

**CITY OF CADILLAC
WEXFORD COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016**

City of
CADILLAC MICHIGAN

People, Place, Partnerships: The Cadillac Standard

CITY OF CADILLAC, MICHIGAN

ELECTED OFFICIALS

Carla Filkins, Mayor
At Large

Shari Spoelman, Mayor Pro-Tem
First Ward

Antoinette Schippers, Councilmember
Second Ward

Matthew Wohlfeill, Councilmember
Third Ward

John Meinhardt, Councilmember
Fourth Ward

CITY ADMINISTRATION

City Manager	Marcus A. Peccia
Community Dev. Director	John Wallace
Director of Finance	Owen Roberts
Director of Public Utilities	Jeff Dietlin
Director of Public Works and Engineering	Bruce DeWitt
City Clerk	Sandra Wasson
City Treasurer	Keri Lanning
City Attorney	Foster Swift Collins & Smith PC

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CITY OF CADILLAC, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

Prepared by: Financial Services Department

Director of Finance

Owen Roberts

Accountant

Carol Pacella

INTRODUCTORY SECTION



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

December 23, 2016

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, 2016 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, 2016. 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 ancillary services. The manufacturing sector continues to provide 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. Major festivals and events are ever more popular, which positively impacts commerce that benefits our local economy, and seeing the development of Cadillac Commons become a reality with the grand reopening of the Rotary Performing Arts Pavilion and The Plaza at Cadillac Commons, the City has fantastic new spaces for people to congregate in. Additionally, Cadillac Junction has recently opened its first commercial business, a fueling station, convenience store, and quick-take restaurant. Ultimately, the proposed mixed-use development site is targeting high quality

market rate multi-family residential and major commercial retail establishments to enhance and solidify the City's economic base.

Cadillac continues to be one of the largest manufacturing bases 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. 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, and the sector continues to improve with recent examples including significant investment in both the acquisition of new equipment and in expanding the size of existing facilities. Currently, one local rubber manufacturer is embarking on drastically increasing their physical size and employment count, and another is attempting to consolidate an international line of product here in Cadillac.

The City remains actively involved in several public community development initiatives. Creating new and improved public gathering spaces as previously mentioned is essential in keeping Cadillac a destination location. The City continues to embark on the largest, most significant public community development projects since the construction of the original Rotary Performing Arts Pavilion and Keith McKellop Walkway through the further development of Cadillac Commons, which includes the redevelopment of the Rotary Performing Arts Pavilion (substantially completed summer 2016), The Plaza (substantially completed fall 2016), The Market (anticipated to begin spring 2017), and the Trail Head (anticipated to begin 2017). These projects will enhance the core public areas of the community, and will provide the City with valuable opportunities to partner with other local agencies and organizations.

Long-term Financial Planning and Major Initiatives

The City of Cadillac has available fund balance (the total of the assigned and unassigned components of fund balance) in the General Fund of \$2,038,267. This represents 31.5% of total General Fund expenditures and transfers out for the fiscal year just ended. In accordance with City policy, 15% of annual expenditures will be 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, 2016, this amount was \$385,018. 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 a couple of years, while initial engineering and site identification activities

for Phase II are ongoing and it is anticipated that construction should begin in 2017. This project is estimated to cost \$3.5 million. The CIP also identified over \$3.5 million in street and infrastructure maintenance projects, \$1.9 million in major equipment purchases, and \$335,000 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, 2015. This was the thirty-first 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.

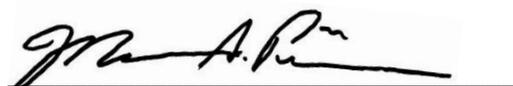
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2016. 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 for thirty-one 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,



Marcus A. Peccia, City Manager



Owen E. Roberts, Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Cadillac
Michigan**

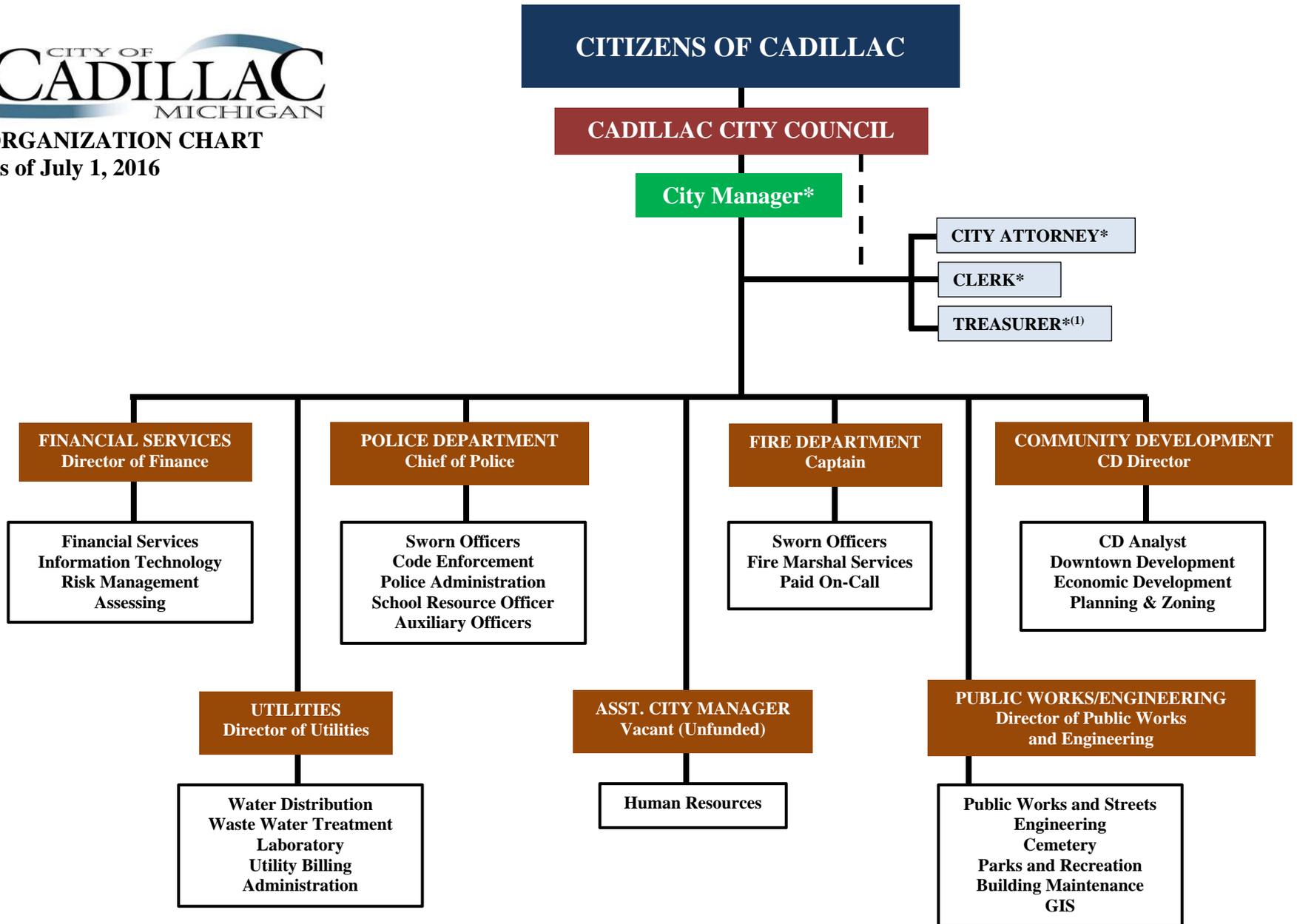
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



ORGANIZATION CHART
As of July 1, 2016



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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the 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 the City of Cadillac, Michigan, as of and for the year ended June 30, 2016, 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, 2016, 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, budgetary comparison information, and the pension and other post-employment schedules, 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 the 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 and statistical sections 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 23, 2016, 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.

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the typed name of the firm.

Gabridge & Company, PLC
Grand Rapids, Michigan
December 23, 2016

City of Cadillac
Management's Discussion and Analysis
June 30, 2016

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, 2016, 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

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of this fiscal year by \$31,067,554 (shown as *Net Position*), representing a decrease of \$747,943 over the previous fiscal year. Governmental Activities decreased \$873,299, while the Net Position of the Business-Type activities increased by \$125,356.
- Of the total net position, \$1,902,335 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- As of June 30, 2016, the governmental funds of the City of Cadillac reported combined ending fund balances of \$6,299,914. This is an increase of \$556,441. Most of this increase is represented by the General Fund (\$172,112), Major Street Fund (\$175,676), and the Local Street Fund (\$183,073).
- In accordance with the City's policy, an amount equal to 15% of total General Fund expenditures and transfers has been assigned as a working capital reserve.
- In the General Fund, total Assigned and Unassigned Fund Balance increased to \$2,038,267 as of June 30, 2016. Of this amount, \$486,455 represents fund balance that is unassigned and therefore available for future appropriation. The Fund Balance increased as the result of a combination of increased and unexpected revenue as well as expenditures ending the year below appropriations.
- The City of Cadillac's total outstanding debt **decreased** by \$756,413 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, 2016

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 19-20 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, 2016

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 and the SAW Grant Fund, which are considered to be major funds. Data is combined into a single aggregated presentation for the other governmental funds (nonmajor 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 21-24 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 25-28 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, 2016

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 29-30 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 34 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 72 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 and deferred inflows by \$31,067,554 at June 30, 2016. 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, 2016

City of Cadillac Net Position

(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$8,076	\$7,735	\$4,220	\$4,074	\$12,296	\$11,809
Capital Assets	11,315	12,140	22,260	22,833	33,575	34,973
Total Assets	\$19,391	\$19,875	\$26,480	\$26,907	\$45,871	\$46,782
Deferred Outflows of Resources	\$1,407	\$694	\$584	\$108	\$1,991	\$802
Current and Other Liabilities	\$666	\$680	\$847	\$933	\$1,513	\$1,613
Long-Term Liabilities	6,210	5,112	9,053	9,043	15,263	14,155
Total Liabilities	\$6,876	\$5,792	\$9,900	\$9,976	\$16,776	\$15,768
Deferred Inflows of Resources	\$19	-	-	-	\$19	\$0
Net Position						
Net Investment in Capital Assets	\$10,986	\$11,723	\$14,116	\$13,999	\$25,102	\$25,722
Restricted	3,420	3,091	643	626	4,063	3,717
Unrestricted	(503)	(38)	2,405	2,414	1,902	2,376
Total Net Position	\$13,903	\$14,776	\$17,164	\$17,039	\$31,067	\$31,815

The most significant portion of the City's Net Position (80%) 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 a negative balance in unrestricted Net Position. This deficit balance was a direct result of the implementation of GASB Statement No. 68. This new standard requires reporting a net pension liability when the actuarial liabilities of a pension system exceed the actuarial value of the system's assets. For Cadillac this added a liability of \$5,343,436 in FY2016 and \$3,476,849 in FY2015 in the governmental funds, and an additional liability of \$1,386,077 in FY2016 and \$411,130 in FY2015 in the business-type activities. An additional portion of net position (13%) represents resources that are subject to external restrictions on how they may be used.

City of Cadillac
Management's Discussion and Analysis
June 30, 2016

The total net position of the City decreased by \$747,943 during the fiscal year. Reasons for this change in net position are discussed in upcoming sections.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$1,441	\$1,347	\$4,395	\$4,307	\$5,836	\$5,654
Operating Grants and Contributions	2,512	1,090	0	10	2,512	1,100
Capital Grants	305	520	0	0	305	520
General Revenues						
Property Taxes and Assessments	4,207	4,213	0	0	4,207	4,213
State Shared Revenue	1,133	1,027	0	0	1,133	1,027
Unrestricted Investment Earnings	55	68	22	20	77	88
Gain on Sale of Capital Assets	0	65	0	0	0	65
Other	2	83	0	85	2	168
Total Revenues	\$9,655	\$8,413	\$4,417	\$4,422	\$14,072	\$12,835
Expenses						
General Government, Administrative	\$1,918	\$1,984	\$0	\$0	\$1,918	\$1,984
Public Safety	3,858	3,755	0	0	3,858	3,755
Public Works	3,988	2,513	0	0	3,988	2,513
Recreation and Culture	462	451	0	0	462	451
Economic Development/Assistance	287	234	0	0	287	234
Interest on Long-Term Debt	15	17	0	0	15	17
Water and Sewer	0	0	4,136	4,260	4,136	4,260
Automobile Parking System	0	0	56	62	56	62
Building Authority Operating	0	0	100	92	100	92
Total Expenses	\$10,528	\$8,954	\$4,292	\$4,414	\$14,820	\$13,368
Changes in Net Position	(873)	(541)	125	8	(748)	(533)
Beginning Net Position	14,776	15,317	17,039	17,031	31,815	32,348
Ending Net Position	\$13,903	\$14,776	\$17,164	\$17,039	\$31,067	\$31,815

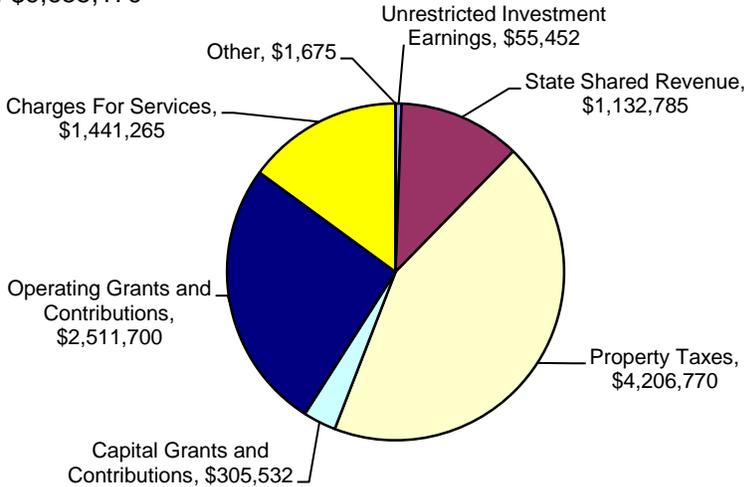
**City of Cadillac
Management's Discussion and Analysis
June 30, 2016**

Governmental Activities

The net position of the City's governmental activities decreased by \$873,299 during the year. Much of this decrease can be attributed to depreciation expense charged against governmental assets and an increase in pension liabilities in the last actuarial valuation.

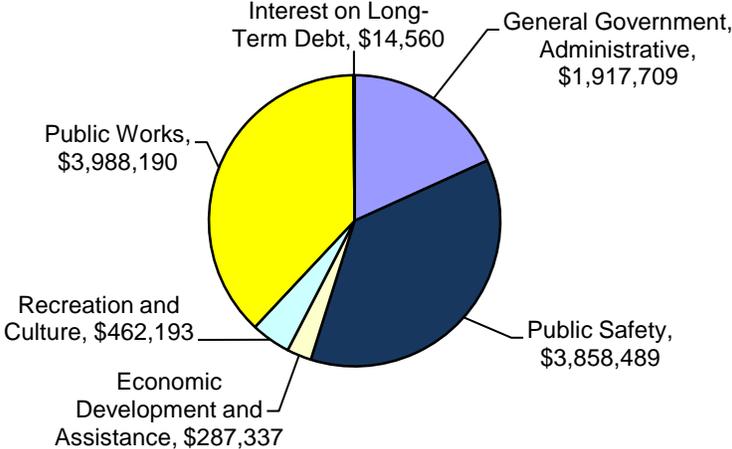
The following chart summarizes the revenue sources for the City's governmental activities for the year ended June 30, 2016:

Revenues - Governmental Activities
Fiscal Year Ended June 30, 2016
Total Revenue: \$9,655,179



Total expenses for governmental activities for the year ended June 30, 2016 are summarized below:

Expenses - Governmental Activities
Fiscal Year Ended June 30, 2016
Total Expenses: \$10,528,478



City of Cadillac
Management's Discussion and Analysis
June 30, 2016

Business-Type Activities

Net position within the City's business-type activities increased by \$125,356 during the year. The City's water and sewer activities resulted in an increase of \$80,903 for the year. The City received revenue for treatment of leachate from the Wexford County Landfill that exceeded budget by \$93,147. In addition, the City began charging penalties and late fees on past due utility accounts. This generated \$72,560 in revenue for the year. The Building Authority Fund, which reports the activities related to the rental of a City building to the Michigan Department of Environmental Quality, had an increase in net position of \$47,818 due to rental income exceeding annual building maintenance and facility management expenses.

Financial Analysis of the Government's Funds

Governmental Funds At the completion of the City's fiscal year ended June 30, 2016, governmental funds reported combined ending fund balances of \$6,299,914. This ending fund balance is \$556,441 **higher** than the end of the previous fiscal year. Of the total ending fund balance, \$916,307, or 15%, is nonspendable. An additional amount of \$1,739,232, or 28%, is restricted to spending for specific purposes, including street projects, lake treatment, debt service, 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. This portion of fund balance total \$3,157,920, or 50% of the total. Finally, \$486,455 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, 2016 can be found on pages 67-68 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, 2016 was \$2,109,024. This represents a 9% **increase** from the prior year. An amount equal to 15% of total annual expenditures is assigned as a working capital reserve in accordance with City policy. This level has been maintained or exceeded for several years. There is also \$385,018 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 increased by \$172,112 in the current fiscal year. The City's final appropriated budget had planned for a use of fund balance of \$141,200 but because of some cost saving measures highlighted in the next section, 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 increased net position by \$80,903 during the year. The issues discussed prior detailed the increase. Total Net Position in the City's other Proprietary Funds increased \$44,453 for the year.

City of Cadillac
Management's Discussion and Analysis
June 30, 2016

General Fund Budgetary Highlights

Budget Amendments

During the year, several budget amendments were approved by City Council. These amendments increased total General Fund appropriations by \$42,200. The major appropriation increases were related to the following:

- An additional appropriation of \$3,500 was made to cover the cost of a specialized appraisal completed on a parcel related to a tax tribunal case.
- An additional appropriation of \$9,200 was required to cover refunds of taxes based on tax tribunal decisions that were higher than planned.
- Additional appropriations were required to cover final benefit payout costs of a long-term employee who resigned during the year. Funds for this payout were available from the assigned fund balance related to accrued but unpaid Sick and Vacation hours.
- The City's required transfer out to the Local Street Fund was reduced by \$120,000 because of a special appropriation by the State of Michigan that was designated to the Local Street Fund. This appropriation was transferred to Public Works to assist with the purchase of a new plow truck.

Budget Variances

Overall, actual expenditures were \$215,780 below the legal appropriations. Several factors contributed to this positive variance:

- Fees for the refuse removal contract with Republic Services were below budget by \$23,954. This favorable variance is offset by lower revenues from users.
- Other Public Works expenditures were \$16,169 below appropriations.
- Total Legal Fees for the year were \$8,000 below budget.
- Salary and Wage costs were below budget by \$23,083.
- Employee benefit costs were below budget by \$63,421 because of favorable enrollment statistics.
- The final quarterly transfer out to the Cemetery Operating Fund was not made because it was not needed to fund the current year operating expenditures. This was an \$18,750 savings to the General Fund.
- 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, 2016**

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, 2016, amounted to \$33,574,722 (net of accumulated depreciation). This represents a decrease of \$1,397,937 during the prior year. The City invested over \$615,000 (net of disposals) in capital assets during the year. These were primarily in the form of equipment, infrastructure and water and sewer system improvements. Total capital assets declined primarily due to normal government-wide depreciation costs of \$2,101,975. The City has invested in a broad range of capital assets, as detailed below:

City of Cadillac Capital Assets
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Infrastructure	\$19,904	\$19,899	\$0	\$0	\$19,904	\$19,899
Land and Land Improvements	3,617	3,617	1,402	1,402	5,019	5,019
Buildings	4,742	4,688	2,351	2,350	7,093	7,038
Machinery & Equipment	5,026	4,972	1,403	1,433	6,429	6,405
Investment in Water and Sewer Systems	0	0	38,563	38,344	38,563	38,344
Subtotal	\$33,289	\$33,176	\$43,719	\$43,529	\$77,008	\$76,705
Construction in Progress	184	0	311	170	495	170
Accumulated Depreciation	(22,158)	(21,036)	(21,770)	(20,866)	(43,928)	(41,902)
Net Capital Assets	\$11,315	\$12,140	\$22,260	\$22,833	\$33,575	\$34,973

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 Pages 49-51.

Long-term Debt. As of June 30, 2016, the City had total long-term debt outstanding of approximately \$9,086,750. This is a decrease of \$756,413, or 7.7%, over the prior fiscal year. No additional debt was undertaken through the year, and total debt was reduced by normal debt service requirements that were met throughout the year.

Of the City's total outstanding debt, \$320,000 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 Sewer Fund (\$8,144,061), are backed by revenues from the Water and Sewer system, and have been used to finance major capital projects within the system.

**City of Cadillac
Management's Discussion and Analysis
June 30, 2016**

City of Cadillac Outstanding Debt
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$320	\$390	\$0	\$0	\$320	\$390
Contracts, Notes, and Other	442	449	181	170	623	619
Revenue Bonds	0	0	8,144	8,834	8,144	8,834
Total Outstanding Debt	\$762	\$839	\$8,325	\$9,004	\$9,087	\$9,843

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 \$243,574,051 is \$24,357,405 which significantly exceeds the City's outstanding general obligation debt of \$320,000. More information on the City's long-term debt is available in the Notes to Financial Statements section of this document, on Pages 52-53.

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, 2016**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash & Pooled Investments	\$ 7,273,364	\$ 2,575,682	\$ 9,849,046	\$ 2,512,908
Receivables	588,825	805,570	1,394,395	251,340
Prepays	82,251	--	82,251	--
Inventory	113,117	195,853	308,970	--
Due from Fiduciary Funds	5,647	--	5,647	--
Due from Component Unit	13,268	--	13,268	--
Total Current Assets	8,076,472	3,577,105	11,653,577	2,764,248
<i>Noncurrent Assets</i>				
Restricted Cash	--	643,465	643,465	--
Capital Assets not being Depreciated	2,480,493	650,480	3,130,973	--
Capital Assets being Depreciated	8,834,477	21,609,272	30,443,749	1,054,027
Total Noncurrent Assets	11,314,970	22,903,217	34,218,187	1,054,027
Total Assets	19,391,442	26,480,322	45,871,764	3,818,275
DEFERRED OUTFLOWS OF RESOURCES				
Pension	1,407,249	584,613	1,991,862	--
Total Deferred Outflows of Resources	1,407,249	584,613	1,991,862	--
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	247,840	95,658	343,498	132,275
Accrued Liabilities	97,392	27,636	125,028	1,583
Customer Deposits	--	8,780	8,780	--
Accrued Interest	3,284	57,327	60,611	--
Current Portion of Compensated Absences	233,910	97,556	331,466	726
Current Portion of Long-term Debt	83,862	560,000	643,862	9,803
Due to Other Governmental Units	--	--	--	13,268
Total Current Liabilities	666,288	846,957	1,513,245	157,655
<i>Noncurrent Liabilities</i>				
Compensated Absences	199,257	83,104	282,361	619
Long-term Debt	245,000	7,584,061	7,829,061	90,403
Net Other Post Employment Benefits Liability	422,377	--	422,377	--
Net Pension Liability	5,343,436	1,386,077	6,729,513	--
Total Noncurrent Liabilities	6,210,070	9,053,242	15,263,312	91,022
Total Liabilities	6,876,358	9,900,199	16,776,557	248,677
DEFERRED INFLOWS OF RESOURCES				
Pension	19,515	--	19,515	--
Total Deferred Inflows of Resources	19,515	--	19,515	--
NET POSITION				
Net Investment in Capital Assets	10,986,108	14,115,691	25,101,799	1,054,027
<i>Restricted for:</i>				
Nonexpendable Cemetery Trust	511,666	--	511,666	--
Nonexpendable Capital Projects Trust	245,000	--	245,000	--
Groundwater Clean Up	--	--	--	727,688
Economic Development	--	--	--	497,842
Internal Service - Retirees' Life Insurance	168,866	--	168,866	--
Internal Service - Employees' Life and Health Insurance	722,049	--	722,049	--
General Government	303,850	--	303,850	--
Public Safety	8,024	--	8,024	--
Public Works	977,624	--	977,624	--
Recreation & Culture	52,921	--	52,921	--
Capital Projects	294,457	--	294,457	1,290,041
Debt Service	135,498	643,465	778,963	--
<i>Unrestricted</i>	(503,245)	2,405,580	1,902,335	--
Total Net Position	\$ 13,902,818	\$ 17,164,736	\$ 31,067,554	\$ 3,569,598

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, 2016**

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	
Primary Government								
Governmental Activities:								
General Government	\$ 1,917,709	\$ 562,076	\$ 78,743	\$ --	\$ (1,276,890)	\$ --	\$ (1,276,890)	\$ --
Public Safety	3,858,489	113,550	223,155	--	(3,521,784)	--	(3,521,784)	--
Public Works	3,988,190	748,403	2,163,359	--	(1,076,428)	--	(1,076,428)	--
Economic Development	287,337	2,236	46,443	--	(238,658)	--	(238,658)	--
Recreation & Culture	462,193	15,000	--	305,532	(141,661)	--	(141,661)	--
Interest on Long-term Debt	14,560	--	--	--	(14,560)	--	(14,560)	--
Total Governmental Activities	10,528,478	1,441,265	2,511,700	305,532	(6,269,981)	--	(6,269,981)	--
Business-type Activities:								
Auto Parking	55,994	49,058	--	--	--	(6,936)	(6,936)	--
Building Authority	100,387	149,415	--	--	--	49,028	49,028	--
Water and Sewer	4,136,377	4,197,260	--	--	--	60,883	60,883	--
Total Business-type Activities	4,292,758	4,395,733	--	--	--	102,975	102,975	--
Total Primary Government	\$ 14,821,236	\$ 5,836,998	\$ 2,511,700	\$ 305,532	\$ (6,269,981)	\$ 102,975	\$ (6,167,006)	--
Component Units								
Brownfield Redevelopment	\$ 6,939	\$ --	\$ --	\$ --	--	--	--	(6,939)
Downtown Development Authority	747,451	9,650	248,074	--	--	--	--	(489,727)
Local Development Finance Authority	300,087	16,778	--	--	--	--	--	(283,309)
Economic Development Corporation	--	--	--	--	--	--	--	--
Total Component Units	\$ 1,054,477	\$ 26,428	\$ 248,074	\$ --	--	--	--	(779,975)
General Purpose Revenues and Transfers:								
Revenues								
Property Taxes					4,206,770	--	4,206,770	273,489
State Revenue					1,132,785	--	1,132,785	--
Interest Income					55,452	22,381	77,833	26,259
Miscellaneous					1,675	--	1,675	50,000
Transfers					--	--	--	--
Total General Revenues and Transfers					5,396,682	22,381	5,419,063	349,748
Change in Net Position					(873,299)	125,356	(747,943)	(430,227)
<i>Net Position at Beginning of Period, as Restated (Note 16)</i>					14,776,117	17,039,380	31,815,497	3,999,825
Net Position at End of Period					\$ 13,902,818	\$ 17,164,736	\$ 31,067,554	\$ 3,569,598

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

**City of Cadillac
Balance Sheet
Governmental Funds
June 30, 2016**

	<u>General</u>	<u>Special Revenue Saw Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash & Pooled Investments	\$ 2,099,940	\$ --	\$ 3,880,228	\$ 5,980,168
Receivables	185,651	--	358,105	543,756
Prepays	9,641	--	--	9,641
Due from Fiduciary Funds	5,647	--	--	5,647
Due from Component Unit	13,268	--	--	13,268
Advance to Other Funds	--	--	150,000	150,000
<i>Total Assets</i>	<u>\$ 2,314,147</u>	<u>\$ --</u>	<u>\$ 4,388,333</u>	<u>\$ 6,702,480</u>
LIABILITIES				
Accounts Payable	\$ 120,325	\$ --	\$ 88,992	\$ 209,317
Accrued Liabilities	77,371	--	15,837	93,208
<i>Total Liabilities</i>	<u>197,696</u>	<u>--</u>	<u>104,829</u>	<u>302,525</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	7,427	--	92,614	100,041
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>205,123</u>	<u>--</u>	<u>197,443</u>	<u>402,566</u>
FUND BALANCE				
Nonspendable	9,641	--	906,666	916,307
Restricted	61,116	--	1,678,116	1,739,232
Assigned	1,551,812	--	1,606,108	3,157,920
Unassigned	486,455	--	--	486,455
<i>Total Fund Balance</i>	<u>2,109,024</u>	<u>--</u>	<u>4,190,890</u>	<u>6,299,914</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 2,314,147</u>	<u>\$ --</u>	<u>\$ 4,388,333</u>	<u>\$ 6,702,480</u>

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

City of Cadillac
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2016

Total Fund Balance - Governmental Funds	\$	6,299,914
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.		1,558,316
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.		(3,284)
General government capital assets of \$30,558,518, net of accumulated depreciation of \$19,859,685, are not financial resources, and accordingly are not reported in the funds.		10,698,833
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.		100,041
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		(328,862)
Compensated absences are not due in and payable in the current period, and therefore, are not reported in the funds.		(397,511)
The net pension liability 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.		(4,732,168)
Other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(422,377)
Pension related deferred inflows and outflows from the difference between projected and actual investment earnings of the pension plan as well as City contributions made after the measurement date of the net pension liability are not reported in the funds.		1,129,916
Total Net Position - Governmental Funds	\$	<u>13,902,818</u>

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

City of Cadillac
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	<u>General</u>	<u>Special Revenue</u> Saw Grant	<u>Other</u> Governmental Funds	<u>Total</u> Governmental Funds
Revenues				
Property Taxes	\$ 4,209,433	\$ --	\$ 16	\$ 4,209,449
Licenses & Permits	145,947	--	44,557	190,504
Federal Revenue	65,168	--	--	65,168
State Revenue	1,020,880	1,323,957	1,258,403	3,603,240
Local Revenue Sharing	220,304	--	24,541	244,845
Charges for Services	910,592	--	76,268	986,860
Fines	17,018	--	--	17,018
Miscellaneous	45,331	--	255,160	300,491
Interest Income	16,859	--	38,593	55,452
Total Revenues	<u>6,651,532</u>	<u>1,323,957</u>	<u>1,697,538</u>	<u>9,673,027</u>
Expenditures				
General Government	1,577,585	--	143,129	1,720,714
Public Safety	3,177,094	--	--	3,177,094
Public Works	931,115	1,318,039	1,027,370	3,276,524
Economic Development	138,666	--	112,042	250,708
Recreation & Culture	311,265	--	--	311,265
Capital Outlay	82,445	5,918	188,964	277,327
Debt Service - Principal	--	--	87,721	87,721
Debt Service - Interest	--	--	15,233	15,233
Total Expenditures	<u>6,218,170</u>	<u>1,323,957</u>	<u>1,574,459</u>	<u>9,116,586</u>
Excess of Revenues Over (Under) Expenditures	<u>433,362</u>	<u>--</u>	<u>123,079</u>	<u>556,441</u>
Other Financing Sources (Uses)				
Transfers In	--	--	407,750	407,750
Transfers Out	(261,250)	--	(146,500)	(407,750)
Net Other Financing Sources (Uses)	<u>(261,250)</u>	<u>--</u>	<u>261,250</u>	<u>--</u>
Net Change in Fund Balance	172,112	--	384,329	556,441
<i>Fund Balance at Beginning of Period</i>	1,936,912	--	3,806,561	5,743,473
Fund Balance at End of Period	<u>\$ 2,109,024</u>	<u>\$ --</u>	<u>\$ 4,190,890</u>	<u>\$ 6,299,914</u>

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, 2016

Total Net Change in Fund Balances - Governmental Funds	\$	556,441
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.		(97,104)
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 \$1,037,469 is in excess of capital outlay expenditures of \$277,327.		(760,142)
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.		673
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.		(12,493)
Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements.		87,721
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.		(17,848)
Changes to the net pension liability are not shown in the fund financial statements. The net effect of the current year increase is to increase net position.		(642,727)
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.		12,180
Changes in Net Position - Governmental Funds	\$	<u>(873,299)</u>

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

**City of Cadillac
Statement of Net Position
Proprietary Funds
June 30, 2016**

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities Internal Service Funds
	<u>Water and Sewer</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	
ASSETS				
<i>Current Assets</i>				
Cash & Pooled Investments	\$ 2,306,920	\$ 268,762	\$ 2,575,682	\$ 1,293,196
Receivables	804,314	1,256	805,570	45,069
Prepays	--	--	--	72,610
Inventory	195,853	--	195,853	113,117
Total Current Assets	<u>3,307,087</u>	<u>270,018</u>	<u>3,577,105</u>	<u>1,523,992</u>
<i>Noncurrent Assets</i>				
Restricted Cash	643,465	--	643,465	--
Capital Assets not being Depreciated	310,814	339,666	650,480	25,000
Capital Assets being Depreciated	20,346,342	1,262,930	21,609,272	591,137
Total Noncurrent Assets	<u>21,300,621</u>	<u>1,602,596</u>	<u>22,903,217</u>	<u>616,137</u>
Total Assets	<u>24,607,708</u>	<u>1,872,614</u>	<u>26,480,322</u>	<u>2,140,129</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	584,613	--	584,613	257,818
Total Deferred Outflows of Resources	<u>584,613</u>	<u>--</u>	<u>584,613</u>	<u>257,818</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	94,726	932	95,658	38,523
Accrued Liabilities	27,128	508	27,636	4,184
Customer Deposits	8,780	--	8,780	--
Accrued Interest	57,327	--	57,327	--
Current Portion of Compensated Absences	97,556	--	97,556	19,254
Current Portion of Long-term Debt	560,000	--	560,000	--
Total Current Liabilities	<u>845,517</u>	<u>1,440</u>	<u>846,957</u>	<u>61,961</u>
<i>Noncurrent Liabilities</i>				
Compensated Absences	83,104	--	83,104	16,402
Long-term Debt	7,584,061	--	7,584,061	--
Net Pension Liability	1,386,077	--	1,386,077	611,268
Advance from Other Funds	--	--	--	150,000
Total Noncurrent Liabilities	<u>9,053,242</u>	<u>--</u>	<u>9,053,242</u>	<u>777,670</u>
Total Liabilities	<u>9,898,759</u>	<u>1,440</u>	<u>9,900,199</u>	<u>839,631</u>
NET POSITION				
Net Investment in Capital Assets	12,513,095	1,602,596	14,115,691	616,137
<i>Restricted for:</i>				
Internal Service - Retirees' Life Insurance	--	--	--	168,866
Internal Service - Employees' Life and Health Insurance	--	--	--	722,049
Debt Service	643,465	--	643,465	--
<i>Unrestricted</i>	2,137,002	268,578	2,405,580	51,264
Total Net Position	<u>\$ 15,293,562</u>	<u>\$ 1,871,174</u>	<u>\$ 17,164,736</u>	<u>\$ 1,558,316</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, 2016

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water and Sewer</u>	<u>Other Enterprise</u>	<u>Total Enterprise</u>	<u>Internal Service</u>
		<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
Operating Revenues				
Charges for Services	\$ 4,168,790	\$ 1,102	\$ 4,169,892	\$ 1,760,982
Rent	23,750	149,415	173,165	--
Miscellaneous	4,720	47,956	52,676	55,061
Total Operating Revenues	<u>4,197,260</u>	<u>198,473</u>	<u>4,395,733</u>	<u>1,816,043</u>
Operating Expenses				
Salaries & Wages	1,535,472	13,535	1,549,007	308,415
Materials & Supplies	371,521	423	371,944	97,144
Utilities	438,668	3,401	442,069	38,486
Repair & Maintenance	114,362	28,775	143,137	65,028
Equipment Rental	242,080	24,782	266,862	33,276
Contracted Services	334,751	14,893	349,644	187,199
Professional Fees	--	15,500	15,500	--
Insurance	--	--	--	1,077,873
Depreciation	905,795	53,162	958,957	105,549
Total Operating Expenses	<u>3,942,649</u>	<u>154,471</u>	<u>4,097,120</u>	<u>1,912,970</u>
Operating Income (Loss)	<u>254,611</u>	<u>44,002</u>	<u>298,613</u>	<u>(96,927)</u>
Non-Operating Revenues (Expenses)				
Interest Income	20,020	2,361	22,381	10,461
Interest Expense	(193,728)	(1,910)	(195,638)	(10,638)
Net Non-Operating Revenues (Expenses)	<u>(173,708)</u>	<u>451</u>	<u>(173,257)</u>	<u>(177)</u>
Change In Net Position	80,903	44,453	125,356	(97,104)
<i>Net Position at Beginning of Period, as Restated (Note 16)</i>	15,212,659	1,826,721	17,039,380	1,655,420
Net Position at End of Period	<u>\$ 15,293,562</u>	<u>\$ 1,871,174</u>	<u>\$ 17,164,736</u>	<u>\$ 1,558,316</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, 2016**

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities
	<u>Water and Sewer</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Cash Flows from Operating Activities				
Cash Received from Customers and Special Assessments	\$ 3,995,513	\$ 198,440	\$ 4,193,953	\$ 1,794,879
Cash Payments to Employees for Services and Fringe Benefits	(1,336,922)	(14,227)	(1,351,149)	(229,125)
Cash Payments to Suppliers for Goods and Services	(1,515,318)	(85,443)	(1,600,761)	(1,491,846)
<i>Total Cash Flows from Operating Activities</i>	<u>1,143,273</u>	<u>98,770</u>	<u>1,242,043</u>	<u>73,908</u>
Cash Flows from Non-capital and Related Financing Activities				
Due from (to) Other Funds	36,651	-	36,651	-
Payment on Advance	-	-	-	(50,000)
<i>Total Cash Flows from (used in) Non-capital and Related Financing Activities</i>	<u>36,651</u>	<u>-</u>	<u>36,651</u>	<u>(50,000)</u>
Cash Flows from Capital and Related Financing Activities				
Principal Paid	(550,000)	(140,000)	(690,000)	-
Interest Paid	(195,053)	(3,520)	(198,573)	(10,638)
Purchase of Equipment	(385,796)	-	(385,796)	(40,914)
<i>Total Cash Flows from (used in) by Capital and Related Financing Activities</i>	<u>(1,130,849)</u>	<u>(143,520)</u>	<u>(1,274,369)</u>	<u>(51,552)</u>
Cash Flows From Investing Activities				
Interest on Investments	20,020	2,361	22,381	10,461
<i>Total Cash Flows from Investing Activities</i>	<u>20,020</u>	<u>2,361</u>	<u>22,381</u>	<u>10,461</u>
<i>Net Increase (Decrease) in Cash and Equivalents</i>	69,095	(42,389)	26,706	(17,183)
<i>Cash and Equivalents - Beginning of Year</i>	2,881,290	311,151	3,192,441	1,310,379
<i>Cash and Equivalents - End of Year</i>	<u>\$ 2,950,385</u>	<u>\$ 268,762</u>	<u>\$ 3,219,147</u>	<u>\$ 1,293,196</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, 2016**

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities
	<u>Water and Sewer</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 254,611	\$ 44,002	\$ 298,613	\$ (96,927)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	905,795	53,162	958,957	105,549
Changes in Assets & Liabilities				
Accounts Receivable	(201,747)	(725)	(202,472)	(21,164)
Inventory	234	-	234	(25,249)
Prepaid Expenses	44,935	1,278	46,213	41,799
Deferred Outflow Related to Pension	(475,961)	-	(475,961)	(203,288)
Accounts Payable	(59,105)	883	(58,222)	(9,390)
Accrued Liabilities	6,936	170	7,106	999
Compensated Absences	10,428	-	10,428	(1,613)
Net Pension Liability	657,147	-	657,147	283,192
Net Cash Provided by Operating Activities	<u>\$ 1,143,273</u>	<u>\$ 98,770</u>	<u>\$ 1,242,043</u>	<u>\$ 73,908</u>
Noncash Item				
Prior Period Restatement (Note 16)	\$ (332,796)	\$ -	\$ (332,796)	\$ (146,765)

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, 2016

	Pension and Benefit Trust	
	Police & Fire Trust	Agency
ASSETS		
Cash & Pooled Investments	\$ 332,972	\$ 10
Investments	9,418,802	--
Taxes Receivable	--	5,647
<i>Total Assets</i>	9,751,774	5,657
LIABILITIES		
Due to Other Governmental Units	--	10
Due to Other Funds	--	5,647
<i>Total Liabilities</i>	--	5,657
NET POSITION		
Restricted for Pensions	\$ 9,751,774	\$ --

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, 2016

	Police & Fire Trust
Additions	
<i>Contributions</i>	
Employer	\$ 629,917
Employee	37,461
<i>Total Contributions</i>	667,378
<i>Investment Income</i>	
Investment Income	83,475
Less Investment Expense	(27,156)
<i>Total Investment Income</i>	56,319
<i>Total Additions</i>	723,697
Deductions	
Benefit Payments	827,606
Administrative	10,400
<i>Total Deductions</i>	838,006
<i>Change in Net Position</i>	(114,309)
<i>Net Position at Beginning of Period</i>	9,866,083
<i>Net Position at End of Period</i>	\$ 9,751,774

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, 2016

	<u>Brownfield Redevelopment</u>	<u>Downtown Development Authority</u>	<u>Local Development Finance Authority</u>	<u>Economic Development Corporation</u>	<u>Total Component Units</u>
ASSETS					
<i>Current Assets</i>					
Cash & Pooled Investments	\$ 183,400	\$ --	\$ 2,328,341	\$ 1,167	\$ 2,512,908
Receivables	--	228,297	23,043	--	251,340
Total Current Assets	<u>183,400</u>	<u>228,297</u>	<u>2,351,384</u>	<u>1,167</u>	<u>2,764,248</u>
<i>Noncurrent Assets</i>					
Capital Assets being Depreciated	--	922,856	131,171	--	1,054,027
Total Assets	<u>183,400</u>	<u>1,151,153</u>	<u>2,482,555</u>	<u>1,167</u>	<u>3,818,275</u>
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	--	123,004	9,271	--	132,275
Accrued Liabilities	--	814	769	--	1,583
Current Portion of Compensated Absences	--	726	--	--	726
Current Portion of Long-term Debt	9,803	--	--	--	9,803
Due to Other Governmental Units	--	13,268	--	--	13,268
Total Current Liabilities	<u>9,803</u>	<u>137,812</u>	<u>10,040</u>	<u>--</u>	<u>157,655</u>
<i>Noncurrent Liabilities</i>					
Compensated Absences	--	619	--	--	619
Long-term Debt	90,403	--	--	--	90,403
Total Liabilities	<u>100,206</u>	<u>138,431</u>	<u>10,040</u>	<u>--</u>	<u>248,677</u>
NET POSITION					
Net Investment in Capital Assets	--	922,856	131,171	--	1,054,027
<i>Restricted for:</i>					
Groundwater Clean Up	--	--	727,688	--	727,688
Capital Projects	--	--	1,290,041	--	1,290,041
Economic Development	83,194	89,866	323,615	1,167	497,842
<i>Unrestricted</i>	--	--	--	--	--
Total Net Position	<u>\$ 83,194</u>	<u>\$ 1,012,722</u>	<u>\$ 2,472,515</u>	<u>\$ 1,167</u>	<u>\$ 3,569,598</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, 2016

	Brownfield Redevelopment	Downtown Development Authority	Local Development Finance Authority	Economic Development Corporation	Total Component Units
Expenses					
Economic Development	\$ 6,939	\$ 707,837	\$ 295,551	\$ --	\$ 1,010,327
Depreciation	--	39,614	4,536	--	44,150
Total Expenses	<u>6,939</u>	<u>747,451</u>	<u>300,087</u>	<u>--</u>	<u>1,054,477</u>
Program Revenues					
Charges for Services	--	9,650	16,778	--	26,428
Operating Grants and Contributions	--	248,074	--	--	248,074
Capital Grants and Contributions	--	--	--	--	--
Total Program Revenues	<u>--</u>	<u>257,724</u>	<u>16,778</u>	<u>--</u>	<u>274,502</u>
Net Program Revenues (Expenses)	<u>(6,939)</u>	<u>(489,727)</u>	<u>(283,309)</u>	<u>--</u>	<u>(779,975)</u>
General Revenue					
Property Taxes	24,106	107,663	141,720	--	273,489
Miscellaneous	--	50,000	--	--	50,000
Interest Income	--	2,730	23,529	--	26,259
Total General Revenues	<u>24,106</u>	<u>160,393</u>	<u>165,249</u>	<u>--</u>	<u>349,748</u>
Change in Net Position	<u>17,167</u>	<u>(329,334)</u>	<u>(118,060)</u>	<u>--</u>	<u>(430,227)</u>
<i>Net Position at Beginning of Period</i>	66,027	1,342,056	2,590,575	1,167	3,999,825
Net Position at End of Period	<u>\$ 83,194</u>	<u>\$ 1,012,722</u>	<u>\$ 2,472,515</u>	<u>\$ 1,167</u>	<u>\$ 3,569,598</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

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

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 and water and sewer lines within the VanderJagt Industrial Park. Money to finance these projects will come from tax increments attributed to the increase 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, 2015, audited financial statements:

Total Assets	\$	3,649,187
Total Liabilities		7,399
Net Investment in Capital Assets		3,363,021
Net Position - Unrestricted		278,767
Total Revenues - Governmental & Business-type Activities		531,801
Total Expenses - Governmental & Business-type Activities		569,146
Change in Net Position		(37,345)

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

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, 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 funds:

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 ***saw grant fund*** is the a special revenue fund required for the reporting of the revenues and expenses related to the Stormwater, Asset Management, and Wasterwater (SAW) grant the city received from the Michigan Department of Environmental Quality.

City of Cadillac

Notes to the Financial Statements

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.

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

City of Cadillac

Notes to the Financial Statements

services. All revenues and expenses are not meeting this definition are reported as non-operating revenues and expenses.

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

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

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 (\$263,547) 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 replacement 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:

Description	Useful Life
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

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category, pension related deferred outflows. The government-wide statements and proprietary funds report deferred outflows from the difference between projected and actual investment earnings of the pension plan, changes in assumptions of the pension plan, as well as City contributions made after the measurement date of the net pension liability.

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

City of Cadillac

Notes to the Financial Statements

government has two items that qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting. 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. The City also has pension related deferred inflows. The government-wide statements and proprietary funds can report deferred inflows from the difference between expected and actual experience of the pension plan. 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 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).

City of Cadillac

Notes to the Financial Statements

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.

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 2015 taxable valuation of the City of Cadillac totaled \$243,589,248, on which ad valorem taxes levied consisted of 13.9473 mills for the City of Cadillac operating purposes and 2.6000 mills for the City of Cadillac Policemen and Firemen Retirement System. These levies raised approximately \$3,392,767 for operating purposes and \$632,369 for the Policemen and Firemen Retirement System. 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.

The Downtown Development Authority also levies a 1.9548 mills on \$14,602,325 of taxable value, which raised approximately \$28,633 for its operations.

City of Cadillac

Notes to the Financial Statements

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.

New Accounting Standards Adopted

For June 30, 2016, the City adopted Government Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB 72 requires the funds to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements. There was no material impact on the funds’ financial statements as a result of the implementation of GASB 72.

City of Cadillac

Notes to the Financial Statements

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, 2016, the City did not incur any excess of expenditures over appropriations at the adopted level.

Note 3 - Cash and Investments

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

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Totals</u>
Statement of Net Position			
Cash & Pooled Investments	\$ 9,849,046	\$ 2,512,908	\$ 12,361,954
Restricted Cash and Equivalents	643,465	-	643,465
Statement of Fiduciary Net Position			
Cash & Pooled Investments	9,751,784	-	9,751,784
Total	<u>\$ 20,244,295</u>	<u>\$ 2,512,908</u>	<u>\$ 22,757,203</u>

Deposits and Investments

Bank deposits (checking, savings, and certificates of deposit)	\$ 3,256,356
Investments	10,081,745
Investments held in trust	9,418,802
Cash on hand	300
Total	<u>\$ 22,757,203</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	\$ 187,006	AAAm	S&P
U.S. Agency	2016 - 2027	3,720,680	AA+	S&P
Equity Mutual Funds	N/A	9,418,802	N/A	
Money Market Mutual Funds or Other Liquid Accounts	N/A	6,174,059	N/A	
Total		<u>\$ 19,500,547</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. \$332,986 of the Certificates of Deposits matured within one year, the remainder of \$2,383,000 Mature in 1-5 Years.

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, \$5,099,048 of the City's bank deposits and certificates of deposit balance of \$9,430,415 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 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

City of Cadillac

Notes to the Financial Statements

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.

Fair Value Measurement - The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2016:

- U.S. Agency Bonds held by the City totaled \$3,720,680. These are valued using Level 1 inputs.
- Michigan Cooperative Liquid Asset Securities System, with a balance of \$187,006 at June 30, 2016, which is valued using Level 2 inputs.
- Investments held in the MERS Investment Services Program, which are primarily mutual funds used to fund Police and Fire Retiree defined benefit pensions, with a balance of \$9,418,802 at June 30, 2016, are valued using Level 2 inputs.

Money market accounts, cash equivalents, and bank CDs totaling \$6,174,059 were not included in the fair value measurement disclosure because they are held directly in the City's name.

Note 4 - Receivables

Receivables were as follows at June 30, 2016:

	General Fund	Nonmajor Funds	Internal Service Funds	Water & Sewer Fund	Nonmajor Enterprise Funds	Total Primary Government	Component Units
Receivables							
Accounts	\$ 110,448	\$ 2,279	\$ 37,432	\$ 472,641	\$ -	\$ 622,800	\$ 2,705
Special Assessment	-	46,479	-	-	-	46,479	-
Due from State	40,748	166,835	-	-	-	207,583	200,000
Taxes	7,427	185	-	-	-	7,612	685
Interest	27,028	29,661	7,637	14,788	1,256	80,370	20,338
Loans	-	6,750	-	-	-	6,750	-
Grants	-	105,916	-	-	-	105,916	27,612
Unbilled	-	-	-	316,885	-	316,885	-
Total Receivables	\$ 185,651	\$ 358,105	\$ 45,069	\$ 804,314	\$ 1,256	\$ 1,394,395	\$ 251,340

Note 5 - Advances Between Funds

Advances receivable and payable at June 30, 2016 were \$150,000. Advances represent long-term loans between funds. The Cadillac development fund has an advance due of \$150,000 from the central stores and municipal garage fund as of June 30, 2016.

City of Cadillac

Notes to the Financial Statements

Note 6 - Interfund Transactions

Transfers in and out for the year ended June 30, 2016 are as follows:

Transfer In	Transfer Out	Amount
Nonmajor Governmental Funds	General Fund	\$ 261,250
Nonmajor Governmental Funds	Nonmajor Governmental Funds	146,500

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.

Note 7 - Capital Assets

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

	June 30, 2015	Additions	Reductions	June 30, 2016
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,455,493	\$ -	\$ -	\$ 2,455,493
Construction in Process	-	25,000	-	25,000
Total capital assets not being depreciated	2,455,493	25,000	-	2,480,493
Capital assets being depreciated				
Buildings	4,209,710	54,059	-	4,263,769
Land Improvements	1,067,693	158,897	-	1,226,590
Machinery & Equipment	2,676,939	34,303	(27,946)	2,683,296
Infrastructure	19,899,304	5,067	-	19,904,371
Total capital assets being depreciated	27,853,646	252,326	(27,946)	28,078,026
Less accumulated depreciation				
Buildings	3,215,706	96,008	-	3,311,714
Land Improvements	610,089	30,734	-	640,823
Machinery & Equipment	2,118,800	145,888	(27,946)	2,236,742
Infrastructure	12,905,569	764,839	-	13,670,408
Total accumulated depreciation	18,850,164	1,037,469	(27,946)	19,859,687
Internal Service Fund Capital Assets	680,772	(64,635)	-	616,137
<i>Net capital assets being depreciated</i>	9,518,423	(785,143)	-	8,834,477
Governmental Activities Capital Assets, Net	\$ 11,973,916	\$ (760,143)	\$ -	\$ 11,314,970

City of Cadillac

Notes to the Financial Statements

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

Internal Service Funds	<u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>
Capital assets not being depreciated				
Land	\$ 25,000	-	-	\$ 25,000
Capital assets being depreciated				
Buildings	478,181	-	-	478,181
Land Improvements	68,971	-	-	68,971
Machinery & Equipment	2,307,962	40,914	5,844	2,343,032
Total capital assets being depreciated	<u>2,855,114</u>	<u>40,914</u>	<u>5,844</u>	<u>2,890,184</u>
Less accumulated depreciation				
Buildings	231,848	10,447	-	242,295
Land Improvements	66,869	263	-	67,132
Machinery & Equipment	1,900,625	94,839	5,844	1,989,620
Total accumulated depreciation	<u>2,199,342</u>	<u>105,549</u>	<u>5,844</u>	<u>2,299,047</u>
<i>Net capital assets being depreciated</i>	<u>655,772</u>	<u>(64,635)</u>	<u>-</u>	<u>591,137</u>
Internal Service Funds Capital Assets, Net	<u>\$ 680,772</u>	<u>\$ (64,635)</u>	<u>\$ -</u>	<u>\$ 616,137</u>

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

Business-type Activities	<u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>
Capital assets not being depreciated				
Land	\$ 339,667	\$ -	\$ -	\$ 339,667
Construction in Process	169,748	151,008	-	310,813
Total capital assets not being depreciated	<u>882,067</u>	<u>151,008</u>	<u>-</u>	<u>650,480</u>
Capital assets being depreciated				
Buildings	2,350,590	-	-	2,350,590
Land Improvements	1,062,618	-	-	1,062,618
Machinery & Equipment	1,130,642	-	-	1,130,642
Vehicles	301,829	25,516	54,794	272,551
Water	13,878,937	95,943	-	13,984,823
Sewer	24,465,203	113,331	-	24,578,534
Total capital assets being depreciated	<u>43,189,819</u>	<u>234,790</u>	<u>54,794</u>	<u>43,379,758</u>
Less accumulated depreciation				
Buildings	1,185,995	43,198	-	1,229,193
Land Improvements	367,390	21,336	-	388,726
Machinery & Equipment	700,156	55,684	-	755,840
Vehicles	261,517	14,241	54,794	220,964
Water	5,618,728	244,905	-	5,863,633
Sewer	12,732,537	579,593	-	13,312,130
Total accumulated depreciation	<u>20,866,323</u>	<u>958,957</u>	<u>54,794</u>	<u>21,770,486</u>
<i>Net capital assets being depreciated</i>	<u>22,323,496</u>	<u>(724,167)</u>	<u>-</u>	<u>21,609,272</u>
Business-type Activities Capital Assets, Net	<u>\$ 23,205,563</u>	<u>\$ (573,159)</u>	<u>\$ -</u>	<u>\$ 22,259,752</u>

City of Cadillac

Notes to the Financial Statements

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

Discretely Presented Component Units	<u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>
Capital assets being depreciated				
Land Improvements	\$ 8,965	\$ -	\$ -	\$ 8,965
Infrastructure	1,407,848	-	-	1,407,848
<i>Total capital assets being depreciated</i>	<u>1,416,813</u>	<u>-</u>	<u>-</u>	<u>1,416,813</u>
Less accumulated depreciation				
Land Improvements	8,965	-	-	8,965
Infrastructure	309,671	44,150	-	353,821
<i>Total accumulated depreciation</i>	<u>318,636</u>	<u>44,150</u>	<u>-</u>	<u>362,786</u>
<i>Component Units Capital Assets, Net</i>	<u>\$ 1,098,177</u>	<u>\$ (44,150)</u>	<u>\$ -</u>	<u>\$ 1,054,027</u>

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

Governmental Activities

General Government	\$ 70,807
Public Safety	130,038
Public Works	691,486
Recreation & Culture	137,039
Economic Development	8,099
Internal Service Funds	105,549
<i>Total Governmental Activities</i>	<u>\$ 1,143,018</u>

Business-type Activities

Water & Sewer	\$ 905,795
Auto Parking	16,754
Building Authority	36,408
<i>Total Business-type Activities</i>	<u>\$ 958,957</u>

Component Units

Downtown Development Authority	\$ 39,614
Local Development Finance Authority	4,536
<i>Total Component Units</i>	<u>\$ 44,150</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, 2016:

Governmental Activities	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year
\$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%	\$ 390,000	\$ -	\$ 70,000	\$ 320,000	\$ 75,000
\$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.	26,583	-	17,721	8,862	8,862
Total Governmental Activities Debt	416,583	-	87,721	328,862	83,862
Governmental Compensated Absences	385,018	203,085	190,592	397,511	214,656
Internal Service Compensated Absences	37,269	39,633	41,246	35,656	19,254
Total Compensated Absences	422,287	242,718	231,838	433,167	233,910
Total Long-term Debt	\$ 838,870	\$ 242,718	\$ 319,559	\$ 762,029	\$ 298,518
Business-type Activities	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year
\$3,865,205 Wastewater System Junior Lien Revenue Refunding Bond due in annual installments of \$175,000 to \$220,205 through October 1, 2028; interest at 1.625%	\$ 2,830,205	\$ -	\$ 180,000	\$ 2,650,205	\$ 185,000
\$2,324,906 Water Supply and Wastewater Systems Revenue Junior Lien Revenue Bonds due in annual installments of \$27,671 to \$150,000 through April 1, 2032; interest at 2.50%	2,043,856	-	95,000	1,948,856	100,000
\$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%	140,000	-	140,000	-	-
\$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%	3,820,000	-	275,000	3,545,000	275,000
Total Business-type Activities Debt	8,834,061	-	690,000	8,144,061	560,000
Business-type Compensated Absences	170,232	81,453	71,025	180,660	97,556
Total Long-term Debt	\$ 9,004,293	\$ 81,453	\$ 761,025	\$ 8,324,721	\$ 657,556

2013 Water Supply and Wastewater System revenue refunding bonds had no gain or loss, and therefore had no deferred items related to the refunding.

City of Cadillac

Notes to the Financial Statements

<u>Component Units</u>	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</u>	<u>Due Within One Year</u>
\$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%	\$ 100,206	\$ -	\$ -	\$ 100,206	\$ 9,803
Total Component Unit Debt	<u>100,206</u>	<u>-</u>	<u>-</u>	<u>100,206</u>	<u>9,803</u>
Compensated Absences	337	1,008	-	1,345	726
Total Component Units	<u>\$ 100,543</u>	<u>\$ 1,008</u>	<u>\$ -</u>	<u>\$ 101,551</u>	<u>\$ 20,332</u>

The annual requirements to amortize all debt outstanding (excluding compensated absences) as of June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 83,862	\$ 11,654	\$ 95,516	\$ 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	85,000	1,806	86,806	605,000	142,382	747,382
2021	-	-	-	620,000	128,160	748,160
2022-2026	-	-	-	3,350,000	413,864	3,763,864
2027-2031	-	-	-	1,710,205	91,698	1,801,903
2032-2035	-	-	-	148,856	11,068	159,924
Totals	<u>\$ 328,862</u>	<u>\$ 27,285</u>	<u>\$ 356,147</u>	<u>\$ 8,144,061</u>	<u>\$ 1,294,738</u>	<u>\$ 9,438,799</u>

<u>Year Ending June 30,</u>	<u>Component Units</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 9,803	\$ -	\$ 9,803
2018	8,447	1,356	9,803
2019	8,573	1,229	9,802
2020	8,702	1,101	9,803
2021	8,833	970	9,803
2022-2026	46,190	2,824	49,014
2027	9,658	145	9,803
Totals	<u>\$ 100,206</u>	<u>\$ 7,625</u>	<u>\$ 98,028</u>

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. The City also 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.

City of Cadillac

Notes to the Financial Statements

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.

Benefits Provided

The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. Retirement benefits for employees are calculated as 2.00 to 2.50% of the employee's five year final average compensation times the employee's years of service with a maximum of 80 percent, or no maximum of final average compensation depending on division. Normal retirement age is 60 with early retirement at an unreduced benefit at age 55 with 25 years of service or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Deferred retirement benefits vest after 8 to 10 years of credited service, but are not paid until the date retirement would have occurred had the member remained an employee. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and if duty-related without an actuarial reduction for retirement before age 60 is not applied. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions.

City of Cadillac

Notes to the Financial Statements

Employees Covered by Benefit Terms - MERS

At the December 31, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	59
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>48</u>
Total employees covered by MERS	<u>114</u>

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

Plan Description

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.

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
Service Retirement	
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.
Deferred Retirement	
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.
Death After Retirement Survivor's Pension	
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.
Non-Duty Death in Service Survivor's Pension	
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.
Duty Death In Service Survivor's Pension	
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.
Non-Duty Disability	
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.
Duty Disability	
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.

City of Cadillac

Notes to the Financial Statements

Employees Covered by Benefit Terms

Membership of the Act 345 defined benefit plan consisted of the following at the date of the latest actuarial valuation (June 30, 2016):

Act 345 Defined Benefit Plan	
Retirees and beneficiaries receiving benefits	34
Terminated plan members entitled to but not yet receiving benefits	2
Active plan members	<u>26</u>
Total Participants	<u>62</u>

Contributions

MERS

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. 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. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2016, the active employee contribution rate was 0% percent of annual pay and the City's contribution rate was 0.00 to 23.25% of covered payroll depending on division.

PFRS

Fire members hired prior to July 6, 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 July 6, 2010 do not contribute.

The City is required to contribute at an actuarially determined rate of 28.94% of payroll for police members and 31.76% of payroll for fire members. These rates totaled an actuarially determined contribution of \$520,516 for the year ending June 30, 2016, of which \$629,916 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.

City of Cadillac

Notes to the Financial Statements

Net Pension Liability

The net pension liability reported for MERS at June 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date. The PFRS net pension liability reported at June 30, 2016 was determined using a measure of the total pension liability and the pension net position as of June 30, 2016. The June 30, 2016 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the plans net pension liability during the measurement year were as follows:

<i>MERS</i>	Increase (Decrease)			<i>PFRS</i>	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability		Total Pension Liability	Plan Net Position	Net Pension Liability
Changes in Net Pension Liability	Liability	Plan Net Position	Liability	Changes in Net Pension Liability			
Balance at December 31, 2014	\$ 11,338,877	\$ 9,576,473	\$ 1,762,404	Balance at June 30, 2015	\$ 12,760,035	\$ 9,866,084	\$ 2,893,951
Service cost	178,507	-	178,507	Service cost	244,157	-	244,157
Interest	912,790	-	912,790	Interest	927,642	-	927,642
Difference between expected and actual experience	18,275	-	18,275	Contributions - Employer	-	629,917	(629,917)
Changes in assumptions	579,967	-	579,967	Contributions - Employee	-	37,461	(37,461)
Contributions - Employer	-	260,636	(260,636)	Net investment income	-	56,318	(56,318)
Net investment income	-	(139,307)	139,307	Differences between expected and actual experience	(23,128)	-	(23,128)
Benefit payments, including refunds	(728,028)	(728,028)	-	Changes in assumptions	48,937	-	48,937
Administrative expenses	-	(20,636)	20,636	Benefit payments, including refunds	(827,606)	(827,606)	-
Net changes	961,511	(627,335)	1,588,846	Administrative expenses	-	(10,400)	10,400
Balance at December 31, 2015	\$ 12,300,388	\$ 8,949,138	\$ 3,351,250	Net changes	370,002	(114,310)	484,312
				Balance at June 30, 2016	\$ 13,130,037	\$ 9,751,774	\$ 3,378,263

City of Cadillac

Notes to the Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$673,413 for the MERS plan and \$655,593 for the PFRS plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MERS

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 829,690	\$ -
Difference between expected and actual experience	13,706	
Changes in actuarial assumptions	434,976	
Employer contributions to the plan subsequent to the measurement date	135,102	-
Total	<u>\$ 1,413,474</u>	<u>\$ -</u>

PFRS

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 537,097	\$ -
Changes in actuarial assumptions	41,291	-
Difference between expected and actual demographics experience	-	19,515
Total	<u>\$ 578,388</u>	<u>\$ 19,515</u>

City of Cadillac

Notes to the Financial Statements

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<i>MERS</i>		<i>PFRS</i>		
Years Ending June 30	Amount	Years Ending June 30	Amount	Total
2017	\$ 365,508	2017	\$ 138,306	\$ 503,814
2018	365,508	2018	138,306	503,814
2019	365,508	2019	138,306	503,814
2020	181,848	2020	138,307	320,155
2021	-	2021	4,032	4,032
2022	-	2022	1,616	1,616
Total	\$ 1,278,372	Total	\$ 558,873	\$ 1,837,245

Actuarial Assumptions

MERS

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5% (3-4% for 2014)

Salary Increases: base wage inflation of 3.75% in the long-term (plus merit and longevity from 0 to 11% based on age) (4.5 for 2014)

Investment rate of return: 7.75%, net of investment expense, including inflation (8.25 for 2014)

Mortality rates used for non-disabled plan member were based on a weighted blend of RP-2014 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of RP-2014 disabled retire mortality tables of a 50% Male and 50% Female blend of disabled retirees. (1994 group annuity tables is 2014)

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected

City of Cadillac

Notes to the Financial Statements

returns, net of investment and administrative expenses 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money Weighted Rate of Return
Global equity	57.50%	6.27%	3.60%
Global fixed income	20.00%	3.43%	0.68%
Real assets	12.50%	5.48%	0.69%
Diversifying strategies	10.00%	7.81%	0.78%
Inflation			2.00%
Administrative fee			0.25%
Investment rate of return			8.00%

Discount Rate

The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. 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.

PFRS

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Inflation	4.00%
Salary Increases	8.00 - 4.00 % (Includes Inflation)
Investment Rate of Return	7.35%

Mortality rates were based on the RP 2000 Combined Healthy Mortality Table Projected to 2014 with a 50% Male/Female Blend.

City of Cadillac

Notes to the Financial Statements

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2015.

Discount Rate

The discount rate used to measure the total pension liability was 7.35 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.

Projected Cash Flows

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.

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, 2016 are 7.35%.

City of Cadillac

Notes to the Financial Statements

The following was the City's asset allocation policy as of June 30, 2016:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Stock	35%	6.8%
International Stock	7%	6.6%
Emerging Market Stock	4%	6.7%
U.S. Bond	17%	2.2%
Global Bond	12%	2.2%
Global Real Estate	6%	4.2%
Private Equity	7%	6.6%
Cash	7%	1.0%
Commodity	5%	4.0%
Total	100%	

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 8.00 percent and 7.35 for MERS and PFRS Respectively, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00/6.35 percent) or one percentage point higher (9.00/8.35 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<i>MERS</i>	<u>(7.00%)</u>	<u>(8.00%)</u>	<u>(9.00%)</u>
Net pension liability of the City	\$ 4,941,940	\$ 3,351,250	\$ 1,997,186
	1% Decrease	Current Discount Rate	1% Increase
<i>PFRS</i>	<u>(6.35%)</u>	<u>(7.35%)</u>	<u>(8.35%)</u>
Net pension liability of the City	\$ 4,848,003	\$ 3,378,263	\$ 2,137,650

City of Cadillac

Notes to the Financial Statements

Pension Plan Fiduciary Net Position

MERS

Detailed information about the plan's fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

PFRS

The plan's fiduciary net position has been determined on the same basis used by the plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms. Separately issued financial statements are not available.

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 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. A separately issued report is not available for these plans.

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

City of Cadillac

Notes to the Financial Statements

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	\$ 152,968	\$ 118,879
Adjustment to ARC	657	31,935
Interest on Net OPEB Obligation	(903)	(43,869)
Annual OPEB Cost (Expense)	152,722	106,945
Less: Contributions Made	(152,968)	(118,879)
<i>Increase in OPEB Obligation</i>	(246)	(11,934)
<i>Beginning Net OPEB Obligation</i>	8,762	425,795
<i>Ending Net OPEB Obligation</i>	\$ 8,516	\$ 413,861

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2016 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	6/30/2014	\$ 141,076	53%	\$ (84,052)
	6/30/2015	144,349	36%	8,672
	6/30/2016	152,722	100%	8,516
Policemen & Firemen Retiree Health Care Plan	6/30/2014	\$ 150,578	71%	\$ 398,201
	6/30/2015	163,806	83%	425,795
	6/30/2016	106,945	111%	413,861

Funded Status and Funding Progress. As of June 30, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,255,997 for the GRHCP plan and \$1,941,286 for the PFRHP Plan, which were funded \$1,285,462 and \$1,630,142, respectively. The unfunded actuarial accrued liability was \$970,535 and \$311,144, respectively and the funded ratio was 57% and 84%, respectively. The covered payroll (annual payroll of the active employees covered by the Plan) was \$1,433,616 and \$552,078 respectively, and the ratio of the UAAL to the covered payroll was 68% and 56%, respectively.

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

City of Cadillac

Notes to the Financial Statements

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.

Significant methods and assumptions were as follows, both plans use the same assumptions:

	Retiree Health Care Plan
Valuation Date	6/30/2016
Actuarial Cost Method	Entry Age
	Normal Level % of Salary
Amortization Method	Level Dollar over 20 years, Closed
Remaining Amortization	17 Years
Asset Valuation Method	Market Value
Actuarial Assumptions	
Interest Rate	7.5%
Inflation Rate Assumptions	
Projected Salary Increases	4.5%
Inflation Rate	3.0%
Valuation Health Care Cost Trend Rate	
Medical	9.0% in 2016 to 5.0% in 2024
Prescription Drug	9.0% in 2016 to 5.0% in 2024
Dental / Vision	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

City of Cadillac

Notes to the Financial Statements

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.

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 property 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>
Nonspendable			
Prepays	\$ 9,641	\$ -	\$ 9,641
Advances to Other Funds	-	150,000	150,000
Cemetery Perpetual Care	-	245,000	245,000
Capital Projects	-	511,666	511,666
Total Nonspendable	<u>\$ 9,641</u>	<u>\$ 906,666</u>	<u>\$ 916,307</u>

City of Cadillac

Notes to the Financial Statements

	General Fund	Nonmajor Funds	Total
Restricted for			
Veterans Memorial	1,855	-	1,855
Youth Services	844	-	844
Drug Forfeiture	4,656	-	4,656
Fire Safety House	695	-	695
Blackburn Skate Park	3,083	-	3,083
White Pine Trail	1,859	-	1,859
Diggins Hill Park	7,578	-	7,578
CAMA Lighthouse	22,800	-	22,800
Sundial Project	2,125	-	2,125
Bike Routes	2,000	-	2,000
Cadillac Trail Signage	5,000	-	5,000
McKellop Walkway Plowing	3,621	-	3,621
Bike Cadillac	5,000	-	5,000
Major & Local Streets	-	869,894	869,894
Cemetery	-	37,819	37,819
Milfoil	-	105,553	105,553
Building Inspection	-	1,829	1,829
Clam River Greenway	-	20,697	20,697
Debt Service	-	135,498	135,498
Capital Projects	-	240,795	240,795
Cemetery Perpetual Care	-	266,031	266,031
Total Restricted	61,116	1,678,116	1,739,232
Assigned for			
Working Capital	999,647	-	999,647
Sick & Vacation	385,018	-	385,018
Subsequent Year Use of Fund Balance	160,000	-	160,000
Pistol Range	4,627	-	4,627
CASA Field Use	2,520	-	2,520
HL Green Operating	-	118,461	118,461
Future Economic Development Loans	-	1,114,325	1,114,325
Naval Reserve Center	-	1,654	1,654
Industrial Development	-	365,769	365,769
Corridor Improvement	-	5,899	5,899
Total Assigned	1,551,812	1,606,108	3,157,920
Unassigned	486,455	-	486,455
Total Fund Balances - Governmental Funds	\$ 2,109,024	\$ 4,190,890	\$ 6,299,914

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>
Restricted for			
Nonexpendable Cemetery Trust	\$ 511,666	\$ -	\$ -
Nonexpendable Capital Projects	245,000	-	-
Groundwater Cleanup	-	-	727,688
Economic Development	-	-	497,842
EE & Retiree Life & Health Insurance	890,915	-	-
General Government			
Cemetery Preputal Care	266,031	-	-
Cemetery	37,819	-	-
Public Safety			
Drug Forfeiture	4,656	-	-
Fire Safety House	695	-	-
Youth Services	844	-	-
Building Inspection	1,829	-	-
Public Works			
Major & Local Streets	869,894	-	-
Milfoil	105,730	-	-
Bike Routes	2,000	-	-
Recreation & Culture			
Veterans Memorial	1,855	-	-
Blackburn Skate Park	3,083	-	-
White Pine Trail	1,859	-	-
Diggins Hill Park	7,578	-	-
CAMA Lighthouse	22,800	-	-
Sundial Project	2,125	-	-
Cadillac Trail Signage	5,000	-	-
McKellop Walkway Plowing	3,621	-	-
Bike Cadillac	5,000	-	-
Capital Projects			
Clam River Greenway	20,697	-	-
Capital Projects	273,760	-	1,290,041
Debt Service			
	135,498	643,465	-
Total Restricted Net Position	<u>\$ 3,419,955</u>	<u>\$ 643,465</u>	<u>\$ 2,515,571</u>

City of Cadillac

Notes to the Financial Statements

Note 16 - Prior Period Restatement

The financial statements for the year ended June 30, 2016 have been restated to correct the beginning net pension liability and related deferred outflows.

As a result of the correction the beginning net position of both the governmental activities and business-type activities has been restated as indicated:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Net Position - June 30, 2015 - As previously reported	\$ 15,247,954	\$ 17,372,176	\$ 3,999,825
Adjustment for correction for GASB Statement No. 68	(471,837)	(332,796)	-
Net Position - June 30, 2015 - Restated	<u>\$ 14,776,117</u>	<u>\$ 17,039,380</u>	<u>\$ 3,999,825</u>

Note 17 - Subsequent Events

On August 3, 2016 the City issued \$3,050,000 in general obligation limited tax bonds for capital improvements within the City. The interest rate on the bonds is 2.19% and the final maturity date is May 1, 2031.

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Revenues				
Property Taxes	\$ 4,205,000	\$ 4,205,000	\$ 4,209,433	\$ 4,433
Federal Revenue	40,000	40,000	65,168	25,168
State Revenue	1,021,000	1,021,000	1,020,880	(120)
Local Revenue Sharing	175,000	175,000	220,304	45,304
Licenses & Permits	126,000	126,000	145,947	19,947
Charges for Services	920,500	920,500	910,592	(9,908)
Fines	15,000	15,000	17,018	2,018
Miscellaneous	16,500	16,500	45,331	28,831
Interest Income	35,000	35,000	16,860	(18,140)
Total Revenues	6,554,000	6,554,000	6,651,533	97,533
Other Financing Sources				
Total Revenues and Other Financing Sources	6,554,000	6,554,000	6,651,533	97,533
Expenditures				
General Fund				
City Council	44,200	44,200	43,645	555
City Manager	254,700	254,700	241,293	13,407
Finance	219,800	219,800	219,656	144
Assessor	134,500	138,000	135,963	2,037
Clerk/Treasurer	282,100	291,300	285,382	5,918
Elections	15,500	15,500	12,197	3,303
Building and Grounds	287,000	287,000	273,107	13,893
City Attorney	200,000	200,000	191,893	8,107
Engineering	181,500	181,500	174,449	7,051
Total General Fund	1,619,300	1,632,000	1,577,585	54,415
Public Safety				
Police Department	1,934,500	1,934,500	1,877,007	57,493
Code Enforcement	32,000	32,000	29,231	2,769
Fire Department	1,249,900	1,279,400	1,270,856	8,544
Total Public Safety	3,216,400	3,245,900	3,177,094	68,806
Public Works				
Public Works	209,400	329,400	323,259	6,141
Alleys	49,000	49,000	37,983	11,017
Leaves	42,000	42,000	50,039	(8,039)
Grass and Weed Control	24,000	24,000	17,805	6,195
Composting	4,100	4,100	924	3,176
Waste Removal	493,000	493,000	468,105	24,895
Airport	33,000	33,000	33,000	--
Total Public Works	854,500	974,500	931,115	43,385

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Expenditures				
Economic Development				
Planning and Zoning	113,000	113,000	106,318	6,682
Community Promotions	37,000	37,000	31,137	5,863
Economic Development	--	--	1,211	(1,211)
Total Economic Development	150,000	150,000	138,666	11,334
Recreation & Culture				
Municipal Parks	228,000	228,000	220,475	7,525
Arts Commission	10,500	10,500	10,500	--
Cadillac Community TV	22,100	22,100	20,102	1,998
School Recreation Program	66,200	66,200	60,188	6,012
Total Recreation & Culture	326,800	326,800	311,265	15,535
Capital Outlay	86,000	86,000	82,445	3,555
Total Expenditures	6,253,000	6,415,200	6,218,170	197,030
Other Financing Uses				
Transfers Out	400,000	280,000	261,250	18,750
Total Expenditures and Other Financing Uses	6,653,000	6,695,200	6,479,420	215,780
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	(99,000)	(141,200)	172,113	313,313
Net Change in Fund Balance	(99,000)	(141,200)	172,113	313,313
Fund Balance at Beginning of Period	1,936,911	1,936,911	1,936,911	--
Fund Balance at End of Period	\$ 1,837,911	\$ 1,795,711	\$ 2,109,024	\$ 313,313

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Saw Grant
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
State Revenue	\$ --	\$ 2,000,000	\$ 1,323,957	\$ (676,043)
<i>Total Revenues</i>	--	2,000,000	1,323,957	(676,043)
Other Financing Sources				
<i>Total Revenues and Other Financing Sources</i>	--	2,000,000	1,323,957	(676,043)
Expenditures				
Public Works	--	2,000,000	1,323,957	676,043
<i>Total Expenditures</i>	--	2,000,000	1,323,957	676,043
Other Financing Uses				
<i>Total Expenditures and Other Financing Uses</i>	--	2,000,000	1,323,957	676,043
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</i>	--	--	--	--
<i>Net Change in Fund Balance</i>	--	--	--	--
<i>Fund Balance at Beginning of Period</i>	--	--	--	--
<i>Fund Balance at End of Period</i>	\$ --	\$ --	\$ --	\$ --

City of Cadillac
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios - Police & Fire
Last 3 Fiscal Years

	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 244,157	\$ 244,157	\$ 236,694
Interest	927,642	895,778	852,820
Changes in Benefit Terms	-	-	-
Differences Between Expected & Actual Experience	(23,128)	119,335	250,448
Changes in Assumptions	48,937	78,308	-
Benefit Payments, Including Refunds	(827,606)	(798,335)	(743,524)
Net Change in Pension Liability	370,002	539,243	596,438
<i>Total Pension Liability - Beginning</i>	<i>12,760,035</i>	<i>12,220,792</i>	<i>11,624,354</i>
Total Pension Liability - Ending (a)	\$ 13,130,037	\$ 12,760,035	\$ 12,220,792
Plan Fiduciary Net Position			
Contributions - Employer	\$ 629,917	\$ 631,963	\$ 633,673
Contributions - Member	37,461	36,346	42,195
Net Investment Income	56,318	258,280	1,146,932
Benefit Payments, Including Refunds	(827,606)	(798,335)	(743,524)
Administrative Expenses	(10,400)	(9,700)	(7,200)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(114,310)	118,554	1,072,076
<i>Plan Fiduciary Net Position - Beginning</i>	<i>9,866,084</i>	<i>9,747,530</i>	<i>8,675,454</i>
Plan Fiduciary Net Position - Ending (b)	\$ 9,751,774	\$ 9,866,084	\$ 9,747,530
Net Pension (Asset) Liability - Ending (a) - (b)	\$ 3,378,263	\$ 2,893,951	\$ 2,473,262
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74%	77%	80%
Covered Employee Payroll	\$ 1,607,792	\$ 1,595,473	\$ 1,568,160
Net Pension Liability as a Percentage of Covered Employee Payroll	210%	181%	158%

* Built prospectively upon implementation of GASB68

City of Cadillac
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios - MERS
Last 2 Fiscal Years

	<u>2016</u>	<u>2015</u>
Total Pension Liability		
Service Cost	\$ 178,507	\$ 182,201
Interest	912,790	861,002
Differences Between Expected & Actual Experience	18,275	-
Changes in Assumptions	579,967	-
Benefit Payments, Including Refunds	<u>(728,028)</u>	<u>(696,532)</u>
Net Change in Pension Liability	961,511	346,671
<i>Total Pension Liability - Beginning</i>	11,338,877	10,992,206
Total Pension Liability - Ending (a)	<u>\$ 12,300,388</u>	<u>\$ 11,338,877</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 260,636	\$ 274,762
Contributions - Member	-	-
Net Investment Income	(139,307)	617,338
Benefit Payments, Including Refunds	(728,028)	(696,532)
Administrative Expenses	(20,636)	(22,612)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>(627,335)</u>	<u>172,956</u>
<i>Plan Fiduciary Net Position - Beginning</i>	9,576,473	9,883,508
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,949,138</u>	<u>\$ 9,576,473</u>
Net Pension (Asset) Liability - Ending (a) - (b)	\$ 3,351,250	\$ 1,762,404
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73%	84%
Covered Employee Payroll	\$ 2,186,192	\$ 2,712,307
Net Pension Liability as a Percentage of Covered Employee Payroll	153%	65%

* Built prospectively upon implementation of GASB68

**City of Cadillac
Required Supplementary Information
Schedule of Contributions - Police & Fire
Last 10 Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially Determined Contribution	\$ 543,315	\$ 549,400	\$ 543,315	\$ 549,400	\$ 545,530	\$ 513,543	\$ 556,203	\$ 573,385	\$ 482,450	\$ 572,257
Contributions in Relation to the Actuarially Determined Contribution	629,917	631,963	633,673	651,762	666,098	1,051,479	504,691	567,171	558,831	556,555
Contribution Deficiency (Excess)	\$ (86,602)	\$ (82,563)	\$ (90,358)	\$ (102,362)	\$ (120,568)	\$ (537,936)	\$ 51,512	\$ 6,214	\$ (76,381)	\$ 15,702
Covered Employee Payroll	1,607,792	1,595,473	1,568,160	2,647,200	2,522,912	2,413,371	1,585,519	1,399,695	1,389,958	1,482,941
Contributions as a Percentage of Covered Employee Payroll	39%	40%	40%	25%	26%	44%	32%	41%	40%	38%

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% - 8.00%, including inflation
Investment rate of return	7.35%, net of pension plan investment expense, including inflation

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially Determined Contribution	\$ 260,636	\$ 274,762	\$ 261,878	\$ 227,945	\$ 211,857	\$ 159,007	\$ 90,263	\$ 84,146	\$ 94,522	\$ 74,272
Contributions in Relation to the Actuarially Determined Contribution	260,636	274,762	261,878	227,945	211,857	159,007	90,263	84,146	94,522	74,272
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	2,186,192	2,712,307	2,647,200	2,522,912	2,413,371	2,552,000	2,494,000	2,743,000	2,552,000	2,444,000
Contributions as a Percentage of Covered Employee Payroll	12%	10%	10%	9%	9%	6%	4%	3%	4%	3%

Notes

Valuation Date

Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry Age - Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	23 years
Asset valuation method	5 Year smoothed
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement Age	Experience-based tables of rates that are specific to the type of eligbilty condition
Investment rate of return	50% Male - 50% Female blend of the RP-2014 Group Mortality Table

City of Cadillac
Required Supplementary Information
Schedule of Investment Returns - Police & Fire
Last 3 Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	5.50%	8.44%	9.55%

Notes

Information from 2013 to 2007 is unavailable

City of Cadillac
Other Post Employment Benefits
Schedule of Funding Progress

General Retiree Health Care Plan

Actuarial Valuation Date	Year Ended	Actuarial Value of Assets (a)	Actuarial		Funded Ratio Total	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) Entry Age (b)	(Overfunded) Unfunded AAL (UAAL) (b-a)			
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%
6/30/2016	6/30/2016	1,285,462	2,255,997	970,535	57%	1,433,616	68%

Policemen & Firemen Retiree Health Care Plan

Actuarial Valuation Date	Year Ended	Actuarial Value of Assets (a)	Actuarial		Funded Ratio Total	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) Entry Age (b)	(Overfunded) Unfunded AAL (UAAL) (b-a)			
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%
6/30/2016	6/30/2016	1,630,142	1,941,286	311,144	84%	552,078	56%

	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
General Retiree Health Care Plan	6/30/2014	\$ 141,076	53%	\$ (84,052)
	6/30/2015	144,439	36%	8,672
	6/30/2016	152,722	100%	8,516
Policemen & Firemen Retiree Health Care Plan	6/30/2014	\$ 150,578	71%	\$ 398,201
	6/30/2015	163,806	83%	425,795
	6/30/2016	106,945	111%	413,861

OTHER SUPPLEMENTARY INFORMATION

City of Cadillac

Nonmajor Governmental Fund Descriptions

SPECIAL REVENUE FUNDS

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

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.

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

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

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.

Building Inspection Fund – This fund was established to account for the receipts and expenditures incurred by the Cadillac to enforce the State Construction Code Act.

DEBT SERVICE FUND

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.

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

City of Cadillac

Nonmajor Governmental Fund Descriptions

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

Rotary Park Project Fund - The purpose is to account for the rotary park project on Lake Cadillac.

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

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, 2016

	Special Revenue							
	Major Streets	Local Streets	Cemetery	Milfoil	Cadillac Development	Naval Reserve Center	HL Green Operating	Building Inspection
ASSETS								
Cash & Pooled Investments	\$ 411,899	\$ 310,244	\$ 46,189	\$ 107,538	\$ 1,109,038	\$ 2,103	\$ 115,302	\$ 17,457
Receivables	99,891	67,073	--	1,317	115,983	--	3,159	2,279
Advance to Other Funds	--	--	--	--	150,000	--	--	--
Total Assets	\$ 511,790	\$ 377,317	\$ 46,189	\$ 108,855	\$ 1,375,021	\$ 2,103	\$ 118,461	\$ 19,736
LIABILITIES								
Accounts Payable	\$ 6,456	\$ 1,446	\$ 4,212	\$ 3,125	\$ 50,856	\$ 449	\$ --	\$ 17,907
Accrued Liabilities	3,075	8,236	4,158	--	368	--	--	--
Total Liabilities	9,531	9,682	8,370	3,125	51,224	449	--	17,907
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenues	--	--	--	177	59,472	--	--	--
Total Liabilities and Deferred Inflows of Resources	9,531	9,682	8,370	3,302	110,696	449	--	17,907
FUND BALANCE								
Nonspendable	--	--	--	--	150,000	--	--	--
Restricted	502,259	367,635	37,819	105,553	--	--	--	1,829
Assigned	--	--	--	--	1,114,325	1,654	118,461	--
Unassigned	--	--	--	--	--	--	--	--
Total Fund Balance	502,259	367,635	37,819	105,553	1,264,325	1,654	118,461	1,829
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 511,790	\$ 377,317	\$ 46,189	\$ 108,855	\$ 1,375,021	\$ 2,103	\$ 118,461	\$ 19,736

City of Cadillac
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Debt Service	Capital Projects				Permanent		Total Nonmajor Governmental Funds	
	2004 Capital Improvement Bonds	Industrial Park	Clam River Greenway	Special Assessment Capital Projects	Rotary Park Project	Corridor Improvement	Cemetery Perpetual		Capital Projects Trust
ASSETS									
Cash & Pooled Investments	\$ 135,498	\$ 365,608	\$ 20,697	\$ 54,697	\$ 102,579	\$ 5,899	\$ 492,248	\$ 583,232	\$ 3,880,228
Receivables	--	211	--	48,559	--	--	18,783	850	358,105
Advance to Other Funds	--	--	--	--	--	--	--	--	150,000
<i>Total Assets</i>	<u>\$ 135,498</u>	<u>\$ 365,819</u>	<u>\$ 20,697</u>	<u>\$ 103,256</u>	<u>\$ 102,579</u>	<u>\$ 5,899</u>	<u>\$ 511,031</u>	<u>\$ 584,082</u>	<u>\$ 4,388,333</u>
LIABILITIES									
Accounts Payable	\$ --	\$ 50	\$ --	\$ --	\$ 4,491	\$ --	\$ --	\$ --	\$ 88,992
Accrued Liabilities	--	--	--	--	--	--	--	--	15,837
<i>Total Liabilities</i>	<u>--</u>	<u>50</u>	<u>--</u>	<u>--</u>	<u>4,491</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>104,829</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenues	--	--	--	32,965	--	--	--	--	92,614
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>50</u>	<u>--</u>	<u>32,965</u>	<u>4,491</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>197,443</u>
FUND BALANCE									
Nonspendable	--	--	--	--	--	--	245,000	511,666	906,666
Restricted	135,498	--	20,697	70,291	98,088	--	266,031	72,416	1,678,116
Assigned	--	365,769	--	--	--	5,899	--	--	1,606,108
Unassigned	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>135,498</u>	<u>365,769</u>	<u>20,697</u>	<u>70,291</u>	<u>98,088</u>	<u>5,899</u>	<u>511,031</u>	<u>584,082</u>	<u>4,190,890</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 135,498</u>	<u>\$ 365,819</u>	<u>\$ 20,697</u>	<u>\$ 103,256</u>	<u>\$ 102,579</u>	<u>\$ 5,899</u>	<u>\$ 511,031</u>	<u>\$ 584,082</u>	<u>\$ 4,388,333</u>

City of Cadillac
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue							
	Major Streets	Local Streets	Cemetery	Milfoil	Cadillac Development	Naval Reserve Center	HL Green Operating	Building Inspection
Revenues								
Property Taxes	\$ --	\$ --	\$ --	\$ 16	\$ --	\$ --	\$ --	\$ --
Licenses & Permits	--	--	--	--	--	--	--	44,557
State Revenue	816,538	345,422	--	--	46,443	--	--	--
Local Revenue Sharing	--	--	--	--	--	--	--	--
Charges for Services	--	--	64,693	--	--	1,575	--	--
Miscellaneous	1,675	825	--	--	--	6,500	--	--
Interest Income	282	--	--	1,201	19,237	--	1,355	--
Total Revenues	<u>818,495</u>	<u>346,247</u>	<u>64,693</u>	<u>1,217</u>	<u>65,680</u>	<u>8,075</u>	<u>1,355</u>	<u>44,557</u>
Expenditures								
General Government	--	--	114,711	--	--	18,412	--	--
Public Works	559,552	359,874	--	65,216	--	--	--	42,728
Economic Development	--	--	--	--	112,042	--	--	--
Capital Outlay	5,067	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--	--
Total Expenditures	<u>564,619</u>	<u>359,874</u>	<u>114,711</u>	<u>65,216</u>	<u>112,042</u>	<u>18,412</u>	<u>--</u>	<u>42,728</u>
Excess of Revenues Over (Under) Expenditures	<u>253,876</u>	<u>(13,627)</u>	<u>(50,018)</u>	<u>(63,999)</u>	<u>(46,362)</u>	<u>(10,337)</u>	<u>1,355</u>	<u>1,829</u>
Other Financing Sources (Uses)								
Transfers In	--	265,000	56,250	--	--	--	--	--
Transfers Out	(78,200)	(68,300)	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>(78,200)</u>	<u>196,700</u>	<u>56,250</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	175,676	183,073	6,232	(63,999)	(46,362)	(10,337)	1,355	1,829
<i>Fund Balance at Beginning of Period</i>	326,583	184,562	31,587	169,552	1,310,687	11,991	117,106	--
Fund Balance at End of Period	<u>\$ 502,259</u>	<u>\$ 367,635</u>	<u>\$ 37,819</u>	<u>\$ 105,553</u>	<u>\$ 1,264,325</u>	<u>\$ 1,654</u>	<u>\$ 118,461</u>	<u>\$ 1,829</u>

City of Cadillac
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	<u>Debt Service</u>	<u>Capital Projects</u>				<u>Permanent</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>2004 Capital Improvement Bonds</u>	<u>Industrial Park</u>	<u>Clam River Greenway</u>	<u>Special Assessment Capital Projects</u>	<u>Rotary Park Project</u>	<u>Corridor Improvement</u>	<u>Cemetery Perpetual</u>	
Revenues								
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 16
Licenses & Permits	--	--	--	--	--	--	--	44,557
State Revenue	--	--	--	--	50,000	--	--	1,258,403
Local Revenue Sharing	--	--	--	24,541	--	--	--	24,541
Charges for Services	--	--	--	--	--	--	10,000	76,268
Miscellaneous	--	--	--	15,168	230,992	--	--	255,160
Interest Income	673	1,906	--	2,372	--	--	5,130	38,593
Total Revenues	673	1,906	--	42,081	280,992	--	15,130	1,697,538
Expenditures								
General Government	500	9,322	--	500	--	--	(816)	143,129
Public Works	--	--	--	--	--	--	--	1,027,370
Economic Development	--	--	--	--	--	--	--	112,042
Capital Outlay	--	--	--	--	183,897	--	--	188,964
Debt Service - Principal	70,000	17,721	--	--	--	--	--	87,721
Debt Service - Interest	15,233	--	--	--	--	--	--	15,233
Total Expenditures	85,733	27,043	--	500	183,897	--	(816)	1,574,459
Excess of Revenues Over (Under) Expenditures	(85,060)	(25,137)	--	41,581	97,095	--	15,946	123,079
Other Financing Sources (Uses)								
Transfers In	86,500	--	--	--	--	--	--	407,750
Transfers Out	--	--	--	--	--	--	--	(146,500)
Net Other Financing Sources (Uses)	86,500	--	--	--	--	--	--	261,250
Net Change in Fund Balance	1,440	(25,137)	--	41,581	97,095	--	15,946	384,329
Fund Balance at Beginning of Period	134,058	390,906	20,697	28,710	993	5,899	495,085	3,806,561
Fund Balance at End of Period	\$ 135,498	\$ 365,769	\$ 20,697	\$ 70,291	\$ 98,088	\$ 5,899	\$ 511,031	\$ 4,190,890

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Major Streets
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
State Revenue	\$ 751,000	\$ 901,000	\$ 816,541	\$ (84,459)
Local Revenue Sharing	--	--	1,675	1,675
Interest Income	--	--	279	279
Total Revenues	<u>751,000</u>	<u>901,000</u>	<u>818,495</u>	<u>(82,505)</u>
Other Financing Sources				
Total Revenues and Other Financing Sources	<u>751,000</u>	<u>901,000</u>	<u>818,495</u>	<u>(82,505)</u>
Expenditures				
Public Works	<u>713,400</u>	<u>1,063,400</u>	<u>642,819</u>	<u>420,581</u>
Total Expenditures	<u>713,400</u>	<u>1,063,400</u>	<u>642,819</u>	<u>420,581</u>
Other Financing Uses				
Total Expenditures and Other Financing Uses	<u>713,400</u>	<u>1,063,400</u>	<u>642,819</u>	<u>420,581</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>37,600</u>	<u>(162,400)</u>	<u>175,676</u>	<u>338,076</u>
Net Change in Fund Balance	<u>37,600</u>	<u>(162,400)</u>	<u>175,676</u>	<u>338,076</u>
<i>Fund Balance at Beginning of Period</i>	326,583	326,583	326,583	--
Fund Balance at End of Period	<u>\$ 364,183</u>	<u>\$ 164,183</u>	<u>\$ 502,259</u>	<u>\$ 338,076</u>

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Local Streets
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
State Revenue	\$ 207,000	\$ 207,000	\$ 345,422	\$ 138,422
Local Revenue Sharing	500	500	825	325
Total Revenues	<u>207,500</u>	<u>207,500</u>	<u>346,247</u>	<u>138,747</u>
Other Financing Sources				
Transfers In	<u>385,000</u>	<u>385,000</u>	<u>265,000</u>	<u>(120,000)</u>
Total Revenues and Other Financing Sources	<u>592,500</u>	<u>592,500</u>	<u>611,247</u>	<u>18,747</u>
Expenditures				
Public Works	<u>475,300</u>	<u>475,300</u>	<u>359,874</u>	<u>115,426</u>
Total Expenditures	<u>475,300</u>	<u>475,300</u>	<u>359,874</u>	<u>115,426</u>
Other Financing Uses				
Transfers Out	<u>68,300</u>	<u>68,300</u>	<u>68,300</u>	<u>--</u>
Total Expenditures and Other Financing Uses	<u>543,600</u>	<u>543,600</u>	<u>428,174</u>	<u>115,426</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>48,900</u>	<u>48,900</u>	<u>183,073</u>	<u>134,173</u>
Net Change in Fund Balance	48,900	48,900	183,073	134,173
<i>Fund Balance at Beginning of Period</i>	184,563	184,563	184,562	--
Fund Balance at End of Period	\$ 233,463	\$ 233,463	\$ 367,635	\$ 134,173

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Cemetery
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Charges for Services	\$ 52,000	\$ 52,000	\$ 64,693	\$ 12,693
<i>Total Revenues</i>	<u>52,000</u>	<u>52,000</u>	<u>64,693</u>	<u>12,693</u>
Other Financing Sources				
Transfers In	75,000	75,000	56,250	(18,750)
<i>Total Revenues and Other Financing Sources</i>	<u>127,000</u>	<u>127,000</u>	<u>120,943</u>	<u>(6,057)</u>
Expenditures				
General Government	126,800	126,800	114,711	12,089
<i>Total Expenditures</i>	<u>126,800</u>	<u>126,800</u>	<u>114,711</u>	<u>12,089</u>
Other Financing Uses				
<i>Total Expenditures and Other Financing Uses</i>	<u>126,800</u>	<u>126,800</u>	<u>114,711</u>	<u>12,089</u>
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</i>	<u>200</u>	<u>200</u>	<u>6,232</u>	<u>6,032</u>
<i>Net Change in Fund Balance</i>	200	200	6,232	6,032
<i>Fund Balance at Beginning of Period</i>	31,587	31,587	31,587	--
<i>Fund Balance at End of Period</i>	<u>\$ 31,787</u>	<u>\$ 31,787</u>	<u>\$ 37,819</u>	<u>\$ 6,032</u>

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Milfoil
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
				<u>Final to Actual</u>
Revenues				
Property Taxes	\$ --	\$ --	\$ 15	\$ 15
Interest Income	1,500	1,500	1,202	(298)
<i>Total Revenues</i>	<u>1,500</u>	<u>1,500</u>	<u>1,217</u>	<u>(283)</u>
Other Financing Sources				
<i>Total Revenues and Other Financing Sources</i>	<u>1,500</u>	<u>1,500</u>	<u>1,217</u>	<u>(283)</u>
Expenditures				
Public Works	101,500	101,500	65,216	36,284
<i>Total Expenditures</i>	<u>101,500</u>	<u>101,500</u>	<u>65,216</u>	<u>36,284</u>
Other Financing Uses				
<i>Total Expenditures and Other Financing Uses</i>	<u>101,500</u>	<u>101,500</u>	<u>65,216</u>	<u>36,284</u>
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</i>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(63,999)</u>	<u>36,001</u>
<i>Net Change in Fund Balance</i>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(63,999)</u>	<u>36,001</u>
<i>Fund Balance at Beginning of Period</i>	169,552	169,552	169,552	--
<i>Fund Balance at End of Period</i>	<u>\$ 69,552</u>	<u>\$ 69,552</u>	<u>\$ 105,553</u>	<u>\$ 36,001</u>

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Cadillac Development
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
				<u>Final to Actual</u>
Revenues				
State Revenue	\$ --	\$ 45,400	\$ 46,443	\$ 1,043
Interest Income	23,000	23,000	19,237	(3,763)
<i>Total Revenues</i>	<u>23,000</u>	<u>68,400</u>	<u>65,680</u>	<u>(2,720)</u>
Other Financing Sources				
<i>Total Revenues and Other Financing Sources</i>	<u>23,000</u>	<u>68,400</u>	<u>65,680</u>	<u>(2,720)</u>
Expenditures				
Economic Development	48,900	101,900	112,042	(10,142)
<i>Total Expenditures</i>	<u>48,900</u>	<u>101,900</u>	<u>112,042</u>	<u>(10,142)</u>
Other Financing Uses				
Transfers Out	15,000	15,000	--	15,000
<i>Total Expenditures and Other Financing Uses</i>	<u>63,900</u>	<u>116,900</u>	<u>112,042</u>	<u>4,858</u>
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</i>	<u>(40,900)</u>	<u>(48,500)</u>	<u>(46,362)</u>	<u>2,138</u>
<i>Net Change in Fund Balance</i>	<u>(40,900)</u>	<u>(48,500)</u>	<u>(46,362)</u>	<u>2,138</u>
<i>Fund Balance at Beginning of Period</i>	1,310,687	1,310,687	1,310,687	--
<i>Fund Balance at End of Period</i>	<u>\$ 1,269,787</u>	<u>\$ 1,262,187</u>	<u>\$ 1,264,325</u>	<u>\$ 2,138</u>

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Naval Reserve Center
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
				<u>Final to Actual</u>
Revenues				
Reimbursements	\$ 10,400	\$ 10,400	\$ 6,500	\$ (3,900)
Interest Income	12,100	12,100	1,575	(10,525)
<i>Total Revenues</i>	<u>22,500</u>	<u>22,500</u>	<u>8,075</u>	<u>(14,425)</u>
Other Financing Sources				
<i>Total Revenues and Other Financing Sources</i>	<u>22,500</u>	<u>22,500</u>	<u>8,075</u>	<u>(14,425)</u>
Expenditures				
General Government	22,500	22,500	18,412	4,088
<i>Total Expenditures</i>	<u>22,500</u>	<u>22,500</u>	<u>18,412</u>	<u>4,088</u>
Other Financing Uses				
<i>Total Expenditures and Other Financing Uses</i>	<u>22,500</u>	<u>22,500</u>	<u>18,412</u>	<u>4,088</u>
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</i>	--	--	(10,337)	(10,337)
<i>Net Change in Fund Balance</i>	--	--	(10,337)	(10,337)
<i>Fund Balance at Beginning of Period</i>	11,991	11,991	11,991	--
<i>Fund Balance at End of Period</i>	<u>\$ 11,991</u>	<u>\$ 11,991</u>	<u>\$ 1,654</u>	<u>\$ (10,337)</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Interest Income	\$ 1,000	\$ 1,000	\$ 1,355	\$ 355
<i>Total Revenues</i>	1,000	1,000	1,355	355
Other Financing Sources				
<i>Total Revenues and Other Financing Sources</i>	1,000	1,000	1,355	355
Expenditures				
<i>Total Expenditures</i>	--	--	--	--
Other Financing Uses				
<i>Total Expenditures and Other Financing Uses</i>	--	--	--	--
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</i>	1,000	1,000	1,355	355
<i>Net Change in Fund Balance</i>	1,000	1,000	1,355	355
<i>Fund Balance at Beginning of Period</i>	117,106	117,106	117,106	--
<i>Fund Balance at End of Period</i>	\$ 118,106	\$ 118,106	\$ 118,461	\$ 355

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Building Inspection
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
				<u>Final to Actual</u>
Revenues				
Licenses & Permits	\$ 50,000	\$ 50,000	\$ 44,557	\$ (5,443)
<i>Total Revenues</i>	50,000	50,000	44,557	(5,443)
Other Financing Sources				
<i>Total Revenues and Other Financing Sources</i>	50,000	50,000	44,557	(5,443)
Expenditures				
Code Enforcement	50,000	50,000	42,728	7,272
<i>Total Expenditures</i>	50,000	50,000	42,728	7,272
Other Financing Uses				
<i>Total Expenditures and Other Financing Uses</i>	50,000	50,000	42,728	7,272
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</i>	--	--	1,829	1,829
<i>Net Change in Fund Balance</i>	--	--	1,829	1,829
<i>Fund Balance at Beginning of Period</i>	--	--	--	--
<i>Fund Balance at End of Period</i>	\$ --	\$ --	\$ 1,829	\$ 1,829

City of Cadillac

Nonmajor Proprietary Fund Descriptions

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, 2016

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Auto Parking</u>	<u>Building Authority</u>	
ASSETS			
<i>Current Assets</i>			
Cash & Pooled Investments	\$ 167,443	\$ 101,319	\$ 268,762
Receivables	1,215	41	1,256
Total Current Assets	<u>168,658</u>	<u>101,360</u>	<u>270,018</u>
<i>Noncurrent Assets</i>			
Capital Assets not being Depreciated	249,221	90,445	339,666
Capital Assets being Depreciated	243,778	1,019,152	1,262,930
Total Assets	<u>661,657</u>	<u>1,210,957</u>	<u>1,872,614</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	--	932	932
Accrued Liabilities	508	--	508
Total Current Liabilities	<u>508</u>	<u>932</u>	<u>1,440</u>
<i>Noncurrent Liabilities</i>			
Total Liabilities	<u>508</u>	<u>932</u>	<u>1,440</u>
NET POSITION			
Net Investment in Capital Assets	492,999	1,109,597	1,602,596
<i>Unrestricted</i>	168,150	100,428	268,578
Total Net Position	<u>\$ 661,149</u>	<u>\$ 1,210,025</u>	<u>\$ 1,871,174</u>

City of Cadillac
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2016

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Auto Parking</u>	<u>Building Authority</u>	
Operating Revenues			
Charges for Services	\$ 1,102	\$ --	\$ 1,102
Rent	--	149,415	149,415
Miscellaneous	47,956	--	47,956
<i>Total Operating Revenues</i>	<u>49,058</u>	<u>149,415</u>	<u>198,473</u>
Operating Expenses			
Salaries & Wages	13,535	--	13,535
Materials & Supplies	423	--	423
Utilities	--	3,401	3,401
Repair & Maintenance	--	28,775	28,775
Equipment Rental	24,782	--	24,782
Contracted Services	--	14,893	14,893
Professional Fees	500	15,000	15,500
Depreciation	16,754	36,408	53,162
<i>Total Operating Expenses</i>	<u>55,994</u>	<u>98,477</u>	<u>154,471</u>
<i>Operating Income (Loss)</i>	<u>(6,936)</u>	<u>50,938</u>	<u>44,002</u>
Non-Operating Revenues (Expenses)			
Interest Income	1,961	400	2,361
Interest Expense	--	(1,910)	(1,910)
<i>Net Non-Operating Revenues (Expenses)</i>	<u>1,961</u>	<u>(1,510)</u>	<u>451</u>
<i>Change In Net Position</i>	(4,975)	49,428	44,453
<i>Net Position at Beginning of Period</i>	666,124	1,160,597	1,826,721
<i>Net Position at End of Period</i>	<u>\$ 661,149</u>	<u>\$ 1,210,025</u>	<u>\$ 1,871,174</u>

City of Cadillac
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2016

	Enterprise		
	Auto Parking	Building Authority	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash Received from Customers and Special Assessments	\$ 49,058	\$ 149,383	\$ 198,441
Cash Payments to Employees for Services and Fringe Benefits	(14,228)	-	(14,228)
Cash Payments to Suppliers for Goods and Services	(25,504)	(59,939)	(85,443)
Total Cash Flows from Operating Activities	9,326	89,444	98,770
Cash Flows from Capital and Related Financing Activities			
Principal Paid	-	(140,000)	(140,000)
Interest Paid	-	(3,520)	(3,520)
Total Cash Flows from (used in) by Capital and Related Financing Activities	-	(143,520)	(143,520)
Cash Flows From Investing Activities			
Interest on Investments	1,961	400	2,361
Total Cash Flows from Investing Activities	1,961	400	2,361
Net Increase (Decrease) in Cash and Equivalents	11,287	(53,676)	(42,389)
<i>Cash and Equivalents - Beginning of Year</i>	156,156	154,995	311,151
Cash and Equivalents - End of Year	\$ 167,443	\$ 101,319	\$ 268,762
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (6,936)	\$ 50,938	\$ 44,002
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation and Amortization Expense	16,754	36,408	53,162
Changes in Assets & Liabilities			
Accounts Receivable	(693)	(32)	(725)
Prepaid Expenses	31	1,247	1,278
Accounts Payable	-	883	883
Accrued Liabilities	170	-	170
Net Cash Provided by Operating Activities	\$ 9,326	\$ 89,444	\$ 98,770

City of Cadillac

Internal Service Fund Descriptions

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, 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.

Insurance Fund - Is an 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, 2016

	Internal Service				Total Internal Service Funds
	Information Technology	Central Stores and Municipal Garage	Insurance	Safety	
ASSETS					
<i>Current Assets</i>					
Cash & Pooled Investments	\$ 222,360	\$ 216,088	\$ 837,507	\$ 17,241	\$ 1,293,196
Receivables	2,546	37,432	5,091	--	45,069
Prepays	--	--	72,610	--	72,610
Inventory	--	113,117	--	--	113,117
Total Current Assets	224,906	366,637	915,208	17,241	1,523,992
<i>Noncurrent Assets</i>					
Capital Assets not being Depreciated	--	25,000	--	--	25,000
Capital Assets being Depreciated	216,395	374,742	--	--	591,137
Total Assets	441,301	766,379	915,208	17,241	2,140,129
DEFERRED OUTFLOWS OF RESOURCES					
Pension	--	257,818	--	--	257,818
Total Deferred Outflows of Resources	--	257,818	--	--	257,818
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	2,537	11,693	24,293	--	38,523
Accrued Liabilities	142	4,042	--	--	4,184
Current Portion of Compensated Absences	2,198	17,056	--	--	19,254
Total Current Liabilities	4,877	32,791	24,293	--	61,961
<i>Noncurrent Liabilities</i>					
Compensated Absences	1,873	14,529	--	--	16,402
Net Pension Liability	--	611,268	--	--	611,268
Advance from Other Funds	--	150,000	--	--	150,000
Total Liabilities	6,750	808,588	24,293	--	839,631
NET POSITION					
Net Investment in Capital Assets	216,395	399,742	--	--	616,137
<i>Restricted for:</i>					
Internal Service - Retirees' Life Insurance	--	--	168,866	--	168,866
Internal Service - Employees' Life and Health Insurance	--	--	722,049	--	722,049
<i>Unrestricted</i>	218,156	(184,133)	--	17,241	51,264
Total Net Position	\$ 434,551	\$ 215,609	\$ 890,915	\$ 17,241	\$ 1,558,316

City of Cadillac
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	Internal Service				Total Internal Service Funds
	Information Technology	Central Stores and Municipal Garage	Insurance	Safety	
Operating Revenues					
Charges for Services	\$ 196,000	\$ 672,630	\$ 881,852	\$ 10,500	\$ 1,760,982
Miscellaneous	--	200	49,861	5,000	55,061
Total Operating Revenues	196,000	672,830	931,713	15,500	1,816,043
Operating Expenses					
Salaries & Wages	12,706	290,984	--	4,725	308,415
Materials & Supplies	28,441	66,580	--	2,123	97,144
Utilities	10,637	27,849	--	--	38,486
Repair & Maintenance	2,002	63,026	--	--	65,028
Equipment Rental	--	33,276	--	--	33,276
Contracted Services	106,771	40,276	39,652	500	187,199
Insurance	--	--	1,077,873	--	1,077,873
Depreciation	33,560	71,989	--	--	105,549
Total Operating Expenses	194,117	593,980	1,117,525	7,348	1,912,970
Operating Income (Loss)	1,883	78,850	(185,812)	8,152	(96,927)
Non-Operating Revenues (Expenses)					
Interest Income	956	--	9,505	--	10,461
Interest Expense	--	(10,638)	--	--	(10,638)
Net Non-Operating Revenues (Expenses)	956	(10,638)	9,505	--	(177)
Change In Net Position	2,839	68,212	(176,307)	8,152	(97,104)
<i>Net Position at Beginning of Period, as Restated (Note 16)</i>	431,712	147,397	1,067,222	9,089	1,655,420
Net Position at End of Period	\$ 434,551	\$ 215,609	\$ 890,915	\$ 17,241	\$ 1,558,316

City of Cadillac
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	Internal Service				Total Internal Service Funds
	Information Technology	Central Stores and Municipal Garage	Insurance	Safety	
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 195,042	\$ 653,309	\$ 931,028	\$ 15,500	\$ 1,794,879
Cash Payments to Employees for Services and Fringe Benefits	(12,393)	(212,007)	-	(4,725)	(229,125)
Cash Payments to Suppliers for Goods and Services	(137,481)	(229,118)	(1,122,624)	(2,623)	(1,491,846)
Total Cash Flows from (Used in) Operating Activities	45,168	212,184	(191,596)	8,152	73,908
Cash Flows From Non-capital and Related Financing Activities					
Payment on Advance	-	(50,000)	-	-	(50,000)
Total Cash Flows Used in Non-capital and Related Financing Activities	-	(50,000)	-	-	(50,000)
Cash Flows from Capital and Related Financing Activities					
Interest Paid	-	(10,638)	-	-	(10,638)
Net Capital Asset Activity	(35,914)	(5,000)	-	-	(40,914)
Total Cash Flows Used in Capital and Related Financing Activities	(35,914)	(15,638)	-	-	(51,552)
Cash Flows From Investing Activities					
Interest on Investments	956	-	9,505	-	10,461
Total Cash Flows from Investing Activities	956	-	9,505	-	10,461
Net Increase (Decrease) in Cash and Equivalents	10,210	146,546	(182,091)	8,152	(17,183)
<i>Cash and Equivalents - Beginning of Year</i>	212,150	69,542	1,019,598	9,089	1,310,379
Cash and Equivalents - End of Year	\$ 222,360	\$ 216,088	\$ 837,507	\$ 17,241	\$ 1,293,196

City of Cadillac
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Internal Service</u>				<u>Total Internal Service Funds</u>
	<u>Information Technology</u>	<u>Central Stores and Municipal Garage</u>	<u>Insurance</u>	<u>Safety</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 1,883	\$ 78,850	\$ (185,812)	\$ 8,152	\$ (96,927)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation Expense	33,560	71,989	-	-	105,549
Changes in Assets & Liabilities					
Accounts Receivable	(958)	(19,521)	(685)	-	(21,164)
Inventory	-	(25,249)	-	-	(25,249)
Prepaid Expenses	12,738	27,360	1,701	-	41,799
Deferred Outflow Related to Pension	-	(203,288)	-	-	(203,288)
Accounts Payable	(2,368)	(222)	(6,800)	-	(9,390)
Accrued Liabilities	59	940	-	-	999
Compensated Absences	254	(1,867)	-	-	(1,613)
Net Pension Liability	-	283,192	-	-	283,192
Net Cash Provided (Used) by Operating Activities	<u>\$ 45,168</u>	<u>\$ 212,184</u>	<u>\$ (191,596)</u>	<u>\$ 8,152</u>	<u>\$ 73,908</u>

City of Cadillac

Agency Fund Descriptions

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
Combinig Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Agency		
	Current Tax	Payroll	Total Fiduciary Funds
ASSETS			
Cash & Pooled Investments	\$ 10	\$ --	\$ 10
Taxes Receivable	5,647	--	5,647
<i>Total Assets</i>	5,657	--	5,657
LIABILITIES			
Due to Other Governmental Units	10	--	10
Due to Other Funds	5,647	--	5,647
<i>Total Liabilities</i>	5,657	--	5,657
NET POSITION			
Held in Trust	\$ --	\$ --	\$ --

City of Cadillac
Combined Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Payroll			
	June 30, 2015	Additions	Deductions	June 30, 2016
ASSETS				
Cash & Pooled Investments	\$ -	\$ 7,414,415	\$ 7,414,415	\$ -
Due From Other Funds	-	6,935,800	6,935,800	-
Total Assets	-	14,350,215	14,350,215	-
LIABILITIES				
Due to Others	-	10,471,220	10,471,220	-
Total Liabilities	\$ -	\$ 10,471,220	\$ 10,471,220	\$ -

	Current Tax Collection Fund			
	June 30, 2015	Additions	Deductions	June 30, 2016
ASSETS				
Cash & Pooled Investments	\$ 141,565	\$ 7,956,262	\$ 8,097,817	\$ 10
Taxes Receivable	14,915	5,900	15,168	5,647
Total Assets	141,565	7,962,162	8,112,985	5,657
LIABILITIES				
Due to Other Governments	116,820	7,920,599	8,037,409	10
Due to Other Funds	39,660	8,013,465	8,047,478	5,647
Total Liabilities	\$ 156,480	\$ 15,934,064	\$ 16,084,887	\$ 5,657

	Total Agency Funds			
	June 30, 2015	Additions	Deductions	June 30, 2016
ASSETS				
Cash & Pooled Investments	\$ 141,565	\$ 15,370,677	\$ 15,512,232	\$ 10
Taxes Receivable	14,915	5,900	-	5,647
Total Assets	141,565	15,376,577	15,512,232	5,657
LIABILITIES				
Due to Other Governments	116,820	7,920,599	8,037,409	10
Due to Other Funds	39,660	8,013,465	8,047,478	5,647
Due to Others	-	10,471,220	10,471,220	-
Total Liabilities	\$ 156,480	\$ 26,405,284	\$ 26,556,107	\$ 5,657

City of Cadillac

Component Unit Fund Descriptions

COMPONENT UNITS

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

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

LDFA Utilities Fund – This fund was established to provide water utility services to the cogeneration plant located within the boundaries of the LDFA 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, 2016

	<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>
ASSETS						
<i>Current Assets</i>						
Cash & Pooled Investments	\$ 719,423	\$ 1,288,866	\$ 320,052	\$ 2,328,341	\$ --	\$ 2,328,341
Accounts Receivable	--	--	2,705	2,705	--	2,705
Interest Receivable	17,946	1,175	1,217	20,338	--	20,338
Total Current Assets	737,369	1,290,041	323,974	2,351,384	--	2,351,384
<i>Noncurrent Assets</i>						
Capital Assets being Depreciated	--	--	--	--	131,171 ^[1]	131,171
Total Assets	\$ 737,369	\$ 1,290,041	\$ 323,974	\$ 2,351,384	\$ 131,171	\$ 2,482,555
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	\$ 9,271	\$ --	\$ --	\$ 9,271	\$ --	\$ 9,271
Accrued Liabilities	410	--	359	769	--	769
Total Current Liabilities	9,681	--	359	10,040	--	10,040
FUND BALANCE						
<i>Restricted for:</i>						
Ground Water Cleanup	727,688	--	--	727,688	(727,688)	--
Capital Projects	--	1,290,041	--	1,290,041	(1,290,041)	--
Economic Development	--	--	323,615	323,615	(323,615)	--
Unassigned	--	--	--	--	--	--
Total Fund Balance	727,688	1,290,041	323,615	2,341,344	(2,341,344)	--
Total Liabilities and Fund Balance	\$ 737,369	\$ 1,290,041	\$ 323,974	\$ 2,351,384	\$ (2,341,344)	\$ 10,040
NET POSITION						
Net Investment in Capital Assets					\$ 131,171	\$ 131,171
<i>Restricted for:</i>						
Ground Water Cleanup					727,688	727,688
Capital Projects					1,290,041	1,290,041
Economic Development					323,615	323,615
Total Net Position					\$ 2,472,515	\$ 2,472,515

[1] Capital assets used in L DFA activities are not financial resources and, therefore, are not reported in the funds.

City of Cadillac
L DFA Combining Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities
For the Year Ended June 30, 2016

	<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 Activities</u>
Revenues						
Property Taxes	\$ --	\$ 141,720	\$ --	\$ 141,720	\$ --	\$ 141,720
Charges for Services	--	--	16,778	16,778	--	16,778
Interest and Rents	11,110	9,298	3,121	23,529	--	23,529
Total Revenues	<u>11,110</u>	<u>151,018</u>	<u>19,899</u>	<u>182,027</u>	<u>--</u>	<u>182,027</u>
Expenditures						
General Government	--	500	--	500	(500)	--
Economic Development	290,539	--	--	290,539	5,012	295,551
Salaries & Wages	--	--	4,012	4,012	(4,012)	--
Contracted Services	--	--	500	500	(500)	--
Depreciation	--	--	--	--	4,536 [1]	4,536
Total Expenditures	<u>290,539</u>	<u>500</u>	<u>4,512</u>	<u>295,551</u>	<u>4,536</u>	<u>300,087</u>
Excess of Revenues Over (Under) Expenditures	<u>(279,429)</u>	<u>150,518</u>	<u>15,387</u>	<u>(113,524)</u>	<u>(4,536)</u>	<u>(118,060)</u>
Net Change in Fund Balance / Net Position	<u>(279,429)</u>	<u>150,518</u>	<u>15,387</u>	<u>(113,524)</u>	<u>(4,536)</u>	<u>(118,060)</u>
<i>Fund Balance / Net Position at Beginning of Period</i>	1,007,117	1,139,523	308,228	2,454,868	135,707	2,590,575
Fund Balance / Net Position at End of Period	<u>\$ 727,688</u>	<u>\$ 1,290,041</u>	<u>\$ 323,615</u>	<u>\$ 2,341,344</u>	<u>\$ 131,171</u>	<u>\$ 2,472,515</u>

[1] In the funds capital outlay is recorded as an expenditure in the year paid for, while, in the Statement of Activities the asset is expensed over its useful life, this amount represents depreciation expense for the year.

City of Cadillac
DDA Combining Balance Sheet and Statement of Net Position
June 30, 2016

	Downtown Development Authority	Downtown Development Capital Projects	Total DDA Funds	Adjustments	Statement of Net Position
ASSETS					
<i>Current Assets</i>					
Receivables	\$ 685	\$ 227,612	\$ 228,297	\$ --	\$ 228,297
Due from Other Funds	1,446	--	1,446	(1,446)	--
Total Current Assets	2,131	227,612	229,743	(1,446)	228,297
<i>Noncurrent Assets</i>					
Capital Assets being Depreciated	--	--	--	922,856 [1]	922,856
Total Assets	\$ 2,131	\$ 227,612	\$ 229,743	\$ 921,410	\$ 1,151,153
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	\$ 900	\$ 122,104	\$ 123,004	\$ --	\$ 123,004
Accrued Liabilities	814	--	814	--	814
Due to Other Governments	--	13,268	13,268	--	13,268
Due to Other Funds	--	1,446	1,446	(1,446)	--
Total Current Liabilities	1,714	136,818	138,532	(1,446)	137,086
<i>Noncurrent Liabilities</i>					
Compensated Absences	--	--	--	1,345 [2]	1,345
Total Liabilities	1,714	136,818	138,532	(101)	138,431
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	538	--	538	(538) [3]	--
Total Liabilities and Deferred Inflows of Resources	2,252	136,818	139,070	(639)	138,431
FUND BALANCE					
Restricted	--	90,794	90,794	(90,794)	--
Unassigned	(121)	--	(121)	121	--
Total Fund Balance	(121)	90,794	90,673	(90,673)	--
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,131	\$ 227,612	\$ 229,743	\$ (91,312)	\$ 138,431
NET POSITION					
Net Investment in Capital Assets				\$ 922,856	\$ 922,856
<i>Restricted for:</i>					
Economic Development				89,866	89,866
Total Net Position				\$ 1,012,722	\$ 1,012,722

[1] Capital assets used in DDA activities are not financial resources and, therefore, are not reported in the funds.

[2] Compensated absences are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

[3] Certain receivables are not available to pay for current period expenditures and, therefore, are unearned in the funds.

City of Cadillac
DDA Combining Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities
For the Year Ended June 30, 2016

	Downtown Development Authority	Downtown Development Capital Projects	Total DDA Funds	Adjustments	Statement of Activities
Revenues					
Property Tax Caputres	\$ 28,654	\$ 79,009	\$ 107,663	\$ --	\$ 107,663
State Revenue	--	227,612	227,612	--	227,612
Local Reevenue Sharing	--	20,462	20,462	--	20,462
Charges for Services	--	9,650	9,650	--	9,650
Miscellaneous	--	50,000	50,000	--	50,000
Interest Income	273	2,457	2,730	--	2,730
Total Revenues	28,927	389,190	418,117	-	418,117
Expenditures					
Economic Development	29,449	677,380	706,829	1,008 [1]	707,837
Depreciation	--	--	--	39,614 [2]	39,614
Total Expenditures	29,449	677,380	706,829	40,622	747,451
Excess of Revenues Over (Under) Expenditures	(522)	(288,190)	(288,712)	(40,622)	(329,334)
Net Change in Fund Balance / Net Position	(522)	(288,190)	(288,712)	(40,622)	(329,334)
<i>Fund Balance / Net Position at Beginning of Period</i>	401	378,984	379,385	962,671	1,342,056
Fund Balance / Net Position at End of Period	401	90,794	379,385	922,049	1,012,722

[1] Compensated absences that are not payable from current year resources are not reported as expenditures of the current year in the funds. In the Statement of Activities, those costs represent expenses of the current year.

[2] In the funds capital outlay is recorded as an expenditure in the year paid for, while, in the Statement of Activities the asset is expensed over its useful life, this amount represents depreciation expense for the year.

City of Cadillac
EDC Balance Sheet and Statement of Net Position
June 30, 2016

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

City of Cadillac
EDC Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities
For the Year Ended June 30, 2016

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

City of Cadillac
Brownfield Redevelopment Balance Sheet and Statement of Net Position
June 30, 2016

	Brownfield Redevelopment	Adjustments	Statement of Net Position
ASSETS			
Cash & Pooled Investments	\$ 183,400	\$ --	\$ 183,400
Receivables	--	--	--
Total Assets	\$ 183,400	\$ 0	\$ 183,400
LIABILITIES			
<i>Noncurrent Liabilities</i>			
Accounts Payable	\$ --	\$ --	\$ --
Current Portion of Long-term Debt	--	9,803 [1]	9,803
Total Liabilities	--	9,803	9,803
<i>Noncurrent Liabilities</i>			
Long-term Debt	--	90,403 [1]	90,403
Total Liabilities	--	100,206	100,206
FUND BALANCE			
<i>Restricted for:</i>			
Economic Development	183,400	(183,400)	--
Unassigned	--	--	--
Total Fund Balance	183,400	(183,400)	--
Total Liabilities and Fund Balance	\$ 183,400	\$ (83,194)	\$ 100,206
NET POSITION			
<i>Restricted for:</i>			
Economic Development		\$ 83,194 [1]	\$ 83,194
Total Net Position		\$ 83,194	\$ 83,194

[1] Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

City of Cadillac
Brownfield Redevelopment Statement of Revenues, Expenditures, and
Changes in Fund Balance and Statement of Activities
For the Year Ended June 30, 2016

	<u>Brownfield Redevelopment</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property Taxes	\$ 24,106	\$ --	\$ 24,106
Operating Grants and Contributions	--	--	--
Note Proceeds	--	--	--
<i>Total Revenues</i>	<u>24,106</u>	<u>--</u>	<u>24,106</u>
Expenditures			
Public Works	6,939	--	6,939
<i>Total Expenditures</i>	<u>6,939</u>	<u>--</u>	<u>6,939</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>17,167</u>	<u>--</u>	<u>17,167</u>
<i>Net Change in Fund Balance / Net Position</i>	17,167	--	17,167
<i>Fund Balance / Net Position at Beginning of Period</i>	166,233	(100,206)	66,027
<i>Fund Balance / Net Position at End of Period</i>	<u>\$ 183,400</u>	<u>\$ (100,206)</u>	<u>\$ 83,194</u>

City of Cadillac
2004 General Obligation Capital Improvement Bonds
June 30, 2016

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

Amount Redeemed

Prior to Current Period \$ 535,000

During Current Period 70,000

Total Redeemed 605,000

Balance Outstanding \$ 390,000

<u>Due Dates</u>	<u>Interest Rates</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
September 1, 2016	3.95%	\$ 75,000	\$ 6,568	\$ 81,568
March 1, 2017			5,086	5,086
September 1, 2017	4.05%	80,000	5,086	85,086
March 1, 2018			3,466	3,466
September 1, 2018	4.15%	80,000	3,466	83,466
March 1, 2019			1,806	1,806
September 1, 2019	4.25%	85,000	1,806	86,806
		<u>\$ 320,000</u>	<u>\$ 27,284</u>	<u>\$ 347,284</u>

City of Cadillac
2007 Wastewater System Junior Lien Revenue Bonds
June 30, 2016

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 \$ 855,000

During Current Period 180,000

Total Redeemed 1,035,000

Balance Outstanding \$ 2,830,205

<u>Due Dates</u>	<u>Interest Rates</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 2,650,205</u>	<u>\$ 289,293</u>	<u>\$ 2,939,498</u>

City of Cadillac
2011 Drinking Water Revolving Fund Loan
June 30, 2016

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	\$ 186,050	
During Current Period	95,000	
Total Redeemed		281,050
Balance Outstanding		\$ 2,043,856

Due Dates	Interest Rates	Requirements		
		Principal	Interest	Total
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
		\$ 1,948,856	\$ 441,294	\$ 2,390,150

City of Cadillac
2013 Water Supply & Wastewater System Revenue Refunding Bonds
June 30, 2016

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

Amount Redeemed

Prior to Current Period \$ -

During Current Period 255,000

Total Redeemed

255,000

Balance Outstanding

\$ 3,820,000

<u>Due Dates</u>	<u>Interest Rates</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
		<u>\$ 3,545,000</u>	<u>\$ 556,812</u>	<u>\$ 4,101,812</u>

**City of Cadillac
Primary Government
Statement of 2015 Tax Roll
June 30, 2016**

	<u>Taxable Valuation</u>	<u>Mills Levied</u>	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Taxes Returned Delinquent</u>
Wexford County	\$ 260,654,948	6.7797	\$ 1,712,114	\$ 1,651,645	\$ 60,469
Wexford County - Public Safety	260,654,948	0.9500	239,929	224,706	15,223
Wexford County - Animal Control	260,654,948	0.2000	50,498	47,295	3,203
Wexford County - Veteran's Relief	260,654,948	0.1000	25,240	23,640	1,601
Cadillac Area Public Schools					
Operating	260,654,948	18.0000	2,032,794	1,909,340	123,454
Debt Retirement	260,654,948	2.9000	732,641	696,474	36,167
State Education Tax	260,654,948	6.0000	1,253,134	1,199,528	53,606
Wexford-Missaukee Intermediate School District	260,654,948	6.1604	1,555,961	1,457,235	98,726
Cadillac-Wexford Transit Authority	260,654,948	0.6000	151,530	141,916	9,614
Cadillac-Wexford Public Library	260,654,948	0.7500	189,413	177,396	12,017
Wexford County Council on Aging	260,654,948	1.0000	252,563	236,539	16,025
City of Cadillac					
General Fund	260,654,948	13.9473	3,522,212	3,397,812	124,400
Policemen & Firemen Retirement System	260,654,948	2.6000	656,584	633,395	23,189
Downtown Development Authority	14,602,325	1.9548	28,526	26,313	2,213
Public Improvement Special Assessments			67,742	61,080	6,662
Water & Sewer Delinquent Accounts			14,078	10,422	3,656
Unpaid Invoices			4,386	3,215	1,171
Administration Fees			124,546	118,637	5,909
			<u>\$ 12,613,891</u>	<u>\$ 12,016,587</u>	<u>\$ 597,304</u>

City of Cadillac
Local Development Finance Authority
Statement of 2015 Tax Roll
June 30, 2016

	<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 Returned to Units</u>
Wexford County	\$ 7,873,168	6.7797	\$ 39,421	\$ 39,421	\$ 35,682	\$ 3,738
Wexford County - Public Safety	7,873,168	0.9500	5,524	5,524	5,000	524
Wexford County - Animal Control	7,873,168	0.2000	1,163	1,163	1,053	110
Wexford County - Veteran's Relief	7,873,168	0.1000	581	581	526	55
Cadillac Area Public Schools						
Operating	7,873,168	18.0000	77,647	77,647	-	77,647
Debt Retirement	7,873,168	2.9000	16,862	16,862	-	16,862
State Education Tax	7,873,168	6.0000	35,529	35,529	-	35,529
Wexford-Missaukee Intermediate School District	7,873,168	6.1604	35,820	35,820	-	35,820
Cadillac-Wexford Transit Authority	7,873,168	0.6000	3,489	3,489	3,158	331
Cadillac-Wexford Public Library	7,873,168	0.7500	4,361	4,361	3,947	414
Wexford County Council on Aging	7,873,168	1.0000	5,815	5,815	5,263	551
City of Cadillac						
General Fund	7,873,168	13.9473	81,097	81,097	73,407	7,691
Policemen & Firemen Retirement System	7,873,168	2.6000	15,118	15,118	13,684	1,434
Local Development Finance Authority Capture					(141,720)	141,720
			<u>\$ 322,426</u>	<u>\$ 322,426</u>	<u>\$ -</u>	<u>\$ 322,426</u>

**City of Cadillac
Downtown Development Authority
Statement of 2015 Tax Roll
June 30, 2016**

	<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	\$ 14,649,618	6.7797	\$ 98,938	\$ 98,938	\$ 19,893	\$ 79,044
Wexford County - Public Safety	14,649,618	0.9500	13,863	13,863	2,787	11,076
Wexford County - Animal Control	14,649,618	0.2000	2,918	2,918	586	2,332
Wexford County - Veteran's Relief	14,649,618	0.1000	1,459	1,459	293	1,166
Wexford County - Recreation	14,649,618	0.1000	-	-	-	-
Cadillac Area Public Schools						
Operating	14,649,618	18.0000	249,126	249,126	-	249,126
Debt Retirement	14,649,618	2.9000	42,495	42,495	-	42,495
State Education Tax	14,649,618	6.0000	87,352	87,352	-	87,352
Wexford-Missaukee Intermediate School District	14,649,618	6.1604	89,900	89,900	-	89,900
Cadillac-Wexford Transit Authority	14,649,618	0.6000	8,756	8,756	1,760	6,995
Cadillac-Wexford Public Library	14,649,618	0.7500	10,944	10,944	2,200	8,744
Wexford County Council on Aging	14,649,618	1.0000	14,593	14,593	2,934	11,659
City of Cadillac						
General Fund	14,649,618	13.9473	203,538	203,538	40,927	162,611
Policemen & Firemen Retirement System	14,649,618	2.6000	37,942	37,942	7,629	30,313
Downtown Development Authority	14,649,618	1.9548	28,526	28,526	-	28,526
Downtown Development Authority Capture					(79,009)	79,009
			<u>\$ 890,350</u>	<u>\$ 890,350</u>	<u>\$ -</u>	<u>\$ 890,350</u>

City of Cadillac
Brownfield Redevelopment Authority
Statement of 2015 Tax Roll
June 30, 2016

	<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	\$ 795,000	6.7797	\$ 5,390	5,390	\$ 3,475	\$ 1,915
Wexford County - Public Safety	795,000	0.9500	755	755	487	268
Wexford County - Animal Control	795,000	0.2000	159	159	102	57
Wexford County - Veteran's Relief	795,000	0.1000	80	80	51	28
Cadillac Area Public Schools						-
Operating	795,000	18.0000	14,310	14,310	9,226	5,084
Debt Retirement	795,000	2.9000	2,305	2,305	1,486	819
State Education Tax	795,000	6.0000	4,770	4,770	3,075	1,695
Wexford-Missaukee Intermediate School District	795,000	6.1604	4,898	4,898	3,158	1,740
Cadillac-Wexford Transit Authority	795,000	0.6000	477	477	308	169
Cadillac-Wexford Public Library	795,000	0.7500	596	596	384	212
Wexford County Council on Aging	795,000	1.0000	795	795	513	282
City of Cadillac						
General Fund	795,000	13.9473	11,088	11,088	7,149	3,939
Policemen & Firemen Retirement System	795,000	2.6000	2,067	2,067	1,333	734
Downtown Development Authority	795,000	1.9548	567	567	366	201
Brownfield Redevelopment Authority Capture					(31,113)	31,113
			<u>\$ 48,257</u>	<u>\$ 48,257</u>	<u>\$ -</u>	<u>\$ 48,257</u>

City of Cadillac
Primary Government
Statement of 2015 Industrial Facilities Tax Roll
June 30, 2016

	<u>Taxable Valuation</u>	<u>Mills Levied</u>	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Taxes Returned Delinquent</u>
Wexford County	\$ 15,940,234	6.7797	\$ 54,034	\$ 54,034	\$ -
Wexford County - Public Safety	15,940,234	0.9500	7,571	7,571	-
Wexford County - Animal Control	15,940,234	0.2000	1,594	1,594	-
Wexford County - Veteran's Relief	15,940,234	0.1000	797	797	-
Wexford County - Recreation	15,940,234	0.1000	-	-	-
Cadillac Area Public Schools					
Operating	15,940,234	18.0000	34,027	34,027	-
Debt Retirement	15,940,234	2.9000	23,112	23,112	-
State Education Tax	15,940,234	6.0000	22,432	22,432	-
Wexford-Missaukee Intermediate School District	15,940,234	6.1604	49,099	49,099	-
Cadillac-Wexford Transit Authority	15,940,234	0.6000	4,782	4,782	-
Cadillac-Wexford Public Library	15,940,234	0.7500	5,977	5,977	-
Wexford County Council on Aging	15,940,234	1.0000	7,970	7,970	-
City of Cadillac					
General Fund	15,940,234	13.9473	111,160	111,160	-
Policemen & Firemen Retirement System	15,940,234	2.6000	20,722	20,722	-
Admin			3,431	3,431	-
			<u>\$ 346,708</u>	<u>\$ 346,708</u>	<u>\$ -</u>

City of Cadillac
Local Development Finance Authority
Statement of 2015 Industrial Facilities Tax Roll
June 30, 2016

	<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	\$ 4,117,200	6.7797	\$ 13,956	\$ 13,956	\$ 13,956	\$ -
Wexford County - Public Safety	4,117,200	0.9500	1,956	1,956	1,956	-
Wexford County - Animal Control	4,117,200	0.2000	412	412	412	-
Wexford County - Veteran's Relief	4,117,200	0.1000	206	206	206	-
Cadillac Area Public Schools		-				
Operating	4,117,200	18.0000	20,687	20,687	-	20,687
Debt Retirement	4,117,200	2.9000	5,970	5,970	-	5,970
State Education Tax	4,117,200	6.0000	13,792	13,792	-	13,792
Wexford-Missaukee Intermediate School District	4,117,200	6.1604	12,682	12,682	-	12,682
Cadillac-Wexford Transit Authority	4,117,200	0.6000	1,235	1,235	1,235	-
Cadillac-Wexford Public Library	4,117,200	0.7500	1,544	1,544	1,544	-
Wexford County Council on Aging	4,117,200	1.0000	2,059	2,059	2,059	-
City of Cadillac		-				
General Fund	4,117,200	13.9473	28,712	28,712	28,712	-
Policemen & Firemen Retirement System	4,117,200	2.6000	5,352	5,352	5,352	-
Local Development Finance Authority Capture					(55,431)	55,431
			<u>\$ 108,561</u>	<u>\$ 108,561</u>	<u>\$ -</u>	<u>\$ 108,561</u>

City of Cadillac
Primary Government
Statement of 2015 Obsolete Properties Tax Roll
June 30, 2016

	<u>Taxable Valuation</u>	<u>Mills Levied</u>	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Taxes Returned Delinquent</u>
Wexford County	\$ 302,227	6.7797	\$ 1,433	\$ 1,433	\$ -
Wexford County - Public Safety	302,227	2.6000	201	201	-
Wexford County - Animal Control	302,227	0.2000	42	42	-
Wexford County - Veteran's Relief	302,227	0.1000	21	21	-
Cadillac Area Public Schools					
Operating	409,576	18.0000	5,440	5,440	-
Debt Retirement	409,576	1.4500	876	876	-
State Education Tax	409,576	6.0000	1,813	1,813	-
Wexford-Missaukee Intermediate School District	302,227	5.9419	1,302	1,302	-
Cadillac-Wexford Transit Authority	302,227	0.6000	127	127	-
Cadillac-Wexford Public Library	302,227	0.7500	158	158	-
Wexford County Council on Aging	302,227	1.0000	211	211	-
City of Cadillac					
General Fund	302,227	13.9473	2,947	2,947	-
Policemen & Firemen Retirement System	302,227	2.6000	549	549	-
Admin			151	151	-
			<u>\$ 15,272</u>	<u>\$ 15,272</u>	<u>\$ -</u>

City of Cadillac
Primary Government
Statement of 2015 DNR/PILT Tax Roll
June 30, 2016

	<u>Taxable Valuation</u>	<u>Mills Levied</u>	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Taxes Returned Delinquent</u>
Wexford County	\$ 823,239	6.7797	\$ 5,581	\$ 5,581	\$ -
Wexford County - Public Safety	823,239	0.9500	782	782	-
Wexford County - Animal Control	823,239	0.2000	165	165	-
Wexford County - Veteran's Relief	823,239	0.1000	82	82	-
Cadillac Area Public Schools					
Debt Retirement	823,239	2.9000	2,387	2,387	-
Wexford-Missaukee Intermediate School District	823,239	6.1604	5,072	5,072	-
Cadillac-Wexford Transit Authority	823,239	0.6000	494	494	-
Cadillac-Wexford Public Library	823,239	0.7500	617	617	-
Wexford County Council on Aging	823,239	1.0000	823	823	-
City of Cadillac					
General Fund	823,239	13.9473	11,482	11,482	-
Policemen & Firemen Retirement System	823,239	2.6000	2,140	2,140	-
Special Assessments			225	225	-
			<u>\$ 29,850</u>	<u>\$ 29,850</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.

<u>Contents</u>	<u>Page</u>
Financial Trends	131
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	137
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	141
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	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>	
Operating Information	148
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
Other Schedules	155

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

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

	<i>Fiscal Year</i>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 13,560	\$ 13,847	\$ 13,453	\$ 13,608	\$ 13,114	\$ 12,618	\$ 12,131	\$ 11,469	\$ 11,723	\$ 10,986
Restricted for Specific Purpose	1,162	1,360	1,383	1,398	3,202	2,744	2,688	3,369	3,090	3,420
Restricted for Specific Purpose, Temporarily Restricted	-	-	-	293	366	364	349	-	-	-
Restricted for Specific Purpose, Permanently Restricted	-	-	-	757	757	757	756	-	-	-
Unrestricted	5,534	6,052	6,202	4,802	3,071	3,404	3,498	4,078	(106)	(503)
Total governmental activities net position	<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>	<u>\$ 14,707</u>	<u>\$ 13,903</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 11,610	\$ 12,457	\$ 12,667	\$ 12,698	\$ 12,789	\$ 13,558	\$ 13,560	\$ 13,972	\$ 13,999	\$ 14,116
Restricted for Specific Purpose	1,799	1,490	1,318	1,332	1,350	1,363	671	626	626	643
Unrestricted	2,772	2,376	2,292	2,422	2,447	2,661	3,457	3,069	2,747	2,405
Total business-type activities net position	<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>	<u>\$ 17,372</u>	<u>\$ 17,164</u>
Primary Government										
Net Investment in Capital Assets	\$ 25,170	\$ 26,304	\$ 26,120	\$ 26,306	\$ 25,903	\$ 26,176	\$ 25,691	\$ 25,441	\$ 25,722	\$ 25,102
Restricted for Specific Purpose	2,961	2,850	2,701	2,730	4,552	4,107	3,359	3,995	3,716	4,063
Restricted for Specific Purpose, Temporarily Restricted	-	-	-	293	366	364	349	-	-	-
Restricted for Specific Purpose, Permanently Restricted	-	-	-	757	757	757	756	-	-	-
Unrestricted	8,306	8,428	8,494	7,224	5,518	6,065	6,955	7,147	2,641	1,902
Total primary government net position	<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>	<u>\$ 32,079</u>	<u>\$ 31,067</u>

CITY OF CADILLAC, MICHIGAN
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	<i>Fiscal Year</i>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses										
Governmental Activities:										
General Government	\$ 1,829	\$ 1,642	\$ 1,854	\$ 1,888	\$ 1,746	\$ 1,796	\$ 1,862	\$ 1,987	\$ 1,988	\$ 1,918
Public Safety	3,449	3,434	3,296	3,305	3,427	3,236	3,224	3,199	3,757	3,858
Public Works	2,473	2,817	3,131	2,667	2,634	2,513	2,456	2,570	2,516	3,988
Recreation and Culture	448	476	514	453	421	538	520	421	452	462
Redevelopment and Housing	0	12	0	0	0	0	0	0	0	0
Economic Development/Assistance	404	239	236	237	255	244	198	257	235	287
Intergovernmental	0	0	0	0	0	0	0	0	0	0
Interest on Long-Term Debt	107	128	78	65	55	47	39	21	17	15
Total Governmental Activities Expenses	\$ 8,710	\$ 8,748	\$ 9,109	\$ 8,615	\$ 8,538	\$ 8,374	\$ 8,299	\$ 8,455	\$ 8,965	\$ 10,528
Business-Type Activities:										
Water and Sewer	\$ 3,623	\$ 3,785	\$ 3,916	\$ 3,857	\$ 3,823	\$ 3,767	\$ 4,025	\$ 4,138	\$ 4,275	\$ 4,136
Building Authority Operating	134	139	129	113	107	114	95	88	92	101
Automobile Parking System	57	56	52	46	56	45	57	63	62	56
Total Business-Type Activities Expenses	\$ 3,814	\$ 3,980	\$ 4,097	\$ 4,016	\$ 3,986	\$ 3,926	\$ 4,177	\$ 4,289	\$ 4,429	\$ 4,293
Total Primary Government Expenses	\$ 12,524	\$ 12,728	\$ 13,206	\$ 12,631	\$ 12,524	\$ 12,300	\$ 12,476	\$ 12,744	\$ 13,394	\$ 14,821
Program Revenues										
Governmental Activities:										
Charges For Services:										
General Government	\$ 459	\$ 507	\$ 472	\$ 441	\$ 377	\$ 482	\$ 472	\$ 509	\$ 520	\$ 562
Public Safety	470	287	299	295	282	266	258	106	99	114
Public Works	533	594	597	585	579	547	527	733	726	748
Recreation and Culture	0	0	0	0	1	2	1	25	0	15
Economic Development	0	0	0	0	0	0	0	2	2	2
Operating Grants and Contributions	1,113	1,065	994	983	1,059	1,119	1,193	1,148	1,090	2,512
Capital Grants and Contributions	1,316	1,250	360	332	104	269	47	0	520	306
Total Governmental Activities Program Revenues	\$ 3,891	\$ 3,703	\$ 2,722	\$ 2,636	\$ 2,402	\$ 2,685	\$ 2,498	\$ 2,523	\$ 2,957	\$ 4,259

CITY OF CADILLAC, MICHIGAN
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	<i>Fiscal Year</i>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Business-Type Activities:										
Charges for Services:										
Water and Sewer System	\$ 3,735	\$ 3,771	\$ 3,660	\$ 3,882	\$ 3,823	\$ 3,995	\$ 4,073	\$ 4,032	\$ 4,060	\$ 4,197
Building Authority Operating	196	197	196	196	196	194	196	196	196	149
Automobile Parking System	49	49	47	47	36	1	37	42	51	49
Operating Grants and Contributions	0	0	0	0	0	0	0	0	10	0
Capital Grants and Contributions	410	0	0	0	0	509	0	0	0	0
Total Business-Type Activities Program Revenues	\$ 4,390	\$ 4,017	\$ 3,903	\$ 4,125	\$ 4,055	\$ 4,699	\$ 4,306	\$ 4,270	\$ 4,317	\$ 4,395
Total Primary Government Program Revenues	\$ 8,281	\$ 7,720	\$ 6,625	\$ 6,761	\$ 6,457	\$ 7,384	\$ 6,804	\$ 6,793	\$ 7,274	\$ 8,654
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 4,364	\$ 4,553	\$ 4,714	\$ 4,753	\$ 4,681	\$ 4,443	\$ 4,339	\$ 4,338	\$ 4,213	\$ 4,207
State Shared Revenue - Unrestricted	1,043	1,014	1,021	873	896	896	924	988	1,027	1,133
Investment Earnings - Unrestricted	271	263	169	146	203	103	62	67	68	55
Gain (Loss) on Sale of Capital Assets	109	0	235	8	2	3	7	0	65	0
Other	25	71	27	19	5	16	4	10	93	2
Transfers	0	0	0	0	0	0	0	0	(9)	0
Special Items	0	0	0	0	0	0	0	0	0	0
Total Governmental Activities	\$ 5,812	\$ 5,901	\$ 6,166	\$ 5,799	\$ 5,787	\$ 5,461	\$ 5,336	\$ 5,403	\$ 5,457	\$ 5,397
Business-Type Activities										
Investment Earnings - Unrestricted	161	104	148	66	65	15	13	19	20	22
Gain (Loss) on Sale of Capital Assets	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	209	0	0	76	0
Transfers	0	0	0	0	0	0	0	0	9	0
Total Business-Type Activities	\$ 161	\$ 104	\$ 148	\$ 66	\$ 65	\$ 224	\$ 13	\$ 19	\$ 105	\$ 22
Total Primary Government	\$ 5,973	\$ 6,005	\$ 6,314	\$ 5,865	\$ 5,852	\$ 5,685	\$ 5,349	\$ 5,422	\$ 5,562	\$ 5,419
Change in Net Position										
Governmental Activities	\$ 993	\$ 855	\$ (221)	\$ (180)	\$ (348)	\$ (228)	\$ (465)	\$ (527)	\$ (550)	\$ (873)
Business-Type Activities	737	142	(45)	175	134	996	142	(1)	(7)	125
Total Primary Government	\$ 1,730	\$ 997	\$ (266)	\$ (5)	\$ (214)	\$ 768	\$ (323)	\$ (528)	\$ (557)	\$ (748)

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 93,586	\$ 125,961	\$ 218,008	\$ 205,112						
Unreserved	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	\$ 106,085	\$ 9,641
Restricted					58,273	42,884	56,855	54,076	56,970	61,116
Committed					1,574,414	-	-	-	-	-
Assigned					201,647	1,782,955	1,622,467	1,579,291	1,552,612	1,551,812
Unassigned					509,256	320,880	480,251	371,323	221,245	486,455
Total General Fund	1,818,026	2,025,945	2,358,215	2,616,505	2,435,043	2,182,752	2,159,573	2,041,817	1,936,912	2,109,024
All Other Governmental Funds										
Reserved	2,546,390	2,417,486	2,041,213	2,543,844						
Unreserved, reported in Special Revenue Funds	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	1,111,293	1,030,200	973,345	906,666
Restricted					1,188,188	1,314,116	1,358,831	1,478,859	1,209,298	1,678,116
Committed					-	-	-	-	-	-
Assigned					1,555,880	1,958,609	1,576,316	1,620,764	1,623,918	1,606,108
Unassigned					(8,072)	(10,734)	-	-	-	-
Total All Other Governmental Funds	4,479,836	4,128,694	3,923,585	3,908,189	3,931,308	4,021,929	4,046,440	4,129,823	3,806,561	4,190,890
Total Fund Balance	\$ 6,297,862	\$ 6,154,639	\$ 6,281,800	\$ 6,524,694	\$ 6,366,351	\$ 6,204,681	\$ 6,206,013	\$ 6,171,640	\$ 5,743,473	\$ 6,299,914

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

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Taxes and Special Assessments	\$ 4,600,263	\$ 4,785,912	\$ 4,914,529	\$ 4,856,424	\$ 4,756,554	\$ 4,616,673	\$ 4,496,524	\$ 4,338,224	\$ 4,212,996	\$ 4,209,449
Licenses and Permits	1,730	1,210	2,050	1,275	765	109,775	122,102	129,179	139,623	190,504
Federal Grants	618,992	1,161,824	360,784	268,668	111,133	72,656	42,314	4,779	44,800	65,168
State Grants	2,423,778	1,937,266	2,114,947	1,745,491	1,833,017	2,003,498	1,883,928	2,015,816	2,501,558	3,603,240
Contributions from Local Units	219,612	205,298	208,397	212,273	206,991	205,615	227,103	215,823	160,595	244,845
Charges for Services	1,195,636	1,142,942	1,123,134	1,068,709	1,013,530	979,459	943,558	939,858	984,807	986,860
Fines and Forfeits	28,546	29,083	39,802	41,874	37,966	20,001	14,887	13,582	13,621	17,018
Interest and Rents	337,882	320,498	225,652	196,738	173,363	128,240	108,040	67,443	60,115	55,452
Gain (Loss) on Investments	173,057	(115,439)	(323,017)	65,613	37,501	(17,101)	(45,257)	-	-	-
Other Revenue	507,353	476,811	699,996	366,995	351,383	349,441	90,447	135,930	178,837	300,491
Total Revenues	\$10,106,849	\$ 9,945,405	\$ 9,366,274	\$ 8,824,060	\$ 8,522,203	\$ 8,468,257	\$ 7,883,646	\$ 7,860,634	\$ 8,296,952	\$ 9,673,027
Expenditures										
General Government	\$ 1,929,941	\$ 1,756,290	\$ 1,817,527	\$ 1,859,669	\$ 1,640,771	\$ 1,672,482	\$ 1,734,475	\$ 1,819,501	\$ 1,791,790	\$ 1,720,714
Public Safety	3,328,541	3,439,788	3,309,811	3,433,573	3,709,362	3,196,361	3,256,156	3,152,675	3,191,801	3,177,094
Public Works	2,733,378	3,483,417	2,168,283	2,105,374	2,049,646	2,175,179	1,903,925	1,914,351	1,867,467	3,276,524
Redevelopment and Housing	0	0	0	0	0	0	0	0	0	0
Community & Economic Development	384,223	270,559	225,467	219,194	234,664	226,141	184,069	248,307	238,222	250,708
Capital Outlay	29,536	106,876	360,950	3,761	3,815	4,114	138,359	209,926	1,200,423	277,327
Culture and Recreation	469,798	267,288	572,740	278,232	389,069	343,517	340,874	295,547	320,267	311,265
Debt Service										
Principal	325,082	310,971	324,082	287,832	272,729	218,832	188,832	229,943	87,721	87,721
Interest	98,785	90,532	74,404	62,104	51,326	43,904	32,631	24,757	17,895	15,233
Other Charges	5,650	4,770	4,809	4,200	4,200	3,300	2,235	-	-	-
Intergovernmental	372,116	358,137	381,040	327,227	324,964	351,006	100,758	-	-	-
Total Expenditures	\$ 9,677,050	\$10,088,628	\$ 9,239,113	\$ 8,581,166	\$ 8,680,546	\$ 8,234,836	\$ 7,882,314	\$ 7,895,007	\$ 8,715,586	\$ 9,116,586

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Other Financing Sources (Uses)										
Transfers In	\$ 1,045,678	\$ 947,915	\$ 1,090,500	\$ 906,181	\$ 839,922	\$ 819,768	\$ 649,500	\$ 806,035	\$ 492,404	\$ 407,750
Transfers Out	(1,045,678)	(947,915)	(1,090,500)	(906,181)	(839,922)	(819,768)	(649,500)	(806,035)	(501,937)	(407,750)
Bond Proceeds	0	0	0	0	0	0	0	0	0	0
Loan Proceeds	26,350	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 26,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,533)</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ 456,149</u>	<u>\$ (143,223)</u>	<u>\$ 127,161</u>	<u>\$ 242,894</u>	<u>\$ (158,343)</u>	<u>\$ 233,421</u>	<u>\$ 1,332</u>	<u>\$ (34,373)</u>	<u>\$ (428,167)</u>	<u>\$ 556,441</u>
Debt Service as a percentage of non-capital expenditures	5.23%	4.66%	4.53%	4.33%	3.92%	3.40%	2.96%	3.31%	1.41%	1.16%

**CITY OF CADILLAC, MICHIGAN
TAXABLE VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Real Property Valuation	Personal Property Valuation	Total Taxable Valuation	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
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
2015	190,071,183	52,897,700	242,968,883	510,726,600	47.57%	16.5473
2016	190,288,151	53,285,900	243,574,051	525,383,000	46.36%	16.5473

Source: City of Cadillac Treasurer's Office

Note: Property in the City is reassessed each year. Property is assessed at 50% of estimated actual value. Due to State legislation, however, annual increases in taxable value are limited to 5% or a state-determined rate of inflation, whichever is less. When homes are sold, taxable values are then "uncapped" and brought up to their assessed value. Tax rates are per \$1,000 of taxable value. Valuations based on Ad Valorem Parcels.

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

Fiscal Year	<i>Direct Tax Rates</i>				<i>Overlapping Tax Rates ^a</i>							
	<i>City of Cadillac</i>				<i>Wexford County</i>				Cadillac Area Public Schools ^d	Wexford Missaukee Intermediate Schools	State Education Tax	Total Direct & Overlapping Rates
General ^b	Police & Fire Retirement	Lake Cadillac Treatment	Total City	Wexford County ^c	Cadillac-Wexford Transit Authority	Council on Aging	Wexford County Library					
2007	13.9473	2.7000	N/A	16.6473	8.0797	0.6000	0.9976	0.6785	20.5505	5.9419	6.0000	59.4955
2008	13.9473	2.8000	N/A	16.7473	8.0797	0.6000	0.9976	0.6785	20.9000	5.9419	6.0000	59.9450
2009	13.9473	2.6000	N/A	16.5473	8.2797	0.6000	0.9976	0.7500	20.9000	5.9419	6.0000	60.0165
2010	13.9473	2.6000	N/A	16.5473	8.2797	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	60.0189
2011	13.9473	2.6000	N/A	16.5473	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9689
2012	13.9473	2.6000	0.5000	17.0473	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	60.4689
2013	13.9473	2.6000	0.5000	17.0473	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9689
2014	13.9473	2.6000	0.5000	17.0473	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9689
2015	13.9473	2.6000	N/A	16.5473	8.1297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.8689
2016	13.9473	2.6000	N/A	16.5473	8.0297	0.6000	1.0000	0.7500	20.9000	6.1604	6.0000	59.9874

Source: City of Cadillac Treasurer's Office

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

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

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

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

**CITY OF CADILLAC, MICHIGAN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date ^a	
		Fiscal year of Levy Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2015	4,148,351	3,992,785	96.25%	155,566	4,148,351	100.00%
2016	4,165,174	4,015,955	96.42%	149,219	4,165,174	100.00%

Source: City of Cadillac Treasurer's Office

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

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

Taxpayer	2016			2007		
	Taxable Value	Rank	Percentage of Total City Taxable Value ^a	Taxable Value	Rank	Percentage of Total City Taxable Value ^b
Cadillac Casting ^d	\$ 11,928,800	1	4.90%	\$ 6,596,400	3	2.80%
Cadillac Renewable Energy ^c	11,171,700	2	4.59%	12,300,000	1	5.23%
Avon Protection	7,022,800	3	2.88%			
Hutchinson Antivibration System	6,936,764	4	2.85%			
Consumers Energy	6,812,100	5	2.80%	5,852,150	4	2.49%
Avon Automotive	4,221,800	6	1.73%			
Rexair, Inc.	3,930,401	7	1.61%	5,520,467	5	2.35%
FIAMM Technologies, Inc.	3,808,134	8	1.56%	4,726,894	6	2.01%
Piranha Hose Products Inc	3,707,930	9	1.52%			
AAR Cadillac Manufacturing	3,431,000	10	1.41%	4,694,349	7	1.99%
Cadillac Rubber & Plastics				7,464,590	2	3.17%
Michigan Rubber Products				4,635,170	8	1.97%
Paulstra CRC Corporation				4,206,100	9	1.79%
927 Frisbie Street LLC ^e				3,408,230	10	1.45%
Totals	\$ 62,971,429		25.85%	\$ 59,404,350		25.24%

Source: City of Cadillac Treasurer's Office

^a Based on total taxable value of \$243,574,051.

^b Based on total taxable value of \$235,395,475

^c Formerly Beaver MI Associates LTD Partnership.

^d Formerly CMI Cast Parts.

^e Formerly Four Winn's Boats, LLC.

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

(amounts expressed in thousands, except per capita amount)

Fiscal Year	<i>Governmental Activities</i>			<i>Business-Type Activities</i>		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Special Assessment Bonds	Other Debt ²	Water & Sewer Revenue Bonds	Building Authority Revenue Bonds			
2007	1,395	485	924	6,925	1,080	10,809	4.26%	1,081
2008	1,260	365	810	7,851	975	11,261	4.31%	1,126
2009	1,115	260	733	9,712	870	12,690	4.72%	1,269
2010	980	170	265	9,400	760	11,575	4.39%	1,158
2011	840	100	202	8,775	645	10,562	3.72%	1,020
2012	720	45	158	10,145	530	11,598	3.86%	1,120
2013	595	25	114	9,633	405	10,772	3.57%	1,040
2014	460	-	44	9,224	275	10,003	3.23%	966
2015	390	-	26	8,694	140	9,250	2.84%	893
2016	320	-	8	8,144	-	8,472	N/A	818

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

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

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

CITY OF CADILLAC, MICHIGAN
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amount)

<u>Fiscal</u> <u>Year</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Less: Amount</u> <u>Available in Debt</u> <u>Service Funds</u>	<u>Total</u>	<u>Percentage of</u> <u>Estimated</u> <u>Actual Taxable</u> <u>Value¹ of</u> <u>Property</u>	<u>Per</u> <u>Capita²</u>
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
2015	390	2	388	0.160%	37.47
2016	320	2	318	0.131%	30.71

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

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

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

CITY OF CADILLAC, MICHIGAN
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016
(dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Wexford County	\$ 3,905	26.07%	\$ 1,018
Cadillac Area Public Schools	13,045	36.99%	\$ 4,826
Subtotal Overlapping Debt			\$ 5,844
City of Cadillac Direct Debt			<u>318</u>
Total Direct and Overlapping Debt			<u><u>\$ 6,162</u></u>

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

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

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

<i>City of Cadillac Taxable Value:</i>	<i>\$243,574,051</i>
<i>Wexford County Taxable Value:</i>	<i>\$934,483,000</i>
<i>CAPS Taxable Value:</i>	<i>\$658,420,317</i>

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

	<i>Fiscal Year</i>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 27,161	\$ 24,712	\$ 25,670	\$ 26,151	\$ 25,698	\$ 25,330	\$ 24,721	\$ 24,490	\$ 24,297	\$ 24,357
Total net debt applicable to limit	1,390	1,253	1,111	977	837	718	593	458	529	326
Legal debt margin	<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>	<u>\$ 23,768</u>	<u>\$ 24,031</u>
Total net debt applicable to the limit as a percentage of debt limit	5.12%	5.07%	4.33%	3.74%	3.26%	2.83%	2.40%	1.87%	2.18%	1.34%

Legal Debt Margin Calculation for Fiscal Year 2016

Taxable Value	<u>\$ 243,574</u>
Statutory Debt Limit (10%) of total taxable value)	\$ 24,357
Debt Applicable to Limit:	
Gross Bonded Debt and Other Long-Term Debt	8,472
Less:	
Assets Available for Debt Service	2
Bond Debt not Subject to Limit:	
Special Assessment Bonds	-
Revenue Bonds	8,144
Other Debt	<u>- 8,146</u>
Total Amount of Debt Applicable to Debt Limit	<u>326</u>
Legal Debt Margin	<u>\$ 24,031</u>

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

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

Fiscal Year	<i>Water & Sewer Revenue Bonds</i>						<i>Special Assessment Bonds</i>			
	Water & Sewer Revenue	Less: Operating Expenses	Net Available Revenue	<i>Debt Service</i>		Coverage	Special Assessment Collections	<i>Debt Service</i>		Coverage
				Principal	Interest			Principal	Interest	
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
2015	4,077	3,140	937	530	208	1.27	All S.A. bond issues paid in full as of 6/30/14)			
2016	4,217	3,037	1,180	550	195	1.58				

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

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

Fiscal Year	Population¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income²	School Enrollment³	Local Unemployment Percentage Rate⁴	State Unemployment Percentage Rate⁴	Civilian Labor Force⁴
2007	10,000	253,570	25,357	3,460	8.1	7.7	21,648
2008	10,000	261,380	26,138	3,381	11.2	8.9	21,563
2009	10,000	268,780	26,878	3,376	17.3	15.3	20,138
2010	10,000	263,540	26,354	3,334	15.3	13.0	19,161
2011	10,355	283,862	27,413	3,267	12.0	11.1	18,540
2012	10,355	300,647	29,034	3,262	9.8	9.3	18,960
2013	10,355	301,652	29,131	3,378	11.7	9.0	19,399
2014	10,355	310,018	29,939	3,371	7.6	7.2	19,491
2015	10,355	325,903	31,473	3,388	5.1	5.0	21,481
2016	10,355	N/A	N/A	3,616	4.4	4.6	21,206

Data Sources:

¹ Bureau of the Census

² Bureau of Economic Analysis

³ School Districts

⁴ 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)

Note: Personal income information is a total for the year. Unemployment rate is a seasonally adjusted yearly average, when available. School enrollment is based on the school census at the start of the school year and includes public and private schools.

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

Employer	Industry Description	<u>2016</u>	<u>2007</u>
		Employees	Employees
Munson Healthcare Cadillac Hospital ¹	General medical and surgical hospitals	500-999	500-999
Avon Automotive	Hose supplier for various industries	250-499	500-999
Cadillac Area Public Schools	Elementary and secondary schools	250-499	500-999
Four Winn's/Glastron/Wellcraft	Boat building	250-499	500-999
Cadillac Casting Inc	Iron foundries	250-499	250-499
Avon Protection Systems Inc	Metal coating and nonprecious engraving	250-499	-
AAR Mobility Systems	Rapid deployment mobile equipment mfg	100-249	500-999
Michigan Rubber Products Inc	All other rubber product manufacturing	100-249	250-499
Rexair LLC	Household vacuum cleaners	100-249	100-249
BorgWarner Cooling Systems	Automotive parts and accessories	100-249	100-249
Fiamm Technologies	Wholesale trade agents and brokers	100-249	-
Samaritas Senior Care ²	Homes for the elderly	100-249	-
Paulstra CRC Corp	All other rubber product manufacturing	100-249	-
Piranha Hose Products Inc	Rubber and plastics hose and belting mfg	100-249	-

Note: Data is representative of the City of Cadillac.

¹ Formerly Mercy Hospital Cadillac

² Formerly Lakeview Lutheran Manor

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

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

Function	<i>Full-Time Equivalent Employees as of June 30,</i>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
City Manager	1.50	1.50	1.50	1.50	1.50	2.37	2.20	2.20	2.20	2.20
Administrative Services	0.90	0.90	0.80	0.98	1.22	0.00	0.00	0.00	0.00	0.00
Financial Services	1.94	1.94	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Clerk/Treasurer	4.00	4.00	4.00	4.00	3.88	3.80	3.80	3.80	3.80	3.80
City Hall	1.30	1.30	1.10	1.28	1.28	1.32	1.00	1.00	1.00	1.00
City Engineer	2.41	2.41	2.41	2.51	1.79	1.80	1.80	1.80	1.80	1.80
Public Safety										
Police	18.41	17.41	17.06	16.41	16.91	16.91	17.36	16.86	16.95	16.95
Fire	11.50	11.50	11.85	11.85	11.85	11.85	11.50	11.00	11.00	11.00
Code Enforcement				0.40	0.50	0.50	0.50	0.50	0.50	0.50
Building Inspector	1.38	1.38	1.38	0.88	0.00	0.00	0.00	0.00	0.00	0.00
Planning/Zoning	1.21	1.21	1.21	1.21	1.21	0.00	0.00	0.00	0.00	0.00
Other										
Public Works	14.22	14.22	14.03	13.03	13.03	12.70	12.10	12.10	12.10	12.00
Data Processing	0.06	0.06	0.00	0.30	0.30	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	0.00	0.00
Water/Sewer	21.00	20.00	20.00	19.00	19.87	20.00	20.00	20.00	20.00	20.00
Community Development	0.40	0.40	0.40	0.40	0.40	2.21	2.20	2.20	2.20	2.20
Cemetery	0.68	0.68	0.92	0.92	0.92	0.90	0.90	0.90	0.90	0.00
Total FTE	81.00	79.00	79.00	77.00	77.00	77.00	76.00	75.00	75.00	74.00

Source: City of Cadillac Financial Services Department

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

<u>Function</u>	<i>Fiscal Year</i>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Traffic Citations	1,015	1,479	1,177	815	640	688	586	536	538	N/A ¹
Fire										
Number of Fire Inspections	376	260	262	301	50	50	98	86	55	N/A ¹
Number of Rental Inspections							332	455	285	N/A ¹
Number of Fires Reported	55	41	42	38	51	38	30	34	39	N/A ¹
Number of EMT Runs	1,171	1,242	1,295	1,353	1,358	1,341	1,059	1,545	1,788	N/A ¹
Building Inspection										
Number of Permits Issued	316	274	250	108 ²	0 ²	276 ²				
Water										
Total Customers	3,517	3,544	3,496	3,474	3,497	3,551	3,553	3,578	3,554	3,549
Average Daily Consumption (thousands of gallons)	2,564	2,302	2,261	2,150	2,102	1,896	2,040	1,942	2,265	2,183
Wastewater										
Total Customers	3,564	3,592	3,541	3,527	3,542	3,582	3,581	3,604	3,575	3,569
Average Daily Treatment (thousands of gallons)	2,467	2,215	2,100	1,860	2,118	1,561	2,625	2,323	1,904	1,766

¹ Public Safety statistics are kept on a calendar year basis and are therefore not yet available for 2016.

² Building Inspection Services were legally removed from the City and transferred to Wexford County during calendar year 2010. In July 2015, the City resumed responsibility for permitting activities.

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

Source: Various government departments

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	9	9	9	10	11	11	11	11	9	9
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	6	6	6	7	7	7	7	6	6	6
Culture and Recreation										
Parks Acreage	117	117	117	117	117	117	117	117	117	117
Parks	4	4	4	4	4	4	4	4	4	4
Streets										
Streets (Miles)	68	68	68	68	68	68	68	68	63	63
Street Lights	574	587	578	578	578	578	591	591	591	592
Water										
Fire Hydrants	458	477	482	482	482	483	483	483	483	483
Miles of Water Mains	64	74	74	74	74	75	75	75	75	75
Water Mains Replaced (Feet)	2,360	620	1,900	1,070	1,500	2,110	1,000	100	2,400	1,000
Wastewater										
Miles of Sewer Mains	59	62	62	62	62	62	62	62	62	62
Feet of Sanitary Sewers										
Inspected with TV Cameras	1,350	2,550	810	690	600	1,084	1,000	1,491	322	106,716
Cleaned with Vacon						9,382	8,942	28,673	22,991	111,101

(1) Feet of Sanitary Sewer Inspected with TV Cameras and Cleaned with Vacon were significantly higher in 2016. Funds received from a Stormwater, Asset Management, and Wastewater (SAW) Program Grant through the State of Michigan, Department of Environmental Quality, were specifically targeted for this purpose.

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

Source: Various City government departments

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

Fiscal Years	Actuarial Accrued Liability	Assets Allocated to Funding	Percent Funded	Unfunded Actuarial Liability	Employer Contributions % of Payroll (1)	Valuation Payroll	Active Members	Retirants and Beneficiaries	Active Members Average		
									Annual Pay	Age	Service
2007	10,847,928	11,468,618	105.7	(620,690)	7.17% - 8.66%	2,443,539	63	51	38,786	47.7	13.3
2008	11,538,051	11,561,995	100.2	(23,944)	7.67% - 8.76%	2,551,501	65	55	39,254	47.5	12.7
2009	11,656,752	11,520,309	98.8	136,443	7.38% - 10.31%	2,742,977	63	57	43,539	48.0	12.5
2010	11,896,112	11,570,167	97.3	325,945	7.43% - 10.40%	2,494,489	59	63	41,575	47.8	12.5
2011	12,411,116	11,622,971	93.6	788,145	0.00% - 26.58%	2,601,489	60	63	41,837	46.2	12.7
2012	12,815,528	11,554,072	90.2	1,261,456	0.00% - 22.55%	2,459,166	59	60	41,958	47.1	12.1
2013	13,097,078	11,667,590	89.1	1,429,488	0.00% - 23.25%	2,568,174	61	67	42,376	48.3	12.3
2014	13,683,183	11,828,362	86.4	1,854,821	0.00% - 23.74%	2,649,762	61	68	43,747	49.3	12.2
2015	14,869,776	12,095,154	81.3	2,774,622	0.00% - 20.59%	2,713,353	62	70	43,764	49.7	12.8
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

1) Employer Contributions as Percent of Payroll are broken down as follows:

Employee Group:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Non-Union	8.66%	8.65%	8.64%	8.46%	8.43%	9.17%	9.83%	11.00%	12.54%	
Steelworkers	7.30%	7.96%	8.07%	8.14%	11.06%	12.73%	13.64%	14.43%	16.17%	
Housing Commission	8.31%	7.67%	7.38%	7.43%	11.22%	10.40%	10.19%	10.23%	10.55%	
Library	8.57%	8.20%	7.96%	7.96%	11.73%	13.56%	9.51%	10.69%	10.02%	
City Manager	7.17%	8.76%	10.31%	10.40%	0.00%	0.00%	0.00%	0.00%	0.00%	
Department Heads	7.48%	8.45%	8.71%	8.89%	26.58%	22.55%	23.25%	23.74%	20.59%	

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

**CITY OF CADILLAC, MICHIGAN
POLICEMEN AND FIREMEN RETIREMENT SYSTEM - 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
2007	9,992,478	6,604,109	66.1	3,388,369	38.68	(3) 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	(4) 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	(5) 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	(6) 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	(7) 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	(8) 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	(9) 1,513,913	25	34	60,557	39.2	11.8
2014	12,220,792	9,304,981	76.1	2,915,811	32.22	(10) 1,568,160	25	35	62,726	39.3	11.7
2015	12,681,727	9,937,183	78.4	2,744,544	31.09	(11) 1,595,473	26	36	61,364	38.6	10.7
2016	12,882,578	10,310,333	80.0	2,572,245	30.12	(12) 1,607,792	26	35	61,838	38.8	10.9

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 39.03%, Fire 38.15% (Each group contributes 3% of salary to cover benefit enhancements.)
- (4) Police 34.41%, Fire 30.20% (Each group contributes 3% of salary to cover benefit enhancements.)
- (5) Police 42.06%, Fire 39.58% (Each group contributes 3% of salary to cover benefit enhancements.)
- (6) Police 37.10%, Fire 33.41% (Each group contributes 3% of salary to cover benefit enhancements.)
- (7) Police 38.18%, Fire 28.03% (Each group contributes 3% of salary to cover benefit enhancements.)
- (8) 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.)
- (9) Police 38.15%, Fire 34.59% (Each group contributes 3% of salary to cover benefit enhancements. Fire members hired after 7/6/2010 do not contribute.)
- (10) Police 37.24%, Fire 32.76% (Each group contributes 3% of salary to cover benefit enhancements. Fire members hired after 7/6/2010 do not contribute.)
- (11) Police 33.68%, Fire 34.69% (Each group contributes 3% of salary to cover benefit enhancements. Fire members hired after 7/6/2010 do not contribute.)
- (12) Police 31.94%, Fire 34.76% (Each group contributes 3% of salary to cover benefit enhancements. Fire members hired after 7/6/2010 do not contribute.)

**CITY OF CADILLAC, MICHIGAN
LABOR AGREEMENTS
JUNE 30, 2016**

	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	2015	2018
<u>STREET DIVISION - DPW AND PUBLIC UTILITIES DEPARTMENT</u>		
United Steelworkers of America Local Union No. 14317	2016	2019

Source: City of Cadillac Human Resources Department

**CITY OF CADILLAC, MICHIGAN
TAX INFORMATION
JUNE 30, 2016**

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
2007	2005
2008	2006
2009	2007
2010	2008
2011	2009
2012	2010
2013	2011
2014	2012
2015	2013
2016	2014

CITY OF CADILLAC, MICHIGAN

**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
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
2015	3,554	(0.67)	3,576	(0.78)
2016	3,549	(0.14)	3,569	(0.20)

**AVERAGE NUMBER OF WATER SUPPLY AND WASTEWATER TREATMENT CUSTOMERS
BY METER CLASSIFICATION
FISCAL YEAR ENDED JUNE 30, 2016**

METER CLASSIFICATION	AVERAGE CUSTOMERS	
	WATER SUPPLY	WASTEWATER TREATMENT
Unmetered	2	156
5/8"	3206	3131
3/4"	8	8
1"	135	108
1 1/2"	91	75
2"	80	68
3"	8	8
4"	12	10
6"	6	4
8"	1	1
TOTAL	<u>3,549</u>	<u>3,569</u>

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

CITY OF CADILLAC, MICHIGAN

**MONTHLY READY-TO-SERVE CHARGE FOR FIRE PROTECTION
THROUGH FISCAL YEAR JUNE 30, 2016**

LINE SIZE	MONTHLY READY-TO-SERVE CHARGE
3/4"	2.23
1"	3.82
1 1/2"	7.58
2"	12.23
3"	26.56
4"	45.67
6"	95.32
8"	137.34
10"	221.21
12"	327.88

**MONTHLY WATER SUPPLY READY-TO-SERVE CHARGE BY METER CLASSIFICATION
FISCAL YEARS ENDED JUNE 30, 2007 THROUGH 2016**

YEAR ENDING JUNE 30,	METER CLASSIFICATION								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
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
2015	6.05	8.90	14.84	29.73	47.42	103.85	178.02	370.94	534.12
2016	6.23	9.17	15.29	30.62	48.84	106.97	183.36	382.06	550.15

CITY OF CADILLAC, MICHIGAN

MONTHLY READY-TO-SERVE CHARGE FOR WASTEWATER TREATMENT
FISCAL YEARS ENDED JUNE 30, 2007 THROUGH 2016

YEAR ENDING JUNE 30,	METER CLASSIFICATION								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
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
2015	9.76	14.66	24.42	48.84	78.17	171.12	293.17	610.87	879.61
2016	10.05	15.10	25.15	50.31	80.52	176.25	301.97	629.20	906.00

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

CITY OF CADILLAC, MICHIGAN

**FIFTEEN LARGEST WATER AND SEWER USERS
JANUARY 1, 2015 THROUGH DECEMBER 31, 2015**

	CUBIC FEET		GALLONS		DOLLARS
	WATER	SEWER	WATER	SEWER	WATER AND SEWER
	1) Avon Rubber & Plastics	17,060,600	15,591,600	128,000,000	117,000,000
2) Cadillac Castings	14,135,300	6,319,900	106,000,000	47,272,852	369,819
3) AAR Cadillac Manufacturing	9,145,300	6,761,200	68,406,844	50,573,776	245,885
4) Piranha Hose	1,964,400	1,964,400	14,693,712	14,693,712	61,756
5) Mercy Hospital	1,266,000	1,266,000	9,469,680	9,469,680	59,251
6) Borg-Warner	1,481,900	1,481,900	11,084,612	11,084,612	51,606
7) Country Acres	1,199,000	1,199,000	8,968,520	8,968,520	37,741
8) Pheasant Ridge	974,000	974,000	7,285,520	7,285,520	32,626
9) Cadillac Renewable Energy	0	981,700	0	7,343,116	30,612
10) Hutchison Antivibration	34,200	34,200	255,816	255,816	23,735
11) Michigan Rubber Products	681,200	681,200	5,095,376	5,095,376	21,385
12) Four Winn's	722,900	722,900	5,407,292	5,407,292	20,027
13) Leisure Park	377,200	377,200	2,821,456	2,821,456	13,295
14) Kolarevic Car Wash	345,400	345,400	2,583,592	2,583,592	12,747
15) Rexair, Inc.	123,500	123,500	923,780	923,780	9,829
TOTAL					<u><u>\$ 1,491,015</u></u>

**MONTHLY WATER SUPPLY COMMODITY CHARGE
FISCAL YEARS ENDED OR ENDING JUNE 30, 2007 THROUGH 2016**

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
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
2015	1.26	1.08	0.96	0.83	0.73
2016	1.30	1.11	0.99	0.85	0.75

CITY OF CADILLAC, MICHIGAN

MONTHLY WASTEWATER TREATMENT COMMODITY CHARGE
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u> <u>ENDED OR</u> <u>ENDING JUNE 30,</u>	<u>CHARGE PER</u> <u>100 CF</u>	<u>PERCENT</u> <u>CHANGE</u>
2007	1.86	2.8
2008	1.93	3.8
2009	1.98	2.6
2010	2.07	4.5
2011	2.16	4.3
2012	2.26	4.6
2013	2.26	0.0
2014	2.26	0.0
2015	2.26	0.0
2016	2.33	3.1

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

CITY OF CADILLAC, MICHIGAN

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

FISCAL YEAR	WATER SUPPLY VOLUME AS PUMPED			WASTEWATER TREATMENT VOLUME AS PUMPED			WASTEWATER TREATMENT AS A PERCENT OF WATER SUPPLY
	CUBIC FEET	GALLONS	CHANGE	CUBIC FEET	GALLONS	CHANGE	
			IN PERCENT			IN PERCENT	
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
2015	110,512,032	826,630,000	16.61	92,928,609	695,106,000	(18.01)	84.09
2016	112,178,342	839,094,000	1.51	94,115,374	703,983,000	1.28	83.90

**WATER SUPPLY AND WASTEWATER TREATMENT VOLUME BILLED BY METER CLASSIFICATION
FISCAL YEAR ENDED JUNE 30, 2016**

METER CLASSIFICATION	WATER SUPPLY VOLUME AS BILLED		WASTEWATER TREATMENT VOLUME AS BILLED	
	CUBIC FEET	PERCENT	CUBIC FEET	PERCENT
		OF TOTAL		OF TOTAL
Unmetered	0	0.00	0	0.00
5/8"	23,367,820	28.78%	22,358,800	31.13%
3/4"	117,273	0.14%	117,273	0.16%
1"	4,624,800	5.70%	3,160,691	4.40%
1 1/2"	5,116,255	6.30%	3,539,673	4.93%
2"	13,401,710	16.51%	17,936,950	24.97%
3"	2,034,873	2.51%	2,213,127	3.08%
4"	21,095,020	25.98%	13,884,330	19.33%
6"	10,664,180	13.13%	7,853,891	10.93%
8"	768,000	0.95%	768,000	1.07%
TOTAL	81,189,931	100%	71,832,735	100%

**CITY OF CADILLAC, MICHIGAN
WATER SUPPLY AND WASTEWATER TREATMENT REVENUE
AS BILLED BY METER CLASSIFICATION
FISCAL YEAR ENDED JUNE 30, 2016**

<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	\$83	0.01%	\$49,420	2.24%
5/8"	\$528,622	42.86%	\$826,391	37.46%
3/4"	\$2,207	0.18%	\$2,389	0.11%
1"	\$75,097	6.09%	\$86,752	3.93%
1 1/2"	\$88,126	7.14%	\$125,107	5.67%
2"	\$181,976	14.75%	\$478,785	21.70%
3"	\$31,334	2.54%	\$59,250	2.69%
4"	\$200,491	16.25%	\$357,592	16.21%
6"	\$111,250	9.02%	\$206,406	9.36%
8"	\$14,241	1.15%	\$13,849	0.63%
TOTAL	<u>\$ 1,233,427</u>	<u>100%</u>	<u>\$ 2,205,942</u>	<u>100%</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*