

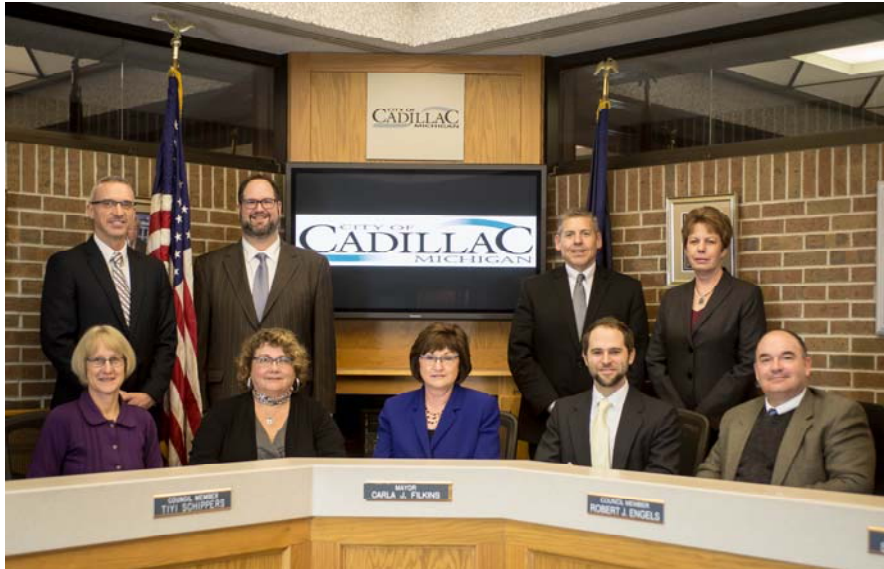


18/19 ANNUAL OPERATING BUDGET



Community members gather at The Plaza at Cadillac Commons in anticipation of the lighting of the Community Tree in November 2017.

For the Fiscal Year Beginning
July 1, 2018 and Ending
June 30, 2019



Administrative Officials

(Back Row, Left to Right)

Owen Roberts

Director of Finance/DPW

Marcus Peccia

City Manager

Michael Homier

City Attorney,
Foster, Swift, Collins & Smith, PC

Sandra Wasson

City Clerk

CITY COUNCIL (Front Row, Left to Right): Shari Spoelman,
Antoinette Schippers, Carla Filkins, Robert Engels, Stephen King

CITY COUNCIL

Carla J. Filkins, Mayor

At Large

Shari Spoelman, Mayor Pro-Tem

First Ward

Robert Engels, Councilmember

Third Ward

Antoinette Schippers, Councilmember

Second Ward

Stephen King, Councilmember

Fourth Ward



Other Administrative Officials:

Jeff Dietlin - Director of Utilities

John Wallace - Community Development Director

Fred Osborn - Fire Captain

Eric Eller - Police Captain

Keri Smith - City Treasurer

May 21, 2018

Dear Citizens of Cadillac:

What an exciting time to live in Cadillac! In just the last couple of years, we have completed The Plaza at Cadillac Commons, added new amenities at the Rotary Pavilion, and the construction of The Market at Cadillac Commons is underway. We rebuilt and replaced over two miles of City streets in 2017 and have more planned for this year. We recently received preliminary word that the City has been awarded grant funding to make the exciting prospect of a beautiful new trailhead for the White Pine Trail also located in Cadillac Commons a reality. There is significant activity and investment happening in our core downtown area, which includes a new restaurant, new retail space, professional office space, and new residential units. It is certainly a transformational time in the history of our great community!



I am pleased to submit to you the Annual Operating Budget for the City of Cadillac for the fiscal year beginning July 1, 2018 and ending June 30, 2019. This budget represents the culmination of many hours of work beginning over four months ago. Our thorough budget process includes several opportunities for members of the Cadillac community to provide input into the direction of the budget and I am confident that this document represents a very realistic and achievable plan for the upcoming fiscal year.

The FY2019 budget plans \$18.6 million in spending across the organization. Many of you will be positively impacted by over \$4.3 million in street and utility construction that is planned as the City works hard to fix our roads, maintain other critical infrastructure and utilize highly efficient and productive maintenance equipment to keep our city looking beautiful. The budget also includes over \$3.9 million in appropriations to Public Safety in recognition of our responsibility to provide for the protection of our community. Because of the revenue challenges that we continue to encounter here at the local level, each area of spending has been closely scrutinized for opportunities for cost savings and productivity and efficiency enhancements in order to position our organization for many years of sustainable community care and service.

Thank you for taking the time to review this extensive budget document. There are two areas that I want to highlight for you that should help make the document easier to navigate and understand. First, the **Budget Reader's Guide** found just after this letter provides a simple yet valuable overview of the finances of the organization and the document itself. Second, our City Manager presents his **Transmittal Letter** starting on page 1 of this document. In it he details the challenges facing the City of Cadillac as well as some additional information on the plans incorporated into the current budget.

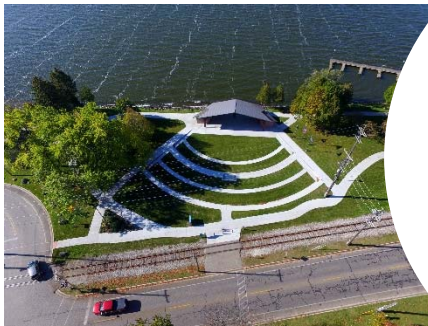
I am very proud of the effort that has gone into the development of this budget. It is a true pleasure for me to serve as your Mayor and I look forward to interacting with you as we partner together to make this City a community of continuing success.

Sincerely,

Carla J. Filkins
Mayor

Glimpses of ...

... Cadillac



CITY OF
CADILLAC
MICHIGAN



2018-2019 BUDGET READER'S GUIDE

Welcome to the City of Cadillac's Annual Operating Budget for the fiscal year beginning July 1, 2018 and ending June 30, 2019. Thank you for taking the time to learn about the appropriation of resources within the City of Cadillac. Hopefully the time you invest in familiarizing yourself with this information will be time well spent. The City is committed to accountability in serving the citizens, businesses, and industries of the Cadillac community. Hopefully this brief "Budget Reader's Guide" will help you understand this robust document as well as introduce you to the process that has led to its production.

Financial Structure

The financial structure of a municipality consists of various "funds", which operate just like separate businesses within the City and have their own set of balanced books. The main fund of the City of Cadillac is the General Fund. The General Fund is where you will find information on the resources devoted to providing the types of services that you would generally expect from a city - things like police, fire, general administrative services, tax collections, elections, community planning and zoning, and parks maintenance are all core governmental services that are appropriated through the General Fund. An entire section of this document is devoted to the General Fund.



Keeping City parks beautiful is a core service provided by the General Fund.

Within the section called "Major Funds" are activities related to the provision of utilities services, specifically water delivery and wastewater treatment. The Water and Sewer Fund combines these two activities into one fund, yet tracks the costs and revenues separately so that the true cost of each service can be shown separately. This activity-based approach enhances the ability of City staff to analyze the costs of the activities separately and collectively, depending upon the type of analysis being done.

The "Non-Major Funds" section contains most of the other core services provided by the City of Cadillac that are not part of the General Fund. Financial details for activities related to street maintenance, including rights-of-way, are found in these funds. This is also where you will find information related to the costs of winter maintenance – activities like snow plowing and snow hauling. These are important activities in Cadillac, as we are nestled in the heart of Northern Michigan and can find ourselves knee-deep in snow at any given moment during the winter months.

Also in the "Non-Major Funds" section is the budget detail for the rest of the funds that are within the City's financial structure. Activities such as the operation of the City cemetery, community development services, and others are found in this section, along with the details of the various debt service requirements of the City. Information technology is another area that the City commits substantial resources to in order to enhance efficiency and employee productivity, and these activities are tracked separately in this section. The City's costs for employee health insurance are found in a fund within this section as well.

Budget Reader's Guide**The Process**

A lot of effort has gone into developing a systematic process that will take a wide variety of information into consideration as funding and appropriation decisions are made. In fact, this has become a year-round activity at the City of Cadillac. There are basically four parts to the process:

Council Mission and Vision – Several years ago, the City Council established a Mission and Vision Statement. These statements essentially established the priorities and communicated the Council's vision for Cadillac. The departmental staff of the City of Cadillac utilizes these statements when evaluating annual priorities and establishes goals and objectives that will be implemented into City operations to assist the Council in carrying out their mission and vision. Periodic review of these statements will help assure Council that their priorities play an important role in the direction of the City.

Capital Improvement Program – In late fall each year, work begins on a 6-year capital improvement program. This program lays out projects with a cost greater than \$7,500 and a useful life of more than one year. Any project that meets these criteria typically flows through this program, with very few exceptions. Funding sources are identified through this process, but the actual appropriation of resources does not yet take place. This type of long-term capital planning has been of great benefit as funding has continued to be challenged on many fronts. There are opportunities for public input at this point, and the City Council officially adopts this 6-year program.



Construction activities are a big part of the long-term capital planning process.

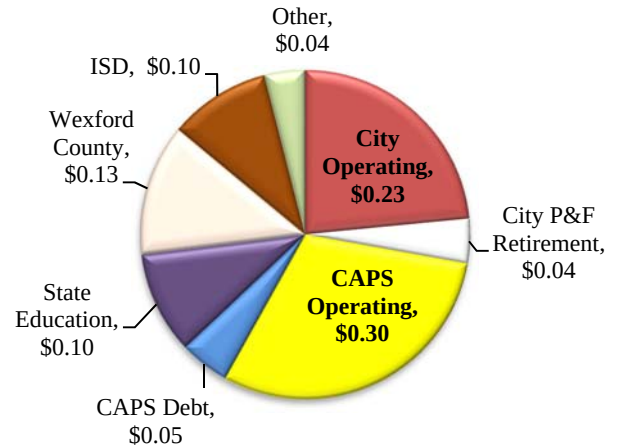
Annual Operating Budget – The annual operating budget is required by Cadillac's City Charter to appropriate all resources that will flow through the City, matching expenditures with various sources of revenues. The results of the first two planning processes – the Council Mission and Vision, and Capital Improvement Program – help guide many of the appropriation decisions made at the budget level. Additionally, the first year of the Capital Improvement Program is integrated into the budget as the Capital Budget. There are times that previously identified funding sources are no longer available, and when this happens these projects must be postponed or eliminated during the budget process. However, the City has historically been very successful at funding projects that have been planned for as part of the program. The budgeting process begins in mid-December and involves input from personnel in every department within the City. The process culminates in the document that you now hold in your hand which must be adopted by Council before the end of May each year.

Annual Independent Audit – Each year, the City retains an independent auditing firm to review the financial reports of the City and express an opinion on whether or not they fairly and adequately report the financial activities of the City. The results of this process are a vital part of the planning and budgeting process, as actual results are analyzed and compared with what was budgeted and appropriated. Any variances are closely analyzed and necessary adjustments are made in subsequent planning efforts.

As you can see, the City takes its responsibility for handling financial resources very seriously and is firmly committed to openness and accountability in the planning, budgeting, and subsequent financial reporting activities that take place throughout each fiscal year. There are at least six different opportunities throughout the year for the public to have input on strategic directions that the City will take. This input is both welcomed and encouraged.

City Property Tax Bill

While all taxes levied on property within the City are typically collected by the City of Cadillac, only a small portion of the payment actually remains at the City. In fact, only about \$0.27 of every \$1 in taxes paid on non-principal residence properties stays at the City, as the chart to the right shows. Most of the taxes are simply collected on behalf of other local taxing authorities and distributed to these entities on a regular basis throughout the tax collection season. If the property has a principal residence exemption, about \$0.38 of every \$1 in taxes paid on a City tax bill is for City activities.



Elected Officials

Elected officials play a significant role in the operations of the City. They have the final adoptive authority in each process detailed in this guide. They set strategic plans into place and guide many of the decisions related to the appropriation of resources. The following introductory biographies are offered so that you can familiarize yourself with the names and faces of the officials that have been elected to guide and direct City staff in the delivery of services.



Mayor Carla Filkins

Councilmember from City at Large
 Population of City: 10,355
 Occupation: Director Regional Materials Management & Logistics
 Term Expires: December 31, 2019
 Annual Salary: \$4,300



Mayor Pro-Tem Shari Spoelman

Councilmember from Ward 1
 Population of Ward: 2,683
 Occupation: MSU Extension Director
 Term Expires: December 31, 2019
 Annual Salary: \$3,000



Councilmember Antoinette Schippers

Councilmember from Ward 2
 Population of Ward: 2,561
 Occupation: Teacher
 Term Expires: December 31, 2021
 Annual Salary: \$3,000

Elected Officials (Continued)***Councilmember Robert Engels***

Councilmember from Ward 3
Population of Ward: 2,683
Occupation: Insurance Agent
Term Expires: December 31, 2019
Annual Salary: \$3,000

***Councilmember Stephen King***

Councilmember from Ward 4
Population of Ward: 2,480
Occupation: Attorney
Term Expires: December 31, 2021
Annual Salary: \$3,000

A map of the four city voting wards is shown here as well. If you are wondering who your elected representative to City Council is, the map should help you answer that question. These elected officials welcome public comments and input and will do their best to be available to answer your questions. The Council meets on the first and third Monday of each month at 6:00 PM in the council chambers at the City municipal complex. There is time set aside at each meeting for public comment. Agendas and minutes of these meetings can also be found on the City's website.

Thank you again for taking the time to look through this document. As part of our commitment to the readers and users of this information, we are always available to answer questions you may have about the information presented to you. Please feel free to contact our Financial Services Department at (231) 775-0181 if you have any questions. Additionally, this document in its entirety will be available on our website at www.cadillac-mi.net. We have tried to make the document easy to follow and read, and have offered many pictures, graphs, and textual descriptions of most of our activities to help you understand the scope of services that we are committed to providing with unmatched excellence.

Sincerely,

Marcus A. Peccia
City Manager

Owen E. Roberts
Director of Finance





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

MEMORANDUM

To: Honorable Mayor Carla J. Filkins and Cadillac City Council
From: Marcus A. Peccia, City Manager
Subject: Transmittal of 2018-2019 Annual Operating Budget
Date: April 1, 2018

Introduction

On behalf of the entire City of Cadillac staff, I am pleased to present to you the proposed FY2019 (July 1, 2018 - June 30, 2019) Annual Operating Budget that includes proposed expenditures totaling \$18.6 million.

The proposed FY2019 budget is balanced, with all operating and capital expenditures analyzed and covered by current revenues and available fund balance in accordance with the City's fiscal reserve standards. The overall City budget for all funds and activities will decrease about 15% compared to the FY2018 budget. The decrease is the result of changes in grant and construction activity throughout City operations as well as some one-time transfers between City funds that were part of the FY2018 budget. The following is a general overview of the proposed budget and the City's outlook and status of our various funds and activities.

Overview of Budget

Much has taken place in the past year as the City has undertaken several transformational projects and seen signs of additional economic development in the local area. The City's core downtown business district has had significant public investment over the last couple of years. This investment will be discussed later in this message. In addition, efforts are finally underway to clean up the old site of the Mitchell Corporation, and this budget appropriates some funds for the City's Brownfield Redevelopment Authority to assist in these efforts.

After several years of limited infrastructure investment due to a very challenging revenue environment, over two miles of street projects were completed in FY2018. This budget plans for an additional investment of nearly \$800,000 in street construction projects, and includes a plan for additional street improvement bonds that will fund nearly \$2 million of projects in the next three years. This budget also provides for an additional \$3.5 million in water and sewer utilities infrastructure. The City is seeking and expects to be approved for low-interest financing through the United States Department of Agriculture – Rural Development to assist with the utilities infrastructure projects.

The City's contract to provide fire protection to Clam Lake Township automatically renewed for an additional four years in December 2016. This agreement honors a long-standing partnership between the City and the township for these services and provides additional revenue to help fund the costs of a full-time fire department. In addition, the City recently renewed the contract with the Wexford County Equalization Department to provide assessing services for the City. This is another intergovernmental cooperation and collaboration agreement that provides an ongoing benefit to both units.

Revenues and Expenditures

The total budgeted revenues of City-wide operations are projected to be \$19.4 million while planned expenditures are \$18.6 million. The surplus is primarily related to the proposed issuance of street improvement bonds that will be spent over a three-year period. The City's property tax base experienced yet another decline, though just slightly as it decreased 0.1%. Personal property tax (PPT) reform was the cause of the decline, as an additional \$6.6 million in personal property fell off the books. There is still some unknown regarding the State of Michigan's ongoing promise to reimburse municipalities for the loss in taxes related to personal property tax reform. The City received substantially more than projected during FY2017 and FY2018, and while the tax reform continues to phase-in through 2020, it is unknown what the trend of the reimbursement will be.

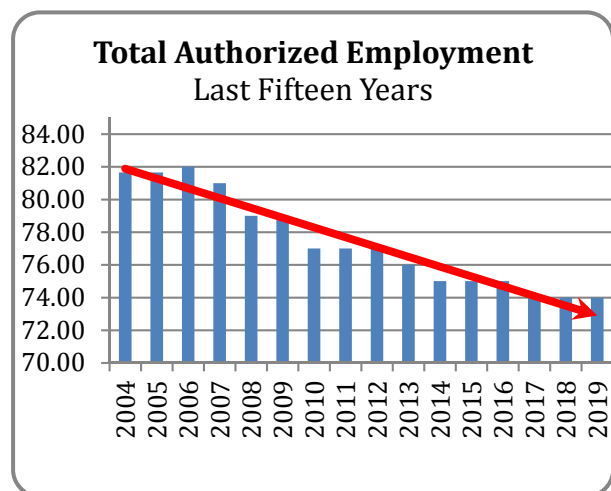
This budget recommends an increase in user charges in the water and sewer system of 3%. Rates did not increase in FY2018 as the City awaited the results of comprehensive rate studies. These studies indicated the need for a systematic series of annual rate increases that will enable the City to make needed system-wide capital investments to protect the integrity of these systems for the future.

Trash collection rates are expected to increase based on inflationary adjustments that are part of the City's recycling contract with Ms. Green and an upcoming extension with Republic Services for solid waste removal. This increase is expected to be about \$1.75 per month combined, or \$21.00 per year for a residence. This rate is still less per month than ten years prior. FY2018 will mark the end of the City's 5-year contract with Republic Services, and an extension will be presented to the Cadillac City Council within a couple weeks of this writing. These increases are passed on in full to the contractual waste hauler and the City receives no additional revenue from the increase.

Personnel

The City recognizes that as primarily a service organization, people are a fundamental and important asset. Because of recent economic conditions, minimal pay adjustments have been available. This budget recommends a cost-of-living adjustment of between 2% and 2.5% for all nonunion employees and union employees depending on the collective bargaining agreement.

Overall, full-time staffing will remain at 74 employees for FY2019. The City has experienced significant turnover over the last several years, primarily as the result of a number of City staff that reached retirement eligibility and left the organization. This has presented both challenges and opportunities, as when a vacancy occurs there is an additional burden on other staff to pick up extra work, but the City closely analyzes each opening to determine if there is justification to restructure in any way to achieve cost savings or gains in the efficiency of providing services.



Over the last several years, some significant changes have been made in the staffing structure, including:

- **Eliminate Activities:** In 2010 the City eliminated its full-time Building Inspection department. All inspection and permit activities were turned over to the Wexford County Building Department. This resulted in the elimination of one full-time position. As of July 2015, the City has entered into an agreement with a private company, Associated Government Services, to provide these services on a contractual basis. This new arrangement prevents the City from having to subsidize the full-time staff required to conduct these activities using City staff.
- **Consolidate Positions:** Staffing remains at the lowest level that it has been in many years, and in the past several years some key positions opened up due to staff retirements or resignations. Each time an opening occurred, the position was reevaluated and in several cases, duties were shifted and existing staff was utilized to perform the key duties and the positions were either left unfilled or were restructured to save costs. These include:
 - **Assistant City Manager** – This department-head level position was unfilled when the former Assistant resigned in 2010. Since that time, a community development analyst position was created and filled at a substantial cost savings.
 - **Clerk/Treasurer** – This consolidated position was split into two positions that were assumed by two existing employees and the former position was not filled.
 - **Public Works Director** – This department-head level position was replaced by an analyst-level position at a 40% cost reduction. Various responsibilities were assigned to other personnel, and the management duties were consolidated into another department head position. This analyst left the organization in 2016 and the duties of this position were again changed and absorbed into other areas to reduce costs and gain efficiencies.
 - **Cemetery Foreman** – This mid-management position was unfilled when the former Foreman retired in 2016. Maintenance activities will be rolled into the DPW crew and will be managed by the Parks and Cemetery Superintendent.
 - **City Engineer** – The City's Engineer retired in the summer of 2017 after nearly 38 years of service. Because of changes over the years that limited the ability of a one-person engineering department to handle all facets of the City's engineering needs, the decision was made to utilize a private contractor to provide Engineering services. The City will be releasing a Request for Proposals in spring 2018 to appoint this position. Other management responsibilities were transferred to the Director of Finance. The Director of Utilities passed two certification tests to enable the City to continue to internally address soil erosion permitting and testing.
 - **Public Works Department** – By not filling the City Engineer position, the City was able to redistribute some of these available dollars to the DPW which enabled the department to add a maintenance worker to DPW operations.

It is expected that additional retirements may take place this year, and all vacancies will be closely analyzed to determine if additional cost savings or efficiency gains are available in filling and/or restructuring these positions.

City Reserves

Despite difficult economic conditions over the past several years, the City remains in a stable financial position with healthy reserves in primary operating funds. The General Fund has fund balance reserves of about 30% which this budget continues to protect. The Water and Sewer Fund has over six months cash on hand, which is recommended for the stability of the system.

Overall the budget plans for City-wide reserves to increase by nearly \$800,000. This will primarily be the result of bond proceeds that should be received this year but spent over the next three fiscal years. The budget plans for the use of just over \$100,000 in reserves to fund the costs of retiree health care in the Self Insurance Fund. While these are ongoing costs that need to be funded, the City's liabilities for retiree health care are now nearly 70% funded and so additional funds can be drawn from this trust to cover future costs.

Finally, two of the City's component units plan the use of reserves to fund current year costs. The Local Development Finance Authority (LDFA) will use \$268,600 to fund the costs of groundwater treatment in the LDFA district. A special assessment formerly provided revenue to cover these costs but when the last assessment expired it was not renewed. This will need to be addressed during this year so that the treatment can continue.

Capital Expenditures

As previously discussed, the City is planning for \$800,000 in street and public infrastructure investment in FY2019. This is primarily targeted toward street reconstruction and will upgrade several sections of City streets. In addition, a plow truck will be replaced for the third consecutive year after not being able to replace a truck for a decade. A police patrol vehicle is scheduled for replacement as the City continues its ongoing replacement program to provide a modern, safe patrol fleet.



A modern, safe fleet of vehicles represents a critical need for capital investment across all City departments.

The Water and Sewer Fund plans nearly \$4 million in capital investment. Most of this spending is for the final phase of the well field relocation project. This project will provide for the installation of three new wells and the related infrastructure, and will also relocate the base of operations for the Water Distribution and Collection division. The site has been purchased and the project is now being designed. Initial projections based on preliminary design work indicate that the project costs could be well in excess of the \$3.5 million figure that was projected a number of years ago. Once designed, the project will be bid out and then construction will begin. Construction is expected to begin in the later part of the fiscal year. The vast scope of this project will most likely cause it to carry into future fiscal years.

Further discussion on the capital budget for FY2019 can be found on pages 193-195 of this document. This section not only identifies the planned capital spending in this year's budget, but also summarizes the planned capital investment for the succeeding five years. The City's 6-Year Capital Improvement Program is developed and published each year and is an important tool in longer-term financial planning.

Economic Development and Activity

A lot of exciting activity has taken place in the City of Cadillac recently. Several of these activities and developments are discussed below.

Placemaking

The City has been a pioneer in the state of Michigan related to the new placemaking initiatives that are being prioritized by several state-level departments and organizations. The City was successful in not just one, but two crowdfunding campaigns that were supported by grant matches from the Michigan Economic Development Corporation (MEDC). In fact, the City set both goals at the maximum allowable match of \$50,000 and exceeded the fundraising goals on both projects – the Cadillac Rotary Performing Arts Pavilion Renovation and The Market at Cadillac Commons. Over \$112,000 in private contributions were made to these projects and the City received a total of \$100,000 in grants from the MEDC. Additionally, the Michigan Municipal League bestowed its “Community Builder Award” to the City (City Manager) in 2017.

The City has received statewide recognition for the success of these activities. More importantly, the completion of the related projects has provided a significant enhancement to core downtown business and the adjacent recreational area. The Plaza at Cadillac Commons is now complete and has provided upgraded infrastructure along with multiple gathering places for the community with the addition of a fireplace, a seasonal synthetic surface skating rink, and a splash pad. These are very exciting and transformational projects that provide the community with convenient and desirable places where people can gather and enjoy these new amenities.

The Market at Cadillac Commons is an important part of this development, and construction activities have commenced. The commitment from the Cadillac Area Community Foundation, Frey Foundation and support from many donors is greatly helping to make this project possible, and completion is anticipated to occur in summer 2018.

The Trailhead at Cadillac Commons is perhaps the last major project comprising Cadillac Commons. The objective is to create a scenic extension of the White Pine Trail north from where it currently terminates, near the intersection of South and Lake Streets, to the parking lot adjacent to our prime placemaking facilities, located near Chapin and Lake Streets. The Michigan Department of Natural Resources Trust Fund has advised that the City will be awarded a grant (70/30 split) for its construction, and completion of the new trailhead is anticipated to be by the fall of 2019.



The Plaza at Cadillac Commons



Rotary Performing Arts Pavilion



The Market at Cadillac Commons



The Trailhead at Cadillac

New Development

The newly-annexed property near the US-131/M-55 exit area was providing significant private investment and development to the City; however the Supreme Court overturned nearly two decades of case law and the property is now under the control of the Charter Township of Haring, pursuant to the Public Act 425 Agreement Clam Lake Township and Haring entered together in an effort to thwart economic development in the City. Although a new fueling station, convenience store, Tim Horton's restaurant, and commercial retail/food spec building has been constructed with the required public infrastructure improvements such as utilities, roadway, and streetscape amenities in place, until the current legal challenges are adjudicated, it is uncertain whether the area will be annexed back to the City or if a new mutually beneficial revenue sharing agreement where the tax base is shared will be entered into by the parities including the City. This matter may take several years to be fully resolved.

Efforts are still underway to clean up and prepare the site of the former Mitchell Corporation for redevelopment. The City is working with a local industrial group on this project, the Michigan Department of Environmental Quality, and the Cadillac Brownfield Redevelopment Authority. Getting a development plan in place with a developer that intends to make improvements to the property, in addition to job creation, at a level exceeding any potential grant/loan from the State is required to get any funds to clean up the property. At this time it is estimated to cost approximately \$750,000 to \$1,000,000 to clean-up the property due to the contamination of the site.

The site commonly known as the Oleson Site, nearly two-blocks in size located in the City's core downtown on Mitchell Street between Cass and Chapin Streets, has been sold to an agency located in Lansing that is partnering with a local design/build firm to completely redevelop the site! The project concept at this time includes two, four-story mixed-use buildings with commercial spaces along the first floor and the top three-floors being market rate rentals.



Additionally, a new restaurant, the Raven Brewing & BBQ is under construction less than a block north from the Oleson project site, and is anticipated to open in summer 2018; an Ace Hardware will be redeveloping a blighted site approximately a half-mile north of the Raven; and another new commercial redevelopment project on a blighted site, approximately two-blocks south of the Raven, is starting this spring. There continues to be significant investment in our downtown property, all of which will enhance the dining, shopping, entertainment, and living opportunities and experience in our community!

Creating these new places is critically important to Cadillac's future. Cadillac not only provides services and amenities to its official population of 10,355, but to an entire region, with its daytime population spiking by approximately 70%! Cadillac is comprised of a variety of residential neighborhoods, business and commercial sectors, industrial parks, recreational facilities, and is proud to be the seat of government in Wexford County. Consequently, the City is responsible for multiple layers and types of infrastructure ranging from a lake, to trails, lighting, streets and sidewalks, water and sewer, and parks. In addition, we are responsible for providing a wide variety of services including planning, zoning, water, sewer, police, fire, engineering, and public works.

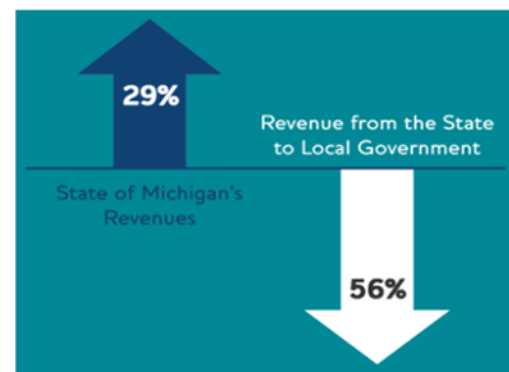
Given our composition, and the many layers of infrastructure that Cadillac is charged with providing and maintaining, the City is truly much different than the outlying areas that do not have the same types and/or amounts of infrastructure that Cadillac does, nor the population influx to support. By developing new, attractive and fun spaces for people to gather, it will help drive our local area economy, which may also lead to new private investment/new development in our community.

These are exciting opportunities and plans, and it is great to see positive activity. The City will need to leverage these positive developments to further market the opportunities that exist within City limits for additional commercial and industrial development to provide long-term stability to City operations and City services.

Future Outlook

Despite the challenges presented by recent financial conditions, the City enters another budget year in very stable condition. However, several situations will continue to challenge and threaten this position, mostly due to factors that are completely out of the control of the City. The State of Michigan continues to fail to meet their promise in the appropriation of funds for state shared revenue.

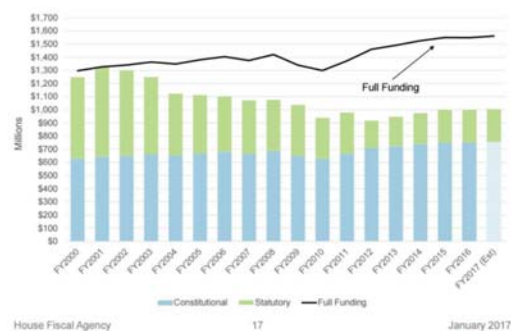
In addition to the impact from the recent personal property tax reform, we must never forget that the City has experienced significant and long-term revenue loss through the State's unwillingness to rightfully compensate the City through State Shared Revenue. According to the Michigan Municipal League's "www.SaveMiCity.org" website, the chart on the right shows that based on U.S. Census Bureau data, the State's revenues increased nearly 30% in the decade between 2002 and 2012 while revenue payments from the State to local governments dropped 56% in this same time period. This has resulted in a forced reliance to a greater degree on locally generated property tax revenues to fund core City services and operations. While the City has made these adjustments, even our core taxable value base has experienced substantial negative pressure over the last decade, resulting in additional challenges in funding City services.



Michigan is one of just four states nationally that reduced revenues to local governments. However, it is the only state that did so at such a comparatively high level, since the other three states reduced revenue sharing by approximately 10% and Michigan did so by nearly 60%! According to data available on the "www.SaveMiCity.org" website, the City of Cadillac lost \$4,503,717 in revenue sharing between 2003 and 2016. Municipalities throughout the State of Michigan have lost an estimated \$8.1 billion! This number continues to grow as this revenue gap continues to exist year after year.

The City is strongly represented in a renewed effort that is being spearheaded by the Michigan Municipal League to work with our legislators in creating meaningful reform. I am optimistic that there will be positive statutory changes within a relatively short timeframe (1-3 years) that will improve our situation. Otherwise, as stated previously over the last several years, Cadillac may be forced to look at a tax increase by way of a Headlee override or another mechanism to generate the minimum additional amount of revenues needed to continue providing core services.

Total Revenue Sharing Payments to Cities, Villages, and Townships



The City also must continue to address future challenges with consistent, careful, and conservative financial practices, while also aggressively pursuing outside funding opportunities and marketing our private development opportunities. Through the direct involvement with multiple state-wide organizations and regional collaborative groups and committees, the City will remain knowledgeable and aware of where these opportunities exist and how to be successful in attaining them.

Ongoing financial challenges will most likely preclude the City from hiring additional staff to facilitate these additional efforts. Therefore, ongoing training and investment in our existing staff is very important. With the recent and upcoming retirement of a couple of very long-tenured staff members, the organization will lose decades of staff experience and will need to carefully plan for rehires and filling these needs in ways that will help our organization continue to provide high quality services and address upcoming challenges and community needs.

Awards

It is with great pride that I mention the awards received by the City of Cadillac this year. These awards are something we can be proud of and are clear indications of the strong teamwork and commitment to excellence exhibited by the City Council and staff.

- ◆ **Tree City Award** goes to only those communities which meet strict standards for forestry management. The City has received this designation every year since 1983, clearly demonstrating our commitment to this most important natural resource.
- ◆ The **Award for Distinguished Budget Presentation** has been presented to the City of Cadillac for thirty-four consecutive years by the Government Finance Officers Association of the United States and Canada. This award is for one year and covers the budget beginning July 1, 2017. To receive this award, a governmental unit must publish a budget that meets program criteria as a policy document, as an operational guide, as a financial plan and as a communications device. We believe our current budget continues to conform to this high standard and we are submitting this year's document to be considered for another award.
- ◆ The Government Finance Officers Association of the United States and Canada presented the City of Cadillac with a **Certificate of Achievement for Excellence in Financial Reporting**. This award has been received thirty-two years in a row, reflecting our sincere effort to provide accurate and complete financial data.

Conclusion

I would like to thank the City Council for its continued support in working with staff to finalize a budget, especially during these on-going difficult financial times. Through input from a variety of sources, we are hopeful that this budget document identifies those services most needed and desired in the community, and the efforts committed to the development of the budget document by all parties, staff and council alike, are greatly appreciated.

I believe this document fairly and accurately reflects revenues and expenditures for FY2019. It is a budget which, especially when one considers the challenges presented to us by State and Federal mandates, does a superb job of continuing to serve the needs of our community through the utilization of scarce resources in the most efficient manner.

This budget is prepared and formulated in accordance with State of Michigan guidelines and the City of Cadillac charter requirements. It also conforms to generally accepted accounting principles. There are four columns in the financial details of each fund: one contains audited figures from the most recently completed fiscal year; the next reflects unaudited anticipated activity for the current fiscal year; the third column is the current approved budget; and the final column is the proposed budget. These four columns, along with the fund balance descriptions are required by P. A. 621, the State of Michigan Budgeting and Accounting Act. The budget document is available for public inspection at the City Clerk's office or on the City's website at www.cadillac-mi.net.

With the receipt of this proposed budget for the 2018-2019 fiscal year, the City Council begins its responsibility of examining the administration's proposals and its eventual approval of the document, which will establish the direction of all municipal services and programs. The City Charter requires that the Council adopt the final budget and set the tax levy authorization before the end of May. This budget will take effect on July 1, 2018 and run through June 30, 2019.

Final Thoughts

Our City operations continue to be confronted with unbelievable economic stress that has been the direct result of the State's broken financial system. Although there is a tremendous effort underway to fix this system state-wide, Cadillac is determined to plow ahead and create our own positive environment that will stimulate growth and investment.

We have embraced our Core Values, Guiding Behaviors and Goals, and the aforementioned public placemaking projects line up perfectly with these initiatives. But these projects alone are not enough - we need to continue to invest in our future! Continuing our fight to take on blight, and especially continuing our mission to make Cadillac a truly unique place by taking on new projects such as extending the White Pine Trailhead into our downtown core, reimagining the west side of Cadillac along M-115, and creating a new plan for our downtown, will make our City stronger and better equipped to continue to ride the economic rollercoaster we are on that for the most part is being driven by the State and out of our ability to control.

In closing, I acknowledge the tremendous efforts of our staff, and thank them for their genuine dedication to our City. We are successful in providing our core services, and we are striving to take on greater challenges and projects while continuing to "do more with less," all to provide the very best public services and amenities possible to our community.

I must also recognize and acknowledge the tremendous efforts of my executive team, and specifically thank Owen Roberts and Carol Pacella from the Financial Services Department for their countless hours in the preparation of our budget document that I am pleased to present for consideration.

Respectfully submitted,



Marcus A. Peccia
City Manager



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Cadillac
Michigan**

For the Fiscal Year Beginning

July 1, 2017

Christopher P. Morrell

Executive Director

DISTINGUISHED BUDGET PRESENTATION AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Cadillac, Michigan for its annual budget for the fiscal year beginning July 1, 2017. In order to receive this award, a governmental unit must publish a budget document as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine if it is eligible for another award.

Description of Budget Process**Description of Budget Process**

The process of developing the Annual Operating Budget for the City of Cadillac is lengthy and involved. It begins in December each year with the development of the 6-Year Capital Improvement Program and discussion about the goals of the City Council. The first year of the Capital Improvement Program becomes the starting point for the Capital Budget that will be appropriated into the Annual Operating Budget. Further timelines for the development of the annual budget are as follows:

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

January – Heads of various City Departments develop departmental budgets and enter budget requests into City’s general ledger software.

February-Early March – Director of Finance compiles data and determines if any changes and adjustments need to be recommended.

Mid-March – Director of Finance delivers preliminary budget requests to City Manager for review and approval.

April 1 – Proposed Annual Operating Budget delivered to City Council in accordance with City Charter mandate.

First Monday in April – City Council holds work session to discuss the proposed Annual Operating Budget.

Third Monday in April – City Council holds second work session if needed, and a Public Hearing on the proposed budget is held in accordance with Charter mandate.

Third Monday in May – Council holds public hearing and adopts General Appropriations Act. Section 10.4 of the Cadillac City Charter requires adoption of budget ‘Not before the 10th day of May, nor later than the last day in May in each year...’

July 1 – Annual operating budget takes effect.

Amending the Budget – The Annual Operating Budget serves as a roadmap and provides accountability to City officials regarding annual spending. Because of the fluid nature of City operations, budget amendments are often needed during a typical fiscal year. The City Charter and the General Appropriations Act allow for amendments according to the following:

- **Within the legal level of appropriation -** (Department level activities in General Fund; Total fund level activities in all other funds) - City Manager is authorized to approve budget transfers within the legal level of appropriation. City Manager may not increase total appropriations.
- **Additional Appropriations or transfers to different activities –** City Council may make amendments to the General Appropriations Act at any time by resolution to add appropriations or to make transfers to between activities.

2018-2019 Annual Budget Calendar

2017

December City Manager, Director of Finance have preliminary discussions regarding budget objectives and priorities. Department Heads submit projects for development of 6-Year Capital Improvement Program; discussion held on updates to City-wide and departmental goals.



2018

January 9 Staff meeting held to discuss the general guidelines for the 2018-2019 Annual Operating Budget preparation. Departments given access to Budget Maintenance in financial software as well as given a copy of 2018-2019 Personnel Summary.

February 9 Budget input completed by Department Heads and any related documentation submitted to Finance Department for review. Budget advanced to Director of Finance level for review.

February 19 City Council holds work session to discuss City-wide goals and to review 6-Year Capital Improvement Program.

February 28 Finance review completed. Information on balanced budget submitted to the City Manager for review and approval.

March 28 City Manager concludes review and preliminary budget is prepared.

April 1 Administrative budget is completed and in accordance with the City Charter is submitted to the City Council for their review.

April 2 City Council holds budget work session and sets Public Hearing for budget.

April 5 City Clerk makes public notice of public hearing on the budget.

April 16 Public hearing held on initial proposed budget. Public hearing and approval of 6-Year Capital Improvement Program.

May 21 Budget adoption and tax levy authorization.

June 24 City Treasurer completes 2018 tax roll.

June 30 Tax bills mailed.

July 1 2018-2019 Annual Operating Budget takes effect.

Cadillac, Michigan

Population:

2016 City of Cadillac Estimated Population: 10,460 (32% of County)
2016 Wexford County Estimated Population: 33,163

Area within the City:

- 9 square miles
- 1,150-acre, all-sports lake fully within City limits.
- Located approximately 100 miles north of Grand Rapids and 50 miles southeast of Traverse City.

Other Population Statistics:

Age Range	Population			% Bachelor Degree +
	2000	2010	2016	
< 18	2,624	2,554	2,529	
18-24 years	964	1,040	857	4.1%
25-34 year	1,333	1,435	1,479	19.1%
35-44 years	1,452	1,095	1,147	13.3%
45-64 years	1,959	2,459	2,613	16.8%
65 +	1,668	1,772	1,835	19.5%
Total	10,000	10,355	10,460	



Educational Attainment	Population-25 or older **	Poverty Rate	Median Earnings
Less than high school graduate	684	36.4%	\$16,094
High School/Equivalent	2,506	17.9%	\$25,043
Some College/Associate's Degree	2,445	16.2%	\$22,726
Bachelor's Degree	* 1,224	*7.5%	\$30,947
Graduate or Professional Degree			\$74,038

* Includes 'Bachelor's Degree or higher'

** Difference of 85 total people over age 25 between two charts above; unexplained in Census data

Government Profile:

Incorporated in 1877; Council/Manager form of government (one of the first in Michigan)

County Seat for Wexford County

Full-Time Police Force (15 Sworn Officers) and Fire Department (11 Fire Fighters/EMTs)

Major Industries:

Boat Manufacturer

Rubber Products

Medical Care

Vacuum Cleaner Manufacturer

Truck Parts/Commercial Freezers Manuf.

Automobile Parts Manufacturers

Iron Foundry

Military Hardware/Safety Equipment

Beverage Distributing

Tourism

Demographic Information

Employment Data:

January, 2018 – 21,795 labor force in the Cadillac Micropolitan Statistical Area
January, 2018 - 6.9% unemployment rate in LMA

Other:

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

Cadillac Weather

Local citizens like to say that if you don't like the weather, just wait a few minutes and it will change! A true four-season climate awaits you in Cadillac. Spring is exciting with its annual renewal of the lush foliage and flowers and the appearance of the much-awaited May mushrooms. Summer is pleasant with moderately warm temperatures and, for the most part, comfortable humidity levels. Fall, with nature's glorious color show, is a very special time of year. Winter provides abundant snow for a full range of winter activities.

Average Winter Temperature	21.3° F
Average Summer Temperature	65.4° F
Average Annual Rainfall	34 Inches
Average Annual Snowfall	76 Inches
Average High in July	79° F
Average Low in January	10° F
Average Annual Days of Sun	165



Winter Festivities on Lake Cadillac

Data Sources:

Weather Statistics: www.noaa.gov
Population Data: www.milmi.org
Population Statistics: www.census.gov
Other Statistics: www.bestplaces.net



Mission & Vision Statements

Mission Statement

It is the mission of the City of Cadillac to be a well-managed, environmentally conscious and fiscally responsible appealing community in northwest Michigan. We will encourage and advocate for an environment for living and working that is founded upon a strong community spirit of trust, broad-based citizen involvement, and dignity and respect for all regardless of gender, ethnic, social, or economic backgrounds.

Vision Statements

The City preserves and enhances its character and quality of life, and will be responsive to the changing needs of the residents and environment in a fiscally responsible manner.

The City will be an outstanding example of a well-managed, planned community which protects and enhances its historical heritage, architecturally significant buildings, residential neighborhoods, natural resources, open spaces and recreational areas. The City fosters well-planned business and commercial districts, encompassing a variety of industrial, manufacturing, retail and service establishments.

A strong commitment will be made to public health and safety, the maintenance of our infrastructure, and the conservation of our open spaces and natural resources, and where and when applicable, environmentally "green" practices will be utilized. Community services are distinguished by a strong commitment to quality, efficiency and outstanding public facilities, supported by reasonable property tax rates and/or fees.

The City will be known for its promotion of dignity, respect, and cooperation among residents regardless of gender, ethnic, social, or economic backgrounds, as well as will be known for its promotion of cooperation among businesses, community agencies, and other units of government.

Goals, Objectives and Priority Programs**CITY COUNCIL GOALS**

The City Council will annually review and discuss their mission/vision statements, financial realities, and priorities that they believe will maintain and improve our community. Council goals include:

Community Development & Enhancement

1. Promote positive image
2. Advance quality of life
3. Maintain and improve civic infrastructure
4. Maintain and improve public facilities and equipment
5. Maintain and improve environmental infrastructure

Economic Health & Development

1. Actively support business development
2. Promote business retention
3. Maintain and improve financial condition

Public Safety

1. Crime prevention
2. Emergency readiness and response
3. Enhance regional cooperation and communication
4. Fire Prevention

Customer Service & Organizational Enhancement

1. Maintain and improve human infrastructure
2. Maintain & improve use of technology
3. Review & update administrative procedures and policies

Goals, Objectives and Priority Programs

KEY PRIORITY PROGRAMS AND PROJECTS

Based on the goals set by the Cadillac City Council, the following have been identified by both Council and staff as key priority programs or projects:

1. **Study Future of Cadillac Community Center (former Naval Reserve)**

Time Frame: 1-2 Years

Initiated: 2016

Project Leader: Owen Roberts

The Cadillac Community Center has tenants in only a small portion of the facility, and the annual rents are not sufficient to fully cover annual costs of the facility. The facility is also in need of significant investment in order to attract new tenants. The City needs to engage community stakeholders and determine the best option for the facility.

Status: Ongoing – Up North Arts, Inc. has now moved in to the building. However, their ability to pay their lease long-term is in question and additional investments in maintenance to the site need to be made. Explore options to rebuild and/or redevelop the site entirely is desirable.

2. **Develop Parks Beautification and Management Plan**

Time Frame: 1-2 Years

Initiated: 2016

Project Leader: Owen Roberts

The City has nearly 120 acres of beautiful park space. The trees throughout the parks need to be inspected and evaluated to determine if they are diseased or over grown. The trees around the lake will be evaluated and inventoried first. City forestry crews can then prioritize the trees that need to be removed, trimmed or treated and completed this part of the project within a year. This will also improve visibility around Lake Cadillac. The next phases of tree management will address trees in other areas of the City and will likely take a few years to complete. The City will also be pursuing grants that could provide funding for tree management software and assistance.

Status: Ongoing – City forestry crews and DPW crews have been busy with tree maintenance issues. In addition, a significant amount of time was spent in the past year cleaning up Kenwood Park, focusing mostly on the Heritage Park side. This side of the park will be added to the normal maintenance schedules. There are also a significant number of stumps that need to be removed in this park which will begin Spring 2018. A management plan for other assets in the parks, such as playground equipment, will be developed in 2018.

3. **Achieve Certified Local Government Status**

Time Frame: Within 1 Year

Initiated: 2016

Project Leader: John Wallace

Designation as a Certified Local Government makes the city eligible for a range of grants from the National Park Service and the Michigan State Historic Preservation Office. Grant funds may be used for historic recordation and preservation purposes.

Status: Ongoing - The document to achieve Certified Local Government Status has been completed and reviewed by the Committee. The document has been submitted to the State Historic Preservation Cadillac Historic District Office (SHPO) for their review and comment. Remaining action on this project would be to respond to comments received by SHPO. The document submitted calls for ongoing activities in the city's historic districts. The City has not received any comments from SHPO this past year.

4. **Update Lake Cadillac Invasive Species Management Program**

Time Frame: 1 to 2 Years

Initiated: 2016

Project Leader: Marcus Peccia

This program helps to insure the ongoing treatment of invasive species in Lake Cadillac. The City should first retain the services of a qualified Lake Management Consultant. Then the Lake Management Invasive Species Management Committee should reconvene for purposes of identifying management needs and program funding. Due to the normal transition of membership it is recommended committee participation be opened for the addition of new recruits. This group will help implement the lake management program going forward.

Status: Ongoing - The presence of milfoil has dramatically decreased over the past few years, and only two small treatments were required during the summer of 2016 and only one small treatment in 2017. As a result, the City maintains a program funding balance of approximately \$60,000 as of 1/1/18, and funding specific to this project should last another two years if recent trends continue. Monitoring and annual treatments for milfoil or other invasive species is a long-term commitment, especially for an urban public lake that is used primarily in a recreational manner. Additionally, the City has also made progress with the following:

Goals, Objectives and Priority Programs

- A. City staff released two RFPs in early spring. The first RFP was for Lake Management Consultant and the contract was awarded to Restorative Lake Sciences (RLS), ending a 10+ year partnership with Progressive A/E. The next RFP was for a Lake Treatment Applicator, and the City chose to retain the services of Professional Lake Management (PLM). RLS demonstrated the greatest interest and ability in managing the overall ecology of the Lake, including both invasive species and seasonal algal blooms.
- B. Lake Cadillac over the last couple of years experienced seasonal algal blooms that are more frequent and more concentrated than in the past years, and unlike milfoil or other invasive aquatic plants, there is no quick or inexpensive fix. Recently, a small scale study was conducted over the summer by a Research Associate from Oakland University, in addition to observations and sampling by RLS staff. Information from both sources should be available in the annual report being generated by RLS for the City. RLS, the County Drain Commissioner and key City staff additionally met in January of 2018 to discuss potential sources contributing to the blooms. Talks will continue throughout 2018 with an open to the public Lake Expo tentatively scheduled in the fall. The Expo should assist with the formation of a new Lake Management Committee. Funding for this project will be necessary once a plan of action is decided upon, but at this time not enough is known to propose a funding source.

5. **Initiate the Cadillac West Corridor Improvement Association**

Time Frame: Within 1 Year

Initiated: 2016

Project Leader: John Wallace

The Cadillac West Corridor Improvement Association (CWCIA) is a public redevelopment organization whose purpose is to improve the commercial viability of the resort area commonly referred to as Cadillac West. The CWCIA will be comprised of a local board operating similar to the Downtown Development Authority and will be principally supported through tax increment financing.

Status: Ongoing - Future efforts needed for this project are to complete the board, prepare a redevelopment plan, and to prepare a tax increment financing plan.

This past year we have taken a different approach to this project. The city applied for and received a \$5,000 dollar technical assistance grant from Networks Northwest to evaluate potential for the city to participate along with the adjoining townships to form a regional corridor improvement association. If a regional corridor improvements association is successfully formed it would create it's managing board and begin the formal process of establishing a redevelopment plan.

6. **Complete Development of Cadillac Commons**

Time Frame: OnGoing

Initiated: 2016

Project Leader: Marcus Peccia

The Cadillac Rotary Performing Arts Pavilion - The Cadillac Rotary Club has pledged additional funding for the continued renovation fo the Rotary Performing Arts Pavilion and the surrounding area. The vision for the project exceeds the funds that are currently committed, so additional funding will need to be identified to move the project forward.

Status: Completed – The Cadillac Rotary Performing Arts Pavilion is complete, and the ornamental sun shields will be installed this spring.

The Plaza – This placemaking area calls for the redevelopment of the City Park parking lot and Elk Avenue for purposes of improving aesthetic appeal, commercial viability, and public use. The Michigan Economic Development Corporation is providing a \$200,000 grant for the project. The grant will be leveraged with DDA and Community Development funds.

Status: Completed - The Plaza is complete.

The Market – This placemaking area calls for the redevelopment of property adjacent to The Plaza that formerly contained a blighted commercial structure that the City razed after being awared a grant from the State of Michigan to make way for an open-air farmers' market facility. A successful crowdfunding campaign has generated funding to assist with this redevelopment effort, that will also enhance the Cadillac Rotary Performing Arts Pavilion and the surrounding area. The vision for the project exceeds the funds that are currently committed, so additional funding will need to be identified to move the project forward.

Status: Ongoing – Construction is underway, and it is anticipated to be completed this summer.

Goals, Objectives and Priority Programs

The Trailhead - Grant funding for the development of the White Pine Trail Downtown Bike Station, as recognized in the newly updated City/CAPS 2015-2020 Recreation Plan, will be sought through the Michigan Department of Natural Resources (MDNR) and possibly the National Park Service. In the interim, measures will be taken to secure a lease agreement for use of the MDNR right-of-way to be used for trail purposes.

Status: *Ongoing* – The City was notified by the Michigan DNR Trust Fund that our project scored high enough to be awarded a grant to fund it at 70%. The formal grant agreement has not yet been received, nor any formal correspondence advising that the grant has been awarded; however it is clear that the project is “approved” by the State. The Cadillac Area Rotary Club hosted a successful capital campaign fund raiser last spring to aid the City in funding the remaining 30% “grant match” of the project.

7. Complete Phase II of Well Field Relocation Project

Time Frame: 2 Years

Initiated: 2016

Project Leader: Jeff Dietlin

The City is in the process of getting appraisals for properties for the Phase II wellfield. A test production well will be installed on the selected property. Engineering services will be acquired and financing secured. Bids will be secured for construction of new well field. Construction anticipated to be completed in the summer of 2017.

Status: *Ongoing* - The City has purchased land off of 44 Road near the White Pine Staging Area for the new well field. Construction is anticipated to begin by spring of 2019. Financing is currently being pursued through USDA-Rural Development, and C2AE has been retained to complete the engineering for the project.

8. Implement Plan to Upgrade All Streets Rated in Poor Condition

Time Frame: Ongoing

Initiated: 2016

Project Leader: Owen Roberts

Currently the City has a number of streets listed in poor condition which is a rating of 2 out of 10. The Department of Public Works will place all of these streets in the CIP and work with the Financial Services Department to find grants or sell bonds to improve these streets.

Status: *Ongoing* – Over two miles of streets were reconstructed in the past year, and several more streets are scheduled to be completed in Spring 2018. The City utilized \$2 million in General Obligation bond financing to fund these street reconstruction projects. A combination of funds on hand and additional bond financing will be needed over the next several years to complete the aggressive schedule of construction projects identified in the CIP in the next six years.

9. Enhance Web and Social Media Presence to Improve Communication and Expand Online Access to Public Information and Documents

Time Frame: Ongoing

Initiated: 2016

Project Leader: Owen Roberts

Residents, property owners, community stakeholders and businesses are increasingly taking advantage of new and emerging technologies to communicate and do business. The City needs to identify and utilize new technologies to enhance communication with community members and offer access to public documents.

Status: *Ongoing* - The City is considering options for redeveloping the current website. New financial software has enabled access and the ability to make online access to property tax and utility accounts.

10. Maintain 2-3 Months Fund Balance Reserves in General Fund

Time Frame: Ongoing

Initiated: 2016

Project Leader: Owen Roberts

Prudent financial management includes insuring that adequate reserves are on hand to protect ongoing operations and ease cash flow issues. Regular review of expenditures, long-term financial planning, and expanding revenue sources are all an important part of achieving this important financial objective.

Status: *Ongoing* - Achieved as of June 30, 2017. It is anticipated that this will also be achieved for FY2018.

11. Improve Capacity to Encourage and Facilitate Local Economic Development

Time Frame: 1 to 2 Years

Initiated: 2016

Project Leader: Marcus Peccia

Identify and implement strategies to entice development for all sectors within the City. Engage various community stakeholders to identify strategies to share knowledge and resources in order to more effectively address community-wide issues that must be addressed to encourage growth and development. May include new efforts to market various city-owned properties for sale for the purpose of commercial, industrial, and residential development.

Status: *Ongoing* - The City has taken the following actions to encourage and facilitate local development:

- City staff has been updating local and state databases of Cadillac buildings and properties that are for-sale, lease, or available for development

Goals, Objectives and Priority Programs

- City staff has updated the Master Plan that includes many goals and objectives for city-wide economic development.
- Aggressively pursued the design and implementation of the PlacePlans Project (The Plaza). The Plaza project has been completed and the Market is undergoing final design. It is anticipated that the Market will be bid out for construction in early 2017.
- City staff meets regularly with the Cadillac Downtown Fund and the Downtown Development Authority to facilitate and coordinate with their strategic planning.
- City staff is working with the “Wayfinding” subcommittee of the Downtown Development Authority to explore implementation of a wayfinding system for the Cadillac area, and the “Streetscape” subcommittee regarding future improvements to the Mitchell Street Corridor.
- City staff has met or connected with several development related inquiries related to new residential, commercial, and industrial development.
- City staff has been meeting with community stakeholders (Chamber, Baker College, Businesses) regarding establishing a regional economic development group for the Cadillac Area.
- A design charrette was held in the fall of 2016 in conjunction with Networks Northwest to establish design and land use preferences for both the Oleson Block and the Cobbs/Mitchell Building block.
- The City has completed its application to the MEDC for its Redevelopment Ready Communities Program. Being approved by the state for this program should maximize the city’s potential for receiving future grants. Additionally, City leadership has been participating in the development of a potential new Economic Development Corporation type of relationship with an agency that specializes in development and grant finding/writing.
- The City has begun the process of rewriting the city’s zoning ordinance. It is anticipated that the new ordinance will streamline the process for obtaining development approvals and will clarify the process and requirements for gaining approval for all types of development.

12. Develop Fleet Management Plan

Time Frame: Within 1 Year

Initiated: 2016

Project Leader: Owen Roberts

The City will be implementing a Fleet Management System to better identify possible issues with vehicles and equipment. This will enable the City to make better decisions on which inventory takes priority to replace as well as keeping a log of the costs that have been spent repairing each piece of equipment. The street department will have a designated team that will inspect the vehicles on a regular determined schedule to ensure regular maintenance is completed and to note future problems that need to be watched and addressed. The City will evaluate fleet management software options. By implementing this plan, it should help the appearance, condition and longevity of the City’s fleet.

Status: Ongoing - Department of Public Works started to develop and roll out a plan; implementing fleet management software in the near future will make the plan more efficient and manageable.

13. Evaluate Status and Future of Groundwater Cleanup

Time Frame: Within 1 Year

Initiated: 2016

Project Leader: Jeff Dietlin

The Local Development Finance Authority (LDFA) has received a quote for a project close-out study. Once the LDFA board discusses and awards the study, it is anticipated to take less than a year to get a final report from the consultant on the progress and future of the LDFA Groundwater cleanup. If the study indicates that new funding is needed to operate the system, this issue will need to be addressed at that time.

Status: Ongoing - The LDFA accepted and is implementing a report on optimizing the current system, that includes shutting down various wells and lower costs. The City is currently still waiting for comments from the EPA and MDEQ on what has been recommended in the report. Additionally, the EPA would like the City to pass a resolution to prohibit drinking water wells in the clean-up area.

Goals, Objectives and Priority Programs

14. Enhance Employee Development and Training

Time Frame: Ongoing

Initiated: 2016

Project Leader: Marcus Peccia

Continue to explore opportunities to improve the City's largest investment - people. Discovering how we can better utilize our current technology and/or new technology to improve how we provide services, encouraging participation in training when applicable and feasible, and reviewing, updating, and/or creating administrative policies and procedures will be the focus.

Status: Ongoing - Two technological advances have taken place in the first six months of the FY17. The new city-wide financial & HRIS system (BS&A) went live in August 2016 that included an "employee self-service" component allowing on-line updates to one's personal information and receipt of direct deposit check stubs via e-mail. Secondly, a new benefits portal (Navigator) has been introduced to the employees as of December 2016. The portal provides 24/7 access to an employee's benefits plans, enabling the employee to enroll, make changes or updates to their accounts, view status reports and submit inquiries. Additionally, the Fire and Police Departments are looking for software to more effectively track required EMS and Fire Training progress.

In the Fall of 2017, the City procured the services of a new employee assistance program (EAP) called Encompass, and their sister company, Backing the Badge. The EAP addresses the physical and emotional well-being of our employees and their families. Additionally, the EAP will be providing employee training on hot topics such as diversity and harassment early in 2018.

Technological advances in FY 2018 will include a new employee benefits portal since, BSwift which is replacing our current Navigator portal that was implemented in the summer of 2016. BSwift promises to be more user-friendly for the employee and a much improved reporting tool for management.

15. Review/improve ISO Fire Rating

Time Frame: Ongoing

Initiated: 2016

Project Leader: Fred Osborn

By classifying communities' ability to suppress fires, ISO helps the communities evaluate their public fire-protection services. The program provides an objective, country-wide standard that helps fire departments in planning and budgeting for facilities, equipment, and training. By securing lower fire insurance premiums for communities with better public protection, the PPC program provides incentives and rewards for communities that choose to improve their firefighting services. Department leadership will review & analyze past ISO ratings and formulate a strategic plan to improve our current ISO rating from a 5 to a 4.

Status: Ongoing - Department member training documentation has risen over 61% during the past two years. Strides to improve dispatching, company inspections and maintenance record scores will be the main focus. Equipment and vehicle maintenance record keeping are still improving, and dispatching is still an area that needs improvement considering the 911 operation has separated from the sheriff's department. Once all of the data has been collected and organized, we will evaluate our position and how it compares to the National Fire Protection Agency's Standard for the Deployment of Fire Suppression Operations (NFPA 1710). NFPA 1710 effectively prescribes industry best practices for delivering fire suppression operations within a designated period of time that directly correlates to preventing loss of life and property.

16. Environmental Construction Practices

Time Frame: Ongoing

Initiated: 2017

Project Leader: Jeff Dietlin

Establish environmental construction practices that will be used for reference and applied where feasible. Such practices may include using certain building products and materials to manage stormwater run-off and drainage in a more efficient manner.

Status: Ongoing - City will be looking at soak-away drainage structures for the upcoming street improvement projects.

Goals, Objectives and Priority Programs

17. Boards/Commissions Review

Time Frame: Within 1 to 2 years Initiated: 2017

Project Leader: Marcus Peccia

The City has several formal boards and commissions that were established as “standing” boards and commissions, such as for example the Downtown Development Authority, Historic District Commission, Planning Commission, and Zoning Board of Appeals. The purpose of this goal is to review the structure and rules/bylaws for the various boards and commissions to determine whether updating is necessary. Note, depending on the board or commission, and depending on the update(s), that specific body may likely need to authorize or approve any amendments.

Status: Ongoing - Currently, discussions with the Planning Commission and DDA have occurred, and the determination was made to leave membership levels where they are currently because of difficulty at times to have enough members be in attendance at their respective meetings. Review of DDA, Planning Commission, and ZBA rules and procedures is something that is also being worked on, but will likely take at least a year to complete pending staff availability.

18. Water-Rescue Program Analysis

Time Frame: Ongoing Initiated: 2019

Project Leader: Fred Osborn

The Fire Department is currently evaluating its position as it relates to water-rescue. In doing so, the Department aims to build a community risk profile to best determine the needs of the community and how the department should shape its future water-rescue response capabilities. As the risk profile is developed, the department will begin its procedural development, plan its tactical approaches, and recommend the required training and equipment needed to provide appropriate levels of protection to the community. Once a full plan is prepared for release and committed to, the evaluation of funding mechanisms, community partnerships, and sustainability will begin. Ultimately, the goal is to quantify potential risks on the water, address those risks, and build a program that is economically feasible and fully sustainable for the foreseeable future.

Status: Ongoing

19. Investigative Services Analysis

Time Frame: Within 1 to 2 years Initiated: 2019

Project Leader: Eric Eller

The Police Department in collaboration with HR has been contemplating potential methods in bringing investigative services to the Department. Various considerations include but are not limited to exploring the feasibility of an inter-agency agreement to identifying internal ways of staffing the assignment or position. Ultimately, the goal is to develop a program whereby cases that require significant investigative services can be shared and/or delegated to a specialist that is either inside or outside the Department, which would alleviate some of the time spent by patrol in following-up on their own investigations. The time frame for developing a solution is not known and this matter has several intricate pieces to resolving how it is staffed.

Status: Ongoing

20. Community-Wide Substance Abuse Reduction Initiative

Time Frame: Ongoing Initiated: 2019

Project Leader: Eric Eller

The Police Department, in an effort to more closely connect with those in the community that have substance abuse problems with prescription, non-prescription, legal and illegal narcotics, has begun to focus efforts on a program to decrease this affliction on our society. To-date, the following actions have been done, and overtime, additional services will be explored. Activities to-date include:

- A. Installation of a prescription drug drop box in the municipal complex to give the community a safe place to dispose of their unwanted medications.
- B. Provisioning patrol with naloxone for use in overdose situations.
- C. Collaboration with community groups to combat the problems of substance abuse in the community.

Status: Ongoing

21. Outside Funding Initiative

Time Frame: Ongoing Initiated: 2019

Project Leader: Marcus Peccia

The organization will continue to seek outside funding opportunities to pursue projects, programs, studies and the like that otherwise may not be feasible if reliant solely upon internal sources. Our current tracking matrix will be updated, and a listing of potential capital projects that might attract donations will be developed.

Status: Ongoing

[illegible]

Departmental Goals

DEPARTMENTAL GOALS AND OBJECTIVES

City of Cadillac Departmental Structure

The City of Cadillac is organized under seven (7) main departments. A department director is assigned to each department. Departments are structured as follows:

<u>Department</u>	<u>Department Director Title</u>
• Office of the City Manager	City Manager (Marcus Peccia)
• Financial Services Department	Director of Finance (Owen Roberts)
• Department of Public Works	Director of Public Works (Owen Roberts)
• Community Development Department	Community Development Director (John Wallace)
• Police Department	Police Captain (Eric Eller)
• Fire Department	Fire Senior Captain (Fred Osborn)
• Utilities Department	Director of Utilities (Jeff Dietlin)

Except for the General Fund, all of the other funds within the City’s fund structure are overseen by one of the primary department directors listed above. Throughout the budget document, each fund other than the General Fund will notate which department director is responsible for oversight of the fund.

It is important that each department of the City partners with the City Council to help carry out the mission of the Council. Departmental goals and objectives are presented below. It is also important to measure the outcomes of each department to ensure the progress of each department towards accomplishing this mission. Within each department below is a reference to other sections of this document where various performance measures can be found.

As the Chief Administrative Officer of the City of Cadillac, the City Manager has overall responsibility for the management of all City services and departments. As part of carrying out this responsibility, the City Manager requires each individual department to submit the following goals and objectives to outline how the respective departments will assist and partner with the City Council to achieve the mission and objectives contained in the Council Mission and Vision Concepts. As such, highlighted within each departmental goal is the specific council vision statement that the departmental goal is targeted towards achieving.

In addition, the Cadillac City Council recently approved the Priority Program schedule included in this document. Each departmental objective will include the priority program project that it will help achieve. Each departmental objective will include a reference to the program number (i.e. “PP-1” indicates that the objective relates to the implementation of Priority Program 1 in the schedule). Not all departmental goals may tie directly to a program on the schedule.

Departmental Goals

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Department: Financial Services Department
Director: Owen Roberts
Performance Measures: Pages 38-39, 65-68,163

Departmental Goals and Objectives:

To assist the City Council in achieving its mission, the **Financial Services Department** will:

1. Promote *fiscal responsibility* by advocating for and practicing prudent, conservative fiscal practices and decision-making. Identified tasks to help achieve this objective are:
 - a. Minimize personnel legacy costs. **(PP-14;10)**
 - b. Measure and fully fund annual pension and other post-employment benefits liabilities. **(PP-10)**
 - c. Maintain General Fund Working Capital fund balance assignment of at least 15% of total annual General Fund expenditures. **(PP-10)**
2. Foster a *community spirit of trust* by providing open and easy access to financial information and results. Identified tasks to help achieve this objective are:
 - a. Property tax information available on the City's website. **(PP-9)**
 - b. Annual Operating Budget, Comprehensive Annual Financial Report, and 6-Year Capital Improvement Program available on the City's website. **(PP-9)**
3. Promote a *community spirit of trust* by commitment to providing comprehensive and accurate financial information. Identified tasks to help achieve this objective are:
 - a. Obtain Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).
 - b. Obtain Distinguished Budget Presentation Award from the GFOA.
 - c. Obtain unmodified ("clean") audit opinion.
4. Demonstrate a *strong commitment to quality and efficiency* in the delivery of *community services* by utilizing technology to streamline communications and internal business processes. Identified tasks to help achieve this objective are:
 - a. Evaluate and invest in new and/or upgraded technologies to take advantage of new efficiencies. **(PP-14)**
 - b. Continue to meet schedule of hardware replacement to ensure optimal efficiency and minimize down time.
 - c. Develop new communication tools and utilize existing tools to enhance delivery of important information to local residents and businesses. **(PP-9)**
 - d. Increase direct deposit utilization and electronic vendor payments.

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Department: Department of Public Works
Director: Owen Roberts
Performance Measures: Pages 83, 84, 86, 88, 118, 126, 132, 159

Departmental Goals and Objectives:

To assist the City Council in achieving its mission, the **Public Works Department** will:

1. Enhance Cadillac as an *appealing community* by protecting our *natural resources, open spaces and recreational areas* throughout the City's parks, rights-of-way, open spaces and Maple Hill Cemetery. Identified tasks to help achieve this objective are:
 - a. Plant 100 trees annually in City right-of-way and public spaces. **(PP-2)**
 - b. Continue forestry practices that have helped the City maintain the designation of Tree City USA for over thirty consecutive years. **(PP-2)**
 - c. Adequately staff seasonal crews to facilitate optimal maintenance of parks and cemetery. **(PP-2)**

Departmental Goals

2. Promote *fiscal responsibility* by seeking ways to help offset costs of parks maintenance and forestry activities and to provide funding for additional activities. Identified tasks to help achieve this objective are:
 - a. Actively seek forestry grants to assist in the cost of purchasing trees. **(PP-2)**
 - b. Utilize competitive bidding process to ensure lowest acquisition costs for goods and services.
 - c. Seek opportunities to utilize volunteer help where appropriate. **(PP-2)**
 - d. Utilize Wexford County trustee help to reduce staffing costs. **(PP-2)**
3. Promote a *community spirit of trust* by responding to citizen comments and concerns in a timely fashion. Identified tasks to help achieve this objective are:
 - a. Develop a system to track citizen requests and complaints in order to measure response times and satisfactory resolutions. **(PP-9)**
 - b. Provide online submission venue for citizen concerns, comments and complaints. **(PP-9)**
4. Support our *strong commitment to monitoring the City's infrastructure* by continually evaluating and updating the infrastructure needs within the City. Identified tasks to help achieve this objective are:
 - a. Annually rank the condition of City streets. **(PP-8)**
 - b. Review and rank utility infrastructure needs below the streets. **(PP-8)**
 - c. Review and update Capital Improvement Program projects. **(PP-8)**
 - d. Develop Parks Management Plan to assist with overall management of the City's recreational assets. **(PP-2)**
 - e. Aggressively and consistently seek outside funding to offset costs of infrastructure projects. **(PP-21)**
5. Enhance the City as a *highly appealing and desirable community* through maintenance practices that shall include:
 - a. Inspect and repair sidewalks thereby ensuring a safe walking environment for the public.
 - b. Continue the sign replacement program as well as maintaining the existing system of signs throughout the City.
 - c. Monitor and order repairs to all City lighting including streets, parks and the downtown business district.
 - d. Continue with the seasonal employment of a downtown maintenance worker who is responsible for sweeping sidewalks and side street parking spaces as well as resetting brick pavers and litter collection.
 - e. Optimize ice and snow control activities on State trunk lines, major and local streets and residential sidewalks.

Department: Community Development Department
Director: John Wallace
Performance Measures: Pages 89,136

Departmental Goals and Objectives:

To assist the City Council in achieving its mission, the **Community Development Department** will:

1. Promote a *well-managed and fiscally responsible community* through the updating, adoption and implementation of key policy and land use instruments and through the formation of organizational structures identified as important to the city's future growth and development. Identified tasks for achieving this objective include:
 - a. Initiate the Cadillac West Corridor Improvement Association. **(PP-5)**
 - b. Update Zoning Ordinance
2. Promote *fiscal responsibility* by carefully identifying, examining and pursuing local, state, and federal funding programs as a means of leveraging local dollars as well as providing for facilities and services potentially unavailable without the benefit of supplementary resources. Identified tasks for achieving this objective include:
 - a. Pursue additional funding for the White Pine Trail Downtown Bike Station. **(PP-6;21)**
 - b. Secure outside funding for amenities for The Market at Cadillac Commons. **(PP-6;21)**
3. Enhance the City as a *highly appealing and desirable community* by fostering the growth and development of new facilities and services. Identified tasks for achieving this objective include:
 - a. Achieve Certified Local Government status. **(PP-3)**
 - b. Complete Cadillac Commons project. **(PP-6)**

Departmental Goals

4. Foster a *community spirit of trust* by instituting and participating in programs designed to inform and educate the public on community development matters. Identified tasks for achieving this objective include:
 - a.
5. Promote the *City's environmental well-being* by instituting programs designed to protect the City's natural resources. Identified tasks for achieving this objective include:
 - a.



Department: Police Department
Director: Captain Eric Eller
Performance Measures: Pages 73-78, 82

Departmental Goals and Objectives:

To assist the City Council in achieving its mission, the **Police Department** will:

1. Foster a *community spirit of trust and broad-based citizen involvement* by continuing to work with the community to reduce crime and increase the feeling of community safety. Identified tasks to help achieve this objective are:
 - a. Promote the city-wide Neighborhood Watch concept to help identify and prevent criminal activity. **(PP-19)**
 - b. Involve the Cadillac Community Policing Officer with local civic groups and community organizations to share information, offer other available resources, solve community problems, and offer crime prevention training in the community. **(PP-19)**
 - c. Build community trust by offering professional, competent, respectful, and helpful service to the community.
2. Enhance the City as a *highly appealing and desirable community* by placing a high emphasis on traffic safety. Identified tasks to help achieve this objective are:
 - a. Perform traffic surveys to identify problem areas.
 - b. Utilize the department's radar speed trailer throughout the city to raise speed limit awareness and promote compliance with the law.
 - c. Assign traffic patrol to identified problem areas.
 - d. Continue to focus on the increasing problem of operating under the influence of drugs by utilizing the departments Drug Recognition Expert to assist officers in recognizing and combating this dangerous situation.
3. Enhance the City as a *highly appealing and desirable community* by decreasing criminal activity such as larcenies, property damage, and breaking and entering. Identified tasks to help achieve this objective are:
 - a. Continue to deploy personnel on targeted neighborhood patrols.
 - b. Continue to put a high emphasis on investigating and solving crimes, and prosecuting the offenders. **(PP-19)**
 - c. Utilize the media, business contacts, and community groups to raise community awareness of current problems in order to promote early detection and reporting of suspicious or criminal activity. **(PP-9;19)**
4. Promote the City's *environmental well-being* by purchasing products and equipment for the department whenever possible that are environmentally friendly, safe, economical and that support local business when appropriate. Evaluate other operational opportunities to reduce emissions. Identified tasks to help achieve this objective are:
 - a. Evaluate environmental impact of equipment acquisitions and departmental activities.
 - b. Utilize Summer Patrol Officers on foot and on bikes to reduce fuel usage and emissions.

Departmental Goals

5. Promote a *well-managed and fiscally responsible community* by continuing current efforts and seeking out additional opportunities for co-operative mutual aid agreements with area public safety agencies. Identified tasks to help achieve this objective are:
 - a. Continue to take advantage of opportunities for joint in-house training utilizing local departmental instructors. **(PP-14)**
 - b. Promote sharing of specialized equipment with other local agencies to eliminate duplication in the acquisition of costly equipment.
 - c. Continued support of joint specialty teams.
 - d. Research options for a volunteer program to supplement and enhance our current resources.

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Department:	Fire Department
Director:	Captain Fred Osborn
Performance Measures:	Pages 78-82
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Departmental Goals and Objectives:

To assist the City Council in achieving its mission, the **Fire Department** will:

1. Demonstrate a *strong commitment to public health and safety* by protecting local residents, businesses, and industries through fast, effective and efficient fire protection emergency medical services (EMS), hazardous materials protection, and extrication, ice and technical rescues. Identified tasks to help achieve this objective are:
 - a. Provide and document adequate training for all personnel. **(PP-14)**
 - b. Maintain safe, efficient, and updated equipment and fire apparatus. **(PP-12;15)**
 - c. Develop and maintain pre-incident action plans for high risk occupancies. **(PP-14;15)**
 - d. Continue to minimize fire losses through prevention, investigation, and personnel development. **(PP-14;15)**
 - e. Develop and maintain company inspection program that focuses on Fire Code compliance in the Downtown District **(PP-14;15)**
2. Promote a *fiscally responsible community* by continuing partnerships with local agencies to provide efficient fire and EMS services. Identified tasks to help achieve this objective are:
 - a. Continue partnerships with Northflight and Clam Lake Township. **(PP-15)**
 - b. Continue and enhance mutual aid agreements with other local departments. **(PP-15)**
 - c. Develop county-wide training partnerships. **(PP-14;15)**
 - d. Enhance county-wide purchasing partnerships.
 - e. Maximize Wexford Fire Training Committee funds from the State of Michigan. **(PP-14)**
 - f. Fully utilize available cost-free training opportunities from FEMA and other federal agencies. **(PP-14;21)**
3. Promote a *strong community spirit of trust and broad-based citizen involvement* through community fire prevention and safety education, especially to “at-risk” groups like the very young and elderly. Identified tasks to help achieve this objective are:
 - a. Increase educational programs within local school systems, senior housing facilities, and other community-based organizations.
 - b. Develop closer relationship with community stakeholders in order to improve efficiency and effectiveness of code enforcement activities.

Departmental Goals

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Department: Utilities Department
Director: Jeff Dietlin
Performance Measures: Pages 95-96, 98, 101, 104, 107, 110, 114-116, 178, 181

Departmental Goals and Objectives:

To assist the City Council in achieving its mission, the **Utilities Department** will:

1. Promote *fiscal responsibility* by advocating for and practicing prudent decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate staff to maximize potential workloads. **(PP-14)**
 - b. Evaluate equipment needs and develop a comprehensive preventative maintenance program to extend useful life of all equipment.
2. Foster a *community spirit of trust* by providing open and easy access to information and results. Identified tasks to help achieve this objective are:
 - a. Encourage local residents and groups to tour departmental facilities.
 - b. Provide annual results of water quality tests on the City website. **(PP-9)**

Water Resources Division

1. Promote *fiscal responsibility* by advocating for and practicing prudent decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate opportunities for new revenue such as accepting additional hauled waste.
 - b. Maintain a well-run digester to ensure the production of alternate fuel sources to offset costs of natural gas usage.
2. Promote an *environmentally conscious attitude* by advocating for and practicing environmentally prudent decision-making. Identified tasks to help achieve this objective are:
 - a. Maintain a well-run digester to ensure the production of alternate fuel sources to reduce natural gas usage.
 - b. Evaluate green component of future purchases.
 - c. Maintain discharge levels below required NPDES permit levels.
 - d. Maintain an active Industrial Monitoring Program to limit amount of industrial waste that is discharged into the waste water treatment system.
 - e. Maintain the production of Class "A" EQ (Exceptional Quality) biosolids for land application.
 - f. Reestablish bi-annual collection of Household Hazardous Waste.

Water Distribution and Collection Division

1. Promote *fiscal responsibility* by advocating for and practicing prudent financial decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate opportunities for new revenue such as selling bulk water.
 - b. Maintain a well-run meter program with less than 1% misreads per month.
 - c. Continue educational opportunities for the enhancement and proficiency of our employees.
2. Promote *environmentally conscious attitude* by advocating for and practicing prudent environmental decision-making. Identified tasks to help achieve this objective are:
 - a. Clean at least 20,000 feet of sewers a year.
 - b. Achieve total coliform test results of zero for the year.
 - c. Flush all fire hydrants within the City two times per year.
 - d. Continue preventative maintenance program for all fire hydrants in the City.
 - e. Evaluate green alternatives for new well field infrastructure.

Departmental GoalsLaboratory Division

1. Promote *fiscal responsibility* by advocating for and practicing prudent financial decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate opportunities for new revenue such as expanding customer base for laboratory services.
 - b. Increase number of tests that laboratory and staff are certified to perform.
 - c. Perform over 32,000 total tests annually.
 - d. Bill over \$80,000 for contract laboratory services to non-City of Cadillac accounts.
 - e. Provide a chemical hygiene course yearly to prevent accidental chemical exposure.
 - f. Maintain an SDS record for chemical spill response.
 - g. Research new vendors to receive best prices for the goods used.
2. Promote *environmentally conscious attitude* by advocating for and practicing prudent environmental decision-making. Identified tasks to help achieve this objective are:
 - a. Provide a place where total coliform measurements may be performed.
 - b. Maintain an updated and accurate record of chemicals at the Wastewater plant.
 - c. Give tours and classroom instruction for the schools around Cadillac.
 - d. Perform tests for Waste Water plant for compliance in Industrial Pretreatment Program, NPDES and the plant operation to maintain environmental compliance/protection.
 - e. Perform test for the Water plant to obtain/maintain a record of water quality.

FY2019 Budget Appropriations Act**ORDINANCE NO. 2018-06****ORDINANCE ESTABLISHING GENERAL APPROPRIATIONS ACT
FOR FISCAL YEAR 2019****THE CITY OF CADILLAC ORDAINS:**Section 1, Title.

This Ordinance shall be known as the City of Cadillac General Appropriations Act For Fiscal Year 2019.

Section 2, Public Hearing on the Budget.

Pursuant to MCL 141.412 and Section 10.3 of the City Charter, notice of a public hearing on the proposed budget was published in a newspaper of general circulation on April 5, 2018, and a public hearing on the proposed budget was held on April 16, 2018.

Section 3, Expenditures.

The City hereby appropriates the expenditures for the fiscal year commencing July 1, 2018 and ending June 30, 2019 on a departmental and activity total basis as follows:

General Fund Expenditures

Legislative	\$43,900
Office of the City Manager	291,900
Financial Services	241,200
City Clerk/Treasurer Department	300,500
Election Services	14,000
Assessing Services	137,500
Legal Services	200,000
Engineering Services	85,500
City Complex	347,200
Police Department	1,981,500
Code Enforcement	33,500
Fire Department	1,937,400
Public Works	844,000
Culture and Recreation	301,000
Economic Development and Assistance	180,900
Intergovernmental	100,700
Other	190,000
Total Expenditures	\$7,230,700

FY2019 Budget Appropriations Act

Section 4, Estimated Revenues.

The City estimates that revenues for the fiscal year commencing July 1, 2018 and ending June 30, 2019 will be as follows:

General Fund

Taxes	\$3,824,000
Licenses & Permits	141,000
Intergovernmental	2,173,800
Charges for Services	1,018,700
Fines & Forfeits	15,000
Miscellaneous	30,000
Interest and Rents	31,500
Appropriated Fund Balance	0

Total Revenues **\$7,234,000**

Section 5, Budgets.

The City hereby approves budgets for the fiscal year commencing July 1, 2018 and ending June 30, 2019 for the following funds in the amounts set forth below:

	<u>Revenues</u>	<u>Expenses</u>
Governmental Funds		
Major Street Fund	\$1,509,900	\$987,800
Local Street Fund	1,631,000	1,281,500
Cemetery Operating Fund	124,000	123,500
Cadillac Development Fund	81,000	81,000
Building Inspection Fund	90,000	90,000
Naval Reserve Center Fund	22,500	22,500
Lake Treatment Fund	30,000	30,000
H.L. Green Operating Fund	500	0
2016 General Obligation Capital Improvement Bond	240,900	240,900
Industrial Park Fund	394,000	81,500
Special Assessment Capital Projects Fund	30,500	30,500
Cemetery Perpetual Care Fund	19,500	9,500
Capital Projects Fund	1,500	500

FY2019 Budget Appropriations Act

	<u>Revenues</u>	<u>Expenses</u>
Proprietary Funds		
Auto Parking Fund	\$85,500	\$85,500
Water & Sewer Fund	4,324,000	4,275,000
Capital		3,938,000
Debt Service		580,000
Building Authority Operating Fund	154,500	131,000
Central Stores & Municipal Garage Fund	595,000	595,000
Capital		370,000
Debt Service		50,000
Information Technology Fund	180,400	180,200
Capital		110,000
Self-Insurance Fund	1,450,000	1,450,000
Employee Safety Fund	12,000	12,000
Pension Trust Fund		
Police & Fire Retirement System	1,036,500	1,036,500
Component Units		
Local Development Finance Authority Operating Fund	273,600	273,600
Local Development Finance Authority Utility Fund	19,500	15,300
Local Development Finance Authority Capital Projects Fund	140,000	140,000
Downtown Development Authority Operating Fund	29,500	29,500
Downtown Development Authority Capital Projects Fund	81,000	80,800
Brownfield Redevelopment Authority Operating Fund	56,500	56,500

Section 6, Millage Levies.

(a) The City will levy a tax of 13.9473 mills for the period of July 1, 2018 through June 30, 2019, on all real and personal taxable property in the City, according to the valuation of the same. This tax is levied for the purpose of defraying the general expense and liability of the City and is levied pursuant to Section 20.6, Article 20 of the City Charter. The maximum authorized levy according to the City Charter is 15.00 mills.

(b) The City further levies a tax of 2.60 mills for the period of July 1, 2018 through June 30, 2019, on all real and personal taxable property in the City, according to the valuation of the same. This tax is levied for the purpose of defraying the cost of supporting the retirement plan for personnel of the police and fire departments of the City pursuant to the provisions of Public Act 345 of 1937, as amended, as approved by a vote of the citizens of the City on November 8, 1977.

FY2019 Budget Appropriations Act

(c) The City further levies a tax of 1.9548 mills for the period of July 1, 2018 through June 30, 2019, on all real and personal taxable property in the City, according to the valuation of the same in a district known as the Downtown Development District. This tax is levied for the purpose of defraying the cost of the Downtown Development Authority.

Section 7, Adoption of Budget by Reference.

The general fund budget of the City is hereby adopted by reference, with revenues and activity expenditures as indicated in Sections 5 and 6 of this Act.

Section 8, Transfer Within Appropriation Centers.

The City Manager is hereby authorized to make budgetary transfers within the appropriation centers established throughout this budget. All transfers between appropriations may be made only by further resolution of the City Council pursuant to Section 10.5 of the City Charter and Section 19(2) of the provisions of the Michigan Uniform Accounting and Budget Act.

Section 9, Appropriations by Resolution.

The City Council may, by resolution, make additional appropriations during the 2019 Fiscal Year for unanticipated expenditures required of the City, but such expenditures shall not exceed the amount by which actual and anticipated revenues of the fiscal year are exceeding the revenues as estimated in the budget unless the appropriations are necessary to relieve an emergency endangering the public health, peace or safety.

Section 10, Effective Date.

This Ordinance shall take effect on July 1, 2018.

Approved this 21st day of May, 2018.

Sandra Wasson, Clerk

Carla J. Filkins, Mayor

Funds Formation

The financial structure of the City consists of various funds, which operate just like separate businesses within the organization and have their own set of balanced books. Budgets are adopted separately for each of these types of funds. Funds are differentiated between major and non-major funds. Major funds represent the significant activities of the City and basically include any fund where revenues or expenditures, excluding other financing sources and uses, constitute more than 10% of the revenues or expenditures of the aggregate appropriated budget of similar funds. The breakdown of the City's fund structure is as follows:

ACCOUNTING/BUDGET BASIS

The City's government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The City's accounting and budget records for general governmental operations are maintained on a modified accrual basis, with the revenue being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities incurred. The primary differences between the financial statement and the budget record are the recognition of debt issuance and repayment, the treatment of capital outlay, the recognition of depreciation expense, and the recognition of a compensated absence liability. Accounting records for the enterprise and internal service funds are maintained on the accrual basis.

Major Governmental Fund

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources. The budgeting and accounting for Governmental Funds are recorded on a modified accrual basis. The main operating fund for the City of Cadillac, the General Fund is a major fund of the City and is used to account for the resources devoted to funding services traditionally associated with local government. It has some limited interaction with many of the other funds.

Major Proprietary Fund

This type of fund accounts for the acquisition, operation and maintenance of government facilities and services which are entirely self-supported by user charges. The City of Cadillac incorporates both Enterprise Funds and Internal Service Funds into its processes. The City's only major proprietary fund is the Water and Sewer Fund, an enterprise fund that provides water and sewer utility services to the City's 3,500 water and sewer customers. Proprietary funds are budgeted and accounted for on a full accrual basis.

Non-major Special Revenue Funds

This type of fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Funds include: Major Street Fund, Local Street Fund, Cemetery Operating Fund, H.L. Green Operating Fund, Naval Reserve Center Fund, Cadillac Development Fund, Building Inspection Fund and the Lake Treatment Fund. These funds are budgeted and accounted for on a modified accrual basis.

Non-major Debt Service Funds

This type of fund is used to account for the accumulation of resources for, and the repayment of general long-term debt, interest and related costs. These funds are budgeted and accounted for on a modified accrual basis. There is currently just one debt service fund, which is the 2016 General Obligation Capital Improvement Debt Retirement Fund which was new for the FY2018 budget because of the issuance of capital improvement bonds.

Charts and Graphs**Non-major Capital Projects Funds**

This type of fund is used to account for financial resources to be used for the acquisition or construction of capital facilities. Funds include: Industrial Park Fund and the Special Assessments Capital Projects Fund. These funds are budgeted and accounted for on a modified accrual basis.

Non-major Permanent Funds

This type of fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs. The City administers the Cemetery Perpetual Care Fund and the Capital Projects Trust Fund, which are both budgeted and accounted for on a modified accrual basis.

Non-major Proprietary Funds

This type of fund accounts for the acquisition, operation and maintenance of government facilities and services which are entirely self-supported by user charges. The Building Authority Operating Fund and the Auto Parking System Fund are the City's nonmajor proprietary funds, which are budgeted and accounted for on a full accrual basis.

Internal Service Funds

Internal Service Funds account for services and/or commodities furnished by a designated program to other programs within the City. Funds include: Central Stores and Municipal Garage Fund, Information Technology Fund, Self-Insurance Fund and Safety Fund. These funds are budgeted and accounted for using a full accrual basis.

Pension Trust Funds

Pension Trust Funds account for assets of the Police and Fire Retirement System, which is a pension plan held in trust for members and beneficiaries.

Component Units

Component units are legally separate organizations for which the City is financially accountable. A component unit can be another organization for which the nature and significance of its relationship is such that exclusion would cause the City's financial statements to be misleading or incomplete. Organizations presented in this budget document that represent component units of the City are the Downtown Development Authority Fund, Downtown Development Authority Capital Projects Fund, Local Development Finance Authority Operating Fund, Local Development Finance Authority Utilities Fund, Local Development Finance Authority Capital Projects Fund, and the Brownfield Redevelopment Authority Fund. The Local Development Finance Authority Utilities Fund is budgeted and accounted for on a full accrual basis, while all other non-major component units are budgeted and accounted for on a modified accrual basis.

The City's comprehensive annual financial report contains several funds for which no funds are appropriated and therefore not included in this document. These funds include other funds for which the fund's purpose has been accomplished making further budgeting unnecessary.

Charts and Graphs

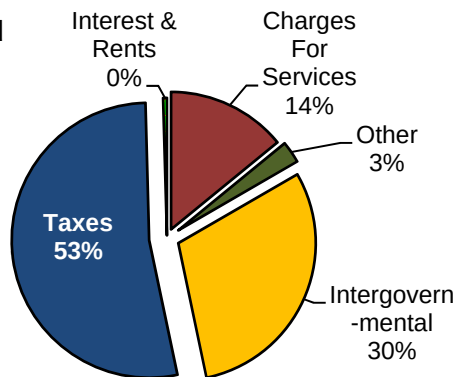
General Fund Highlights

As its name implies, the General Fund is the main operating fund of the City of Cadillac. This fund is where the property taxes levied on real and personal property within the City are recorded. Many of the typical services provided by a local unit of government – including property tax collections, general administration, police and fire services, culture and recreation, and economic development administration are found in the General Fund.

Revenue

The principal source of revenue for the General Fund is **Property Taxes**. Overall, property tax revenues have declined significantly for in the last decade because of economic conditions and due to the elimination of personal property taxes on eligible manufacturing personal property. The personal property tax reform loss is expected to be reimbursed by the State of Michigan. The City-wide taxable value is projected to decrease slightly in FY2019. Also accounted for in the General Fund are **Intergovernmental Revenues**, which principally consists of revenue shared from the State of Michigan, mostly from the generation of sales taxes throughout the State and share with other units of government. This revenue has also experienced significant declines in the last several years, but has recovered slightly over the last several fiscal years. **Charges for Services** are generated by solid waste collection charges, and administrative charges generated from other City-wide funds and activities.

General Fund Revenues by Type
FY2019



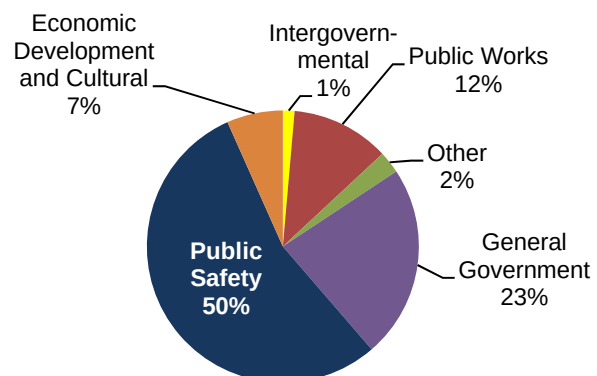
Source	Amount
Charges for Services	\$1,018,700
Other	186,000
Intergovernmental	2,173,800
Taxes	3,824,000
Interest & Rents	31,500
Total	\$7,234,000

Expenditures

General Fund expenditures increased by about 5% for FY2019, or about \$334,700, compared to the prior year primarily due to planned capital projects. This is further detailed in the General Fund budget section. Other Financing expenditures include amounts transferred to other funds, the majority of which is the amount that is contributed to the Local Street Fund, which is \$130,000 and the Cemetery Operating Fund, which is \$60,000 for FY2019.

General Fund Expenditures by Activity
FY2019

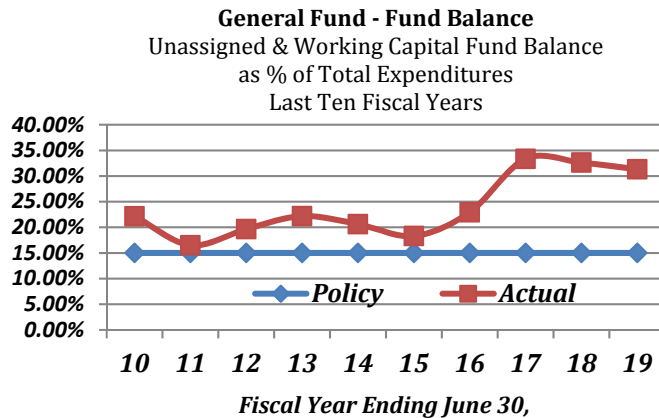
Activity	Amount
Intergovernmental	\$100,700
Public Works	844,000
Other	190,000
General Government	1,661,700
Public Safety	3,952,400
Economic Development and Cultural	481,900
Total	\$7,230,700



Charts and Graphs

Fund Balance

The General Fund seeks to maintain a working capital fund balance assignment of at least 15% of total fund expenditures. This helps to ensure that the City will have the cash on hand to cover any significant unforeseen expenditures and will be able to maintain sufficient cash flow to cover all expenditures in times of slower revenue collections. This eliminates the need for short-term borrowing to fund operations.



As seen in the chart to the left, this policy goal has been met for the last ten years. A portion of the unreserved fund balance has been assignment for the working capital reserve, while an additional assignment has been made to set aside funds for accrued sick and vacation leave that has been earned but unused by full-time City staff. Fund balance spiked in FY2017 due to the implementation of personal property tax (PPT) reform. Reimbursements from the State for PPT losses that resulted from reforms passed in 2014 have been double what was projected based on calculations from the State. These funds have been partially used for capital investments and have provided additional reserves for the General Fund.

Retirement and Other Post-Employment Benefit (OPEB) Liabilities

The City of Cadillac has three components of post-retirement benefits that are available to City employees. The appointed board of the **Act 345 Police and Fire Retirement System** administers the retirement benefits for all sworn police officers and fire fighters. The required contributions to this system are calculated annually by an actuary and are funded through a special millage. Virtually all full-time employees of the City who are not sworn police officers or fire fighters are a member of the **Municipal Employees Retirement System of Michigan (MERS)**, an agent multiple-employer system that administers the benefits and manages the assets of the system. Finally, many current full-time employees are eligible for certain **other post-employment benefits (OPEB)** including life insurance and medical insurance until age 65. Details of these three systems are presented below.

Status: ■ = Negative ■ = Watch ■ = Positive

Act 345 Police & Fire Retirement System

	Valuation Date				Status
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	
Actuarially Accrued Liabilities	\$12,220,792	\$12,681,727	\$12,882,578	\$13,300,486	■
Actuarial Value of Assets	<u>9,304,981</u>	<u>9,937,183</u>	<u>10,310,333</u>	<u>\$10,888,703</u>	■
Unfunded Liabilities	\$2,915,811	\$2,744,544	\$2,572,245	\$2,411,783	■
% Funded	76%	78%	80%	82%	■
Average Pension	\$21,976	\$23,093	\$23,423	\$24,094	■
Required Actuarially Determined Contribution (ADC)	\$543,315	\$533,253	\$520,516	\$496,076	■
% of ADC Contributed	117%	119%	116%	127%	■

Charts and Graphs

Municipal Employees Retirement System

	Valuation Date				Status
	12/31/2013	12/31/2014	12/31/2015	12/31/2016	
Actuarially Accrued Liabilities	\$11,171,505	\$11,625,621	\$12,623,247	\$12,691,427	
Actuarial Value of Assets	<u>10,051,726</u>	<u>10,150,458</u>	<u>10,160,689</u>	<u>10,218,684</u>	
Unfunded Liabilities	\$1,119,779	\$1,475,163	\$2,462,558	\$2,472,743	
% Funded	90%	87%	80%	81%	
Average Pension	\$12,579	\$12,786	\$12,492	\$12,685	
Required Actuarially Determined Contribution	\$198,459	\$237,649	\$237,649	\$281,993	
% of ADC Contributed	100%	100%	100%	100%	

Other Post-Employment Benefits (OPEB)

	Valuation Date			Status
	6/30/15	6/30/16	6/30/17	
Actuarially Accrued Liabilities	\$4,334,676	\$4,197,283	\$4,764,278	
Actuarial Value of Assets	<u>2,461,008</u>	<u>2,915,604</u>	<u>3,286,528</u>	
Unfunded Liabilities	\$1,873,668	\$1,281,679	\$1,477,750	
% Funded	57%	69%	69%	
Annual Costs	\$330,931	\$259,667	\$320,726	
% of Annual Costs Contributed	31%	100%	47%	

Cost saving measures have been an ongoing effort for several years, especially geared toward reducing OPEB liabilities. As of July 1, 2009 no new hires in any City employment group are eligible for retiree medical care coverage. Small life insurance policies are still available to eligible retirees.

Total Unfunded Retirement and Other Post-Employment Benefit Liabilities

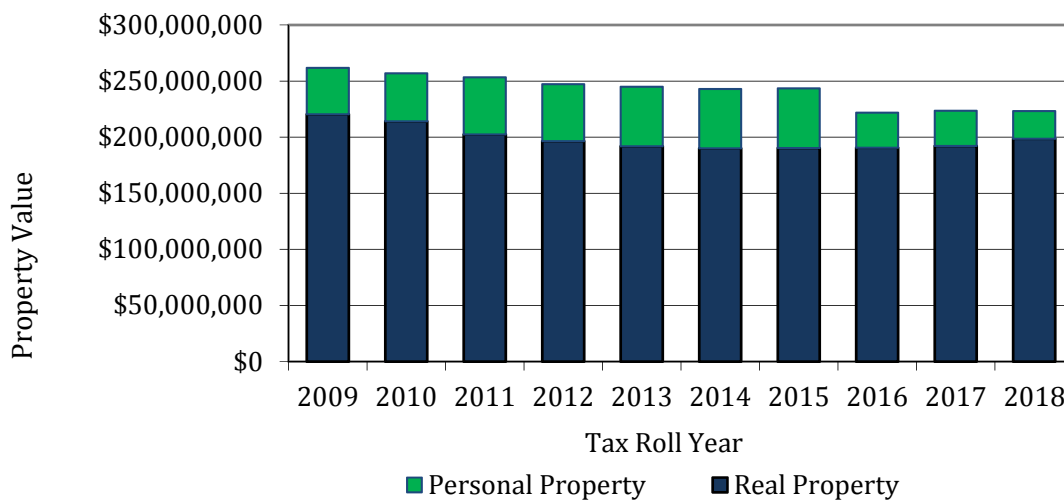
Though unfunded liabilities exist, the City continues to budget sufficiently to make 100% of the annual required contributions for each retirement system, and continues to make progress in pre-funding OPEB. Taken as a whole, total unfunded liabilities for the three systems are:

System	Unfunded Liability (Prior Valuation)	Unfunded Liability (Current Valuation)	% Funded	Status
Act 345 Police & Fire Retirement System	\$2,572,245	\$2,411,783	82%	
Municipal Employees Retirement System	2,462,558	2,472,743	81%	
Other Post-Employment Benefits	<u>1,281,679</u>	<u>1,477,750</u>	69%	
Total Unfunded Liabilities	\$6,316,482	\$6,362,276		

Charts and Graphs

Taxable Value of Property

The taxable value of property located within the City of Cadillac is the base from which the City's primary revenue source is derived. The recent trend in annual value change has not been positive, and in fact the City's current taxable value is nearly \$38.5 million less than its peak in 2009. While a portion of this drop is related to statutory tax reform at the State level, general economic pressures have been a significant contributor as well. Losses from economic condition will take years to recover. Losses from tax reform have been legislatively promised to be reimbursed, and it is hoped that the State of Michigan will keep its promise of reimbursement of the loss through the redirection of a portion of the loss to the Local Community Stabilization Authority which will subsequently distribute the money to municipalities. It remains to be seen, however, if the 100% reimbursement will take place for the long term. This situation is further discussed in the Transmittal Letter and in the Analysis of Principal Revenue Sources. Historical taxable value trends for the last ten years are presented below.



Tax Levy Year	Ad Valorem		Total Taxable Value	L.D.F.A. (1)	D.D.A. (2)
	Real	Personal			
2009	220,482,178	41,225,600	\$261,707,778	2,576,266	15,884,335
2010	214,108,421	42,873,550	\$256,981,971	2,577,482	15,290,897
2011	202,455,519	50,840,200	\$253,295,719	2,356,704	15,323,410
2012	196,431,899	50,777,800	\$247,209,699	2,285,132	15,609,601
2013	191,926,234	52,972,480	\$244,898,714	3,631,644	15,478,515
2014	190,071,183	52,897,700	\$242,968,883	3,528,602	14,552,873
2015	190,288,151	53,285,900	\$243,574,051	3,755,968	14,602,325
2016	190,631,321	31,243,800	\$221,875,121	4,053,536	14,056,189
2017	192,217,626	31,297,400	\$223,515,026	3,490,112	13,604,610
2018	198,652,678	24,644,800	\$223,297,478	3,705,227	13,701,055

(1) Base value for LDFA is \$551,400. Taxes captured for FY2019 are anticipated to be \$43,987 from the operating millage levy, and \$8,200 from Police and Fire Retirement millage levy. The LDFA also captures \$3,145,966 in value from Industrial Facilities Tax Exemption certificates. This generates an additional capture of City taxes of \$21,939 from the operating levy, and \$4,090 from the Police and Fire Retirement levy.

(2) Base value for DDA is \$11,654,550. Taxes captured for FY2019 are anticipated to be \$28,543 from the operating millage levy, and \$5,321 from the Police and Fire Retirement millage levy.

Charts and Graphs

Residential Taxable Values

Residential class parcels comprise 78% of the total parcels within the City of Cadillac and about 56% of the total taxable value of property within the City. Over the last five years, residential class parcels have experienced the following changes:

Tax Year:	2014	2015	2016	2017	2018
Residential Class					
Assessed Value (AV)	\$131,336,400	\$139,291,600	\$146,193,400	\$149,486,300	\$153,782,900
Change from prior year	3.77%	6.06%	4.95%	2.25%	2.87%
Taxable Value (TV)	\$121,347,523	\$122,930,987	\$124,431,418	\$126,128,411	\$130,628,453
Change from prior year	0.09%	1.30%	1.22%	1.36%	3.57%
AV-TV Gap	\$9,988,877	\$16,360,613	\$21,761,982	\$23,357,889	\$23,154,447
Gap as % of TV	8.23%	13.31%	17.49%	18.52%	17.73%
TV/AV	92.39%	88.25%	85.11%	84.37%	84.94%

Average Residential Taxable Value

The drop in residential values has also reduced the tax burden for the average homeowner. For the last ten years, the average taxable value of a home and the City taxes levied against it has trended as follows:

Tax Year	Average Home Taxable Value	City Millage	Average City Taxes Paid
2009	\$39,673	16.5473	\$656.48
2010	\$38,227	16.5473	\$632.55
2011	\$35,746	17.0473	\$609.37
2012	\$34,354	17.0473	\$585.64
2013	\$33,156	17.0473	\$565.22
2014	\$33,177	16.5473	\$548.99
2015	\$33,524	16.5473	\$554.73
2016	\$33,873	16.5473	\$560.51
2017	\$34,296	16.5473	\$567.51
2018	\$35,507	16.5166	\$586.45



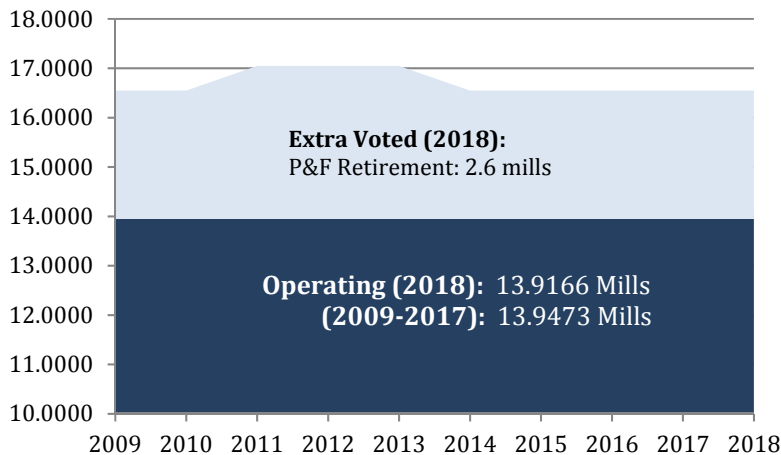
Charts and Graphs

Local Property Tax Rates

City of Cadillac Tax Rates

Last Ten Years

(1 mill = \$1 per \$1,000 in taxable value)



The operating millage for the City of Cadillac has been unchanged for many years. Unfortunately, the Headlee Amendment required a small rollback of the millage for 2018 which can only be overridden by a city-wide vote. The added voted millage for the police and fire retirement system has fluctuated between 1.4 and 2.8 mills and is now levied at 2.6 mills. This rate may fluctuate based on the annual required contribution to the Police and Fire Retirement System as calculated each year by the system's actuary. In February 2011 the Cadillac voters approved an additional millage of 0.5 mills that was dedicated for treatment of Eurasian water milfoil and other invasive aquatic species on Lake Cadillac. This millage has expired and has not been levied since 2014.

Total Property Taxes

Last Ten Years

City Taxes			Overlapping Tax Rates								Direct and Overlapping Annual Tax Rate
Tax Levy Year	General	Extra Voted (1)	Total City	Wexford County (2)	Cadillac- Wexford Transit Authority	Council On Aging	Cadillac- Wexford Library	Cadillac Area Public Schools (3)	Wexford Missaukee ISD	State Education Tax	
2008	13.9473	2.6000	16.5473	8.2797	0.6000	0.9976	0.7500	20.9000	5.9419	6.0000	60.0165
2009	13.9473	2.6000	16.5473	8.2797	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	60.0189
2010	13.9473	2.6000	16.5473	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9689
2011	13.9473	3.1000	17.0473	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	60.4689
2012	13.9473	3.1000	17.0473	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	60.4689
2013	13.9473	3.1000	17.0473	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9689
2014	13.9473	2.6000	16.5473	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.4689
2015	13.9473	2.6000	16.5473	8.0297	0.6000	1.0000	0.7500	20.9000	6.1604	6.0000	59.9874
2016	13.9473	2.6000	16.5473	8.1997	0.6000	1.0000	0.7500	20.9000	6.1604	6.0000	60.1574
2017	13.9473	2.6000	16.5473	8.1997	0.6000	1.0000	0.7500	20.9000	6.1604	6.0000	60.1574

(1) Extra voted millage for City Taxes includes 2.6 mills for Act 345 Police and Fire Retirement, and 0.5 mills for Lake Cadillac Treatment; Lake Treatment millage is now expired.

(2) Wexford County rate includes allocated mills of 6.7797, 0.10 mills for Veterans Relief, 0.95 mills for Road Patrol, 0.20 mills for Animal Control, and .17 mills for MSU-Extension Services.

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

Charts and Graphs

Millage Rate Benchmarks

Property Tax Benchmark Communities	Total Millage	General Operating	Police & Fire	Other
Manistee	18.9112	17.7612	0.0000	1.1500
Big Rapids	19.5046	11.2334	4.5300	3.7412
Alpena	16.8816	16.2316	0.0000	0.6500
Traverse City	13.4367	11.1167	2.3200	0.0000
Sault Ste. Marie	22.8273	16.8139	5.4502	0.5632
Coldwater	14.9111	11.5978	0.0000	3.3133
Sturgis	13.0285	10.0285	0.0000	3.0000
Cadillac	16.5166	13.9166	2.6000	0.0000

The information in the chart above illustrates that the City of Cadillac compares favorably with other similar communities in northern Michigan.

Total Tax Burden

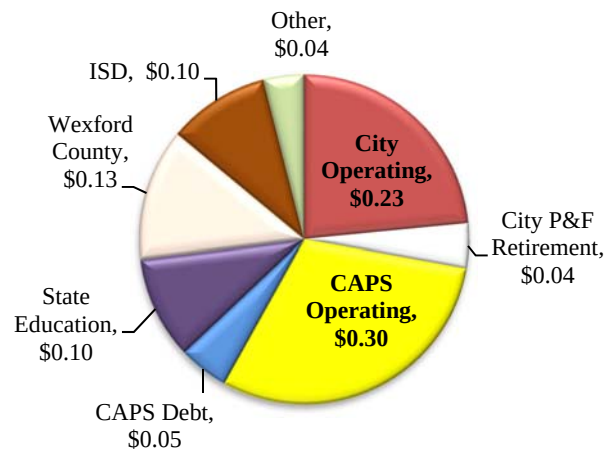
The information presented below shows the total tax burden of property owners within the City of Cadillac for several classes of properties. Properties with a principal residence exemption (PRE) are exempt from school operating taxes. Properties within the Downtown Development Authority are subject to an additional millage of 1.9872 mills to fund downtown development activities.

Taxing Unit	Millage Rate	Property Type and Total Taxes at average taxable value of \$50,000					
		Principal Residence		Non-Principal Residence		DDA	
City of Cadillac		Millage	Taxes	Millage	Taxes	Millage	Taxes
City Operating	13.9166	13.9166	\$695.83	13.9166	\$695.83	13.9166	\$695.83
Police & Fire Retirement	2.6000	2.6000	130.00	2.6000	130.00	2.6000	130.00
Downtown Development Authority	1.9548		0.00		0.00	1.9548	97.74
Wexford County							
Allocated	6.7797	6.7797	338.99	6.7797	338.99	6.7797	338.99
Road Patrol	0.9500	0.9500	47.50	0.9500	47.50	0.9500	47.50
Animal Control	0.2000	0.2000	10.00	0.2000	10.00	0.2000	10.00
Veterans Relief	0.1000	0.1000	5.00	0.1000	5.00	0.1000	5.00
MSU Extension	0.1700	0.1700	8.50	0.1700	8.50	0.1700	8.50
Cadillac-Wexford Transit Authority	0.6000	0.6000	30.00	0.6000	30.00	0.6000	30.00
Cadillac-Wexford Public Library	0.7500	0.7500	37.50	0.7500	37.50	0.7500	37.50
Council on Aging	1.0000	1.0000	50.00	1.0000	50.00	1.0000	50.00
Cadillac Area Public Schools							
Operating	18.0000	Exempt	0.00	18.0000	900.00	18.0000	900.00
Debt	2.9000	2.9000	145.00	2.9000	145.00	2.9000	145.00
State Education Tax	6.0000	6.0000	300.00	6.0000	300.00	6.0000	300.00
Wexford-Missaukee Intermediate School District	6.1604	6.1604	308.02	6.1604	308.02	6.1604	308.02
Total	62.0815	42.1267	\$2,106.34	60.1267	\$3,006.34	62.0815	\$3,104.08

Charts and Graphs

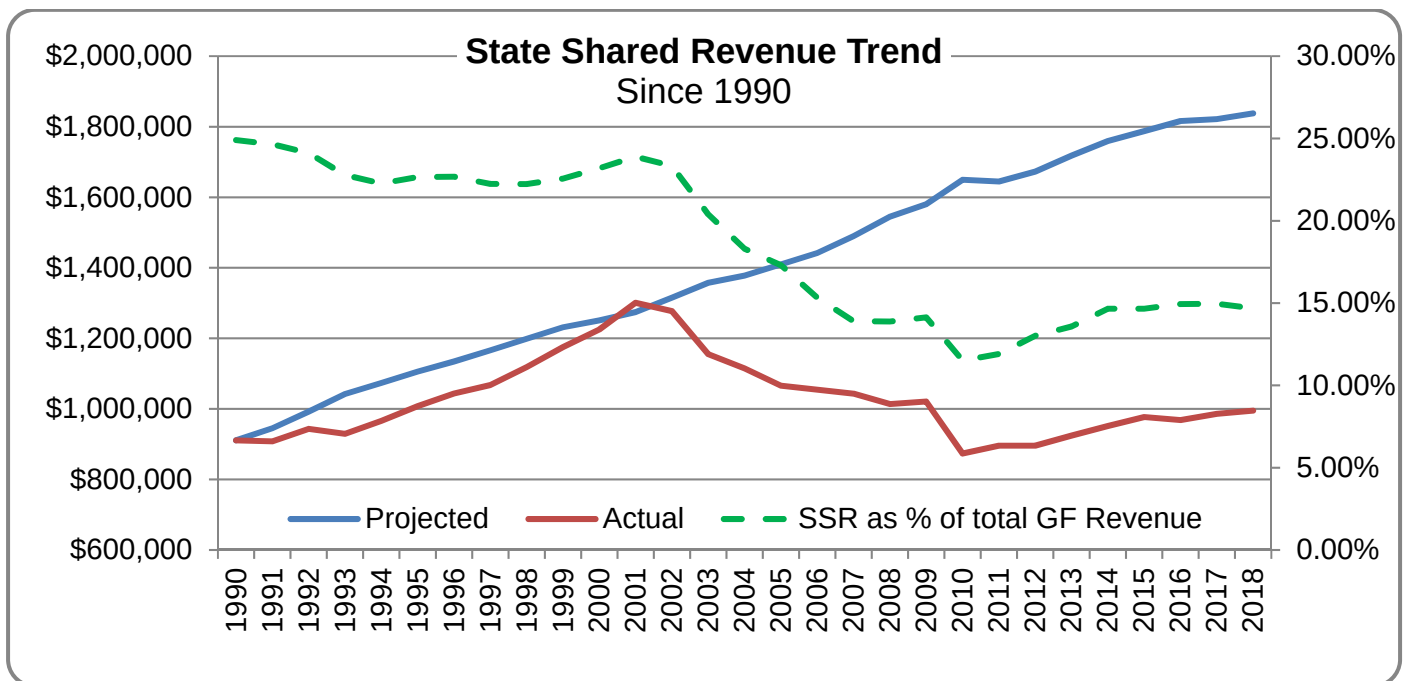
Tax Allocation

When property owners within the City of Cadillac pay their annual tax bills, a common misperception is that the entire amount collected stays at the City. In reality, only about \$0.27 of every \$1 in taxes paid is for the City. The other portion is collected on behalf of the other taxing jurisdictions and is then paid to the jurisdiction within a couple weeks of collection, as governed by state law. The actual allocation of an average tax bill on a non-principal residence within the City of Cadillac is illustrated in the chart to the right. If the property is a principal residence, about \$0.40 of every \$1 in taxes remains at the City.



State Shared Revenue

Another significant revenue source at the City of Cadillac is State Shared Revenue. This revenue declined every year for about a decade between its peak of \$1.3 million in 2001, and the low point of \$873,412 in 2010. The 'Budget Summaries' section of this document gives greater detail on the specific characteristics of this important source of revenue and the current projections and sentiment about what will happen to it in the upcoming years. The chart below shows several things. First, the blue line on the chart shows the actual revenue received in 1990 and projects annual increases based on the Consumer Price Index. Essentially, this is the trend line that this revenue "should have followed". The red line shows what actually happened since 1990 and reflects a trend that has been difficult for the City to absorb financially. Finally, the dashed green line illustrates (on the right axis of the chart) the percentage of total General Fund revenue provided by these funds.



Charts and Graphs

Employment Statistics – FTE by Activity for Last Ten Years

	<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>	<u>2018</u>
<u>General Government</u>										
City Manager	1.50	1.50	1.50	2.37	2.20	2.20	2.20	2.20	2.20	2.75
Assistant City Manager	0.80	0.98	1.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial Services	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.15
Clerk/Treasurer	4.00	4.00	3.88	3.80	3.80	3.80	3.80	3.80	3.80	3.75
Assessor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Hall	1.10	1.27	1.28	1.32	1.00	1.00	1.00	1.00	1.00	1.50
City Engineer	2.41	2.51	1.79	1.80	1.80	1.80	1.80	1.80	1.80	0.80
Total General Government	12.06	12.51	11.92	11.54	11.05	11.05	11.05	11.05	11.05	10.95
<u>Public Safety</u>										
Police	17.06	16.81	17.01	16.91	17.36	16.86	16.95	16.95	16.95	16.45
Fire	11.85	11.85	11.85	11.85	11.50	11.00	11.00	11.00	11.00	11.50
Code Enforcement			0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Building Inspector	1.38	0.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Public Safety	30.29	29.54	29.26	29.26	29.36	28.36	28.45	28.45	28.45	28.45
<u>Other</u>										
Public Works	14.03	13.03	13.03	12.70	12.10	12.10	12.10	12.10	12.00	12.10
Data Processing	0.00	0.30	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	0.00	0.00	0.00	0.00
Water/Sewer	20.00	19.00	19.87	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Community Dev.	1.61	1.61	1.61	2.21	2.20	2.20	2.20	2.20	2.20	2.20
Cemetery	0.92	0.92	0.92	0.90	0.90	0.90	0.90	0.90	0.00	0.00
Total Other	36.65	34.95	35.82	36.20	35.59	35.59	35.50	35.50	34.50	34.60
Total FTE	79.00	77.00	77.00	77.00	76.00	75.00	75.00	75.00	74.00	74.00

Employment Analysis

As the above chart illustrates, FTE levels have declined by five employees since FY2009. Lack of funding has forced further reductions in staff over the last several years. This was primarily accomplished through attrition and consolidation of duties. For FY2017, a vacancy in the Cemetery due to the retirement of the former superintendent was left unfilled. In FY2019, the City restructured the organization to return to the Public Safety Director model for the Police and Fire Departments.

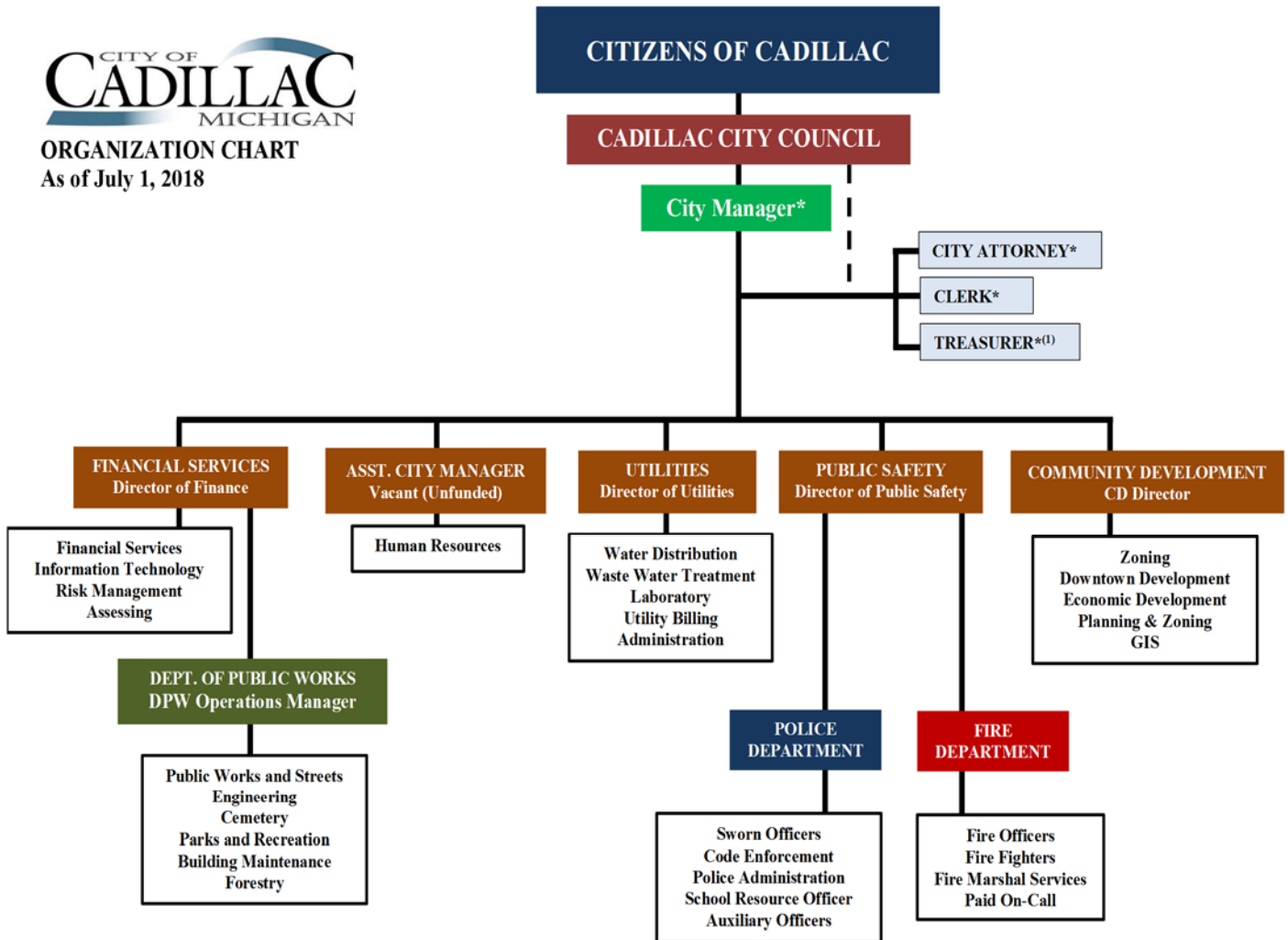
Employment Benchmarks

Comparable Communities	Population	FTE	FTE/Capita Ratio	FTE per 1000 residents
Big Rapids	10,437	82	1:129	7.74
Alpena	10,122	81	1:129	7.73
Traverse City	14,674	150	1:98	10.22
Manistee	6,226	57	1:109	9.16
Sault St. Marie	14,144	116	1:122	8.20
Sturgis	10,994	125	1:88	11.37
Coldwater	10,945	119	1:92	10.87
Cadillac	10,355	74	1:140	7.15

Cadillac has 1 FTE per 140 residents. This comparison has many inherent variables, but in general a higher ratio indicates greater efficiency in service delivery. City employment peaked in 1993 at 91 FTE. Current employment level represents nearly a 20% decline since the 1993 peak.



ORGANIZATION CHART
As of July 1, 2018



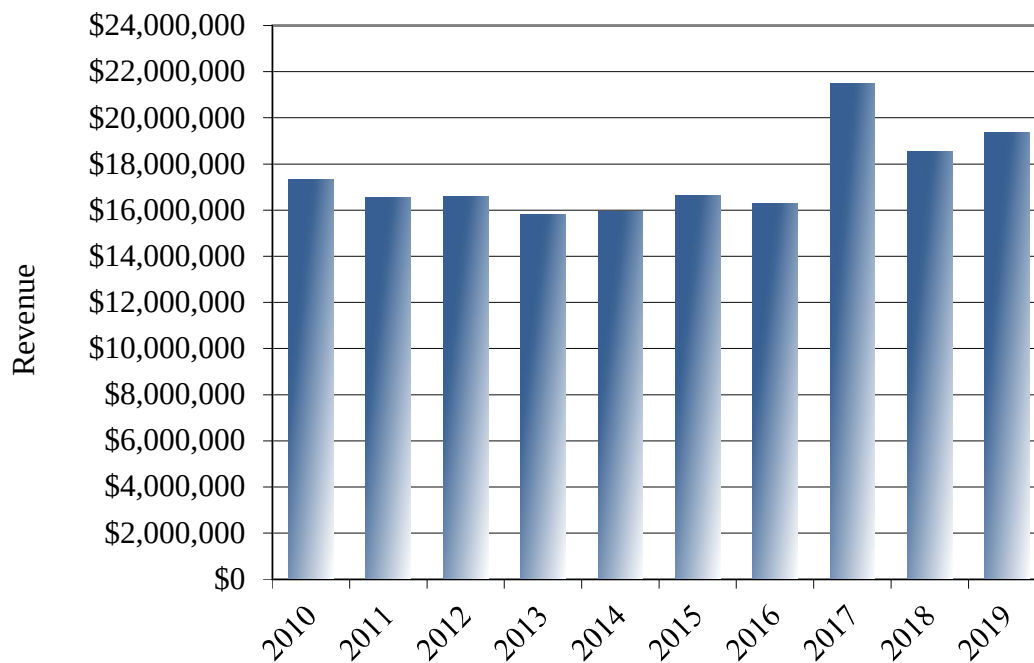
** Positions appointed by the Cadillac City Council.*

(1) Reports to Director of Finance

2018-2019 Budget Summary

The Budget Summary section, as its name implies, is designed to give the reader a big-picture overview of the City of Cadillac's budget as a whole. The section offers this summary not only graphically with the chart below, by the numbers in the following charts, and then textually in the last two pages of the section, where some discussion is given regarding the City's most significant sources of revenue.

City of Cadillac
Total Revenue and Other Sources
Last Ten Fiscal Years



For Fiscal Year Ending June 30,

The growth in total City revenues will vary based on grants, tax increases, service charges, and other adjustments to the revenue stream. The increase in FY2016 is attributable to proceeds from a proposed bond issue to fund current year construction and a major grant received. These proceeds were not received until FY2017 and have been spent down over the last couple of years.

Budget Summaries

(All numbers in thousands)

Revenues and Other Sources:

	Major Funds		Nonmajor Governmental Funds			
	General Fund	Water and Sewer Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
Taxes	\$3,824					
Licenses and Permits	141		90			
Intergovernmental	2,174		1,309			
Charges For Services	1,019	4,209	55			10
Fines and Forfeits	15					
Miscellaneous	30	85	4		390	
Other Financing Sources			1,899	241		
Local Funds						
Rental			19			
Principal Payment					7	
Interest Income - Loan						
Interest Income	31	30	27		5	12
Total	\$7,234	\$4,324	\$3,403	\$241	\$402	\$22

Expenditures:

General Government	\$1,662					
Public Safety	3,952					
Public Works	844					
Culture and Recreation	301					
Economic Development	181					
Intergovernmental	101					
Other Financing Uses	190		361			9
Operating		4,075	1,462		67	1
Capital Outlay						
Construction			793		30	
Principal				180		
Interest		200		61		
Non-Operating						
Total	\$7,231	\$4,275	\$2,616	\$241	\$97	\$10

Excess (Deficiency) of Revenues over Expenditures (1)	\$3	\$49	\$787	\$0	\$305	\$12
Fund Balances - Beginning	\$2,709	\$16,343	\$1,256	\$0	\$268	\$645
Ending	\$2,712	\$16,392	\$2,043	\$0	\$573	\$657

(1) Per State mandate, any deficiencies will be offset by the use of prior year's earnings. Budget staff has determined that sufficient prior year's earnings are available to offset each deficiency.

COMPARISON

(1) Per State mandate, any deficiencies will be offset by the use of prior year's earnings. Budget staff has determined that sufficient prior year's earnings are available to offset each deficiency.

(2) Includes Nonmajor Enterprise Funds and Internal Service Funds

Budget Summaries

Analysis of Principal Revenue Sources

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

Revenue	Amount (Budget)	% of Total
Taxes	\$4,135	21.37%
Interest Income	\$542	2.80%
Intergovernmental Revenues	\$3,676	18.99%
Charges for Services	\$5,344	27.61%
Principal Repayment & Interest Income - Loans	\$7	0.04%
Local Funds	\$1,765	9.12%
Other	\$3,884	20.07%
Total	\$19,353	100.00%

Property Taxes

The major source of revenue for FY2019 is property taxes levied on property owned within the City. Authorized tax levies in the form of millages (one mill equals \$1 in taxes for each \$1,000 in value) levied against the taxable value of a property make up the bulk of these revenues. The City contracts with Wexford County for assessing services provided by the Wexford County Equalization Department. The assessor determines the taxable value of properties which is then used to calculate the tax levy due each year.

Millage	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
City Operating	13.9473	13.9473	13.9473	13.9473	13.9166
Police and Fire Retirement	2.6000	2.6000	2.6000	2.6000	2.6000
Total City Millage Rate	16.5473	16.5473	16.5473	16.5473	16.5166
TAX BASE (Taxable Value of City Property)	\$242,968,883	\$243,574,051	\$221,875,121	\$223,515,026	\$223,297,478
Taxes Generated (Total)	\$4,020,479	\$4,030,492	\$3,671,434	\$3,698,570	\$3,688,115
Change from Prior Year	(\$31,933)	\$10,013	(\$359,058)	\$27,136	(\$10,455)

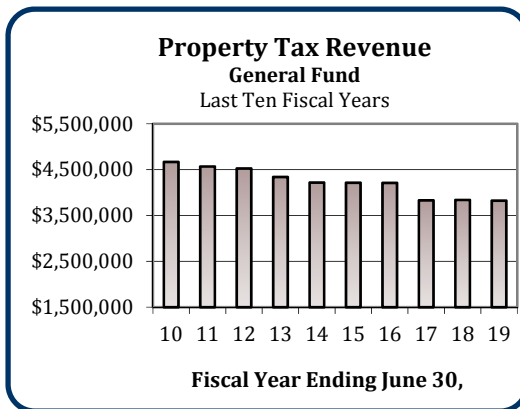
Authorization to levy the City's operating millage rests in the City Charter. The charter authorizes a maximum operating levy of 15 mills. Due to the Headlee Amendment, this millage has been rolled back to the current level and can only be increased back to the charter maximum levy by a vote of the City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

The Police and Fire Retirement millage was established when the City electors approved the adoption of an Act 345 Retirement System for sworn officers of the police and fire departments in November 1977. This millage rate is determined by comparing the City's taxable value to the annual required contribution to the pension determined by the annual actuarial valuation. The millage is set at a rate that will provide sufficient revenue to cover the required actuarially determined contribution.

Property Tax Revenue Estimates

Property tax estimates throughout the FY19 budget are based on preliminary numbers provided by the Wexford County Equalization Department. Conservative revenue estimates are utilized to provide some margin in case of taxable value reductions through the Board of Review or Michigan Tax Tribunal.

Budget Summaries

**Property Tax Outlook**

Unfortunately, the City has lost \$38.5 million in taxable value since 2009. This equates to over \$600,000 per year in lost revenue. While about half of this loss is based on personal property tax reform and is expected to be mostly reimbursed, the City has still lost a significant amount of annual revenue. The taxable value of real property declined slightly again for the current year. This impact is further discussed in the City Manager's transmittal letter. It will take years for the values to recover a significant portion of the loss that has been experienced in the last decade. The chart to the left illustrates the downward trend in total property tax revenue for the last five years in the General Fund. The current budget is based upon actual numbers provided by the assessor. The future outlook is unclear as the phase-in of the personal property tax reform will restrict any real revenue growth that the City may have as values continue to recover. On the positive side, there have been several significant

development projects within the City – primarily in the downtown area – that have either started or are in the final phase of planning which should create some positive pressure on overall taxable values within the City.

Tax Captures

There are three authorities within the City of Cadillac that have the ability to capture a portion of each component of property taxes for use within each authority's specific district. The tax captures are based on the right of each authority to utilize tax increment financing for approved funding uses within the districts. For FY2019, these entities, along with the amounts of City taxes they will capture, are:

Authority	City Operating	Police and Fire Retirement	Total Capture
Downtown Development Authority (DDA)	\$28,543	\$5,321	\$33,864
Local Development Finance Authority (LDFA)	\$43,987	\$8,200	\$52,187
LDFA Industrial Facilities Tax Exemption Capture	\$21,939	\$4,090	\$26,029
Brownfield Redevelopment Authority	\$5,489	\$1,023	\$6,512
Total Capture	\$99,958	\$18,634	\$118,592

Additionally, properties that are located within the DDA district pay an additional 1.9872 mills which provides funds for activities that target development within the DDA area.

Intergovernmental Revenues

The primary component of intergovernmental revenues is state shared revenue. These revenues are passed down from the State of Michigan according to formulas that annually pass certain revenues received by the State down to local units of government. These revenues are primarily comprised of the retail sales tax that is collected by the State. These revenues provide funding for critical General Fund services like Police and Fire protection and Parks and Recreation. Grant revenues from various state and federal sources are included in this category as well. State shared revenue estimates are available from the State of Michigan and are used for budget projections. Grant revenue projections are based upon actual grants received or expected on an annual basis.

State Shared Revenue Outlook

Though recovering somewhat in the last couple of years, these revenues have experienced serious declines since 2001. In fact, projections for FY2019 indicate that the City will receive less this year than what was received over twenty years ago. This has caused the City to rely to a greater and greater degree on revenues that are derived from local sources – principally property taxes.

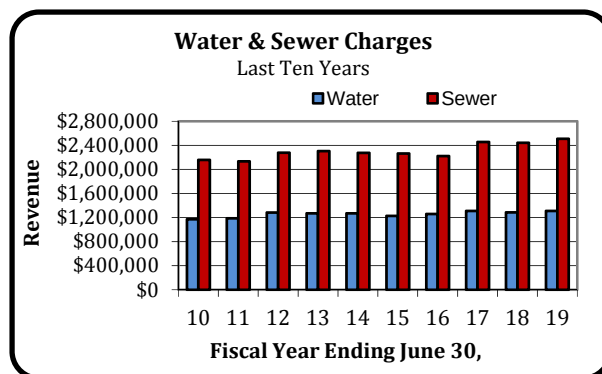
Budget Summaries

State shared revenue is broken into two categories – constitutional and statutory. The constitutional portion has been projected to increase just slightly for FY2019 based on the State’s projection of upcoming sales tax collections. This is expected to provide about \$10,000 in additional revenue for the fiscal year. Constitutional revenue sharing represents about 81% of total state shared revenue.

The other portion of state revenue sharing is the statutory portion, which is subject to annual appropriations by the State of Michigan, and which has been under significant attack for a number of years. For FY2019 this portion of revenue for the City is projected to stay flat based on initial budget conversations at the state level.

Charges for Services

Charges for Services represent a significant revenue source for the City. These revenues are primarily derived from user charges within the City’s Water and Sewer systems. Rates within the systems are reviewed each year and are set at a level that will provide adequate funding to meet the City’s debt covenants and provide for the maintenance and operational costs of the systems. With a slight increase in usage, rate increases are the only way to provide additional revenue to cover ever-increasing costs of providing water and water treatment to City utility customers. Total user charges generated for each of the last ten years is presented in the chart to the left.



The City-wide contract for Solid Waste removal is accounted for in the General Fund. To provide funding for this contract, each residential property with less than four (4) living units within the City is charged a user fee. The user fee is based on a competitively bid contract with a waste hauler, with just a slight markup that remains at the City to cover the costs of billing and administering the contract. This fee is projected to increase in FY2019 based on an upcoming 4-year proposed extension of the original contract. The rate is estimated to increase by up to \$1.75 per month. All of this increase is passed through to the contractual hauler while the City’s portion of the revenue remains the same at \$0.65 per account per month.

User Charges Outlook

The City received the results of a rate study for both water and sewer user rates that indicated a regular series of systematic rate increases would be necessary to sustain capital investment into the system as well as a thorough repairs and maintenance system. Current rates for both water and sewer usage are proposed to be increased 3%, after no increase in FY2018 and a 2.5% increase in FY2017. With the upcoming costs of the final phase of the well field relocation project and other important infrastructure and equipment investments that need to be made, regular annual increases are expected over the next several years. Increased industrial activity that has recently been seen in Cadillac should result in a small amount of additional usage, which will benefit the system as well. However, various conservation activities and processes undertaken by local industries will restrict the increase in usage.

Other Revenue

Other Revenue for the City of Cadillac includes a variety of miscellaneous sources. Included in this category are items such as Fines and Forfeits, Licenses and Permits, and Other Financing Sources. Other Financing Sources include administrative charges that come into the General Fund from other City funds and activities, as well as contributions from various funds and activities into the City’s Self Insurance Fund to cover the costs of annual medical and life insurance benefits. Transfers between funds are also part of Other Revenue.

Overall, the national, state and local economies have negatively impacted each and every source of City revenue and the recovery is expected to remain tepid at best. This has made it very challenging to continue to provide the same level of services that local residents and businesses have received for many years.

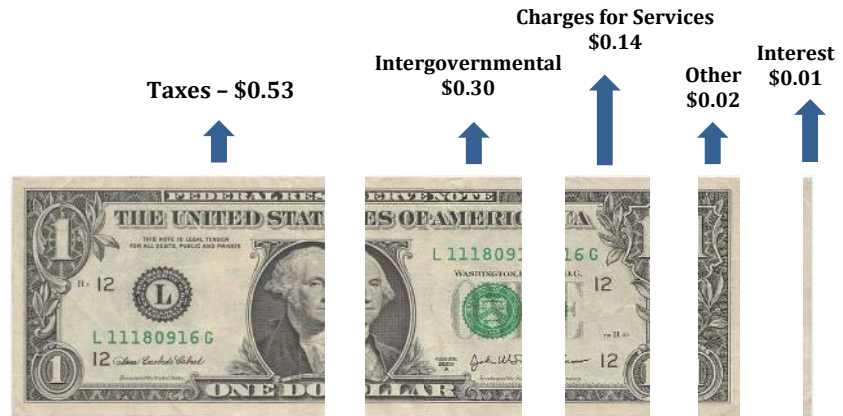
For additional discussion on revenues and the impact of revenue loss on City operations, please see the City Manager’s transmittal letter found in the Introductory section of this document.

General Fund

Fund: General Fund

Type: General Fund
Oversight: Various

The General Fund of the City of Cadillac is the main operating fund of the City and records all revenues and expenditures which are not required to be accounted for in another fund. The General Fund accounts for most of the standard services provided to a community. This includes police and fire, tax collections, parks and recreation, election services, community development and other core services. This fund is also where the main operating taxes of the City are received.



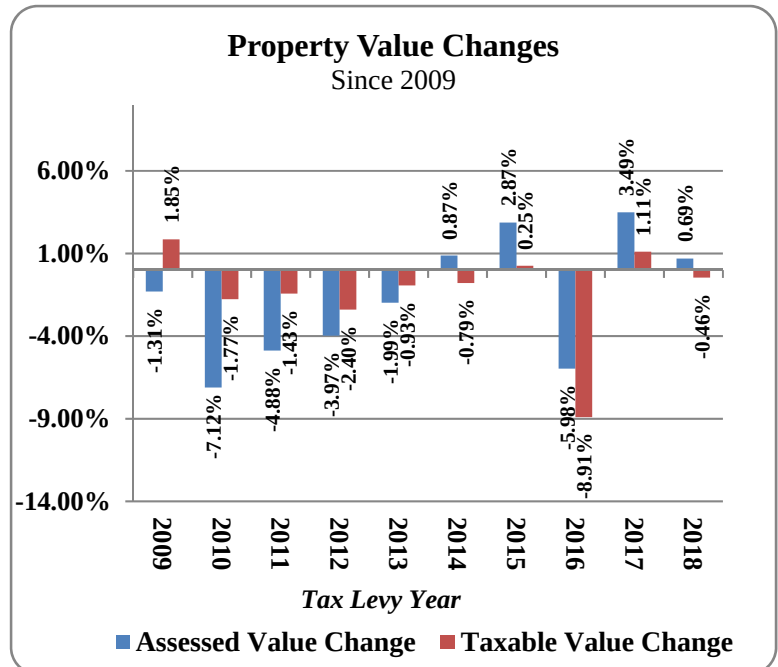
The average homeowner will pay about \$586 in City taxes this year, which is up 3.3% from \$568 in FY2018. For reference, the same average homeowner would have paid about \$656 – or about 11% more - in City taxes in 2009. Property taxes fund about \$0.53 of every \$1 of the cost of municipal services, and the other \$0.47 is derived from other sources, which help to fully fund services to Cadillac residents and businesses as illustrated on the graphic above.

REVENUE SUMMARY AND OUTLOOK

Property Taxes

The General Fund's primary revenue source is property taxes. The chart to the right clearly reveals why there have been significant revenue challenges in the last decade. The tax base on which property taxes are levied has undergone some very significant changes because of the recession nearly a decade ago, further changed by the personal property tax reform that was passed in the State of Michigan. FY2019 will be the fifth year that the small taxpayer exemption has been in place. This exempts from all personal property taxes any location that has \$80,000 or less in personal property. It is estimated that this reduced property tax revenues by about \$20,000 per year.

The more significant part of the reform is now in the implementation phase-in process. Effective on the 2016 tax roll, the phase-out of all property taxes on eligible manufacturing personal property began. All personal property that was originally purchased prior to January 1, 2009 or after December 31, 2011 is now fully exempt from personal property taxes; instead, businesses will pay an essential services assessment to the State of Michigan.



Overall, this reform has reduced the taxable value for personal property by over 53%, from \$53.3 million down to \$24.6 million. This reduced the City's property tax revenue by over \$400,000. However, the State of Michigan has legislatively promised to reimburse this loss. Based on initial projections, the reimbursement for this loss and for the loss due to the small taxpayer exemption mentioned above is estimated at \$385,000. The first two years of this reimbursement have been nearly double the

General Fund

initial projections, but it remains to be seen how the long-term stability of this reimbursement will play out. The City will take a conservative approach to projecting this revenue until multiple years of comparison and analysis can be made.

Overall, the City's tax base has taken a significant hit since its peak in 2009. In fact, the overall City-wide taxable value has had negative growth for seven out of the last 10 years, as illustrated by the chart on the previous page. Over \$22 million in real property value has been lost due to economic factors. This calculates to a loss of nearly \$365,000 *per year* in property taxes. This situation has forced the city to make difficult staffing and spending decisions over the last several years. These changes were previously discussed in the City Manager's transmittal letter.

State Shared Revenue

The second most significant source of revenue in the General Fund is from the State of Michigan in the form of State Shared Revenue (SSR). This is another source of revenue that continues to provide significantly less than it historically provided. SSR once provided \$1.3 million dollars to the City's General Fund. This went down to just \$873,000 a few years ago before recovering to a projected \$1,005,000 for FY2019. Current year projections are based on estimates provided by the Michigan Treasury Department. Even at this slightly recovered number, this important revenue is still nearly 25% below what was received when it peaked in 2001.

Other revenue sources and changes are discussed in the revenue section of this fund.

EXPENDITURE SUMMARY AND OUTLOOK

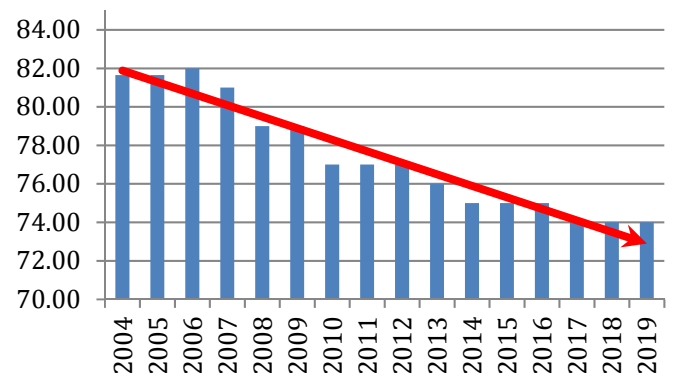
Salaries and Wages

As a primarily service organization, expenditures for salaries and wages represent a significant portion of overall costs in the City's General Fund. For the current year, the General Fund proposes appropriations across all activities of \$2.7 million in wages and an additional \$1.6 million in benefits. Benefits are 59% of total salaries. A comparison of total salaries and benefits in the General Fund for the last five (5) years is presented in the chart below. The amounts for FY2019 and FY2018 represent budgeted amounts, while FY2015-2017 are actual audited amounts.

	FY2019	FY2018	FY2017	FY2016	FY2015
Wages	\$2,690,500	\$2,715,600	\$2,689,901	\$2,613,218	\$2,606,679
Benefits	1,590,400	1,602,300	1,444,687	1,502,681	1,582,276
Total	\$4,280,900	\$4,317,900	4,134,588	4,115,899	4,188,955
% of G.F. Expenditures	59.3%	61.4%	64.6%	63.5%	62.9%

Total employee compensation has remained relatively flat for the last several years but nine positions have been lost in the last fifteen years. This is due to a combination of both cost-saving measures taken regarding current employees and organizational restructuring that has achieved cost savings as well. Benefit costs have increased only slightly over the last five years, due in large part to the savings achieved through restructuring the City's health plans. The chart to the right details the overall City full-time employment since 2004. Full-time staffing was reduced by one additional position in 2016. This represents the elimination of a full-time Cemetery Foreman. Cemetery activities will be managed by the Parks and Cemetery Superintendent and the maintenance work will be done by Street Department personnel and additional part-time seasonal staff. Only a portion of overall staff reductions yielded savings in the General Fund.

**Total Authorized Employment
Last Fifteen Years**



General Fund

It is the position of City administration that staffing levels across the organization are now at the lowest possible level that is necessary to maintain current service levels. Further reductions in staffing would result in a reduction of services to the community. Additionally, many staff members have had only minimal cost-of-living pay adjustments in the last several years.

FY2019 Wage Adjustments and Required Pension Contributions

Wage adjustments and pension costs anticipated for various employee groups/bargaining units within the City for FY2019 are as follows:

Employee Group	Members	FY2018 Wage Adjustment	Required Pension Contribution
Non-Union Administrative Employees	28	2.5%	14.08%
Command Officers Association of Michigan	6	2.5%	29.93%
Police Officers Association of Michigan	9	2.5%	29.93%
International Association of Fire Fighters Local 704*	11	<i>Expires 6/30/18</i>	30.56%
United Steelworker's of America Local 14317	20	2.0%	15.03%

Transfers Out

The General Fund transfers money to two other funds to support operations, the Local Street Fund and the Cemetery Operating Fund. Neither of these funds receives revenues that are sufficient to completely support operations. Changes in each of these funds for FY2019 have provided additional relief to the General Fund.

In the Local Street Fund, the State of Michigan passed legislative reform a couple years ago to fund road maintenance. Additional gas taxes and increases in vehicle registration fees will increase the Act 51 revenue in the Local Street Fund and reduce reliance on the General Fund. Because of this additional revenue, the General Fund's contribution to the Local Street Fund was reduced by an additional \$30,000 for FY2019. Without the relief provided by additional street fund revenues, the General fund would have been in much worse shape for the FY2019 budget. The General Fund supports about 25% of Local Street Fund operations.

The Cemetery Foreman position was eliminated after the former foreman retired early in 2016. The Street Department has taken over much of the maintenance work in combination with additional seasonal staff. This restructuring enabled the General Fund's contribution to the Cemetery Operating Fund to be reduced by \$15,000 since FY2017. This action also reduced public works expenditures in the General Fund as well as Local Street Fund maintenance expenditures. The General Fund will provide about 50% of the funding for Cemetery operations in FY2019.

Capital Outlay

The FY2019 budget includes appropriations for several capital purchases. The Municipal Complex will see several upgrades, including the replacement of the mechanical system controls and the addition of new signage outside the main Complex entrance to assist customers and guests in locating the municipal services they are looking for. A new staff car is also planned for FY2019. This vehicle allows various staff members to attend out-of-town training, and to provide local tours to guest in a safe, presentable vehicle.

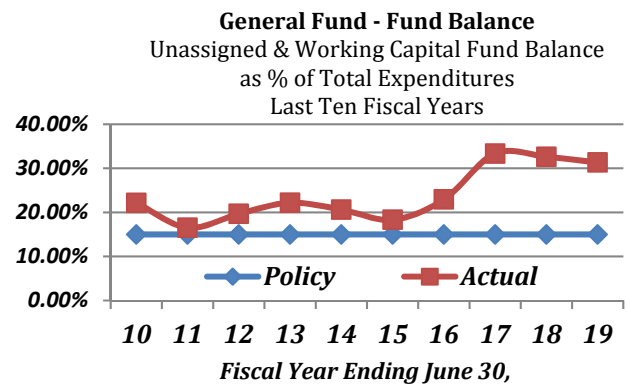
The Police Department will continue to maintain an updated, safe, efficient fleet of front-line patrol vehicles. A new police patrol vehicle is expected to cost about \$33,000 and should have a positive impact on operational costs by reducing maintenance expenditures. The Fire Department will apply for two significant Assistance to Firefighters grants. If received, these grants would enable the purchase of a new fire pumper and self-contained breathing apparatus. The City's match would be approximately \$25,000 or 5%. Finally, the parks department will complete a small shoreline stabilization, replace damaged and unusable playground equipment, and install a wheelchair-accessible swing at the lakefront playground. The swing will be funded primarily through private donations and grants from the Cadillac Community Foundation.

General Fund

Fund Balance

The City of Cadillac has an established policy that an amount equal to 15% of the General Fund's expenditures will be set aside in a reserve entitled Working Capital. The City has been in compliance with this policy for many years and it is expected that the proposed FY2019 budget will maintain this reserve. This reserve helps the City with cash flow and is a safety net that prevents the City from having to borrow for short-term operating funds during times of lower revenue collections. The City has additional unassigned fund balance on hand beyond what has been designated for working capital, leaving total available fund balance at about 30% of total General Fund expenditures.

The FY2019 budget is fully balanced without the anticipated use of additional reserves. The fund balance will grow in FY2018 because of higher than expected reimbursement from the State for personal property tax loss. Available fund balance is above policy levels and is recommended to be used for one time capital purchases or transfers. City policy sets recommended fund balance at 15% of total General Fund expenditures and transfers out. The City has been in compliance with this policy for many years.



General Fund Outlook

In summary, the City continues to make the necessary structural changes and decisions to move closer to long-term stability and sustainability. Total employment is down, and the City is actively managing ongoing costs in an effort to achieve structural balance. The following shows that structural balance has been achieved, and now further analysis needs to be made so that the City can continue to make needed capital investments.

Total Revenues:	7,209,000
Less: One-Time Revenue	
Local Funds for Grant Match	5,000
Fire Department Grants	526,800
School SRO Contribution	25,000
Total One-Time Revenues	556,800
Net = Ongoing Revenue	\$6,652,200
Total Expenditures	7,207,500
Less: One-Time Expenditures	
Capital Outlay	682,500
Net = Ongoing Expenditures	\$6,525,000
Ongoing Revenues Over (Under) Ongoing Expenditures	\$127,200

A lot of work and analysis has been done to get to this point and address the significant challenges presented by declining revenues that have been ongoing for several years. While achieving structural balance is significant, more work needs to be done to identify additional funds for needed capital investments and ongoing service needs of the community.

Additional details of both the revenues and expenditures of the General Fund are on the following pages.

General Fund

Revenue Summary

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed	% Change
REVENUES AND OTHER SOURCES:					
Taxes	\$3,829,753	\$3,817,000	\$3,839,000	\$3,824,000	-0.39%
Licenses	145,085	139,500	141,000	141,000	0.00%
Intergovernmental	1,994,981	1,996,700	1,752,000	2,173,800	24.08%
Charges For Services	847,576	917,700	939,500	1,018,700	8.43%
Fines and Forfeits	14,857	14,000	15,000	15,000	0.00%
Miscellaneous	107,703	13,500	15,000	30,000	100.00%
Interest and Rents	27,678	31,500	31,500	31,500	0.00%
Other Financing Sources	0	0	0	0	0.00%
Total Revenues	\$6,967,633	\$6,929,900	\$6,733,000	\$7,234,000	7.44%

General Fund Revenue Sources

	Percentage of General Fund Revenues from 1975-2015				
	FY2015	FY2005	FY1995	FY1985	FY1975
Taxes	52.86%	59.08%	54.50%	59.33%	38.73%
Intergovernmental	30.05%	22.61%	27.74%	23.04%	19.98%
Charges for Services	14.08%	13.28%	12.14%	7.21%	5.43%
Other	3.01%	5.03%	5.62%	10.42%	35.86%
	100.00%	100.00%	100.00%	100.00%	100.00%

The chart above illustrates the fact that the revenue sources for the City have remained fairly consistent, but that compared to the 1970's the City is more reliant on local sources of revenue - like Property Taxes - to fund operations.

Property Tax Levy

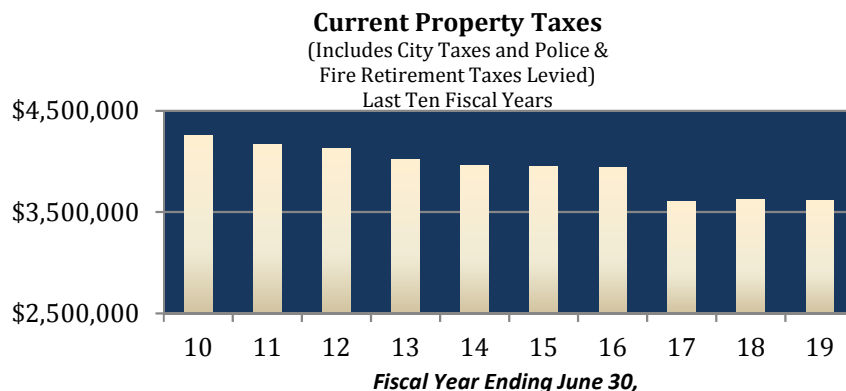
The City levies 13.9166 mills for general operating purposes and 2.6 mills for the Act 345 Police and Fire Retirement System. Several tax increment financing authorities capture a portion of these taxes for use in the specific district for applicable purposes. Details of the tax levy and various captures are as follows:

		Levy
Total Anticipated Taxable Value:	\$223,300,000	\$3,107,577
Prior Year Taxable Value:	\$223,515,026	\$3,117,431
Increase (Decrease):	(\$215,026)	(\$9,854)
% Change:	-0.10%	

Total Levy	Total Tax Levy	DDA Capture	LDFA Capture	Brownfield Capture	General Fund Taxes	Taxes Captured
General Operating	\$3,107,577	28,543	43,987	5,489	\$3,029,558	\$78,019
P&F Retirement	\$580,580	5,321	8,200	1,023	\$566,036	\$14,544

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Taxes				
Current Property Tax	\$3,031,593	\$3,040,000	\$3,045,000	\$3,035,000
Industrial Facilities Tax	39,050	20,000	35,000	30,000
Property Tax - Police and Fire	571,884	580,000	580,000	580,000
Delinquent Tax Collections	7,847	2,000	1,000	1,000
Administration Fees	115,800	115,000	116,000	116,000
Trailer Park Fees	2,722	2,000	2,000	2,000
Penalties and Interest	35,360	30,000	30,000	30,000
Payment in Lieu of Taxes				
Housing	25,497	28,000	30,000	30,000
Total Taxes	\$3,829,753	\$3,817,000	\$3,839,000	\$3,824,000
Licenses and Permits				
Cable Franchise Fees	\$141,226	\$138,000	\$140,000	\$140,000
Business Licenses	3,859	1,500	1,000	1,000
Total Licenses and Permits	\$145,085	\$139,500	\$141,000	\$141,000
Intergovernmental Revenues				
State Shared Revenues:				
Sales & Use Tax - Constitutional	\$823,561	\$815,000	\$805,000	\$815,000
Sales & Use Tax - Statutory	189,574	190,000	190,000	190,000
Liquor Licenses	9,502	9,200	9,000	9,000
Local Community Stabilization Authority	612,688	665,000	350,000	390,000
Telecommunications Right of Way	39,780	40,000	40,000	40,000
Grants from Local Units:				
Fire Protection	169,805	170,000	170,000	170,000
Michigan Justice Training Grant	2,700	2,500	3,000	3,000
CAPS - School Officer	25,802	25,000	25,000	25,000
Federal Grants	121,569	0	0	526,800
State of Michigan Grants	0	80,000	80,000	0
Local Funds	0	0	80,000	5,000
Total Intergovernmental Revenues	\$1,994,981	\$1,996,700	\$1,752,000	\$2,173,800



Revenue Highlights

Industrial Facilities Tax

This tax abatement program has grown consistently as the City Council has established a policy of granting an abatement to any qualified industrial facility. This program allows Council to abate half of the City taxes for up to 12 years. Exemptions have been granted with a total value of just under \$7 million. This results in a levy of about \$50,000. The Local Development Finance Authority capture approximately 28% of this amount. The value of these parcels is significantly less than what it used to be due to the implementation of the personal property tax reform. Personal property taxes on eligible manufacturing personal property are being phased out until full elimination in 2022.

Fire Protection

Clam Lake Township and the City of Cadillac have a fire protection agreement whereby the City provides fire protection to the township and in return the township pays the City a fee of 2 mills on its real and personal property value. The township's estimated taxable value is \$85 million. However, because of the reduction in overall taxable value over the last several years, the township is still paying less than what was received 7-10 years ago. The fire contract is in effect until December 31, 2020.

Solid Waste Collection

Solid waste collection is a contracted service with a private contractor. The cost is passed on to residents with only a slight markup to cover costs associated with administering the waste removal program. The rate reflects annual contractual adjustments which are based on inflationary indexes. It is anticipated that the rates will increase in FY2019. Based on new contractual rates from the City's contractual waste hauler, recycling services were added in 2013. The contract for recycling services is separate from the refuse contract, and the service is provided by a separate hauler. The rate for the rental of tidy totes is recommended to remain at \$2.20 per month.

Refuse Collection

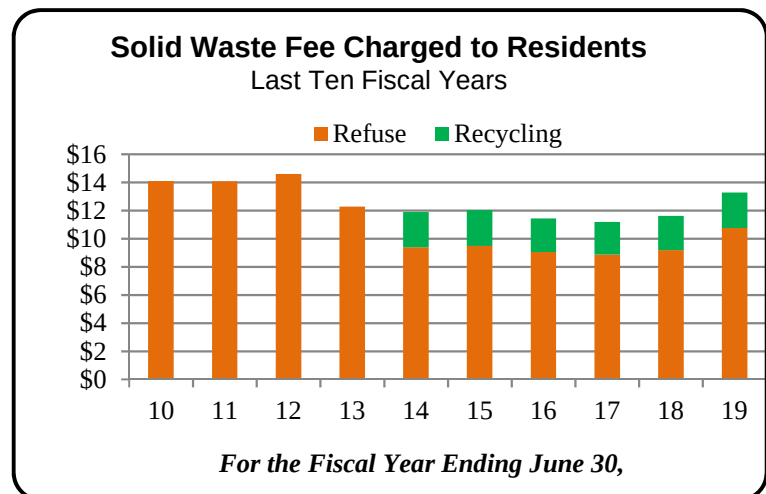
3,250 average units x \$10.75 recommended monthly fee x 12 = \$420,000 annual solid waste collection fee (\$10.10 is paid to the hauler for contractual removal service.)

Recycling

3,250 average units x \$2.52 projected monthly fee x 12 = \$99,000 annual recyclables collection fee (this fee is passed on in full to the contractual recycling hauler).

Tidy Tote Garbage Cans

2,200 average customers x \$2.10 per month fee x 12 = \$55,440 annual collection (\$1.65 of the monthly collection fee is paid back to the waste collector.)



Of total monthly charges, \$0.65 per unit for refuse collection and \$0.45 per tidy tote stays with the City to cover the costs of administering the program, including billing and collections services. This administrative charge offsets approximately \$30,000 in costs to manage the delivery of this service to City residents.

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Charges For Services				
Zoning Fees	\$2,501	\$2,000	\$2,000	\$200
Exemption Certificate Fees	300	500	500	500
Northflight	68,577	70,000	69,500	70,000
Police Charges	3,422	4,000	4,000	4,000
Fire Department Charges	6,746	2,500	3,000	3,000
Engineering Fees	805	200	0	0
Solid Waste Collection	458,088	485,000	505,000	580,000
DEQ Management Fee	0	25,000	25,000	25,000
Sale of Maps and Ordinances	0	0	500	0
Rental Housing Ordinance Fee	4,910	6,500	8,000	8,000
Administrative Charges				
Water and Sewer Fund	\$240,000	\$260,000	\$260,000	\$260,000
Stores & Garage Fund	20,000	20,000	20,000	20,000
Community Development Fund	12,000	12,000	12,000	12,000
Data Processing Fund	30,000	30,000	30,000	36,000
Miscellaneous	227		0	0
Total Charges For Services	\$847,576	\$917,700	\$939,500	\$1,018,700
Fines and Forfeits				
Violations Bureau	\$14,857	\$14,000	\$15,000	\$15,000
Total Fines and Forfeits	\$14,857	\$14,000	\$15,000	\$15,000
Miscellaneous				
Sale of Property	1,983	2,000	5,000	5,000
Contributions - Private Sources	30,156	1,500	0	15,000
Miscellaneous - Refunds and Rebates	75,564	10,000	10,000	10,000
Total Miscellaneous	\$107,703	\$13,500	\$15,000	\$30,000
Interest and Rents				
Interest Income	\$26,823	\$30,000	\$30,000	\$30,000
Land and Building Rental	855	1,500	1,500	1,500
Total Interest and Rents	27,678	31,500	31,500	31,500
Other Financing Sources				
Appropriated Fund Balance	0	0	0	0
Total Other Financing Sources	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$6,967,633	\$6,929,900	\$6,733,000	\$7,234,000

General Fund

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed	Change
EXPENDITURES					
General Government					
Legislative	\$41,894	\$43,900	\$43,900	\$43,900	0.00%
Office of the City Manager	241,125	258,600	259,000	291,900	12.70%
Financial Services	225,788	235,000	235,200	241,200	2.55%
Clerk/Treasurer Department	286,867	287,400	297,000	300,500	1.18%
Election Services	13,090	14,000	14,000	14,000	0.00%
Assessing	130,887	130,500	135,500	137,500	1.48%
Legal Services	153,913	172,000	200,000	200,000	0.00%
Engineering Services	166,114	126,100	173,800	85,500	-50.81%
City Hall	266,138	288,900	289,000	347,200	20.14%
Total General Government	\$1,525,816	\$1,556,400	\$1,647,400	\$1,661,700	0.87%
Public Safety					
Police Department	\$1,896,608	\$1,963,000	\$2,015,000	\$1,981,500	-1.66%
Code Enforcement	29,137	33,000	33,500	33,500	0.00%
Fire Department	1,406,718	1,359,300	1,369,900	1,937,400	41.43%
Total Public Safety	\$3,332,463	\$3,355,300	\$3,418,400	\$3,952,400	15.62%
Public Works	\$790,699	\$815,700	\$800,100	\$844,000	5.49%
Culture and Recreation	264,012	418,800	422,500	301,000	-28.76%
Economic Development and Assistance	182,991	179,200	167,700	180,900	7.87%
Intergovernmental Expenses	106,556	100,600	100,800	100,700	-0.10%
Other Financing	198,850	470,000	470,000	190,000	-59.57%
TOTAL EXPENDITURES	\$6,401,387	\$6,896,000	\$7,026,900	\$7,230,700	2.90%
FUND BALANCE AT YEAR END					
Net Change in Fund Balance	\$566,246	\$33,900	(\$293,900)	\$3,300	
Fund Balance - Beginning of Year	2,109,024	2,675,270	2,675,270	2,709,170	
FUND BALANCE AT YEAR END					
Nonspendable	54,583	50,000	50,000	50,000	
Restricted	38,423	25,390	25,390	20,390	
Committed	-	-	-	-	
Assigned	1,463,890	1,419,047	1,537,682	1,469,252	
Unassigned	1,118,374	1,214,733	768,298	1,172,828	
TOTAL FUND BALANCE	\$2,675,270	\$2,709,170	\$2,381,370	\$2,712,470	

General Fund

FUND BALANCE

Most of the fund balance remaining at the end of the fiscal year is either reserved or has been assigned for a specific purpose. Specific classifications of fund balance at the end of FY2017 and projections for FY2018 and FY2019 are as follows:

FUND BALANCE INFORMATION	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Nonspendable				
Prepaid Expenditures	54,583	50,000	50,000	50,000
Restricted For:				
Veterans Memorial	1,855	1,855	1,855	1,855
Youth Services	844	844	844	844
Drug Forfeiture	4,656	3,977	3,977	3,977
Fire Safety House	666	1,859	1,859	1,859
Blackburn Skate Park	3,083	2,996	2,996	2,996
White Pine Trail	1,195	1,859	1,859	1,859
Diggins Hill Park	7,578	500	500	500
Sound Garden Sundial Project	2,125	0	0	0
Bike Routes	2,000	1,500	1,500	500
Cadillac Trail Signage	5,000	2,500	2,500	0
McKellop Walkway Plowing	3,621	2,500	2,500	1,000
Bike Cadillac	5,000	5,000	5,000	5,000
CAMA Lighthouse	800	0	0	0
Total Restricted	38,423	25,390	25,390	20,390
Assigned For:				
Sick and Vacation Funding	396,308	380,000	380,000	380,000
Working Capital	1,016,535	1,034,400	1,054,035	1,084,605
Mayor Wedding Fees	0	0	0	0
Pistol Range	4,627	2,127	2,127	2,127
CASA Field Use	2,520	2,520	2,520	2,520
Appropriated to Budget	43,900	-	99,000	-
Total Assigned	1,463,890	1,419,047	1,537,682	1,469,252
Unassigned	1,118,374	1,214,733	768,298	1,172,828
TOTAL FUND BALANCE	\$2,675,270	\$2,709,170	\$2,381,370	\$2,712,470

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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GENERAL GOVERNMENT

Legislative

Salaries	\$16,170	\$16,500	\$16,500	\$16,500
Fringes	1,349	1,400	1,400	1,400
Office Supplies	708	1,500	1,500	1,500
Contractual Services	0	5,100	3,500	3,500
Data Processing	4,000	3,000	3,000	3,000
Dues & Publications	5,894	7,000	7,000	7,000
Travel and Education	9,343	6,000	6,000	6,000
Ordinances and Proceedings	4,430	3,400	5,000	5,000
Total Legislative	\$41,894	\$43,900	\$43,900	\$43,900

<i>City Council Measures</i>				
Full-Time Positions	0	0	0	0
Part-Time Positions	5	5	5	5
Cost Per Resident	\$4.05	\$4.24	\$4.24	\$4.24

Legislative

The City Council is the policy making body for the City of Cadillac. Its salaries are set by an independent advisory committee which meets every two years. Education is encouraged for the part-time council members so that they will be on the cutting edge of information and issues involving municipal government. Contractual Services reflects the codification of the city code and increased the per capita costs the last couple years. The re-codification of the ordinances has been completed and current budgeted costs represent ongoing supplemental updates to the code.

Elected Officials

The structure of the Cadillac City Council is set by City Charter. The Council consists of four (4) members with one each from the City's four districts. Council members are elected to staggered four-year terms, with two council members up for election every two years. The mayor is elected at large by voters of the City and serves a two-year term. Details of the current City Council as well as a map of the City wards can be found in the Budget Reader's Guide on pages iii-vi of the budget document.

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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GENERAL GOVERNMENT (Cont.)

Office of the City Manager

Salaries	\$157,214	\$170,000	\$172,000	\$190,000
Fringes	62,922	65,000	60,000	74,900
Office Supplies	(753)	1,700	2,000	2,000
Data Processing	8,179	6,000	6,000	6,000
Dues & Publications	2,607	2,500	4,000	4,000
Telephone	2,414	3,200	2,800	2,800
Travel & Education	4,692	6,000	7,000	7,000
Vehicle Allowance	3,850	4,200	4,200	4,200
Suggestion Award	0	0	1,000	1,000
Total Office of the City Manager	\$241,125	\$258,600	\$259,000	\$291,900

<i>City Manager Measures</i>				
Full-Time Positions	2.25	2.25	2.75	2.75
Part-Time Positions	0.50	0.50	0.00	0.00
Cost Per Resident	\$23.29	\$24.97	\$25.01	\$28.19

City Manager

The chief administrative officer of the City of Cadillac is the City Manager. The City Manager is responsible for the administration of all City departments and also for making reports and recommendations to the City Council. Marcus Peccia was appointed the chief administrative officer of the City in November 2009. He came to the city after being the Assistant City Manager in Lake Forest, Illinois.

All human resource activities are also overseen within the Office of the City Manager.

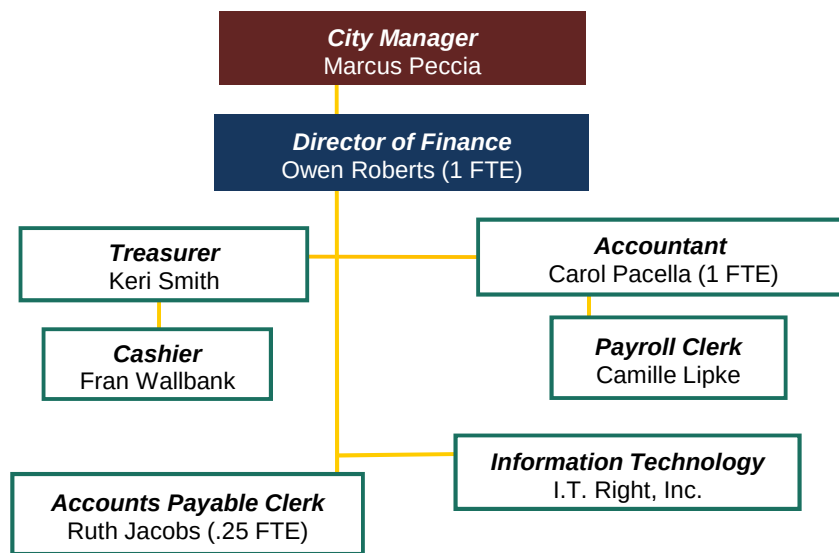
The City Manager discusses the issues facing the City of Cadillac in the transmittal letter found at the beginning of this budget document.

General Fund

Financial Services

The financial services department has the overall responsibility of all accounting and finance related functions. This responsibility is discharged in accordance with Federal and State regulations, the City Charter, Ordinances enacted by the City Council and directives from the City Manager, and is consistent with Governmental Accounting and Financial Standards established by the Governmental Accounting Standards Board. The Director of Finance oversees the treasurer, accounting, and information technology functions. In addition to the management activities, budgeting and investing of the City's money are critical functions of this department.

The treasurer, cashier and payroll clerk are under the supervision of the Director of Finance. The costs of these positions are accounted for in the Clerk/Treasurer department of the General Fund.



PERFORMANCE MEASURES - FINANCIAL SERVICES

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Received GFOA Budget/CAFR Awards		Yes	Yes	Yes	Yes	↔
General Fund Working Capital + Unassigned Fund Balance		\$1,486,102	\$2,134,909	\$2,249,133	\$2,257,433	↑
Total General Fund Expenditures		\$6,479,420	\$6,401,387	\$7,026,900	\$7,230,700	↑
Unreserved Fund Balance as % of General Fund Expenditures		22.94%	33.35%	32.01%	31.22%	↑
Fund Balance Policy Level (15%)		\$971,913	\$960,208	\$1,054,035	\$1,084,605	↑
Total Above (Below) Policy Benchmark *		\$514,189	\$1,174,701	\$1,195,098	\$1,172,828	↑
Unmodified Audit Opinion		Yes	Yes	Yes	Yes	↔

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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GENERAL GOVERNMENT (Cont.)

Financial Services

Salaries	\$131,946	\$137,000	\$136,000	\$140,000
Fringes	56,394	60,000	60,000	62,000
Office Supplies	3,081	5,000	5,000	5,000
Audit	5,940	7,000	7,500	7,500
Data Processing	20,000	18,000	18,000	18,000
Dues & Publications	1,824	1,800	1,500	1,500
Telephone	2,220	2,700	2,200	2,200
Travel & Education	4,383	3,500	5,000	5,000
Total Financial Services	\$225,788	\$235,000	\$235,200	\$241,200

Financial Services Department Measures

Full-Time Positions	2.25	2.25	2.15	2.15
Part-Time Positions	0.00	0.00	0.00	0.00
Cost Per Resident	\$21.80	\$22.69	\$22.71	\$23.29

6-Year Capital Improvement Program



July 1, 2018 through
June 30, 2024

Capital Improvement Planning

One of the important responsibilities of the Financial Services Department is developing the annual 6-Year Capital Improvement Program for all City activities. This program is completed prior to the budget process each year. As funds are available, the projects included in the program are scheduled into the Annual Operating Budget. The program identifies over \$16.1 million in capital projects in the next six years. The picture to the left is the cover of the most recent program document. The program is summarized in the 'Capital Improvement' section of this budget document, and is available for review on the City's website.

Departmental Highlights

City Clerk/Treasurer

This department is divided into two major sections. The first is the City Treasurer's Office, which has all custody of the revenues of the City and is established under the City Charter. Tax rolls are prepared and collected by this department and mailed to citizens. The second major area is the Clerk's Office, which is the Clerk to the City Council, signs all ordinances, keeps a permanent journal of all Council proceedings, and handles the City-wide elections.

PERFORMANCE MEASURES - CITY TREASURER/CLERK

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Total City-wide Assessed Value		\$262,691,500	\$246,992,300	\$254,325,600	\$257,378,700	↔
Total City-wide Taxable Value		\$243,574,051	\$221,875,121	\$223,515,026	\$223,297,478	↓
Taxable Value as % of Assessed Value		92.7%	89.8%	87.9%	86.8%	↓
Tax Bills Issued		9,943	9,960	9,930	9,930	↔
Total Number of Annual Receipts		46,047	44,341	43,500	43,000	↓
Total Number of Online Receipts		0	1,486	2,000	2,500	↑
Dollar Value of Annual Receipts		\$21,598,764	\$21,681,870	\$22,000,000	\$22,000,000	↔
Accounts Payable Checks Issued		3,040	2,934	2,800	2,700	↓
Payroll Checks Issued		444	595	400	300	↓
Payroll Direct Deposits		2,920	3,134	3,200	3,300	↑
Miscellaneous Billing Invoices Issued		1,046	880	850	850	↓
Total Registered Voters		7,010	7,258	7,250	7,250	↔
Number of Elections		2	2	2	2	↔
Total Cost of Elections		\$12,197	\$13,090	\$15,500	\$15,500	↑
Cost per Election		\$6,099	\$6,545	\$7,750	\$7,750	↑

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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GENERAL GOVERNMENT (Cont.)

Clerk/Treasurer Department

Salaries	\$142,669	\$147,000	\$147,000	\$156,000
Fringes	82,089	85,000	91,500	85,000
Office Supplies	2,953	2,800	3,000	3,000
Postage	15,116	14,000	13,000	14,000
Data Processing	20,000	18,000	18,000	18,000
Dues & Publications	415	600	1,000	1,000
Travel & Education	1,160	2,000	3,500	3,500
Bad Debt Expense (1)	22,465	18,000	20,000	20,000
Total Clerk/Treasurer Department	\$286,867	\$287,400	\$297,000	\$300,500

(1) Bad Debt Expense represents delinquent taxes that Wexford County paid to the City of Cadillac but were subsequently unable to collect, therefore requiring the City to repay the amounts received from the County.

<i>Clerk/Treasurer Measures</i>				
Full-Time Positions	3.750	3.750	3.750	3.750
Part-Time Positions	0.000	0.000	0.000	0.000
Cost Per Resident	\$27.70	\$27.75	\$28.68	\$29.02

Election Services

Salaries	\$3,378	\$9,000	9,000	\$9,000
Office Supplies	9,712	5,000	5,000	5,000
Contractual Services	0	0	0	0
Total Election Services	\$13,090	\$14,000	\$14,000	\$14,000

<i>Elections Measures</i>				
Full-Time Positions	0.000	0.000	0.000	0.000
Part-Time Positions	15.000	15.000	15.000	15.000
Cost Per Resident	\$1.26	\$1.35	\$1.35	\$1.35
Registered Voters	7,214	7,304	7,300	7,300
Cost per registered voter	\$1.81	\$1.92	\$1.92	\$1.92

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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GENERAL GOVERNMENT (Cont.)

Assessor

Postage	\$2,257	\$2,000	\$3,500	\$3,000
Contractual Services	0	0	2,000	2,000
Wexford County Contract	112,530	115,000	116,500	119,000
Data Processing	15,000	12,000	12,000	12,000
Board of Review	1,100	1,500	1,500	1,500
Total Assessor	\$130,887	\$130,500	\$135,500	\$137,500

<i>Assessing Measures</i>				
Full-Time Positions	0	0	0	0
Part-Time Positions	0	0	0	0
Cost Per Resident	\$12.64	\$12.60	\$13.09	\$13.28

Assessor

The function of the City Assessor has been contracted with the Wexford County Equalization Department. This is a five-year contract expiring March 31, 2022. Payments to the County are made quarterly. The contractual arrangement has been beneficial for the City and provides very good service to our citizens. The City is still responsible for the board of review that is held periodically. There are no City employees in this area. Contractual Services activity includes professional fees and potential appraisal costs associated with justifying and defending the assessed property values Mr. Joe Porterfield was appointed the County's Equalization Director in 2009.

Annual costs of the assessing contract are as follows:

Service	Charge	# of Parcels	Annual Cost
Per Parcel assessing charge	\$17.78	6,200	\$110,236
Per Parcel assessment roll maintenance	\$1.30	6,200	\$8,060
Total Charges			\$118,296

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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GENERAL GOVERNMENT (Cont.)

Legal Services

Legal Services - General Counsel	60,755	60,000	85,000	85,000
Legal Services - Special	62,346	80,000	80,000	80,000
Legal Services - Prosecution	30,812	32,000	35,000	35,000
Total Legal Services	\$153,913	\$172,000	\$200,000	\$200,000

Cost Per Resident	\$14.86	\$16.61	\$19.31	\$19.31
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Legal Services

Mr. Michael Homier of Foster, Swift, Collins & Smith, PC's Grand Rapids office has been the chief counsel for the City of Cadillac since 2010. Several other attorneys from the firm provide counsel in specific areas of expertise.



City Prosecution Services

Since April 2010, prosecution of City cases have been handled by the Wexford County Prosecutor. Prosecution and legal services provided under this arrangement include all eligible traffic misdemeanors, all other eligible misdemeanors (including MIP), all traffic civil infractions, parking infractions, and other civil infractions of a traditional criminal-type nature such as disorderly conduct and others. Prosecution for cases involving ordinance violations are handled on a per-hour basis at the rate of \$110 per hour.

Costs for Legal Services

General counsel services provided by Foster, Swift, Collins & Smith, PC will be billed at an hourly rate of \$175 per hour. There is no annual maximum included in the agreement. The Wexford County Prosecutor's Office will handle all general prosecution-related cases for an annual cost of \$30,240. Other special legal services include environmental, labor, property tax, and other special kinds of legal work. These are typically billed between \$175 and \$250 per hour, depending on the specific work being done. The vast majority of these special services are performed by the City Attorney.

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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GENERAL GOVERNMENT (Cont.)

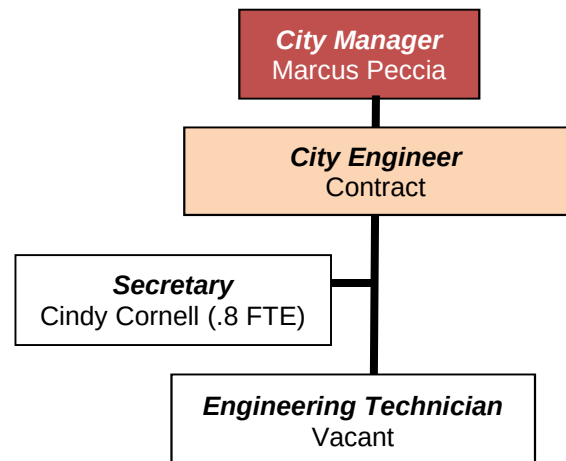
Engineering Services

Salaries	\$104,757	\$80,000	\$106,000	\$28,000
Fringes	39,723	20,000	41,000	13,000
Office Supplies	224	0	2,500	1,000
Contractual Services	1,018	8,000	2,500	25,000
Data Processing	18,000	18,000	18,000	18,000
Dues & Publications	67	100	500	500
Telephone	900	0	1,000	0
Travel & Education	1,192	0	800	0
Equipment Rental	233	0	1,500	0
Total Engineering Services	\$166,114	\$126,100	\$173,800	\$85,500

<i>Engineering Services Department Measures</i>				
Full-Time Positions	1.80	1.80	0.80	0.80
Part-Time Positions	0	0	0	0
Cost per Resident	\$16.04	\$12.18	\$16.78	\$8.26

Engineering Services

The engineering department, which operates under the direction of the City Manager, is responsible for the planning, design, inspection and testing of the City street construction projects and any other related construction jobs. Beginning in FY2018 when the former City Engineer retired, the City is utilizing a private engineering firm to provide City Engineering services. Funds for this arrangement are budgeted in Contractual Services, and are also included in total project costs for various City street construction projects. This department pays for 80% of a secretary's wages and benefits. In FY2011, necessary budget reductions led to the elimination of the Engineering Technician position.



General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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GENERAL GOVERNMENT (Cont.)

City Hall

Salaries	\$41,397	\$42,000	\$44,000	\$49,000
Fringes	24,191	33,000	27,500	40,000
Operating Supplies	14,106	15,000	15,000	15,000
Contractual Services	11,232	5,000	5,000	5,000
Service/Lease Contracts	5,750	6,000	6,000	6,000
Data Processing	6,000	6,000	6,000	6,000
Liability Insurance	63,212	66,700	70,000	70,000
Travel and Education	135	500	1,000	1,000
Utilities	73,543	80,000	80,000	80,000
Repair and Maintenance	17,799	25,000	25,000	25,000
Equipment Rental	7,200	7,500	7,500	7,500
Parking Assessment	1,573	2,200	2,000	2,200
Capital Outlay	0	0	0	40,500
Total City Hall	\$266,138	\$288,900	\$289,000	\$347,200

City Hall Measures

Full-Time Positions	1.00	1.00	1.50	1.50
Part-Time Positions	0.50	0.50	0.00	0.00
Cost per Resident	\$25.70	\$27.90	\$27.91	\$33.53

TOTAL GENERAL GOVERNMENT

\$1,525,816	\$1,556,400	\$1,647,400	\$1,661,700
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Total General Government Measures

Full-Time Positions	11.050	11.050	10.950	10.950
Part-Time Positions	21.000	21.000	20.000	20.000
Cost per Resident	\$147.35	\$150.30	\$159.09	\$160.47
% of General Fund Budget	23.84%	22.57%	23.44%	22.98%



City Hall

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

POLICE DEPARTMENT

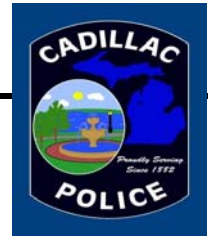
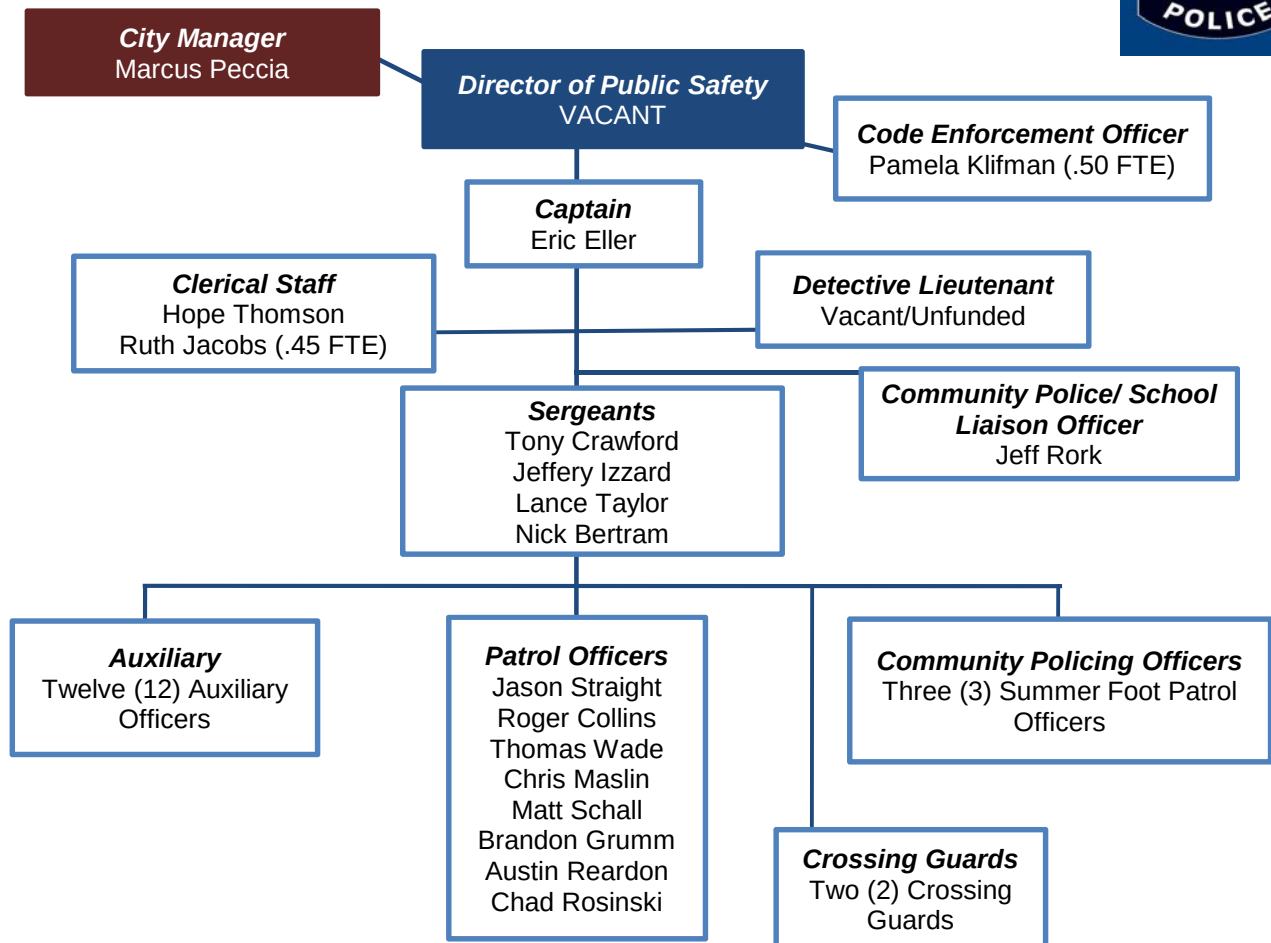


CHART OF ORGANIZATION

**Values Statement**

The members of the Cadillac Police Department realize that we are stewards of the public's trust. The badge that each member wears is a symbol of this trust. Therefore, we embrace the values of *honesty, integrity, and loyalty*, while serving our community with *respect, pride, and commitment*.

Mission Statement:

It is the mission of the Cadillac Police Department to:

The Cadillac Police Department is committed to providing exceptional services by effectively evaluating the needs of the community through partnerships, problem solving and intervention. This department-wide community policing philosophy is delivered in an unbiased manner that displays our passion and commitment to our community with professional and integrity.

Police Department Information and Performance Measures



Community Policing Officers

Community policing officers, formally known as the summer foot patrol, are graduates of the police academy and work from May to September. There are typically three part-time officers assigned to the downtown area and lakefront. The officers are on foot or bicycle enforcing ordinance violations as well as State law. The program was conceived in 1989. A steady decline in violations has been noted since the program's inception, confirming the effectiveness of the program. CPO's focus on contacts with downtown business owners to identify and solve problems.

Cadillac Police Department Fleet Details			
#	Vehicle	Assignment	Miles
2	2015 Interceptor	Sergeant	52,482
3	2006 Dodge Durango	Captain	119,241
6	2013 Interceptor	Patrol	102,723
7	2009 Impala	School and Training	116,571
8	2011 Impala	School and Training	94,673
9	2016 Interceptor	Patrol	45,301
10	2016 Interceptor	Patrol	21,339
11	2015 Interceptor	School Officer	81,884
12	2017 Interceptor SUV	Patrol/K9	2,306



The Cadillac Police Department prides itself in a safe, clean, and well-maintained fleet of patrol and emergency vehicles.

Average Mileage all Vehicles 70,724

Average Mileage Patrol Fleet 44,830



Cadillac Police Community Partnership

Community partnership is a new crime prevention and community policing initiative for the Cadillac Police Department. The initiative consists of four focus areas:

Neighborhoods, Schools, Businesses, and Rental Housing. The initiative will include such things as neighborhood watch, citizens academies, clean-up days, ride-a-long programs, junior police, retail fraud training and education, and crime-free leasing addendums, to name a few. To the left is an image of newly-designed signs that will begin appearing throughout the community to raise awareness of the new efforts. The community has given great response in the early stages of this initiative.

General Fund

PERFORMANCE MEASURES - POLICE DEPARTMENT

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Sworn Officers		15	15	15	15	↔
Police Reports Completed		3,928	3,868	3,800	3,800	↔
Police Reports per Sworn Officer		262	258	253	253	↔
Traffic Citations Issued		404	536	500	500	↔
Traffic Verbal Warnings Issued		1,514	2,314	2,000	2,000	↔
Criminal Investigations		2,267	2,347	2,200	2,200	↔
Freedom of Information Requests Fulfilled		139	134	130	130	↔
Handgun Registrations		334	331	300	300	↔
K-9 Unit Tracking Calls		5	6	5	5	↔
K-9 Unit Demonstrations		8	5	10	10	↔
K-9 Unit Searches		12	12	15	15	↔
Non-Criminal Investigations		2,006	2,007	2,000	2,000	↔
Total Calls for Service		6,070	6,869	6,000	6,000	↔
Total Arrests		768	972	800	800	↔
Average Mileage of Fleet		81,148	70,724	80,000	80,000	↔
Average Mileage of Patrol Vehicles		51,634	44,830	50,000	50,000	↔
Operating Cost per Sworn Officer		\$130,967	\$124,307	\$131,133	\$129,900	↑

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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PUBLIC SAFETY

Police Department

Salaries - Full-Time Staff	954,457	940,000	975,000	968,000
Salaries - Overtime	82,572	65,000	75,000	75,000
Salaries - Crossing Guards	7,477	7,500	8,000	7,500
Salaries - Auxiliary	1,117	2,000	5,000	4,000
Salaries - Summer Patrol	20,029	22,000	20,000	20,000
Fringes	623,542	720,000	725,000	715,000
Office Supplies	8,126	6,000	6,500	6,500
Operating Supplies	57,929	42,000	42,500	42,500
Operating Supplies - Community Service	969	1,100	1,100	1,100
Uniform Cleaning	8,331	8,500	8,500	8,500
Data Processing	40,000	36,000	36,000	36,000
Dues & Publications	2,234	1,900	1,900	1,900
Radio & Equipment Maintenance	3,197	6,000	6,500	6,500
Telephone	1,320	5,000	1,500	1,500
Travel & Education	17,154	18,000	20,000	20,000
Vehicle Repair and Maintenance	24,120	22,000	19,000	19,000
Uniforms and Maintenance	9,407	10,000	12,500	12,500
Copier Lease	2,627	3,000	3,000	3,000
Capital Outlay	32,000	47,000	48,000	33,000
Total Police Department	\$1,896,608	\$1,963,000	\$2,015,000	\$1,981,500

<i>Police Department Measures</i>				
Full-Time Positions	16.950	16.950	16.450	16.450
Part-Time Positions	16.000	16.000	16.000	16.000
Cost per Resident	\$183.16	\$189.57	\$194.59	\$191.36

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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PUBLIC SAFETY

Code Enforcement

Salaries	\$18,620	\$20,000	\$20,000	\$20,500
Fringes	9,968	12,500	12,500	12,500
Supplies	549	500	1,000	500
Total Code Enforcement	\$29,137	\$33,000	\$33,500	\$33,500

<i>Code Enforcement Measures</i>				
Full-Time Positions	0.500	0.500	0.500	0.500
Part-Time Positions	0.000	0.000	0.000	0.000
Cost per Resident	\$2.81	\$3.19	\$3.24	\$3.24

Code Enforcement Department

In order to show the true costs of code enforcement activities, they were split into a separate department beginning in April 2009. Code enforcement activities are principally handled by code enforcement officer Pam Klifman, with oversight duties provided by the Police Department.

The code enforcement division investigates city ordinance violations such as blight, junk vehicles, noxious weeds, and snow removal violations. Activities also include the enforcement of downtown time zone parking areas.

PERFORMANCE MEASURES - CODE ENFORCEMENT

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Yards cleaned up (Blight Ordinance)		105	125	100	100	↔
Junk Vehicles Removed/Repaired		78	108	75	75	↔
Lawn Complaints (Noxious Weed Ordinance)		128	124	125	125	↔
Total Complaint Numbers Pulled		253	357	250	250	↔



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

General Fund

Public Safety Benchmarking

<i>Police Department</i>		<i>FY2018 Police Budget</i>	<i>Number of Sworn Officers</i>	<i>Citizens Served Per Officer</i>	<i>Per Capita Costs</i>	<i>% of General Fund</i>
<i>Cities</i>	<i>Pop.</i>					
Manistee	6,226	\$1,158,380	13	478.92	\$186.06	17.81%
Big Rapids	10,437	\$2,300,600	22	474.41	\$220.43	26.26%
Alpena	10,122	\$1,930,864	17	595.41	\$190.76	18.21%
Traverse City	14,674	\$3,918,800	29	506.00	\$267.06	24.33%
Sault Ste. Marie	14,144	\$2,817,300	22	642.91	\$199.19	24.37%
Coldwater	10,945	\$2,022,804	17	643.82	\$184.82	20.01%
Sturgis	10,994	\$3,141,765	19	578.63	\$285.77	36.76%
City of Cadillac	10,355	\$2,015,000	15	690.33	\$194.59	28.68%
<i>Average:</i>				576.31	\$216.08	24.56%

<i>Fire Department</i>		<i>FY2018 Fire Department Budget</i>	<i>Number of Full-Time Officers</i>	<i>Citizens Served Per Full-Time Officer</i>	<i>Per Capita Costs</i>	<i>% of General Fund</i>
<i>Cities</i>	<i>Pop.</i>					
Manistee	6,226	\$1,034,389	9	691.78	\$166.14	15.91%
Big Rapids	10,437	\$1,501,200	9	1,159.67	\$143.83	17.14%
Alpena	10,122	\$1,638,905	27	374.89	\$161.92	15.46%
Traverse City	14,674	\$2,937,000	23	638.00	\$200.15	18.24%
Sault Ste. Marie	14,144	\$1,557,500	20	707.20	\$110.12	13.47%
Coldwater	10,945	\$3,090,465	15	729.67	\$282.36	30.58%
Sturgis	10,994	\$1,513,260	9	1,221.56	\$137.64	17.71%
City of Cadillac	10,355	\$1,369,900	11	941.36	\$132.29	19.50%
<i>Average:</i>				808.01	\$166.81	18.50%

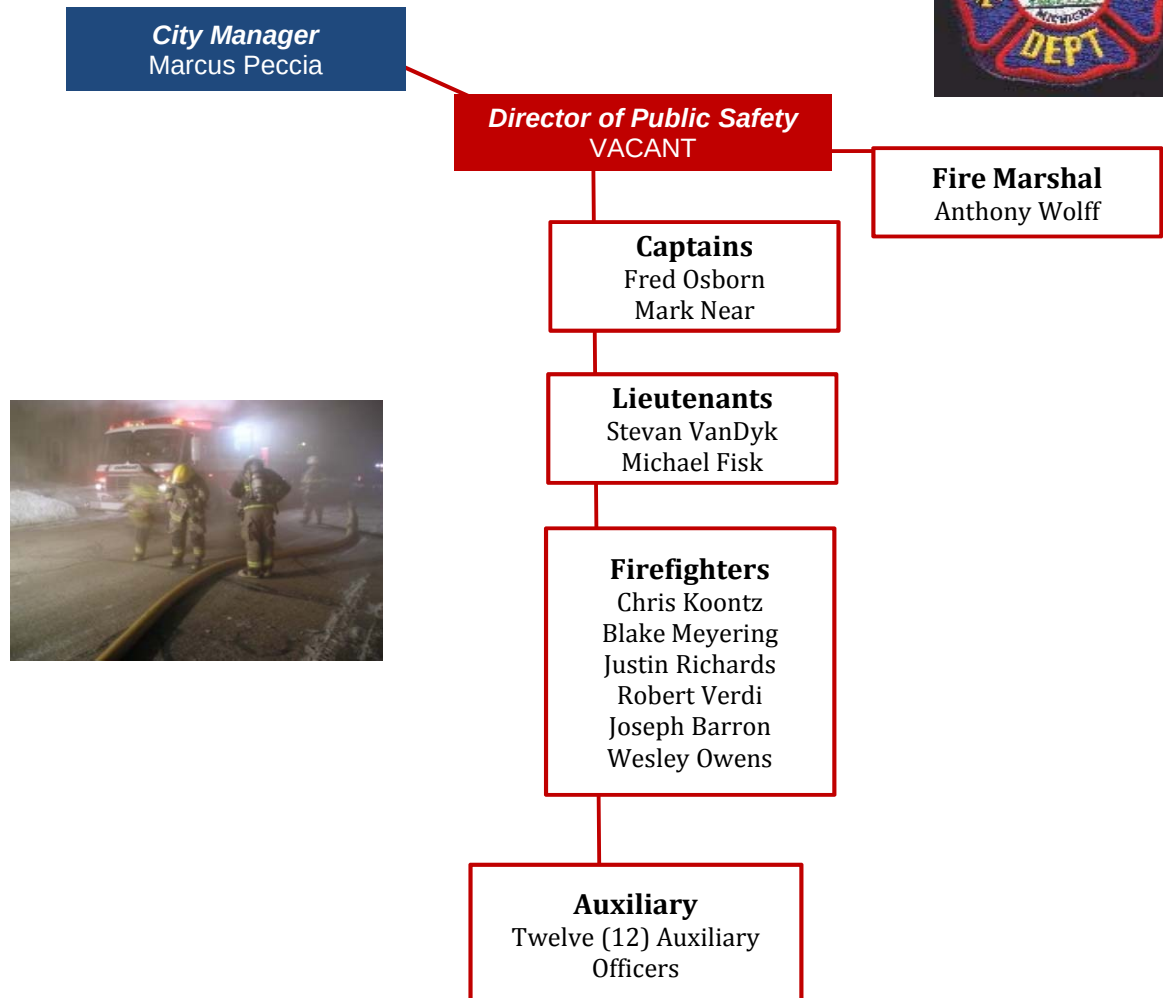
Fire Department Information

The Cadillac Fire Department uses a capable and well-trained staff of 11 full-time firefighters and 12 part-time firefighters to provide 24-hour fire protection to the City of Cadillac and Clam Lake Township. In addition to their fire fighting duties and in conjunction with the City's rental housing ordinance, the firefighters conduct periodic rental housing inspections designed to help prevent fires. The rental program requires that all rental property be inspected for building, electrical, mechanical, and housekeeping deficiencies and must have their rental certificate renewed every three years through a passing inspection.

PERFORMANCE MEASURES - FIRE DEPARTMENT

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Total runs		2,157	2,158	2,150	2,150	↔
Number of Medical Emergency Responses		1,792	1,760	1,800	1,800	↔
Number of Fires reported		52	42	40	40	↔
Total Hours Spent in Training		1,856	2,836	2,300	2,300	↑
Fire Mutual Aid Responses Received		6	5	10	10	↑
Fire Mutual Aid Responses Given		8	7	10	10	↔
Average Fire Fighter turnout per Building Fire		8	8	10	10	↑
Citizens Attending Education Classes		2,367	2,554	2,700	2,900	↑
Average Response Time to City Fires Runs		5:10	3:50	4:00	4:00	↓
Average Response Time to City EMS Runs		5:09	5:27	4:30	4:30	↓
Number of Commercial Fire Inspections		80	25	100	100	↑
Number of Commercial Fire Violations		275	67	300	300	↑
Fire Save % - Potential Property Loss vs Actual		58.70%	65.80%	75.00%	90.00%	↑
Operating Cost per Fire Fighter		\$115,532	\$117,858	\$121,300	\$125,718	↑

FIRE DEPARTMENT CHART OF ORGANIZATION



General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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PUBLIC SAFETY (Cont.)

Fire Department

Salaries - Firefighters	\$561,444	\$560,000	\$560,000	\$598,500
Salaries - FLSA Overtime	38,057	38,000	38,000	38,000
Salaries - Overtime	99,390	105,000	85,000	90,000
Salaries - Volunteer	18,061	18,000	27,500	25,000
Fringes	447,506	480,000	480,000	490,000
Office Supplies	592	2,000	2,000	2,000
Operating Supplies	41,588	22,000	22,000	30,000
Operating Supplies-Community Service	499	1,000	1,000	1,000
Marshal Division Expenses	2,102	5,000	5,000	5,000
Fuel Costs	0	4,000	5,000	5,000
Uniform Cleaning	2,737	2,700	2,800	2,800
Subsistence Allowance	17,444	16,500	16,500	17,500
Data Processing	10,000	9,000	9,000	9,000
Dues & Publications	754	2,000	2,500	2,500
Radio & Equipment Maintenance	10,686	2,500	2,500	2,500
Telephone	1,593	400	400	400
Travel & Education	10,265	12,000	13,000	13,000
Vehicle Repair & Maintenance	15,030	27,500	21,000	24,000
Vehicle Preventive Maintenance	7,551	9,500	9,500	9,500
Uniforms & Maintenance	11,142	12,000	12,000	12,000
Employee Safety	0	5,200	5,200	5,200
Capital Outlay (1)	110,277	25,000	50,000	554,500
Total Fire Department	\$1,406,718	\$1,359,300	\$1,369,900	\$1,937,400

(1) The Fire Department will be applying for a grant to replace a fire truck and Self-Contained Breathing Apparatus. These purchases are contingent on the award of these grants.

Fire Department Measures				
Full-Time Positions	11.000	11.000	11.500	11.500
Part-Time Positions	17.000	18.000	18.000	18.000
Cost per Resident	\$135.85	\$131.27	\$132.29	\$187.10

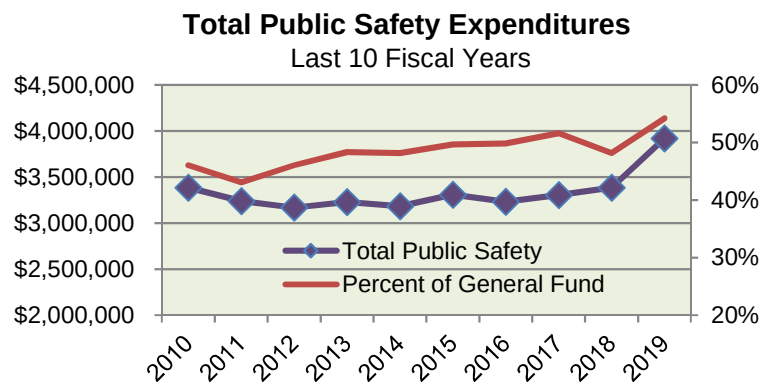
TOTAL PUBLIC SAFETY	\$3,332,463	\$3,355,300	\$3,418,400	\$3,952,400
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Total Public Safety Measures				
Full-Time Positions	28.450	28.450	28.450	28.450
Part-Time Positions	33.000	34.000	34.000	34.000
Cost per Resident	\$321.82	\$324.03	\$330.12	\$381.69
% of General Fund Budget	52.06%	48.66%	48.65%	54.66%

General Fund

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

Fiscal Year	Expenditures		Total Police & Fire	General Fund Total Expenditures and other financing uses	Percent of total expenditures of General Fund		Total Police & Fire (% of General Fund)
	Police	Fire			Police	Fire	
2019	\$1,981,500	\$1,937,400	\$3,918,900	\$7,230,700	27.40%	26.79%	54.20%
2018	\$2,015,000	\$1,369,900	\$3,384,900	\$7,026,900	28.68%	19.50%	48.17%
2017	\$1,896,608	\$1,406,718	\$3,303,326	\$6,401,387	29.63%	21.98%	51.60%
2016	\$1,905,393	\$1,324,915	\$3,230,308	\$6,479,421	29.41%	20.45%	49.85%
2015	\$1,970,809	\$1,337,610	\$3,308,419	\$6,664,301	29.57%	20.07%	49.64%
2014	\$1,946,551	\$1,236,446	\$3,182,997	\$6,609,428	29.45%	18.71%	48.16%
2013	\$1,997,044	\$1,230,248	\$3,227,292	\$6,680,973	29.89%	18.41%	48.31%
2012	\$1,948,809	\$1,219,075	\$3,167,884	\$6,880,810	28.32%	17.72%	46.04%
2011	\$1,915,811	\$1,324,444	\$3,240,255	\$7,522,009	25.47%	17.61%	43.08%
2010	\$1,842,464	\$1,494,544	\$3,337,008	\$7,347,924	25.07%	20.34%	45.41%
2009	\$1,936,600	\$1,272,500	\$3,209,100	\$7,221,900	26.82%	17.62%	44.44%
2008	\$1,973,100	\$1,258,000	\$3,231,100	\$6,977,100	28.28%	18.03%	46.31%
2007	\$1,937,927	\$1,298,359	\$3,236,286	\$7,247,727	26.74%	17.91%	44.65%
2006	\$1,872,203	\$1,517,368	\$3,389,571	\$6,642,264	28.19%	22.84%	51.03%
2005	\$1,760,171	\$1,207,111	\$2,967,282	\$6,217,441	28.31%	19.41%	47.73%
2004	\$1,626,181	\$1,035,891	\$2,662,072	\$5,872,347	27.69%	17.64%	45.33%
2003	\$1,475,406	\$1,034,873	\$2,510,279	\$5,239,720	28.16%	19.75%	47.91%
2002	\$1,537,630	\$916,998	\$2,454,628	\$5,671,563	27.11%	16.17%	43.28%
2001	\$1,575,551	\$988,632	\$2,564,183	\$5,613,156	28.07%	17.61%	45.68%
2000	\$1,465,293	\$1,144,998	\$2,610,291	\$5,366,921	27.30%	21.33%	48.64%


Total Public Safety Expenditures

This chart highlights the fact that although Public Safety expenditures have been increasing, the increase is comparable with the General Fund as a whole. The percentage of General Fund expenditures appropriated to Public Safety has been between 44% and 50% for a number of years.

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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PUBLIC WORKS

Public Works - Administration

Salaries	\$74,355	\$52,000	\$49,500	\$20,500
Fringes	23,908	25,000	24,000	8,500
Property Taxes	365	0	1,000	0
Operating Supplies	1,842	100	0	0
Street Lighting	84,158	92,000	95,000	95,000
Telephone	1,145	1,200	1,200	1,200
Maintenance of Dam	2,762	2,500	2,500	2,500
Equipment Rental	15,582	0	0	0
Hydrant Rental	23,750	24,000	24,000	24,000
Total Public Works - Administration	\$227,867	\$196,800	\$197,200	\$151,700

<i>Public Works - Administration Measures</i>				
Full-Time Positions	1.10	1.10	15.00	0.25
Part-Time Positions	0.00	0.00	0.00	0.25
Cost per Resident	\$22.01	\$19.01	\$19.04	\$14.65

Public Works - Miscellaneous

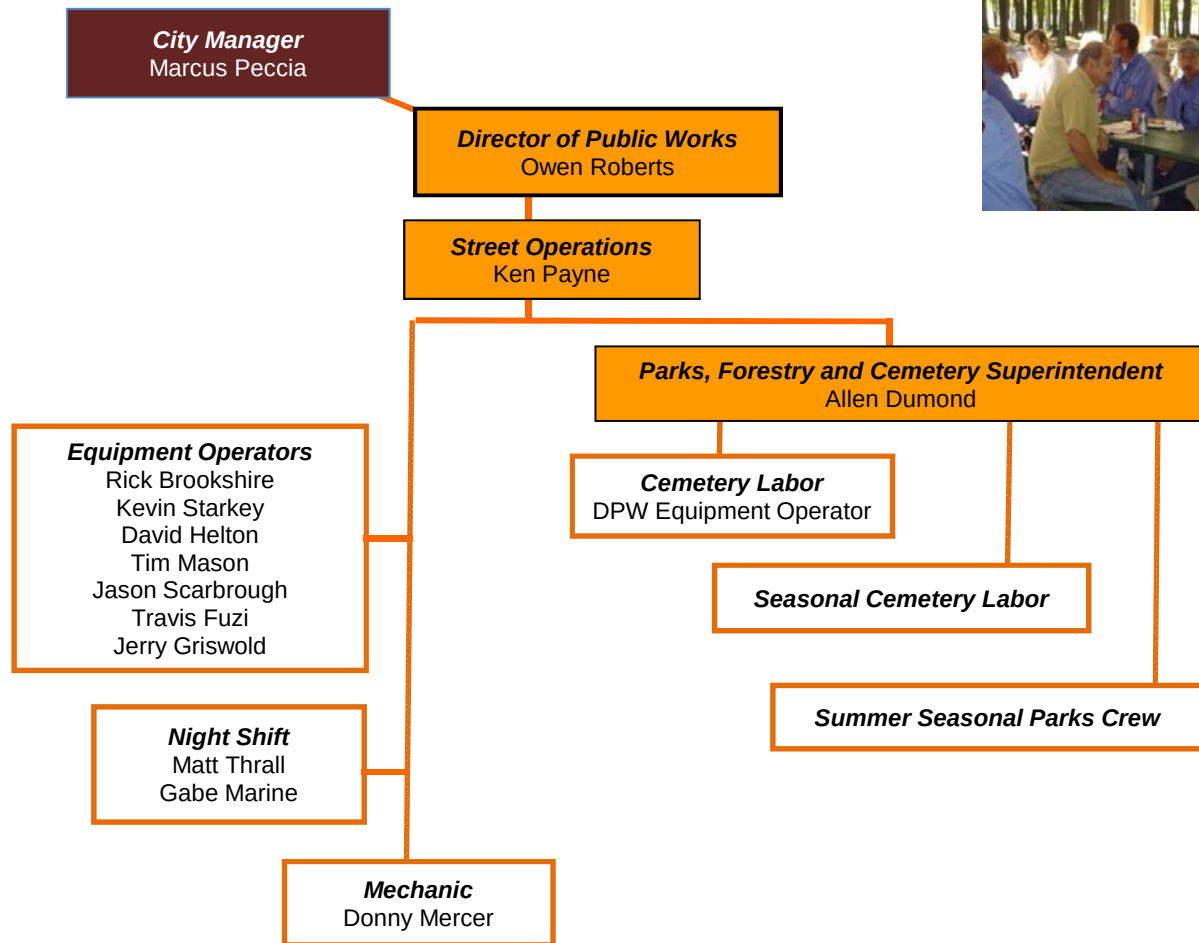
Property taxes account for the small pieces of property the City obtains from year to year through the tax sale and an attempt is made to resell the property and put it back on the tax roll. Street Lighting is the cost paid to Consumers Energy for the 485 street lights in the City. Hydrant Rental by ordinance is \$50 per hydrant paid to the Utilities Department for the readiness to serve charge for fire protection. There are currently 475 hydrants within the City.



<i>Street Lights</i>			
<u>Number of Lights</u>	<u>Lumens</u>	<u>Monthly Rate</u>	<u>Annual Cost</u>
31	14,000	\$14.300	\$5,320
417	8,500	\$11.680	58,447
23	24,000	\$21.440	5,917
471			\$69,684

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

Public Works Department Structure and Organization



PERFORMANCE MEASURES - PUBLIC WORKS

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Hours spent in leaf pickup		448	453	450	450	↔
Hours spent plowing sidewalks		400	337	400	400	↔
Miles of sidewalks maintained		53	53	53	53	↔

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
PUBLIC WORKS (Cont.)				
Sidewalks and Alleys				
Salaries	\$4,616	\$11,000	\$11,000	\$11,000
Salaries - Part Time	68	2,000	7,000	7,000
Fringes	2,325	7,000	7,000	7,500
Operating Supplies	296	1,000	2,000	2,000
Equipment Rental	14,572	30,000	20,000	20,000
Total Sidewalks and Alleys	\$21,877	\$51,000	\$47,000	\$47,500
Leaves				
Salaries	\$8,019	\$10,000	10,000	\$10,000
Fringes	4,820	6,000	6,000	6,000
Equipment Rental	38,506	40,000	40,000	40,000
Total Leaves	\$51,345	\$56,000	\$56,000	\$56,000
Grass & Weed Control				
Salaries	\$4,739	\$7,500	\$4,000	\$7,000
Fringes	1,700	3,500	2,000	4,000
Equipment Rental	18,151	15,000	13,000	16,000
Total Grass and Weed Control	\$24,590	\$26,000	\$19,000	\$27,000
Composting				
Salaries	\$1,021	\$1,000	\$1,000	\$3,000
Fringes	603	600	600	1,800
Equipment Rental	3,002	3,000	3,000	5,000
Total Composting	\$4,626	\$4,600	\$4,600	\$9,800

Sidewalks

This account reflects the maintenance costs for the City-owned sidewalks and the plowing of alleys. In 1998, the city began a special assessment sidewalk replacement project to upgrade severely deteriorated sidewalks throughout the city. This program was last undertaken in FY2009 and will have to be evaluated again over the next couple of years.

Leaves

Many tree-lined streets adorn the City adding to the beauty but also requiring a large cleanup effort during the fall. Burning of leaves is prohibited and residents are required to purchase special bags to provide an economical way to remove the leaves from private property. The State of Michigan has legislated that no leaves or grass clippings can be deposited in any Michigan landfills.

The City has an ordinance prohibiting noxious weeds. Periodically throughout the summer, crews will mow areas that are in violation of this ordinance. Grass and Weed Control is for maintaining city right of way and city owned lots as well as privately owned lots which are in violation of ordinance.

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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PUBLIC WORKS (Cont.)**Waste Removal**

Salaries	\$51	\$400	\$100	\$500
Fringes	29	200	0	300
Removal Contract	460,304	480,000	475,000	550,000
City Debris Removal Fees	0	500	1,000	1,000
Equipment Rental	10	200	200	200
Total Waste Removal	\$460,394	\$481,300	\$476,300	\$552,000

TOTAL PUBLIC WORKS

\$790,699	\$815,700	\$800,100	\$844,000
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Public Works per Resident Costs

\$76.36	\$78.77	\$77.27	\$81.51
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Waste Removal

This group of accounts reflects the solid waste contract. The current contract is with Republic Services. The contractor serves approximately 3,250 customers weekly with curbside pickup. The City also contracts with Ms. Green to provide bi-weekly recycling services. The City does the billing and collects from the customers and reimburses the contractor. In addition the contractor offers a Tidy Tote garbage can for a fee of \$2.10 per month of which the City gets \$0.45 for a collection fee. About 2,200 customers take advantage of this on a monthly basis. The cost of the contract decreased in 2012 year due primarily to tipping fee decreases subsequent to the sale of the Wexford County Landfill. Rate adjustments are made in April based on inflationary indexes.

MONTHLY CONTRACT FEES				
Fiscal Year	Refuse	Recycling	Total	Increase
2010	\$13.19	-	\$13.19	-5.04%
2011	\$13.41	-	\$13.41	1.67%
2012	\$11.72	-	\$11.72	-12.60%
2013	\$11.72	-	\$11.72	0.00%
2014 (1)	\$8.73	\$2.50	\$11.23	-4.18%
2015	\$8.83	\$2.53	\$11.36	1.16%
2016	\$8.40	\$2.39	\$10.79	-5.02%
2017	\$8.20	\$2.32	\$10.52	-2.50%
2018	\$8.54	\$2.40	\$10.94	3.99%
2019 (2)	\$10.10	\$2.52	\$12.62	15.36%

(1) Removal contract was re-bid and recycling was added.

(2) The City has approved a four-year extension for recycling, and will soon be considering an extension of the same length for solid waste. The contract is expected to increase approximately \$1.50 per month/per account.

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
<u>CULTURE AND RECREATION</u>				
Arts Council	\$10,500	\$10,500	\$10,500	\$10,500
Cadillac Community Television (CCTV)				
Contractual Services	12,500	25,000	25,000	25,000
Total CCTV	\$12,500	\$25,000	\$25,000	\$25,000

Arts Council

The City contributes funds to the local Arts Council to assist in programming. They support 12 different organizations and expend over \$19,000 annually. Revenues from the various events as well as donations produce enough to offset most of the costs and the City is asked to contribute a portion (55%) of the remaining balance.

Cadillac Community Television (CCTV)

Beginning July 1, 2010 the City assumed responsibility for the operation of the local PEG channels. These operations were formerly overseen by Cadillac Area Public Schools (CAPS). The schools remain an important part of the partnership as they host all of the facilities required to operate the stations. Also, the Wexford-Missaukee Intermediate School District has played an important role as well by partnering with CAPS in providing educational classes in production and other TV-related fields. This enables CAPS to continue to house the operations.

In early 2016 the City contracted with the Wexford-Missaukee Intermediate School District (ISD) to have the ISD take over the operations of the channels. The partnership with the ISD will enhance the operations of the channels and will give local students increased opportunities to gain experience in this field as well. It is expected that the ISD will maintain a contractual relationship with a third party contractor to perform much of the day to day responsibility of operating the channels.'

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Parks				
Salaries	\$45,077	\$42,000	\$39,000	\$41,000
Salaries - Part Time	57,769	58,000	56,000	56,000
Fringes	28,362	27,000	25,000	26,500
Operating Supplies	28,851	24,000	26,000	26,000
Telephone	660	700	700	700
Travel and Education	0	100	300	300
Utilities	28,767	30,000	35,000	35,000
Repair and Maintenance	31,173	23,000	25,000	25,000
Equipment Rental	10,009	12,000	11,000	11,000
Rental Building	1,500	1,500	1,500	1,500
Capital Outlay	8,844	165,000	167,500	42,500
Total Parks	\$241,012	\$383,300	\$387,000	\$265,500
TOTAL CULTURE AND RECREATION	\$264,012	\$418,800	\$422,500	\$301,000
Cost per Resident	\$25.50	\$40.44	\$40.80	\$29.07

Parks

The Parks Division is responsible for maintaining four City Parks, totaling 117 acres. This work is performed by approximately nine summer students, prison laborers, and Street Department personnel. The work is primarily overseen by Parks Superintendent Allen Dumond. The scope of the work includes spring cleanup, summer lawn maintenance, inspection and repair of playground equipment, cleaning of all bathrooms, landscape work, fall leaf collection, and winter storage of tables and equipment.

PERFORMANCE MEASURES - PARKS AND RECREATION

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Total Park Acres		117	117	117	117	↔
Total Parks Maintenance Costs		\$220,476	\$232,168	\$219,500	\$223,000	↔
Parks Maintenance Cost per Acre		\$1,884	\$1,984	\$1,876	\$1,906	↔
Parks Maintenance Cost per Resident		\$21	\$22	\$21	\$22	↔
Park Acres per 1,000 Population		11	11	11	11	↔
Seasonal Parks Maintenance Employees		9	9	10	10	↑

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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ECONOMIC DEVELOPMENT AND ASSISTANCE

Community Development

Salaries	\$78,897	\$86,500	\$86,000	\$89,000
Fringes	27,367	33,000	34,000	36,000
Office Supplies	2,413	3,000	3,000	3,000
Contractual Services	800	1,000	1,000	2,000
Data Processing	2,500	2,400	2,400	2,400
Dues & Publications	872	1,000	500	500
Telephone	840	1,000	1,000	1,000
Travel & Education	2,292	2,500	3,500	3,500
Publisher's Costs	939	1,500	1,500	1,500
Total Community Development	\$116,920	\$131,900	\$132,900	\$138,900

<i>Community Development Measures</i>				
Full-Time Positions	1.600	1.600	1.600	1.600
Part-Time Positions	0.500	0.000	0.000	0.000
Cost Per Resident	\$11.29	\$12.74	\$12.83	\$13.41

Community Development

The Community Development department is responsible for the preparation and maintenance of the City Master Plan and for the administration and enforcement of the City's zoning and land division ordinances. The director of the department serves as the secretary of the Zoning Board of Appeals and the Planning Commission and serves as staff liaison to various other committees as necessary.

The General Fund is responsible for 45% of the Community Development Director's salary. The remaining portions are funded by other activities of the City. The salary of the Community Development Coordinator is accounted for in this account as well as 20% of the salary of a secretary.

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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ECONOMIC DEVELOPMENT AND ASSISTANCE (Continued)**Community Promotions**

Salaries	\$15,763	\$13,000	\$8,000	\$10,500
Fringes	7,706	7,000	4,800	6,000
Operating Supplies	3,689	3,500	4,000	6,000
Contractual Services	124	2,000	4,000	4,000
Utilities	1,278	1,800	2,000	2,000
Equipment Rental	8,113	7,500	7,500	9,000
Special Projects	2,600	2,500	2,500	2,500
Chamber of Commerce	0	2,000	2,000	2,000
Community Development	26,798	8,000	0	0
Total Community Promotions	\$66,071	\$47,300	\$34,800	\$42,000

TOTAL ECONOMIC DEVELOPMENT

\$182,991	\$179,200	\$167,700	\$180,900
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INTERGOVERNMENTAL EXPENDITURES

Clam Lake Township	\$1,344	\$1,400	\$1,600	\$1,500
Airport	33,000	33,000	33,000	33,000
Recreation	72,212	66,200	66,200	66,200
Total Intergovernmental Expenditures	\$106,556	\$100,600	\$100,800	\$100,700

Community Promotions

The Community Development line item accounts for small grants received for a variety of purposes. This has included projects like assisting with the redevelopment of the Cobbs-Mitchell building in downtown Cadillac through the administration of a State of Michigan Cool Cities grant, which was passed through to the developer that acquired the facility to help offset construction costs.

Intergovernmental Expenditures

Funds are transferred to the Wexford County Airport, which is a joint effort with Wexford County. The County funds 60% and the City funds the remaining 40% of costs after the operational revenues are considered. The net operating need of the airport for 2017 is estimated to be approximately \$82,700. The County is responsible for 60% - or \$49,700 - of the net operating need and the City is responsible for the remaining 40% - or \$33,000. Recreation is a joint program with the Cadillac Community School system and the total program is over \$300,000 per year, which provides many opportunities for all age groups.

General Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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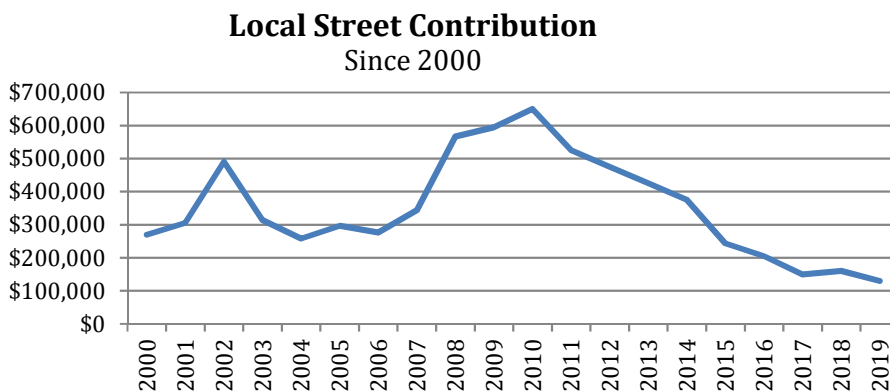
OTHER FINANCING

Transfers to Other Funds:

Local Street	150,000	160,000	160,000	130,000
Cemetery Operating Fund	48,750	60,000	60,000	60,000
Transfer Out-Other	100	250,000	250,000	0
Total Other Financing	\$198,850	\$470,000	\$470,000	\$190,000

TOTAL EXPENDITURES	\$6,401,387	\$6,896,000	\$7,026,900	\$7,230,700
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Local Street Contribution



The transfer from the General Fund to the Local Street Fund to help fund local street maintenance has steadily declined after spiking between 2006-2010 due to the decline in local street revenues from the State of Michigan. Since these revenues from the State have recovered and are increasing, reliance on the General Fund is reduced.

Cities	Population	2018 General Fund Budget	Per Capita Expenditures
Manistee	6,226	\$6,503,443	\$1,044.56
Big Rapids	10,437	\$8,759,600	\$839.28
Alpena	10,122	\$10,603,177	\$1,047.54
Traverse City	14,674	\$16,105,500	\$1,097.55
Sault St. Marie	14,144	\$11,559,100	\$817.24
Coldwater	10,945	\$10,107,141	\$923.45
Sturgis	10,994	\$8,545,835	\$777.32
Cadillac	10,355	\$7,026,900	\$678.60

General Fund**General Fund Capital Outlay****FY2019****City Hall (1)**

Mechanical Controls	\$10,000	
Municipal Complex Signage	7,500	
Staff Car	23,000	
		\$40,500

Police Department (2)

Police Patrol Vehicle	\$33,000	
		\$33,000

Fire Department (3)

Fire Pumper	\$420,000	
Self-Contained Breathing Apparatus	134,500	
		\$554,500

Parks and Recreation (4)

Playground Equipment	\$15,000	
Lakeshore Stabilization	\$7,500	
Wheelchair Accessible Swing	20,000	
		\$42,500

Total		<u>\$670,500</u>
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Source of Funds (5)

General Governmental Revenues	\$128,700	
Assistance to Firefighters Grant	526,800	
Contributions	15,000	
		<u>\$670,500</u>

Footnotes:

Capital Outlay is further explained at the beginning of the General Fund budget section, and in the Capital Improvement section found later in the budget document.

Water and Sewer Fund

Fund: Water and Sewer Fund**Type:** Enterprise Fund**Oversight:** Director of Utilities**Nature and Purpose:**

The City Council in 1988 elected to combine the Water System and the Wastewater System into one activity simply called the Water and Sewer Fund. With this combination, the assets of \$21.9 million assisted in the financial ability of the utility system to leverage funds. The integrity of each system is to be maintained so water and wastewater activity can be identified.

The purpose of the fund is to record the operations of combined Water and Sewer Systems. The nature of the fund is self-supporting, meaning it does business with individuals and firms outside the local unit departments and is therefore classified as an enterprise fund. A distinguishing feature of this fund is that fixed assets are recorded within the fund and depreciation is charged. The Cadillac City Charter dictates that user rates within the water and sewer systems must be set at a level that will meet all costs of the utilities. **Section 16.4 of the City Charter states,**

"The Council shall have the power to fix from time to time, such just and reasonable rates and other charges as may be deemed advisable for supplying the inhabitants of the city and others with such public utility services as the city may provide."

The rates and charges of any municipal public utility for the furnishing of public utility services shall be so fixed as to at least meet all the costs of such utilities. There shall be no discrimination in such rates within any classification of users thereof, nor shall free service be permitted, but higher rates may be charged for service outside the city limits."

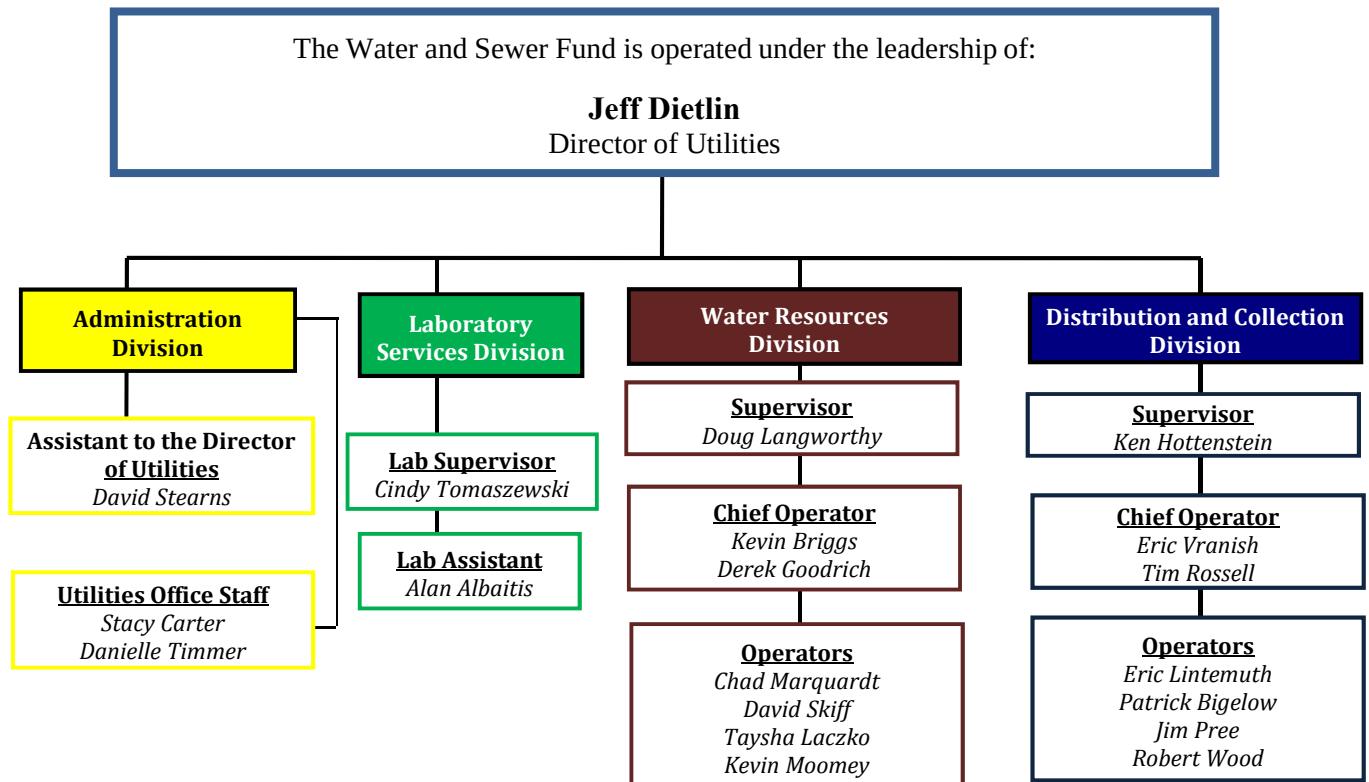
FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Water Sales	\$1,310,105	\$1,285,000	\$1,290,000	\$1,310,000
Sewer Sales - Flat Rate	41,817	53,000	50,000	50,000
Sewer Sales - Metered	2,315,254	2,270,000	2,260,000	2,300,000
Fire Protection	84,057	100,000	100,000	100,000
Hydrant Rental	23,750	24,000	24,000	24,000
Charges for Services	31,155	28,000	30,000	30,000
Services & Materials	22,884	24,000	20,000	20,000
Penalties	78,310	80,000	60,000	60,000
Interest Income	29,195	26,000	20,000	30,000
Sale of Surplus Material	450	5,000	5,000	5,000
Lake Mitchell Sewer Authority	99,650	120,000	50,000	160,000
Leachate	447,684	350,000	150,000	150,000
Laboratory Fees	108,674	100,000	80,000	80,000
State of Michigan	7,250	0	0	0
Gain (Loss) on Sale of Assets	(6,001)	0	0	0
Other Income	2,263	1,000	5,000	5,000
Total Revenues	\$4,596,497	\$4,466,000	\$4,144,000	\$4,324,000

Water and Sewer Fund

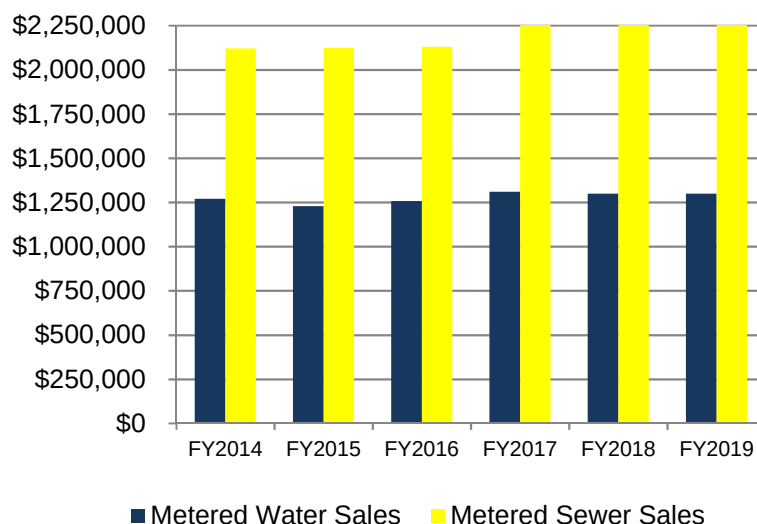
FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Expenses				
Total Administration	\$1,181,852	\$1,073,800	\$1,028,400	\$1,103,000
Water Resources				
Preliminary Treatment	\$25,252	\$28,800	\$30,300	\$29,500
Primary Treatment	25,731	27,800	27,800	26,900
Secondary Treatment	103,272	105,700	111,000	111,700
Tertiary Treatment	80,632	90,500	97,200	94,000
Sludge Removal	121,707	114,000	118,500	136,300
Nutrient Removal	63,529	67,500	70,300	69,100
Effluent Disposal	48,443	56,200	59,100	59,900
Building & Grounds	232,676	235,000	237,500	232,000
Industrial Surveillance	17,303	21,300	21,000	20,500
Lift Station-Sanitary	103,316	104,500	105,100	104,200
Vehicles	16,150	20,600	22,500	23,700
Total Water Resources	\$838,011	\$871,900	\$900,300	\$907,800
Distribution and Collection				
Building & Water Tank	\$24,024	\$32,000	\$30,300	\$30,100
Pumping Station	195,350	228,000	252,900	253,600
Wells & Well Field	37,495	55,100	57,100	81,600
General Street Expense	17,938	20,100	19,100	19,100
Meter Reading & Delinquent Accounts	22,775	24,000	26,900	23,700
Meter Operations & Maintenance	325,532	285,000	288,200	282,000
Customer Service	20,886	26,500	32,200	28,000
Maintenance-Mains & Hydrants	75,193	84,000	95,300	95,500
New Water Service	16,051	18,100	16,000	19,000
Water Service Maintenance	9,196	15,500	14,800	14,400
Sanitary Sewer	82,457	96,000	106,400	116,900
Vehicles	24,578	28,200	36,600	36,600
Total Distribution and Collection	\$851,475	\$912,500	\$975,800	\$1,000,500
Laboratory Division				
General Laboratory	\$53,528	\$63,000	\$64,600	\$63,200
Contract Laboratory	46,271	50,500	50,800	50,500
Total Laboratory Division	\$99,799	\$113,500	\$115,400	\$113,700
Total Non-Operating	\$1,005,185	\$1,065,000	\$1,120,000	\$1,150,000
Total Expenses	\$3,976,322	\$4,036,700	\$4,139,900	\$4,275,000
NET POSITION AT YEAR END				
Change in Net Position	\$620,175	\$429,300	\$4,100	\$49,000
Total Net Position - Beginning of Year	15,293,562	15,913,737	15,913,737	16,343,037
Total Net Position at Year End	\$15,913,737	\$16,343,037	\$15,917,837	\$16,392,037

Water and Sewer Fund

Fund Staffing and Organizational Structure



Water and Sewer Metered Usage - Last Six Years

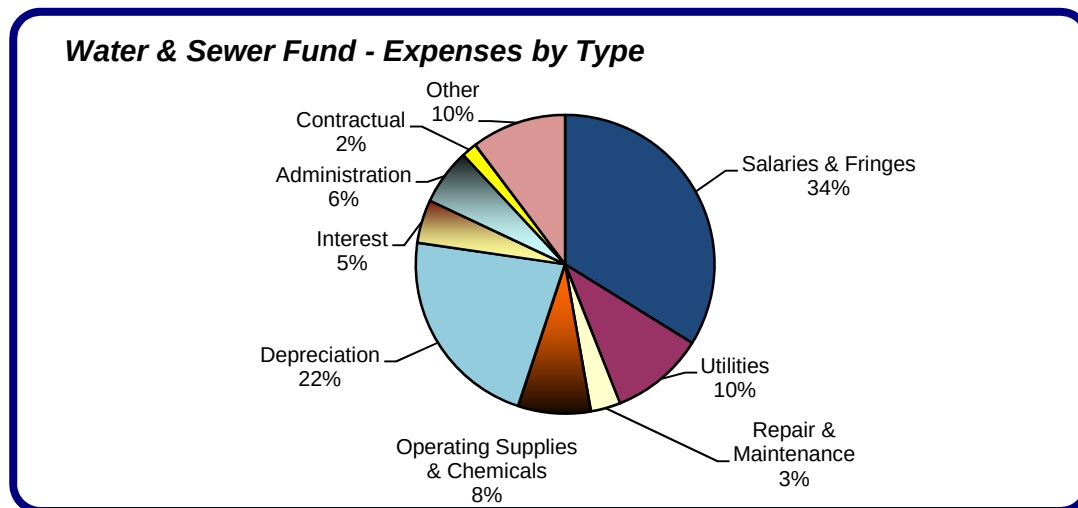


Metered Usage

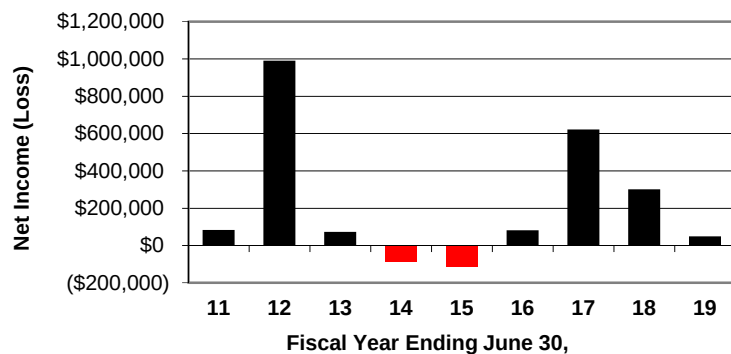
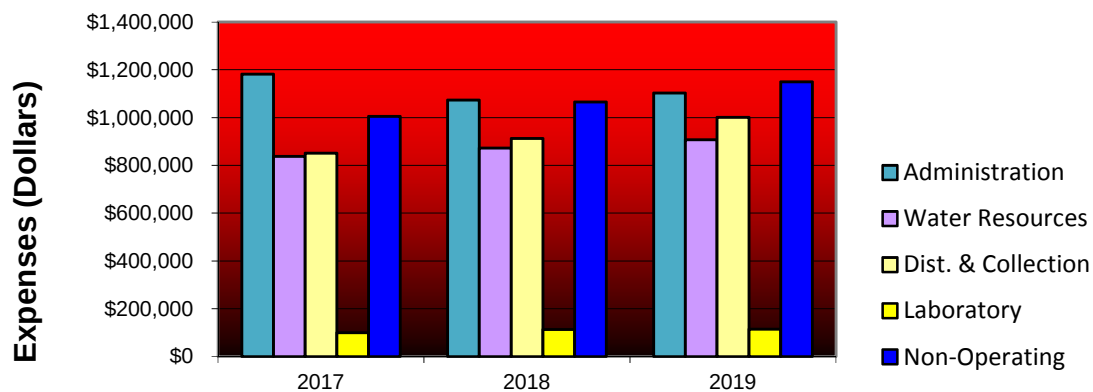
The chart to the left shows that there has been virtually no increase in metered usage of water and sewer over the last six fiscal years. The operations of the system have taken advantage of several efficiency-enhancing measures, including replacing old meters with radio read meters, that has enabled the system to operate within the revenue parameters.

Water and Sewer Fund

Fund Highlights



Water and Sewer Fund - Expenses by Type - Last 3 Fiscal Years



Water and Sewer Fund
Change in Net Assets
Last Ten Fiscal Years

Water and Sewer Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Expenses				
Administration				
Salaries and Wages	\$363,976	\$350,000	\$345,000	\$355,000
Fringes	335,957	175,000	170,100	205,500
Office Supplies	12,604	13,500	12,000	12,500
Postage	21,087	21,500	22,000	22,000
Safety Supplies	2,001	4,300	4,500	4,000
Contractual Services	20,336	15,000	15,000	15,000
Engineering Fees	5,358	20,000	13,300	15,000
Audit	4,000	4,000	4,000	4,000
G.I.S. Contractual Services	6,134	8,000	10,000	10,000
Legal Fees	34,416	55,000	25,000	40,000
State Mandated Fees	22,910	21,000	21,000	23,000
Data Processing	47,500	48,000	48,000	48,000
Liability Insurance	32,093	34,500	35,000	35,000
Dues & Publications	4,561	3,000	3,000	3,500
Telephone	11,370	9,000	7,500	8,500
Alarm Systems	3,751	3,000	3,000	3,000
Travel & Education - Salary	3,775	5,000	7,000	7,000
Travel & Education - Hourly	5,170	5,000	5,500	5,500
Vehicle Repair & Maintenance	1,035	1,000	1,000	1,000
Employee Safety	50	5,000	5,000	5,000
Bad Debt Expense	0	1,000	1,000	1,000
Groundwater Cleanup	0	0	7,500	7,500
Administration - City	240,000	260,000	260,000	260,000
Public Relations	3,768	12,000	3,000	12,000
Total Administration	\$1,181,852	\$1,073,800	\$1,028,400	\$1,103,000

Cost and Expense Analysis

Administration

This account addresses the assistance given to this fund by other administrative and management personnel of the City. This includes the cashier, accountant, city manager, and other portions of employees' time that is directly related to work with the utilities system.

Water and Sewer Fund

PERFORMANCE MEASURES - WATER RESOURCES DIVISION

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Number of Customers - Sewer		3,569	3,608	3,600	3,600	↔
Miles of Sewer Main		51	51	51	51	↔
Number of Water Resources FTE		7	7	7	7	↔
Water Resources service connections per FTE		510	510	514	514	↔
Millions of Gallons Treated per Day		1.920	1.989	1.950	1.950	↔
Industrial Monitoring and Pretreatment Discharge permits		19	20	20	20	↑
Rate Increase - Sewer		3.00%	2.50%	0.00%	3.00%	↑
Number of NPDES Permit Violations		6	7	0	0	↓

Water Resources Division Responsibilities:

- * Lift station operation and maintenance
- * Industrial pretreatment program
- * Biosolids management program
- * Floor drain inspection program
- * Groundwater treatment plant operation
- * Operation and maintenance of the City of Cadillac's wastewater treatment plant. The plant reclaims the used water of City residents, businesses and industries before discharge to the Clam River. The treatment plant is regulated by the Michigan Department of Natural Resources and staffed by state licensed operators.

Objective:

To treat and reclaim nearly two million gallons of water used by our city and sewer service areas each day.

Water and Sewer Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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Expenses (Cont.)**Water Resources Division:****Preliminary Treatment**

Salaries and Wages	\$13,138	\$15,000	\$15,000	\$15,000
Fringes	7,166	9,000	9,200	8,400
Operating Supplies	764	800	800	800
Utilities	2,880	3,000	3,300	3,300
Repair & Maintenance	1,304	1,000	2,000	2,000
Total	\$25,252	\$28,800	\$30,300	\$29,500

Primary Treatment

Salaries and Wages	\$15,820	\$16,500	\$16,000	\$16,000
Fringes	8,510	9,500	9,800	9,000
Operating Supplies	298	800	800	700
Repair & Maintenance	1,103	1,000	1,200	1,200
Total	\$25,731	\$27,800	\$27,800	\$26,900

Secondary Treatment

Salaries and Wages	\$17,805	\$17,000	\$16,000	\$17,000
Fringes	9,659	9,500	9,800	9,500
Operating Supplies	680	1,200	1,200	1,200
Utilities	70,055	75,000	80,000	80,000
Repair & Maintenance	5,073	3,000	4,000	4,000
Total	\$103,272	\$105,700	\$111,000	\$111,700

Cost and Expense Analysis**Preliminary Treatment**

Preliminary treatment includes the flow equalization tank, detritor and grit removal. Flow equalization averages the normal 24 hour variances in wastewater flow. By reducing the peak flow, the plant can treat a higher daily average flow.

Primary Treatment

Primary treatment covers the operation of the primary treatment tanks and related sludge pumping. The primary process removes 30 to 40% of the pollutants in the wastewater.

Secondary Treatment

Secondary treatment includes aeration tanks with fine bubble diffusers that have air supplied by centrifugal blowers, secondary clarifiers, and a return sludge system. Primary effluent flows in the aeration tanks where it is mixed with return sludge that provides the bacteria for treatment. After eight hours of aeration, the mixed liquor is settled in the secondary clarifiers, then returned to the aeration tanks to continue the cycle. The secondary treatment process provides 85-90% removal of pollutants.

Water and Sewer Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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Expenses (Cont.)

Water Resources Division (Cont.)

Tertiary Treatment

Salaries and Wages	\$20,090	\$17,000	\$17,000	\$17,000
Fringes	10,710	10,500	10,400	9,500
Operating Supplies	2,620	5,500	4,500	4,000
Utilities	43,321	47,500	55,000	55,000
Repair & Maintenance	3,891	10,000	10,300	8,500
Total	\$80,632	\$90,500	\$97,200	\$94,000

Sludge Treatment

Salaries and Wages	\$23,129	\$22,000	\$22,000	\$22,000
Fringes	12,356	13,000	13,500	12,300
Operating Supplies	1,941	2,000	2,000	2,000
Laboratory	3,982	4,000	5,000	5,000
Injection Contract Cost	54,218	50,000	50,000	70,000
Utilities	16,227	18,000	20,000	20,000
Repair & Maintenance	9,854	5,000	6,000	5,000
Total	\$121,707	\$114,000	\$118,500	\$136,300

Nutrient Removal

Salaries and Wages	\$12,781	\$13,000	\$13,400	\$13,400
Fringes	6,765	8,000	8,200	7,500
Operating Supplies	61	500	700	700
Chemicals	34,405	36,000	38,000	38,000
Repair & Maintenance	9,517	10,000	10,000	9,500
Total	\$63,529	\$67,500	\$70,300	\$69,100

Cost and Expense Analysis

Tertiary Treatment

Tertiary treatment includes screw pumps and sand filters. The secondary effluent is lifted by the pumps about 18 feet into the Rotating Biological Contractors (RBC) system. The average pollutant removal after tertiary treatment is greater than 97%.

Sludge Treatment and Disposal

The sludge treatment process includes sludge pumps, a 325,000 gallon primary digester, a 325,000 gallon secondary digester, a 550,000 gallon sludge storage tank, and 675,000 gallon storage tank. Sludge, or bio-solids, is the residual solid produced during the wastewater treatment process. The solids are first pumped into the primary digester which is heated to 95 degrees F where most organic matter is reduced in an anaerobic environment. A useable methane gas is produced (8,500,000 cf per year) along with about two million gallons of treated bio-solids for application to agricultural farm land as fertilizer. The fertilizer injections are done under contract.

Water and Sewer Fund

Cost and Expense Analysis

Nutrient Removal

Nutrient removal consists of phosphorus and ammonia removal from the wastewater. Both compounds are fertilizers that would promote weed growth and eutrophication of the receiving stream if discharged in excessive amounts. Phosphorus is removed by the addition of ferric chloride. The majority of ammonia is converted in the secondary treatment process. Any remaining ammonia is converted to nitrate by microbes that oxidize the ammonia as the water passes through the RBC's.

Buildings and Grounds

Buildings and Grounds includes the maintenance and operations of the buildings and grounds at the wastewater treatment plant. The operation and maintenance of the Lift Station buildings and grounds are also included. Water usage in the past few years has not been constant, with significant increases and decreases despite a relatively constant number of users. Much of this can be attributed to factors such as changes in industrial processes which would affect water consumption, or even the weather. Actual water usage per person in Cadillac is approximately 70 gallons per day.



Wastewater Treatment Facility

Water and Sewer System - 15 Largest Users

	2016 Usage and Billing				
	Cubic Feet		Gallons		Total Billing
	Water	Sewer	Water	Sewer	
Customer					
Avon Rubber & Plastics	16,967,400	14,285,000	126,916,152	106,851,800	\$533,031
Cadillac Castings	13,225,100	6,076,100	98,923,748	45,449,228	\$365,500
AAR Cadillac Manufacturing	8,371,500	6,503,400	62,618,820	48,645,432	\$240,192
Piranha Hose	2,280,700	2,280,700	17,059,636	17,059,636	\$76,949
Mercy Hospital	1,328,000	1,328,000	9,933,440	9,933,440	\$63,123
Borg-Warner	1,192,500	1,192,500	8,919,900	8,919,900	\$46,846
Cadillac Renewable Energy	4,415,200	1,238,000	33,025,696	9,260,240	\$45,236
Country Acres	1,094,200	1,094,200	8,184,616	8,184,616	\$39,684
Hutchinson Antivibration	32,600	32,600	243,848	243,848	\$36,841
Pheasant Ridge	779,500	779,500	5,830,660	5,830,660	\$27,381
Four Winns	437,200	437,200	3,270,256	3,270,256	\$22,469
Michigan Rubber Products	479,200	479,200	3,584,416	3,584,416	\$19,595
Leisure Park	463,500	463,500	3,466,980	3,466,980	\$16,676
Kolarevic Car Wash	345,800	345,800	2,586,584	2,586,584	\$13,280
Rexair, Inc.	102,400	102,400	765,952	765,952	\$9,469
	51,514,800	36,638,100	385,330,704	274,052,988	\$1,556,272

* CRE has their own well, which is furnished by the LDFA Utilities Fund.

Water and Sewer Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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Expenses (Cont.)

Water Resources Division (Cont.)

Effluent Disposal

Salaries and Wages	\$10,997	\$12,000	\$13,000	\$13,000
Fringes	5,814	7,000	8,000	7,300
Operating Supplies	1,111	2,000	2,800	4,600
Plant Lab Supplies	7,275	9,000	6,800	7,000
Chemicals	640	500	500	500
Contracted Laboratory	7,275	7,200	7,500	7,500
Utilities	14,011	15,500	17,000	17,000
Repair & Maintenance	1,320	3,000	3,500	3,000
Total	\$48,443	\$56,200	\$59,100	\$59,900

Building & Grounds

Salaries and Wages	\$93,997	\$92,000	\$95,500	\$95,500
Salaries - Part Time	8,330	9,000	9,000	9,000
Fringes	54,081	60,000	64,000	58,500
Operating Supplies	32,926	40,000	35,000	35,000
Utilities	22,274	22,000	20,000	20,000
Repair & Maintenance	21,068	12,000	14,000	14,000
Total	\$232,676	\$235,000	\$237,500	\$232,000

Industrial Surveillance

Salaries and Wages	\$8,110	\$9,000	\$9,400	\$9,400
Fringes	4,231	5,500	5,800	5,300
Operating Supplies	1,195	3,000	2,000	2,000
Laboratory	3,226	2,800	2,800	2,800
Repair & Maintenance	541	1,000	1,000	1,000
Total	\$17,303	\$21,300	\$21,000	\$20,500

Cost and Expense Analysis

Effluent Disposal

Effluent Disposal includes disinfection equipment and tanks. Tertiary effluent flows into a new ultraviolet (UV) process where submerged UV bulbs disinfect the wastewater with ultraviolet energy. This system, constructed in 2003, eliminates the use of chlorine disinfection and sulfur dioxide dechlorination process, but requires increased electrical usage to operate. The treated water is then discharged into the Clam River. The Clam River is monitored at six locations up-stream and down-stream by the Water Resources personnel on a weekly basis.



Industrial Surveillance

The Cadillac Utilities Department administers an Industrial Monitoring and Pretreatment (IMP) program. Sample flows are collected from several industrial plants at varying intervals and analyzed for toxic and hazardous substances.

Water and Sewer Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
<u>Expenses (Cont.)</u>				
Water Resources Division (Cont.)				
Lift Station - Sanitary				
Salaries and Wages	\$20,878	\$19,000	\$18,100	\$18,100
Fringes	11,244	11,500	11,000	10,100
Operating Supplies	4,553	7,500	9,500	9,500
Disposal Fees	14,796	1,500	1,500	1,500
Utilities	42,840	50,000	50,000	50,000
Repair & Maintenance	9,005	15,000	15,000	15,000
Total	\$103,316	\$104,500	\$105,100	\$104,200
Vehicles				
Salaries and Wages	\$1,393	\$1,600	\$1,000	\$1,300
Fringes	754	1,000	600	700
Operating Supplies	525	2,000	1,900	2,000
Fuel Costs	7,206	7,500	10,000	10,700
Repair & Maintenance	6,272	8,500	9,000	9,000
Total	\$16,150	\$20,600	\$22,500	\$23,700
Total Water Resources Division	\$838,011	\$871,900	\$900,300	\$907,800

Cost and Expense Analysis

Lift Stations

Lift stations includes operation and maintenance of the plant lift station, plus five major and six minor lift stations. These facilities are used to lift up sewage by pump from deep sewers to higher points in the gravity system so that it can flow to the wastewater treatment plant for treatment.



Vehicles

Several vehicles and over-the-road pieces of equipment are used in plant operations, lift station operation and maintenance, and building and grounds maintenance. Costs of maintenance and fuel are included in this department.

Water and Sewer Fund

PERFORMANCE MEASURES - WATER DISTRIBUTION AND COLLECTION DIVISION

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Number of Customers - Water		3,549	3,567	3,550	3,550	↔
Miles of Water Main		74	74	74	74	↔
Number of Distribution and Collection FTE		7	7	7	7	↔
Water Service Connections per FTE		507	510	507	507	↔
Millions of Gallons Pumped per Day		2.320	1.970	2.100	2.100	↓
Total Calls for Service		1,243	1,051	1,200	1,200	↓
Total Calls for Service Per FTE		177	150	171	171	↓
MISS-DIG Responses		714	693	650	650	↓
Meter Repairs		96	59	135	135	↑
New Meter Installations		10	16	10	10	↓
Feet of Sanitary Sewers Cleaned*		109,597	30,000	30,000	35,000	↓

* The City received a grant from the State of Michigan's Stormwater, Asset Management and Wastewater (SAW) program. A significant portion of activities pursuant to this grant results in the cleaning of pipes. This caused the spike in 2016 and 2017.

Distribution and Collection Division Purpose:

This division is responsible for the operation of the public water system, sanitary sewer system and storm sewer system. The public water system supplies water to nearly 3,500 accounts. These accounts range from domestic users to industrial customers using up to 500,000 gallons of water per day. The water system personnel must be licensed by the Michigan Department of Environmental Quality. The sanitary sewer system collects the wastewater from the users and transports it to the wastewater treatment plant. The storm sewer system collects storm water and transports it to the lakes, rivers, and seepage ponds.

Objective: To supply the water used by our city each day and to maintain the water distribution system, sanitary collection system, and storm water collection system.

Water and Sewer Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Expenses (Cont.)				
Distribution & Collection Division				
Building & Water Tank				
Salaries and Wages	\$6,019	\$12,000	\$5,500	\$5,500
Salaries - Part Time	0	0	4,500	4,500
Fringes	3,242	7,500	5,800	5,600
Operating Supplies	14,497	11,000	13,500	13,500
Repair & Maintenance	266	1,500	1,000	1,000
Total	\$24,024	\$32,000	\$30,300	\$30,100
Pumping Station				
Salaries and Wages	\$3,924	\$5,000	\$5,200	\$5,200
Fringes	2,131	2,500	3,200	2,900
Operating Supplies	13,233	15,000	10,000	11,000
Chemicals	13,360	18,000	26,500	26,500
Laboratory Control	5,300	10,000	16,000	16,000
Utilities	157,133	175,000	190,000	190,000
Repair & Maintenance	269	2,500	2,000	2,000
Total	\$195,350	\$228,000	\$252,900	\$253,600
Wells & Well Field				
Salaries and Wages	\$10,996	\$10,000	\$10,000	\$10,000
Fringes	6,449	6,100	6,100	5,600
Operating Supplies	4,569	4,500	4,500	4,500
Wellhead Protection	2,940	2,000	3,000	3,000
Contractual Services	11,134	25,000	25,000	25,000
Repair & Maintenance	1,407	7,500	8,500	33,500
Total	\$37,495	\$55,100	\$57,100	\$81,600

Cost and Expense Analysis

Buildings and Water Tank

Buildings consist of six well houses that enclose the active wells, one pump station that meters and treats the water, and one supplies garage building. Water storage is provided in a one million gallon elevated storage tank located on the North Street Hill.

Pumping Station

The City's pumping station metered and chlorinated in excess of 718 million gallons of water in 2017. This was down slightly from 2016, but still about 15% below the levels of several years ago. Much of this decrease was attributed to the impact of the economy on local usage patterns. Vacant homes and idle businesses use little or no water, thereby decreasing total flow in the City's system. The costs of chemicals and utilities are the pumping stations' major costs.

Water and Sewer Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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Expenses (Cont.)

Distribution & Collection Division (Cont.)

General Street Expense

Salaries and Wages	\$444	\$700	\$700	\$700
Fringes	312	400	400	400
Operating Supplies	3,232	7,000	3,000	5,000
Contractual Services	13,950	12,000	15,000	13,000
Total	\$17,938	\$20,100	\$19,100	\$19,100

Meter Reading & Delinquent Accounts

Salaries and Wages	\$14,434	\$15,000	\$16,500	\$15,000
Fringes	8,341	9,000	10,100	8,400
Operating Supplies	0	0	300	300
Total	\$22,775	\$24,000	\$26,900	\$23,700

Meter Operations & Maintenance

Salaries and Wages	\$138,503	\$125,000	\$120,000	\$120,000
Fringes	88,118	80,000	73,200	67,000
Operating Supplies	98,911	80,000	95,000	95,000
Total	\$325,532	\$285,000	\$288,200	\$282,000

Customer Service

Salaries and Wages	\$13,143	\$17,000	\$20,000	\$18,000
Fringes	7,743	9,500	12,200	10,000
Total	\$20,886	\$26,500	\$32,200	\$28,000

Maintenance - Mains & Hydrants

Salaries and Wages	\$37,093	\$35,000	\$39,000	\$40,000
Fringes	15,007	18,000	23,800	23,000
Operating Supplies	18,163	17,500	20,000	20,000
Contractual Services	4,930	9,500	7,500	7,500
Repairs and Maintenance	0	4,000	5,000	5,000
Total	\$75,193	\$84,000	\$95,300	\$95,500

Cost and Expense Analysis

General Street Expense

When the Utilities Department needs to perform repairs or maintenance under the City streets, they contract with the City Street Department or other local contractors to replace the street surfaces.

Meter Reading & Delinquent Accounts

The utility system bills its customers monthly and the meters of the entire city can be read within one day. The remainder of these employees' time is spent on maintenance of meters. The City has upgraded water meters with a new meter remote that allows for automatic meter reading.

Water and Sewer Fund

Customer Services

Many types of service calls are responded to in the course of a year. MISS-DIG is also a call this department responds to for construction needs when a user needs to know the location of water and sewer mains, or any other infrastructure located beneath the ground. Responses to water quality complaints and various other customer service issues are accounted for under this heading.

Maintenance - Mains and Hydrants

The City maintains 475 fire hydrants. All fire hydrant records and histories are computerized. The General Fund contributes \$50 per fire hydrant as a ready-to-serve charge. The City replaces water mains annually as streets are torn up to be resurfaced.

Water Supply Statistics				
	Gallons Pumped	Gallons Sold	% Lost (1)	Customers
2008	840,240,000	731,961,000	12.90	3,544
2009	737,164,500	634,869,338	13.90	3,497
2010	743,793,507	667,112,042	10.31	3,474
2011	731,875,000	665,734,212	9.04	3,504
2012	770,493,000	695,207,656	9.80	3,551
2013	740,691,000	676,170,000	8.70	3,553
2014	767,889,000	675,151,000	12.10	3,578
2015	731,917,100	669,126,392	8.60	3,549
2016	745,539,000	668,599,052	10.00	3,585
2017	708,698,000	629,246,772	11.00	3,964

(1) Percentage of Water Lost: Water loss is the term applied to the difference between water pumped into the system and water sold through water meters. Cadillac's water loss for 2017 was 11.0%, which is within the acceptable range of 10-15% for public water supplies. Water loss occurs from meter variances, worn meters, water used for fire purposes, water lost through system flushing, and water lost during run water situations in the winter.

Water and Sewer Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Expenses (Cont.)				
Distribution & Collection Division (Cont.)				
New Water Service				
Salaries and Wages	\$2,719	\$4,000	\$3,000	\$5,000
Fringes	1,639	2,100	1,800	2,800
Operating Supplies	9,381	11,000	10,000	10,000
Contractual Services	2,312	1,000	1,200	1,200
Total	\$16,051	\$18,100	\$16,000	\$19,000
Water Service Maintenance				
Salaries and Wages	\$5,575	\$7,500	\$7,000	\$7,000
Fringes	3,000	4,500	4,300	3,900
Operating Supplies	621	3,000	3,000	3,000
Repair & Maintenance	0	500	500	500
Total	\$9,196	\$15,500	\$14,800	\$14,400
Sanitary Sewer				
Salaries and Wages	\$25,691	\$35,000	\$40,000	\$44,500
Fringes	14,103	19,000	24,400	24,900
Operating Supplies	8,292	9,000	10,000	10,000
Contractual	9,595	9,000	9,500	9,500
Damage Contractual Services	16,145	18,000	21,000	26,000
Repair & Maintenance	8,631	6,000	1,500	2,000
Total	\$82,457	\$96,000	\$106,400	\$116,900
Vehicles				
Salaries and Wages	\$34	\$500	\$700	\$700
Fringes	21	200	400	400
Operating Supplies	2,640	2,500	2,500	2,500
Fuel & Oil	7,972	10,000	18,000	18,000
Repair & Maintenance	13,911	15,000	15,000	15,000
Total	\$24,578	\$28,200	\$36,600	\$36,600
Total Distribution and Collection	\$851,475	\$912,500	\$975,800	\$1,000,500

Cost and Expense Analysis

Sanitary Sewer

This section includes equipment used to clean sanitary sewer, along with the related costs of labor, repairs and maintenance. It also includes costs for outside contractors to do TV inspections. This important maintenance activity has decreased over the last couple of years due to the limited availability of maintenance labor.

Water and Sewer Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Expenses (Cont.)				
Laboratory Division				
General Laboratory				
Salaries and Wages	\$25,180	\$27,500	\$28,000	\$28,000
Fringes	15,855	16,500	17,100	15,700
Operating Supplies	11,376	14,000	14,500	14,500
Repair & Maintenance	1,011	3,000	3,000	3,000
Equipment Rental	106	500	500	500
Research & Development	0	1,500	1,500	1,500
Total	\$53,528	\$63,000	\$64,600	\$63,200
Contract Laboratory				
Salaries and Wages	\$18,293	\$18,000	\$17,000	\$17,000
Fringes	10,510	10,500	10,400	9,500
Operating Supplies	16,877	18,000	18,400	19,000
Repair & Maintenance	591	2,500	3,500	3,500
Equipment Rental	0	500	500	500
Research & Development	0	1,000	1,000	1,000
Total	\$46,271	\$50,500	\$50,800	\$50,500
Total Laboratory Division	99,799	113,500	115,400	113,700
Non-Operating				
Interest Expense	\$175,960	\$165,000	\$200,000	\$200,000
Depreciation	829,225	900,000	920,000	950,000
Total	\$1,005,185	\$1,065,000	\$1,120,000	\$1,150,000
TOTAL EXPENSES	\$3,976,322	\$4,036,700	\$4,139,900	\$4,275,000

Non-Operating**Three revenue bond issues comprise the interest activity:**

2013 Revenue Refunding Bond: Interest payments September 1, 2018 and March 1, 2019 total \$76,883.

2007 State of Michigan SRF Loan: Interest payments October 1, 2018 and April 1, 2019 total \$35,428.

2011 State of Michigan DWRF Loan: Interest payments October 1, 2018 and April 1, 2019 total \$43,722.

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

Water and Sewer Fund

PERFORMANCE MEASURES - LABORATORY DIVISION

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Number of Laboratory Analyses Performed		35,488	33,710	35,000	35,000	↔
Charges for Services - Laboratory		\$101,102	\$97,430	\$90,000	\$90,000	↓
Number of Laboratory FTE		3	3	3	3	↔
Analyses Performed per FTE		11,829	11,248	11,000	11,000	↔

Cost and Expense Analysis

Laboratory Services Division

This division consists of two distinct areas: general use for internal functions and contract for external purposes. Laboratory Services has now received certification from the State of Michigan in the areas of bacteriological analysis and metals analysis. Volatile organic testing is completed by a contract laboratory.

Analyses Performed:	2012	2013	2014	2015	2016	2017
Lead and Copper	41	37	24	74	157	163
Metals	7,402	7,034	7,034	7,818	7,816	6,757
Volatile Organic	12	87	72	72	60	60
Bacterial Testing	1,880	1,748	1,696	1,946	2,455	1,730
Wet Chemistry	25,500	25,000	25,000	25,000	25,000	25,000

Purpose:

This division provides analytical laboratory support to the water and wastewater operations. Laboratory services also provides contract analytical support to other communities and industries.

Objective:

To provide analytical laboratory results required by state and federal regulatory services.



Water and Sewer Fund

Source and Use of Funds For Capital Improvements

FY2019

Source of Funds

Low Interest Loan (Water Supply Improvements Project)	3,000,000	
Investments - Unrestricted	959,000	
		<u>\$3,959,000</u>

Total Source of Funds

Use of Funds

Anticipated Capital Investment

West Bremer Street	85,000
Aldrich Street	97,000
Crippen Street	130,500
Evert Street	180,000
Simons Street	40,000
3/4 Ton, 4X4 Service Truck	28,000
Bar Screens At WWTP	50,000
BOD Incubator	7,500
Concrete/Asphalt Work At WWTP	175,000
Ferric Pumps	10,000
Lab Fridges and Freezers	10,000
Manhole Rehabilitation	25,000
Mobile Diesel Air Compressor	20,000
Two Service Trucks	55,000
Water Well Maintenance	25,000
Water Supply Improvements	3,000,000

Total Use of Funds

\$3,938,000**Capital Improvements and Purchases**

Through the use of strong financial planning and sound cash management, the City has been able to use a "pay-as-you-go" financing approach to fund many capital improvements and purchases. This has given the City the flexibility to take advantage of low-interest loans similar to the one received in October of 2007 from the State of Michigan's State Revolving Fund (SRF), which was a \$3.9 million loan that is being used to fund a substantial Wastewater Treatment Plant renovation.

Water and Sewer Fund

Cash Flow Analysis

FY2019

Additions

Net Income from Operations	\$49,000	
Low Interest Loan	3,000,000	
Depreciation	950,000	
Total Additions		3,999,000

Deductions

Principal Payments (1)	\$580,000	
Capital Improvements	3,938,000	
Total Deductions		4,518,000

Net Increase (Decrease) of Available Cash	(\$519,000)
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Footnotes:

(1) Principal payments include:

2013 Revenue Refunding Bond

September 1, 2018	285,000	
September 1, 2018 (2.70%)		40,365
March 1, 2019 (2.70%)		36,518

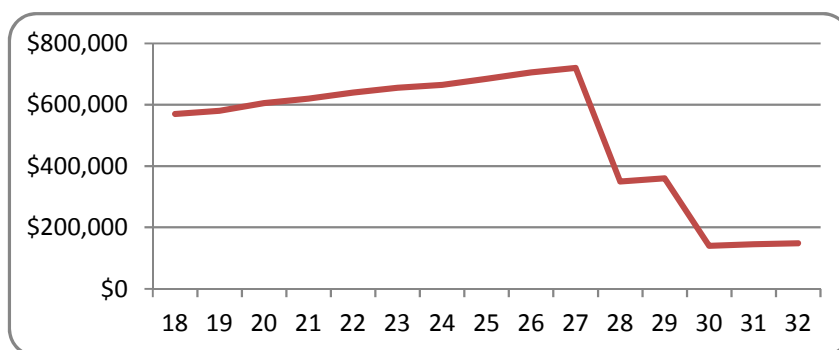
2007 State of Michigan SRF Loan

October 1, 2018	190,000	
October 1, 2018 (1.625%)		18,486
April 1, 2019 (1.625%)		16,942

2011 State of Michigan DWRF Loan

April 1, 2019	105,000	
October 1, 2018 (2.50%)		21,861
April 1, 2019 (2.50%)		21,861

Total Debt Payments	\$580,000	\$156,033	\$736,033
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Water and Sewer System
Future Debt Principal Payments

Water and Sewer Fund

Water and Sewer Rates

Rates and Charges proposed as of July 1, 2018 - During FY2018 the City received the results of rate studies performed for both the water system and the sewer system. The results of these studies indicate the need for regular and systematic rate increases in the upcoming years in order to make sustainable investment in system improvements. A 3% rate increase is proposed for FY2019.

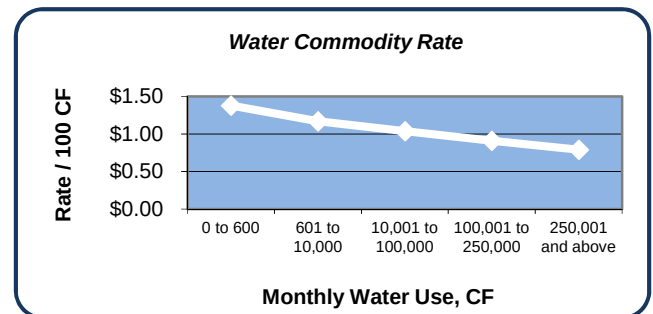
Ready to serve charge

<u>Meter Size</u>	<u>Water</u>	<u>Wastewater</u>
5/8"	\$6.58	\$10.61
3/4"	\$9.68	\$15.95
1"	\$16.13	\$26.56
1-1/2"	\$32.33	\$53.11
2"	\$51.56	\$85.00
3"	\$112.92	\$186.08
4"	\$193.59	\$318.79
6"	\$403.36	\$664.27
8"	\$580.82	\$956.51

Commodity Charge

Volume (Cubic Feet - CF)

0 to 600	\$1.38	
601 to 10,000	\$1.17	
10,001 to 100,000	\$1.04	
100,001 to 250,000	\$0.91	
250,001 and above	\$0.79	
Per 100 cubic feet per month		\$2.46



Unmetered Users (Flat Rate)

1. Monthly room charge (Living, Dining, Bedroom and Kitchens)	
1 to 3 rooms	\$9.18
4 to 6 rooms	\$10.29
7 to 8 rooms	\$12.14
Each additional room	\$1.68
2. Additional for each bathtub and shower	\$4.40
3. Additional for each toilet	\$4.84

Water and Sewer Fund

Continuing Disclosure Information

Revenue as Billed By Meter Classification

Fiscal Year Ended June 30, 2017

Meter Classification	Water Supply		Wastewater Treatment	
	Revenue	Percent of Total	Revenue	Percent of Total
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
	<u>\$1,294,346</u>	<u>100.00</u>	<u>\$2,354,901</u>	<u>100.00</u>

Monthly Wastewater Treatment Ready-To-Serve Charge by Meter Classification

Last Ten Fiscal Years

Fiscal Year	Meter Classification								
	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	6"	8"
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	80.51	176.25	301.96	629.19	906.00
2017	10.30	15.48	25.78	51.56	82.53	180.66	309.51	644.92	928.65
2018	10.30	15.48	25.78	51.56	82.53	180.66	309.51	644.92	928.65

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*

Water and Sewer Fund

Continuing Disclosure Information (Continued)

Monthly Ready-To-Serve Charge For Fire Protection

Fiscal Year Ended June 30, 2018

<u>Line Size</u>	<u>Monthly Ready-To-Serve Charge</u>
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

Last Ten Fiscal Years

Fiscal Year	Meter Classification								
	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	6"	8"
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	15.28	30.62	48.84	106.96	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
2018	6.39	9.40	15.66	31.38	50.06	109.64	187.95	391.62	563.90

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*

Water and Sewer Fund

Continuing Disclosure Information (Continued)

Number of Water Supply and Wastewater Treatment Customers

Last Ten Fiscal Years

Fiscal Year	Water Supply Customers		Wastewater Treatment Customers	
	Number	Percent of Change	Number	Percent 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"	3,246	3,181
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	0
	3,567	3,608

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*

Special Revenue Funds Description**Special Revenue Funds Description**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The budgeting and accounting for this group of funds is done on the modified accrual basis.

Special Revenue Funds in the City of Cadillac include:

Major Street Fund – Used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and the maintenance contract of the state trunklines.

Local Street Fund – Receives all local street money paid to cities by the State, accounts for all construction, maintenance, traffic services, and winter maintenance on all streets classified as local.

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

Cadillac Development Fund – This fund was established with grant monies from an Urban Development Action Grant to assist in economic development and Housing and Urban Development funds to assist low and moderate income families to bring their homes up to the city building codes.

Building Inspection Fund - This found accounts for permit fees and building inspection costs.

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

Lake Treatment Fund - The fund is established for collection of an added voted millage dedicated for the eradication of Eurasian water milfoil and other invasive aquatic species in Lake Cadillac.

H. L. Green Operating Fund – This fund was established to account for the rental and sale of the H. L. Green building in downtown Cadillac.

Major Street Fund

Fund: Major Street Fund

Type: Special Revenue Fund

Oversight: Director of Public Works and Engineering

Nature and Purpose:

Each Michigan city is required to establish a major street fund in compliance with Act 51 of the Public Acts of 1951. The Major Street Fund is designed to support the operation and maintenance of the 21.53 miles of roadway as well as the 5.19 miles of State Trunklines that flow through the City of Cadillac. The State highways are Old M-55 and US-131. These highways are maintained for the State of Michigan by the City under a contract with the Michigan Department of Transportation.

The purpose of this fund is to:

1. Receive all major street funds paid to the City by the State of Michigan.
2. Account for construction, maintenance and other authorized operations pertaining to all streets classified as major.
3. Receive money reimbursed to the City by the State for trunkline maintenance.

This fund technically has no employees but contracts with the Stores and Garage Fund, the Utilities Fund and the General Fund to furnish staffing, supplies and equipment. The hours worked on each project are supported with time sheets.

PERFORMANCE MEASURES - MAJOR STREET SYSTEM

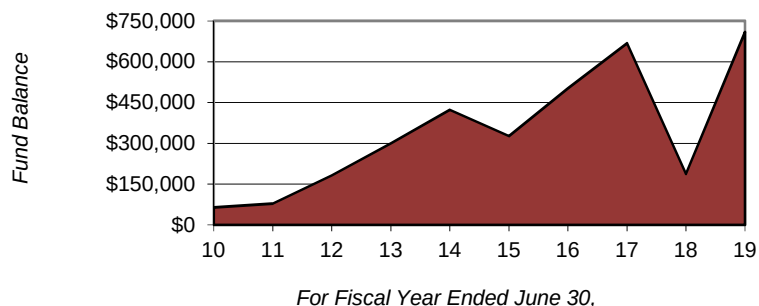
MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Miles of Major Streets		21.53	21.53	21.53	21.53	↔
Miles of State Trunk Line		7.80	7.80	7.80	7.80	↔
Operating Expenditures per Road Mile		\$13,676	\$14,518	\$16,582	\$17,339	↑
Operating Expenditures per Resident		\$28	\$30	\$34	\$36	↑
Hours Spent in Major Street Maintenance		4,682	4,483	4,531	4,639	↑
Cost per Hour of Major Street Maintenance		\$63	\$70	\$79	\$80	↑
Total Winter Maintenance Expenditures		\$96,449	\$115,524	\$120,600	\$128,800	↑
Hours Spent in Winter Maintenance		1,019	1,086	918	1,012	↔
Cost per Hour of Winter Maintenance		\$95	\$106	\$131	\$127	↑
Winter Maintenance Expenditures per Mile		\$4,480	\$5,366	\$5,601	\$5,982	↑
Winter Maintenance Expenditures per Resident		\$9	\$11	\$12	\$12	↔
State Trunk Line Maintenance Expenditures		\$170,989	\$181,877	\$194,100	\$208,900	↑
State Trunk Line Maintenance Exp. Per Mile		\$21,922	\$23,318	\$24,885	\$26,782	↑
Total Hours of State Trunk Line Maintenance		2,396	2,072	2,782	3,008	↑

Major Street Fund

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Motor Vehicle Highway Fund	\$708,058	\$780,000	\$720,000	\$800,000
State Trunkline Maintenance	199,310	194,100	194,100	208,900
Other Contributions	1,500	1,250	0	0
Interest Income	2,304	4,000	2,000	1,000
Bond Revenue	0	0	0	500,000
Surplus	0	480,150	0	0
Total	\$911,172	\$1,459,500	\$916,100	\$1,509,900
Expenditures				
Construction	\$514	\$600,000	\$0	\$70,000
Surface Maintenance	52,585	48,000	55,800	60,000
Sweeping and Flushing	14,620	21,800	21,800	21,800
Forestry	60,684	60,000	64,100	68,000
Catch Basin	10,522	18,500	32,800	32,500
Drainage	4,260	13,000	14,500	14,700
Traffic Services	54,380	57,000	47,400	47,500
Winter Maintenance	115,524	111,000	120,600	128,800
Administration/Transfer/Debt Service	251,231	353,500	351,000	335,600
State Trunkline	181,877	176,700	194,100	208,900
Total	\$746,197	\$1,459,500	\$902,100	\$987,800
Fund Balance				
Net Change in Fund Balance	\$164,975	(\$480,150)	\$14,000	\$522,100
Fund Balance - Beginning of Year	502,259	667,234	667,234	187,084
FUND BALANCE AT YEAR END	\$667,234	\$187,084	\$681,234	\$709,184

Major Street Fund Balance

Major Street Fund Balance
Last Ten Years



Major Street Fund**Revenue Details**

The major source of revenue is the gas and weight taxes collected by the State of Michigan and shared with local units of government. The formula received by cities is based on miles of streets, population and a factor placed by the State. Budgeted revenue is projection of funding anticipated for the current fiscal year based upon estimates provided through the State of Michigan. These revenues are increasing due to new legislation passed by the State of Michigan. These reforms increased vehicle registration fees and gas taxes, both of which flow through the Michigan Transportation Fund before being disbursed to local units. The second major source of revenue is for the state trunkline contract. This revenue item should equal the amount of expenditures for trunkline maintenance.

Cost and Expenditure Details**Construction**

Construction levels vary from year to year depending on the 5-year capital improvement program, availability of funds, and grants secured. The City has been very successful in securing grants for infrastructure projects and will need to continue this trend to be able to sustain a high level of capital investment. The City issued bonds in August 2016 in order to fund a number of street construction projects. These bonds will be spent in FY17-18 and will fund \$2 million in major and local street reconstruction projects. A slightly smaller bond issue will be needed beginning in FY2019 in order to fund the next several years of street construction projects.

State Trunkline Expenditures

Under contract with the Michigan Department of Transportation, the City performs street maintenance on state-owned trunklines that run through the City, namely US-131 and M-55. MDOT reimburses 100% of the costs of maintaining these roads, including costs of labor, supplies, and equipment rental. These maintenance costs are about \$200,000 per year.

Transfers Out

The Major Street Fund transfers funds to several other funds each year. Up to 25% of the annual Motor Vehicle Highway Funds proceeds can be transferred to the Local Street Fund. The transfer for FY19 will be at this 25% level.

In addition, the Major Street Fund transfers funds to the 2016 Debt Service Fund to cover annual required debt service.

Other Expenditure Details

Administrative Salaries represents 40% of the Street Superintendent.

Transfers Out reflect the transfer to a debt service fund to cover principal and interest payments on debt obligations of the system. Current transfer is for debt service related to the 2016 General Obligation Capital Improvement Bonds.

Major Street Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Expenditures				
Construction				
Contractual Services	\$514	\$600,000	\$0	\$70,000
Surface Maintenance				
Salaries and Wages	\$19,649	\$18,000	\$19,000	\$20,000
Fringes	9,830	10,000	10,800	12,000
Operating Supplies	10,250	10,000	15,000	15,000
Equipment Rental	12,856	10,000	11,000	13,000
Total Surface Maintenance	\$52,585	\$48,000	\$55,800	\$60,000
Sweeping and Flushing				
Salaries and Wages	\$2,054	\$3,000	\$3,000	\$3,000
Fringes	1,068	1,800	1,800	1,800
Equipment Rental	11,498	17,000	17,000	17,000
Total Sweeping and Flushing	\$14,620	\$21,800	\$21,800	\$21,800
Forestry				
Salaries and Wages	\$17,865	17,000	\$16,500	\$17,500
Fringes	9,482	10,000	9,600	10,500
Operating Supplies	5,661	5,000	6,000	8,000
Contractual Services	0	8,000	7,000	7,000
Repair and Maintenance	300	0	3,000	3,000
Equipment Rental	27,376	20,000	22,000	22,000
Total Forestry	\$60,684	\$60,000	\$64,100	\$68,000
Catch Basin				
Salaries & Wages	\$2,292	\$6,000	\$9,500	\$9,000
Fringes	835	3,500	4,800	5,000
Operating Supplies	631	1,000	1,500	1,500
Equipment Rental	6,764	8,000	17,000	17,000
Total Catch Basin	\$10,522	\$18,500	\$32,800	\$32,500
Drainage				
Salaries and Wages	\$1,945	\$5,000	\$5,500	\$5,500
Fringes	763	3,000	3,000	3,200
Contractual Services	491	1,000	2,000	2,000
Equipment Rental	1,061	4,000	4,000	4,000
Total Drainage	\$4,260	\$13,000	\$14,500	\$14,700

Major Street Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
<u>Expenditures (Continued)</u>				
Traffic Services				
Salaries and Wages	\$14,259	\$15,000	\$9,500	\$9,500
Fringes	6,428	8,000	5,400	5,500
Operating Supplies	6,644	7,000	7,500	7,500
Contractual	19,571	12,000	15,000	15,000
Equipment Rental	7,478	15,000	10,000	10,000
Total Traffic Services	\$54,380	\$57,000	\$47,400	\$47,500
Winter Maintenance				
Salaries and Wages	\$18,570	\$18,000	\$16,000	\$18,000
Fringes	9,426	11,000	9,600	10,800
Operating Supplies	27,362	22,000	25,000	25,000
Equipment Rental	60,166	60,000	70,000	75,000
Total Winter Maintenance	\$115,524	\$111,000	\$120,600	\$128,800
Administration				
Salaries and Wages	\$25,075	\$28,000	\$26,000	\$30,000
Fringes	12,881	15,000	14,000	16,000
Audit	1,000	1,000	1,000	1,000
Operating Supplies	0	2,000	2,500	0
Equipment Rental	7,775	7,500	7,500	7,500
Contribution - Local Street	112,500	180,000	180,000	200,000
Transfers Out	92,000	120,000	120,000	81,100
Total Administration	\$251,231	\$353,500	\$351,000	\$335,600
State Trunkline				
Surface Maintenance				
Salaries and Wages	\$4,608	\$4,000	\$4,000	\$4,000
Fringes	1,166	2,400	2,400	2,400
Operating Supplies	0	1,000	1,000	1,000
Contractual Services	7,994	0	0	0
Equipment Rental	2,227	5,000	5,000	5,000
Total Surface Maintenance	\$15,995	\$12,400	\$12,400	\$12,400
Sweeping & Flushing				
Salaries and Wages	\$701	\$1,000	\$1,000	\$1,000
Fringes	445	600	600	600
Equipment Rental	3,530	3,500	3,000	3,000
Total Sweeping & Flushing	\$4,676	\$5,100	\$4,600	\$4,600

Major Street Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
<u>Expenditures (Cont.)</u>				
State Trunkline (Cont.)				
Shoulder Maintenance				
Salaries and Wages	\$214	\$500	\$1,500	\$1,500
Fringes	125	300	900	900
Operating Supplies	25	0	0	0
Equipment Rental	96	200	800	800
Total Shoulder Maintenance	\$460	\$1,000	\$3,200	\$3,200
Traffic Signs				
Utilities	\$2,274	\$2,300	\$2,200	\$2,200
Total Traffic Signs	\$2,274	\$2,300	\$2,200	\$2,200
Trees and Shrubs				
Salaries and Wages	\$0	\$500	\$1,000	\$1,000
Fringes	0	300	600	600
Equipment Rental	0	1,000	2,500	2,500
Total Trees and Shrubs	\$0	\$1,800	\$4,100	\$4,100
Drainage				
Salaries and Wages	\$594	\$3,000	\$9,000	\$7,000
Fringes	343	1,600	5,400	4,000
Equipment Rental	59	500	2,000	2,000
Total Drainage	\$996	\$5,100	\$16,400	\$13,000
Winter Maintenance				
Salaries and Wages	\$22,333	\$25,000	\$25,000	\$30,000
Fringes	11,114	15,000	15,000	18,000
Operating Supplies	36,023	32,000	35,000	35,000
Equipment Rental	62,838	55,000	50,000	55,000
Total Winter Maintenance	\$132,308	\$127,000	\$125,000	\$138,000
Snow Hauling				
Salaries and Wages	\$6,974	\$6,000	\$7,000	\$9,000
Fringes	3,083	4,000	4,200	5,400
Equipment Rental	15,111	12,000	15,000	17,000
Total Snow Hauling	\$25,168	\$22,000	\$26,200	\$31,400
Total State Trunkline	\$181,877	\$176,700	\$194,100	\$208,900
Total Expenditures	\$746,197	\$1,459,500	\$902,100	\$987,800

Major Street Fund

Other Fund Information

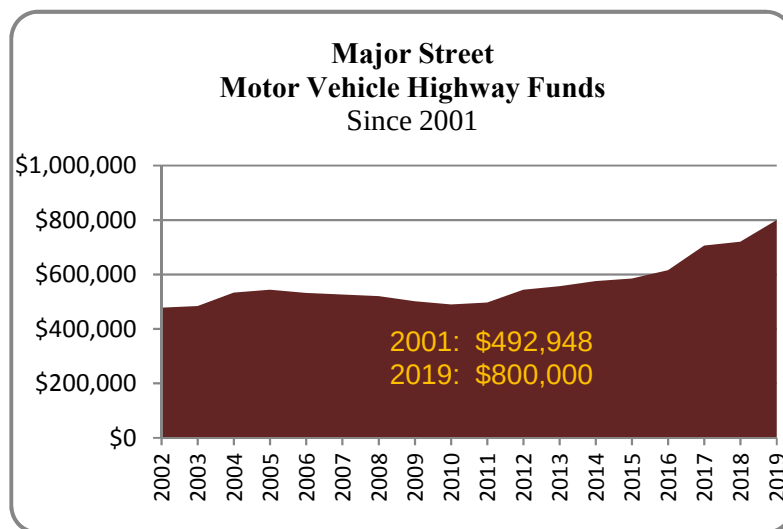
Streets in the Major Street System			
Street Name	From	To	Length (Feet)
Haynes Street	Linden Street	N. Lake Street	3,011
N. Lake Street	Pollard Street	Wright Street	4,561
E. North Street	N. Lake Street	Holbrook Street	3,656
E. Harris Street	N. Mitchell Street	Division Street	1,458
W. Harris Street	N. Mitchell Street	N. Lake Street	643
E. Division Street	Park Street	Delmar Street	1,574
Farrar Street	Wright Street	Gunn Street	1,839
Fifth Street	Farrar Street	Eighth Avenue	2,141
Seventh Street	Farrar Street	Fifth Avenue	1,949
Tenth Street	N. Mitchell Street	Second Avenue Ext.	950
Gunn Street	Farrar Street	N. Mitchell Street	496
Chestnut Street	Huston Street	N. Lake Street	7,766
Linden Street	W. Wright Street	Chestnut Street	2,737
Wright Street	Farrar & Lake Streets	Leeson Avenue	5,101
W. Division Street	Linden Street	W. City Limits-Seneca Street	5,277
North Boulevard	Leeson Avenue	M-115	9,109
E. Chapin Street	S. Mitchell Street	Oak Street	1,031
Oak Street	Chapin Street	Hobart Street	1,703
Mosser Street	S. Mitchell Street	Federal Surplus Warehouse	718
W. Cass Street	S. Mitchell Street	S. Lake Street	642
E. Cass Street	Mitchell Street	Crosby Road-East City Limits	5,800
Pine Street	Park Street	N. Lake Street	1,707
Cobbs Street	Mitchell Street	Carmel Street	4,886
Carmel Street	Cobbs Street	Cass Street	675
Park Street	E. River Street	E. Chapin Street	3,441
Whaley Street	Railroad Tracks	S. City Limits	1,084
River Street	Farrar & Lake Streets	N. Park Street	1,763
Bond Street	Haynes Street	Wright Street	1,111
Third Avenue	Wright Street	Fifth Street	967
Shelby Street	E. River Street	E. Chapin Street	3,404
Hobart Street	Cobbs Street	Oak Street	1,141
W. Mason Street	N. Lake Street	N. Mitchell Street	648
W. Chapin Street	S. Mitchell Street	S. Lake Street	691
Leeson Avenue	Chestnut Street	Thirteenth Street	6,588
Paluster Street	N. Mitchell Street	Whaley Street	3,667
Wilcox Street	Paluster Street	S. City Limits	1,654
Laurel Street	Pollard Street	M-55 Granite Street	1,497
South Street	S. Lake Street	S. Mitchell Street	708

Major Street Fund

Streets in the Major Street System (Continued)			
W. Bremer Street	N. Mitchell Street	N. Lake Street	653
Spruce Street	N. Mitchell Street	N. Shelby Street	498
Holbrook Street	North Street	E. Division Street	1,798
Sixth Avenue	W. Thirteenth Street	Sixth Street	2,621
E. Thirteenth Street	Mitchell Street	Plett Road	2,620
Beech Street	N. Mitchell Street	N. Shelby Street	414
Huston Street	Chestnut Street	W. Division Street	1,271
Sixth Street	Leeson Avenue	Fifth Avenue	2,970
Fifth Avenue	Sixth Street	Fifth Street	366
Fourth Avenue	Seventh Street	Thirteenth Street	2,200
Total Feet:			113,205 (21.53 Miles)

State of Michigan Act 51 Funds Recovering

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



The State of Michigan passed new legislation in 2015 that is projected to provide additional revenue beginning in FY2017. If the State follows through on the funding promise, this amount should increase over the next few years. These additional revenues were primarily from increased vehicle registration fees and gas tax increases which subsequently flow through the Michigan Transportation Fund and get disbursed to locals through Act 51 requirements.

Local Street Fund

Fund: Local Street Fund**Type:** Special Revenue Fund**Oversight:** Director of Public Works and Engineering**Nature and Purpose:**

Each Michigan city is required to establish this fund to comply with Act 51 of the Public Acts of 1951. The Local Street system has 41.81 miles of roadway, and 1.83 miles, or 4.38% of the streets are unpaved. The local streets represent 66% of all the roads within the City. The purpose of this fund is to:

1. Receive all local street funds paid to the City by the State of Michigan.
2. Account for construction, maintenance, traffic services and winter maintenance on all streets classified as local streets within the City of Cadillac.
3. Account for money received from General Fund contributions for local street maintenance.

This fund technically has no employees but contracts with the Stores and Garage Fund, the Utilities Fund and the General Fund to furnish staffing, supplies and equipment. The hours worked on each project are supported with time sheets.

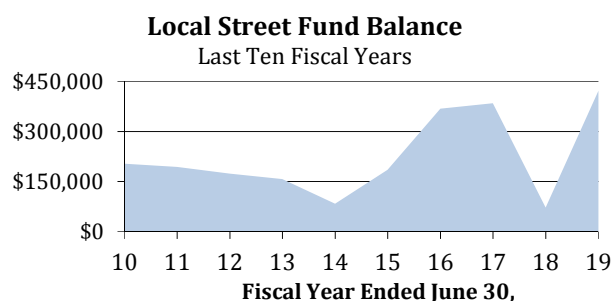
PERFORMANCE MEASURES - LOCAL STREET SYSTEM

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Miles of Local Streets		41.81	41.81	41.81	41.81	↔
Operating Expenditures per Road Mile		\$6,855	\$6,855	\$9,314	\$9,763	↑
Operating Expenditures per Resident		\$28	\$27	\$38	\$39	↑
Hours Spent in Local Street Maintenance		4,442	3,798	5,449	5,764	↑
Cost per Hour of Local Street Maintenance		\$65	\$75	\$71	\$71	↔
Total Winter Maintenance Expenditures		\$87,491	\$92,176	\$100,400	\$108,200	↑
Hours Spent in Winter Maintenance		1,008	840	1,090	1,237	↑
Cost per Hour of Winter Maintenance		\$87	\$110	\$92	\$87	↔
Winter Maintenance Expenditures per Mile		\$2,093	\$2,205	\$2,401	\$2,588	↑
Winter Maintenance Expenditures per Resident		\$8	\$9	\$10	\$10	↑
% of Local Streets remaining Unpaved		4.38%	4.38%	4.38%	4.38%	↔
Number of Trees Planted		57	58	60	60	↔
Number of Trees Removed		40	30	35	35	↔

Local Street Fund

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Motor Vehicle Highway Fund	\$254,815	\$290,000	\$275,000	\$300,000
State of Michigan	1,400	0	0	0
Interest Income	0	2,000	500	1,000
Other Revenue	1,000	1,200	0	0
General Fund	150,000	160,000	160,000	130,000
Major Street Fund	112,500	180,000	180,000	200,000
Bond Reveue	0	0	0	1,000,000
Surplus	0	312,600	0	0
Total	\$519,715	\$945,800	\$615,500	\$1,631,000
Expenditures				
Construction	\$8,468	\$307,500	\$0	\$723,000
Surface Maintenance	58,506	71,000	80,400	81,000
Sweeping and Flushing	37,478	46,200	46,200	46,200
Forestry	63,722	71,000	73,100	81,500
Catch Basin	14,253	25,500	39,200	37,600
Drainage	5,192	10,000	12,500	12,500
Traffic Services	12,942	27,000	37,600	41,200
Winter Maintenance	92,176	88,500	100,400	108,200
Administration/Debt Service	210,551	299,100	300,200	150,300
TOTAL EXPENDITURES	\$503,288	\$945,800	\$689,600	\$1,281,500
Fund Balance				
Net Change in Fund Balance	\$16,427	(\$312,600)	(\$74,100)	\$349,500
Fund Balance - Beginning of Year	367,635	384,062	384,062	71,462
Ending Fund Balance	\$384,062	\$71,462	\$309,962	\$420,962

Fund Balance Analysis



Fund Balance

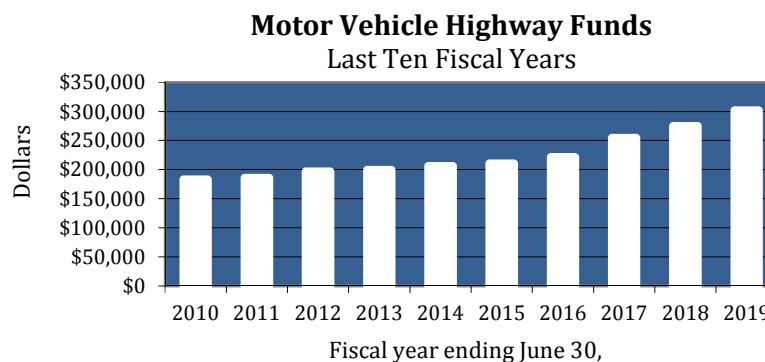
The Local Street Fund does not typically have a significant fund balance. Reduced activity, primarily related to Winter Maintenance allowed the fund balance to grow between FY15-FY17. These funds on hand can only be used within the Local Street system, and are earmarked for construction projects in FY2018. A bond issue is planned for FY2019 which will temporarily increase fund balance as the bond proceeds are received and spent down over a three (3) year period

Local Street Fund

Revenue Details

The first major source of revenue is the State of Michigan Motor Vehicle Highway Funds which are generated from the gas and weight taxes collected state wide and distributed to local governments based on miles of streets, a flat rate established by the State, and the population of the City. Revenue from the State of Michigan has begun to increase FY2017 based on new street funding legislation passed by the State. This revenue is primarily derived from increased vehicle registration fees and increased gas taxes that flow into the Michigan Transportation Fund before being disbursed to locals pursuant to Act 51.

The second major source of revenue is a contribution from the General Fund which is needed to help balance the fund. Local taxpayers contribute to this fund since State tax collections are not returned in sufficient amounts to maintain and improve the local roadway system. This is typical for local governments with local street funds.

**Cost and Expenditure Details****Construction**

The last few years, construction projects have been funded through the issuance of bonds. The current capital improvement project plans for just under a mile of street construction in FY2019. Estimated costs of this construction are \$715,500. An additional bond issue will need to be considered in order to fund this level of investment. The current proposed budget plans for bond financing to fund construction for the upcoming three (3) years.

This financing would fund the following projects in FY2019:

Project	Cost
Aldrich Street (Bond to Linden)	\$200,000
Crippen Street (Mitchell to Hemlock)	242,500
Evart Street (Cedar to Lester)	179,000
Simons Street (Pine to Bremer)	94,000
Street Sign Replacement	7,500
	\$723,000

Local Street Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
<u>Expenditures</u>				
Construction				
Contractual Services	\$8,468	\$307,500	\$0	\$723,000
Surface Maintenance				
Salaries and Wages	\$14,958	\$18,000	\$19,000	\$19,500
Fringes	7,564	11,000	11,400	11,500
Operating Supplies	13,156	12,000	15,000	15,000
Equipment Rental	22,828	30,000	35,000	35,000
Total Surface Maintenance	\$58,506	\$71,000	\$80,400	\$81,000
Sweeping and Flushing				
Salaries and Wages	\$4,568	\$7,000	\$7,000	\$7,000
Fringes	2,816	4,200	4,200	4,200
Equipment Rental	30,094	35,000	35,000	35,000
Total Sweeping and Flushing	\$37,478	\$46,200	\$46,200	\$46,200
Forestry				
Salaries and Wages	\$20,212	\$20,000	\$21,500	\$25,500
Fringes	10,209	12,000	12,600	15,000
Operating Supplies	5,047	3,000	6,000	8,000
Contractual Services	0	12,000	8,000	8,000
Equipment Rental	28,254	24,000	25,000	25,000
Total Forestry	\$63,722	\$71,000	\$73,100	\$81,500
Catch Basin				
Salaries and Wages	\$3,985	\$8,000	\$12,000	\$11,000
Fringes	2,003	5,000	7,200	6,400
Operating Supplies	349	500	2,000	2,000
Utilities	1,507	2,000	2,000	2,200
Equipment Rental	6,409	10,000	16,000	16,000
Total Catch Basin	\$14,253	\$25,500	\$39,200	\$37,600

Local Street Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
<u>Expenditures (Cont'd)</u>				
Drainage				
Salaries and Wages	\$2,317	\$4,500	\$5,500	\$5,500
Fringes	983	2,500	3,000	3,000
Equipment Rental	1,892	3,000	4,000	4,000
Total Drainage	\$5,192	\$10,000	\$12,500	\$12,500
Traffic Services				
Salaries and Wages	\$4,518	\$10,000	\$11,000	\$12,000
Fringes	4,143	6,000	6,600	7,200
Operating Supplies	1,637	5,000	12,000	12,000
Equipment Rental	2,644	6,000	8,000	10,000
Total Traffic Services	\$12,942	\$27,000	\$37,600	\$41,200
Winter Maintenance				
Salaries and Wages	\$14,362	\$16,000	\$19,000	\$22,000
Fringes	7,437	9,500	11,400	13,200
Operating Supplies	14,447	13,000	15,000	15,000
Equipment Rental	55,930	50,000	55,000	58,000
Total Winter Maintenance	\$92,176	\$88,500	\$100,400	\$108,200
Administration				
Salaries and Wages	\$38,865	\$42,000	\$39,000	\$40,000
Fringes	19,911	22,000	22,000	21,500
Audit	1,000	1,000	1,000	1,000
Operating Supplies	0	3,000	3,500	0
Equipment Rental	7,775	7,500	7,500	7,500
Transfers Out - Debt Service	143,000	223,600	227,200	80,300
Total Administration	\$210,551	\$299,100	\$300,200	\$150,300
TOTAL EXPENDITURES	\$503,288	\$945,800	\$689,600	\$1,281,500

Local Street Fund

Transfer Out

Transfers out of the Local Street Fund represent amounts that are transferred to various Debt Service Funds to cover principal and interest payments on debt obligations of the system. Details of debt service payments due are as follows:

<i>Bond Issue</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016 GO Capital Improvement Bonds	60,000	19,710	79,710
		Total:	\$79,710
			\$590
			\$80,300

Paying agent fees

Administrative Charges

Administrative Salaries represents 60% of the Street Superintendent.

Unpaved Local Streets	Length (Miles)	Unpaved Local Streets	Length (miles)
Francis	0.13	Pennsylvania Ave.	0.10
Huston	0.33	Pollard	0.23
Illinois Ave.	0.10	Skate Rd.	0.06
Indiana Ave.	0.06	Waldo	0.25
Marathon Dr.	0.25	Wall	0.07
Martina	0.15	Wilcox	0.08
W. Nelson	0.02		
		Total Unpaved Miles of Local Streets	1.83

Total miles of local streets 41.81

Unpaved represents 4.38%

1998 total unpaved local streets were 7.03 miles - a reduction of 73.97%

Cemetery Operating Fund

Fund: Cemetery Operating Fund

Type: Special Revenue Fund

Oversight: Director of Finance/DPW

Nature and Purpose:

The Cemetery Operating Fund is in existence for the operation of the City-owned cemetery located on the southern boundaries of Cadillac. It is a well-manicured facility and is viewed by many people as they travel on U.S. 131, which runs parallel to the facility.

The General Fund of the City typically funds approximately 50% of Cemetery operations.

Advisory Board & Cemetery Management

Article 18, Section 18.1 of the City Charter reflects that an advisory board shall be established to handle policy related cemetery rules and ordinances relating to the cemetery. The City Manager, for all practical purposes, has delegated this responsibility to the Director of Finance/DPW. A cemetery superintendent is responsible for the daily activity of cemetery personnel, which consists primarily of seasonal workers in addition to labor supplied by the Street Department as needed. The seasonal workers do not typically work during the winter months, but begin working when the snow melts to maintain the Cemetery.

Advisory Board

Glenna Anderson, *Chairperson*

Charles LaBar, *Member*

Thomas Olmsted, *Member*

Keri Lanning, *Secretary*

Owen Roberts, *Ex-Officio, Director of Finance/DPW*

PERFORMANCE MEASURES - MAPLE HILL CEMETERY

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Number of Lots Sold		21	33	30	30	↓
Number of Burials		43	27	40	40	↓
Number of Cremains		36	41	30	30	↓
Total Generated Revenue		\$64,693	\$48,825	\$55,000	\$52,000	↓
General Fund Contribution		\$56,250	\$48,750	\$60,000	\$60,000	↓
G.F. Contribution as % of Expenditures		47%	50%	52%	52%	↔

Cemetery Operating Fund

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenue				
Charges For Services:				
Sale of Lots & Burial Rites	\$8,800	\$11,000	\$10,000	\$10,000
Grave Openings & Storage	29,790	35,000	35,000	35,000
Foundations & Miscellaneous	10,235	9,000	8,000	10,000
Miscellaneous:				
Transfer In - Perpetual Care	0	0	0	9,000
Contribution from General Fund	48,750	60,000	60,000	60,000
Total	\$97,575	\$115,000	\$113,000	\$124,000
Expenditures				
Salaries - Regular	\$9,379	\$18,000	\$25,000	\$24,000
Salaries - Part Time	37,989	35,000	32,000	32,000
Fringes	8,818	13,000	16,000	17,500
Liability Insurance	346	500	500	500
Operating Supplies	16,533	15,000	15,000	15,000
Audit	500	500	500	500
Utilities	11,885	12,000	11,000	12,000
Equipment Rental	11,103	9,000	7,500	7,500
Travel & Education	35	300	500	500
Repair and Maintenance	4,977	5,000	5,000	5,000
Capital Outlay	0	0	0	9,000
Total	\$101,565	\$108,300	\$113,000	\$123,500
Fund Balance				
Net Change in Fund Balance	(3,990)	6,700	0	500
Fund Balance - Beginning of Year	37,819	33,829	33,829	40,529
Ending Fund Balance	\$33,829	\$40,529	\$33,829	\$41,029

Cemetery Staffing

Beginning in fiscal year (FY2017), Cemetery maintenance was added to the responsibilities of Street Department personnel. The Parks and Cemetery Superintendent will oversee the operations and be the primary point of contact for scheduling of other cemetery services like burials, etc. A significant portion of the maintenance at the Cemetery is done by part-time seasonal labor.

Part-Time Labor

With the change in general personnel structure, there will be additional seasonal workers hired to perform maintenance operations and other core cemetery services.

Cadillac Development Fund

Fund: Cadillac Development Fund**Type:** Special Revenue Fund**Oversight:** Community Development Director**Nature and Purpose:**

This fund was established as the result of an \$800,000 UDAG grant to the City, which in turn was loaned to assist construction of the Hampton Inn. The Inn was constructed on schedule and the loan was paid in full in fiscal year 2000.

It is the City Council's desire to reuse these funds as low interest loans to enhance commercial development in the future. In cooperation with the Cadillac Downtown Development Authority, a Low-Interest Façade Improvement Program was created in 1999. All commercial properties in the DDA district are eligible to apply for a maximum \$30,000 loan to undertake approved facade improvements. A design review committee of the Downtown Development Authority helps to administer the program. Additional commercial redevelopment programs and opportunities are currently under exploration.

The Community Development Director is a full-time position funded 40% by this fund, 45% by the General Fund and 15% by the Downtown Development Authority. This position works primarily with the downtown merchants and the related promotions and recruitment.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Interest Income	\$7,765	\$11,000	\$10,000	\$10,000
Interest Income - Loans	0	12,000	15,000	15,000
Surplus	0	341,500	348,500	56,000
Total	\$7,765	\$364,500	\$373,500	\$81,000
Expenditures				
Urban Redevelopment and Housing Administration	\$25,820	\$329,000	\$334,000	\$41,500
Community Development Director	34,858	35,500	39,500	39,500
	\$60,678	\$364,500	\$373,500	\$81,000
Fund Balance				
Net Change in Fund Balance	(\$52,913)	(\$341,500)	(\$348,500)	(\$56,000)
Fund Balance - Beginning of Year	1,264,325	1,211,412	1,211,412	869,912
Ending Fund Balance	\$1,211,412	\$869,912	\$862,912	\$813,912

Cadillac Development Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Expenditures				
Urban Redevelopment and Housing Administration				
Audit	500	0	0	0
Contractual Services	3,320	0	0	0
Administration	12,000	12,000	12,000	12,000
Transfer Out - Development Projects	0	302,000	302,000	0
Transfer Out - Auto Parking Fund	10,000	15,000	20,000	29,500
Total Administration	\$25,820	\$329,000	\$334,000	\$41,500
Community Development Director				
Salaries	\$24,973	\$25,000	\$27,500	\$27,500
Fringes	9,885	10,500	12,000	12,000
Total Community Development Director	\$34,858	\$35,500	\$39,500	\$39,500
Total Expenditures	\$60,678	\$364,500	\$373,500	\$81,000

Cadillac Development Fund Goals:

1. Continue to make funds available to the DDA's low interest loan facade improvement program at 0% interest.
2. Partner efforts with the Cadillac DDA to encourage redevelopment of key commercial sites.
3. Maintain the principal and use the interest for grants as much as possible.

Community Development Director

The Community Development Director also serves as the administrator of planning and zoning and as the Downtown Development Authority Director.

Interest Income - Loans

This line item accounts for the interest received on various loans made to other internal City functions.

Transfer Out - Auto Parking Fund

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

Building Inspection Fund

Fund: Building Inspection Fund

Type: Special Revenue Fund

Oversight: Community Development Director

Nature and Purpose:

The Building Inspection Fund segregates all financial activities related to building inspections and the issuance of building permits, in accordance with state law. The City resumed building activities in FY2016 after turning over the responsibility to Wexford County about five years earlier. The City uses Associated Government Services, Inc. for the inspection and permitting process, with other administrative duties handled by City staff.

PERFORMANCE MEASURES - BUILDING PERMIT ACTIVITIES

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Building Permit Revenue		\$44,557	\$118,934	\$90,000	\$90,000	↔
Total Permits Issued:		278	438	410	410	↔
Building		72	132	120	120	↔
Electrical		91	127	120	120	↔
Mechanical		79	120	110	110	↔
Plumbing		29	36	40	40	↔
Other		7	23	20	20	↔

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
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Revenue

Charges For Services:				
Building Permits	\$118,934	\$90,000	\$80,000	\$90,000
Contribution from General Fund	0		0	0
Total	\$118,934	\$90,000	\$80,000	\$90,000

Expenditures

Contractual Services	111,319	86,000	76,000	86,000
Administration	0	4,000	4,000	4,000
Total	\$111,319	\$90,000	\$80,000	\$90,000

Fund Balance

Net Change in Fund Balance	7,615	0	0	0
Fund Balance - Beginning of Year	0	7,615	7,615	7,615
Ending Fund Balance	\$7,615	\$7,615	\$7,615	\$7,615

Naval Reserve Center Fund

Fund: Naval Reserve Center Fund

Type: Special Revenue Fund
Oversight: Director of Finance

Nature and Purpose:

In 1947 the City of Cadillac began leasing the Naval Reserve Center to the Department of Navy. The lease was for \$1 per year. During this time the Navy was responsible for all operational costs of the Naval Reserve Center including all utilities and property and building maintenance. This resulted in no cost to the City of Cadillac. Due to military downsizing by the federal government, the Department of Navy vacated the Naval Reserve Center on June 1, 1996. Since then, the City has rented the building to various non-profit organizations for office, classroom, storage, and recreational space.



The only current tenants at the facility are the Senior Center, Up North Arts, and the Wexford Genealogical Society. In order to sustain the facility, new tenants and/or funding sources must be found. There is currently not enough revenue to support the costs of keeping the facility open. This will be a focus of the upcoming fiscal year.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Rental Income:				
City of Cadillac Parks Division	1,500	1,500	1,500	1,500
Senior Citizens Center	12,324	7,500	7,500	7,500
Other Rent	0	0	8,000	8,000
Wexford Genealogical Society	2,102	1,500	2,000	2,000
Miscellaneous	3,454	6,000	3,500	3,500
Transfer In	10,100	7,500	0	0
Surplus	0		0	0
Total	\$29,480	\$24,000	\$22,500	\$22,500
Expenditures				
Building Maintenance	\$10,575	\$5,000	\$5,000	\$5,000
Liability Insurance	917	1,000	500	500
Utilities	19,614	17,000	17,000	17,000
Total	\$31,106	\$23,000	\$22,500	\$22,500
Fund Balance				
Net Change in Fund Balance	(\$1,626)	\$1,000	\$0	\$0
Fund Balance - Beginning of Year	1,654	28	28	1,028
Ending Fund Balance	\$28	\$1,028	\$28	\$1,028

Lake Treatment Fund

Fund: Lake Treatment Fund

Type: Special Revenue Fund
Oversight: City Manager

Nature and Purpose:

The Lake Treatment Fund was formed to segregate revenues received exclusively for the treatment of milfoil and other invasive aquatic plant and animal species that found their way to Lake Cadillac. The voters of Cadillac approved a millage in February 2011 to provide resources for this treatment. The millage has expired, and funding for ongoing lake treatment will need to be addressed this fiscal year.

Lake Cadillac represents a 1,150 acre freshwater inland lake located within the city's boundaries. The lake is considered the city's greatest natural asset and one of its most important recreational resources. Unfortunately, like many of Michigan's inland lakes, Lake Cadillac experiences the presence of several invasive aquatic species including Eurasian watermilfoil and Zebra mussels.

Funds raised from the millage, which is now expired, are dedicated to the implementation of measures oriented to the control of these undesirable plants and animals. These funds will be used to retain a qualified freshwater aquatic consultant to assist on matters of invasive species management and for lake treatment programs, public education, and related activities.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Special Assessment Payments	\$138	\$0	\$0	\$0
Local Funds	0	0	0	0
Interest Income	485	1,000	1,500	300
Surplus	0	0	50,000	29,700
Total	\$623	\$1,000	\$51,500	\$30,000
Expenditures				
Contractual Services	\$35,535	\$40,000	\$50,000	\$30,000
Supplies	0	0	1,000	0
Audit	500	500	500	0
Total	\$36,035	\$40,500	\$51,500	\$30,000
Fund Balance				
Net Change in Fund Balance	(\$35,412)	(\$39,500)	(\$50,000)	(\$29,700)
Fund Balance - Beginning of Year	105,553	70,141	70,141	30,641
Ending Fund Balance	\$70,141	\$30,641	\$20,141	\$941

Contractual Service

The principal use of funding provided by the millage is for engineering and treatment services provided contractually by outside vendors. These services were expected to be about \$70,000 - \$100,000 per year but have consistently been about half of that amount.

H.L. Green Operating Fund

Fund: H.L. Green Operating Fund

Type: Special Revenue Fund

Oversight: Director of Finance

Nature and Purpose:

In 1994 the City Council agreed to purchase a vacant building located in downtown Cadillac at 105-109 South Mitchell Street, commonly known as the H.L. Green building. This structure, originally built in the 1800's, had been vacant for three years since its last tenant, the H.L. Green Dime Store, went out of business. With the aid and vision of the Cadillac Downtown Development Authority and the Cadillac Downtown Fund, the building was purchased and renovated. A low-interest loan from the Michigan Jobs Commission and the Urban Land Assembly Fund (ULAF) for \$200,000 was secured to fund the renovation of the structure into three separate storefronts. With all of the storefronts renovated, the City of Cadillac sold the building to Rick and Tammy Grant in 1997 on a land contract.

The purpose of this fund is to track revenues and expenses associated with the operation of the building, to assure receipt of land contract payments, and to ensure repayments of funding sources utilized in the initial development.

Revenues

The major source of revenue in this fund was from the land contract, which was paid in full in FY2013.

Expenditures

The Cadillac City Council approved a Transfer Out in FY2018 to help fund the costs of completing The Market at Cadillac Commons, a project that will enhance the downtown area.

FUNDING SUMMARY	FY2016 Actual	FY2017 Estimated	FY2017 Adopted	FY2018 Proposed
Revenues				
Land Contract - Grant	\$0	\$0	\$0	\$0
Interest Income	1,421	1,300	1,000	500
Total	\$1,421	\$1,300	\$1,000	\$500
Expenditures				
Audit	\$0	\$0	\$0	\$0
Operating Supplies	0	0	0	0
Transfer Out	0	73,000	73,000	0
Total	\$0	\$73,000	\$73,000	\$0
Fund Balance				
Net Change in Fund Balance	\$1,421	(\$71,700)	(\$72,000)	\$500
Fund Balance - Beginning of Year	118,461	119,882	119,882	48,182
Ending Fund Balance	\$119,882	\$48,182	\$47,882	\$48,682

Debt Service Funds Summary

Debt Management Policy

All of the City's Debt Service funds qualify as nonmajor funds. These funds are accounted and budgeted for on a modified accrual basis. Due to its conservative basis of accounting for tax revenues, the City of Cadillac is not required to borrow money for operations. More information regarding the City's debt policy can be found in the Supplemental Section of the Operating Budget document.

When incurred, the City's long-term general obligation and special assessment debt is handled through a debt service fund. The revenue bond requirements are handled through the Enterprise Fund. When appropriate for the type of debt incurred, a forty-five day referendum is held before the debt may officially be sold. By virtue of the State of Michigan, local government can not issue debt in excess of 10% of the assessed valuation of the taxable property.

The City has only one Debt Service Fund currently, which was for debt issues used to fund infrastructure projects:

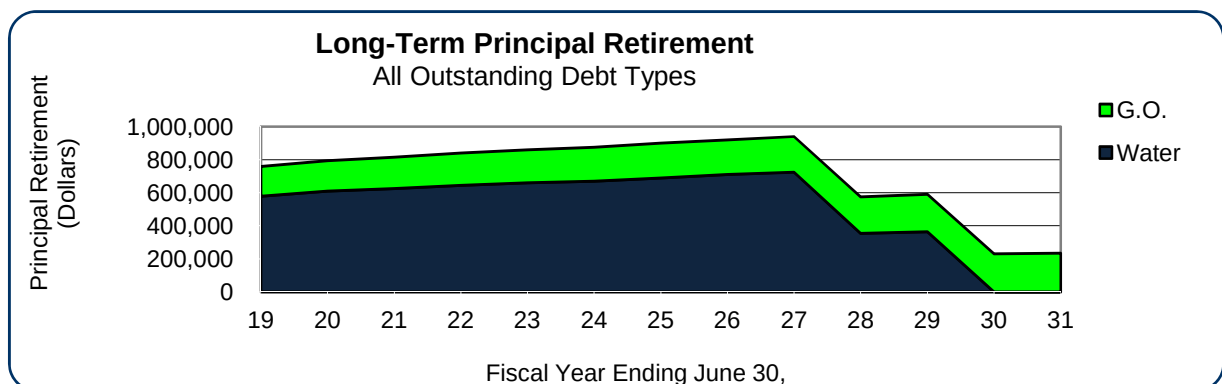
2016 GO Capital Improvement Bonds Debt Service Fund

LEGAL DEBT MARGIN - JUNE 30, 2017 (amounts expressed in thousands)

Taxable Valuation		<u>\$221,875</u>
Statutory Debt Limit - 10% of Assessed Valuation		\$22,188
Amount of Debt Applicable to Limit:		
Gross Bonded 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	7,591	
Total Amount of Debt Applicable to Debt Limit		<u>2,118</u>
LEGAL DEBT MARGIN		<u><u>\$20,070</u></u>

Principal Retirement Schedule

The City of Cadillac only uses debt financing for capital projects. The amortization period of the debt principal is scheduled for no longer than the estimated life of the capital asset that the principal of the debt is used to acquire or construct.



Debt Service Funds Summary

Debt Summary

<i>Fiscal Year Ending June 30, 2018</i>				
<u>Description of Debt</u>	<u>Fund Servicing Debt</u>	<u>Debt Outstanding June 30, 2018</u>	July 1, 2018 - June 30, 2019 Debt Service Payments	
			<u>Principal</u>	<u>Interest</u>
Revenue Bonds				
2007	State of Michigan SRF	2,275,205	190,000	35,428
2011	State of Michigan DWRF	1,748,856	105,000	43,722
2013	Revenue Refunding	2,990,000	285,000	76,883
General Obligation Bonds				
2016	Major/Local Streets/DDA	2,700,000	180,000	55,188
Total Debt		<u>\$9,714,061</u>	<u>\$760,000</u>	<u>\$211,221</u>

Other Debt Statistics

<u>Fiscal Year Ending June 30,</u>	<u>Total Debt Per Capita Total Debt Per Capita (inclusive of all funds) 2010 Census - 10,355</u>	<u>Rate of Principal Retirement</u>
2010	1,182.52	7.59%
2011	1,092.71	8.40%
2012	1,000.50	9.12%
2013	1,150.67	8.82%
2014	1,029.25	6.76%
2015	958.27	7.46%
2016	890.78	8.24%
2017	817.39	7.50%
2018 *	1,029.71	7.83%
2019	938.10	7.82%

Note: New debt was issued in FY2017 to fund street reconstruction and The Plaza at Cadillac Commons.

2016 General Obligation Capital Improvement Debt Retirement Fund

Fund: 2016 G.O. Capital Improvement Bonds Debt Retirement Fund

Type: Debt Service Fund
Oversight: Director of Finance

TITLE OF ISSUE: *General Obligation Limited Tax Bonds, Series 2016*

DATE OF ISSUE: August 3, 2016

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

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Transfer from Local Street Fund	\$73,800	\$81,100	\$81,100	\$80,300
Transfer from Major Street Fund	73,800	81,100	81,100	80,300
Transfer from Other	72,700	81,100	81,100	80,300
Interest Income	0	0	0	0
Total	\$220,300	\$243,300	\$243,300	\$240,900
Expenditures				
Bond Principal Paid	170,000	180,000	180,000	180,000
Interest Expense	50,282	63,300	63,300	60,900
Total	\$220,282	\$243,300	\$243,300	\$240,900
Fund Balance				
Net Change in Fund Balance	\$18	\$0	\$0	\$0
Fund Balance - Beginning of Year	0	18	18	18
Ending Fund Balance	\$18	\$18	\$18	\$18

DEBT SERVICE REQUIREMENTS - NEXT FIVE (5) YEARS						
<u>Fiscal Year</u>	Major Street Fund		Local Street Fund		DDA	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	60,000	19,710	60,000	19,710	60,000	19,710
2020	61,700	18,396	61,700	18,396	61,700	18,396
2021	63,300	17,046	63,300	17,046	63,300	17,046
2022	65,000	15,659	65,000	15,659	65,000	15,659
2023	66,700	14,235	66,700	14,235	66,700	14,235
	\$316,700	\$85,046	\$316,700	\$85,046	\$316,700	\$85,046

2016 General Obligation Capital Improvement Debt Retirement Fund

DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
	\$3,050,000	\$170,000	\$180,000	\$2,700,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
11/1/2018			\$29,565	\$29,565
5/1/2019	2.19%	\$180,000	\$29,565	\$209,565
11/1/2019			\$27,594	\$27,594
5/1/2020	2.19%	\$185,000	\$27,594	\$212,594
11/1/2020			\$25,568	\$25,568
5/1/2021	2.19%	\$190,000	\$25,568	\$215,568
11/1/2021			\$23,488	\$23,488
5/1/2022	2.19%	\$195,000	\$23,488	\$218,488
11/1/2022			\$21,353	\$21,353
5/1/2023	2.19%	\$200,000	\$21,353	\$221,353
11/1/2023			\$19,163	\$19,163
5/1/2024	2.19%	\$205,000	\$19,163	\$224,163
11/1/2024			\$16,918	\$16,918
5/1/2025	2.19%	\$210,000	\$16,918	\$226,918
11/1/2025			\$14,618	\$14,618
5/1/2026	2.19%	\$210,000	\$14,618	\$224,618
11/1/2026			\$12,319	\$12,319
5/1/2027	2.19%	\$215,000	\$12,319	\$227,319
11/1/2027			\$9,965	\$9,965
5/1/2028	2.19%	\$220,000	\$9,965	\$229,965
11/1/2028			\$7,556	\$7,556
5/1/2029	2.19%	\$225,000	\$7,556	\$232,556
11/1/2029			\$5,092	\$5,092
5/1/2030	2.19%	\$230,000	\$5,092	\$235,092
11/1/2030			\$2,573	\$2,573
5/1/2031	2.19%	\$235,000	\$2,573	\$237,573
		\$2,700,000	\$431,540	\$3,131,540

Capital Projects Funds Description**Capital Projects Funds Description**

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The accounting for this group of accounts is on the modified accrual basis.

Industrial Park Fund - The purpose is acquisition and development of a 300 acre tract of land into an industrial park for manufacturing companies. Part of the development costs of the project have been through a small cities grant from the State of Michigan and the Department of Commerce.

Special Assessment Capital Projects Fund - Accounts for preliminary and construction work on projects that are subsequently paid from special assessments. Also accounts for bond proceeds received and subsequently used to fund major construction and capital projects.

Industrial Park Fund

Fund: Industrial Park Fund

Type: Capital Project Fund
Oversight: Community Development Director

Nature and Purpose:

This fund was created to account for capital expansion and development within the City of Cadillac's three industrial parks which include:

Cadillac Industrial Park

Developed in 1981, this 48-acre parcel of land established the Cadillac Industrial Park.

Harry VanderJagt Industrial Park

Industrial growth in the 80's and 90's was a reflection of the City's ability to purchase and develop enough land to encourage an industrial explosion. Demands were great for a second park so the 200-acre Harry VanderJagt Industrial Park was established. The streets and utilities were put in place with a Federal Economic Development Administration Grant.

James E. Potvin Industrial Park

The VanderJagt park is nearly full at this time. Additional inquiries were routinely received by the City and accordingly a third park was constructed as a result of the demand for industrial space. This newest park, the James E. Potvin Industrial Park, has been broken into two phases, with phase one being complete. All public utilities are in place for this phase, which encompasses 14 lots over a 65 acre area. The sale of a 28-acre parcel in this section of the park is pending and expected to close early in FY2019.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Sale of Property	\$0	\$0	\$35,000	\$390,000
Interest Income	2,471	2,500	4,000	4,000
Surplus	0	0	0	0
Total	\$2,471	\$2,500	\$39,000	\$394,000
Expenditures				
Groundwater Cleanup	\$0	\$0	\$2,000	\$2,000
Audit	500	500	500	500
Capital Outlay	0	105,000	25,000	40,000
Principal Payment	8,861	0	0	0
Contractual Services	8,005	7,500	0	0
Fees and Commissions	0	0	3,500	39,000
Total	\$17,366	\$113,000	\$31,000	\$81,500
Fund Balance				
Net Change in Fund Balance	(\$14,895)	(\$110,500)	\$8,000	\$312,500
Fund Balance - Beginning of Year	365,769	350,874	350,874	240,374
Ending Fund Balance	\$350,874	\$240,374	\$358,874	\$552,874

Special Assessment Capital Projects Fund

Fund: Special Assessment Capital Projects Fund**Type:** Capital Project Fund**Oversight:** Director of Finance**Nature and Purpose:**

This fund is a Capital Projects Fund and was established to account for construction projects that are paid for through special assessments on the benefited property. Its use has been expanded to include other infrastructure-related capital projects, including those funded through the use of debt. The fund is budgeted and accounted for on a modified accrual basis.

Excess funds must be used for capital projects.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Interest Income - Special Assessment	\$1,490	\$900	\$900	\$500
Special Assessment	11,677	7,500	7,000	7,000
Bond Proceeds	2,050,000	0	0	0
Interest Income	12,284	10,000	5,000	0
Surplus	0	1,608,700	1,388,600	23,000
Total Revenue	\$2,075,451	\$1,627,100	\$1,401,500	\$30,500
Expenditures				
Audit	\$1,500	\$1,500	\$1,500	\$500
Construction	490,468	1,600,000	1,400,000	30,000
Bond Issuance Costs	42,685	0	0	0
Total Expenditures	\$534,653	\$1,601,500	\$1,401,500	\$30,500
Fund Balance				
Net Change in Fund Balance	\$1,540,798	(\$1,583,100)	(\$1,388,600)	(\$23,000)
Fund Balance - Beginning of Year	70,291	1,611,089	1,611,089	27,989
FUND BALANCE AT YEAR END	\$1,611,089	\$27,989	\$222,489	\$4,989

Construction

Construction costs for FY2019 will be for the proposed paving of an alley on the City's east side. These costs will be paid back over a ten (10) year period through a special assessment against abutting property owners. This project was initiated via a petition signed by several of these owners and still needs to go through the legislative approval process.

Special Assessment Capital Projects Fund**Fund Financial Highlights****Special Assessments**

These payments are received from special assessments approved on abutting property owners for various street construction projects. These assessments have no underlying special assessment debt associated with them.

Construction Project Information

FY2019 Major Construction Projects					
<i>Source of Funds:</i>					
Project	Bond Proceeds?	Local Street Fund	Utilities Fund	Major Street Fund	Total
West Bremer Street (Lake to Mitchell)	No		\$85,000	\$70,000	\$155,000
Aldrich Street (Bond to Linden)	Yes	\$200,000	97,000		297,000
Crippen Street (Mitchell to Hemlock)	Yes	242,500	130,500		373,000
Evart Street (Cedar to Lester)	Yes	179,000	180,000		359,000
Simons Street (Pine to Bremer)	Yes	94,000	40,000		134,000
Water Supply Improvements	Yes		3,000,000		3,000,000
Total Projects	\$0	\$0	\$715,500	\$3,532,500	\$4,318,000

Notes:

> Over the last several years, several general obligation debt issues have been paid in full. This has provided the ability to utilize a new debt issue to fund the next several years of construction projects. Bonds were issued in 2016, and an additional bond issue will be proposed in FY2019 which will fund scheduled projects over the next three (3) years, depending on construction schedules. Construction costs will include the cost of contractual engineering services.

> The Well Supply Improvements project will encompass several years and cost an estimated \$7 million in total. The project began in 2011, and Phase II costs have been ongoing for the last couple of years. The City will seek financing assistance from the federal government for Phase II. This program provides low-interest loans - currently 2.75% - for projects such as this.

Permanent Funds Description**Permanent Funds Description**

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs. Permanent Funds are accounted for on a modified accrual basis.

The City appropriates resources for the following Permanent Funds:

Cemetery Perpetual Care Fund - Perpetual care of a cemetery lot is part of the purchase price. This principal amount is an endowment and the interest is used to maintain the cemetery operation.

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

Cemetery Perpetual Care Fund

Fund: Cemetery Perpetual Care Fund

Type: Permanent Fund
Oversight: Director of Finance

Nature and Purpose:

The Cemetery Perpetual Care Fund is a permanent fund established to maintain the operation of the cemetery. With assets of over \$500,000, the generation of interest income from the funds is used for the primary purpose of maintaining the cemetery and helps offset normal operating costs. This fund is accounted for on a modified accrual basis. Revenue projections for the investments are based on the estimated investment climate, while the sale of cemetery lots which generate perpetual care income is based on a historical trend. All of the interest income is transferred to the Cemetery Operating Fund to assist in the daily operation of the cemetery.

Perpetual Care of Lots

A portion of each sale of a cemetery lot is designated for perpetual care and is set aside into this trust fund to maintain a well manicured cemetery. When a burial plot is sold, 50% of the cost is set aside into this fund for endowment. The amount of interest earned is dependent upon the investment market each year.

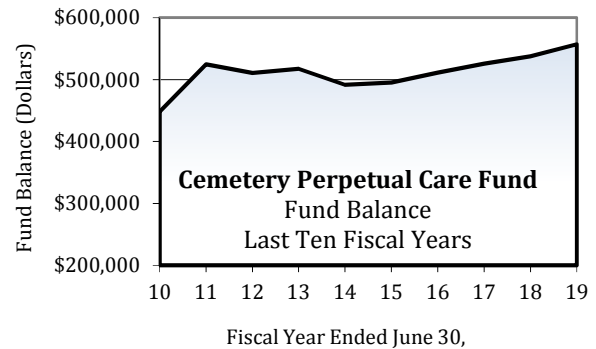
FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Perpetual Care of Lots	\$8,800	\$8,500	\$7,500	\$9,500
Gain (Loss) on Investments	0	0	2,000	0
Interest Income	6,428	9,000	5,000	10,000
Surplus	0	0	0	0
TOTAL REVENUES	\$15,228	\$17,500	\$14,500	\$19,500
Expenditures				
Audit	\$500	\$500	\$500	\$500
Transfer out - Cemetery Operating	0	0	0	9,000
Total	\$500	\$500	\$500	\$9,500
Fund Balance				
Net Change in Fund Balance	\$14,728	\$17,000	\$14,000	\$10,000
Fund Balance - Beginning of Year	511,031	525,759	525,759	542,759
Ending Fund Balance	\$525,759	\$542,759	\$539,759	\$552,759

Cemetery Perpetual Care Fund

Fund Financial Highlights

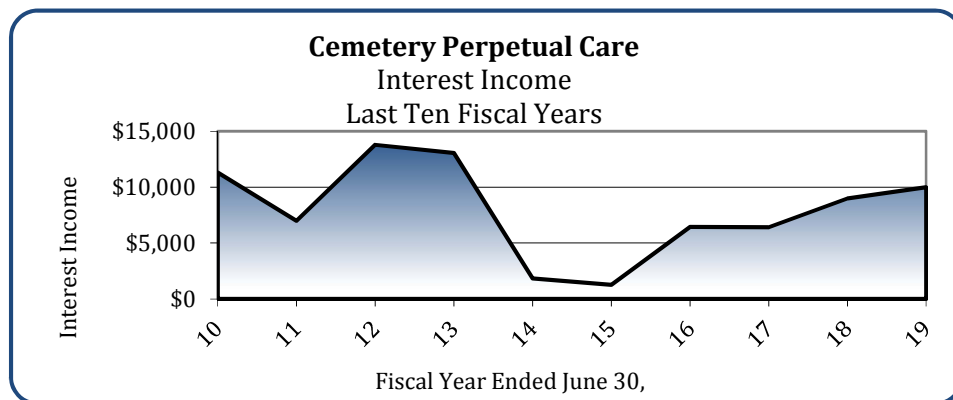
Fund Balance

The accumulated fund balance will grow in direct proportion with the number of cemetery lots sold. The principal will not be used as it preserves the future maintenance of the cemetery. The recent recession impacted this fund, as the fund balance dropped in FY2009. The decline was due to the loss in value of the fund's investment portfolio.



Interest Income

Loss of interest revenue as a result of the economic recession will impact the operations at the Maple Hill Cemetery. The interest earned on the perpetual care funds is transferred to the operating fund to help offset perpetual care maintenance costs. Absence of interest earnings puts increased strain on the maintenance budget which threatens the ongoing stability of the cemetery operation.



Cemetery Facts

The Cemetery rates were last increased in 2015 by the City Council.

No sales staff solicits the sale of lots, so the number of lots sold will vary from year to year.

Only the investment earnings are transferred for the operation of the cemetery.

Capital Projects Trust Fund

Fund: Capital Projects Trust Fund

Type: Permanent Fund
Oversight: Director of Finance

Nature and Purpose:

Established in 1998, this fund is an endowment fund created by the City Council with the intent to be used for capital items such as public infrastructure. The City Council's intent is to use only the earnings generated from the principal of the endowment. The funds came from the sale of the City's partnership interest in the electric cogeneration power plant. Several projects have been accomplished over the past few years as earnings have allowed.

This fund is a Permanent Fund and is accounted for on a modified accrual basis, similar to all other Governmental Fund types.

In FY2016, the City Council designated a portion of the principal to complete the Cadillac Performing Arts Pavilion Renovation Project. In FY2018, a portion of the principal was designated to help complete The Market at Cadillac Commons.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Interest Income	\$5,662	\$4,000	\$6,000	\$1,500
Gain on Investments	0	0	0	0
Surplus	0	321,500	319,500	0
Total	\$5,662	\$325,500	\$325,500	\$1,500
Expenditures				
Audit	\$500	\$500	\$500	\$500
Contribution - Public Infrastructure	140,000	325,000	325,000	0
Total	\$140,500	\$325,500	\$325,500	\$500
Fund Balance				
Net Change in Fund Balance	(\$134,838)	(\$321,500)	(\$319,500)	\$1,000
Fund Balance - Beginning of Year	578,145	443,307	443,307	121,807
Ending Fund Balance	\$443,307	\$121,807	\$123,807	\$122,807

Capital Projects Trust Fund

Past Public Infrastructure Projects

<i>Fiscal Year</i>	<i>Projects Assisted with Endowment Earnings</i>	<i>Amount</i>
1999	Cummer Street	\$12,056
2000	Alley behind Milliken's	10,344
2002	Elm Street Triangle (gravel street)	33,900
2004	Balsam Street (gravel street)	10,000
2008	Alley between Henry and Evert Streets (gravel)	10,000
2009	Diggins Hill Tennis Court Restoration Project	25,000
2011	Chestnut Street	20,000
2012	Gunn-Seventh Street	25,000
2015	Lakefront Accessible Playground	12,654
2016	Rotary Pavilion	142,000
2018	The Market at Cadillac Commons	325,000
Total:		\$625,954

Current Year Funding

No current contributions are appropriated. However, several grant applications have been submitted for various projects which will require matching local funds. Grant matching funds could be appropriated from this fund as necessary during the year.

Enterprise Funds Description**Enterprise Funds Description**

Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services and that tries to recover a majority of its costs through user charges.

The City appropriates resources for the following Enterprise Funds:

Major Enterprise Fund (Reported in Major Fund Section):

Water and Sewer Fund - Used to account for the operations of the City's water and sewer systems.

Nonmajor Enterprise Funds:

Auto Parking Fund - Used to account for the maintenance of downtown parking lots and the charges received to fund the maintenance and to enforce parking restrictions.

Building Authority Operating Fund - Used to account for activities related to the lease of the City-owned facility located at 120 W. Chapin Street and leased to the Michigan Department of Environmental Quality.

Auto Parking Fund

Fund: Auto Parking Fund**Type:** Enterprise Fund**Oversight:** Community Development Director**Nature and Purpose:**

The Auto Parking Fund is an enterprise fund established to collect revenues and pay expenses associated with maintenance, operation, enforcement and improvement to the downtown off-street parking lot system. The accounting as well as the budgeting occurs on an accrual basis.

The Auto Parking Fund has undergone significant change in the last thirty years. For many years and up to 1989, parking was funded by parking meters. From 1990 to 1994 it was funded through a voluntary contract system. Given the difficulties with non-payment, when the contract system expired on June 30, 1995, a special assessment was adopted as prescribed in the Shopping Area Redevelopment Act, P.A. 120 of 1961 (as amended) for a five year period. Except for FY2011, an assessment has been in place every year since. The assessment is typically passed for a 5-year period. FY2019 is Year 2 of the current assessment to fund parking maintenance activities.

The parking assessment funds approximately 62% of the costs of parking lot maintenance. Other funds must be raised locally, from parking enforcement activities and from transfers from other City resources.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Parking Violations	\$61	\$500	\$1,000	\$500
Parking Permit Fees	1,478	1,500	1,000	1,000
Interest Income	1,535	1,500	1,500	1,500
Special Assessment	47,956	53,000	49,500	53,000
Local Funds	0	7,400	19,000	29,500
Total	\$51,030	\$63,900	\$72,000	\$85,500
Expenses				
Operation	\$17,448	\$19,600	\$22,900	\$23,100
Lot Repair	1,535	9,500	9,500	13,400
Snow Plowing	17,162	16,800	21,600	25,800
Snow Hauling	13,610	18,000	18,000	23,200
Total	\$49,755	\$63,900	\$72,000	\$85,500
Net Position				
Change in Net Position	\$1,275	\$0	\$0	\$0
Net Position - Beginning of Year	661,149	662,424	662,424	662,424
TOTAL NET POSITION - END OF YEAR				
Invested in Capital Assets	\$476,245	\$459,445	\$459,445	\$442,645
Unrestricted	186,179	202,979	202,979	219,779
TOTAL NET POSITION	\$662,424	\$662,424	\$662,424	\$662,424

Auto Parking Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
EXPENSES				
Operations				
Salaries - Enforcement	\$0	\$2,000	\$5,000	\$5,000
Fringes	40	300	600	600
Audit	500	500	500	500
Operating Supplies	153	0	0	200
Depreciation	16,755	16,800	16,800	16,800
Total Operations	\$17,448	\$19,600	\$22,900	\$23,100
Lot Repair				
Salaries	\$453	\$2,500	\$2,500	\$4,500
Fringes	454	1,500	1,500	2,700
Operating Supplies	327	3,000	3,000	3,000
Equipment Rental	301	2,500	2,500	3,200
Total Lot Repair	\$1,535	\$9,500	\$9,500	\$13,400
Snow Plowing				
Salaries	\$3,910	\$4,000	\$6,000	\$8,000
Fringes	1,679	1,800	3,600	4,800
Operating Supplies	282	1,000	1,000	1,000
Equipment Rental	11,291	10,000	11,000	12,000
Total Snow Plowing	\$17,162	\$16,800	\$21,600	\$25,800
Snow Hauling				
Salaries	\$3,356	\$5,000	\$5,000	\$7,000
Fringes	1,466	3,000	3,000	4,200
Equipment Rental	8,788	10,000	10,000	12,000
Total Snow Hauling	\$13,610	\$18,000	\$18,000	\$23,200
TOTAL EXPENSES	\$49,755	\$63,900	\$72,000	\$85,500

Salaries and Equipment Rental

The Street Department provides the labor required to maintain the parking lots, including snow plowing and hauling. The equipment that is used is rented from the City's Stores and Garage Fund. In the Operations section, there are part-time wages available to pay for parking enforcement. Enforcement activities are conducted under the supervision of the Cadillac Police Department.



Building Authority Operating Fund

Fund: Building Authority Operating Fund

Type: Enterprise Fund
Oversight: Director of Finance

Nature and Purpose:

The Cadillac Building Authority was reestablished by the City Council in accordance with P.A. 31 of 1948. The purpose of the building authority is to facilitate the sale of bonds to fund construction of municipal structures. A building authority was previously used by the City of Cadillac in 1977 to issue bonds for the construction of the Municipal Complex and then in 1994 for the construction of the State of Michigan Department of Environmental Quality (DEQ) building pictured at right.



FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Rental Income	\$112,440	\$154,000	\$154,000	\$154,000
Interest Income	1,000	1,200	500	500
Total	\$113,440	\$155,200	\$154,500	\$154,500
Expenditures				
Building Maintenance	53,590	30,000	30,000	30,000
Contractual Services	17,346	15,000	20,000	20,000
Audit	500	500	500	500
Liability Insurance	885	1,000	1,500	1,500
Utilities	3,094	3,200	4,000	4,000
Administration	0	25,000	25,000	25,000
Depreciation	42,675	49,000	50,000	50,000
Total	\$118,090	\$123,700	\$131,000	\$131,000
Net Position				
Change in Net Position	(\$4,650)	\$31,500	\$23,500	\$23,500
Total Net Position - Beginning of Year	1,210,025	1,205,375	1,205,375	1,236,875
TOTAL NET POSITION - END OF YEAR				
Invested in Capital Assets	1,192,267	1,150,000	1,150,000	1,135,000
Unrestricted	13,108	86,875	78,875	125,375
TOTAL NET POSITION	\$1,205,375	\$1,236,875	\$1,228,875	\$1,260,375

Building Authority Operating Fund

Fund Highlights

Revenues

The City of Cadillac rents the building to the State of Michigan and the rent is based on the operating expenses as well as the debt payments on the bond. The lease with the State of Michigan has been extended for six (6) years through March 31, 2021 with another option to renew for an additional fifteen (15) years through March 31, 2036. Interest Income is earned by investing cash reserves and idle funds in accordance with the City's investment policy.

Expenditures

Building Maintenance costs cover the air conditioning, elevator, heating, electrical and other related items that are contracted for to maintain the facility. The contractual services reflect the contracts for landscaping, fire suppression system, and snow removal. Administration is the fee paid for management oversight of the facility. The Building Authority issued debt to fund the construction of this facility. In 1999 the debt was refinanced in order to take advantage of lower interest rates, resulting in \$33,000 in net present value savings. This debt issue was fully repaid in FY2016.

The Building Authority members are appointed by the City Council. Those appointed members are:

Chairperson:

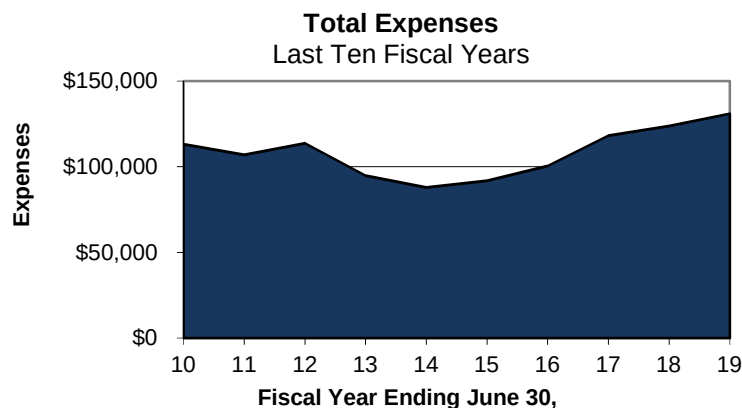
Marcus A. Peccia
City Manager
City of Cadillac

Vice-Chairperson:

Michael Homier
Foster, Swift, Collins & Smith
City Attorney
City of Cadillac

Secretary - Treasurer:

Owen E. Roberts
Director of Finance
City of Cadillac



Net Assets

Net assets are reserved for debt service and any unanticipated maintenance issues as the building ages.

Expenses have remained relatively flat. Interest Expense has now been eliminated after paying off the last remaining bonds issued by the Authority.

Internal Service Funds Description**Internal Service Funds Description**

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

The City of Cadillac Central Stores and Municipal Garage Fund, Information Technology Fund, Self-Insurance Fund and Safety Fund make up the Internal Service Funds category.

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

Information Technology Fund - Provides computer services to the various internal and external agencies that use the City's computers, computer software programs, and enterprise-wide networking infrastructure.

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

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

Stores and Garage Fund

Fund: Stores and Garage Fund**Type:** Internal Service Fund**Oversight:** Director of Public Works and Engineering**Nature and Purpose:**

This fund is used to record the operations of the Stores and Garage Department as well as provide equipment and staffing for various street construction and maintenance activities. This fund provides services to the Major Street Fund, Local Street Fund, General Fund, Cemetery Operating Fund, and several other City-operated funds. The major source of revenue for this fund is supplied by equipment rental rates. This fund owns all of its own equipment and rents it to the other funds at a base rate established by the State of Michigan. Services and materials revenue is for work done for City residents such as brush removal, parking lot cleaning, and tree removal.

Equipment Rental is responsible for 96% of the revenues for FY2019. Over 70 pieces of equipment are in this fund ranging from plow trucks to trailers. In addition to equipment, the Stores and Garage Fund is responsible for the City inventory of items such as salt, salt/sand mix and other items used on a regular basis.

PERFORMANCE MEASURES - STORES AND GARAGE FUND

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Number of Vehicles/Equipment Maintained		75	75	75	75	↔
Total Fuel Costs		\$27,125	\$31,018	\$35,000	\$37,000	↑
Gallons of Diesel Used		13,688	12,897	14,000	14,000	↔
Gallons of Unleaded Fuel Used		4,521	4,520	4,500	4,500	↔
Cost per Gallon - Diesel		\$1.47	\$1.81	\$1.90	\$2.00	↑
Cost per Gallon - Unleaded		\$1.54	\$1.65	\$1.75	\$1.90	↑
Total Annual Cost of Road Salt		\$104,271	\$62,988	\$63,380	\$100,000	↑
Tons of Road Purchased		1,511	1,180	1,367	2,000	↔
Cost per Ton - Road Salt		\$69.00	\$53.38	\$46.37	\$50.00	↔

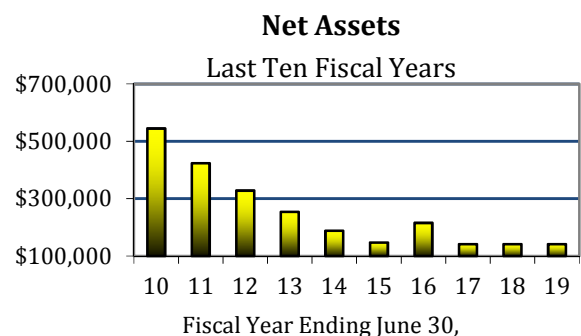
Stores and Garage Fund

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Charges for Services:				
Services & Materials	\$28,890	\$20,000	\$25,000	\$20,000
Equipment Rental	530,301	535,000	530,000	570,000
Miscellaneous				
Sale of Surplus Material	3,194	18,000	5,000	5,000
Other	10	6,000	500	0
Total	\$562,395	\$579,000	\$560,500	\$595,000
Expenses				
Administration	\$605,775	\$502,900	\$490,900	\$527,500
Outside Work	26,026	24,500	34,900	36,500
Building & Grounds	4,353	26,800	30,800	31,000
Total	\$636,154	\$554,200	\$556,600	\$595,000
Net Position				
Change in Net Position	(\$73,759)	\$24,800	\$3,900	\$0
Total Net Position - Beginning of Year	215,609	141,850	141,850	166,650
Total Net Position - End of Year	\$141,850	\$166,650	\$145,750	\$166,650

Financial Highlight

Net Assets

The Net Assets of this fund have been fairly consistent for the last several years. Most of the net assets are in the form of capital equipment, net of related depreciation.



Stores and Garage Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Expenses				
Administration				
Salaries and Wages	\$117,975	\$112,000	\$103,000	\$112,500
Fringes	157,663	70,000	62,000	67,500
Operating Supplies	48,369	35,000	30,000	30,000
Fuel Costs	31,018	35,000	45,000	40,000
Audit	500	500	500	500
Data Processing	5,000	3,000	3,000	3,000
Travel & Education	1,819	3,000	3,000	3,000
Insurance	13,925	17,000	15,000	17,000
Utilities	21,304	20,000	27,000	20,000
Employee Safety	0	5,000	5,000	4,000
General Administrative Charges	20,000	20,000	20,000	20,000
Depreciation	78,880	85,000	80,000	100,000
Equipment Maintenance	92,059	75,000	75,000	85,000
Equipment Rental	17,263	17,000	17,000	17,000
Interest Expense	0	5,400	5,400	8,000
Total Administration	\$605,775	\$502,900	\$490,900	\$527,500
Outside Work				
Salaries and Wages	\$7,217	\$8,500	\$9,500	\$10,500
Fringes	3,659	4,000	5,400	6,000
Supplies	7,060	2,000	5,000	5,000
Equipment Rental	8,090	10,000	15,000	15,000
Total Outside Work	\$26,026	\$24,500	\$34,900	\$36,500
Building & Grounds				
Salaries and Wages	\$2,388	\$5,000	\$4,000	\$6,500
Fringes	1,207	2,500	1,800	3,000
Operating Supplies	0	3,000	5,000	6,000
Contractual Services	0	12,000	15,000	0
Repair and Maintenance	630	4,000	5,000	15,000
Equipment Rental	128	300	0	500
Total Building & Grounds	\$4,353	\$26,800	\$30,800	\$31,000
Total Expenses	\$636,154	\$554,200	\$556,600	\$595,000

Stores and Garage Fund

Source and Use of Funds For Capital Improvements

FY2019

Source of Funds:

Internal Loan	\$300,000	
Operating Funds	70,000	
Total Source of Funds		\$370,000

Use of Funds:

Equipment:

Plow Truck	\$160,000	
Street Sweeper	200,000	
Riding Mower	10,000	
Total Use of Funds		\$370,000



Footnote: Replacing aging equipment is a vital part of the ongoing operations in this department. All proposed equipment purchases will replace outdated models, saving the department costs arising from increased maintenance on older equipment.

Cash Flow Analysis

FY2019

ADDITIONS:

Depreciation	\$100,000	
Internal Loan	300,000	
Net Income (Loss)	0	
TOTAL ADDITIONS		\$400,000

DEDUCTIONS:

Principal Payment - Internal Loan	\$50,000	
Capital Items	370,000	
TOTAL DEDUCTIONS		\$420,000
NET INCREASE (DECREASE) OF AVAILABLE CASH		(\$20,000)



Information Technology Fund

Fund: Information Technology Fund

Type: Internal Service Fund
Oversight: Director of Finance

Nature and Purpose:

The City of Cadillac has been very successful in leveraging technology to improve productivity. The City's ongoing IT investment has paid significant dividends in streamlining City services at every department level. The City IT Department coordinates and supports the infrastructure, hardware, operating systems, and user software for all City departments. This includes file servers, data security and backup, Internet connections and security, remote connectivity, user workstations and software, printers, and other related computer equipment and processes.

As an internal service fund, revenues are received from contributions by other City funds and activities.

Currently the IT Department equipment list includes the following:

- > Approximately 65 workstations including desktop and notebook computers;
- > Multiple file servers including Email, Application, Storage, and Security servers;
- > Numerous printers, tablets, scanners, and other related equipment and software.

PERFORMANCE MEASURES - INFORMATION TECHNOLOGY

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2016	2017	2018	2019	
Number of Workstations		65	68	70	70	↔
Operating Cost per Workstation		\$2,985	\$2,488	\$2,571	\$2,574	↔
Number of Workstations Replaced		15	15	15	15	↔
Total Capital Investment		\$40,000	\$107,000	\$40,000	\$70,000	↔

Information Technology Fund

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Charges for Services - Intergovernmental				
General Fund				
City Council	\$4,000	\$3,000	\$3,000	\$3,000
City Manager	8,000	6,000	6,000	6,000
Finance	20,000	18,000	18,000	18,000
Assessor	15,000	12,000	12,000	12,000
Treasurer	20,000	18,000	18,000	18,000
Municipal Complex	6,000	6,000	6,000	6,000
Police	40,000	36,000	36,000	36,000
Fire	10,000	9,000	9,000	9,000
Engineering	18,000	18,000	18,000	18,000
Community Development	2,500	2,400	2,400	2,400
Water & Sewer	47,500	48,000	48,000	48,000
Stores and Garage	5,000	3,000	3,000	3,000
Total Intergovernmental Services	196,000	179,400	179,400	179,400
Interest Income	955	500	100	500
Sale of Property	(130,173)	0	500	500
Total Revenue	\$66,782	\$179,900	\$180,000	\$180,400
Expenses				
Salaries	\$9,037	\$11,000	\$9,000	\$13,000
Fringes	3,479	4,500	5,000	5,500
Office Supplies	4,943	5,000	7,000	6,000
Audit	500	500	500	500
Contractual Services	12,000	14,400	12,300	14,400
Hardware and Accessories	11,713	18,000	20,000	20,000
Software and Programming	16,750	45,000	50,000	50,000
Liability Insurance	742	800	1,200	800

Information Technology Fund

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Expenses (Continued)				
Telephone	7,734	7,000	6,500	6,500
Travel and Education	0	1,000	1,000	500
Repair and Maintenance	0	2,000	2,500	2,000
Depreciation	37,160	30,000	35,000	25,000
Administration	30,000	30,000	30,000	36,000
Total Expenses	\$134,058	\$169,200	\$180,000	\$180,200
Net Position				
Change in Net Position	(\$67,276)	\$10,700	\$0	\$200
Total Net Position - Beginning of Year	434,551	367,275	367,275	377,975
Total Net Position - End of Year	\$367,275	\$377,975	\$367,275	\$378,175

Expense Descriptions

Salaries and Fringes

The Information Technology Fund pays an employee (0.3 FTE) to perform functions related to the City's electronic document storage system, including scanning new and existing documentation.

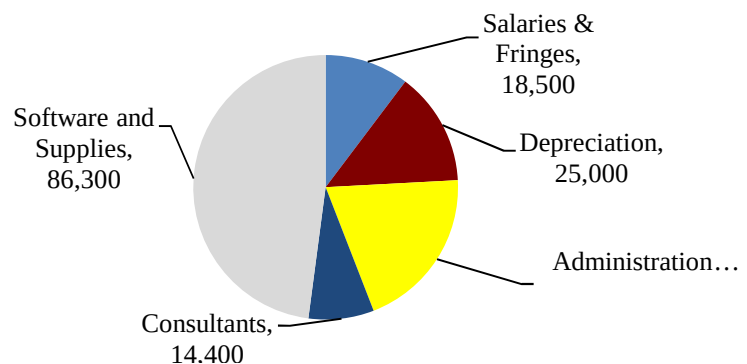
Software and Programming

This line item accounts for the annual maintenance and subscription fees for the many software programs used throughout the City. Included in these fees are the City's financial software (including Utility Billing, Financials, Community Development, and Payroll) and tax billing software (including tax billing and special assessment tracking). The monthly costs of the T-1 line that provides internet access to the municipal complex are allocated to this line item as well, as are other services such as programming and maintenance of the phone system in the municipal complex. In the last couple of years, the costs of using an outside company to provide IT services was accounted for in this line. As detailed below, this cost has been split out into a separate line item moving forward.

Contractual Services

In January, 2007, the City made the decision to contract out the provision of Information Technology services. A contract was awarded to a new vendor beginning July 1, 2012. I.T. Right, Inc. of Bath, MI is now serving as the City's contracted IT department.

Expenses by Type
Current Budget Request



Information Technology Fund

Other Financial Analysis

Source and Use of Funds For Capital Improvements

FY2019

Source of Funds:

Revenues:

Operating Revenues/Reserves	110,000	
Total Source of Funds		\$110,000

Use of Funds

Computer Replacement	\$20,000	
IT Infrastructure	50,000	
Wireless Project	40,000	
Total Use of Funds		\$110,000

Footnote: Replacement of equipment is essential within this department. All of the items are replaced due to age and the need to upgrade technology. The computer replacement program utilized by the City schedules replacements once computers have been deployed for 3-4 years. The capital expense for software will upgrade existing desktop software packages to the latest versions, taking advantage of the latest efficiency-enhancing functionality that exists.

Cash Flow Analysis

FY2019

Additions

Depreciation	\$25,000	
Net Income (Loss)	200	
Total Additions		\$25,200

Deductions

Capital Items	110,000	
Total Deductions		\$110,000

Net Increase (Decrease) in Available Cash	(\$84,800)
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Project Cash on Hand - Beginning of Year	\$250,000
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Project Cash on Hand - End of Year	\$165,200
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Budget staff has confirmed that there will be sufficient cash on hand to handle the projected cash flow needs for FY2019.

Self Insurance Fund

Fund: Self Insurance Fund**Type:** Internal Service Fund**Oversight:** City Manager**Nature and Purpose:**

This fund provides for the health and life insurance of all full-time City employees and their families, as well as eligible retirees. Eligible retirees receive health insurance until age 65, in accordance with the applicable collective bargaining agreement or non-union schedule of benefits. The various funds within the City are charged an employer contribution rate equivalent to the estimated cost of providing the benefits on a per month per employee cost basis.

Basic and Master Medical

The employer contribution rate has held fairly consistent for several years and has provided the fund with solid reserves to help mitigate the risk of higher-than-normal claims years. Because of health care reform, certain benefits had to be offered to City employees. This resulted in a plan change for all City of Cadillac employees. Because of the changes, total costs increased nearly 20%. Employee contributions were increased to help offset the rise in costs. The overall management of the health care plan is vital to containing health care costs and ensuring that the City will be able to provide health care benefits to its employees in the future.

FUNDING DETAILS	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Employer Contributions	\$816,517	\$950,000	\$975,000	\$1,030,000
Employer Contributions-Dental	79,514	80,000	80,000	81,000
Employer Contributions-Optical	14,890	15,000	15,000	16,000
Employer Contributions-Life	7,557	7,500	7,500	8,000
Employee Contribution	37,848	35,000	40,000	70,000
Interest Income	6,413	10,000	15,000	10,000
Reimbursement from OPEB Trust	0	0	0	135,000
Surplus	0	184,500	197,500	100,000
Total	\$962,739	\$1,282,000	\$1,330,000	\$1,450,000
Expenses				
Reinsurance Premiums	\$963,722	\$1,050,000	\$1,060,000	\$1,155,000
Administration	38,648	32,000	25,000	30,000
Benefit Payments				
Health Insurance	180,739	190,000	190,000	250,000
Life Insurance	16,135	10,000	10,000	15,000
Total	\$1,199,244	\$1,282,000	\$1,285,000	\$1,450,000
Net Position				
Change in Net Position	(\$236,505)	(\$184,500)	(\$152,500)	(\$100,000)
Total Net Position - Beginning of Year	890,915	654,410	654,410	469,910
Total Net Position - End of Year	\$654,410	\$469,910	\$501,910	\$369,910

Self Insurance Fund

System Benefits Highlights

Health Insurance

The City has traditionally provided a preferred provider organization (PPO) medical insurance plan for active employees. In order to manage health care insurance costs, a health maintenance organization (HMO) plan was initiated in 2014. This plan saves significant costs and as of January 1, 2017 the PPO plan is closed to new enrollments.

Life Insurance

The City provides life insurance for active employees. The City also provides for a small life insurance policy for qualified retirees. Depending on the applicable bargaining unit or non-union schedule of benefits, the benefit ranges from \$2,500 to about \$7,500. The benefit is paid to the retiree's estate upon their death.

Health Insurance Retiree Benefit Payments

This fund continues to cover retiree health premiums on a "pay-as-you-go" basis. No new hires are eligible for this benefit in retirement.

Plan Cost Summaries

Plan Type	Annual Costs			Total	Employee Co-Pay	Co-Pay as % of Total Costs	# of Participants
	Medical	Dental	Vision				
Blue Cross Blue Shield PPO							
Single	\$10,892	\$426	\$97	\$11,415	\$1,456	12.75%	1
Two-Person	\$26,141	\$787	\$148	\$27,076	\$3,494	12.91%	1
							2
Blue Care Network HMO							
Single	\$5,754	\$426	\$97	\$6,277	\$180	2.87%	14
Two-Person	\$13,809	\$787	\$148	\$14,744	\$300	2.03%	22
Family	\$17,262	\$1,389	\$265	\$18,916	\$420	2.22%	49
							85

* An additional 9 employees/retirees that are eligible for health care participate in the City's opt-out program. The City provides opt-out payments of up to \$2,700 per year for electing other available coverage. Savings from the opt-out program vary between \$3,000 up to \$15,000 per employee that opts out, so it is estimated that the program saves the City around \$70,000 per year in medical insurance costs.

Safety Fund

Fund: Safety Fund**Type:** Internal Service Fund**Oversight:** Safety Coordinator**Nature and Purpose:**

The Safety Fund was created to enable the development of a safety culture that would enhance employee performance by assisting employees in maintaining the highest possible level of health and safety.

The Safety Coordinator is tasked with assisting employees in maintaining a safe and healthy work environment. The Safety Coordinator chairs the City of Cadillac Safety Committee, which is comprised of representatives from each city department and meets frequently to discuss and address safety issues, evaluate training, and review on the job accidents.

The Safety Coordinator also insures that all city departments are in compliance with MIOSHA (Michigan Occupational Safety and Health Administration) regulations. This is accomplished through continuing education, review of MIOSHA material, and preventative inspections coordinated through the Consultation, Education and Training section of MIOSHA.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Interest Income	\$0	\$0	\$0	\$0
General Fund	0	5,000	4,000	4,000
Water and Sewer Fund	0	4,000	4,000	4,000
Stores & Garage Fund	0	5,000	4,000	4,000
Surplus	0	0	0	0
Total	\$0	\$14,000	\$12,000	\$12,000
Expenditures				
Salaries and Wages	\$1,753	\$2,500	\$2,500	\$3,000
Fringes	446	1,000	1,200	1,500
Operating Supplies	4,965	5,000	5,300	4,500
Audit	500	500	500	500
Dues and Publications	395	300	500	500
Travel and Education	558	1,500	2,000	2,000
Total	\$8,617	\$10,800	\$12,000	\$12,000
Net Position				
Change in Net Position	(\$8,617)	\$3,200	\$0	\$0
Total Net Position - Beginning of Year	17,241	8,624	8,624	11,824
Total Net Position - End of Year	\$8,624	\$11,824	\$8,624	\$11,824

Safety Program Highlights

Safety Committee

The Safety Committee is comprised of employees from various departments with a total of 7 members. Cynthia Tomaszewski, the City's Laboratory Supervisor, fills the role of Safety Coordinator for the City. In 2016, Safety and Wellness combined due to their overlapping nature and to strengthen both messages to the employee population.

Safety Statistics				
Cases	2014	2015	2016	2017
Deaths	0	0	0	0
Number of cases with days away from work	2	3	1	1
Number of cases with job transfer/restriction	3	2	1	0
Other reported cases	1	0	1	3
Days				
Total days away from work	3	93	28	1
Total days of job transfer/restriction	40	41	20	0
Total hours worked - all employees	166,907	167,299	174,176	176,283

Note:

A complete disregard for proper lifting techniques resulted in the only days away from work case for 2016.

GOALS

FY2019

1. Expand safety training for seasonal summer employees.
2. Have safety committee do accident investigations on quarterly basis.
3. Conduct hands-on electrical and confined space training.
4. Replacement of roof, or contribution towards, on salt building at garage

Police and Fire Retirement Fund**Fund: Police and Fire Retirement Fund****Type:** Pension Trust Fund**Oversight:** Director of Finance**Nature and Purpose:**

This fund was established to administer the police and fire retirement system authorized by a vote of the Citizens of Cadillac in 1977 when they agreed to an added millage to cover the costs of the retirement system for the police and fire employees.

Michigan Public Act 345 of 1937 governs the activities of the system. The board of directors have the responsibility of administering the system and maintaining an actuarially sound fund.

The financial objective is to establish and receive contributions, expressed as a percent of active payroll, which will remain approximately level from year to year and will not be increased for future generations. The system is supported by a City-wide millage, investment income from the retirement assets, and an employee contribution of 3% of salary. To fund the system, the City contributes 29.93% of the police member salaries and 30.56% of the fire members' salaries. The system is meeting its annual funding requirements. The system is 81.87% funded, slightly up from 80.03% on the previous valuation. In 2001 the police officers and the fire officers agreed to an employee deduction to cover the actuarial costs of increasing the retirement factor from 2.0 to 2.5. The members agreed to make contributions to cover the additional benefit, which was subsequently capped at 3% of salary, requiring the City to make up any difference.

PERFORMANCE MEASURES - POLICE AND FIRE RETIREMENT SYSTEM

MEASURE	Actuarial Valuation Date: June 30,				Trend
	2014	2015	2016	2017	
Actuarially Accrued Pension Liabilities	\$12,220,792	\$12,681,727	\$12,882,578	\$13,300,486	↑
Funding Value of Accrued Assets	\$9,304,981	\$9,937,183	\$10,310,333	\$10,888,703	↑
Unfunded Actuarially Accrued Liabilities	\$2,915,811	\$2,744,544	\$2,572,245	\$2,411,783	↓
Funded Ratio (Assets/Liabilities)	76.14%	78.36%	80.03%	81.87%	↑
Total Pension Payments	\$769,149	\$831,337	\$819,812	\$867,386	↑
Number of Retirees	35	36	35	36	↔
Average Annual Pension	\$21,976	\$23,093	\$23,423	\$24,094	↑
Contribution Required (% of payroll) - Police	34.24%	30.68%	28.94%	29.93%	↓
Contribution Required (% of payroll) - Fire	29.76%	31.69%	31.76%	30.56%	↓
Total Contribution Required	\$543,315	\$533,253	\$520,516	\$496,076	↓
Number of Active Members	26	26	26	26	↔
Average Annual Salary	\$62,726	\$61,364	\$61,838	\$58,802	↓

Police and Fire Retirement Fund

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Additions				
Contributions - Employer	\$630,432	\$600,000	\$600,000	\$600,000
Contributions - Employee	38,283	\$35,000	\$35,000	30,000
Interest and Dividend Income	0	500	\$500	500
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	1,222,941	700,000	320,500	436,000
Investment Expenses	(28,979)	(30,000)	(30,000)	(30,000)
Total Additions	\$1,862,677	\$1,305,500	\$926,000	\$1,036,500
Deductions				
Benefit Payments				
Retirement	\$854,022	\$967,000	\$915,000	\$1,025,000
Administrative Expenses				
Audit	2,500	2,500	2,500	2,500
Contractual Services	8,600	8,000	8,500	9,000
Total Deductions	\$865,122	\$977,500	\$926,000	\$1,036,500
Net Change in Net Position	\$997,555	\$328,000	\$0	\$0
Net Position				
Beginning of Year	\$9,751,774	\$10,749,329	\$10,749,329	\$11,077,329
End of Year	\$10,749,329	\$11,077,329	\$10,749,329	\$11,077,329

Plan and Membership Information

In July, 2006 the Police and Fire Retirement System removed their investment managers and contracted with the Municipal Employees Retirement System of Michigan to manage the investments. This has proven to enhance the returns of the system's assets, and will provide long-term cost savings to the City.

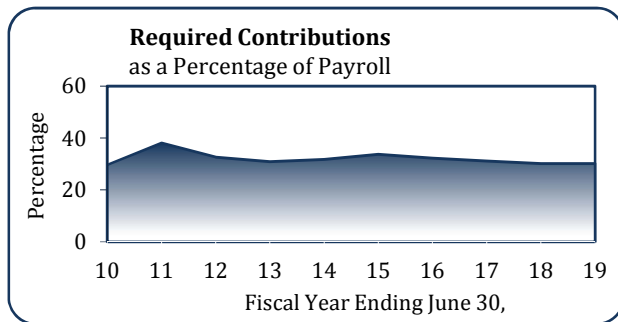
Retirement Board

Jay Thiebaut, Chairperson - Citizen Member
Keri Lanning, Secretary/Treasurer - City Treasurer
Chris Shankland, Citizen Member
Blake Meyering, Fire Fighter Member
Tom Wade, Police Member

Note: The board, in conformance with P.A. 345, consists of two citizens approved by the City Council, the City treasurer, a firefighter and a police officer.

Police and Fire Retirement Fund

Plan Financial Details

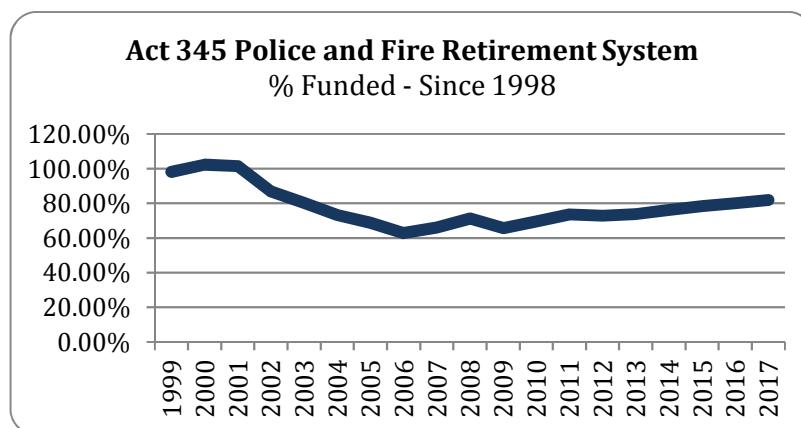
**Required Contribution**

Contribution rates have trended upward as a result of a declining stock market, low interest rates, and additional benefits. The annual required contribution as a percentage of payroll increased slightly to 30.18% in FY2019 from 30.12% in FY2018 due primarily the smoothing of annual returns on the assets of the system.

Contribution Rates

The Retirement System is supported by City contributions and investment income generated by retirement system assets. Contributions which satisfy the funding objective are determined by an annual actuarial valuation and are sufficient to:

1. Cover the actuarial present value of benefits assigned to the current year by the actuarial cost methods; and
2. Amortize over a period of future years the actuarial present value of benefits not covered by valuation assets and anticipated future normal costs (unfunded actuarial accrued liability).

**Funded Status**

Enhanced retirement benefits in the early 2000's had a detrimental impact on the overall funded status of the plan. Coupled with the devastating impact the economy has had recently on the assets of the system, as of the last valuation dated June 30, 2017 the plan is now 82% funded.

Summary of Actuarial Methods and Assumptions

Last Valuation Date	June 30, 2017
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	10
Remaining Amortization - Benefit Increase	14 Years
Asset Valuation Method	5-year smoothed market

Assumptions:

Investment Rate of Return	7.5%
Projected Salary Increases	4.0%
Assumed Rate of Payroll Growth	4.0%
Assumed Rate of Membership Growth	0.0%

Police and Fire Retirement Fund
Summary of Act 345 Benefits & Conditions

<i>Eligibility:</i>	<i>Benefit:</i>
Regular Retirement	
Age 50 with 25 or more years of service or age 60 regardless of service.	Straight life pension equals 2.5% of 5 year average final compensation (AFC) times first 25 years of service plus 1% of AFC times years of service in excess of 25 years.
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 the date the member would have been eligible to retire if employment had continued.
Death After Retirement	
Payable to a surviving spouse, if any, upon the death of a retired member who was receiving a straight life pension which was effective July 1, 1975 or later.	Spouse's pension equals 60% of the straight life pension the deceased retiree was receiving.
Duty Disability Retirement	
Payable upon the total and permanent disability of a member in the line of duty.	To age 55: 50% of AFC. At age 55: same credit as service retirement pension with service credit from date of disability to age 55.
Non-Duty Disability Retirement	
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 Death in Service Retirement	
Payable upon the expiration of worker's compensation to the survivors of a member who died in the line of duty.	Same amount that was paid by Worker's Compensation.
Non-Duty Death in Service Retirement	
Payable to a surviving spouse, if any, upon the death of a member with 20 or more years of service.	Accrued straight life pension actuarially reduced in accordance with an Option 1 election.

Member Contribution:

All active members contribute 3% of their salary to the system to pay for an increase in the benefit multiplier.

**Fire responded
to by City Fire
Department**



Component Unit Funds Description**Component Unit Funds****Component Units**

This section contains the discretely presented component units, which are reported separately to indicate their legal separation from the City, but which are financially accountable to the City as a reporting entity.

Local Development Finance Authority (LDFA) - The LDFA was created by the City Council pursuant to the provisions of Act 251, Public Acts of 1986. The members of the board of the LDFA are appointed by the City Council. The LDFA has a stated purpose to provide for the acquisition, construction and financing of a groundwater treatment facility, which will consist of a complex of wells and pumps installed on property where contaminated groundwater is located, piping sufficient to carry the contaminated groundwater to the cleaning facility, and the cleaning facility itself. The LDFA has also indicated that, if funds are available, they will construct roads, water and sewer lines within the VanderJagt Industrial Park. Money to finance these projects will come from tax increments attributed to increases in the value of real and personal property resulting from new construction, and property value increases within the industrial park.

Local Development Finance Authority Utilities Fund - This fund was established to provide water utility services to the cogeneration plant located within the boundaries of the LDFA.

Local Development Finance Authority Capital Projects Fund - This fund was established to account for the receipt of captured taxes after all debt service obligations had been met. These tax increment financing revenues are restricted for capital projects.

Downtown Development Authority (DDA) - The DDA was established through City Ordinance under Act 197 of the Public Acts of Michigan of 1975. The City Council determined that it was necessary and in the best interest of the City to halt property value deterioration, to eliminate the causes and to promote economic growth in the downtown area. The members of the board of the DDA are appointed by the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council. The DDA is authorized to impose an ad valorem tax (2 mill maximum) on all taxable property within the established DDA district. The DDA is a volunteer organization.

Downtown Development Authority Capital Projects Fund - This fund was established to provide a source of revenue for the DDA to undertake various capital and public infrastructure improvements within the DDA Development District.

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

Local Development Finance Authority Operating Fund

Fund: Local Development Finance Authority Operating Fund

Type: Component Unit - Special Revenue Fund
Oversight: Director of Utilities

Nature and Purpose:

The Local Development Finance Authority (LDFA) established an operating fund which reflects the operational costs of the groundwater cleanup process in the industrial park. This fund has a sole source of revenue which is the special assessments paid by the industrial community within the contaminated area. Since the last assessment expired in FY2014, efforts have been underway to study the current status of the treatment and determine the best plan of action for future operations.

The cleanup process of the groundwater is a benefit to the industrial park area and is not intended to identify any plant or organization as contaminating the groundwater but instead presents a positive solution to an existing challenge. The City Council approves the special assessment roll based on acreage owned by a property owner which establishes a corresponding percentage of the total operational costs to effectively monitor the clean-up. Fiscal year 2019 will be the twenty-third full year the plant has been in operation.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Special Assessment Revenue	\$0	\$0	\$0	\$0
Interest Income	7,225	15,000	12,000	5,000
Surplus	0	241,500	274,300	268,600
Total	\$7,225	\$256,500	\$286,300	\$273,600
Expenditures				
Salaries and Wages - Regular	\$19,407	\$18,000	18,500	18,500
Fringes	10,331	10,000	10,200	10,400
Operating Supplies	140	8,000	11,500	11,500
Chemicals	0	0	200	200
Contractual Services	13,104	0	0	2,100
Legal Contractual Services	0	500	9,500	9,500
Audit	900	500	900	900
Contracted Lab Costs	35,818	40,000	45,000	45,000
Utilities	154,635	155,000	160,000	160,000
Repair & Maintenance	1,286	8,000	15,500	15,500
Engineering Fees	0	0	15,000	0
Total	\$235,621	\$240,000	\$286,300	\$273,600
Fund Balance				
Net Change in Fund Balance	(\$228,396)	(\$225,000)	(\$274,300)	(\$268,600)
Fund Balance - Beginning of Year	727,688	499,292	499,292	274,292
Ending Fund Balance	\$499,292	\$274,292	\$224,992	\$5,692

Local Development Finance Authority Operating Fund

System Information

The purge and treat system was constructed during 1995 and 1996 with start-up in September of 1996. System design includes a chromium removal process and dual stage air stripping for volatile organic chemical (VOC) removal. Maximum design flow for the treatment system is 3.2 million gallons per day (MGD). Treated groundwater is discharged to the Clam River near the old Lake Cadillac dam.

Groundwater is pumped from 18 purge wells located in two defined water bearing formations referred to as the upper and intermediate aquifers. In 1996, influent VOC concentrations exceeded 600 parts per billion (ppb). Last year, influent VOC concentrations were just below 200 ppb. (One part per billion is approximately equal to one second in 32 years.) Chromium concentrations have been reduced to clean-up criteria and the Environmental Protection Agency (USEPA) has been petitioned for closure of the chromium treatment process.

Board of Directors:	
Marcus A. Peccia - Chairperson	City Manager, City of Cadillac
Jennifer Brown	Superintendent, Cadillac Area Public Schools
Vacancy	N/A
Bill Tencza	Retired, Cadillac Area Chamber of Commerce
Jim Petersen	Retired Bank President
Craig McCarthy	Assistant Superintendent of Operations and Personnel, Cadillac Area Public Schools
Vacancy	N/A
Leslie Housler	Wexford County Commissioner

Fund Financial Highlights**Fund Balance**

Fund Balance is reserved for capitalized interest and assessment shortfalls. Formerly a Special Assessment provided most of the funding to cover all operating costs, including all of the above except Contractual Services, Legal Contractual Services, Carbon, and Engineering Fees. At this point, reserves are being utilized to cover the operating costs of the treatment plant. Work is underway to identify the future needs of the system, including how to fund ongoing treatment.

Engineering Fees

The Soil Vapor Extraction site was closed in FY2016 in accordance with USEPA clearance. Currently a comprehensive study is taking place regarding the current status of the groundwater cleanup process and the future needs for the facility.

Local Development Finance Authority Operating Fund

L.D.F.A. Groundwater Treatment Statistics

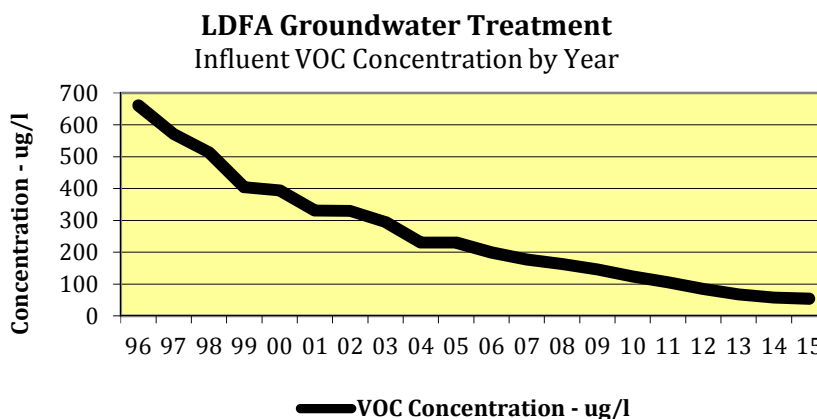
Volume of groundwater pumped and treated:

Year	Gallons	
	Per Day	Per Year
2007	2,422,000	884,190,000
2008	2,401,700	857,000,000
2009	2,405,479	878,000,000
2010	2,400,000	876,000,000
2011	2,360,000	861,600,000
2012	2,324,000	848,260,000
2013	2,255,041	823,090,000
2014	2,194,055	800,830,000
2015	2,279,534	832,030,000
2016		



LDFA Water Treatment Facility

Year	Estimated pounds of volatile organics stripped from the water (per year):	Hours spent in Operation and Maintenance
2007	1,305	1,140
2008	1,195	1,014
2009	1,067	819
2010	899	800
2011	762	950
2012	594	966
2013	460	890
2014	381	961
2015	374	989
2016	374	989



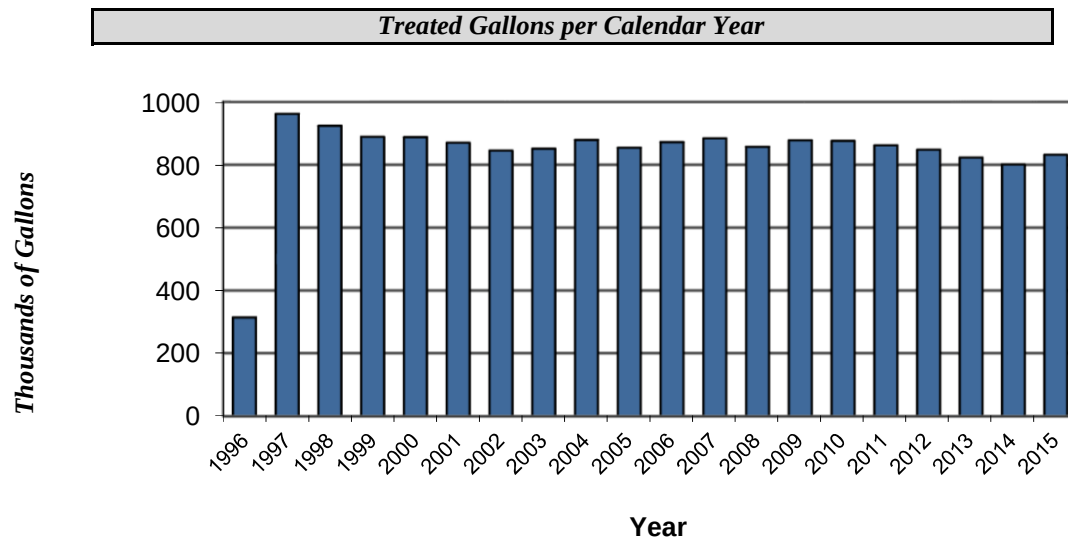
Local Development Finance Authority Operating Fund

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



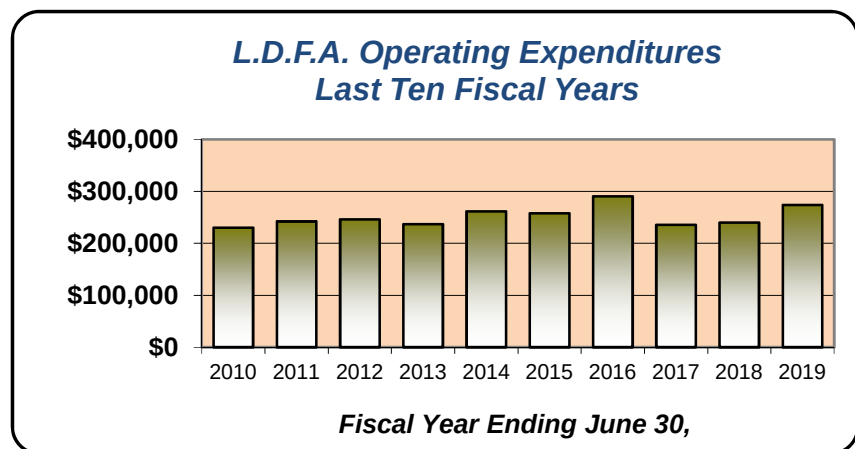
* More than 16.73 billion gallons of water have been treated since the inception of the program.

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



Expenditures

The costs of operating the LDFA treatment facility have remained relatively consistent since the beginning of the treatment program.



Local Development Authority Utilities Fund

Fund: Local Development Finance Authority Utilities Fund

Type: Component Unit - Enterprise Fund
Oversight: Director of Utilities

Nature and Purpose:

The Local Development Finance Authority (LDFA) developed a deep well to provide cooling water for the Power Plant. This water is untreated and can be used only for industrial purposes. Water is also available from the LDFA Groundwater Treatment Plant for the same purposes.

Revenue from the sale of water is used to pay for the cost of providing the water. The rates are established by the LDFA and are not part of the City's Utilities Ordinance.

The LDFA contracts with the City Utilities Department to provide operational and maintenance expertise.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Water Revenue	\$17,056	\$18,000	\$18,500	\$18,000
Interest Income	897	2,000	1,500	1,500
Total	\$17,953	\$20,000	\$20,000	\$19,500
Expenditures				
Salaries and Wages - Regular	\$2,359	\$2,500	\$3,000	\$3,000
Fringes	1,441	1,300	1,800	1,800
Operating Supplies	0	1,000	500	500
Contractual Services	0	2,000	4,500	4,500
Audit	500	500	500	500
Depreciation	4,535	4,600	5,000	5,000
Total	\$8,835	\$11,900	\$15,300	\$15,300
Net Position				
Change in Net Position	\$9,118	\$8,100	\$4,700	\$4,200
Net Position - Beginning of Year	308,228	317,346	317,346	325,446
NET POSITION - END OF YEAR	\$317,346	\$325,446	\$322,046	\$329,646

Fund Highlights

Net Assets

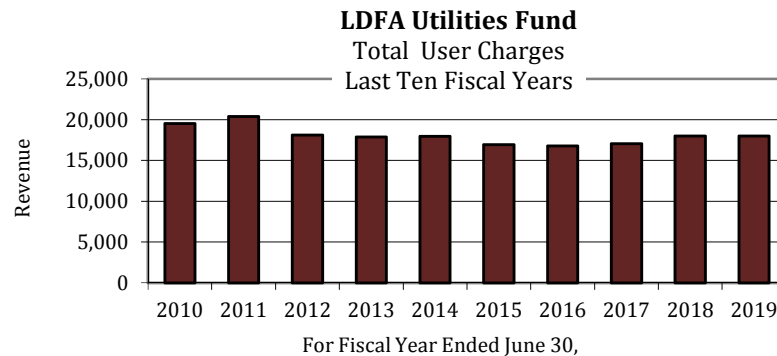
Available net assets will be used to assist in replacement of the well and funding major system repairs.

Local Development Authority Utilities Fund

Fund Highlights

Revenue

The customer water rate is tied to the electrical rate Consumers Energy pays for wholesale power. Only one customer is served, Cadillac Renewable Energy, and they provide the electrical energy for the well operation.



System Statistics & Measures

Volume of Water Pumped	
Year	Gallons
2008	147,034,000
2009	134,265,000
2010	109,877,000
2011	130,352,000
2012	131,905,000
2013	133,881,884
2014	139,840,000
2015	122,268,000
2016	120,949,000
2017	115,572,000



LDFA well house (foreground) with Cadillac Renewable Energy in background



LDFA Well

Hours spent in operation and maintenance	
Year	Hours
2008	151
2009	110
2010	127
2011	126
2012	112
2013	102
2014	134
2015	157
2016	130
2017	108

Local Development Authority Capital Projects Fund

Fund: Local Development Finance Authority Capital Projects Fund

Type: Component Unit - Capital Project Fund
Oversight: Director of Utilities

Nature and Purpose:

This fund accounts for tax increment finance revenues (TIF) collected on behalf of the LDFA after debt service requirements have been met. The TIF revenues are restricted for capital investments, and this fund will help ensure that the restricted funds are used only for allowable purposes.

The debt service for the groundwater treatment infrastructure in the LDFA district was paid in full in FY2006. For the next couple of years, the TIF revenues were deposited in the operating fund of the Local Development Finance Authority. Because of the restrictions on the use of the funds, it was determined that establishing this fund would be the best way to account for them.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Tax Increment Financing Revenue	\$109,547	\$114,000	\$114,000	\$128,500
Interest Income	12,286	12,500	11,500	11,500
Total	\$121,833	\$126,500	\$125,500	\$140,000
Expenditures				
Audit	\$500	\$500	\$500	\$500
Contractual Services	0	50,000	75,000	75,000
Construction	48,972	0	50,000	64,500
Total	\$49,472	\$50,500	\$125,500	\$140,000
Fund Balance				
Net Change in Fund Balance	\$72,361	\$76,000	\$0	\$0
Fund Balance - Beginning of Year	1,290,041	1,362,402	1,362,402	1,438,402
Ending Fund Balance	\$1,362,402	\$1,438,402	\$1,362,402	\$1,438,402

Tax Increment Finance Revenues

Tax increment finance (TIF) revenues collected by Cadillac's LDFA are restricted for capital projects. There is ongoing tax capture after the debt service requirements have been fulfilled which is accounted for in this fund. Accounting for them in a separate fund segregates them for capital purposes in compliance with the TIF plan. Details of the TIF capture are presented on the next page.

Local Development Authority Capital Projects Fund

L DFA Groundwater Treatment System**Anticipated Capital Needs**

The LDFA telemetry system is in need of replacement. The project can be funded using TIF funds and is expected to cost approximately \$100,000. We are currently holding this project in anticipation of bundling several upgrades. Currently, consulting fees are being incurred in order to provide a thorough analysis of the treatment status and what the future operational needs of the treatment system will be. These costs can also be paid from captured tax dollars.

**LDFA Treatment Facility**

Constructed in 1995 and 1996, the groundwater treatment system started up in September 1996, and has since treated over 16 billion gallons of groundwater.

LDFA Operating Fund

All operations of the treatment facility are covered by a special assessment. This activity is accounted for in the LDFA Operating Fund.

Source of Tax Increment Financing Revenue

The Local Development Finance Authority captures taxes in the LDFA District as follows:

	<u>Ad Valorem</u>	<u>IFT</u>	<u>Total</u>
Total LDFA District Taxable Value	\$3,705,227	\$3,145,966	\$6,851,193
Base Value	(551,400)	0	(551,400)
Captured Value	\$3,153,827	\$3,145,966	\$6,299,793

	<u>Millage</u>	<u>Capture</u>		
		<u>Ad Valorem</u>	<u>IFT</u>	<u>Total</u>
Taxes Captured:				
City Operating	13.94730	\$43,987	\$21,939	\$65,926
Police and Fire Retirement (City)	2.60000	8,200	4,090	12,290
Wexford County Allocated	6.77970	21,382	10,664	32,046
Wexford County - Recreation	0.25000	788	393	1,182
Wexford County - Animal Control	0.25000	788	393	1,182
Wexford County - Road Patrol	0.95000	2,996	1,494	4,490
CWTA	0.60000	1,892	944	2,836
Cadillac-Wexford Public Library	0.75000	2,365	1,180	3,545
Council on Aging	0.99760	3,146	1,569	4,715
Total Taxes Captured	27.12460	\$85,546	\$42,667	\$128,213

Note: Captured taxes are calculated by multiplying the millage rate by the captured value. The millage rate must first be divided by 1000, as one mill is equal to \$1 in taxes per \$1,000 in taxable value. IFT parcels receive exemptions of 50% of taxes. Total City-wide taxable value is \$224,359,419. The LDFA captures about 1.3% of the ad valorem tax roll, and an additional 36.2% of the IFT tax levy.

Downtown Development Authority Operating Fund**Fund: Downtown Development Authority Operating Fund****Type:** Component Unit - Special Revenue Fund**Oversight:** DDA Director**Nature and Purpose:**

The volunteer board members of the Cadillac Downtown Development Authority (DDA) are charged with the responsibility of encouraging economic development and halting declining property values in the Downtown Development District, for the benefit of the Downtown District's businesses and the community at large, as prescribed according to the provisions of Public Act 197 of 1975 (as amended).

The DDA's purpose is to use its various resources to invest in the Downtown Development District and fund public improvements that will spur additional private investment and development in the downtown area. This economic development purpose requires the DDA to recognize the infrastructure and marketing needs of the downtown, and then to prioritize and act upon those needs so that the downtown will incur economic growth as a result. DDA activities must meet public purposes and be financially supported by legally ascribed funding methods.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Interest Income	\$0	\$100	\$0	\$0
Tax Revenue	27,496	26,500	26,500	26,500
Contributions From Private Sources	5,300	2,000	3,000	3,000
Total	\$32,796	\$28,600	\$29,500	\$29,500
Expenditures				
Salaries and Wages - Regular	\$13,070	\$12,000	\$10,500	\$10,500
Salaries and Wages - Part Time	4,044	3,000	5,000	5,000
Fringes	5,579	6,000	5,000	5,000
Office Supplies	0	200	200	200
Postage	0	0	100	100
Contractual Services	6,558	7,000	6,500	6,500
Audit	500	0	500	500
Travel and Education	0	200	200	200
Publisher's Costs	0	500	500	500
Downtown Marketing	1,410	500	1,000	1,000
Total	\$31,161	\$29,400	\$29,500	\$29,500
Fund Balance				
Change in Fund Balance	\$1,635	(\$800)	\$0	\$0
Fund Balance - Beginning of Year	(121)	1,514	1,514	714
Ending Fund Balance	\$1,514	\$714	\$1,514	\$714

Downtown Development Authority Operating Fund

Fund Structure and Staffing

There are approximately 420 parcels of property within the Downtown Development District (including real and personal property) on which taxes are paid. These parcels are anticipated to generate \$26,500 in property tax revenue from the DDA's two mill levy, which averages about \$63 per parcel of property taxes paid per year in the district.

DDA Staff

The City's Community Development Director is also the director of the DDA. Approximately 15% of the CD Director's time is committed to the DDA. In addition, during the summer months a part-time summer employee is hired to clean and monitor the downtown area to enhance the image of our community.

Cadillac DDA Board of Directors			
Name		Business	Occupation
Robert Levand	Chairperson	N/A	DDA District Resident
Bill Cinco	Vice-Chairperson	Trend Designers	Owner
Marcus A. Peccia	Secretary/Treasurer	City of Cadillac	City Manager
Chris Huckle	Member	Cadillac News	Owner/Publisher
Tim Coffey	Member	Coffey Insurance Agency	Owner
Curtis Schultz	Member	Markur Consulting	Consultant
Steve Barnes	Member		DDA District Resident
Chris Crawley	Member	Chemical Bank	Manager
Greg Bosscher	Member	Downtown Property Owner	Owner
Nicole Schultz	Member	Toy Town	Owner
David Gaunt	Member	After 26 Café	Board of Directors

Fund Financial Highlights

Tax Revenue

The tax revenues of the DDA are based on a millage levied on properties within the district for operating purposes. Over the last ten years, there has not been significant growth in the district-wide taxable value, which has restricted the growth in revenues available for operating purposes.

Fiscal Year	Taxable Value	Millage	Taxes	Change
2010	\$15,884,335	1.9548	\$31,051	0.68%
2011	\$15,290,897	1.9548	\$29,891	-3.74%
2012	\$15,323,410	1.9548	\$29,954	0.21%
2013	\$15,609,601	1.9548	\$30,514	1.87%
2014	\$15,478,515	1.9548	\$30,257	-0.84%
2015	\$14,552,873	1.9548	\$28,448	-5.98%
2016	\$14,602,325	1.9548	\$28,545	0.34%
2017	\$13,749,669	1.9548	\$26,878	-5.84%
2018	\$13,604,610	1.9548	\$26,594	-1.05%
2019	\$13,701,055	1.9548	\$26,783	0.71%

Downtown Development Authority Capital Projects Fund

Fund: Downtown Development Authority Capital Projects Fund

Type: Component Unit - Capital Project Fund
Oversight: DDA Director

Nature and Purpose:

In November, 1992 the Cadillac Downtown Development Authority (DDA) and the Cadillac City Council approved the DDA's Development and Tax Increment Financing (TIF) plans. The purpose of these plans is to provide a source of revenue for the DDA to undertake various capital and public infrastructure improvements within the DDA Development District. It is anticipated that this public investment will in turn enhance the Development District and initiate spin-off private investment, resulting in an overall increase in downtown economic development and the elimination of declining property taxes.

While the plans were established in 1992, the first TIF capture was not realized until FY1997. In order for a TIF capture to be realized, the base property value for the entire DDA Development District must be exceeded by future years property values. From 1993 to 1995, property values in the DDA Development District continued to show an overall net decline. It was not until 1996 that the district's overall property values exceeded the 1992 base value (\$11,654,550), producing the first DDA TIF revenue capture of \$13,000. The taxable value of the district grew to over \$15,000,000, but has remained relatively flat over the last ten years. The purpose of Cadillac's DDA Capital Projects Fund is to receive these TIF revenues and track their expenditures on Development Plan projects.

FUNDING SUMMARY	FY2017 Actual	FY2017 Estimated	FY2017 Adopted	FY2018 Proposed
Revenues				
Tax Revenue	\$60,210	\$53,000	\$80,000	\$56,000
Local Community Stabilization Payment	26,293	18,500	0	25,000
Interest Income	0	0	0	0
Bond/Loan Proceeds	1,000,000	0	1,000,000	0
Contributions	85,327	0	0	0
Grant Proceeds	4,945	0	0	0
Surplus	0	0	165,000	0
Total	\$1,176,775	\$71,500	\$1,245,000	\$81,000
Expenditures				
Audit	\$500	\$500	\$500	\$500
Contractual Services	173,349	0	50,000	0
Construction	980,263	0	900,000	0
Debt Service	0	81,100	81,100	80,300
Total	\$1,154,112	\$81,600	\$1,031,600	\$80,800
Fund Balance				
Net Change in Fund Balance	\$22,663	(\$10,100)	\$48,400	\$200
Fund Balance - Beginning of Year	90,794	113,457	113,457	103,357
Ending Fund Balance	\$113,457	\$103,357	\$161,857	\$103,557

Downtown Development Authority Capital Projects Fund

Other Fund Information

In accordance with the Michigan Public Act 197 of 1975, as amended (the DDA Act), the Cadillac DDA must spend its TIF revenues only as prescribed by law and only on projects listed in its Development Plan. Typically, these projects are of a public infrastructure nature, but can include overall district marketing efforts and some operational expenditures, as directly related to the DDA office and staff. The Cadillac DDA has detailed a number of such public improvements in its Development Plan, including additional sidewalks and lighting improvements along downtown side streets, parking lot improvements, public water and sewer improvements associated with private developments, and building acquisitions/demolitions, to name a few. In 1998, significant public parking lot improvements were completed. Limited general obligation bonds were issued by the City's Building Authority to finance the improvements. Revenues from TIF captures were used in part to repay this fifteen year bond issue. The bonds have since been paid off.

Construction

In FY2017, the DDA partnered with other local agencies and groups to help redevelop a portion of some downtown parking lots in conjunction with the Heritage Park Place Plans Project. This exciting project significantly enhanced the downtown area as well as its connection to the lakefront area.



Source of Tax Increment Financing Revenue

The DDA Capital Projects Fund captures taxes in the DDA District as follows:

Total DDA District Taxable Value		\$13,701,055
1996 Base Value		<u>(11,654,550)</u>
Captured Value		\$2,046,505
Taxes Captured:	Millage	Capture
City Operating	13.94730	\$28,543
Police and Fire Retirement (City)	2.60000	5,321
Wexford County - Allocated	6.77970	13,875
Wexford County - Recreation	0.25000	512
Wexford County - Animal Control	0.25000	512
Wexford County - Road Patrol	0.95000	1,944
CWTA	0.60000	1,228
Cadillac-Wexford Public Library	0.75000	1,535
Council on Aging	0.99760	2,042
Total Taxes Captured	27.12460	\$55,512

Note: Captured taxes are calculated by multiplying the millage rate by the captured value. The millage rate must first be divided by 1000, as one mill is equal to \$1 in taxes per \$1,000 in taxable value. Total City-wide taxable value is projected to be \$224,508,272. The DDA captures about 1% of the ad valorem tax roll.

Brownfield Redevelopment Fund

Fund: Brownfield Redevelopment Fund

Type: Component Unit - Special Revenue Fund
Oversight: Community Development Director

Nature and Purpose:

The Cadillac Brownfield Redevelopment Authority (BRA) was established on December 6, 1996. It was the first Authority established in the State of Michigan under Michigan Public Act 381 of 1996. The BRA is charged with the redevelopment of brownfield sites throughout the City of Cadillac. A "brownfield" is defined as a previously developed property that is either perceived or known to have environmental contamination. Due to the increased risks and costs associated with brownfield sites, prior to P.A. 381, many developers consistently opted to invest in "greenfields", or previously undeveloped parcels. The rapid development of greenfields is known statewide to have contributed to the growing problem of urban sprawl and the costly, unwarranted extension of public utilities (i.e., water and sewer).

After creating the Cadillac BRA, efforts were undertaken by this board to establish a Brownfield Redevelopment Authority Plan. The Plan was first approved on August 4, 1997 which has since been amended and re-approved to add additional sites and accomodate additional projects. The Brownfield Redevelopment Plan identifies brownfields throughout the City of Cadillac, and defines "eligible activities" (i.e., environmental assessment, environmental remediation) that will be undertaken by the BRA to reduce or eliminate known contamination, so that it is economically feasible for the private sector to redevelop these properties. Eligible activities are funded through the capture of tax dollars via tax increment financing, which is enabled by the private redevelopment of brownfield sites.

The board has recently received a \$40,000 grant for a study related to the old Mitchell Corporation site, has approved a plan to assist with activities at the former site of the Better Bodies gym, and is in discussions regarding a couple other projects for the upcoming year. Fund balance will be used to help facilitate these projects, as allowed in the legislation.

FUNDING SUMMARY	FY2017 Actual	FY2018 Estimated	FY2018 Adopted	FY2019 Proposed
Revenues				
Current Property Taxes	\$21,731	\$25,000	\$21,500	\$21,500
State Grants	0	26,000	0	14,000
Interest Income	0	600	500	1,000
Surplus	0	0	25,000	20,000
Total	\$21,731	\$51,600	\$22,000	\$56,500
Expenditures				
Contractual Services	\$5,211	\$56,000	\$30,000	\$38,000
Principal Payment	34,249	16,500	16,500	18,000
Audit	500	500	500	500
Total	\$39,960	\$73,000	\$47,000	\$56,500
Fund Balance				
Net Change in Fund Balance	(\$18,229)	(\$21,400)	(\$25,000)	(\$20,000)
Fund Balance - Beginning of Year	183,400	165,171	165,171	143,771
Ending Fund Balance	\$165,171	\$143,771	\$140,171	\$123,771

Brownfield Redevelopment Fund

Fund Highlights

At present, the Cadillac Brownfield Redevelopment Plan identifies multiple Brownfield sites, which are as follows:

- > 403 W. Seventh Street - the Metal Casters site (former foundry)
- > 1405 Sixth Avenue - the Four Starr site (former manufacturing facility)
- > 301 N. Lake Street - the Kraft site (former manufacturing/storage facility)
- > 1002 Sixth Street - the Northernair Plating site (former metal plating site)
- > 117 W. Cass Street - the Sundstrom building site (former real estate office)
- > 115 S. Mitchell Street - the Stage/Milliken building site (former department store)
- > 1033 W. Sixth Street - the Emerald Tree Farm site (former tree farm)
- > 314 S. Mitchell Street - the Brasseur site (former gas station) *
- > 302 South Mitchell Street (former YMCA site) *
- > 111 West Chapin Street (former Harris Milling Site) *
- > 924 S. Mitchell Street (Willow Mercantile facility)
- > 100 E. Chapin Street (Cobbs/Mitchell Building)
- > 940 N. Mitchell (Cad-A-Stran Building, now demolished)
- > 812 S. Mitchell Street (Dollar General)

* Three sites now make up the downtown Chemical Bank facility

Brownfield Redevelopment Authority

Board of Directors:

Carla Filkins	Regan O'Neill
Mike Figliomeni	Marcus A. Peccia, Chair
Brian Warner	

Fund Financial Information

Captured Taxes

Currently, there are taxes being captured for three projects. An additional project related to the Cobbs/Mitchell Building (former MDOT location) is expected to be added to the Brownfield TIF capture. Projected tax captures for FY2019 are as follows:

Total Brownfield Taxable Value	\$715,387
Base Value	<u>\$152,678</u>
Captured Value	\$562,709

Captured Taxes

City Operating	\$5,489
Police and Fire Retirement (City)	1,023
Lake Cadillac Treatment (City)	0
Wexford County	3,160
Other	942
CAPS Operating	10,129
CAPS Debt	1,141
State Education Tax	3,376
Wexford-Missaukee ISD	<u>3,467</u>
Total Taxes Captured	\$28,726

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

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Capital Improvement and Capital Budget**What is the 6-Year Capital Improvement Program?**

An important part of the City's annual financial planning process is the development of the 6-Year Capital Improvement Program. In it, projects are identified that need to be addressed over the next six fiscal years. The program serves as a crucial planning component within the City's overall operational management structure. Since its inception, the majority of projects undertaken within the City have come through this planning document. The program provides important information that aids in maintaining the City's critical infrastructure as well as the equipment needed to carry out the delivery of services to the community.

What is a Capital Project?

For the purposes of the Capital Improvement Program, a capital project has been identified by the city as any project that exceeds the City Council purchasing threshold of \$7,500 and has an estimated useful life of greater than one year. This includes items like police cars, fire trucks, streets and other construction projects, parks maintenance equipment, snow plows, street sweepers, etc. This program identifies those projects that meet the criteria above that will be addressed in the next six years.

**Project Types:**

- All projects requiring debt or borrowing;
- Any acquisition or leasing of land;
- Purchase of major equipment and vehicles valued in excess of \$7,500 with an estimated useful life of greater than one year;
- Construction of new buildings or facilities including engineering design and pre-construction costs;
- Major building improvements costing in excess of \$7,500 that are not routine expenses and that substantially enhance the value of the structure;
- Major equipment or furnishing valued in excess of \$7,500 and required to furnish new buildings or other projects; and
- Major studies costing in excess of \$7,500 and requiring the use of outside professional consultants.

How is the program developed?

The program is developed in the Financial Services Department using project information submitted by each department within the City. Once all project requests have been received, the requests are reviewed and added to the program where appropriate. Projects identified in previous programs remain in the current program unless a different priority or strategy makes it unnecessary to do so. Once a final proposed document has been completed, the program is distributed to the City Council and is also made available for the public to review. The Council holds work sessions to discuss the program, and citizen input is sought through both the work session and through a public hearing process. Once the public hearing has been completed, the program is finalized and approved by Council.

Capital Improvement and Capital Budget**How are project priorities determined?**

A wide range and variety of capital improvements could be included in the Capital Improvement Program. Listed below are several criteria that help determine the selection of projects:

- Relationship to overall community needs;
- Relationship to other projects;
- Distribution of projects throughout the City;
- Required to fulfill any federal or state judicial or administrative requirements;
- Impact on annual operating and maintenance costs;
- Relationship to other community plans;
- Relationship to source and availability of funds;
- Relationship to overall fiscal policy and capabilities; and
- Project's readiness for implementation.

Capital Budget vs. Capital Improvement Program

While the Capital Improvement Program looks out multiple years for capital projects, the first year of the Capital Improvement Program is integrated into the annual Capital Budget. The Capital Budget shows project priorities, cost estimates, financing methods, tax schedules, and estimated annual operating and maintenance costs. This Capital Budget is subsequently incorporated into the annual operating budget for appropriation of funds to carry out the project.

What are the advantages of a Capital Improvement Program?

An effective and ongoing Capital Improvement Program provides significant benefits to elected officials, staff, and the taxpayers within the City of Cadillac. Some of these benefits are:

- Coordination of the community's physical planning with its fiscal planning activities;
- Ensuring that public improvements are undertaken in the most desirable order of priority;
- Assisting in stabilization of the tax rate over a period of years;
- Producing savings in total project costs by promoting a "pay as you go" policy of capital financing, thereby eliminating additional interest and other financing charges;
- Providing adequate time for planning and engineering of proposed projects;
- Ensuring the maximum benefit of the monies expended for public improvements; and
- Permitting municipal construction activities to be coordinated with those of other public agencies within the community.

These are important benefits for the Cadillac community. Capital improvement programming and capital budgeting allow officials and citizens to set priorities for capital investment and accrue maximum physical benefit with a minimum of capital expenditures through an orderly process of project development, selection, scheduling, and implementation.

Capital Improvement and Capital Budget

2018-2019 Capital Budget

The following projects have been planned and proposed for funding in FY2019. Included in the chart is an estimate of the impact that the project will have on the annual operating budget.

Fund/Activity	Project	Cost	Operating Budget Impact
General Fund			
Municipal Complex/Administration	Backup Generator	15,000	500
	Mechanical Controls System	10,000	250
	Municipal Complex Signage	7,500	(200)
	Staff Car	23,000	500
	Street Lighting Upgrades	15,000	500
Police Department	Police Lobby Security Enhancements	12,000	0
	Police Patrol Vehicle	33,000	600
Fire Department	Fire Pumper	420,000	2,500
	Self-Contained Breathing Apparatus	134,500	2,000
Parks	Playground Equipment	15,000	500
	Shoreline Stabilization	7,500	0
	Wheelchair Accessible Swing	20,000	(500)
General Fund Total		712,500	6,650
Major Street Fund			
Major Street	West Bremer Street (Lake to Mitchell)	70,000	1,000
Major Street Fund Total		70,000	1,000
Local Street Fund			
Local Street	Aldrich Street (Bond to Linden)	200,000	1,000
	Crippen Street (Mitchell to Hemlock)	242,500	1,000
	Evart Street (Cedar to Lester)	179,000	1,000
	Simons Street (Pine to Bremer)	94,000	1,000
	Street Sign Replacement	7,500	1,000
Local Street Fund Total		723,000	5,000
Cemetery Operating Fund			
Cemetery	Riding Mower	9,000	500
	Sprinkler System Upgrade	15,000	2,500
Cemetery Operating Fund Total		24,000	3,000
Water and Sewer Fund			
Water and Wastewater	3/4 Ton, 4X4 Service Truck	28,000	1,000
	Aldrich Street	97,000	500
	Bar Screens At WWTP	50,000	500
	BOD Incubator	7,500	500

Capital Improvement and Capital Budget

	Concrete/Asphalt Work At WWTP	175,000	1,000
	Crippen Street	130,500	500
	Evart Street	180,000	500
	Ferric Pumps	10,000	500
	Lab Fridges and Freezers	10,000	500
	Manhole Rehabilitation	25,000	500
	Mobile Diesel Air Compressor	20,000	500
	Simons Street	40,000	500
	Two Service Trucks	55,000	1,000
	Water Supply Improvements	3,000,000	(5,000)
	Water Well Maintenance	25,000	1,000
	West Bremer Street	85,000	500
Water and Sewer Fund Total		3,938,000	4,500
Stores and Garage Fund			
Department of Public Works	Dual Axle Plow Truck and Front Plow	205,000	2,500
	Riding Lawn Mower	10,000	500
	Single Axle Blade Truck w/Reversing Plow	160,000	2,500
	Street Sweeper	200,000	1,500
Stores and Garage Fund Total		575,000	7,000
Information Technology Fund			
Information Technology	Computer Replacement	20,000	1,000
	IT Infrastructure	50,000	2,500
	Wireless Project	40,000	2,000
Information Technology Fund Total		110,000	5,500
Industrial Park Fund			
Industrial Parks	Entrance Signs	40,000	500
Industrial Park Fund Total		40,000	500
Community Development			
Community Development	Trailhead at Cadillac Commons	375,000	(7,500)
Community Development Total		375,000	(7,500)
Year 1 - FY2019 Total		6,567,500	25,650

General Fund Projects

General governmental revenues, like property taxes and revenue from the State of Michigan are utilized to fund General Fund projects. For FY2019 the City is planning on replacing a backup generator and the mechanical controls system to replace outdated equipment and save on repair costs and downtime. The police department will replace one police patrol vehicle. Keeping this fleet of vehicles updated is critical to the operations of the Cadillac Police Department. This helps avoid significant repair costs that result from utilizing older vehicles as patrol vehicles. In addition, the fire department has two pending Assistance to Firefighters grants that if received would enable the purchase of a new fire pumper and self-contained breathing apparatus (SCBA). The SCBA gear is a critical component of fire fighter safety, and will need to be replaced from City reserves if the department is unsuccessful in the grant application.

Capital Improvement and Capital Budget

In the Parks Department, a small lakefront stabilization project is appropriated. This helps protect one of the City's most valuable assets – the Lake Cadillac Waterfront Park system. In addition, several components of playground equipment in the City's various parks need to be updated and/or replaced. Finally, based on generous donations that have been received, the City plans to install a wheelchair accessible swing. This will add a small amount of annual maintenance to the parks budget.

Major and Local Street Fund Projects

The street signs in both the major and local street systems will continue to be replaced with the newer design. This project has been ongoing for several years and should be complete within a couple of years. This project doesn't have a material effect on the annual operating budget. Several streets in both major and local systems are scheduled for reconstruction in the budget based on the schedule provided in the 6-Year CIP. When completed, these reconstruction/resurfacing projects reduce the amount of maintenance that low-rated streets require, including patching, striping and painting, crack sealing, etc. It is anticipated that the City will need to issue \$1.5 - \$2 million in capital improvement bonds in order to fully fund the construction projects that are scheduled.

Water and Sewer Projects

The Water and Sewer Fund is planning over \$3.9 million in projects for this fiscal year. Underground water and sewer infrastructure is scheduled for replacement during street reconstruction projects. This coordination is important so that this replacement can be done while the street is already torn up. Replacing old infrastructure reduces maintenance costs associated with aging pipes. In addition, several pieces of equipment will be upgraded/replaced this year as part of the normal schedule of replacement. This helps insure that both the water distribution and the waste water collection and treatment systems operate at optimal levels.

It is expected that FY2019 will see significant activities related to the final phase of the well field relocation project that has been ongoing for several years. The City has purchased the new well field site, and final design and financing activities should be completed in late 2018. Once those pieces are in place, the project will be released for bid and construction could begin in early 2019. Once this project is complete, it may somewhat increase operating costs, but these increases will be almost completely offset by the reduction of maintenance costs required in the current well field, which is 50 years old.

Stores and Garage Fund

This fund provides the fleet of equipment that maintains all of the City's streets and other public works infrastructure. Because of recent economic conditions, the department has not been able to replace the heavy equipment required for the operations as often as desired. The current budget proposes to replace a nearly 15-year old plow truck and an old street sweeper. This replacement will help improve productivity and efficiency of the operations and reduce equipment downtime. This should have a positive impact on the operating budget by minimalizing repair costs that are typically higher on older equipment.

Information Technology (IT) Fund

Leveraging technology to enhance the efficiency of operations continues to be a critical management tool as the trend of staffing reductions continues. The current year provides funding to continue the regular replacement of computers and the replacement and upgrade of various other IT infrastructure, including main servers in the current year. This will help reduce annual maintenance costs and downtime associated with older equipment. In addition, the City will undertake a wireless project in an effort to connect all ancillary facilities to the City's primary network. This will enhance data security and backup, and will eliminate the need for an internet service provider connection at each facility.

Summary of Other Upcoming Projects

The projects above are scheduled for the current fiscal year. Other projects identified in the 6-year Capital Improvement Program for the FY2020-2024 fiscal years are summarized below:

Year 2 - FY2020	Project	Cost
Municipal Complex and Administration	Concrete Apron Replacements	22,000
	Police Department Office Updates	25,000
Police Department	Police Body Worn Cameras	20,000
	Police Patrol Vehicle	33,000
Parks	Programmable Pavilion Sign	30,000

Capital Improvement and Capital Budget

	Riding Lawn Mower	9,000
Major Street	Carmel Street (Cobbs to Stimson)	222,500
Local Street	Mason Street (Mitchell to Parking Lot)	46,500
	Street Sign Replacement	7,500
Water and Wastewater	Carmel Street	50,000
	Mason Street	10,000
	Bio-Makeup Air/Furnace	25,000
	Laboratory Incubators	8,000
	Manhole Rehabilitation	25,000
	Primary Drive Replacement/Renovation	45,000
	RAS Pumps 1&2 Replacement	30,000
	Secondary Drive Replacement/Renovation	60,000
	South Shore Lift Station Building	8,000
	Sunset/Lakeshore Main Replacement	20,000
	Two (2) Service Trucks	55,000
	Water Well Maintenance	25,000
Department of Public Works	Dual Wheel 29' Bucket Truck	65,000
	Four Post Column Lift	35,000
	Single Axle Blade Truck w/Reversing Plow	160,000
	Sidewalk Utility Tractor and Attachments	90,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	20,000
Industrial Parks	James E. Potvin Industrial Park Expansion	600,000
Year 2 - FY2020 Total		1,766,500

Year 3 - FY2021	Project	Cost
Municipal Complex and Administration	Heating and Cooling Renovation	75,000
Police Department	Police Patrol Vehicle	34,000
Fire Department	Breathing Air Compressors	44,000
Parks	Kenwood Parking Lot	60,000
	Parking Lot Upgrades - Lake and Chestnut St.	35,000
	Shoreline Stabilization	7,500
Major Street	W. Division Street (Leeson to Boon)	317,500
	North Boulevard (M-115 to Curve)	140,000
Local Street	Ayers Street (Wheeler to Plett)	128,500
	Burlingame Street (13th to Ford)	217,000
	Street Sign Replacement	7,500
Cemetery	Cemetery Road Paving	40,000
Water and Wastewater	W. Division Street	54,000
	Ayer Street	25,000
	Burlingame Street	148,000
	3/4 Ton, 4X4 Service Truck	28,000
	Aqua Disk Cloth	30,000
	Autoclave Replacement	8,000
	Major Building Exterior Repairs	175,000
	Manhole Rehabilitation	25,000
	Revolution Blower	200,000
	Rotary Screw Compressor	12,500
	Spectrophotometer	7,500
	Storage Barn	35,000
	Ultraviolet Bulbs	40,000

Capital Improvement and Capital Budget

	Water Well Inspection	25,000
Department of Public Works	1-Ton Dump Truck	50,000
	Single Axle Blade Truck w/Reversing Plow	160,000
Information Technology	Computer Replacement	20,000
Community Development	Cobb Street Sidewalk	100,000
	Chestnut Street Sidewalk	75,000
	Carmel Street Sidewalk	75,000
	Pearl Street Sidewalk	100,000
Year 3 - FY2021 Total		2,499,000

Year 4 - FY2022	Project	Cost
Municipal Complex and Administration	Upgrade Municipal Complex Restrooms	30,000
Police Department	Police Patrol Vehicle	34,000
Fire Department	Fire Engine	465,000
Parks	Riding Lawn Mower	9,000
	Skate Park Equipment	40,000
	Walkway Bridge Gazebo	25,000
Major Street	North Boulevard (Shoreline)	280,000
Local Street	Crestview Street	78,500
	Evart Street	82,500
	Stimson Street	109,000
	Street Sign Replacement	7,500
Cemetery	Entrance Pillars	50,000
	Riding Lawn Mower	9,000
Water and Wastewater	Crestview Street	64,000
	Evart Street (2)	80,000
	Stimson Street	53,500
	1/2 Ton Service Truck	27,000
	1-Ton Service Truck with Plow and Hoist	45,000
	Analytical Lab Balance	10,000
	Gas Storage and Energy Production	600,000
	Influent Screw Pump	140,000
	Lab Counter Replacement	15,000
	Manhole Rehabilitation	25,000
	Portable Generator	60,000
	Water Well Inspection	25,000
Department of Public Works	3/4-Ton 4X4 Pickup Truck	30,000
	Front-End Loader	150,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	20,000
Year 4 - FY2022 Total		2,584,000

Year 5 - FY2023	Project	Cost
Municipal Complex and Administration	Fire Garage Expansion	258,000
Police Department	Police Patrol Vehicle	35,000
Parks	Playground Equipment	25,000
Major Street	Linden Street (W. Division to Arthur)	116,500
Local Street	Cardinal Drive (Warbler to Crosby)	61,000
	Hemlock Street (Pine to Washington)	31,500
	Lincoln Street (Hemlock to May)	22,000

Capital Improvement and Capital Budget

	Warbler Lane (Paluster to Cardinal)	67,000
	Simons Street (Mason to Cass)	104,000
Cemetery	Maintenance Garage	100,000
Water and Wastewater	Linden Street	44,000
	N. Simons Street	37,500
	1/2 Ton Service Truck	25,000
	Manhole Rehabilitation	25,000
	Water Well Inspection	25,000
	Visitor/Client Entrance - WWTP	95,000
	Kubota Tractor	25,000
	Submersible Hydraulic Pump	90,000
	New Control Panel	100,000
	Push Sewer Camera	13,500
Department of Public Works	3/4-Ton 4X4 Pickup Truck	30,000
	Alley Tractor	45,000
Information Technology	Computer Replacement	20,000
Year 5 - FY2023 Total		1,395,000

Year 6 - FY2024	Project	Cost
Municipal Complex and Administration	New Municipal Complex Entry Doors	15,000
Police Department	Police Patrol Vehicle	35,000
Parks	Riding Lawn Mower	9,000
Major Street	North Boulevard (Curve to Kenwood Park)	342,000
Local Street	Blodgett Street (Lincoln to Washington)	39,000
	Delmar Street (Chapin to E. Division)	43,500
	Elmer Street (Waldo to Linden)	322,000
Water and Wastewater	Elmer Street	76,000
	1/2 Ton Service Truck	25,000
	Manhole Rehabilitation	25,000
	Water Well Inspection	25,000
	Exterior Door/Window Replacement-WWTP	115,000
	Piston Pump Replacement	25,000
	Backhoe	110,000
	LIMS/WIMS Software	50,000
Department of Public Works	1-Ton Dump Truck	50,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	20,000
Year 6 - FY2024 Total		1,346,500

A full copy of the 2019-2024 6-Year Capital Improvement Program can be found on the City's website at www.cadillac-mi.net.

Financial Policies**BUDGETARY POLICIES**

1. The annual operating budget including proposed expenditures and the means of financing them, must be presented by the City Manager to the City Council on March 31st of each year.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to May 31st, the budget is legally enacted through the passage of a budget ordinance. Budgets are submitted on a line item basis but adopted by the City Council on a major function basis.
4. All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by City Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental type funds may not exceed appropriations at the total fund level.
5. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
6. Budgets are reviewed, monthly, and amended, if needed, quarterly. The budget is amended on a fund basis for all funds other than the general fund, which is amended on a departmental basis.

ACCOUNTING POLICIES

1. The accounts of the City of Cadillac are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.
2. The City of Cadillac has the following fund types:
 - A. **Governmental funds** are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, franchise taxes, license, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Supplemental Section

Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes.

The **Debt Service Funds** account for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

Permanent Funds account for assets of which the principal may not be spent.

B. **Proprietary Funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable Financial Accounting Standards Board pronouncements in accounting and reporting for the proprietary operations. Proprietary funds include the following fund types:

The **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

C. **Fiduciary Funds** account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

The **Pension Trust Funds** are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the government's public safety employees' pension plan.

Fund Balance Policies

Fund balances will vary by each fund and fund type but as a general rule the State of Michigan has indicated in Public Act 2 the fund balance shall not be negative. In the General Fund, the Cadillac City Council has established a policy of striving to keep the reserve for working capital at 15% of the operating budget. This reserve is for unexpected decreases in revenues or increases in expenditures. A reserve account records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure. The City Council has identified several reserved accounts in the General Fund. These funds typically can be turned quickly into liquid assets. Fund balances are shown in all funds with the exception of proprietary funds which involves retained earnings. Retained earnings are not as liquid since often the assets are equipment or water lines or some other form of illiquid asset.

Basis of Budgeting

The City of Cadillac does not distinguish between Basis of Budgeting and Basis of Accounting. The principles set forth as the Basis of Accounting are strictly observed in the budgeting process. A fund's Basis of Budgeting and Basis of Accounting determines when a transaction or event is recognized within a fund's operating statement. The State of Michigan has indicated in Public Act 2 the fund balance shall not be negative.

• Governmental Funds	Modified Accrual
• Proprietary Funds	Full Accrual
• Internal Service Funds	Full Accrual
• Pension Trust Funds	Modified Accrual

Supplemental Section

Policy: General Finance**Administrative Policy A-10****Dated:** November 5, 1993

PURPOSE: Many financial policies may already exist in practice by need to be put in written form in a central location. This will allow City Council and management to view the present approach to financial management from an overall, long-range vantage point.

POLICY:

- 1) Generally Accepted Accounting Principles (GAAP) – The City of Cadillac will establish and maintain a high standard of accounting practices. Accounting standards will conform to generally accepted accounting principles as promulgated by the Government Accounting Standards Board.
- 2) Audit
 - a) An annual audit will be conducted by a properly licensed independent public accounting firm.
 - b) All general purpose, combined and individual fund and account group statements and schedules shall be subject to full scope audit.
 - c) Any employee will be prosecuted to the extent of the law in any instance where the employee is proven to have committed any illegal act such as theft.
- 3) Financial Statements
 - a) The finance office will prepare monthly financial reports for internal management purposes. These reports will be combined on or before ten (10) days following the end of the month.
 - b) Annually, the finance office will prepare a comprehensive annual financial report. This report shall be made available to the elected officials, bond rating agencies, creditors and citizens.
 - c) Annually, the City will submit its comprehensive annual financial reports to the GFOA to determine its eligibility to receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- 4) Budgets
 - a) The fund balance in the General Fund shall have a reserve set aside entitled Working Capital. The amount is equivalent to three months of capital needed to operate or 15% of the General Fund expenditures.
 - b) Format and balancing of budgets will be in accordance with the State of Michigan Public Act 2 of 1968.

Supplemental Section**Policy: Debt Management****Administrative Policy B-13****Dated:** March 29, 1994**Reviewed:** January 22, 2004

PURPOSE: Because of its conservative basis of accounting for tax revenues, the City of Cadillac is not required to borrow money for operations. When incurred, the City's long term general obligation and special assessment debt is handled through a debt service fund. The revenue bond requirements are handled through an Enterprise Fund. The following objectives are employed by the City of Cadillac in managing its debt:

POLICY:

- 1) Long term debt will be confined to capital improvements that cannot be financed from current revenues.
- 2) The payback period of the debt will not exceed the expected useful life of the project.
- 3) The total general obligation debt will not exceed ten percent of the assessed valuation to the taxable property.
- 4) Long term debt will not be used for operations.
- 5) The City of Cadillac will maintain good communications with the bond rating agencies about its financial condition and will follow a policy of full disclosure on every financial report and bond prospectus.

Supplemental Section**Policy: City of Cadillac Investment Policy****Administrative Policy B-5****Dated:** March 17, 1980**Revised:** January 7, 1985; February 17, 1986; April 6, 1998**Reviewed:** January 22, 2004

(Last Approved by City Council October 16, 1998)
To Comply With Act 20 PA 1943, as amended.

PURPOSE - It is the policy of the City of Cadillac to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the City and comply with all state statutes governing the investment of public funds.

SCOPE - This investment policy applies to all financial assets of the City of Cadillac. These assets are accounted for in the various funds of the City and include the general fund, special revenue funds, debt service funds and capital project funds (unless bond ordinances and resolutions are more restrictive), enterprise funds, internal service funds, trust and agency funds and any new funds established by the City of Cadillac.

OBJECTIVES - The primary objectives, in priority order, of the City's investment activities shall be:

SAFETY - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

DIVERSIFICATION - The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

LIQUIDITY - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

RETURN ON INVESTMENT – The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

DELEGATION OF AUTHORITY TO MAKE INVESTMENTS - Authority to manage the investment program is derived from the following: The Cadillac City Council's most current resolution designating depositories and Section 7.4 of the Cadillac City Charter designates the City Treasurer to be the custodian of the City's funds. Management responsibility for the investment program is hereby delegated to the Director of Finance who shall establish written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, cash purchase or delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Director of Finance is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Bankers' acceptance of United States banks.

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- (e) Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than 1 standard rating service.
- (f) Mutual funds registered under the investment company act of 1940, title 1 of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share. The City may also include mutual funds whose net asset value may fluctuate on a periodic basis.
- (g) Investment pools through an inter-local agreement under the urban cooperation act of 1967. 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- (h) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.129.111 to 129.118.
- (i) The City shall not deposit or invest funds in a financial institution that is not eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- (j) Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investments of paragraphs a - i.

SAFEKEEPING AND CUSTODY - All security transactions, including financial institution deposits, entered into by the Director of Finance shall be on a delivery vs. payment basis. Securities may be held by a third party custodian designated by the Director of Finance and evidenced by safekeeping receipts.

DIVERSIFICATION - The City of Cadillac will diversify its investments by security type and institution. With exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS – The City of Cadillac finance department will maintain a list of financial institutions authorized to provide investment services in Michigan as well as their credit worthiness. No public deposit shall be made except in a qualified public depository as established by the State of Michigan. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the City with certification of having read this investment policy.

MAXIMUM MATURITIES - To the extent possible, the City of Cadillac will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

REPORTING - The Director of Finance shall provide to the City Council quarterly investment reports which provide a clear picture of the status of the current investment portfolio. The management report should include comments of the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies. Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category
- Average life and final maturity of all investments listed
- Coupon, discount or earnings rate
- Par value, amortized book value and market value
- Percentage of the portfolio represented by each investment category

PERFORMANCE STANDARDS - The investment portfolio shall be designated with the objective of obtaining a rate of return throughout the budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The City's investment strategy can be either active or passive depending on the fund and objectives. The basis to determine whether market yields are being achieved shall be the average daily FED fund rates and the six-month U.S. Treasury bill.

ETHICS AND CONFLICTS OF INTEREST - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager any material financial interests in financial institutions that conduct business within the City, and shall further disclose any large personal

Supplemental Section

financial/investment positions that could be related to the performance of the City, particularly with regard to the time of purchases and sales.

PRUDENCE - Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

INVESTMENT POLICY ADOPTION - This policy supersedes any previously adopted investment policies. The City of Cadillac's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually and any modifications will be approved by the City Council.

INVESTMENT POLICY GLOSSARY

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Cadillac. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and the delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

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INVESTMENT POLICY GLOSSARY (Continued)

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000.00 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Supplemental Section

INVESTMENT POLICY GLOSSARY (Continued)

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state--the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (RE OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

Supplemental Section**INVESTMENT POLICY GLOSSARY (Continued)**

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Supplemental Section**Finance Provisions of the City Charter - ARTICLE 10****GENERAL FINANCE**

Section (10.1) **Fiscal Year**. The Fiscal Year of the city shall begin on the first day of July of each year and end on the thirtieth day of June of the following year.

Section (10.2) **Budget Procedures**. On or before the first day of April in each year, the City Clerk and the City Manager, acting upon recommendations submitted by the various department heads and the City Council, shall draw up the ensuing fiscal year, specifying in detail all proposed expenditures for the support of the various departments, and for every other purpose for which any money will be required to be paid from any of the several general funds of the city during the year; and also the estimated amount of revenue from all sources other than tax levy. The estimate thus made shall be called "The Annual City Budget" and filed with the City Clerk.

Section (10.3) **Budget Hearing**. A public hearing on the proposed budget shall be held before its final adoption, in the second half of the month of April as the City Council shall direct.

Notice of such public hearing, a summary of the proposed budget and notice that the proposed budget is on file in the office of the Clerk shall be published at least ten (10) days in advance of the hearing. The complete proposed budget shall be on file for public inspection during office hours at such office for a period of not less than ten (10) days prior to such public hearing.

Section (10.4) **Adoption of Budget**. Not before the 10th day of May, nor later than the last day in May in each year, the City Council shall by ordinance adopt a budget for the next fiscal year, shall appropriate the money needed for municipal purposes during the next fiscal year of the city and shall provide for a levy of the amount necessary to be raised by taxes upon real and personal property for municipal purposes, subject to the limitations contained in Section 1 (11).

Section (10.5) **Budget Control**. Except for expenditures which are to be financed by the issuance of bonds or by special assessment, or for other expenditures not chargeable to a budget appropriation, no money shall be drawn from the treasury of the city except in accordance with an appropriation thereof for such specific purposes, nor shall any obligation for the expenditure on money be incurred without an appropriation covering all payments which will be due under such obligation in the current fiscal year. The City Council by resolution may transfer any unencumbered appropriation balance or any portion thereof, from one account, department, fund, or agency to another.

The City Council may make additional appropriations during the fiscal year for unanticipated expenditures required of the city, but such additional appropriations shall not exceed the amount by which actual and anticipated revenues of the year are exceeding the revenues as estimated in the budget unless the appropriations are necessary to relieve an emergency endangering the public health, peace or safety. No expenditure may be charged directly to the contingency fund. Instead, the necessary part of the appropriation for the contingency fund or similar other fund shall be transferred to the appropriate account and the expenditure thus charged to such account.

At the beginning of each quarterly period during the fiscal year, and more often if required by the City Council, the City Treasurer shall submit to the City Council data showing the relationship between the estimated and actual revenues and expenditures to date; and if it shall appear that the revenues are less than anticipated, the City Council may reduce appropriations, except amounts required for debt and interest charges, to such a degree as may be necessary to keep expenditures within the revenues. Along with such reports, the City Treasurer shall report operating revenues and disbursements of cemetery funds with a copy furnished the Cemetery Board.

Section (10.6) **Depository**. The City Council shall designate the depository or depositories for the city funds, and shall provide for the regular deposit of all city monies.

Section (10.7) **Independent Audit**. An independent audit shall be made of all accounts including special and trust funds of the city government at least annually. Such audit shall be made as soon after the close of the fiscal year as possible by certified public accountants selected by the City Council.

COLLECTIVE BARGAINING AGREEMENTS

Command Officers Association of Michigan

Contract Expiration Date: June 30, 2020

Membership: 5

Police Captain
4 Sergeants

Police Officers Association of Michigan

Contract Expiration Date: June 30, 2020

Membership: 9

8 Patrol Officers
1 School Resource Officer

International Association of Firefighters Local 704

Contract Expiration Date: June 30, 2018

Membership: 11

1 Fire Marshal
2 Captains
2 Lieutenants
6 Fire Fighters

United Steelworkers of America Local 14317

Contract Expiration Date: June 30, 2019

Membership: 21

5 Water Division Members
5 Sewer Division Members
1 Laboratory Division Member
10 Street Division Members

* Each union contract is designed as a three-year agreement.

Supplemental Section

Taxable Value and Estimated Actual Value of Taxable Property
Last Ten (10) Fiscal Years

Fiscal Year Ended	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
June 30,						
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.

Supplemental Section

Principal Property Tax Payers
Most Recent Fiscal Year and Nine (9) 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.

Supplemental Section

Property Tax Levies and Collections

Last Ten (10) 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.

Supplemental Section

Demographic and Economic Statistics

Last Ten (10) Calendar Years

Fiscal		Personal	Per		Local	State	Civilian
Year	Population¹	Income	Capita	School	Unemployment	Unemployment	Labor
		(amounts expressed	Personal	Enrollment³	Percentage	Percentage	Force⁴
		in thousands)	Income²		Rate⁴	Rate⁴	
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 Census² Bureau of Economic Analysis³ School Districts⁴ 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.

Supplemental Section

Principal Employers
Current Year and Nine (9) 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

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Glossary

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

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

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

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

APPROPRIATION A legal authorization made by the City Council which permits the City to incur obligations and to make expenditures for specific purposes.

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

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

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

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

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

BOND A certificate or instrument certifying the existence of a debt. Local units of government only have those powers to borrow monies expressly granted by law. Municipal obligations are generally classified as either general obligation or special obligation bonds. A special obligation bond is payable from a specially identified source; general obligation bond is payable without reference to a specific source.

BONDED DEBT That portion of indebtedness represented by outstanding bonds.

BUDGET ADJUSTMENT Adjustment made to the budget during the fiscal year by the City Council to properly account for unanticipated changes which occur in revenues and/or expenditures and for programs initially approved during the fiscal year.

BUDGET Under the Michigan Uniform Budgeting and Accounting Act (MCL 141.421 et.seq.), budget means a plan of financial operation for a given period of time, including an estimate of all proposed expenditures from the funds of a local unit and the proposed means of financing the expenditures. It does not include a fund for which the local unit acts as a trustee or agent, an intragovernmental service fund, an enterprise fund, a public improvement or building fund or a special assessment fund.

Glossary

BUDGET CALENDAR The schedule of key dates or milestones which the City departments follow in the preparation, adoption, and administration of the budget.

CAPPED VALUE The capped value will be the previous year's final SEV minus losses increased by the consumer price index or 5%, whichever is less, plus additions. Loss is a component of property which is physically removed, for example the removal of a garage. Addition is a component of property which is physically added such as a family room or finishing a basement.

CAPITAL EXENDITURES Tangible capital-type items should be capitalized if they have an estimated useful life of at least two years following the date of acquisition. Capitalization thresholds are best applied to individual items rather than to groups of similar items. Threshold is \$5,000 or greater of any individual item. Infrastructure assets are treated separately from other capital assets for purposes of establishing capitalization thresholds. As a general rule, capitalization thresholds for non-infrastructure items should be designed to encompass approximately 80 percent of a government's total non-infrastructure tangible capital-type items.

CAPITAL IMPROVEMENT PROGRAM The first year of the CIP is the Capital Improvements Budget and funding for the improvements identified therein is contained in the proposed annual budget. The remaining four years of the CIP lists the capital projects identified for implementation and its estimated cost. Through placement in a year, the priority is indicated and each year, the list of projects is reviewed for need, cost and priority.

CAPITAL PROJECTS FUND Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds and trust funds).

CAPITAL OUTLAY Expenditures relating to the purchase of equipment, facility modifications, land, and other fixed assets.

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

COUNCIL A legislative, executive, advisory or administrative governmental body, such as a city council or a citizen's advisory council, whose elected or appointed members are assigned certain duties and responsibilities by law.

CURRENT TAX COLLECTIONS The City functions as the collection agent for the schools and county.

DEBT SERVICE FUNDS Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The accounting for this group of funds is the modified accrual method.

DEPRECIATION The process of estimating and recording the expired useful life of a fixed asset which is distributed over its revenue-producing years.

DOWNTOWN DEVELOPMENT AUTHORITY (DDA) An authority that is created pursuant to state statute that is designed to assist in the economic growth of the central business district from parking plans to mall development. A tax levy of two mills maximum can be levied by the board when needed.

Glossary

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

FIDUCIARY FUND Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

FISCAL YEAR The twelve month period designated as the operating year for an entity. The fiscal year for the City of Cadillac is July 1 – June 30.

FUND An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other financial resources, together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE The excess of the assets of an expendable fund, or of a nonexpendable trust fund, over its liabilities.

GENERAL FUND The General Fund is the general operating fund of the City. It is used to account for the resources devoted to finance the services traditionally associated with local government, except those activities that are required to be accounted for in another fund. Transactions are recorded on the modified accrual basis.

GENERAL OBLIGATION BONDS Bonds that finance a variety of public improvement projects which pledges the full faith and credit of the City.

GOVERNMENTAL FUND A fund generally used to account for tax-supported activities.

HOME RULE The authority of local government to frame, adopt or change their own charter and to manage their own affairs with minimal state interference.

INFRASTRUCTURE The basic physical framework or foundation of the City, referring to its buildings, roads, bridges, sidewalks, water and sewer systems.

INVENTORY A detailed listing of property currently held by the government.

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

LOCAL STREET FUND Receives all local street money paid to the cities by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

Glossary

LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA) Financing authority used to capture taxes within a specific district. The board of directors is appointed by the City Council. The LDFA has the ability to bond for construction related projects and oversee the district.

LEGAL LEVEL OF CONTROL The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions which alter the total expenditures of any fund or the transfer of funds between departments must be approved by the City Council.

MAJOR FUND Governmental or Enterprise Fund reported as a separate column in the basic fund financial statements.

MAJOR STREET FUND Used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and the maintenance contract of the state trunklines.

MILL A taxation unit equal to one dollar of tax obligation for every \$1,000 of assessed valuation of property.

MILLAGE The total tax obligation per \$1,000 of assessed valuation of property.

MODIFIED ACCRUAL ACCOUNTING A basis of accounting in which expenditures are accrued but revenues are accounted for when they become measurable and available.

NONMAJOR FUND Any fund not meeting the requirements to be reported as a Major Fund in the basic financial statements.

NPDES National Pollutant Discharge Elimination System. A permit issued by the State of Michigan for the wastewater treatment plant to discharge treated effluent in the State's waters.

OBJECTIVE Objectives are the methods by which goals are to be obtained. More refined definition to the goal and a focused effort.

OPEB Other Post-Employment Benefits.

PERMANENT FUNDS Governmental fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government of its citizenry).

POLICEMAN AND FIREMAN RETIREMENT SYSTEM Maintained under the State of Michigan Act 345 of 1937. This retirement fund is for police and fire personnel of the City.

PROPOSED BUDGET City's revenue and expenditure plan for the fiscal year as prepared and recommended by the City Manager for the Mayor and the City Council's consideration.

PROPERTY TAX A tax based on the assessed value of property, either real or personal. Tax liability falls on the owner of record as of tax day. Real property includes all lands, buildings and fixtures on the land. Personal property is generally movable and not affixed to land. It includes equipment, furniture, electric and gas transmission and distribution equipment and the like.

Glossary

RISK MANAGEMENT An organized attempt to protect a government's assets against accidental loss in the most economical method.

RESERVE Funds designated to be allocated in order to meet potential liabilities during the fiscal year.

RESOLUTION Official action of a legislative body, primarily administrative or ministerial in nature.

REVENUE BOND INDEBTEDNESS Bonds of the City which are supported by the revenue generating capacity of the water and wastewater system.

SPECIAL REVENUE FUNDS Special Revenue Funds are used to account for the proceeds of specified revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

STATE EQUALIZED VALUATION (SEV) The assessed valuation of property in the City as determined by the local assessor and then reviewed and adjusted, if necessary, by the county and state, to assure that it equals 50% of market value, as required by the State of Michigan.

STRUCTURALLY BALANCED BUDGET A budget where recurring revenues equal or exceed recurring expenditures.

SURPLUS Prior years' earnings used to balance the current operating budget. An excess of the assets of a fund over its liabilities and reserves.

TAXABLE VALUE Taxable value is simply the lesser of the assessed value or capped value. Property tax revenues are derived by multiplying the taxable value by the applicable tax rate.

TAX BASE The total value of taxable property in the City.

TAX INCREMENT FINANCING A tax incentive designed to attract business investment by the dedication of property tax revenue from the redevelopment of an area (tax increment district) to finance development related costs in that district. Tax increment financing divides tax revenue from the area into two categories: 1. taxes on the predevelopment value of the tax base that are kept by each taxing body; and 2. taxes from increased property values resulting from redevelopment that are deposited by some taxing entities in a tax increment fund and are used to finance public improvements in the redevelopment area. In Michigan, there are four different types of authorities with tax increment financing powers:

1. Tax increment finance authority (no longer an option for a new authority),
2. Downtown development authority,
3. Local development financing authority, and
4. Brownfield redevelopment authority.

TAX RATE An amount levied on assessed property value, real and personal, within the City of Cadillac. The City Council establishes the tax rate each year at budget time in order to finance various funds.

TRANSFER OF FUNDS A procedure established by the city charter used to revise a budgeted amount after the budget has been adopted by the city council.

Glossary

UDAG Initials for federal grant program issued by the U.S. Department of Housing and Urban Development. The funding of this program no longer exists at the federal level. Urban Development Action Grant (UDAG).

VARIANCE Authorization for the construction of a structure or for the establishment of a use which is prohibited by a zoning ordinance. Generally, a variance may not be granted unless the literal enforcement of the zoning ordinance would cause a property owner “practical difficulties or unnecessary hardship.”

WATER AND WASTEWATER DISPOSAL SYSTEM FUND The customers of the City’s tertiary treatment plant have the revenues and expenses of the system accounted for in this fund as well as the financial activity of the seven well water systems which provide water to the City.

WORKING CAPITAL Working capital is generally defined as current assets minus current liabilities. Working capital measures how much in liquid assets less short-term obligations is available to be used for budgeted expenditures.

WWTP Initials for Wastewater Treatment Plant.

ZONING Division of a municipality into districts; the regulation of structures according to their construction, nature, and extent of use and the regulation of land according to nature and use.

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