

**CITY OF CADILLAC
WEXFORD COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017**

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

Robert Engels, 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, 2017

Prepared by: Financial Services Department

Director of Finance

Owen Roberts

Accountant

Carol Pacella



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231.775.0181 • fax 231.775.8755
www.cadillac-mi.net

December 6, 2017

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, 2017 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, 2017. 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. The transformational development of Cadillac Commons continues to become a reality with two of the four new placemaking locations (The Rotary Performing Arts Pavilion and The Plaza at Cadillac Commons) being fully operational and the last two (The Market at Cadillac Commons and The Trail Head at Cadillac Commons) in the process of being implemented. The Market construction is estimated to be completed in summer 2018, and The Trail Head, which is predicated on receiving a grant from the Michigan Department of Natural Resources

Trust Fund, would likely be constructed late 2018 and/or early 2019. Additionally, there has been an incredible new mixed-use residential/commercial development proposed for downtown that includes the construction of a new four-story building, along with the reactivation of a functionally obsolete historic building that has been sitting idle for a decade. These new developments will continue to enhance our 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. This 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 manufacturer is in the process of acquiring nearly thirty-acres of property adjacent to their current facility that will solidify their base of operations in Cadillac as the North American manufacturing hub for this international company.

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 be completed summer 2018), and the Trail Head (anticipated to begin 2018). 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 \$2,582,264. This represents 40.3% of total General Fund expenditures 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, 2017, this amount was \$396,308. 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 several years, while initial engineering and site identification activities for Phase II are ongoing and it is anticipated that construction should begin in 2018. This project is estimated to cost \$3.5 million. The CIP also identified over \$3.8 million in street and infrastructure maintenance projects, \$2.8 million in major equipment purchases, and \$235,000 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, 2016. This was the thirty-second 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.

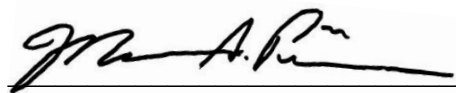
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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.

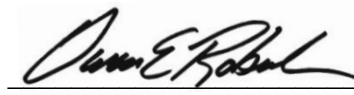
The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Financial Services Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

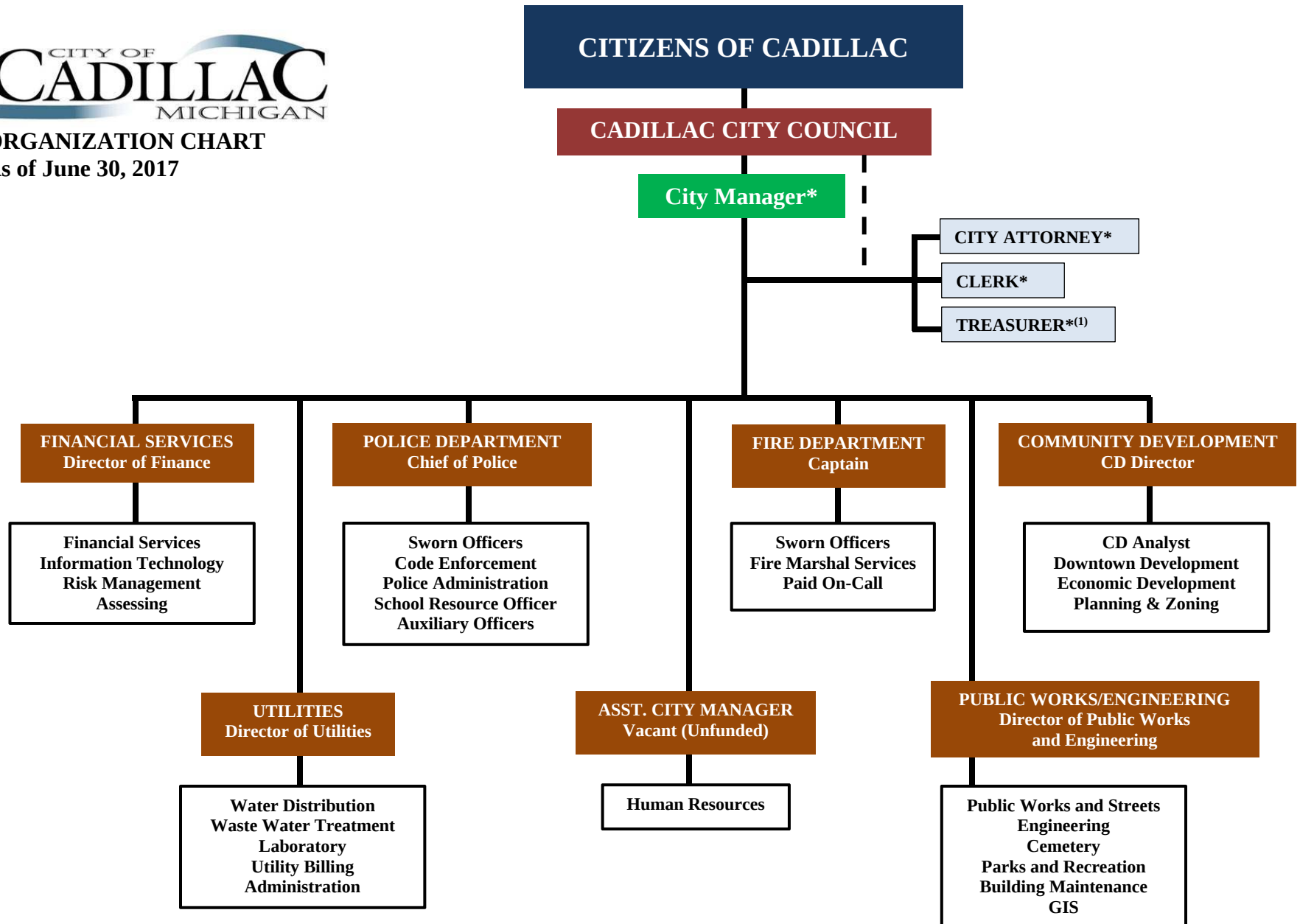
June 30, 2016

A handwritten signature in dark ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO



ORGANIZATION CHART
As of June 30, 2017



** 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, 2017, 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, 2017, 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 6, 2017, 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 dark ink that reads "Gabridge & Company". The script is cursive and fluid, with the ampersand being particularly stylized.

Gabridge & Company, PLC
Grand Rapids, Michigan
December 6, 2017

Management's Discussion and Analysis

City of Cadillac
Management's Discussion and Analysis
June 30, 2017

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, 2017, 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 at the close of this fiscal year by \$30,802,064 (shown as *Net Position*), representing a decrease of \$265,490 over the previous fiscal year. Governmental Activities decreased \$882,290, while the Net Position of the Business-type activities increased by \$616,800.
- As of June 30, 2017, the governmental funds of the City of Cadillac reported combined ending fund balances of \$8,387,644. This is an increase of \$2,087,730. Most of this increase is represented by the General Fund (\$566,246), and the Special Assessment Capital Projects Fund (\$1,540,798) which increased because of the issuance of bond proceeds that will primarily be spent in the next fiscal year.
- 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 \$2,582,264 as of June 30, 2017. Of this amount, \$1,118,374 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 **increased** by \$1,241,504 during the fiscal year. This increase is the result of one (1) new debt issue (2016 GO Limited Tax Bonds - \$2,050,000 for the governmental activities), offset by all debt service payments on the city's outstanding bond issues being made in a timely manner.

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, 2017

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.

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, 2017

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 Special Assessment Capital Project Fund, which are considered to be major funds. Data is combined into a single aggregated presentation for the other governmental funds (non-major governmental funds). Individual data for each of the remaining nonmajor governmental funds is provided in the form of combining statements and schedules.

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.

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.

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.

City of Cadillac
Management's Discussion and Analysis
June 30, 2017

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.

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.

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 \$30,802,064 at June 30, 2017. 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, 2017

City of Cadillac Net Position
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$9,317	\$8,076	\$4,549	\$4,220	\$13,866	\$12,296
Capital Assets	11,468	11,315	22,834	22,260	34,302	33,575
Total Assets	\$20,785	\$19,391	\$27,383	\$26,480	\$48,168	\$45,871
Deferred Outflows of Resources	\$522	\$1,407	\$334	\$584	\$856	\$1,991
Current and Other Liabilities	\$559	\$666	\$1,498	\$847	\$2,777	\$1,513
Long-Term Liabilities	7,136	6,210	8,333	9,053	14,749	15,263
Total Liabilities	\$7,695	\$6,876	\$9,831	\$9,900	\$17,526	\$16,776
Deferred Inflows of Resources	\$592	\$19	\$104	\$0	\$696	\$19
Net Position						
Net Investment in Capital Assets	\$10,955	\$10,986	\$15,250	\$14,116	\$26,205	\$25,102
Restricted	4,717	3,420	643	643	5,360	4,063
Unrestricted	(2,652)	(503)	1,889	2,405	(763)	1,902
Total Net Position	\$13,020	\$13,903	\$17,782	\$17,164	\$30,802	\$31,067

The most significant portion of the City's Net Position (85%) 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 \$ 4,417,580 in FY2017 and \$5,343,436 in FY2016 in the governmental funds, and an additional liability of \$1,192,192 in FY2017 and \$1,386,077 in FY2016 in the business-type activities. An additional portion of net position (17%) represents resources that are subject to external restrictions on how they may be used.

City of Cadillac
Management's Discussion and Analysis
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The total net position of the City decreased by \$265,490 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	
	2017	2016	2017	2016	2017	2016
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$1,519	\$1,441	\$4,736	\$4,395	\$6,255	\$5,836
Operating Grants and Contributions	1,573	2,512	0	0	1,573	2,512
Capital Grants	69	305	0	0	69	305
General Revenues						
Property Taxes and Assessments	3,814	4,207	0	0	3,814	4,207
State Shared Revenue	1,922	1,133	0	0	1,922	1,133
Unrestricted Investment Earnings	67	55	31	22	98	77
Gain on Sale of Capital Assets	0	0	0	0	0	0
Other	115	2	0	0	115	2
Total Revenues	\$9,079	\$9,655	\$4,767	\$4,417	\$13,846	\$14,072
<u>Expenses</u>						
General Government, Administrative	\$1,998	\$1,918	\$0	\$0	\$1,998	\$1,918
Public Safety	4,130	3,858	0	0	4,130	3,858
Public Works	2,957	3,988	0	0	2,957	3,988
Recreation and Culture	493	462	0	0	493	462
Economic Development/Assistance	279	287	0	0	279	287
Interest on Long-Term Debt	105	15	0	0	105	15
Water and Sewer	0	0	3,982	4,136	3,982	4,136
Automobile Parking System	0	0	49	56	49	56
Building Authority Operating	0	0	118	100	118	100
Total Expenses	\$9,962	\$10,528	\$4,149	\$4,292	\$14,111	\$14,820
Changes in Net Position	(883)	(873)	618	125	(265)	(748)
Beginning Net Position	13,903	14,776	17,164	17,039	31,067	31,815
Ending Net Position	<u>\$13,020</u>	<u>\$13,903</u>	<u>\$17,782</u>	<u>\$17,164</u>	<u>\$30,802</u>	<u>\$31,067</u>

City of Cadillac
Management's Discussion and Analysis
June 30, 2017

Governmental Activities

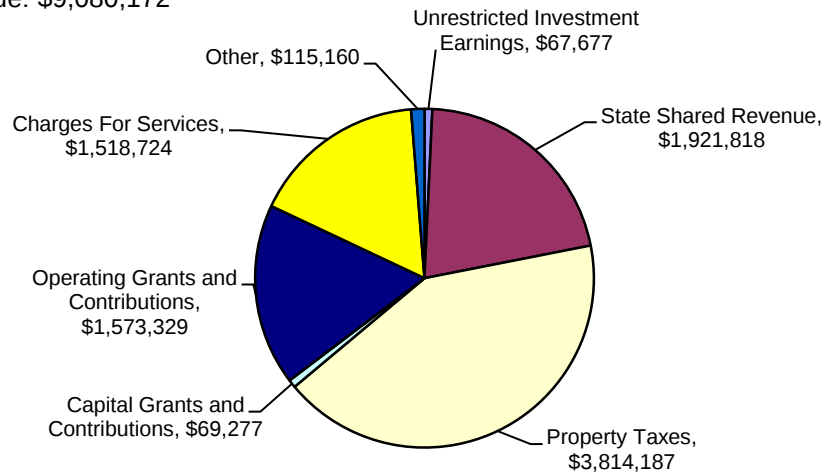
The net position of the City's governmental activities decreased by \$882,290 during the year. Much of this decrease can be attributed to depreciation expense charged against governmental assets and an increase in pension and other post-employment benefit liabilities in the last actuarial valuations.

The following chart summarizes the revenue sources for the City's governmental activities for the year ended June 30, 2017:

Revenues - Governmental Activities

Fiscal Year Ended June 30, 2017

Total Revenue: \$9,080,172



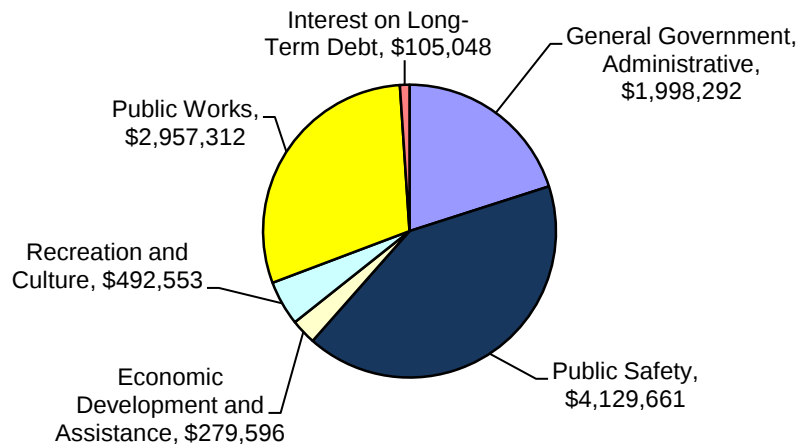
City of Cadillac
Management's Discussion and Analysis
June 30, 2017

Total expenses for governmental activities for the year ended June 30, 2017 are summarized below:

Expenses - Governmental Activities

Fiscal Year Ended June 30, 2017

Total Expenses: \$9,962,462



Business-type Activities

Net position within the City's business-type activities increased by \$616,800 during the year. The City's water and sewer activities produced an increase in Net Position of \$620,175 for the year. The City received revenue for treatment of leachate from the Wexford County Landfill that exceeded budget by \$307,683. In addition, water user charges exceeded budget by \$25,105 while sewer user charges exceeded budget by \$115,254. The Building Authority Fund, which reports the activities related to the rental of a City building to the Michigan Department of Environmental Quality, had a small decrease in net position of \$4,650 due to higher 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, 2017, governmental funds reported combined ending fund balances of \$8,387,644. This ending fund balance is \$2,087,730 **higher** than the end of the previous fiscal year. Of the total ending fund balance, \$789,031, or 9%, is nonspendable. An additional amount of \$3,328,378, or 40%, 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 totals \$3,151,861, or 38% of the total. Finally, \$1,118,374 is unassigned and available for appropriation at the discretion of the City.

City of Cadillac
Management's Discussion and Analysis
June 30, 2017

General Fund – The General Fund is the main operating fund of the City. The fund balance in the General Fund at June 30, 2017 was \$2,675,270. This represents a 27% **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 \$396,308 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 \$566,246 in the current fiscal year. The City's final appropriated budget planned for an increase of \$226,800 due primarily to the receipt of \$292,000 more than projected from the Michigan Local Community Stabilization Authority related to Personal Property Tax loss reimbursements. As discussed in the General Fund Budgetary Highlights below, expenditures were below appropriations by \$240,308 as well which contributed to the positive year-end results.

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 \$620,175 during the year. The issues discussed prior detail the primary contributors to the increase. Total Net Position in the City's other Enterprise Funds decreased by \$3,375 for the year.

City of Cadillac
Management's Discussion and Analysis
June 30, 2017

General Fund Budgetary Highlights

Budget Amendments

During the year, two budget amendments were approved by City Council. These amendments increased total General Fund appropriations by \$120,000. The major appropriation increases were related to the following:

- An Assistance to Firefighters grant was received to replace portable radios in the Fire Department. Grant revenues and related expenditures in the amount of \$60,000 were added to the budget to accommodate the grant.
- An additional appropriation of \$3,000 was required to cover refunds of taxes based on tax tribunal decisions that were higher than planned.
- A grant was received for new bulletproof vests in the Police Department. This required additional appropriations of \$5,500.
- Private donations were received to purchase additional supplies for the Police and Fire Departments. This required additional appropriations of \$15,000.

Budget Variances

Overall, actual expenditures were \$240,308 below the legal appropriations. Several factors contributed to this positive variance:

- Fees for the refuse removal contract with Republic Services were below budget by \$14,696. This favorable variance is offset by lower revenues from users.
- Total Legal Fees for the year were \$46,0087 below budget.
- Police Department expenditures were below budget by \$81,889. This was primarily due to vacancies in the department resulting in fringe benefit costs being lower than planned.
- The final quarterly Transfers Out to the Local Street Fund and the Cemetery Operating Fund were not made because they were not needed to fund current year operating expenses. This was a \$66,150 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, 2017

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, 2017, amounted to \$34,303,058 (net of accumulated depreciation). This represents an increase of \$728,000 during the year. The City invested over \$864,000 (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 \$2,011,859. 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	
	2017	2016	2017	2016	2017	2016
Infrastructure	\$20,395	\$19,904	\$0	\$0	\$20,395	\$19,904
Land and Land Improvements	3,617	3,617	1,376	1,394	4,993	5,011
Buildings	5,163	4,901	2,405	2,351	7,568	7,252
Machinery & Equipment	5,322	5,026	1,366	1,464	6,688	6,490
Investment in Water and Sewer Systems	0	0	39,260	38,557	39,260	38,557
Subtotal	\$34,497	\$33,448	\$44,407	\$43,766	\$78,904	\$77,214
Construction in Progress	0	25	574	311	574	336
Accumulated Depreciation	(23,028)	(22,158)	(22,147)	(21,817)	(45,175)	(43,975)
Net Capital Assets	\$11,469	\$11,315	\$22,834	\$22,260	\$34,303	\$33,575

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 of this document.

Long-Term Debt. As of June 30, 2017, the City had total long-term debt outstanding of approximately \$10,328,254. This is an increase of \$1,241,504 compared to the prior fiscal year. The City issued bonds in August 2016. The majority of these bonds are the responsibility of the Governmental activities, while the remainder will be repaid from pledged revenue of a component unit. Total debt was reduced by normal debt service requirements that were met throughout the year.

Of the City's total outstanding debt, \$2,125,000 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. The City's revenue bonds are associated with the Water and Sewer Fund and are backed by revenues pledged from user charges generated in 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, 2017

City of Cadillac Outstanding Debt
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$2,125	\$320	\$0	\$0	\$2,125	\$320
Contracts, Notes, and Other	436	442	183	181	619	623
Revenue Bonds	0	0	7,584	8,144	7,584	8,144
Total Outstanding Debt	\$2,561	\$762	\$7,767	\$8,325	\$10,328	\$9,087

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 \$221,875,121 is \$22,187,512 which significantly exceeds the City's outstanding general obligation debt of \$2,125,000. More information on the City's long-term debt is available in the Notes to Financial Statements section of this document.

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, 2017

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
<i>Current Assets</i>				
Cash & Pooled Investments	\$ 8,583,816	\$ 2,860,943	\$ 11,444,759	\$ 2,528,034
Receivables	497,059	827,156	1,324,215	27,546
Prepays	156,800	13,590	170,390	36
Inventory	79,188	204,623	283,811	--
Total Current Assets	9,316,863	3,906,312	13,223,175	2,555,616
<i>Noncurrent Assets</i>				
Restricted Cash	--	642,681	642,681	--
Capital Assets not being Depreciated	2,455,493	914,106	3,369,599	529,080
Capital Assets being Depreciated	9,013,472	21,919,987	30,933,459	1,711,859
Total Noncurrent Assets	11,468,965	23,476,774	34,945,739	2,240,939
Total Assets	20,785,828	27,383,086	48,168,914	4,796,555
DEFERRED OUTFLOWS OF RESOURCES				
Pension	522,798	333,797	856,595	--
Total Deferred Outflows of Resources	522,798	333,797	856,595	--
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	448,714	230,835	679,549	73,345
Accrued Liabilities	117,111	31,392	148,503	1,998
Customer Deposits	--	8,780	8,780	--
Accrued Interest	10,847	51,001	61,848	--
Current Portion of Compensated Absences	235,181	56,819	292,000	1,474
Current Portion of Long-term Debt	200,000	570,000	770,000	68,447
Due to Other Governmental Units	1,914	94,227	96,141	--
Internal Balances	(454,628)	454,628	--	--
Total Current Liabilities	559,139	1,497,682	2,056,821	145,264
<i>Noncurrent Liabilities</i>				
Compensated Absences	200,725	126,468	327,193	1,255
Long-term Debt	1,925,000	7,014,061	8,939,061	997,510
Net Other Post Employment Benefits Liability	592,798	--	592,798	--
Net Pension Liability	4,417,580	1,192,192	5,609,772	--
Total Noncurrent Liabilities	7,136,103	8,332,721	15,468,824	998,765
Total Liabilities	7,695,242	9,830,403	17,525,645	1,144,029
DEFERRED INFLOWS OF RESOURCES				
Pension	592,856	104,944	697,800	--
Total Deferred Inflows of Resources	592,856	104,944	697,800	--
NET POSITION				
Net Investment in Capital Assets	10,955,054	15,250,032	26,205,086	1,240,939
<i>Restricted for:</i>				
Nonexpendable Cemetery Trust	280,759	--	280,759	--
Nonexpendable Capital Projects Trust	449,245	--	449,245	--
Debt Service	70,707	642,681	713,388	--
Groundwater Clean Up	--	--	--	499,293
Capital Projects	1,805,447	--	1,805,447	1,362,401
Economic Development	--	--	--	549,893
Cemetery Perpetual Care	245,000	--	245,000	--
Internal Service - Retirees' Life Insurance	168,866	--	168,866	--
Internal Service - Employees' Life and Health Insurance	485,544	--	485,544	--
Restricted	1,211,572	--	1,211,572	--
<i>Unrestricted</i>	(2,651,666)	1,888,823	(762,843)	--
Total Net Position	\$ 13,020,528	\$ 17,781,536	\$ 30,802,064	\$ 3,652,526

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, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 1,998,292	\$ 628,158	\$ 123,671	\$ --	\$ (1,246,463)	\$ --	\$ (1,246,463)	\$ --
Public Safety	4,129,661	226,948	198,307	--	(3,704,406)	--	(3,704,406)	--
Public Works	2,957,312	661,117	1,251,351	--	(1,044,844)	--	(1,044,844)	--
Recreation & Culture	492,553	--	--	69,277	(423,276)	--	(423,276)	--
Economic Development	279,596	2,501	--	--	(277,095)	--	(277,095)	--
Interest on Long-term Debt	105,048	--	--	--	(105,048)	--	(105,048)	--
Total Governmental Activities	9,962,462	1,518,724	1,573,329	69,277	(6,801,132)	--	(6,801,132)	--
Business-type Activities:								
Auto Parking	49,755	50,026	--	--	--	271	271	--
Building Authority	118,090	112,440	--	--	--	(5,650)	(5,650)	--
Water and Sewer	3,982,323	4,573,306	--	--	--	590,983	590,983	--
Total Business-type Activities	4,150,168	4,735,772	--	--	--	585,604	585,604	--
Total Primary Government	\$ 14,112,630	\$ 6,254,496	\$ 1,573,329	\$ 69,277	\$ (6,801,132)	\$ 585,604	\$ (6,215,528)	--
Component Units								
Brownfield Redevelopment	\$ 5,711	\$ --	\$ --	\$ --	--	--	--	(5,711)
Downtown Development Authority	244,505	--	31,238	--	--	--	--	(213,267)
Local Development Finance Authority	293,928	17,056	--	--	--	--	--	(276,872)
Economic Development Corporation	--	--	--	--	--	--	--	--
Total Component Units	\$ 544,144	\$ 104,224	\$ 31,238	\$ --	--	--	--	(495,850)
General Purpose Revenues:								
Revenues								
Interest Income					67,677	31,196	98,873	20,408
Property Taxes					3,814,187	--	3,814,187	218,446
State Revenue					1,921,818	--	1,921,818	--
Miscellaneous					115,160	--	115,160	90,627
Total General Revenues					5,918,842	31,196	5,950,038	329,481
Change in Net Position					(882,290)	616,800	(265,490)	(166,369)
<i>Net Position at Beginning of Period (Restated, Note 16)</i>					<i>13,902,818</i>	<i>17,164,736</i>	<i>31,067,554</i>	<i>3,818,895</i>
Net Position at End of Period					\$ 13,020,528	\$ 17,781,536	\$ 30,802,064	\$ 3,652,526

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

**City of Cadillac
Balance Sheet
Governmental Funds
June 30, 2017**

	<u>General</u>	<u>Capital Projects Special Assessment Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash & Pooled Investments	\$ 2,267,594	\$ 1,715,747	\$ 3,760,235	\$ 7,743,576
Receivables	109,569	33,756	301,015	444,340
Prepays	54,583	--	4,444	59,027
Due from Other Funds	454,628	--	--	454,628
Advance to Other Funds	--	--	150,000	150,000
Total Assets	\$ 2,886,374	\$ 1,749,503	\$ 4,215,694	\$ 8,851,571
LIABILITIES				
Accounts Payable	\$ 115,616	\$ 117,125	\$ 36,158	\$ 268,899
Accrued Liabilities	93,574	--	15,208	108,782
Due to Other Governmental Units	1,914	--	--	1,914
Total Liabilities	211,104	117,125	51,366	379,595
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	--	21,289	63,043	84,332
Total Liabilities and Deferred Inflows of Resources	211,104	138,414	114,409	463,927
FUND BALANCE				
Nonspendable	54,583	--	734,448	789,031
Restricted	38,423	1,611,089	1,678,866	3,328,378
Assigned	1,463,890	--	1,687,971	3,151,861
Unassigned	1,118,374	--	--	1,118,374
Total Fund Balance	2,675,270	1,611,089	4,101,285	8,387,644
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,886,374	\$ 1,749,503	\$ 4,215,694	\$ 8,851,571

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, 2017

Total Fund Balance - Governmental Funds	\$ 8,387,644
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	1,172,159
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.	(10,847)
General government capital assets of \$31,430,994, net of accumulated depreciation of \$20,866,848, are not financial resources, and accordingly are not reported in the funds.	10,564,146
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	84,332
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,125,000)
Compensated absences are not due in and payable in the current period and, therefore, are not reported in the funds.	(396,309)
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.	(3,891,816)
Other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(592,798)
Pension related deferred outflows and inflows 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.	(170,983)
Total Net Position - Governmental Funds	\$ <u>13,020,528</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, 2017

		<u>Capital Projects</u>		
	<u>General</u>	<u>Special Assessment Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property Taxes	\$ 3,829,758	\$ --	\$ 138	\$ 3,829,896
Licenses & Permits	145,085	--	118,934	264,019
Federal Revenue	121,569	--	--	121,569
State Revenue	1,677,805	--	1,754,376	3,432,181
Local Revenue Sharing	195,607	--	--	195,607
Charges for Services	847,576	--	73,551	921,127
Fines	14,857	--	--	14,857
Miscellaneous	108,558	11,677	128,713	248,948
Interest Income	26,823	13,774	27,080	67,677
Total Revenues	6,967,638	25,451	2,102,792	9,095,881
Expenditures				
General Government	1,525,816	1,535	142,674	1,670,025
Public Safety	3,196,490	--	111,319	3,307,809
Public Works	825,043	--	1,470,402	2,295,445
Economic Development	182,991	--	50,678	233,669
Recreation & Culture	327,380	--	--	327,380
Capital Outlay	144,822	490,468	237,186	872,476
Debt Service - Principal	--	--	253,862	253,862
Debt Service - Interest	--	--	54,835	54,835
Debt Service - Bond Issuance Costs	--	42,650	--	42,650
Total Expenditures	6,202,542	534,653	2,320,956	9,058,151
Excess of Revenues Over (Under) Expenditures	765,096	(509,202)	(218,164)	37,730
Other Financing Sources (Uses)				
General Obligation Bonds Issued	--	2,050,000	--	2,050,000
Transfers In	--	--	769,650	769,650
Transfers Out	(198,850)	--	(570,800)	(769,650)
Net Other Financing Sources (Uses)	(198,850)	2,050,000	198,850	2,050,000
Net Change in Fund Balance	566,246	1,540,798	(19,314)	2,087,730
<i>Fund Balance at Beginning of Period</i>	<i>2,109,024</i>	<i>70,291</i>	<i>4,120,599</i>	<i>6,299,914</i>
Fund Balance at End of Period	\$ 2,675,270	\$ 1,611,089	\$ 4,101,285	\$ 8,387,644

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, 2017

Total Net Change in Fund Balances - Governmental Funds	\$ 2,087,730
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	(386,157)
Proceeds from debt issuance are reported as revenue in the fund statements, but reported as liabilities in the Statement of Net Position.	(2,050,000)
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 \$1,007,163 is in excess of capital outlay expenditures of \$872,476.	(134,687)
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.	(7,563)
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.	1,202
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.	253,862
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.	(15,709)
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.	(460,547)
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.	(170,421)
Changes in Net Position - Governmental Funds	\$ <u>(882,290)</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, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS				
<i>Current Assets</i>				
Cash & Pooled Investments	\$ 2,567,330	\$ 293,613	\$ 2,860,943	\$ 840,240
Receivables	827,020	136	827,156	52,719
Prepays	13,552	38	13,590	97,773
Inventory	204,623	--	204,623	79,188
Total Current Assets	3,612,525	293,787	3,906,312	1,069,920
<i>Noncurrent Assets</i>				
Restricted Cash	642,681	--	642,681	--
Capital Assets not being Depreciated	574,440	339,666	914,106	25,000
Capital Assets being Depreciated	20,591,141	1,328,846	21,919,987	879,819
Total Noncurrent Assets	21,808,262	1,668,512	23,476,774	904,819
Total Assets	25,420,787	1,962,299	27,383,086	1,974,739
DEFERRED OUTFLOWS OF RESOURCES				
Pension	333,797	--	333,797	147,206
Total Deferred Outflows of Resources	333,797	--	333,797	147,206
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	230,562	273	230,835	179,815
Accrued Liabilities	31,392	--	31,392	8,329
Customer Deposits	8,780	--	8,780	--
Accrued Interest	51,001	--	51,001	--
Current Portion of Compensated Absences	56,819	--	56,819	21,174
Current Portion of Long-term Debt	570,000	--	570,000	--
Due to Other Governmental Units	--	94,227	94,227	--
Due to Other Funds	454,628	--	454,628	--
Total Current Liabilities	1,403,182	94,500	1,497,682	209,318
<i>Noncurrent Liabilities</i>				
Compensated Absences	126,468	--	126,468	18,423
Long-term Debt	7,014,061	--	7,014,061	--
Net Pension Liability	1,192,192	--	1,192,192	525,764
Advance from Other Funds	--	--	--	150,000
Total Noncurrent Liabilities	8,332,721	-	8,332,721	694,187
Total Liabilities	9,735,903	94,500	9,830,403	903,505
DEFERRED INFLOWS OF RESOURCES				
Pension	104,944	--	104,944	46,281
Total Deferred Inflows of Resources	104,944	--	104,944	46,281
NET POSITION				
Net Investment in Capital Assets	13,581,520	1,668,512	15,250,032	904,819
<i>Restricted for:</i>				
Debt Service	642,681	--	642,681	--
Internal Service - Retirees' Life Insurance	--	--	--	168,866
Internal Service - Employees' Life and Health Insurance	--	--	--	485,544
<i>Unrestricted</i>	1,689,536	199,287	1,888,823	(387,070)
Total Net Position	\$ 15,913,737	\$ 1,867,799	\$ 17,781,536	\$ 1,172,159

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, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues				
Charges for Services	\$ 4,547,180	\$ 2,070	\$ 4,549,250	\$ 1,673,679
Rent	23,750	112,440	136,190	--
Miscellaneous	2,376	47,956	50,332	41,042
Total Operating Revenues	4,573,306	162,466	4,735,772	1,714,721
Operating Expenses				
Salaries & Wages	1,569,766	11,358	1,581,124	305,777
Materials & Supplies	353,821	762	354,583	107,230
Utilities	381,306	3,094	384,400	30,857
Repair & Maintenance	96,069	53,590	149,659	92,689
Equipment Rental	243,768	20,380	264,148	25,481
Contracted Services	326,407	18,731	345,138	139,403
Professional Fees	--	500	500	--
Insurance	--	--	--	1,160,596
Depreciation	829,226	59,430	888,656	116,040
Total Operating Expenses	3,800,363	167,845	3,968,208	1,978,073
Operating Income (Loss)	772,943	(5,379)	767,564	(263,352)
Non-Operating Revenues (Expenses)				
Interest Income	29,192	2,004	31,196	7,368
Interest Expense	(175,959)	--	(175,959)	--
Loss on Disposal of Fixed Assets	(6,001)	--	(6,001)	(130,173)
Net Non-Operating Revenues (Expenses)	(152,768)	2,004	(150,764)	(122,805)
Change In Net Position	620,175	(3,375)	616,800	(386,157)
<i>Net Position at Beginning of Period</i>	<i>15,293,562</i>	<i>1,871,174</i>	<i>17,164,736</i>	<i>1,558,316</i>
Net Position at End of Period	\$ 15,913,737	\$ 1,867,799	\$ 17,781,536	\$ 1,172,159

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, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities				
Cash Received from Customers and Special Assessments	\$ 4,550,600	\$ 256,693	\$ 4,807,293	\$ 1,707,071
Cash Payments to Employees for Services and Fringe Benefits	(1,401,000)	(10,239)	(1,411,239)	(230,409)
Cash Payments to Suppliers for Goods and Services	(1,287,857)	(98,262)	(1,386,119)	(1,402,091)
Total Cash Flows from Operating Activities	1,861,743	148,192	2,009,935	74,571
Cash Flows from Non-capital and Related Financing Activities				
Increase in Due to Other Funds	454,628	-	454,628	-
Total Cash Flows from Non-capital and Related Financing Activities	454,628	-	454,628	-
Cash Flows from Capital and Related Financing Activities				
Principal Paid	(560,000)	-	(560,000)	-
Interest Paid	(182,283)	-	(182,283)	-
Net Capital Asset Activity	(1,343,654)	(125,345)	(1,468,999)	(534,895)
Total Cash Flows Used in Capital and Related Financing Activities	(2,085,937)	(125,345)	(2,211,282)	(534,895)
Cash Flows From Investing Activities				
Interest on Investments	29,192	2,004	31,196	7,368
Total Cash Flows from Investing Activities	29,192	2,004	31,196	7,368
Net Increase (Decrease) in Cash and Equivalents	259,626	24,851	284,477	(452,956)
<i>Cash and Equivalents - Beginning of Year</i>	<i>2,950,385</i>	<i>268,762</i>	<i>3,219,147</i>	<i>1,293,196</i>
Cash and Equivalents - End of Year	\$ 3,210,011	\$ 293,613	\$ 3,503,624	\$ 840,240
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 772,943	\$ (5,379)	\$ 767,564	\$ (263,352)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	829,226	59,430	888,656	116,040
Changes in Assets & Liabilities				
Accounts Receivable	(22,706)	1,119	(21,587)	(7,650)
Due from Other Governmental Units	-	94,227	94,227	-
Inventory	(8,770)	-	(8,770)	33,929
Prepaid Expenses	(13,552)	(38)	(13,590)	(25,163)
Deferred Outflow/Inflow Related to Pension	355,760	-	355,760	156,893
Accounts Payable	135,836	(659)	135,177	141,292
Accrued Liabilities	4,264	(508)	3,756	4,145
Compensated Absences	2,627	-	2,627	3,941
Net Pension Liability	(193,885)	-	(193,885)	(85,504)
Net Cash Provided by Operating Activities	\$ 1,861,743	\$ 148,192	\$ 2,009,935	\$ 74,571

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, 2017

	<u>Pension and Benefit Trust</u>	<u>Agency</u>
	<u>Police & Fire Trust</u>	
ASSETS		
Cash & Pooled Investments	\$ 132,192	\$ --
Investments		
Equity Mutual Funds	7,874,587	
U.S. Agency Bonds	2,742,550	--
<i>Total Assets</i>	<u>10,749,329</u>	<u>--</u>
NET POSITION		
Restricted for Pensions	<u>\$ 10,749,329</u>	<u>\$ --</u>

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, 2017

	Police & Fire Trust
Additions	
<i>Contributions</i>	
Employer	\$ 630,432
Employee	38,283
<i>Total Contributions</i>	668,715
<i>Investment Income</i>	
Investment Income	1,222,941
Less: Investment Expense	(28,979)
<i>Total Investment Income</i>	1,193,962
<i>Total Additions</i>	1,862,677
Deductions	
Benefit Payments	854,022
Administrative	11,100
<i>Total Deductions</i>	865,122
<i>Change in Net Position</i>	997,555
<i>Net Position at Beginning of Period</i>	9,751,774
<i>Net Position at End of Period</i>	\$ 10,749,329

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, 2017

	Brownfield Redevelopment	Downtown Development Authority	Local Development Finance Authority	Economic Development Corporation	Total Component Units
ASSETS					
<i>Current Assets</i>					
Cash & Pooled Investments	\$ 165,077	\$ 183,679	\$ 2,178,111	\$ 1,167	\$ 2,528,034
Receivables	94	--	27,452	--	27,546
Prepays	--	36	--	--	36
Total Current Assets	165,171	183,715	2,205,563	1,167	2,555,616
<i>Noncurrent Assets</i>					
Capital Assets not being Depreciated	--	529,080	--	--	529,080
Capital Assets being Depreciated	--	1,585,223	126,636	--	1,711,859
Total Assets	165,171	2,298,018	2,332,199	1,167	4,796,555
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	--	67,689	5,656	--	73,345
Accrued Liabilities	--	1,053	945	--	1,998
Current Portion of Compensated Absences	--	1,474	--	--	1,474
Current Portion of Long-term Debt	8,447	60,000	--	--	68,447
Total Current Liabilities	8,447	130,216	6,601	--	145,264
<i>Noncurrent Liabilities</i>					
Compensated Absences	--	1,255	--	--	1,255
Long-term Debt	57,510	940,000	--	--	997,510
Total Liabilities	65,957	1,071,471	6,601	--	1,144,029
NET POSITION					
Net Investment in Capital Assets	--	1,114,303	126,636	--	1,240,939
<i>Restricted for:</i>					
Groundwater Clean Up	--	--	499,293	--	499,293
Capital Projects	--	--	1,362,401	--	1,362,401
Economic Development	99,214	112,244	337,268	1,167	549,893
<i>Unrestricted</i>	--	--	--	--	--
Total Net Position	\$ 99,214	\$ 1,226,547	\$ 2,325,598	\$ 1,167	\$ 3,652,526

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, 2017

	Brownfield Redevelopment	Downtown Development Authority	Local Development Finance Authority	Economic Development Corporation	Total Component Units
Expenses					
Economic Development	\$ 5,711	\$ 184,716	\$ 285,093	\$ --	\$ 475,520
Depreciation	--	59,789	8,835	--	68,624
Total Expenses	<u>5,711</u>	<u>244,505</u>	<u>293,928</u>	<u>--</u>	<u>544,144</u>
Program Revenues					
Charges for Services	--	--	17,056	--	17,056
Operating Grants and Contributions	--	31,238	--	--	31,238
Total Program Revenues	<u>--</u>	<u>31,238</u>	<u>17,056</u>	<u>--</u>	<u>48,294</u>
Net Program Revenues (Expenses)	<u>(5,711)</u>	<u>(213,267)</u>	<u>(276,872)</u>	<u>--</u>	<u>(495,850)</u>
General Revenue					
Property Taxes	21,731	87,168	109,547	--	218,446
Miscellaneous	--	90,627	--	--	90,627
Interest Income	--	--	20,408	--	20,408
Total General Revenues	<u>21,731</u>	<u>177,795</u>	<u>129,955</u>	<u>--</u>	<u>329,481</u>
Change in Net Position	<u>16,020</u>	<u>(35,472)</u>	<u>(146,917)</u>	<u>--</u>	<u>(166,369)</u>
<i>Net Position at Beginning of Period (Restated, Note 16)</i>	83,194	1,262,019	2,472,515	1,167	3,818,895
Net Position at End of Period	<u>\$ 99,214</u>	<u>\$ 1,226,547</u>	<u>\$ 2,325,598</u>	<u>\$ 1,167</u>	<u>\$ 3,652,526</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. The members of the board of the DDA are appointed by the City Council. Its operational and

City of Cadillac

Notes to the Financial Statements

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, 2016, audited financial statements:

Total Assets	\$ 3,525,720
Total Liabilities	26,036
Net Investment in Capital Assets	3,241,137
Net Position - Unrestricted	258,547
Total Revenues - Governmental & Business-type Activities	419,042
Total Expenses - Governmental & Business-type Activities	561,146
Change in Net Position	(142,104)

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 restricted to meeting the

City of Cadillac

Notes to the Financial Statements

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 ***special assessment capital projects fund*** is a capital projects fund used to account for the various capital outlay expenditures throughout the City. The most significant source of funding was received from a general obligation bond issuance.

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 property taxes, as well as payroll related liabilities, 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.
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 (\$262,763) 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 acquisition 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 government has two items that qualify for reporting in this category. The first item arises only under a modified accrual basis

City of Cadillac

Notes to the Financial Statements

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).

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

City of Cadillac

Notes to the Financial Statements

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 2016 taxable valuation of the City of Cadillac totaled \$223,088,687, 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 (net of adjustments and recaptures) approximately \$3,059,972 for operating purposes and \$573,262 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 \$13,908,689 of taxable value, which raised approximately \$26,776 for its operations.

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.

City of Cadillac

Notes to the Financial Statements

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.

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.

The City had the following expenditures in excess of the amount appropriated at the major function level during the year ended June 30, 2017:

	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Community and Economic Development	\$ 177,300	\$ 182,991	\$ (5,691)
Recreation and Culture	312,900	327,380	(14,480)

Both of the budget exceptions listed above are within the tolerable variance deemed acceptable by the Michigan Department of Treasury.

City of Cadillac

Notes to the Financial Statements

Note 3 - Cash and Investments

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

	Primary Government	Component Unit	Totals
Statement of Net Position			
Cash & Pooled Investments	\$ 11,444,759	\$ 2,528,034	\$ 13,972,793
Restricted Cash and Equivalents	642,681	-	642,681
Statement of Fiduciary Net Position			
Cash & Pooled Investments	132,192	-	132,192
Investments	10,617,137	-	10,617,137
Total	\$ 22,836,769	\$ 2,528,034	\$ 25,364,803

Deposits and Investments

Bank deposits (checking, savings, and certificates of deposit)	\$ 4,950,856
Investments	9,796,510
Investments held in trust	10,617,137
Cash on hand	300
Total	\$ 25,364,803

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.

Investments

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

Investment	Maturity	Fair Value	Rating	Source
MI Class Investments	N/A	\$ 221,167	AAAm	S&P
U.S. Agency	0	3,870,434	AA+	S&P
Equity Mutual Funds	N/A	7,874,587	N/A	
Money Market Mutual Funds or Other Liquid Accounts	N/A	8,447,459	N/A	
Total		\$ 20,413,647		

City of Cadillac

Notes to the Financial Statements

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. \$2,861,120 of the Certificates of Deposits mature within one year, the remainder of \$3,514,940 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, \$9,038,670 of the City's bank deposits and certificates of deposit balance of \$13,440,957 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 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, 2017:

- U.S. Agency Bonds held by the City totaled \$3,870,434. These are valued using Level 1 inputs.

City of Cadillac

Notes to the Financial Statements

- Michigan Cooperative Liquid Asset Securities System, with a balance of \$221,167 at June 30, 2017, 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 \$7,874,587 at June 30, 2017, are valued using Level 2 inputs.

Money market accounts, cash equivalents, and bank CDs totaling \$8,447,459 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, 2017:

	General Fund	Special Assessment Capital Projects	Nonmajor Funds	Internal Service Funds	Water & Sewer Fund	Nonmajor Enterprise Funds	Total Primary Government	Component Units
Receivables								
Accounts	\$ 87,716	\$ -	\$ 17,721	\$ 42,375	\$ 182,748	\$ -	\$ 330,560	\$ 26,020
Special Assessment	-	32,369	-	-	-	-	32,369	-
Due from State	-	-	183,781	-	-	-	183,781	-
Taxes	-	-	8	-	-	-	8	-
Interest	21,853	1,387	30,710	10,344	18,043	136	82,473	1,526
Loans	-	-	9,322	-	-	-	9,322	-
Grants	-	-	59,473	-	-	-	59,473	-
Unbilled	-	-	-	-	626,229	-	626,229	-
Total Receivables	\$ 109,569	\$ 33,756	\$ 301,015	\$ 52,719	\$ 827,020	\$ 136	\$ 1,324,215	\$ 27,546

Note 5 - Advances Between Funds

Advances receivable and payable at June 30, 2017 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, 2017.

Note 6 - Interfund Transactions

As of June 30, 2017, the interfund balances were as follows:

Receivable Fund	Payable Fund	Amount
General	Water and Sewer	\$ 454,628

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

City of Cadillac

Notes to the Financial Statements

Transfers in and out for the year ended June 30, 2017 are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental	General	\$ 198,850
Nonmajor Governmental	Nonmajor Governmental	570,800

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:

Governmental Activities	<u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>June 30, 2017</u>
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	<u>2,480,493</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>2,455,493</u>
Capital assets being depreciated					
Buildings	4,422,665	237,186	-	25,000	4,684,851
Land Improvements	1,067,694	-	-	-	1,067,694
Machinery & Equipment	2,683,296	144,822	-	-	2,828,118
Infrastructure	19,904,370	490,468	-	-	20,394,838
Total capital assets being depreciated	<u>28,078,025</u>	<u>872,476</u>	<u>-</u>	<u>25,000</u>	<u>28,975,501</u>
Less accumulated depreciation					
Buildings	3,306,723	99,868	-	-	3,406,591
Land Improvements	645,814	30,737	-	-	676,551
Machinery & Equipment	2,236,738	148,894	-	-	2,385,632
Infrastructure	13,670,410	727,664	-	-	14,398,074
Total accumulated depreciation	<u>19,859,685</u>	<u>1,007,163</u>	<u>-</u>	<u>-</u>	<u>20,866,848</u>
Internal Service Fund Capital Assets	<u>616,137</u>	<u>418,862</u>	<u>(130,180)</u>	<u>-</u>	<u>904,819</u>
<i>Net capital assets being depreciated</i>	<u>8,834,477</u>	<u>284,175</u>	<u>(130,180)</u>	<u>25,000</u>	<u>9,013,472</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,314,970</u>	<u>\$ (134,687)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,468,965</u>

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	June 30, 2016	Additions	Reductions	Transfers	June 30, 2017
Capital assets not being depreciated					
Land	\$ 25,000	-	-	-	\$ 25,000
Capital assets being depreciated					
Buildings	478,181	-	-	-	478,181
Land Improvements	68,970	-	-	-	68,970
Machinery & Equipment	2,343,032	534,902	383,688	-	2,494,246
Total capital assets being depreciated	2,890,183	534,902	383,688	-	3,041,397
Less accumulated depreciation					
Buildings	242,294	10,447	-	-	252,741
Land Improvements	67,132	262	-	-	67,394
Machinery & Equipment	1,989,620	105,331	253,508	-	1,841,443
Total accumulated depreciation	2,299,046	116,040	253,508	-	2,161,578
<i>Net capital assets being depreciated</i>	<i>591,137</i>	<i>418,862</i>	<i>130,180</i>	<i>-</i>	<i>879,819</i>
Internal Service Funds Capital Assets, Net	\$ 616,137	\$ 418,862	\$ 130,180	\$ -	\$ 904,819

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

Business-type Activities	June 30, 2016	Additions	Reductions	Transfers	June 30, 2017
Capital assets not being depreciated					
Land	\$ 339,666	\$ -	\$ -	\$ -	\$ 339,666
Construction in Process	310,814	319,201	-	55,575	574,440
Total capital assets not being depreciated	650,480	319,201	-	55,575	914,106
Capital assets being depreciated					
Buildings	2,350,592	125,345	71,192	-	2,404,745
Land Improvements	1,054,822	-	18,770	-	1,036,052
Machinery & Equipment	1,205,436	96,373	234,026	-	1,067,783
Vehicles	258,357	54,183	14,195	-	298,345
Water	13,987,685	457,740	140,938	55,575	14,360,062
Sewer	24,569,222	416,157	85,169	-	24,900,210
Total capital assets being depreciated	43,426,114	1,149,798	564,290	55,575	44,067,197
Less accumulated depreciation					
Buildings	1,229,194	49,292	71,192	-	1,207,294
Land Improvements	382,096	19,618	18,770	-	382,944
Machinery & Equipment	813,858	61,507	234,026	-	641,339
Vehicles	206,776	20,002	14,195	-	212,583
Water	5,866,502	249,131	140,938	-	5,974,695
Sewer	13,318,416	489,106	79,167	-	13,728,355
Total accumulated depreciation	21,816,842	888,656	558,288	-	22,147,210
<i>Net capital assets being depreciated</i>	<i>21,609,272</i>	<i>261,142</i>	<i>6,002</i>	<i>55,575</i>	<i>21,919,987</i>
Business-type Activities Capital Assets, Net	\$ 22,259,752	\$ 580,343	\$ 6,002	\$ -	\$ 22,834,093

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, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>June 30, 2017</u>
Capital assets not being depreciated					
Land and Land Improvements	\$ 249,297	\$ 279,783	\$ -	\$ -	\$ 529,080
Total capital assets not being depreciated	<u>249,297</u>	<u>279,783</u>	<u>-</u>	<u>-</u>	<u>529,080</u>
Capital assets being depreciated					
Land Improvements	8,965	-	-	-	8,965
Infrastructure	1,407,848	477,987	-	-	1,885,835
Other Equipment	-	244,169	-	-	244,169
Total capital assets being depreciated	<u>1,416,813</u>	<u>722,156</u>	<u>-</u>	<u>-</u>	<u>2,138,969</u>
Less accumulated depreciation					
Land Improvements	8,965	-	-	-	8,965
Infrastructure	353,821	52,115	-	-	405,936
Other Equipment	-	12,209	-	-	12,209
Total accumulated depreciation	<u>362,786</u>	<u>64,324</u>	<u>-</u>	<u>-</u>	<u>427,110</u>
Net capital assets being depreciated	<u>1,054,027</u>	<u>657,832</u>	<u>-</u>	<u>-</u>	<u>1,711,859</u>
Component Units Capital Assets, Net	<u>\$ 1,303,324</u>	<u>\$ 937,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,240,939</u>

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

Governmental Activities

General Government	\$ 69,569
Public Safety	133,236
Public Works	654,309
Recreation & Culture	141,950
Economic Development	8,099
Internal Service Funds	116,040
Total Governmental Activities	<u>\$ 1,123,203</u>

Business-type Activities

Water & Sewer	\$ 829,226
Auto Parking	16,755
Building Authority	42,675
Total Business-type Activities	<u>\$ 888,656</u>

Component Units

Downtown Development Authority	\$ 59,789
Local Development Finance Authority	4,535
Total Component Units	<u>\$ 64,324</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, 2017:

Governmental Activities	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017	Due Within One Year
\$2,050,000 2016 General Obligation Limited Tax Bonds due in annual installments of \$120,000 to \$235,000 through May 1, 2031; interest at 2.19%	\$ -	\$ 2,050,000	\$ 170,000	\$ 1,880,000	\$ 120,000
\$995,000 2004 General Obligation Capital Improvement Bonds due in annual installments of \$65,000 to \$85,000 through September 1, 2019; interest at 3.65% to 4.25%	320,000	-	75,000	245,000	80,000
\$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.	8,862	-	8,862	-	-
Total Governmental Activities Debt	328,862	2,050,000	253,862	2,125,000	200,000
Governmental Compensated Absences	397,511	186,728	187,930	396,309	214,007
Internal Service Compensated Absences	35,656	35,642	31,701	39,597	21,204
Total Compensated Absences	433,167	222,370	219,631	435,906	235,211
Total Long-term Debt	\$ 762,029	\$ 222,370	\$ 473,493	\$ 2,560,906	\$ 414,007
Business-type Activities	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017	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%	\$ 2,650,205	\$ -	\$ 185,000	\$ 2,465,205	\$ 190,000
\$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%	1,948,856	-	100,000	1,848,856	100,000
\$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%	3,545,000	-	275,000	3,270,000	280,000
Total Business-type Activities Debt	8,144,061	-	560,000	7,584,061	570,000
Business-type Compensated Absences	180,660	67,361	64,734	183,287	56,819
Total Long-term Debt	\$ 8,324,721	\$ 67,361	\$ 624,734	\$ 7,767,348	\$ 626,819

City of Cadillac

Notes to the Financial Statements

Component Units	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017	Due Within One Year
\$1,000,000 2016 General Obligation Limited Tax Bonds due in annual installments of \$60,000 to \$80,000 through May 1, 2031; interest at 2.19%	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 60,000
\$143,324 Brownfield Redemption Loan from the Department of Environmental Quality, due in annual installments of \$14,332 starting October 2016 and through 2026; interest at 1.50%	100,206	-	34,249	65,957	8,447
Total Component Unit Debt	100,206	1,000,000	34,249	1,065,957	68,447
Compensated Absences	1,345	1,384	-	2,729	1,474
Total Component Units	\$ 101,551	\$ 2,001,384	\$ 68,498	\$ 1,068,686	\$ 138,368

The annual requirements to amortize all debt outstanding (excluding compensated absences) as of June 30, 2017 are as follows:

Year Ending June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 200,000	\$ 47,973	\$ 247,973	\$ 570,000	\$ 169,247	\$ 739,247
2019	200,000	42,065	242,065	580,000	156,032	736,032
2020	208,333	35,897	244,231	605,000	142,382	747,382
2021	126,667	31,317	157,984	620,000	128,160	748,160
2022	130,000	28,470	158,470	3,350,000	413,864	3,763,864
2023-2027	693,333	97,309	788,500	1,710,205	91,698	1,801,903
2028-2033	566,667	20,294	430,220	148,856	11,068	159,924
Totals	\$ 2,125,000	\$ 303,324	\$ 2,269,441	\$ 7,584,061	\$ 1,112,451	\$ 8,696,512

Year Ending June 30,	Component Units		
	Principal	Interest	Total
2018	\$ 68,447	\$ 21,066	\$ 89,513
2019	68,573	19,625	88,198
2020	70,369	18,147	88,515
2021	72,166	16,629	88,795
2022	73,965	15,073	89,038
2023-2027	369,104	50,786	419,889
2028-2033	343,333	10,147	353,480
Totals	\$ 1,065,957	\$ 151,472	\$ 1,217,429

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

City of Cadillac

Notes to the Financial Statements

System (MERS), administered by the State of Michigan for coverage of substantially all of the City's general employees and the water and sewer system employees.

MERS Plan Description

Plan Description

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

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, 2016 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	57
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>27</u>
Total employees covered by MERS	<u>91</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.

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, 2017):

Act 345 Defined Benefit Plan	
Retirees and beneficiaries receiving benefits	35
Terminated plan members entitled to but not yet receiving benefits	3
Active plan members	25
Total Participants	63

City of Cadillac

Notes to the Financial Statements

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, 2017, 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 29.93% of payroll for police members and 30.56% of payroll for fire members. These rates totaled an actuarially determined contribution of \$496,076 for the year ending June 30, 2017, of which \$630,432 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, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of that date. The PFRS net pension liability reported at June 30, 2017 was determined using a measure of the total pension liability and the pension net position as of June 30, 2017. The June 30, 2017 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:

MERS	Increase (Decrease)			PFRS	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				Changes in Net Pension Liability			
Balance at December 31, 2015	\$ 12,300,388	\$ 8,949,138	\$ 3,351,250	Balance at June 30, 2016	\$ 13,130,037	\$ 9,751,774	\$ 3,378,263
Service cost	183,064	-	183,064	Service cost	265,532	-	265,532
Interest	962,346	-	962,346	Interest	943,431	-	943,431
Difference between expected and actual experience	(350,495)		(350,495)	Contributions - Employer	-	630,432	(630,432)
Changes in assumptions	-		-	Contributions - Employee	-	38,283	(38,283)
Contributions - Employer	-	281,993	(281,993)	Net investment income	-	1,193,963	(1,193,963)
Net investment income	-	1,001,110	(1,001,110)	Differences between expected and actual experience	59,257	-	59,257
Benefit payments, including refunds	(725,564)	(725,196)	(368)	Changes in assumptions	(67,609)	-	(67,609)
Administrative expenses	-	(19,782)	19,782	Benefit payments, including refunds	(854,022)	(854,022)	-
Net changes	69,351	538,125	(468,774)	Administrative expenses	-	(11,100)	11,100
Balance at December 31, 2016	\$ 12,369,739	\$ 9,487,263	\$ 2,882,476	Net changes	346,589	997,556	(650,967)
				Balance at June 30, 2017	\$ 13,476,626	\$ 10,749,330	\$ 2,727,296

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, 2017, the City recognized pension expense of \$ 158,118 for the MERS plan and \$302,429 for the PFRS plan for a total of \$460,547. At June 30, 2017, 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	\$ 370,784	\$ -
Difference between expected and actual experience	-	253,734
Changes in actuarial assumptions	289,983	-
Employer contributions to the plan subsequent to the measurement date	146,286	-
Total	<u>\$ 807,053</u>	<u>\$ 253,734</u>

PFRS

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 387,540
Changes in actuarial assumptions	-	56,526
Difference between expected and actual demographics experience	49,543	-
Total	<u>\$ 49,543</u>	<u>\$ 444,066</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		Years Ending		
June 30	Amount	June 30	Amount	Total
2018	\$ 217,145	2018	\$ (98,254)	\$ 118,891
2019	217,142	2019	(98,254)	118,888
2020	33,484	2020	(98,254)	(64,770)
2021	(60,738)	2021	(98,254)	(158,992)
2022	-	2022	(1,369)	(1,369)
2023	-	2023	(138)	(138)
Total	\$ 407,033	Total	\$ (394,523)	\$ 12,510

The below schedule provides a summary of all the amounts allocated to various funds within the City's financial statements for both pension plans:

	June 30, 2016 Balance	Net Change	June 30, 2017 Balance	Amounts Allocated to Primary Government	
				Governmental	Business-type
Deferred Outflows of Resources					
Contributions after the measurement date	\$ 135,102	\$ 11,184	\$ 146,286	\$ 85,782	\$ 60,504
Excess (deficit) Investment Returns	1,366,787	(996,003)	370,784	217,428	153,356
Changes in Actuarial Assumptions	476,267	(186,285)	289,982	170,045	119,937
Differences between expected and actual experience	13,706	35,837	49,543	49,543	-
Net Pension Liability	6,729,513	(1,119,741)	5,609,772	4,417,580	1,192,192
Deferred Inflows of Resources					
Excess (deficit) Investment Returns	-	387,540	387,540	387,540	-
Changes in Actuarial Assumptions	-	56,526	56,526	56,526	-
Differences between expected and actual experience	\$ 19,515	\$ 234,219	253,734	148,790	104,944
Pension Expense			\$ 460,547	\$ 395,149	\$ 65,398

Actuarial Assumptions

MERS

The total pension liability in the December 31, 2016 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)

City of Cadillac

Notes to the Financial Statements

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 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
Global equity	58%	5.0%
Global fixed income	20%	2.2%
Real assets	12%	4.2%
Diversifying strategies	10%	6.6%

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.

City of Cadillac

Notes to the Financial Statements

PFRS

The total pension liability was determined by an actuarial valuation as of June 30, 2017 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.

The actuarial assumptions used in the June 30, 2017 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, 2017 are 7.35%.

City of Cadillac

Notes to the Financial Statements

The following was the City's asset allocation policy as of June 30, 2017:

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, 2017, 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 (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
MERS			
Net pension liability of the City	\$ 4,473,166	\$ 2,882,476	\$ 1,528,412
	1% Decrease (6.35%)	Current Discount Rate (7.35%)	1% Increase (8.35%)
PFRS			
Net pension liability of the City	\$ 4,195,712	\$ 2,727,296	\$ 1,486,136

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 on an ongoing basis, is

City of Cadillac

Notes to the Financial Statements

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	\$ 100,308	\$ 196,005
Adjustment to ARC	-	-
Interest on Net OPEB Obligation	492	23,921
Annual OPEB Cost (Expense)	100,800	219,926
Less: Contributions Made	(23,466)	(126,839)
<i>Increase in OPEB Obligation</i>	77,334	93,087
<i>Beginning Net OPEB Obligation</i>	8,516	413,861
<i>Ending Net OPEB Obligation</i>	\$ 85,850	\$ 506,948

The City's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2017 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	6/30/2015	144,439	36%	8,672
	6/30/2016	152,722	100%	8,516
	6/30/2017	100,800	23%	85,850
Policemen & Firemen Retiree Health Care Plan	6/30/2015	163,806	83%	425,795
	6/30/2016	106,945	111%	413,861
	6/30/2017	219,926	58%	506,948

Funded Status and Funding Progress. As of June 30, 2017, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,736,159 for the GRHCP plan and \$3,028,119 for the PFRHP Plan, which were funded \$1,448,999 and \$1,837,529, respectively. The unfunded actuarial accrued liability was \$287,160 and \$1,190,590, respectively and the funded ratio was 83% and 61%, respectively. The covered payroll (annual payroll of the active employees covered by the Plan) was \$1,168,574 and \$637,566 respectively, and the ratio of the UAAL to the covered payroll was 25% and 187%, 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 provides

City of Cadillac

Notes to the Financial Statements

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	Policemen & Firemen Retiree Health Care Plan
Valuation Date	6/30/2017	6/30/2017
Actuarial Cost Method	Entry Age	Entry Age
	Normal Level % of Salary	Normal Level % of Salary
Amortization Method	Level Dollar over 20 years, Closed	Level Dollar over 20 years, Closed
Remaining Amortization	17 Years	17 Years
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions		
Interest Rate	7.5%	7.5%
Inflation Rate Assumptions		
Projected Salary Increases	4.5%	4.5%
Inflation Rate	3.0%	4.5%
Valuation Health Care Cost Trend Rate		
Medical	9.0% in 2017 to 5.0% in 2025+	9.0% in 2017 to 5.0% in 2025+
Prescription Drug	9.0% in 2017 to 5.0% in 2025+	9.0% in 2017 to 5.0% in 2025+
Dental / Vision	5.0% initially, decreasing by 0.5% to 3.0%	5.0% initially, decreasing by 0.5% to 3.0%

Note 11 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees (workers' compensation); medical benefits provided to employees, and natural disasters. The City has purchased commercial insurance for health claims, general liability, and property. The City participates in the Michigan Municipal

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.

	Special Assessment			
	General Fund	Capital Projects	Nonmajor Funds	Total
Nonspendable				
Prepays	\$ 54,583	\$ -	\$ 4,444	\$ 59,027
Cemetery Perpetual Care	-	-	280,759	280,759
Capital Projects	-	-	449,245	449,245
Total Nonspendable	\$ 54,583	\$ -	\$ 734,448	\$ 789,031

City of Cadillac

Notes to the Financial Statements

	General Fund	Special Assessment Capital Projects	Nonmajor Funds	Total
Restricted for				
Veterans Memorial	\$ 1,855	\$ -	\$ -	\$ 1,855
Youth Services	844	-	-	844
Drug Forfeiture	4,656	-	-	4,656
Fire Safety House	666	-	-	666
Blackburn Skate Park	3,083	-	-	3,083
White Pine Trail	1,195	-	-	1,195
Diggins Hill Park	7,578	-	-	7,578
CAMA Lighthouse	800	-	-	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
Unspent Bond Proceeds	-	1,611,089	-	1,611,089
Major & Local Streets	-	-	1,047,956	1,047,956
Saw Grant	-	-	8,411	8,411
Cemetery	-	-	32,821	32,821
Milfoil	-	-	70,141	70,141
Building Inspection	-	-	9,444	9,444
Clam River Greenway	-	-	20,697	20,697
Naval Reserve Center	-	-	28	28
Debt Service	-	-	70,707	70,707
Capital Projects	-	-	173,661	173,661
Cemetery Perpetual Care	-	-	245,000	245,000
Total Restricted	38,423	1,611,089	1,678,866	3,328,378
Assigned for				
Working Capital	1,016,535	-	-	1,016,535
Sick & Vacation	396,308	-	-	396,308
Subsequent Year Use of Fund Balance	43,900	-	-	43,900
Pistol Range	4,627	-	-	4,627
CASA Field Use	2,520	-	-	2,520
HL Green Operating	-	-	119,882	119,882
Future Economic Development Loans	-	-	1,211,316	1,211,316
Industrial Development	-	-	350,874	350,874
Corridor Improvement	-	-	5,899	5,899
Total Assigned	1,463,890	-	1,687,971	3,151,861
Unassigned	1,118,374	-	-	1,118,374
Total Fund Balances - Governmental Funds	\$ 2,675,270	\$ 1,611,089	\$ 4,101,285	\$ 8,387,644

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:

	Governmental Activities	Business-type Activities	Component Units
Restricted for			
Nonexpendable Cemetery Trust	\$ 280,759	\$ -	\$ -
Nonexpendable Capital Projects	449,245	-	-
Groundwater Cleanup	-	-	499,293
Economic Development	-	-	549,893
EE & Retiree Life & Health Insurance	654,410	-	-
General Government			
Cemetery Perpetual Care	245,000	-	-
Cemetery	32,821	-	-
Public Safety			
Drug Forfeiture	4,656	-	-
Fire Safety House	666	-	-
Youth Services	844	-	-
Building Inspection	9,444	-	-
Public Works			
Streets	1,052,332	-	-
Milfoil	70,141	-	-
Saw Grant	8,411	-	-
Bike Routes	2,000	-	-
Recreation & Culture			
Veterans Memorial	1,855	-	-
Blackburn Skate Park	3,083	-	-
White Pine Trail	1,195	-	-
Diggins Hill Park	7,578	-	-
CAMA Lighthouse	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	173,661	-	1,362,401
Other Capital Projects	1,611,089	-	-
Debt Service	70,707	642,681	-
Total Restricted Net Position	\$ 4,717,140	\$ 642,681	\$ 2,411,587

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 land balance within the Downtown Development Authority. As a result of the correction the beginning net position of the component unit (the DDA) has been restated as indicated:

	Component Unit
	- DDA
Net Position - June 30, 2016 - As previously reported	\$ 3,569,598
Adjustment for correction for land in DDA	249,297
Net Position - June 30, 2016 - Restated	<u>\$ 3,818,895</u>

Note 17 - Subsequent Events

Subsequent events have been evaluated through December 6, 2017, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would have a significant impact on the financial condition of the City.

Note 18 - Tax Abatements

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended June 30, 2017, the City's property taxes were reduced by \$67,884 under this program.

City of Cadillac

Notes to the Financial Statements

Note 19 - Net Investment in Capital Assets

Following is a summary of net investment in capital assets as presented in the government-wide statement of net position:

	Governmental Activities	Business-type Activities	Component Units
Capital Assets:			
Capital assets not being depreciated	\$ 2,480,493	\$ 914,106	\$ 529,080
Capital assets being depreciated, net	8,988,472	21,919,987	1,711,859
Unspent bond proceeds	1,611,089	-	-
Long-term Debt:			
Due within one year	(920,000)	(570,000)	(68,447)
Due in more than one year	(1,205,000)	(7,014,061)	(997,510)
Net Investment in Capital Assets	<u>\$ 10,955,054</u>	<u>\$ 15,250,032</u>	<u>\$ 1,174,982</u>

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, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 3,828,000	\$ 3,828,000	\$ 3,829,758	\$ 1,758
Federal Revenue	40,000	103,000	121,569	18,569
State Revenue	1,342,000	1,634,000	1,677,805	43,805
Local Revenue Sharing	179,000	179,000	195,607	16,607
Licenses & Permits	131,000	131,000	145,085	14,085
Charges for Services	904,500	904,500	847,576	(56,924)
Fines	15,000	15,000	14,857	(143)
Miscellaneous	16,500	44,000	108,558	64,558
Interest Income	30,000	30,000	26,823	(3,177)
Total Revenues	6,486,000	6,868,500	6,967,638	99,138
Expenditures				
General Government				
City Council	45,400	45,400	41,894	3,506
City Manager	257,000	257,000	241,125	15,875
Finance	231,700	231,700	225,788	5,912
Assessor	135,500	135,500	130,887	4,613
Clerk/Treasurer	288,500	291,500	286,867	4,633
Elections	15,500	15,500	13,090	2,410
Building and Grounds	292,000	292,000	266,138	25,862
City Attorney	200,000	200,000	153,913	46,087
Engineering	176,300	176,300	166,114	10,186
Total General Government	1,641,900	1,644,900	1,525,816	119,084
Public Safety				
Police Department	1,944,799	1,952,799	1,871,017	81,782
Code Enforcement	31,500	31,500	29,032	2,468
Fire Department	1,262,500	1,274,000	1,296,441	(22,441)
Total Public Safety	3,238,799	3,258,299	3,196,490	61,809
Public Works				
Public Works	197,900	197,900	229,021	(31,121)
Alleys	44,000	44,000	21,877	22,123
Leaves	54,400	54,400	50,191	4,209
Grass and Weed Control	19,600	19,600	24,590	(4,990)
Composting	4,600	4,600	4,626	(26)
Waste Removal	476,000	476,000	460,394	15,606
Airport	34,600	34,600	34,344	256
Total Public Works	831,100	831,100	825,043	6,057

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund (Continued)
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Expenditures (Continued)				
Community and Economic Development				
Planning and Zoning	117,000	117,000	116,920	80
Community Promotions	35,300	35,300	39,273	(3,973)
Economic Development	--	25,000	26,798	(1,798)
Total Community and Economic Dev.	152,300	177,300	182,991	(5,691)
Recreation and Culture				
Municipal Parks	211,200	211,200	232,168	(20,968)
Arts Commission	10,500	10,500	10,500	--
Cadillac Community TV	25,000	25,000	12,500	12,500
School Recreation Program	66,200	66,200	72,212	(6,012)
Total Recreation and Culture	312,900	312,900	327,380	(14,480)
Capital Outlay	79,701	152,201	144,822	7,379
Total Expenditures	6,256,700	6,376,700	6,202,542	174,158
Other Financing Uses				
Transfers Out	265,000	265,000	198,850	66,150
Total Expenditures and Other Financing Uses	6,521,700	6,641,700	6,401,392	240,308
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(35,700)	226,800	566,246	339,446
Net Change in Fund Balance	(35,700)	226,800	566,246	339,446
Fund Balance at Beginning of Period	2,109,024	2,109,024	2,109,024	--
Fund Balance at End of Period	\$ 2,073,324	\$ 2,335,824	\$ 2,675,270	\$ 339,446

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

	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 265,532	\$ 244,157	\$ 244,157	\$ 236,694
Interest	943,431	927,642	895,778	852,820
Differences Between Expected & Actual Experience	59,257	(23,128)	119,335	250,448
Changes in Assumptions	(67,609)	48,937	78,308	-
Benefit Payments, Including Refunds	(854,022)	(827,606)	(798,335)	(743,524)
Net Change in Pension Liability	346,589	370,002	539,243	596,438
<i>Total Pension Liability - Beginning</i>	13,130,037	12,760,035	12,220,792	11,624,354
Total Pension Liability - Ending (a)	<u>\$ 13,476,626</u>	<u>\$ 13,130,037</u>	<u>\$ 12,760,035</u>	<u>\$ 12,220,792</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 630,432	\$ 629,917	\$ 631,963	\$ 633,673
Contributions - Member	38,283	37,461	36,346	42,195
Net Investment Income	1,193,963	56,318	258,280	1,146,932
Benefit Payments, Including Refunds	(854,022)	(827,606)	(798,335)	(743,524)
Administrative Expenses	(11,100)	(10,400)	(9,700)	(7,200)
Net Change in Plan Fiduciary Net Position	997,556	(114,310)	118,554	1,072,076
<i>Plan Fiduciary Net Position - Beginning</i>	9,751,774	9,866,084	9,747,530	8,675,454
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,749,330</u>	<u>\$ 9,751,774</u>	<u>\$ 9,866,084</u>	<u>\$ 9,747,530</u>
Net Pension (Asset) Liability - Ending (a) - (b)	\$ 2,727,296	\$ 3,378,263	\$ 2,893,951	\$ 2,473,262
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80%	74%	77%	80%
Covered Employee Payroll	\$ 1,528,849	\$ 1,607,792	\$ 1,595,473	\$ 1,568,160
Net Pension Liability as a Percentage of Covered Employee Payroll	178%	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 Three Years

	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 183,064	\$ 178,507	\$ 182,201
Interest	962,346	912,790	861,002
Differences Between Expected & Actual Experience	(350,495)	18,275	-
Changes in Assumptions	-	579,967	-
Benefit Payments, Including Refunds	(725,564)	(728,028)	(696,532)
Net Change in Pension Liability	69,351	961,511	346,671
<i>Total Pension Liability - Beginning</i>	12,300,388	11,338,877	10,992,206
Total Pension Liability - Ending (a)	\$ 12,369,739	\$ 12,300,388	\$ 11,338,877
Plan Fiduciary Net Position			
Contributions - Employer	\$ 281,993	\$ 260,636	\$ 274,762
Net Investment Income	1,001,110	(139,307)	617,338
Benefit Payments, Including Refunds	(725,196)	(728,028)	(696,532)
Administrative Expenses	(19,782)	(20,636)	(22,612)
Net Change in Plan Fiduciary Net Position	538,125	(627,335)	172,956
<i>Plan Fiduciary Net Position - Beginning</i>	8,949,138	9,576,473	9,883,508
Plan Fiduciary Net Position - Ending (b)	\$ 9,487,263	\$ 8,949,138	\$ 8,949,138
Net Pension (Asset) Liability - Ending (a) - (b)	\$ 2,882,476	\$ 3,351,250	\$ 2,389,739
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77%	73%	79%
Covered Employee Payroll	\$ 2,195,369	\$ 2,186,192	\$ 2,712,307
Net Pension Liability as a Percentage of Covered Employee Payroll	131%	153%	88%

* Built prospectively upon implementation of GASB68

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	\$ 533,253	\$ 543,315	\$ 549,400	\$ 543,315	\$ 549,400	\$ 545,530	\$ 513,543	\$ 556,203	\$ 573,385	\$ 482,450
Contributions in Relation to the Actuarially Determined Contribution	630,432	629,917	631,963	633,673	651,762	666,098	1,051,479	504,691	567,171	558,831
Contribution Deficiency (Excess)	<u>\$ (97,179)</u>	<u>\$ (86,602)</u>	<u>\$ (82,563)</u>	<u>\$ (90,358)</u>	<u>\$ (102,362)</u>	<u>\$ (120,568)</u>	<u>\$ (537,936)</u>	<u>\$ 51,512</u>	<u>\$ 6,214</u>	<u>\$ (76,381)</u>
Covered Employee Payroll	1,528,849	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
Contributions as a Percentage of Covered Employee Payroll	41%	39%	40%	40%	25%	26%	44%	32%	41%	40%

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	\$ 281,993	\$ 260,636	\$ 274,762	\$ 261,878	\$ 227,945	\$ 211,857	\$ 159,007	\$ 90,263	\$ 84,146	\$ 94,522
Contributions in Relation to the Actuarially Determined Contribution	281,993	260,636	274,762	261,878	227,945	211,857	159,007	90,263	84,146	94,522
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	2,217,872	2,193,625	2,739,769	2,647,200	2,522,912	2,413,371	2,552,000	2,494,000	2,743,000	2,552,000
Contributions as a Percentage of Covered Employee Payroll	13%	12%	10%	10%	9%	9%	6%	4%	3%	4%

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 eligibilty condtion
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 Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	7.60%	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 Accrued Liability (AAL) Entry Age (b)	(Overfunded) Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
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%
6/30/2017	6/30/2017	1,448,999	1,736,159	287,160	83%	1,168,574	25%

Policemen & Firemen Retiree Health Care Plan

Actuarial Valuation Date	Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	(Overfunded) Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
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%
6/30/2017	6/30/2017	1,837,529	3,028,119	1,190,590	61%	637,566	187%

	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
General Retiree Health Care Plan	6/30/2015	144,439	36%	8,672
	6/30/2016	152,722	100%	8,516
	6/30/2017	100,800	23%	85,850
Policemen & Firemen Retiree Health Care Plan	6/30/2015	163,806	83%	425,795
	6/30/2016	106,945	111%	413,861
	6/30/2017	219,926	58%	506,948

OTHER SUPPLEMENTARY INFORMATION

City of Cadillac

Nonmajor Governmental Fund Descriptions

SPECIAL REVENUE FUNDS

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

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

Cemetery 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.

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.

SAW Grant Fund - This fund was established to account for the SAW grant.

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

2016 GO Bonds Fund - A 2016 General Obligation Bond issue to acquire and construct various municipality improvements.

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

City of Cadillac

Nonmajor Governmental Fund Descriptions

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.

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.

Market Capital Project Fund - The purpose is to account for the market capital project.

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, 2017**

	Special Revenue					
	Major Streets	Local Streets	Cemetery	Milfoil	Cadillac Development	Naval Reserve Center
ASSETS						
Cash & Pooled Investments	\$ 538,054	\$ 345,881	\$ 40,983	\$ 68,516	\$ 1,053,875	\$ 339
Receivables	135,302	49,291	--	1,625	71,033	--
Prepays	1,323	2,017	1,008	--	96	--
Advance to Other Funds	--	--	--	--	150,000	--
Total Assets	\$ 674,679	\$ 397,189	\$ 41,991	\$ 70,141	\$ 1,275,004	\$ 339
LIABILITIES						
Accounts Payable	\$ 1,242	\$ 8,758	\$ 4,075	\$ --	\$ --	\$ 311
Accrued Liabilities	6,203	4,369	4,087	--	549	--
Total Liabilities	7,445	13,127	8,162	--	549	311
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	--	--	--	--	63,043	--
Total Liabilities and Deferred Inflows of Resources	7,445	13,127	8,162	--	63,592	311
FUND BALANCE						
Nonspendable	1,323	2,017	1,008	--	96	--
Restricted	665,911	382,045	32,821	70,141	--	28
Assigned	--	--	--	--	1,211,316	--
Unassigned	--	--	--	--	--	--
Total Fund Balance	667,234	384,062	33,829	70,141	1,211,412	28
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 674,679	\$ 397,189	\$ 41,991	\$ 70,141	\$ 1,275,004	\$ 339

**City of Cadillac
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

	<u>Special Revenue</u>			<u>Debt Service</u>		<u>Capital Projects</u>
	<u>HL Green Operating</u>	<u>Saw Grant</u>	<u>Building Inspection</u>	<u>2016 GO Bonds</u>	<u>2004 Capital Improvement Bonds</u>	<u>Industrial Park</u>
ASSETS						
Cash & Pooled Investments	\$ 118,098	\$ 7,781	\$ 13,998	\$ 18	\$ 70,689	\$ 350,959
Receivables	1,784	15,359	2,279	--	--	125
Prepays	--	--	--	--	--	--
Advance to Other Funds	--	--	--	--	--	--
<i>Total Assets</i>	\$ 119,882	\$ 23,140	\$ 16,277	\$ 18	\$ 70,689	\$ 351,084
LIABILITIES						
Accounts Payable	\$ --	\$ 14,729	\$ 6,833	\$ --	\$ --	\$ 210
Accrued Liabilities	--	--	--	--	--	--
<i>Total Liabilities</i>	--	14,729	6,833	--	--	210
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	--	14,729	6,833	--	--	210
FUND BALANCE						
Nonspendable	--	--	--	--	--	--
Restricted	--	8,411	9,444	18	70,689	--
Assigned	119,882	--	--	--	--	350,874
Unassigned	--	--	--	--	--	--
<i>Total Fund Balance</i>	119,882	8,411	9,444	18	70,689	350,874
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 119,882	\$ 23,140	\$ 16,277	\$ 18	\$ 70,689	\$ 351,084

**City of Cadillac
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

	Capital Projects				Permanent		Total Nonmajor Governmental Funds
	Clam River Greenway	Rotary Park Project	Corridor Improvement	Market Capital Project	Cemetery Perpetual	Capital Projects Trust	
ASSETS							
Cash & Pooled Investments	\$ 20,697	\$ 9,354	\$ 5,899	\$ 164,307	\$ 501,861	\$ 448,926	\$ 3,760,235
Receivables	--	--	--	--	23,898	319	301,015
Prepays	--	--	--	--	--	--	4,444
Advance to Other Funds	--	--	--	--	--	--	150,000
Total Assets	\$ 20,697	\$ 9,354	\$ 5,899	\$ 164,307	\$ 525,759	\$ 449,245	\$ 4,215,694
LIABILITIES							
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 36,158
Accrued Liabilities	--	--	--	--	--	--	15,208
Total Liabilities	--	--	--	--	--	--	51,366
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	--	--	--	--	--	--	63,043
Total Liabilities and Deferred Inflows of Resources	--	--	--	--	--	--	114,409
FUND BALANCE							
Nonspendable	--	--	--	--	280,759	449,245	734,448
Restricted	20,697	9,354	--	164,307	245,000	--	1,678,866
Assigned	--	--	5,899	--	--	--	1,687,971
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	20,697	9,354	5,899	164,307	525,759	449,245	4,101,285
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 20,697	\$ 9,354	\$ 5,899	\$ 164,307	\$ 525,759	\$ 449,245	\$ 4,215,694

City of Cadillac
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue					
	Major Streets	Local Streets	Cemetery	Milfoil	Cadillac Development	Naval Reserve Center
Revenues						
Property Taxes	\$ --	\$ --	\$ --	\$ 138	\$ --	\$ --
Licenses & Permits	--	--	--	--	--	--
State Revenue	907,368	256,215	--	--	--	--
Charges for Services	--	--	48,825	--	--	15,926
Miscellaneous	1,500	1,000	--	--	--	3,454
Interest Income	2,304	--	--	485	7,765	--
Total Revenues	911,172	257,215	48,825	623	7,765	19,380
Expenditures						
General Government	--	--	101,565	--	--	31,106
Public Safety	--	--	--	--	--	--
Public Works	541,697	360,288	--	36,035	--	--
Economic Development	--	--	--	--	50,678	--
Capital Outlay	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--
Total Expenditures	541,697	360,288	101,565	36,035	50,678	31,106
Excess of Revenues Over						
(Under) Expenditures	369,475	(103,073)	(52,740)	(35,412)	(42,913)	(11,726)
Other Financing Sources (Uses)						
Transfers In	--	262,500	48,750	--	--	10,100
Transfers Out	(204,500)	(143,000)	--	--	(10,000)	--
Net Other Financing Sources (Uses)	(204,500)	119,500	48,750	--	(10,000)	10,100
Net Change in Fund Balance	164,975	16,427	(3,990)	(35,412)	(52,913)	(1,626)
<i>Fund Balance at Beginning of Period</i>	<i>502,259</i>	<i>367,635</i>	<i>37,819</i>	<i>105,553</i>	<i>1,264,325</i>	<i>1,654</i>
Fund Balance at End of Period	\$ 667,234	\$ 384,062	\$ 33,829	\$ 70,141	\$ 1,211,412	\$ 28

City of Cadillac
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	<u>Special Revenue</u>			<u>Debt Service</u>		<u>Capital Projects</u>
	<u>HL Green Operating</u>	<u>Saw Grant</u>	<u>Building Inspection</u>	<u>2016 GO Bonds</u>	<u>2004 Capital Improvement Bonds</u>	<u>Industrial Park</u>
Revenues						
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses & Permits	--	--	118,934	--	--	--
State Revenue	--	540,793	--	--	--	--
Charges for Services	--	--	--	--	--	--
Miscellaneous	--	--	--	--	--	--
Interest Income	1,421	--	--	--	544	2,471
Total Revenues	<u>1,421</u>	<u>540,793</u>	<u>118,934</u>	<u>--</u>	<u>544</u>	<u>2,471</u>
Expenditures						
General Government	--	--	--	--	500	8,504
Public Safety	--	--	111,319	--	--	--
Public Works	--	532,382	--	--	--	--
Economic Development	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--
Debt Service - Principal	--	--	--	170,000	75,000	8,862
Debt Service - Interest	--	--	--	50,282	4,553	--
Total Expenditures	<u>--</u>	<u>532,382</u>	<u>111,319</u>	<u>220,282</u>	<u>80,053</u>	<u>17,366</u>
Excess of Revenues Over (Under) Expenditures	<u>1,421</u>	<u>8,411</u>	<u>7,615</u>	<u>(220,282)</u>	<u>(79,509)</u>	<u>(14,895)</u>
Other Financing Sources (Uses)						
Transfers In	--	--	--	220,300	88,000	--
Transfers Out	--	--	--	--	(73,300)	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>220,300</u>	<u>14,700</u>	<u>--</u>
Net Change in Fund Balance	<u>1,421</u>	<u>8,411</u>	<u>7,615</u>	<u>18</u>	<u>(64,809)</u>	<u>(14,895)</u>
Fund Balance at Beginning of Period	<u>118,461</u>	<u>--</u>	<u>1,829</u>	<u>--</u>	<u>135,498</u>	<u>365,769</u>
Fund Balance at End of Period	<u>\$ 119,882</u>	<u>\$ 8,411</u>	<u>\$ 9,444</u>	<u>\$ 18</u>	<u>\$ 70,689</u>	<u>\$ 350,874</u>

City of Cadillac
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Capital Projects				Permanent		Total Nonmajor Governmental Funds
	Clam River Greenway	Rotary Park Project	Corridor Improvement	Market Capital Project	Cemetery Perpetual	Capital Projects Trust	
Revenues							
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 138
Licenses & Permits	--	--	--	--	--	--	118,934
State Revenue	--	--	--	50,000	--	--	1,754,376
Charges for Services	--	--	--	--	8,800	--	73,551
Miscellaneous	--	8,452	--	114,307	--	--	128,713
Interest Income	--	--	--	--	6,428	5,662	27,080
Total Revenues	--	8,452	--	164,307	15,228	5,662	2,102,792
Expenditures							
General Government	--	--	--	--	500	499	142,674
Public Safety	--	--	--	--	--	--	111,319
Public Works	--	--	--	--	--	--	1,470,402
Economic Development	--	--	--	--	--	--	50,678
Capital Outlay	--	237,186	--	--	--	--	237,186
Debt Service - Principal	--	--	--	--	--	--	253,862
Debt Service - Interest	--	--	--	--	--	--	54,835
Total Expenditures	--	237,186	--	--	500	499	2,320,956
Excess of Revenues Over (Under) Expenditures	--	(228,734)	--	164,307	14,728	5,163	(218,164)
Other Financing Sources (Uses)							
Transfers In	--	140,000	--	--	--	--	769,650
Transfers Out	--	--	--	--	--	(140,000)	(570,800)
Net Other Financing Sources (Uses)	--	140,000	--	--	--	(140,000)	198,850
Net Change in Fund Balance	--	(88,734)	--	164,307	14,728	(134,837)	(19,314)
<i>Fund Balance at Beginning of Period</i>	20,697	98,088	5,899	--	511,031	584,082	4,120,599
Fund Balance at End of Period	\$ 20,697	\$ 9,354	\$ 5,899	\$ 164,307	\$ 525,759	\$ 449,245	\$ 4,101,285

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Major Streets
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
State Revenue	\$ 873,900	\$ 873,900	\$ 907,368	\$ 33,468
Local Revenue Sharing	--	--	1,500	1,500
Interest Income	--	--	2,304	2,304
Total Revenues	873,900	873,900	911,172	37,272
Other Financing Sources				
Total Revenues and Other Financing Sources	873,900	873,900	911,172	37,272
Expenditures				
Public Works	612,800	612,800	541,697	71,103
Total Expenditures	612,800	612,800	541,697	71,103
Other Financing Uses				
Transfers Out	168,500	242,000	204,500	37,500
Total Expenditures and Other Financing Uses	781,300	854,800	746,197	108,603
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	92,600	19,100	164,975	145,875
Net Change in Fund Balance	92,600	19,100	164,975	145,875
Fund Balance at Beginning of Period	502,259	502,259	502,259	--
Fund Balance at End of Period	\$ 594,859	\$ 521,359	\$ 667,234	\$ 145,875

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Local Streets
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
State Revenue	\$ 255,000	\$ 255,000	\$ 256,215	\$ 1,215
Local Revenue Sharing	--	--	1,000	1,000
Total Revenues	<u>255,000</u>	<u>255,000</u>	<u>257,215</u>	<u>2,215</u>
Other Financing Sources				
Transfers In	<u>350,000</u>	<u>350,000</u>	<u>262,500</u>	<u>(87,500)</u>
Total Revenues and Other Financing Sources	<u>605,000</u>	<u>605,000</u>	<u>519,715</u>	<u>(85,285)</u>
Expenditures				
Public Works	<u>464,800</u>	<u>464,800</u>	<u>360,288</u>	<u>104,512</u>
Total Expenditures	<u>464,800</u>	<u>464,800</u>	<u>360,288</u>	<u>104,512</u>
Other Financing Uses				
Transfers Out	<u>69,500</u>	<u>143,000</u>	<u>143,000</u>	<u>--</u>
Total Expenditures and Other Financing Uses	<u>534,300</u>	<u>607,800</u>	<u>503,288</u>	<u>104,512</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>70,700</u>	<u>(2,800)</u>	<u>16,427</u>	<u>19,227</u>
Net Change in Fund Balance	<u>70,700</u>	<u>(2,800)</u>	<u>16,427</u>	<u>19,227</u>
<i>Fund Balance at Beginning of Period</i>	<i>367,635</i>	<i>367,635</i>	<i>367,635</i>	<i>--</i>
Fund Balance at End of Period	<u>\$ 438,335</u>	<u>\$ 364,835</u>	<u>\$ 384,062</u>	<u>\$ 19,227</u>

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Cemetery
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Charges for Services	\$ 52,000	\$ 52,000	\$ 48,825	\$ (3,175)
Total Revenues	52,000	52,000	48,825	(3,175)
Other Financing Sources				
Transfers In	65,000	65,000	48,750	(16,250)
Total Revenues and Other Financing Sources	117,000	117,000	97,575	(19,425)
Expenditures				
General Government	113,000	113,000	101,565	11,435
Total Expenditures	113,000	113,000	101,565	11,435
Other Financing Uses				
Total Expenditures and Other Financing Uses	113,000	113,000	101,565	11,435
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	4,000	4,000	(3,990)	(7,990)
Net Change in Fund Balance	4,000	4,000	(3,990)	(7,990)
Fund Balance at Beginning of Period	37,819	37,819	37,819	--
Fund Balance at End of Period	\$ 41,819	\$ 41,819	\$ 33,829	\$ (7,990)

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Milfoil
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Property Taxes	\$ --	\$ --	\$ 138	\$ 138
Interest Income	1,500	1,500	485	(1,015)
Total Revenues	1,500	1,500	623	(877)
Other Financing Sources				
Total Revenues and Other Financing Sources	1,500	1,500	623	(877)
Expenditures				
Public Works	91,500	91,500	36,035	55,465
Total Expenditures	91,500	91,500	36,035	55,465
Other Financing Uses				
Total Expenditures and Other Financing Uses	91,500	91,500	36,035	55,465
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(90,000)	(90,000)	(35,412)	54,588
Net Change in Fund Balance	(90,000)	(90,000)	(35,412)	54,588
Fund Balance at Beginning of Period	105,553	105,553	105,553	--
Fund Balance at End of Period	\$ 15,553	\$ 15,553	\$ 70,141	\$ 54,588

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Cadillac Development
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Interest Income	\$ 25,000	\$ 160,000	\$ 7,765	\$ (152,235)
Total Revenues	25,000	160,000	7,765	(152,235)
Other Financing Sources				
Total Revenues and Other Financing Sources	25,000	160,000	7,765	(152,235)
Expenditures				
Economic Development	49,100	49,100	50,678	(1,578)
Total Expenditures	49,100	49,100	50,678	(1,578)
Other Financing Uses				
Transfers Out	20,000	20,000	10,000	10,000
Total Expenditures and Other Financing Uses	69,100	69,100	60,678	8,422
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(44,100)	90,900	(52,913)	(143,813)
Net Change in Fund Balance	(44,100)	90,900	(52,913)	(143,813)
<i>Fund Balance at Beginning of Period</i>	1,264,325	1,264,325	1,264,325	--
Fund Balance at End of Period	\$ 1,220,225	\$ 1,355,225	\$ 1,211,412	\$ (143,813)

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Naval Reserve Center
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Charges for Services	\$ 10,400	\$ 10,400	\$ 15,926	\$ 5,526
Miscellaneous	10,400	10,400	3,454	(6,946)
Total Revenues	20,800	20,800	19,380	(1,420)
Other Financing Sources				
Transfers In	--	--	10,000	10,000
Total Revenues and Other Financing Sources	20,800	20,800	29,380	8,580
Expenditures				
General Government	22,500	22,500	31,106	(8,606)
Total Expenditures	22,500	22,500	31,106	(8,606)
Other Financing Uses				
Total Expenditures and Other Financing Uses	22,500	22,500	31,106	(8,606)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,700)	(1,700)	(1,726)	(26)
Net Change in Fund Balance	(1,700)	(1,700)	(1,726)	(26)
Fund Balance at Beginning of Period	1,654	1,654	1,654	--
Fund Balance at End of Period	\$ (46)	\$ (46)	\$ (72)	\$ (26)

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
HL Green Operating
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Interest Income	\$ 1,000	\$ 1,000	\$ 1,421	\$ 421
Total Revenues	1,000	1,000	1,421	421
Other Financing Sources				
Total Revenues and Other Financing Sources	1,000	1,000	1,421	421
Expenditures				
Total Expenditures	--	--	--	--
Other Financing Uses				
Total Expenditures and Other Financing Uses	--	--	--	--
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,000	1,000	1,421	421
Net Change in Fund Balance	1,000	1,000	1,421	421
Fund Balance at Beginning of Period	118,461	118,461	118,461	--
Fund Balance at End of Period	\$ 119,461	\$ 119,461	\$ 119,882	\$ 421

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Saw Grant
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
State Revenue	\$ 1,000,000	\$ 1,000,000	\$ 540,793	\$ (459,207)
Total Revenues	1,000,000	1,000,000	540,793	(459,207)
Other Financing Sources				
Total Revenues and Other Financing Sources	1,000,000	1,000,000	540,793	(459,207)
Expenditures				
Public Works	1,000,000	1,000,000	532,382	467,618
Total Expenditures	1,000,000	1,000,000	532,382	467,618
Other Financing Uses				
Total Expenditures and Other Financing Uses	1,000,000	1,000,000	532,382	467,618
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	8,411	8,411
Net Change in Fund Balance	--	--	8,411	8,411
Fund Balance at Beginning of Period	--	--	--	--
Fund Balance at End of Period	\$ --	\$ --	\$ 8,411	\$ 8,411

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Building Inspection
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Licenses & Permits	\$ --	\$ 115,000	\$ 118,934	\$ 3,934
Total Revenues	--	115,000	118,934	3,934
Other Financing Sources				
Total Revenues and Other Financing Sources	--	115,000	118,934	3,934
Expenditures				
Code Enforcement	--	110,000	111,319	(1,319)
Total Expenditures	--	110,000	111,319	(1,319)
Other Financing Uses				
Total Expenditures and Other Financing Uses	--	110,000	111,319	(1,319)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	5,000	7,615	2,615
Net Change in Fund Balance	--	5,000	7,615	2,615
<i>Fund Balance at Beginning of Period</i>	1,829	1,829	1,829	--
Fund Balance at End of Period	\$ 1,829	\$ 6,829	\$ 9,444	\$ 2,615

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
2016 GO Bonds
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Other Financing Sources				
Transfers In	\$ --	\$ 220,300	\$ 220,300	\$ --
Total Other Financing Sources	--	220,300	220,300	--
Expenditures				
Debt Service - Principal	--	170,000	170,000	--
Debt Service - Interest	--	50,300	50,282	18
Total Expenditures	--	220,300	220,282	18
Excess (Deficiency) of				
Other Sources Over Expenditures	--	--	18	18
Net Change in Fund Balance	--	--	18	18
Fund Balance at Beginning of Period	--	--	--	--
Fund Balance at End of Period	\$ --	\$ --	\$ 18	\$ 18

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
2004 Capital Improvement Bonds
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Interest Income	\$ --	\$ --	\$ 544	\$ 544
Total Revenues	--	--	544	544
Other Financing Sources				
Transfers In	88,000	88,000	88,000	--
Total Revenues and Other Financing Sources	88,000	88,000	88,544	544
Expenditures				
General Government	500	500	500	--
Debt Service - Principal	75,000	75,000	75,000	--
Debt Service - Interest	12,500	12,500	4,553	7,947
Total Expenditures	88,000	88,000	80,053	7,947
Other Financing Uses				
Transfers Out	--	73,300	73,300	--
Total Expenditures and Other Financing Uses	88,000	161,300	153,353	7,947
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	(73,300)	(64,809)	8,491
Net Change in Fund Balance	--	(73,300)	(64,809)	8,491
Fund Balance at Beginning of Period	135,498	135,498	135,498	--
Fund Balance at End of Period	\$ 135,498	\$ 62,198	\$ 70,689	\$ 8,491

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Industrial Park
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Interest Income	\$ 4,000	\$ 4,000	\$ 2,471	\$ (1,529)
Total Revenues	4,000	4,000	2,471	(1,529)
Other Financing Sources				
Sale of Property	35,000	35,000	--	(35,000)
Total Revenues and Other Financing Sources	39,000	39,000	2,471	(36,529)
Expenditures				
General Government	31,000	31,000	8,504	22,496
Debt Service - Principal	13,300	13,300	8,862	4,438
Total Expenditures	44,300	44,300	17,366	26,934
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(5,300)	(5,300)	(14,895)	(9,595)
Net Change in Fund Balance	(5,300)	(5,300)	(14,895)	(9,595)
Fund Balance at Beginning of Period	365,769	365,769	365,769	--
Fund Balance at End of Period	\$ 360,469	\$ 360,469	\$ 350,874	\$ (9,595)

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Clam River Greenway
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
<i>Total Revenues</i>	--	--	--	--
Other Financing Sources				
<i>Total Revenues and Other Financing Sources</i>	--	--	--	--
Expenditures				
<i>Total Expenditures</i>	--	--	--	--
Other Financing Uses				
<i>Total Expenditures and Other Financing Uses</i>	--	--	--	--
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	--	--
<i>Net Change in Fund Balance</i>	--	--	--	--
<i>Fund Balance at Beginning of Period</i>	20,697	20,697	20,697	--
<i>Fund Balance at End of Period</i>	\$ 20,697	\$ 20,697	\$ 20,697	\$ --

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Rotary Park Project
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Miscellaneous	\$ --	\$ 4,000	\$ 8,452	\$ 4,452
<i>Total Revenues</i>	--	4,000	8,452	4,452
Other Financing Sources				
Transfers In	--	140,000	140,000	--
<i>Total Revenues and Other Financing Sources</i>	--	144,000	148,452	4,452
Expenditures				
Capital Outlay	--	246,600	237,186	9,414
<i>Total Expenditures</i>	--	246,600	237,186	9,414
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</i>	--	(102,600)	(88,734)	13,866
<i>Net Change in Fund Balance</i>	--	(102,600)	(88,734)	13,866
<i>Fund Balance at Beginning of Period</i>	98,088	98,088	98,088	--
<i>Fund Balance at End of Period</i>	\$ 98,088	\$ (4,512)	\$ 9,354	\$ 13,866

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Corridor Improvement
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
<i>Total Revenues</i>	--	--	--	--
Other Financing Sources				
<i>Total Revenues and Other Financing Sources</i>	--	--	--	--
Expenditures				
<i>Total Expenditures</i>	--	--	--	--
Other Financing Uses				
<i>Total Expenditures and Other Financing Uses</i>	--	--	--	--
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	--	--
<i>Net Change in Fund Balance</i>	--	--	--	--
<i>Fund Balance at Beginning of Period</i>	5,899	5,899	5,899	--
<i>Fund Balance at End of Period</i>	\$ 5,899	\$ 5,899	\$ 5,899	\$ --

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Market Capital Project
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
State Revenue	\$ --	\$ --	\$ 50,000	\$ 50,000
Miscellaneous	--	--	114,307	114,307
Total Revenues	--	--	164,307	164,307
Expenditures				
Total Expenditures	--	--	--	--
Other Financing Uses				
Total Expenditures and Other Financing Uses	--	--	--	--
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	164,307	164,307
Net Change in Fund Balance	--	--	164,307	164,307
Fund Balance at Beginning of Period	--	--	--	--
Fund Balance at End of Period	\$ --	\$ --	\$ 164,307	\$ 164,307

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Cemetery Perpetual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Charges for Services	\$ 7,500	\$ 7,500	\$ 8,800	\$ 1,300
Interest Income	7,000	7,000	6,428	(572)
Total Revenues	14,500	14,500	15,228	728
Expenditures				
General Government	500	500	500	--
Total Expenditures	500	500	500	--
Excess (Deficiency) of Revenues Over Expenditures	14,000	14,000	14,728	728
Net Change in Fund Balance	14,000	14,000	14,728	728
<i>Fund Balance at Beginning of Period</i>	<i>511,031</i>	<i>511,031</i>	<i>511,031</i>	<i>--</i>
Fund Balance at End of Period	\$ 525,031	\$ 525,031	\$ 525,759	\$ 728

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Capital Projects Trust
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Interest Income	\$ 8,000	\$ 8,000	\$ 5,662	\$ (2,338)
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>5,662</u>	<u>(2,338)</u>
Expenditures				
General Government	5,000	5,000	499	4,501
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>499</u>	<u>4,501</u>
Other Financing Uses				
Transfers Out	--	140,000	140,000	--
Total Expenditures and Other Financing Uses	<u>5,000</u>	<u>145,000</u>	<u>140,499</u>	<u>4,501</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>3,000</u>	<u>(137,000)</u>	<u>(134,837)</u>	<u>2,163</u>
Net Change in Fund Balance	3,000	(137,000)	(134,837)	2,163
Fund Balance at Beginning of Period	584,082	584,082	584,082	--
Fund Balance at End of Period	\$ 587,082	\$ 447,082	\$ 449,245	\$ 2,163

City of Cadillac
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Special Assessment Capital Projects
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Miscellaneous	\$ 11,500	\$ 11,500	\$ 11,677	\$ 177
Interest Income	2,000	2,000	13,774	11,774
Total Revenues	13,500	13,500	25,451	11,951
Other Financing Sources				
General Obligation Bonds Issued	2,050,000	2,050,000	2,050,000	--
Total Revenues and Other Financing Sources	2,063,500	2,063,500	2,075,451	11,951
Expenditures				
General Government	13,500	13,500	1,535	11,965
Capital Outlay	1,500,000	1,500,000	490,468	1,009,532
Debt Service - Bond Issuance Costs	50,000	50,000	42,650	7,350
Total Expenditures	1,563,500	1,563,500	534,653	1,028,847
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	500,000	500,000	1,540,798	1,040,798
Net Change in Fund Balance	500,000	500,000	1,540,798	1,040,798
<i>Fund Balance at Beginning of Period</i>	<i>70,291</i>	<i>70,291</i>	<i>70,291</i>	<i>--</i>
Fund Balance at End of Period	\$ 570,291	\$ 570,291	\$ 1,611,089	\$ 1,040,798

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, 2017

	<u>Enterprise</u>		
	<u>Auto Parking</u>	<u>Building Authority</u>	<u>Total Enterprise Funds</u>
ASSETS			
<i>Current Assets</i>			
Cash & Pooled Investments	\$ 186,046	\$ 107,567	\$ 293,613
Receivables	95	41	136
Prepays	38	--	38
Total Current Assets	<u>186,179</u>	<u>107,608</u>	<u>293,787</u>
<i>Noncurrent Assets</i>			
Capital Assets not being Depreciated	249,221	90,445	339,666
Capital Assets being Depreciated	227,024	1,101,822	1,328,846
Total Assets	<u>662,424</u>	<u>1,299,875</u>	<u>1,962,299</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	--	273	273
Due to Other Governmental Units	--	94,227	94,227
Total Current Liabilities	<u>--</u>	<u>94,500</u>	<u>94,500</u>
<i>Noncurrent Liabilities</i>			
Total Liabilities	<u>--</u>	<u>94,500</u>	<u>94,500</u>
NET POSITION			
Net Investment in Capital Assets	476,245	1,192,267	1,668,512
Unrestricted	186,179	13,108	199,287
Total Net Position	<u>\$ 662,424</u>	<u>\$ 1,205,375</u>	<u>\$ 1,867,799</u>

City of Cadillac
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2017

	Enterprise		
	Auto Parking	Building Authority	Total Enterprise Funds
Operating Revenues			
Charges for Services	\$ 2,070	\$ --	\$ 2,070
Rent	--	112,440	112,440
Miscellaneous	47,956	--	47,956
Total Operating Revenues	50,026	112,440	162,466
Operating Expenses			
Salaries & Wages	11,358	--	11,358
Materials & Supplies	762	--	762
Utilities	--	3,094	3,094
Repair & Maintenance	--	53,590	53,590
Equipment Rental	20,380	--	20,380
Contracted Services	--	18,731	18,731
Professional Fees	500	--	500
Depreciation	16,755	42,675	59,430
Total Operating Expenses	49,755	118,090	167,845
Operating Income (Loss)	271	(5,650)	(5,379)
Non-Operating Revenues (Expenses)			
Interest Income	1,004	1,000	2,004
Net Non-Operating Revenues (Expenses)	1,004	1,000	2,004
Change In Net Position	1,275	(4,650)	(3,375)
<i>Net Position at Beginning of Period</i>	<i>661,149</i>	<i>1,210,025</i>	<i>1,871,174</i>
Net Position at End of Period	\$ 662,424	\$ 1,205,375	\$ 1,867,799

City of Cadillac
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2017

	Enterprise		
	Auto Parking	Building Authority	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash Received from Customers and Special Assessments	\$ 50,026	\$ 206,667	\$ 256,693
Cash Payments to Employees for Services and Fringe Benefits	(10,239)	-	(10,239)
Cash Payments to Suppliers for Goods and Services	(22,188)	(76,074)	(98,262)
Total Cash Flows from Operating Activities	17,599	130,593	148,192
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	-	(125,345)	(125,345)
Total Cash Flows Used in Capital and Related Financing Activities	-	(125,345)	(125,345)
Cash Flows From Investing Activities			
Interest on Investments	1,004	1,000	2,004
Total Cash Flows from Investing Activities	1,004	1,000	2,004
Net Increase in Cash and Equivalents	18,603	6,248	24,851
Cash and Equivalents - Beginning of Year	167,443	101,319	268,762
Cash and Equivalents - End of Year	\$ 186,046	\$ 107,567	\$ 293,613
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 271	\$ (5,650)	\$ (5,379)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation and Amortization Expense	16,755	42,675	59,430
Changes in Assets & Liabilities			
Accounts Receivable	1,119	-	1,119
Due from Other Governmental Units	-	94,227	94,227
Prepaid Expenses	(38)	-	(38)
Accounts Payable	-	(659)	(659)
Accrued Liabilities	(508)	-	(508)
Net Cash Provided by Operating Activities	\$ 17,599	\$ 130,593	\$ 148,192

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.

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

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

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, 2017

	Internal Service				
	Information Technology	Central Stores and Municipal Garage	Insurance	Safety	Total Internal Service Funds
ASSETS					
<i>Current Assets</i>					
Cash & Pooled Investments	\$ 182,232	\$ 56,760	\$ 592,303	\$ 8,945	\$ 840,240
Receivables	3,501	42,375	6,843	--	52,719
Prepays	31	18,425	79,317	--	97,773
Inventory	--	79,188	--	--	79,188
Total Current Assets	185,764	196,748	678,463	8,945	1,069,920
<i>Noncurrent Assets</i>					
Capital Assets not being Depreciated	--	25,000	--	--	25,000
Capital Assets being Depreciated	185,953	693,866	--	--	879,819
Total Assets	371,717	915,614	678,463	8,945	1,974,739
DEFERRED OUTFLOWS OF RESOURCES					
Pension	--	147,206	--	--	147,206
Total Deferred Outflows of Resources	--	147,206	--	--	147,206
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	189	158,778	20,527	321	179,815
Accrued Liabilities	180	4,623	3,526	--	8,329
Current Portion of Compensated Absences	953	20,221	--	--	21,174
Total Current Liabilities	1,322	183,622	24,053	321	209,318
<i>Noncurrent Liabilities</i>					
Compensated Absences	3,120	15,303	--	--	18,423
Net Pension Liability	--	525,764	--	--	525,764
Advance from Other Funds	--	150,000	--	--	150,000
Total Liabilities	4,442	874,689	24,053	321	903,505
DEFERRED INFLOWS OF RESOURCES					
Pension	--	46,281	--	--	46,281
Total Deferred Inflows of Resources	--	46,281	--	--	46,281
NET POSITION					
Net Investment in Capital Assets	185,953	718,866	--	--	904,819
<i>Restricted for:</i>					
Internal Service - Retirees' Life Insurance	--	--	168,866	--	168,866
Internal Service - Employees' Life and Health Insurance	--	--	485,544	--	485,544
<i>Unrestricted</i>	181,322	(577,016)	--	8,624	(387,070)
Total Net Position	\$ 367,275	\$ 141,850	\$ 654,410	\$ 8,624	\$ 1,172,159

City of Cadillac
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2017

	Internal Service				
	Information Technology	Central Stores and Municipal Garage	Insurance	Safety	Total Internal Service Funds
Operating Revenues					
Charges for Services	\$ 196,000	\$ 559,201	\$ 918,478	\$ --	\$ 1,673,679
Miscellaneous	--	3,194	37,848	--	41,042
Total Operating Revenues	196,000	562,395	956,326	--	1,714,721
Operating Expenses					
Salaries & Wages	12,516	290,109	--	3,152	305,777
Materials & Supplies	16,658	85,607	--	4,965	107,230
Utilities	7,734	23,123	--	--	30,857
Repair & Maintenance	--	92,689	--	--	92,689
Equipment Rental	--	25,481	--	--	25,481
Contracted Services	59,990	40,265	38,648	500	139,403
Insurance	--	--	1,160,596	--	1,160,596
Depreciation	37,160	78,880	--	--	116,040
Total Operating Expenses	134,058	636,154	1,199,244	8,617	1,978,073
Operating Income (Loss)	61,942	(73,759)	(242,918)	(8,617)	(263,352)
Non-Operating Revenues (Expenses)					
Interest Income	955	--	6,413	--	7,368
Loss on Disposal of Fixed Assets	(130,173)	--	--	--	(130,173)
Net Non-Operating Revenues (Expenses)	(129,218)	--	6,413	--	(122,805)
Change In Net Position	(67,276)	(73,759)	(236,505)	(8,617)	(386,157)
<i>Net Position at Beginning of Period</i>	<i>434,551</i>	<i>215,609</i>	<i>890,915</i>	<i>17,241</i>	<i>1,558,316</i>
Net Position at End of Period	\$ 367,275	\$ 141,850	\$ 654,410	\$ 8,624	\$ 1,172,159

City of Cadillac
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Internal Service				Total Internal Service Funds
	Information Technology	Central Stores and Municipal Garage	Insurance	Safety	
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 195,045	\$ 557,452	\$ 954,574	\$ -	\$ 1,707,071
Cash Payments to Employees for Services and Fringe Benefits	(12,476)	(214,781)	-	(3,152)	(230,409)
Cash Payments to Suppliers for Goods and Services	(86,761)	(103,995)	(1,206,191)	(5,144)	(1,402,091)
Total Cash Flows from (Used in) Operating Activities	<u>95,808</u>	<u>238,676</u>	<u>(251,617)</u>	<u>(8,296)</u>	<u>74,571</u>
Cash Flows from Capital and Related Financing Activities					
Net Capital Asset Activity	(136,891)	(398,004)	-	-	(534,895)
Total Cash Flows Used in Capital and Related Financing Activities	<u>(136,891)</u>	<u>(398,004)</u>	<u>-</u>	<u>-</u>	<u>(534,895)</u>
Cash Flows From Investing Activities					
Interest on Investments	955	-	6,413	-	7,368
Total Cash Flows from Investing Activities	<u>955</u>	<u>-</u>	<u>6,413</u>	<u>-</u>	<u>7,368</u>
Net Increase (Decrease) in Cash and Equivalents	<u>(40,128)</u>	<u>(159,328)</u>	<u>(245,204)</u>	<u>(8,296)</u>	<u>(452,956)</u>
Cash and Equivalents - Beginning of Year	222,360	216,088	837,507	17,241	1,293,196
Cash and Equivalents - End of Year	<u>\$ 182,232</u>	<u>\$ 56,760</u>	<u>\$ 592,303</u>	<u>\$ 8,945</u>	<u>\$ 840,240</u>

City of Cadillac
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Internal Service				
	Information Technology	Central Stores and Municipal Garage	Insurance	Safety	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 61,942	\$ (73,759)	\$ (242,918)	\$ (8,617)	\$ (263,352)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation Expense	37,160	78,880	-	-	116,040
Changes in Assets & Liabilities					
Accounts Receivable	(955)	(4,943)	(1,752)	-	(7,650)
Inventory	-	33,929	-	-	33,929
Prepaid Expenses	(31)	(18,425)	(6,707)	-	(25,163)
Deferred Outflow/Inflow Related to Pension	-	156,893	-	-	156,893
Accounts Payable	(2,348)	147,085	(3,766)	321	141,292
Accrued Liabilities	38	581	3,526	-	4,145
Compensated Absences	2	3,939	-	-	3,941
Net Pension Liability	-	(85,504)	-	-	(85,504)
Net Cash Provided (Used) by Operating Activities	\$ 95,808	\$ 238,676	\$ (251,617)	\$ (8,296)	\$ 74,571

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
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	<u>Agency</u>	
	<u>Current Tax Collection</u>	<u>Payroll</u>
ASSETS	\$	\$
<i>Total Assets</i>	--	--
LIABILITIES		
<i>Total Liabilities</i>	--	--
NET POSITION		
Held in Trust	\$ --	\$ --

City of Cadillac
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Current Tax Collection Fund			
	June 30, 2016	Additions	Deductions	June 30, 2017
ASSETS				
Cash & Pooled Investments	\$ 10	\$ 11,802,570	\$ 11,802,580	\$ -
Taxes Receivable	5,647	-	5,647	-
Total Assets	10	11,802,570	11,808,227	-
LIABILITIES				
Due to Other Governments	10	7,558,258	7,558,268	-
Due to Other Funds	5,647	7,657,013	7,662,660	-
Total Liabilities	\$ 5,657	\$ 15,215,271	\$ 15,220,928	\$ -

	Payroll			
	June 30, 2016	Additions	Deductions	June 30, 2017
ASSETS				
Cash & Pooled Investments	\$ -	\$ 7,558,483	\$ 7,558,483	\$ -
Total Assets	-	7,558,483	7,558,483	-
LIABILITIES				
Total Liabilities	\$ -	\$ -	\$ -	\$ -

	Total Agency Funds			
	June 30, 2016	Additions	Deductions	June 30, 2017
ASSETS				
Cash & Pooled Investments	\$ 10	\$ 19,361,053	\$ 19,361,063	\$ -
Taxes Receivable	5,647	-	-	-
Total Assets	10	19,361,053	19,361,063	-
LIABILITIES				
Due to Other Governments	10	7,558,258	7,558,268	-
Due to Other Funds	5,647	7,657,013	7,662,660	-
Total Liabilities	\$ 5,657	\$ 15,215,271	\$ 15,220,928	\$ -

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
LDFA Combining Balance Sheet and Statement of Net Position
June 30, 2017

	<u>LDFA</u>	<u>LDFA Capital Projects</u>	<u>LDFA Utilities</u>	<u>Total LDFA Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
<i>Current Assets</i>						
Cash & Pooled Investments	\$ 487,374	\$ 1,354,826	\$ 335,911	\$ 2,178,111	\$ --	\$ 2,178,111
Accounts Receivable	--	--	1,432	1,432	--	1,432
Interest Receivable	18,434	7,575	11	26,020	--	26,020
Total Current Assets	<u>505,808</u>	<u>1,362,401</u>	<u>337,354</u>	<u>2,205,563</u>	<u>--</u>	<u>2,205,563</u>
<i>Noncurrent Assets</i>						
Capital Assets being Depreciated	--	--	--	--	126,636 [1]	126,636
Total Assets	<u>\$ 505,808</u>	<u>\$ 1,362,401</u>	<u>\$ 337,354</u>	<u>\$ 2,205,563</u>	<u>\$ 126,636</u>	<u>\$ 2,332,199</u>
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	\$ 5,656	\$ --	\$ --	\$ 5,656	\$ --	\$ 5,656
Accrued Liabilities	859	--	86	945	--	945
Total Current Liabilities	<u>6,515</u>	<u>--</u>	<u>86</u>	<u>6,601</u>	<u>--</u>	<u>6,601</u>
FUND BALANCE						
<i>Restricted for:</i>						
Ground Water Cleanup	499,293	--	--	499,293	(499,293)	--
Capital Projects	--	1,362,401	--	1,362,401	(1,362,401)	--
Economic Development	--	--	337,268	337,268	(337,268)	--
Unassigned	--	--	--	--	--	--
Total Fund Balance	<u>499,293</u>	<u>1,362,401</u>	<u>337,268</u>	<u>2,198,962</u>	<u>(2,198,962)</u>	<u>--</u>
Total Liabilities and Fund Balance	<u>\$ 505,808</u>	<u>\$ 1,362,401</u>	<u>\$ 337,354</u>	<u>\$ 2,205,563</u>	<u>\$ (2,198,962)</u>	<u>\$ 6,601</u>
NET POSITION						
Net Investment in Capital Assets					\$ 126,636	\$ 126,636
<i>Restricted for:</i>						
Ground Water Cleanup					499,293	499,293
Capital Projects					1,362,401	1,362,401
Economic Development					337,268	337,268
Total Net Position					<u>\$ 2,325,598</u>	<u>\$ 2,325,598</u>

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

City of Cadillac
LDFA Combining Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities
For the Year Ended June 30, 2017

	LDFA	LDFA Capital Projects	LDFA Utilities	Total LDFA Funds	Adjustments	Statement of Activities
Revenues						
Property Taxes	\$ --	\$ 109,547	\$ --	\$ 109,547	\$ --	\$ 109,547
Charges for Services	--	--	17,056	17,056	--	17,056
Interest and Rents	7,225	12,286	897	20,408	--	20,408
Total Revenues	7,225	121,833	17,953	147,011	--	147,011
Expenditures						
General Government	--	--	--	--	--	--
Economic Development	235,621	49,472	--	285,093	--	285,093
Salaries & Wages	--	--	4,300	4,300	--	4,300
Contracted Services	--	--	--	--	--	--
Depreciation	--	--	--	--	4,535 [1]	4,535
Total Expenditures	235,621	49,472	4,300	289,393	4,535	293,928
Excess of Revenues Over (Under) Expenditures	(228,396)	72,361	13,653	(142,382)	(4,535)	(146,917)
Net Change in Fund Balance / Net Position	(228,396)	72,361	13,653	(142,382)	(4,535)	(146,917)
<i>Fund Balance / Net Position at Beginning of Period</i>	<i>727,688</i>	<i>1,290,041</i>	<i>323,615</i>	<i>2,341,344</i>	<i>131,171</i>	<i>2,472,515</i>
Fund Balance / Net Position at End of Period	\$ 499,292	\$ 1,362,402	\$ 337,268	\$ 2,198,962	\$ 126,636	\$ 2,325,598

[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 deprecation expense for the year.

City of Cadillac
DDA Combining Balance Sheet and Statement of Net Position
June 30, 2017

	Downtown Development Authority	Downtown Development Capital Projects	Total DDA Funds	Adjustments	Statement of Net Position
ASSETS					
<i>Current Assets</i>					
Cash & Pooled Investments	\$ 3,631	\$ 180,048	\$ 183,679	--	\$ 183,679
Prepays	36	--	36	--	36
Total Current Assets	3,667	180,048	183,715	--	183,715
<i>Noncurrent Assets</i>					
Capital Assets not being Depreciated	--	--	--	529,080 [1]	529,080
Capital Assets being Depreciated	--	--	--	1,585,223 [1]	1,585,223
Total Assets	\$ 3,667	\$ 180,048	\$ 183,715	\$ 2,114,303	\$ 2,298,018
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	\$ 1,100	\$ 66,589	\$ 67,689	\$ --	\$ 67,689
Accrued Liabilities	1,053	--	1,053	--	1,053
Current Portion of Compensated Absences	--	--	--	1,474 [2]	1,474
Current Portion of Long-term Debt	--	--	--	60,000 [3]	60,000
Total Current Liabilities	2,153	66,589	68,742	61,474	130,216
<i>Noncurrent Liabilities</i>					
Compensated Absences	--	--	--	1,255 [2]	1,255
Long-term Debt	--	--	--	940,000 [3]	940,000
Total Liabilities	2,153	66,589	68,742	1,002,729	1,071,471
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	--	--	--	-- [4]	--
Total Liabilities and Deferred Inflows of Resources	2,153	66,589	68,742	1,002,729	1,071,471
FUND BALANCE					
Restricted	1,514	113,459	114,973	(114,973)	--
Unassigned	--	--	--	--	--
Total Fund Balance	1,514	113,459	114,973	(114,973)	--
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 3,667	\$ 180,048	\$ 183,715	\$ 887,756	\$ 1,071,471
NET POSITION					
Net Investment in Capital Assets				\$ 1,114,303	\$ 1,114,303
<i>Restricted for:</i>					
Economic Development				112,244	112,244
Total Net Position				\$ 1,226,547	\$ 1,226,547

[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] Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

[4] 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, 2017

	Downtown Development Authority	Downtown Development Capital Projects	Total DDA Funds	Adjustments	Statement of Activities
Revenues					
Property Tax Captures	\$ 27,496	\$ 60,210	\$ 87,706	\$ (538) [4]	\$ 87,168
State Revenue	--	4,945	4,945	--	4,945
Local Revenue Sharing	--	26,293	26,293	--	26,293
Miscellaneous	5300	85,327	90,627	--	90,627
Total Revenues	32,796	176,775	209,571	(538)	209,033
Expenditures					
Economic Development	31,161	1,154,110	1,185,271	1,384 [1]	1,186,655
Capital Outlay	--	--	--	(1,001,939) [2]	(1,001,939)
Depreciation	--	--	--	59,789 [2]	59,789
Total Expenditures	31,161	1,154,110	1,185,271	(940,766)	244,505
Excess of Revenues Over (Under) Expenditures	1,635	(977,335)	(975,700)	940,228	(35,472)
Other Financing Sources (Uses)					
General Obligation Bond Issued	--	1,000,000	1,000,000	(1,000,000) [3]	-
Net Other Financing Sources (Uses)	--	1,000,000	1,000,000	(1,000,000)	-
Net Change in Fund Balance / Net Position	1,635	22,665	24,300	940,228	(35,472)
<i>Fund Balance / Net Position at Beginning of Period (Restated, Note 16)</i>	<i>(121)</i>	<i>90,794</i>	<i>90,673</i>	<i>1,171,346</i>	<i>1,262,019</i>
Fund Balance / Net Position at End of Period	\$ 1,514	\$ 113,459	\$ 114,973	\$ 2,111,574	\$ 1,226,547

[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.

[3] Proceeds from debt issuance are reported as revenue in the fund statements but are reported as liabilities in the Statement of Net Position.

[4] Some receivables are long-term in nature and are collectible over several years. However, the current receipts are reflected as revenues on the fund statements.

City of Cadillac
EDC Balance Sheet and Statement of Net Position
June 30, 2017

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

City of Cadillac
EDC Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities
For the Year Ended June 30, 2017

	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, 2017

	Brownfield Redevelopment	Adjustments	Statement of Net Position
ASSETS			
Cash & Pooled Investments	\$ 165,077	\$ --	\$ 165,077
Receivables	94	--	94
Total Assets	\$ 165,171	\$ 0	\$ 165,171
LIABILITIES			
<i>Noncurrent Liabilities</i>			
Current Portion of Long-term Debt	\$ --	\$ 8,447 [1]	\$ 8,447
Total Liabilities	--	8,447	8,447
<i>Noncurrent Liabilities</i>			
Long-term Debt	--	57,510 [1]	57,510
Total Liabilities	--	65,957	65,957
FUND BALANCE			
<i>Restricted for:</i>			
Economic Development	165,171	(165,171)	--
Unassigned	--	--	--
Total Fund Balance	165,171	(165,171)	--
Total Liabilities and Fund Balance	\$ 165,171	\$ (99,214)	\$ 65,957
NET POSITION			
<i>Restricted for:</i>			
Economic Development		\$ 99,214	\$ 99,214
Total Net Position		\$ 99,214	\$ 99,214

[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, 2017

	Brownfield Redevelopment	Adjustments	Statement of Activities
Revenues			
Property Taxes	\$ 21,731	\$ --	\$ 21,731
Total Revenues	<u>21,731</u>	<u>--</u>	<u>21,731</u>
Expenditures			
Public Works	39,960	(34,249) [1]	5,711
Total Expenditures	<u>39,960</u>	<u>(34,249)</u>	<u>5,711</u>
Excess of Revenues Over (Under) Expenditures	<u>(18,229)</u>	<u>34,249</u>	<u>16,020</u>
Net Change in Fund Balance / Net Position	<u>(18,229)</u>	<u>34,249</u>	<u>16,020</u>
<i>Fund Balance / Net Position at Beginning of Period</i>	183,400	(100,206)	83,194
Fund Balance / Net Position at End of Period	<u>\$ 165,171</u>	<u>\$ (65,957)</u>	<u>\$ 99,214</u>

[1] Current year long-term debt principal payments on bonds payable are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements.

City of Cadillac
2016 General Obligation Limited Tax Bonds
June 30, 2017

Title of Issue City of Cadillac 2016 General Obligation Limited Tax Bonds

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

Date of Issue August 3, 2016

Amount of Issue \$ 3,050,000

Amount Redeemed		
Prior to Current Period	\$	-
During Current Period		170,000
Total Redeemed		170,000
Balance Outstanding		\$ 2,880,000

Due Dates	Interest Rates	Requirements		
		Principal	Interest	Total
May 1, 2018	2.19%	\$ 180,000	\$ 59,130	\$ 239,130
May 1, 2019	2.19%	180,000	55,188	235,188
May 1, 2020	2.19%	185,000	51,137	236,137
May 1, 2021	2.19%	190,000	46,976	236,976
May 1, 2022	2.19%	195,000	42,705	237,705
May 1, 2023	2.19%	200,000	38,325	238,325
May 1, 2024	2.19%	205,000	33,836	238,836
May 1, 2025	2.19%	210,000	29,237	239,237
May 1, 2026	2.19%	210,000	24,638	234,638
May 1, 2027	2.19%	215,000	19,929	234,929
May 1, 2028	2.19%	220,000	15,111	235,111
May 1, 2029	2.19%	225,000	10,184	235,184
May 1, 2030	2.19%	230,000	5,147	235,147
May 1, 2031	2.19%	235,000	-	235,000
		\$ 2,880,000	\$ 431,540	\$ 3,311,540

City of Cadillac
2007 Wastewater System Junior Lien Revenue Bonds
June 30, 2017

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 \$ 1,215,000

During Current Period 185,000

Total Redeemed 1,400,000

Balance Outstanding \$ 2,465,205

Due Dates	Interest Rates	Requirements		
		Principal	Interest	Total
October 1, 2017	1.625%	\$ 190,000	\$ 20,029	\$ 210,029
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>\$ 2,465,205</u>	<u>\$ 247,729</u>	<u>\$ 2,712,934</u>

City of Cadillac
2011 Drinking Water Revolving Fund Loan
June 30, 2017

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 \$ 376,050

During Current Period 100,000

Total Redeemed 476,050

Balance Outstanding \$ 1,848,856

Due Dates	Interest Rates	Requirements		
		Principal	Interest	Total
October 1, 2017			\$ 23,110	\$ 23,110
April 1, 2018	2.50%	\$ 100,000	23,111	123,111
October 1, 2018			21,861	21,861
April 1, 2019	2.50%	105,000	21,861	126,861
October 1, 2019			20,548	20,548
April 1, 2020	2.50%	110,000	20,548	130,548
October 1, 2020			19,173	19,173
April 1, 2021	2.50%	110,000	19,173	129,173
October 1, 2021			17,798	17,798
April 1, 2022	2.50%	115,000	17,798	132,798
October 1, 2022			16,361	16,361
April 1, 2023	2.50%	115,000	16,361	131,361
October 1, 2023			14,923	14,923
April 1, 2024	2.50%	120,000	14,923	134,923
October 1, 2024			13,423	13,423
April 1, 2025	2.50%	120,000	13,423	133,423
October 1, 2025			11,923	11,923
April 1, 2026	2.50%	125,000	11,923	136,923
October 1, 2026			10,361	10,361
April 1, 2027	2.50%	130,000	10,361	140,361
October 1, 2027			8,736	8,736
April 1, 2028	2.50%	130,000	8,736	138,736
October 1, 2028			7,111	7,111
April 1, 2029	2.50%	135,000	7,111	142,111
October 1, 2029			5,423	5,423
April 1, 2030	2.50%	140,000	5,423	145,423
October 1, 2030			3,673	3,673
April 1, 2031	2.50%	145,000	3,673	148,673
October 1, 2031			1,861	1,861
April 1, 2032	2.50%	148,856	1,861	150,717
		<u>\$ 1,848,856</u>	<u>\$ 392,571</u>	<u>\$ 2,241,427</u>

City of Cadillac
2013 Water Supply & Wastewater System Revenue Refunding Bonds
June 30, 2017

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 \$ 530,000

During Current Period 275,000

Total Redeemed 805,000

Balance Outstanding \$ 3,270,000

Due Dates	Interest Rates	Requirements		
		Principal	Interest	Total
September 1, 2017	2.70%	\$ 280,000	\$ 44,141	\$ 324,141
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>\$ 3,270,000</u>	<u>\$ 464,805</u>	<u>\$ 3,734,805</u>

**City of Cadillac
Primary Government
Statement of 2016 Tax Roll
June 30, 2017**

	Taxable Valuation	Mills Levied	Taxes Assessed	Taxes Collected	Taxes Returned Delinquent
Wexford County	\$ 230,788,311	6.7797	\$ 1,537,658	\$ 1,486,888	50,770
Wexford County - Public Safety	230,788,311	0.9500	215,445	203,605	11,840
Wexford County - Animal Control	230,788,311	0.2000	45,342	42,851	2,491
Wexford County - Veteran's Relief	230,788,311	0.1000	22,662	21,417	1,245
Wexford County - MSUE	230,788,311	0.1700	38,533	36,416	2,117
Cadillac Area Public Schools					
Operating	230,788,311	18.0000	2,034,227	1,943,704	90,523
Debt Retirement	230,788,311	2.9000	657,946	629,017	28,929
State Education Tax	230,788,311	6.0000	1,251,869	1,207,239	44,630
Wexford-Missaukee Intermediate School District	230,788,311	6.1604	1,397,199	1,320,412	76,787
Cadillac-Wexford Transit Authority	230,788,311	0.6000	136,065	128,588	7,477
Cadillac-Wexford Public Library	230,788,311	0.7500	170,084	160,737	9,347
Wexford County Council on Aging	230,788,311	1.0000	226,790	214,326	12,464
City of Cadillac					
General Fund	230,788,311	13.9473	3,163,323	3,058,875	104,448
Policemen & Firemen Retirement System	230,788,311	2.6000	589,680	570,210	19,470
Downtown Development Authority	13,749,669	1.9548	26,775	24,621	2,154
Public Improvement Special Assessments			65,462	62,608	2,854
Water & Sewer Delinquent Accounts			10,888	6,593	4,295
Unpaid Invoices			2,896	2,749	147
Administration Fees			115,577	110,834	4,743
			<u>\$ 11,708,421</u>	<u>\$ 11,231,690</u>	<u>\$ 476,731</u>

City of Cadillac
Local Development Finance Authority
Statement of 2016 Tax Roll
June 30, 2017

	Taxable Valuation	Mills Levied	Taxes Assessed	Taxes Collected	Less Taxes Captured by LDFA	Net Collections Returned to Units
Wexford County	\$ 5,689,507	6.7797	\$ 31,147	\$ 31,147	\$ 27,409	\$ 3,738
Wexford County - Public Safety	5,689,507	0.9500	4,364	4,167	3,841	326
Wexford County - Animal Control	5,689,507	0.2000	919	877	809	68
Wexford County - Veteran's Relief	5,689,507	0.1000	459	439	404	35
Wexford County - MSU Extension	5,689,507	0.1700	781	746	687	
Cadillac Area Public Schools						
Operating	5,689,507	-	69,973	68,103	-	68,103
Debt Retirement	5,689,507	18.0000	13,323	13,022	-	13,022
State Education Tax	5,689,507	2.9000	27,223	27,223	-	27,223
Wexford-Missaukee Intermediate School District	5,689,507	6.0000	28,302	27,022	-	27,022
Cadillac-Wexford Transit Authority	5,689,507	6.1604	2,757	2,632	2,426	206
Cadillac-Wexford Public Library	5,689,507	0.6000	3,446	3,290	3,032	258
Wexford County Council on Aging	5,689,507	0.7500	4,594	4,386	4,043	343
City of Cadillac						
General Fund	5,689,507	-	64,076	64,076	56,386	7,690
Policemen & Firemen Retirement System	5,689,507	13.9473	11,945	11,945	10,511	1,434
Local Development Finance Authority Capture					(109,548)	109,548
			<u>\$ 263,309</u>	<u>\$ 259,075</u>	<u>\$ -</u>	<u>\$ 259,016</u>

City of Cadillac
Downtown Development Authority
Statement of 2016 Tax Roll
June 30, 2017

	Taxable Valuation	Mills Levied	Taxes Assessed	Taxes Collected	Less Taxes Captured by DDA	Net Collections Due to Units
Wexford County	\$ 13,749,669	6.7797	\$ 92,866	\$ 85,395	\$ 15,257	\$ 70,138
Wexford County - Public Safety	13,749,669	0.9500	13,012	11,945	1,944	10,001
Wexford County - Animal Control	13,749,669	0.2000	2,739	2,515	409	2,106
Wexford County - Veteran's Relief	13,749,669	0.1000	1,370	1,257	204	1,053
Wexford County - MSU Extension	13,749,669	0.1700	2,328	2,137	347	1,790
Cadillac Area Public Schools						
Operating	13,749,669	-	233,038	213,395	-	213,395
Debt Retirement	13,749,669	18.0000	39,883	36,656	-	36,656
State Education Tax	13,749,669	2.9000	81,967	75,354	-	75,354
Wexford-Missaukee Intermediate School District	13,749,669	6.0000	84,383	77,460	-	77,460
Cadillac-Wexford Transit Authority	13,749,669	6.1604	8,218	7,544	1,228	6,316
Cadillac-Wexford Public Library	13,749,669	0.6000	10,273	9,430	1,535	7,895
Wexford County Council on Aging	13,749,669	0.7500	13,698	12,574	2,047	10,527
City of Cadillac						
General Fund	13,749,669	-	191,047	175,676	31,388	144,288
Policemen & Firemen Retirement System	13,749,669	13.9473	35,614	32,749	5,851	26,898
Downtown Development Authority	13,749,669	1.9548	26,776	24,621	-	24,621
Downtown Development Authority Capture					(60,210)	60,210
			<u>\$ 837,212</u>	<u>\$ 768,708</u>	<u>\$ -</u>	<u>\$ 768,708</u>

City of Cadillac
Brownfield Redevelopment Authority
Statement of 2016 Tax Roll
June 30, 2017

	Taxable Valuation	Mills Levied	Taxes Assessed	Taxes Collected	Less Taxes Captured by Brownfield	Net Collections Due to Units
Wexford County	\$ 839,800	6.7797	\$ 5,694	5,694	\$ 1,975	\$ 3,719
Wexford County - Public Safety	839,800	0.9500	798	798	277	521
Wexford County - Animal Control	839,800	0.2000	168	168	58	110
Wexford County - Veteran's Relief	839,800	0.1000	84	84	29	55
Wexford County - MSU Extension	839,800	0.1700	143	143	50	93
Cadillac Area Public Schools						
Operating	839,800	-	15,116	15,116	8,259	6,857
Debt Retirement	839,800	18.0000	2,435	2,435	-	2,435
State Education Tax	839,800	2.9000	5,039	5,039	2,753	2,286
Wexford-Missaukee Intermediate School District	839,800	6.0000	5,173	5,173	2,827	2,346
Cadillac-Wexford Transit Authority	839,800	6.1604	504	504	175	329
Cadillac-Wexford Public Library	839,800	0.6000	630	630	218	412
Wexford County Council on Aging	839,800	0.7500	840	840	291	549
City of Cadillac						
General Fund	839,800	-	11,713	11,713	4,062	7,651
Policemen & Firemen Retirement System	839,800	13.9473	2,183	2,183	757	1,426
Downtown Development Authority	839,800	1.9548	528	528	-	528
Brownfield Redevelopment Authority Capture					(21,731)	21,731
			<u>\$ 51,048</u>	<u>\$ 51,048</u>	<u>\$ -</u>	<u>\$ 51,048</u>

City of Cadillac
Primary Government
Statement of 2016 Industrial Facilities Tax Roll
June 30, 2017

	Taxable Valuation	Mills Levied	Taxes Assessed	Taxes Collected	Taxes Returned Delinquent
Wexford County	\$ 7,790,358	6.7797	\$ 26,407	\$ 26,407	\$ -
Wexford County - Public Safety	7,790,358	0.9500	3,700	3,700	-
Wexford County - Animal Control	7,790,358	0.2000	779	779	-
Wexford County - Veteran's Relief	7,790,358	0.1000	389	389	-
Wexford County - MSU Extension	7,790,358	0.1700	661	661	-
Cadillac Area Public Schools					
Operating	7,790,358	18.0000	22,878	22,878	-
Debt Retirement	7,790,358	2.9000	11,294	11,294	-
State Education Tax	7,790,358	6.0000	15,212	15,212	-
Wexford-Missaukee Intermediate School District	7,790,358	6.1604	23,995	23,995	-
Cadillac-Wexford Transit Authority	7,790,358	0.6000	2,337	2,337	-
Cadillac-Wexford Public Library	7,790,358	0.7500	2,921	2,921	-
Wexford County Council on Aging	7,790,358	1.0000	3,895	3,895	-
City of Cadillac					
General Fund	7,790,358	13.9473	54,326	54,326	-
Policemen & Firemen Retirement System	7,790,358	2.6000	10,127	10,127	-
Admin			3,431	3,431	-
			<u>\$ 182,352</u>	<u>\$ 182,352</u>	<u>\$ -</u>

City of Cadillac
Local Development Finance Authority
Statement of 2016 Industrial Facilities Tax Roll
June 30, 2017

	Taxable Valuation	Mills Levied	Taxes Assessed	Taxes Collected	Less Taxes Captured by LDFA	Net Collections Due to Units
Wexford County	\$ 2,190,616	6.7797	\$ 7,426	\$ 7,426	\$ 7,426	\$ -
Wexford County - Public Safety	2,190,616	0.9500	1,041	1,041	1,041	-
Wexford County - Animal Control	2,190,616	0.2000	219	219	219	-
Wexford County - Veteran's Relief	2,190,616	0.1000	110	110	110	-
Wexford County - MSU Extension	2,190,616	0.1700	186	186	186	-
Cadillac Area Public Schools		0.1700				
Operating	2,190,616	-	11,695	11,695	-	11,695
Debt Retirement	2,190,616	18.0000	3,176	3,176	-	3,176
State Education Tax	2,190,616	2.9000	7,796	7,796	-	7,796
Wexford-Missaukee Intermediate School District	2,190,616	6.0000	6,747	6,747	-	6,747
Cadillac-Wexford Transit Authority	2,190,616	6.1604	657	657	657	-
Cadillac-Wexford Public Library	2,190,616	0.6000	821	821	821	-
Wexford County Council on Aging	2,190,616	0.7500	1,095	1,095	1,095	-
City of Cadillac		1.0000				
General Fund	2,190,616	-	15,276	15,276	15,276	-
Policemen & Firemen Retirement System	2,190,616	13.9473	2,848	2,848	2,848	-
Local Development Finance Authority Capture					(29,679)	29,679
			<u>\$ 59,093</u>	<u>\$ 59,093</u>	<u>\$ -</u>	<u>\$ 59,093</u>

City of Cadillac
Primary Government
Statement of 2016 Obsolete Properties Tax Roll
June 30, 2017

	Taxable Valuation	Mills Levied	Taxes Assessed	Taxes Collected	Taxes Returned Delinquent
Wexford County	\$ 297,125	6.7797	\$ 1,433	\$ 1,433	\$ -
Wexford County - Public Safety	297,125	2.6000	201	201	-
Wexford County - Animal Control	297,125	0.2000	42	42	-
Wexford County - Veteran's Relief	297,125	0.1000	21	21	-
Wexford County - MSU Extension	297,125	0.1700	36	36	-
Cadillac Area Public Schools					
Operating	297,125	18.0000	5,348	5,348	-
Debt Retirement	297,125	1.4500	862	862	-
State Education Tax	297,125	6.0000	1,783	1,783	-
Wexford-Missaukee Intermediate School District	297,125	5.9419	1,302	1,302	-
Cadillac-Wexford Transit Authority	297,125	0.6000	127	127	-
Cadillac-Wexford Public Library	297,125	0.7500	158	158	-
Wexford County Council on Aging	297,125	1.0000	211	211	-
City of Cadillac					
General Fund	297,125	13.9473	2,947	2,947	-
Policemen & Firemen Retirement System	297,125	2.6000	549	549	-
Admin			151	151	-
			<u>\$ 15,172</u>	<u>\$ 15,172</u>	<u>\$ -</u>

City of Cadillac
Primary Government
Statement of 2016 DNR/PILT Tax Roll
June 30, 2017

	Taxable Valuation	Mills Levied	Taxes Assessed	Taxes Collected	Taxes Returned Delinquent
Wexford County	\$ 825,707	6.7797	\$ 5,598	\$ 5,598	\$ -
Wexford County - Public Safety	825,707	0.9500	784	784	-
Wexford County - Animal Control	825,707	0.2000	165	165	-
Wexford County - Veteran's Relief	825,707	0.1000	82	82	-
Wexford County - MSU Extension	825,707	0.1700	140	140	-
Cadillac Area Public Schools					
Debt Retirement	825,707	2.9000	2,394	2,394	-
Wexford-Missaukee Intermediate School District	825,707	6.1604	5,086	5,086	-
Cadillac-Wexford Transit Authority	825,707	0.6000	495	495	-
Cadillac-Wexford Public Library	825,707	0.7500	619	619	-
Wexford County Council on Aging	825,707	1.0000	825	825	-
City of Cadillac					
General Fund	825,707	13.9473	11,516	11,516	-
Policemen & Firemen Retirement System	825,707	2.6000	2,146	2,146	-
Special Assessments			225	225	-
			<u>\$ 30,075</u>	<u>\$ 30,075</u>	<u>\$ -</u>

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	149
<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	154
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	158
<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	163
<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	166
<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	172

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>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>	<u>2017</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 13,847	\$ 13,453	\$ 13,608	\$ 13,114	\$ 12,618	\$ 12,131	\$ 11,469	\$ 11,723	\$ 10,986	\$ 10,955
Restricted for Specific Purpose	1,360	1,383	1,398	3,202	2,744	2,688	3,369	3,090	3,420	4,717
Restricted for Specific Purpose, Temporarily Restricted	-	-	293	366	364	349	-	-	-	-
Restricted for Specific Purpose, Permanently Restricted	-	-	757	757	757	756	-	-	-	-
Unrestricted	6,052	6,202	4,802	3,071	3,404	3,498	4,078	(106)	(503)	(2,652)
Total governmental activities net assets	<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>	<u>\$ 13,020</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 12,457	\$ 12,667	\$ 12,698	\$ 12,789	\$ 13,558	\$ 13,560	\$ 13,972	\$ 13,999	\$ 14,116	\$ 15,250
Restricted for Specific Purpose	1,490	1,318	1,332	1,350	1,363	671	626	626	643	643
Unrestricted	2,376	2,292	2,422	2,447	2,661	3,457	3,069	2,747	2,405	1,888
Total business-type activities net assets	<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>	<u>\$ 17,781</u>
Primary Government										
Net Investment in Capital Assets	\$ 26,304	\$ 26,120	\$ 26,306	\$ 25,903	\$ 26,176	\$ 25,691	\$ 25,441	\$ 25,722	\$ 25,102	\$ 26,205
Restricted for Specific Purpose	2,850	2,701	2,730	4,552	4,107	3,359	3,995	3,716	4,063	5,359
Restricted for Specific Purpose, Temporarily Restricted	-	-	293	366	364	349	-	-	-	-
Restricted for Specific Purpose, Permanently Restricted	-	-	757	757	757	756	-	-	-	-
Unrestricted	8,428	8,494	7,224	5,518	6,065	6,955	7,147	2,641	1,902	(762)
Total primary government net assets	<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>	<u>\$ 30,802</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>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>	<u>2017</u>
Expenses										
Governmental Activities:										
General Government	\$ 1,642	\$ 1,854	\$ 1,888	\$ 1,746	\$ 1,796	\$ 1,862	\$ 1,987	\$ 1,988	\$ 1,918	\$ 1,998
Public Safety	3,434	3,296	3,305	3,427	3,236	3,224	3,199	3,757	3,858	4,130
Public Works	2,817	3,131	2,667	2,634	2,513	2,456	2,570	2,516	3,988	2,957
Recreation and Culture	476	514	453	421	538	520	421	452	462	492
Redevelopment and Housing	12	0	0	0	0	0	0	0	0	0
Economic Development/Assistance	239	236	237	255	244	198	257	235	287	280
Intergovernmental	0	0	0	0	0	0	0	0	0	0
Interest on Long-term Debt	128	78	65	55	47	39	21	17	15	105
Total Governmental Activities Expenses	<u>\$ 8,748</u>	<u>\$ 9,109</u>	<u>\$ 8,615</u>	<u>\$ 8,538</u>	<u>\$ 8,374</u>	<u>\$ 8,299</u>	<u>\$ 8,455</u>	<u>\$ 8,965</u>	<u>\$ 10,528</u>	<u>\$ 9,962</u>
Business-type Activities:										
Water and Sewer	\$ 3,785	\$ 3,916	\$ 3,857	\$ 3,823	\$ 3,767	\$ 4,025	\$ 4,138	\$ 4,275	\$ 4,136	\$ 3,982
Building Authority Operating	139	129	113	107	114	95	88	92	101	118
Automobile Parking System	56	52	46	56	45	57	63	62	56	50
Total Business-type Activities Expenses	<u>\$ 3,980</u>	<u>\$ 4,097</u>	<u>\$ 4,016</u>	<u>\$ 3,986</u>	<u>\$ 3,926</u>	<u>\$ 4,177</u>	<u>\$ 4,289</u>	<u>\$ 4,429</u>	<u>\$ 4,293</u>	<u>\$ 4,150</u>
Total Primary Government Expenses	<u><u>\$ 12,728</u></u>	<u><u>\$ 13,206</u></u>	<u><u>\$ 12,631</u></u>	<u><u>\$ 12,524</u></u>	<u><u>\$ 12,300</u></u>	<u><u>\$ 12,476</u></u>	<u><u>\$ 12,744</u></u>	<u><u>\$ 13,394</u></u>	<u><u>\$ 14,821</u></u>	<u><u>\$ 14,112</u></u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
General Government	\$ 507	\$ 472	\$ 441	\$ 377	\$ 482	\$ 472	\$ 509	\$ 520	\$ 562	\$ 628
Public Safety	287	299	295	282	266	258	106	99	114	227
Public Works	594	597	585	579	547	527	733	726	748	661
Recreation and Culture	0	0	0	1	2	1	25	0	15	0
Economic Development	0	0	0	0	0	0	2	2	2	3
Operating Grants and Contributions	1,065	994	983	1,059	1,119	1,193	1,148	1,090	2,512	1,573
Capital Grants and Contributions	1,250	360	332	104	269	47	0	520	306	69
Total Governmental Activities Program Revenues	<u>\$ 3,703</u>	<u>\$ 2,722</u>	<u>\$ 2,636</u>	<u>\$ 2,402</u>	<u>\$ 2,685</u>	<u>\$ 2,498</u>	<u>\$ 2,523</u>	<u>\$ 2,957</u>	<u>\$ 4,259</u>	<u>\$ 3,161</u>
Business-type Activities:										
Charges for Services:										
Water and Sewer System	\$ 3,771	\$ 3,660	\$ 3,882	\$ 3,823	\$ 3,995	\$ 4,073	\$ 4,032	\$ 4,060	\$ 4,197	\$ 4,573
Building Authority Operating	197	196	196	196	194	196	196	196	149	113
Automobile Parking System	49	47	47	36	1	37	42	51	49	50
Operating Grants and Contributions	0	0	0	0	0	0	0	10	0	0
Capital Grants and Contributions	0	0	0	0	509	0	0	0	0	0
Total Business-type Activities Program Revenues	<u>\$ 4,017</u>	<u>\$ 3,903</u>	<u>\$ 4,125</u>	<u>\$ 4,055</u>	<u>\$ 4,699</u>	<u>\$ 4,306</u>	<u>\$ 4,270</u>	<u>\$ 4,317</u>	<u>\$ 4,395</u>	<u>\$ 4,736</u>
Total Primary Government Program Revenues	<u><u>\$ 7,720</u></u>	<u><u>\$ 6,625</u></u>	<u><u>\$ 6,761</u></u>	<u><u>\$ 6,457</u></u>	<u><u>\$ 7,384</u></u>	<u><u>\$ 6,804</u></u>	<u><u>\$ 6,793</u></u>	<u><u>\$ 7,274</u></u>	<u><u>\$ 8,654</u></u>	<u><u>\$ 7,897</u></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>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>	<u>2017</u>
Business-type Activities:										
Charges for Services:										
Water and Sewer System	\$ 3,771	\$ 3,660	\$ 3,882	\$ 3,823	\$ 3,995	\$ 4,073	\$ 4,032	\$ 4,060	\$ 4,197	\$ 4,573
Building Authority Operating	197	196	196	196	194	196	196	196	149	113
Automobile Parking System	49	47	47	36	1	37	42	51	49	50
Operating Grants and Contributions	0	0	0	0	0	0	0	10	0	0
Capital Grants and Contributions	0	0	0	0	509	0	0	0	0	0
Total Business-type Activities Program Revenues	\$ 4,017	\$ 3,903	\$ 4,125	\$ 4,055	\$ 4,699	\$ 4,306	\$ 4,270	\$ 4,317	\$ 4,395	\$ 4,736
Total Primary Government Program Revenues	\$ 7,720	\$ 6,625	\$ 6,761	\$ 6,457	\$ 7,384	\$ 6,804	\$ 6,793	\$ 7,274	\$ 8,654	\$ 7,897
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 4,553	\$ 4,714	\$ 4,753	\$ 4,681	\$ 4,443	\$ 4,339	\$ 4,338	\$ 4,213	\$ 4,207	\$ 3,814
State Shared Revenue - Unrestricted	1,014	1,021	873	896	896	924	988	1,027	1,133	1,922
Investment Earnings - Unrestricted	263	169	146	203	103	62	67	68	55	68
Gain (Loss) on Sale of Capital Assets	0	235	8	2	3	7	0	65	0	0
Other	71	27	19	5	16	4	10	93	2	115
Transfers	0	0	0	0	0	0	0	(9)	0	0
Special Items	0	0	0	0	0	0	0	0	0	0
Total Governmental Activities	\$ 5,901	\$ 6,166	\$ 5,799	\$ 5,787	\$ 5,461	\$ 5,336	\$ 5,403	\$ 5,457	\$ 5,397	\$ 5,919
Business-type Activities										
Investment Earnings - Unrestricted	104	148	66	65	15	13	19	20	22	31
Gain (Loss) on Sale of Capital Assets	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	209	0	0	76	0	0
Transfers	0	0	0	0	0	0	0	9	0	0
Total Business-type Activities	\$ 104	\$ 148	\$ 66	\$ 65	\$ 224	\$ 13	\$ 19	\$ 105	\$ 22	\$ 31
Total Primary Government	\$ 6,005	\$ 6,314	\$ 5,865	\$ 5,852	\$ 5,685	\$ 5,349	\$ 5,422	\$ 5,562	\$ 5,419	\$ 5,950
Change in Net Position										
Governmental Activities	\$ 855	\$ (221)	\$ (180)	\$ (348)	\$ (228)	\$ (465)	\$ (527)	\$ (550)	\$ (873)	\$ (882)
Business-type Activities	142	(45)	175	134	996	142	(1)	(7)	125	617
Total Primary Government	\$ 997	\$ (266)	\$ (5)	\$ (214)	\$ 768	\$ (323)	\$ (528)	\$ (557)	\$ (748)	\$ (265)

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

	Fiscal Year									
	<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>	<u>2017</u>
General Fund										
Reserved	\$ 125,961	\$ 218,008	\$ 205,112							
Unreserved	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	54,583
Restricted				58,273	42,884	56,855	54,076	56,970	61,116	38,423
Committed				1,574,414	-	-	-	-	-	-
Assigned				201,647	1,782,955	1,622,467	1,579,291	1,552,612	1,551,812	1,463,890
Unassigned				509,256	320,880	480,251	371,323	221,245	486,455	1,118,374
Total General Fund	\$ 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	\$ 2,675,270
All Other Governmental Funds										
Reserved	\$ 2,417,486	\$ 2,041,213	\$ 2,543,844							
Unreserved, reported in Special Revenue Funds	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	734,448
Restricted				1,188,188	1,314,116	1,358,831	1,478,859	1,209,298	1,678,116	3,289,955
Committed				-	-	-	-	-	-	-
Assigned				1,555,880	1,958,609	1,576,316	1,620,764	1,623,918	1,606,108	1,687,971
Unassigned				(8,072)	(10,734)	-	-	-	-	-
Total All Other Governmental Funds	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	5,712,374
Total Fund Balance	\$ 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	\$ 8,387,644

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>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>	<u>2017</u>
Revenues										
Taxes and Special Assessments	\$ 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	\$ 3,829,896
Licenses and Permits	1,210	2,050	1,275	765	109,775	122,102	129,179	139,623	190,504	264,019
Federal Grants	1,161,824	360,784	268,668	111,133	72,656	42,314	4,779	44,800	65,168	121,569
State Grants	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	3,432,181
Contributions from Local Units	205,298	208,397	212,273	206,991	205,615	227,103	215,823	160,595	244,845	195,607
Charges for Services	1,142,942	1,123,134	1,068,709	1,013,530	979,459	943,558	939,858	984,807	986,860	921,127
Fines and Forfeits	29,083	39,802	41,874	37,966	20,001	14,887	13,582	13,621	17,018	14,857
Interest and Rents	320,498	225,652	196,738	173,363	128,240	108,040	67,443	60,115	55,452	67,677
Gain (Loss) on Investments	(115,439)	(323,017)	65,613	37,501	(17,101)	(45,257)	-	-	-	-
Note Proceeds	-	-	-	-	-	-	-	-	-	2,050,000
Other Revenue	476,811	699,996	366,995	351,383	349,441	90,447	135,930	178,837	300,491	248,948
Total Revenues	\$ 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	\$ 11,145,881
Expenditures										
General Government	\$ 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	\$ 1,670,025
Public Safety	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	3,307,809
Public Works	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	2,295,445
Redevelopment and Housing	0	0	0	0	0	0	0	0	0	0
Community & Economic Development	270,559	225,467	219,194	234,664	226,141	184,069	248,307	238,222	250,708	233,669
Capital Outlay	106,876	360,950	3,761	3,815	4,114	138,359	209,926	1,200,423	277,327	872,476
Culture and Recreation	267,288	572,740	278,232	389,069	343,517	340,874	295,547	320,267	311,265	327,380
Debt Service										
Principal	310,971	324,082	287,832	272,729	218,832	188,832	229,943	87,721	87,721	253,862
Interest	90,532	74,404	62,104	51,326	43,904	32,631	24,757	17,895	15,233	54,835
Other Charges	4,770	4,809	4,200	4,200	3,300	2,235	-	-	-	42,650
Intergovernmental	358,137	381,040	327,227	324,964	351,006	100,758	-	-	-	-
Total Expenditures	\$ 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	\$ 9,058,151
Other Financing Sources (Uses)										
Transfers In	\$ 947,915	\$ 1,090,500	\$ 906,181	\$ 839,922	\$ 819,768	\$ 649,500	\$ 806,035	\$ 492,404	\$ 407,750	\$ 769,650
Transfers Out	(947,915)	(1,090,500)	(906,181)	(839,922)	(819,768)	(649,500)	(806,035)	(501,937)	(407,750)	(769,650)
Bond Proceeds	0	0	0	0	0	0	0	0	0	0
Loan Proceeds	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,533)	\$ -	\$ -
Net Change in Fund Balances	\$ (143,223)	\$ 127,161	\$ 242,894	\$ (158,343)	\$ 233,421	\$ 1,332	\$ (34,373)	\$ (428,167)	\$ 556,441	\$ 2,087,730
Debt Service as a percentage of non-capital expenditures	4.66%	4.53%	4.33%	3.92%	3.40%	2.96%	3.31%	1.41%	1.16%	3.77%

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
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
2017*	190,631,321	31,243,800	221,875,121	493,984,600	44.92%	16.5473

** Beginning in FY2017, the State of Michigan is phasing out personal property taxes on eligible manufacturing personal property. This has a dramatic impact on the City's taxable valuation, specifically on the taxable value of personal property. The revenue loss is then reimbursed by the State of Michigan.*

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				
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
2017	13.9473	2.6000	N/A	16.5473	8.1997	0.6000	1.0000	0.7500	20.9000	6.1604	6.0000	60.1574

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 Fiscal year of Levy		Collections in Subsequent Years	Total Collections to Date ^a	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2017	3,739,341	3,615,423	96.69%	123,918	3,739,341	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	2017			2008		
	Taxable Value	Rank	Percentage of Total City Taxable Value ^a	Taxable Value	Rank	Percentage of Total City Taxable Value ^b
Cadillac Renewable Energy ^c	\$ 12,290,715	1	5.54%	\$ 12,300,000	1	4.98%
Avon Protection	9,164,400	2	4.13%			0.00%
Consumers Energy	7,983,762	3	3.60%	5,852,150	4	2.37%
AAR Cadillac Manufacturing	4,522,322	4	2.04%	4,694,349	7	1.90%
Cadillac Casting ^d	3,615,367	5	1.63%	6,596,400	3	2.67%
927 Frisbie Street LLC ^e	3,095,000	6	1.39%	3,408,230	10	1.38%
Piranha Hose Products Inc.	2,594,850	7	1.17%			0.00%
Rexair, Inc.	2,077,855	8	0.94%	5,520,467	5	2.23%
Hutchinson Antivibration System	1,966,393	9	0.89%			0.00%
FHC ONE LDHA	1,385,497	10	0.62%			0.00%
Cadillac Rubber & Plastics				6,852,406	2	2.77%
FIAMM Technologies, Inc.				4,726,894	6	1.91%
Michigan Rubber Products				4,314,870	8	1.75%
Paulstra CRC Corporation				4,206,100	9	1.70%
Totals	<u>\$ 48,696,161</u>		<u>21.95%</u>	<u>\$ 58,471,866</u>		<u>23.66%</u>

Source: City of Cadillac Treasurer's Office

^a Based on total taxable value of \$221,875,121

^b Based on total taxable value of \$247,121,102

^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	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Primary Government	Percentage of Personal Income¹	Per Capita¹
	General Obligation Bonds	Special Assessment Bonds	Other Debt²	Water & Sewer Revenue Bonds	Building Authority Revenue Bonds			
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	2.48%	818
2017	2,125	-	-	7,584	-	9,709	N/A	938

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 Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amount Available in Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value¹ of Property</u>	<u>Per Capita²</u>
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
2017	2,125 ³	7	2,118	0.955%	204.54

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.

³ Issuance of 2016 General Obligation Limited Tax Bonds - \$2,050,000 applicable to general government.

City of Cadillac, Michigan
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017
(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	\$ 6,175	24.16%	\$ 1,492
Cadillac Area Public Schools	11,510	34.68%	3,992
Subtotal Overlapping Debt			5,484
City of Cadillac Direct Debt			<u>2,118</u>
Total Direct and Overlapping Debt			<u><u>\$ 7,602</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:

City of Cadillac Taxable Value:	\$221,875,121
Wexford County Taxable Value:	\$918,398,637
CAPS Taxable Value:	\$639,690,501

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

	<i>Fiscal Year</i>									
	<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>	<u>2017</u>
Debt Limit	\$ 24,712	\$ 25,670	\$ 26,151	\$ 25,698	\$ 25,330	\$ 24,721	\$ 24,490	\$ 24,297	\$ 24,357	\$ 22,188
Total net debt applicable to limit	1,253	1,111	977	837	718	593	458	529	326	2,118
Legal debt margin	<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>	<u>\$ 20,070</u>
Total net debt applicable to the limit as a percentage of debt limit	5.07%	4.33%	3.74%	3.26%	2.83%	2.40%	1.87%	2.18%	1.34%	9.55%

Legal Debt Margin Calculation for Fiscal Year 2017

Taxable Value	<u>\$ 221,875</u>
Statutory Debt Limit (10%) of total taxable value)	\$ 22,188
Debt Applicable to Limit:	
Gross Bonded Debt and Other Long-Term Debt	9,709
Less:	
Assets Available for Debt Service	7
Bond Debt not Subject to Limit:	
Special Assessment Bonds	-
Revenue Bonds	7,584
Other Debt	<u>- 7,591</u>
Total Amount of Debt Applicable to Debt Limit	<u>2,118</u>
Legal Debt Margin	<u>\$ 20,070</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
Pledged-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	Less:	Net	<i>Debt Service</i>		Coverage	Special Assessment	<i>Debt Service</i>		Coverage
	<u>Revenue</u>	<u>Expenses</u>	<u>Revenue</u>	<u>Principal</u>	<u>Interest</u>		<u>Collections</u>	<u>Principal</u>	<u>Interest</u>	
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	<i>(All S.A. bond issues paid in full as of 6/30/14)</i>			
2016	4,217	3,037	1,180	550	195	1.58				
2017	4,602	2,971	1,631	560	182	2.20				

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
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	341,228	32,953	3,616	4.4	4.6	21,206
2017	10,355	N/A	N/A	3,459	5.1	4.3	21,605

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, Michigan
Principal Employers
Current Year and Nine Years Ago**

Employer	Industry Description	2017	2008
		Employees	Employees
Munson Healthcare Cadillac Hospital ¹	General Medical and Surgical Hospitals	500-999	500-999
Avon Automotive	Other Motor Vehicle Parts Manufacturing	500-999	250-499
Cadillac Area Public Schools	Elementary and Secondary Schools	250-499	250-500
Four Winn's/Glastron/Wellcraft	Ship and Boat Building	250-499	500-999
Cadillac Casting Inc	Ferrous Metal Foundries	250-499	250-500
Avon Protection Systems Inc	Coating, Engraving & Heat Treating Metal	250-499	250-500
Rexair	Electronics and Appliance Stores	250-499	100-249
AAR Mobility Systems	Rapid deployment mobile equipment mfg	100-249	500-999
Michigan Rubber Products Inc	Other Rubber Prodcut Manufacturing	100-249	250-499
BorgWarner Cadillac	Other Motor Vehicle Parts Manufacturing	100-249	100-249
Fiamm Technologies	Wiring & Equipment Merchant Wholesalers	100-249	
Samaritas Senior Care ²	Homes for the elderly	100-249	
Paulstra CRC	Other Rubber Prodcut Manufacturing	100-249	
Piranha Hose Products Inc	Rubber and Plastic Hoses and Belting	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>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>	<u>2017</u>
General Government										
City Manager	1.50	1.50	1.50	1.50	2.37	2.20	2.20	2.20	2.20	2.20
Administrative Services	0.90	0.80	0.98	1.22	0.00	0.00	0.00	0.00	0.00	0.00
Financial Services	1.94	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Clerk/Treasurer	4.00	4.00	4.00	3.88	3.80	3.80	3.80	3.80	3.80	3.80
City Hall	1.30	1.10	1.28	1.28	1.32	1.00	1.00	1.00	1.00	1.00
City Engineer	2.41	2.41	2.51	1.79	1.80	1.80	1.80	1.80	1.80	1.80
Public Safety										
Police	17.41	17.06	16.41	16.91	16.91	17.36	16.86	16.95	16.95	16.95
Fire	11.50	11.85	11.85	11.85	11.85	11.50	11.00	11.00	11.00	11.00
Code Enforcement	0.00	0.00	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Building Inspector	1.38	1.38	0.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planning/Zoning	1.21	1.21	1.21	1.21	0.00	0.00	0.00	0.00	0.00	0.00
Other										
Public Works	14.22	14.03	13.03	13.03	12.70	12.10	12.10	12.10	12.10	12.00
Data Processing	0.06	0.00	0.30	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	0.00	0.00	0.00
Water/Sewer	20.00	20.00	19.00	19.87	20.00	20.00	20.00	20.00	20.00	20.00
Community Development	0.40	0.40	0.40	0.40	2.21	2.20	2.20	2.20	2.20	2.20
Cemetery	0.68	0.92	0.92	0.92	0.90	0.90	0.90	0.90	0.90	0.00
Total FTE	79.00	79.00	77.00	77.00	77.00	76.00	75.00	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>	<u>Fiscal Year</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>	<u>2017</u>
Police										
Traffic Citations	1,479	1,177	815	640	688	586	536	538	344	N/A ¹
Fire										
Number of Fire Inspections	260	262	301	50	50	98	86	55	80	N/A ¹
Number of Rental Inspections						332	455	285	586	N/A ¹
Number of Fires Reported	41	42	38	51	38	30	34	39	52	N/A ¹
Number of EMT Runs	1,242	1,295	1,353	1,358	1,341	1,059	1,545	1,788	1,792	N/A ¹
Building Inspection										
Number of Permits Issued	274	250	108 ²	0 ²	0 ²	0 ²	0 ²	0 ²	276 ²	438 ²
Water										
Total Customers	3,544	3,496	3,474	3,497	3,551	3,553	3,578	3,554	3,549	3,567
Average Daily Consumption (thousands of gallons)	2,302	2,261	2,150	2,102	1,896	2,040	1,942	2,265	2,183	2,021
Wastewater										
Total Customers	3,592	3,541	3,527	3,542	3,582	3,581	3,604	3,575	3,569	3,608
Average Daily Treatment (thousands of gallons)	2,215	2,100	1,860	2,118	1,561	2,625	2,323	1,904	1,766	1,989

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 Assets Statistics by Function
Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</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>	<u>2017</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	9	9	10	11	11	11	11	9	9	9
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	6	6	7	7	7	7	6	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	63	63	63
Street Lights	587	578	578	578	578	591	591	591	592	592
Water										
Fire Hydrants	477	482	482	482	483	483	483	483	483	484
Miles of Water Mains	74	74	74	74	75	75	75	75	75	76
Water Mains Replaced (Feet)	620	1,900	1,070	1,500	2,110	1,000	100	2,400	1,000	1,800
Wastewater										
Miles of Sewer Mains	62	62	62	62	62	62	62	62	62	63
Feet of Sanitary Sewers										
Inspected with TV Cameras	2,550	810	690	600	1,084	1,000	1,491	322	106,716	62,000
Cleaned with Vacon					9,382	8,942	28,673	22,991	111,101	60,000

(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 Years

Valuation Date: December 31,	Actuarial Accrued Liability	Assets Allocated to Funding	Percent Funded	Unfunded Actuarial Accrued Liability	Employer Contributions % of Payroll (1)	Valuation Payroll	Active Members	Retirants and Beneficiaries	<u>Active Members Average</u>		
									Annual Pay	Age	Service
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	15,013,109	12,257,453	81.6	2,755,656	0.00% - 21.50%	2,746,059	61	67	45,017	51.0	13.9
2017	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:

<u>Employee Group:</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Non-Union	8.65%	8.64%	8.46%	8.43%	9.17%	9.83%	11.00%	12.54%	14.08%	
Steelworkers	7.96%	8.07%	8.14%	11.06%	12.73%	13.64%	14.43%	16.17%	15.03%	
Housing Commission	7.67%	7.38%	7.43%	11.22%	10.40%	10.19%	10.23%	10.55%	10.11%	
Library	8.20%	7.96%	7.96%	11.73%	13.56%	9.51%	10.69%	10.02%	0.00%	
City Manager	8.76%	10.31%	10.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Department Heads	8.45%	8.71%	8.89%	26.58%	22.55%	23.25%	23.74%	20.59%	21.50%	

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	Actuarial Accrued Liability	Assets Allocated to Funding	Percent Funded	Unfunded Actuarial Liability	Employer Contributions % of Payroll	Valuation Payroll	Active Members	Retirants and Beneficiaries	Active Members Average		
									Annual Pay	Age	Service
2008	9,936,669	7,080,393	71.3	2,856,276	Note (3)	1,389,958	25	32	55,598	40.0	11.7
2009	9,985,089	6,549,608	65.6	3,435,481	Note (3)	1,399,695	24	32	58,321	41.0	12.8
2010	10,326,784	7,188,395	69.6	3,138,389	Note (3)	1,585,519	27	32	58,723	39.7	12.2
2011	10,852,937	7,989,372	73.6	2,863,565	Note (3)	1,544,766	26	33	59,414	39.3	12.4
2012	11,246,821	8,200,264	72.9	3,046,557	Note (3)	1,600,665	26	31	61,564	40.5	13.3
2013	11,624,354	8,565,010	73.7	3,059,344	Note (3)	1,513,913	25	34	60,557	39.2	11.8
2014	12,220,792	9,304,981	76.1	2,915,811	Note (3)	1,568,160	25	35	62,726	39.3	11.7
2015	12,681,727	9,937,183	78.4	2,744,544	Note (3)	1,595,473	26	36	61,364	38.6	10.7
2016	12,882,578	10,310,333	80.0	2,572,245	Note (3)	1,607,792	26	35	61,838	38.8	10.9
2017	13,300,486	10,888,703	81.9	2,411,783	Note (3)	1,528,849	25	36	61,154	38.4	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 Co., Actuarial Consultants.
- 3) Employer Contributions as a Percent of Payroll are broken down as follows*:

Member Type:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police	39.03%	34.41%	42.06%	37.10%	38.18%	38.00%	38.15%	37.24%	33.68%	31.94%
Fire	38.15%	30.20%	39.58%	33.41%	28.03%	29.98%	34.59%	32.76%	34.69%	34.76%

* - Prior to 7/6/2010, each group contributed 3% of salary to cover benefit enhancements. Fire members hired fter 7/6/2010 no longer contribute.

**City of Cadillac, Michigan
Labor Agreements
Last Ten Fiscal Years**

	DATE EFFECTIVE JULY 1,	EXPIRATION DATE JUNE 30,
<u>POLICE</u>		
Police Officers Association of Michigan (POAM) Local - Cadillac Police Officers Association (CPOA)	2017	2020
Command Officers Association of Michigan (COAM) Local - Cadillac Command Officers Association (CCOA)	2017	2020
<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
As of June 30, 2017

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
2008	2006
2009	2007
2010	2008
2011	2009
2012	2010
2013	2011
2014	2012
2015	2013
2016	2014
2017	2015

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
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)
2017	3,567	0.51	3,608	1.09

Average Number of Water Supply and Wastewater Treatment Customers
By Meter Classification
Fiscal Year Ended June 30, 2017

METER CLASSIFICATION	AVERAGE CUSTOMERS	
	WATER SUPPLY	WASTEWATER TREATMENT
Unmetered	2	153
5/8"	3246	3181
3/4"	7	7
1"	127	104
1 1/2"	82	73
2"	76	68
3"	9	9
4"	12	10
6"	5	3
8"	1	
TOTAL	<u>3,567</u>	<u>3,608</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, 2017**

LINE SIZE	MONTHLY READY-TO-SERVE CHARGE
3/4"	2.29
1"	3.92
1 1/2"	7.77
2"	12.54
3"	27.22
4"	46.81
6"	97.70
8"	140.77
10"	226.74
12"	336.08

**Monthly Water Supply Ready-To-Serve Charge by Meter Classification
Fiscal Years Ended June 30, 2008 through 2017**

YEAR ENDING JUNE 30,	METER CLASSIFICATION								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
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
2017	6.39	9.40	15.66	31.38	50.06	109.64	187.95	391.62	563.90

City of Cadillac, Michigan

**Monthly Ready-To-Serve Charge for Wastewater Treatment
Fiscal Years Ended June 30, 2008 through 2017**

YEAR ENDING JUNE 30,	METER CLASSIFICATION								
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
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
2017	10.30	15.48	25.78	51.56	82.53	180.66	309.51	644.92	928.62

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, 2016 through December 31, 2016**

		CUBIC FEET		GALLONS		DOLLARS
		WATER	SEWER	WATER	SEWER	WATER AND SEWER
1)	Avon Rubber & Plastics	16,967,400	14,285,000	126,916,152	106,851,800	\$ 529,411
2)	Cadillac Castings	13,225,100	6,076,100	98,923,748	45,449,228	\$ 365,500
3)	AAR Cadillac Manufacturing	8,371,500	6,503,400	62,618,820	48,645,432	\$ 240,192
4)	Piranha Hose	2,280,700	2,280,700	17,059,636	17,059,636	\$ 76,949
5)	Mercy Hospital	1,328,000	1,328,000	9,933,440	9,933,440	\$ 63,123
6)	Borg-Warner	1,192,500	1,192,500	8,919,900	8,919,900	\$ 46,846
7)	Cadillac Renewable Energy	0	1,238,000	0	9,260,240	\$ 45,236
8)	Country Acres	1,094,200	1,094,200	8,184,616	8,184,616	\$ 39,684
9)	Hutchinson Antivibration	32,600	32,600	243,848	243,848	\$ 36,841
10)	Pheasant Ridge	779,500	779,500	5,830,660	5,830,660	\$ 27,381
11)	Four Winns	437,200	437,200	3,270,256	3,270,256	\$ 22,469
12)	Michigan Rubber Products	479,200	479,200	3,584,416	3,584,416	\$ 19,595
13)	Leisure Park	463,500	463,500	3,466,980	3,466,980	\$ 16,676
14)	Kolarevic Car Wash	345,800	345,800	2,586,584	2,586,584	\$ 13,280
15)	Rexair, Inc.	102,400	102,400	765,952	765,952	\$ 9,469
TOTAL						<u>\$ 1,552,652</u>

Monthly Water Supply Commodity Charge
Fiscal Years Ended or Ending June 30, 2008 through 2017

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
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
2017	1.34	1.14	1.01	0.88	0.77

City of Cadillac, Michigan
Monthly Wastewater Treatment Commodity Charge
Last Ten Fiscal Years

FISCAL YEAR ENDED OR ENDING JUNE 30,	CHARGE PER 100 CF	PERCENT CHANGE
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
2017	2.39	2.6

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	
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
2017	98,630,882	737,759,000	(12.08)	97,055,749	725,977,000	3.12	98.40

**Water Supply and Wastewater Treatment Volume by Meter Classification
Fiscal Year Ended June 30, 2017**

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"	23,336,000	25.96%	18,544,530	26.05%
3/4"	104,600	0.12%	50,700	0.07%
1"	4,529,100	5.04%	2,515,400	3.53%
1 1/2"	5,117,800	5.69%	3,469,800	4.87%
2"	16,276,300	18.11%	20,499,900	28.80%
3"	2,072,900	2.31%	2,062,900	2.90%
4"	22,774,500	25.34%	15,460,900	21.72%
6"	14,833,700	16.50%	8,574,500	12.05%
8"	835,000	0.93%		0.00%
TOTAL	<u>89,879,900</u>	<u>100%</u>	<u>71,178,630</u>	<u>100%</u>

City of Cadillac, Michigan
Water Supply and Wastewater Treatment Revenue
As Billed by Meter Classification
Fiscal Year Ended June 30, 2017

<u>METER CLASSIFICATION</u>	<u>WATER SUPPLY</u>		<u>WASTEWATER TREATMENT</u>	
		PERCENT OF TOTAL		PERCENT OF TOTAL
	REVENUE		REVENUE	
Unmetered	\$118	0.01%	\$42,138	1.79%
5/8"	\$543,157	41.96%	\$834,596	35.44%
3/4"	\$2,049	0.16%	\$2,507	0.11%
1"	\$74,406	5.75%	\$92,180	3.91%
1 1/2"	\$86,272	6.67%	\$124,697	5.30%
2"	\$209,675	16.20%	\$556,740	23.64%
3"	\$33,795	2.61%	\$68,662	2.92%
4"	\$219,415	16.95%	\$405,781	17.23%
6"	\$110,223	8.52%	\$227,600	9.66%
8"	\$15,236	1.18%		0.00%
TOTAL	<u>\$ 1,294,346</u>	<u>100%</u>	<u>\$ 2,354,901</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*