEAR ENDED JUNE 30, 2014

METER CLASSIFICATION	AVERAGE CUSTOMERS	
	WATER SUPPLY	WASTEWATER TREATMENT
Unmetered	2	159
5/8"	3232	3160
3/4"	8	8
1"	139	112
1 1/2"	89	76
2"	81	66
3"	9	9
4"	12	10
6"	5	3
8"	1	1
TOTAL	<u>3,578</u>	<u>3,604</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**

MONTHLY READY-TO-SERVE CHARGE FOR FIRE PROTECTION  
THROUGH FISCAL YEAR JUNE 30, 2014

LINE SIZE	MONTHLY READY-TO-SERVE CHARGE
3/4"	2.16
1"	3.71
1 1/2"	7.36
2"	11.87
3"	25.79
4"	44.34
6"	92.59
8"	133.34
10"	214.77
12"	318.33

MONTHLY WATER SUPPLY READY-TO-SERVE CHARGE BY METER CLASSIFICATION  
FISCAL YEARS ENDED JUNE 30, 2005 THROUGH 2014

YEAR ENDING JUNE 30,	METER CLASSIFICATION								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
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

MONTHLY READY-TO-SERVE CHARGE FOR WASTEWATER TREATMENT  
FISCAL YEARS ENDED JUNE 30, 2005 THROUGH 2014

YEAR ENDING JUNE 30,	METER CLASSIFICATION								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
2005	7.50	11.25	18.75	37.50	60.00	131.30	225.00	468.80	675.05
2006	7.80	11.70	19.50	39.00	62.40	136.55	234.00	487.55	702.05
2007	8.05	12.05	20.10	40.15	64.30	140.65	241.00	502.15	723.10
2008	8.35	12.55	20.90	41.75	66.85	143.94	246.64	513.90	740.02
2009	8.55	12.85	21.40	42.80	68.50	149.95	256.90	535.30	770.80
2010	8.93	13.43	22.36	44.73	71.58	156.70	268.46	559.39	805.49
2011	9.34	14.03	23.37	46.74	74.80	163.75	280.54	584.56	841.73
2012	9.76	14.66	24.42	48.84	78.17	171.12	293.17	610.87	879.61
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**

FIFTEEN LARGEST WATER AND SEWER USERS  
JANUARY 1, 2013 THROUGH DECEMBER 31, 2013

	DOLLARS				
	CUBIC FEET		GALLONS		WATER AND SEWER
	WATER	SEWER	WATER	SEWER	
1) Cadillac Castings	18,061,300	8,298,200	135,098,524	62,070,536	\$ 470,206
2) Avon Rubber & Plastics	15,354,000	12,782,800	114,847,920	95,615,344	\$ 433,453
3) AAR Cadillac Manufacturing	10,298,400	7,155,600	77,032,032	53,523,888	\$ 259,164
4) Mercy Hospital	1,246,500	1,246,500	9,323,820	9,323,820	\$ 58,004
5) Piranha Hose	1,762,000	1,762,000	13,179,760	13,179,760	\$ 57,430
6) Cadillac Renewable Energy	3,600	1,308,400	26,928	9,786,832	\$ 50,140
7) Borg-Warner	1,314,600	1,314,600	9,833,208	9,833,208	\$ 45,786
8) Country Acres	1,036,900	1,036,900	7,756,012	7,756,012	\$ 41,428
9) Michigan Rubber Products	989,800	989,800	7,403,704	7,403,704	\$ 36,382
10) Pheasant Ridge	1,247,000	1,247,000	9,327,560	9,327,560	\$ 34,045
11) Four Winns	559,900	559,900	4,188,052	4,188,052	\$ 26,270
12) Paulstra CRC	464,000	464,000	3,470,720	3,470,720	\$ 20,760
13) Leisure Park	391,100	391,100	2,925,428	2,925,428	\$ 14,855
14) Kolarevic Car Wash	284,500	284,500	2,128,060	2,128,060	\$ 10,396
15) Rexair, Inc.	133,400	133,400	997,832	997,832	\$ 10,096
<b>TOTAL</b>					<u><u>\$ 1,568,416</u></u>

MONTHLY WATER SUPPLY COMMODITY CHARGE  
FISCAL YEARS ENDED OR ENDING JUNE 30, 2005 THROUGH 2014

FISCAL YEAR ENDED OR ENDING JUNE 30,	0 TO 600 CF	600 TO 10,000 CF	10,000 TO 100,000 CF	100,000 TO 250,000 CF	OVER 250,000 CF
2005	0.97	0.83	0.74	0.63	0.54
2006	1.01	0.86	0.77	0.66	0.57
2007	1.04	0.89	0.79	0.68	0.59
2008	1.08	0.93	0.82	0.71	0.62
2009	1.11	0.95	0.84	0.73	0.64
2010	1.16	0.99	0.88	0.76	0.67
2011	1.21	1.03	0.92	0.79	0.70
2012	1.26	1.08	0.96	0.83	0.73
2013	1.26	1.08	0.96	0.83	0.73
2014	1.26	1.08	0.96	0.83	0.73

MONTHLY WASTEWATER TREATMENT COMMODITY CHARGE  
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED OR ENDING JUNE 30,	CHARGE PER 100 CF	PERCENT CHANGE
2005	1.74	4.2
2006	1.81	4.0
2007	1.86	2.8
2008	1.93	3.8
2009	1.98	2.6
2010	2.07	4.5
2011	2.16	4.3
2012	2.16	0.0
2013	2.16	0.0
2014	2.16	0.0

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

### WATER SUPPLY AND WASTEWATER TREATMENT VOLUME AS PUMPED LAST TEN FISCAL YEARS

FISCAL YEAR	WATER SUPPLY VOLUME AS PUMPED			WASTEWATER TREATMENT VOLUME AS PUMPED			WASTEWATER TREATMENT AS A PERCENT OF WATER SUPPLY
	CUBIC FEET	GALLONS	CHANGE IN PERCENT	CUBIC FEET	GALLONS	CHANGE IN PERCENT	
2005	109,906,000	822,100,000	0.05	106,048,000	793,240,000	0.03	96.49
2006	112,727,000	843,200,000	2.60	102,366,000	765,700,000	(3.50)	90.80
2007	125,094,000	935,700,000	10.97	120,361,000	900,300,000	17.58	96.22
2008	112,331,550	840,240,000	(10.20)	108,066,911	808,340,500	(10.21)	96.20
2009	95,955,882	717,750,000	(14.58)	103,483,556	774,057,000	(4.24)	107.80
2010	99,835,900	746,770,000	4.04	87,712,300	656,088,000	(15.24)	87.86
2011	102,593,850	767,402,000	2.76	103,347,594	773,040,000	17.83	100.73
2012	92,542,200	692,215,656	(9.80)	76,188,700	569,891,476	(26.28)	82.34
2013	99,548,074	744,619,590	7.57	128,070,856	957,970,000	68.10	128.65
2014	94,771,123	708,888,000	(4.80)	113,340,909	847,790,000	(11.50)	119.59

### WATER SUPPLY AND WASTEWATER TREATMENT VOLUME BILLED BY METER CLASSIFICATION FISCAL YEAR ENDED JUNE 30, 2014

METER CLASSIFICATION	WATER SUPPLY VOLUME AS BILLED		WASTEWATER TREATMENT VOLUME AS BILLED	
	CUBIC FEET	PERCENT OF TOTAL	CUBIC FEET	PERCENT OF TOTAL
Unmetered	0	0	0	0.00
5/8"	27,255,000	30.01	26,012,100	33.09
3/4"	193,500	0.21	193,500	0.25
1"	5,206,000	5.73	3,719,500	4.73
1 1/2"	5,232,900	5.76	3,428,000	4.36
2"	14,738,000	16.23	18,110,700	23.04
3"	2,237,100	2.46	2,457,000	3.13
4"	19,849,000	21.85	12,431,300	15.82
6"	14,655,900	16.14	10,791,200	13.73
8"	1,459,800	1.61	1,459,800	1.85
<b>TOTAL</b>	<b>90,827,200</b>	<b>100.00</b>	<b>78,603,100</b>	<b>100.00</b>

**City of Cadillac**  
**Water Supply and Wastewater Treatment Revenue**  
**As Billed by Meter Classification**  
**Fiscal Year Ended June 30, 2014**

<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	\$ 109	0.01	\$ 49,375	2.23
5/8"	557,797	42.76	\$828,790.00	37.36
3/4"	2,949	0.23	\$2,601.77	0.12
1"	80,739	6.19	\$88,608.78	3.99
1 1/2"	87,394	6.70	\$115,599.80	5.21
2"	195,190	14.96	\$467,338.50	21.07
3"	34,614	2.65	\$68,314.18	3.08
4"	186,639	14.31	\$313,540.10	14.13
6"	138,887	10.65	\$265,873.30	11.99
8"	20,015	1.54	\$18,254.16	0.82
TOTAL	<u>\$ 1,304,335</u>	<u>100.00</u>	<u>\$ 2,218,295</u>	<u>100.00</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*