



MEMORANDUM

To: Marcus Peccia, City Manager
 Cadillac City Council Members
From: Owen Roberts, Director of Finance
Subject: Interim Financial Update as of March 31, 2015
Date: April 30, 2015

Following is a summary of financial results for the nine months ended March 31, 2015. These reports represent the year-to-date financial results of City operations after 75% of the fiscal year has been completed. Budget amounts represent the current FY2015 budget as amended.

General Fund YTD Revenue by Type

Type	FY2015			FY2014
	FY15 Budget	YTD Actual	YTD Actual - % of Budget	Prior YTD Actual
Taxes	\$4,207,000	\$3,015,051	72%	\$3,158,888
Licenses	121,000	68,855	57%	62,884
Intergovernmental Revenue	1,201,000	860,075	72%	748,222
Charges for Services	904,500	668,431	74%	637,023
Fines and Forfeits	20,000	10,291	51%	9,550
Miscellaneous	17,500	18,533	106%	17,090
Interest and Rents	36,500	21,845	60%	17,229
	\$6,507,500	\$4,663,081	72%	\$4,650,886

For the most part, revenues are tracking with expectations at this point in the year. Typically, revenues run slightly behind pace throughout the year but are “caught up” when final year-end accruals are made for revenues received after the end of the fiscal year.

Other revenue highlights include:

- **Licenses:** Two of four quarterly payments for franchise fees have been received from Charter Communications. Each quarterly payment is received in arrears after the quarter has been completed and these revenues are actually expected to exceed budgeted amounts for the year.
- **Intergovernmental Revenues** are primarily from the State of Michigan for state-shared revenue and are received in arrears. This revenue line is still projected to slightly exceed budget by the time year-end payments are received.

- **Fines and Forfeits** are amounts received from Wexford County as a cost-sharing of fines and fees levied by the courts. These revenues have been on a downward trend in the last few fiscal years, and future budgets have been adjusted accordingly.

Year-to-Date Expenditures – General Fund

Type	FY2015			FY2014
	FY15 Budget	YTD Actual	YTD Actual - % of Budget	Prior YTD Actual
Legislative	\$46,200	\$32,987	71%	\$28,953
Office of the City Manager	253,200	180,726	71%	191,795
Financial Services	220,000	159,874	73%	162,392
City Clerk/Treasurer	293,600	220,963	75%	216,894
Election Services	22,300	12,752	57%	7,788
Assessing Services	131,000	99,530	76%	98,649
Legal Services	252,000	205,279	81%	231,559
Engineering Services	178,200	127,900	72%	129,791
City Complex	281,300	228,940	81%	207,629
Police Department	1,972,600	1,402,293	71%	1,379,633
Code Enforcement	31,500	21,645	69%	21,346
Fire Department	1,338,300	969,344	72%	875,994
Public Works	836,700	629,589	75%	544,494
Culture and Recreation	271,800	190,294	70%	152,141
Economic Development	195,400	111,944	57%	103,637
Intergovernmental	101,200	100,636	99%	34,519
Transfers to Other Funds	380,000	300,000	79%	450,000
	\$6,805,300	\$4,994,696	73%	\$4,837,214

The following expenditure trends and issues are noted:

- **Legal Services** are slightly ahead of anticipated pace at this point. A substantial communications-related FOIA request was fulfilled in March that required significant legal interaction and assistance. Total legal costs are further broken down later in this report.
- The full annual cost of liability insurance has been incurred in the **City Complex** department.
- Annual **Intergovernmental** contributions have been made in full. These include the contribution to CAPS for community schools operations, and the annual contribution to the Wexford County Airport.
- Within **Transfers to Other Funds**, the appropriation for the General Fund’s annual transfer to the Local Street Fund was reduced based on actual DPW activities. 75% of the prior total appropriation had already been transferred.

Analysis of Other Funds

Budgets for the City's other funds are appropriated on a total fund basis. Year-to-date results are presented below.

Fund	FY2015		FY2014
	FY15 Budget	YTD Actual	YTD Actual - % of Budget
Major Street Fund	\$907,600	\$522,868	58%
Local Street Fund	574,000	262,779	46%
Cemetery Operating Fund	139,300	102,164	73%
Milfoil Eradication Fund	124,500	29,668	24%
Cadillac Development Fund	67,900	37,259	55%
Naval Reserve Fund	22,500	14,895	66%
H.L. Green Operating Fund	500	0	0%
Industrial Park Fund	49,100	14,066	29%
S.A. Capital Projects Fund	986,500	359,948	36%
Rotary Park Project Fund	150,000	147,700	98%
Lakefront Park Playground Fund	136,000	134,828	99%
Auto Parking Fund	69,100	55,162	80%
Building Authority Operating Fund	105,600	73,661	70%
Water & Sewer Fund	4,280,700	3,104,595	73%
Information Technology Fund	201,300	145,447	72%
Stores & Garage Fund	563,100	414,740	74%
Self-Insurance Fund	1,360,500	902,408	66%
Employee Safety Fund	11,800	7,461	63%
2004 GO Debt Service Fund	89,000	88,393	99%
Cemetery Perpetual Care Fund	12,500	12,500	100%
Capital Projects Fund	15,500	500	3%
P&F Retirement Fund	805,000	604,328	75%
DDA Operating Fund	37,900	27,633	73%
DDA Capital Projects Fund	4,500	3,240	72%
LDFA Operating Fund	361,300	188,264	52%
LDFA Capital Projects Fund	100,500	500	0%
LDFA Utility Fund	15,300	6,802	44%
BRA Operating Fund	25,500	18,997	74%
	<u>\$11,217,000</u>	<u>\$7,280,806</u>	65%

All funds are currently tracking within expectations. The spending in several funds is slightly ahead of pace at this point in the year. This is primarily due to annual "subscription-based" services, like software support fees, that are typically paid in the early part of the year but cover the entire fiscal year. Annual debt principal costs were already made as well from the 2004 GO Debt Service Fund. Transfers to other funds, like from the Cemetery Perpetual Care Fund to the Cemetery Operating Fund have been made in full for the year.

Legal Costs

The following tables are presented to help analyze the sources of the legal costs that have been incurred in the first nine months of this fiscal year. On April 20, 2015, City Council approved the formation of an informal work group to discuss the amount, structure, and approval process of City legal services.

	FUND		Total
	General	Utilities	
Annexation	\$18,491.82	\$18,491.83	\$36,983.65
Contract Review	245.00	0.00	245.00
Council Meeting	14,770.00		14,770.00
Environmental		7,127.28	7,127.28
Ethics Ordinance	3,609.80		3,609.80
FOIA	47,080.90		47,080.90
General Utilities		11,584.50	11,584.50
Labor	34,257.12		34,257.12
Legislation	3,937.50		3,937.50
Litigation	33,425.10	5,685.88	39,110.98
Other	8,188.21		8,188.21
Property Issues	13,405.00	1,075.00	14,480.00
Taxation	2,513.77		2,513.77
Wexford County Prosecutor	24,022.00	0.00	24,022.00
Arbitration	1,333.14		1,333.14
	\$205,279.36	\$43,964.49	\$249,243.85

The following court cases have generated litigation-related legal fees:

Case	FUND		Total
	General	Utilities	
Civil Service Board	2,115.00		2,115.00
Cobbs Mitchell Foreclosure	3,894.34		3,894.34
Meyering	2,345.57		2,345.57
Richardson	25,070.19		25,070.19
Boersma Property		5,685.88	5,685.88
	\$33,425.10	\$5,685.88	\$39,110.98

The Cobbs-Mitchell Foreclosure is the only issue listed above that is still pending. The others have been decided or discharged. The City received a judgment from the court for reimbursement of legal costs related to the Richardson matter.

Year-to-Date Capital Outlay

The following capital purchases and investments have been made thus far in FY2015:

Fund	Purchase/Investment	Cost	Appropriation
General Fund	Police Patrol Vehicle	29,349	30,000
General Fund	Radios (Police)	112,235	8,000
General Fund	Riding Lawn Mower	7,999	9,000
Major Street Fund	Lake Street	61,248	230,000
Cemetery Operating Fund	Riding Lawn Mower	7,999	9,000
Water and Sewer Fund *	Water Supply Improvements	9,847	500,000
Water and Sewer Fund	Laboratory Stills	11,050	30,000
Information Technology **	Computer Replacement	7,174	20,000
Water and Sewer Fund	Heavy Duty Service Truck	24,579	30,000
Water and Sewer Fund	Regular Duty Service Truck	25,516	20,000
Stores & Garage Fund	Service Truck	26,376	25,000
Stores & Garage Fund	Underbody Plow	9,732	9,000
Stores & Garage Fund	Wheel Loader/Snow Bucket	***	175,000
Stores & Garage Fund	Patch Trailer	15,000	****

* *In progress. Project will be completed over the next 2-3 fiscal years.*

** *Computers replaced as needed throughout the year.*

*** *Leased equipment instead of purchasing; 60-month lease option.*

**** *Emergency purchase due to traffic accident.*

Several additional capital purchases and investments are still appropriated for the year:

Fund	Purchase/Investment	Appropriation
Major Street Fund	Street Signs	7,500
Local Street Fund	Street Signs	7,500
Water and Sewer Fund	Street Construction	350,000
Water and Sewer Fund	R&D Pump	10,000
Water and Sewer Fund	Manhole Rehabilitation	25,000
Water and Sewer Fund	Lift Station Influent Gate Valves	75,000
Water and Sewer Fund	13th Street Pond Transformer	10,000
Industrial Park Fund	Industrial Park Entrance Signs	25,000
Capital Projects Fund	Street Construction	985,000
Information Technology	Computer Replacement	20,000

Investments

Details of the City's investments as of March 31, 2015 are presented in the next several pages.

Questions

If there are any questions, please do not hesitate to contact me at 779.7333, or by email at roberts@cadillac-mi.net.

City of Cadillac

Investment Summary

March 31, 2015

Yield and Maturity Summary

Weighted Average Yield	0.88%	
Weighted Average Maturity (Days)	658	1.8 Years
<i>Current 3-year Treasury Yield</i>	<i>0.89%</i>	

Investments by Type Summary

Type:	Amortized Cost	Market Value	% of Total
Money Market	2,782,115.85	2,782,115.85	24.69%
Investment Pool	186,366.94	186,366.94	1.65%
Cash Equivalent	201,757.33	201,757.33	1.79%
Bank CD	6,226,792.91	6,230,599.37	55.27%
U.S. Agency	1,870,188.02	1,871,554.50	16.60%
	<u>11,267,221.06</u>	<u>11,272,393.99</u>	<u>100.00%</u>

Investments by Institutions Summary

Manager Summary	Amortized Cost	Market Value	% of Total
Chemical Bank	3,433,680.11	3,433,680.11	30.48%
Comerica	2,751,307.51	2,753,848.99	24.42%
Fifth Third Bank	209,826.95	209,826.95	1.86%
Mercantile Bank	1,279,271.14	1,279,271.14	11.35%
Flagstar	127,011.07	127,011.07	1.13%
MBIA	186,366.94	186,366.94	1.65%
MBS	3,279,757.33	3,282,388.79	29.11%
	<u>11,267,221.06</u>	<u>11,272,393.99</u>	<u>100.00%</u>

City of Cadillac

Investment Summary

March 31, 2015

Summary by Fund

Fund	Fund #	Cost	Face Amount	Premium/ (Discount)	Earned Prem/(Disc)	Unamortized Prem/(Disc)	Total Investment Value	Market Value	Accrued Interest
General Fund	101	2,227,488.83	2,227,488.83	0.00	0.00	0.00	2,227,488.83	2,230,117.92	14,245.70
Cemetery Perpetual Care Fund	150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Projects Fund	152	201,196.71	201,196.71	0.00	0.00	0.00	201,196.71	202,338.71	35.07
Major Street Fund	202	135,084.72	135,084.72	0.00	0.00	0.00	135,084.72	135,084.72	917.10
Local Street Fund	203	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cemetery Operating Fund	209	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Milfoil Eradication Fund	211	102,458.61	102,458.61	0.00	0.00	0.00	102,458.61	102,458.61	1,284.47
Brownfield Remediation	243	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cadillac Development Fund	244	1,062,951.34	1,062,951.34	0.00	0.00	0.00	1,062,951.34	1,062,853.62	2,195.22
LDFA Operating Fund	250	1,235,992.16	1,235,992.16	0.00	0.00	0.00	1,235,992.16	1,233,931.36	27,653.48
Naval Reserve	286	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
H.L. Green Operating Fund	288	102,458.61	102,458.61	0.00	0.00	0.00	102,458.61	102,458.61	1,466.59
Industrial Park Fund	412	407,273.76	407,273.76	0.00	0.00	0.00	407,273.76	403,076.90	185.40
DDA Projects Fund	419	278,094.92	278,094.92	0.00	0.00	0.00	278,094.92	277,997.92	896.66
LDFA Capital Projects Fund	495	983,679.64	983,679.64	(0.00)	(0.00)	0.00	983,679.64	987,642.99	861.15
Auto Parking Fund	504	127,415.63	127,415.63	0.00	0.00	0.00	127,415.63	127,905.43	183.11
B.A. Operating	569	101,439.37	101,439.37	0.00	0.00	0.00	101,439.37	101,379.37	8.77
Water & Sewer Fund	592	2,884,423.32	2,889,923.32	(5,500.00)	(688.02)	(4,811.98)	2,885,111.34	2,887,551.62	3,412.21
LDFA Utilities Fund	594	253,675.43	253,675.43	0.00	0.00	0.00	253,675.43	254,225.23	186.02
Data Processing Fund	636	106,114.78	106,114.78	(0.00)	(0.00)	0.00	106,114.78	106,114.78	1,350.13
Stores & Garage Fund	640	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Self-Insurance Fund	677	977,248.38	977,248.38	0.00	0.00	0.00	977,248.38	977,719.38	21,132.95
2004 GO Debt Service Fund	356	79,536.82	79,536.82	0.00	0.00	0.00	79,536.82	79,536.82	0.00
		11,266,533.03	11,272,033.03	(5,500.00)	(688.02)	(4,811.98)	11,267,221.06	11,272,393.99	76,014.02

City of Cadillac

Investment Analysis

3/31/2015

Investment (Amount; Coupon; Final Maturity)	Type	Cost	Face Amount	Premium/ (Discount)	Earned Prem/(Disc)	Unamortized Prem/(Disc)	Total Investment Value	Market Value	Accrued Interest
Bank of Birmingham Mich (145,000;1%;8/23/16) Total		145,000.00	145,000.00	0.00	0.00	0.00	145,000.00	146,860.35	31.78
Bank of Birmingham Mich (200,000;0.8%;8/28/17) Total		200,000.00	200,000.00	0.00	0.00	0.00	200,000.00	202,116.00	4.38
Bank of Holland MI (249,000;.9%;5/5/17) Total		249,000.00	249,000.00	0.00	0.00	0.00	249,000.00	248,489.55	159.63
Bank of Northern Mich Petoskey (120,000;0.75%;11/21/16) Total		120,000.00	120,000.00	0.00	0.00	0.00	120,000.00	120,790.80	320.55
Bank of Northern Mich Petoskey (120,000;1.25%;11/27/17) Total		120,000.00	120,000.00	0.00	0.00	0.00	120,000.00	121,245.60	16.44
Chemical Bank (106,114.78;0.9%;10/31/17) Total		106,114.78	106,114.78	0.00	0.00	0.00	106,114.78	106,114.78	1,350.13
Chemical Bank (150,600.73;0.9%;10/10/17) Total		150,600.73	150,600.73	0.00	0.00	0.00	150,600.73	150,600.73	1,994.12
Chemical Bank (151,658.20;1.20%;10/10/18) Total		151,658.20	151,658.20	0.00	0.00	0.00	151,658.20	151,658.20	857.60
Chemical Bank (206,047.35;1.4%;10/28/17) Total		206,047.35	206,047.35	0.00	0.00	0.00	206,047.35	206,047.35	6,978.51
Chemical Bank (210,059.79;1.20%;10/28/18) Total		210,059.79	210,059.79	0.00	0.00	0.00	210,059.79	210,059.79	1,063.54
Commercial Bank Alma Total		92,000.00	92,000.00	0.00	0.00	0.00	92,000.00	89,455.28	3.40
Commercial Bank Alma (100,000;1.35%;12/30/19) Total		100,000.00	100,000.00	0.00	0.00	0.00	100,000.00	97,234.00	3.70
FIFTH THIRD BANK (69,942.95;1.49%;2/28/18) Total		69,942.95	69,942.95	0.00	0.00	0.00	69,942.95	69,942.95	1,130.66
FIFTH THIRD BANK (69,942;1%;4/28/17) Total		69,942.00	69,942.00	0.00	0.00	0.00	69,942.00	69,942.00	940.94
FIFTH THIRD BANK (69,942;1%;6/28/16) Total		69,942.00	69,942.00	0.00	0.00	0.00	69,942.00	69,942.00	758.82
First National Bank (98,000;1.4%;11/21/18) Total		98,000.00	98,000.00	0.00	0.00	0.00	98,000.00	98,285.18	30.07
Firstbank (105,196.64;1.15%;2/25/17) Total		105,196.64	105,196.64	0.00	0.00	0.00	105,196.64	105,196.64	1,319.14
Firstbank (105,196.65;1.45%;2/25/18) Total		105,196.65	105,196.65	0.00	0.00	0.00	105,196.65	105,196.65	1,663.26
Firstbank (131,894.72;1.45%;10/30/18) Total		131,894.72	131,894.72	0.00	0.00	0.00	131,894.72	131,894.72	2,708.90
Firstbank (200,000;2.2%;2/25/15) Total		200,000.00	200,000.00	0.00	0.00	0.00	200,000.00	200,000.00	18,021.92
Firstbank (204,450.34;1.35%;10/29/16) Total		204,450.34	204,450.34	0.00	0.00	0.00	204,450.34	204,450.34	6,677.12
Firstbank (222,522.62;1.45%;2/27/18) Total		222,522.62	222,522.62	0.00	0.00	0.00	222,522.62	222,522.62	6,736.03
Firstbank (310,010.17;1.65%;10/29/17) Total		310,010.17	310,010.17	0.00	0.00	0.00	310,010.17	310,010.17	12,374.50
Flagstar Bank (127,011.07;.60%;10/14/15) Total		127,011.07	127,011.07	0.00	0.00	0.00	127,011.07	127,011.07	350.76
Isabella Bank (200,000;1.25%;8/30/17) Total		200,000.00	200,000.00	0.00	0.00	0.00	200,000.00	201,762.00	6.85
JP Morgan Chase (100,000;1%;2/13/20) Total		100,000.00	100,000.00	0.00	0.00	0.00	100,000.00	100,849.00	126.03
JP Morgan Chase (200,000;.75%;1/25/18) Total		200,000.00	200,000.00	0.00	0.00	0.00	200,000.00	199,318.00	263.01
Key Bank (100,000;0.55%;8/11/16) Total		100,000.00	100,000.00	0.00	0.00	0.00	100,000.00	100,063.00	72.33
Key Bank (100,000;0.8%;8/11/17) Total		100,000.00	100,000.00	0.00	0.00	0.00	100,000.00	100,273.00	105.21
Main Street Bank (100,000;0.35%;2/4/16) Total		100,000.00	100,000.00	0.00	0.00	0.00	100,000.00	99,854.00	25.89
Main Street Bank (100,000;0.5%;8/4/16) Total		100,000.00	100,000.00	0.00	0.00	0.00	100,000.00	100,067.00	36.99
Mercantile Bank GR (248,000;1.1%;2/10/17) Total		248,000.00	248,000.00	0.00	0.00	0.00	248,000.00	248,979.60	366.22
Northpointe Bank GGR (249,000;0.4%;12/21/15) Total		249,000.00	249,000.00	0.00	0.00	0.00	249,000.00	248,850.60	21.83
Northwestern Bank (123,118.18;1%;5/5/17) Total		123,118.18	123,118.18	0.00	0.00	0.00	123,118.18	123,118.18	1,723.65
Northwestern Bank (135,084.72;35%;10/22/14) Total		135,084.72	135,084.72	0.00	0.00	0.00	135,084.72	135,084.72	917.10
Private Bank (100,000;1.9%;1/23/20) Total		100,000.00	100,000.00	0.00	0.00	0.00	100,000.00	100,799.00	348.77
Southern Bank (157,000;0.85%;3/20/17) Total		157,000.00	157,000.00	0.00	0.00	0.00	157,000.00	156,921.50	40.22
Sterling Bank & Trust (100,000;0.4%;2/11/16) Total		100,000.00	100,000.00	0.00	0.00	0.00	100,000.00	99,876.00	21.92
TCF National Bank (100,000;.45%;4/30/15) Total		100,000.00	100,000.00	0.00	0.00	0.00	100,000.00	100,026.00	187.40
TCF National Bank (100,000;.55%;10/30/15) Total		100,000.00	100,000.00	0.00	0.00	0.00	100,000.00	100,209.00	229.04
Traverse City State Bank (125,000;0.85%;2/28/18) Total		125,000.00	125,000.00	0.00	0.00	0.00	125,000.00	125,060.00	2.91
Traverse City State Bank (125,000;1.05%;5/28/18) Total		125,000.00	125,000.00	0.00	0.00	0.00	125,000.00	123,280.00	5.14
Wells Fargo Bank (200,000;0.8%;12/22/17) Total		200,000.00	200,000.00	0.00	0.00	0.00	200,000.00	201,142.00	35.07
MBS Cash Account Total	Bank CD Total	6,226,792.91	6,226,792.91	0.00	0.00	0.00	6,226,792.91	6,230,599.37	70,031.47
	Cash Equivalent Total	201,757.33	201,757.33	0.00	0.00	0.00	201,757.33	201,757.33	0.00
	MBS Total	201,757.33	201,757.33	0.00	0.00	0.00	201,757.33	201,757.33	0.00
	MBIA Total	186,366.94	186,366.94	(0.00)	(0.00)	0.00	186,366.94	186,366.94	0.00
	Investment Pool Total	186,366.94	186,366.94	(0.00)	(0.00)	0.00	186,366.94	186,366.94	0.00
Comerica Money Market Funds Total		431,119.49	431,119.49	0.00	0.00	0.00	431,119.49	431,119.49	0.00
Northwestern Bank Cash Account Total		12,750.20	12,750.20	0.00	0.00	0.00	12,750.20	12,750.20	0.00
Northwestern Bank Investment Account Total		2,338,246.16	2,338,246.16	0.00	0.00	0.00	2,338,246.16	2,338,246.16	0.00
	Money Market Total	2,782,115.85	2,782,115.85	0.00	0.00	0.00	2,782,115.85	2,782,115.85	0.00
FHLB (100,000; 2%; 10/29/27) Total		94,500.00	100,000.00	(5,500.00)	(688.02)	(4,811.98)	95,188.02	98,580.00	838.36
FHLMC (300,000; 1.25%; 6/27/18) Total		300,000.00	300,000.00	0.00	0.00	0.00	300,000.00	300,888.00	945.21
FHLMC (475,000;1.02%;4/28/17) Total		475,000.00	475,000.00	0.00	0.00	0.00	475,000.00	475,256.50	2,044.19
FNMA Med Term Step-UP (250,000;0.7%;12/13/17) Total		250,000.00	250,000.00	0.00	0.00	0.00	250,000.00	250,195.00	508.22
FNMA Med Term Step-UP (250,000;1.0%;12/27/19) Total		250,000.00	250,000.00	0.00	0.00	0.00	250,000.00	246,780.00	630.14
FNMA Med Term Step-Up (500,000;0.8%;12/13/17) Total		500,000.00	500,000.00	0.00	0.00	0.00	500,000.00	499,855.00	1,016.44
U.S. Agency Total		1,869,500.00	1,875,000.00	(5,500.00)	(688.02)	(4,811.98)	1,870,188.02	1,871,554.50	5,982.55
Grand Total		11,266,533.03	11,272,033.03	(5,500.00)	(688.02)	(4,811.98)	11,267,221.06	11,272,393.99	76,014.02