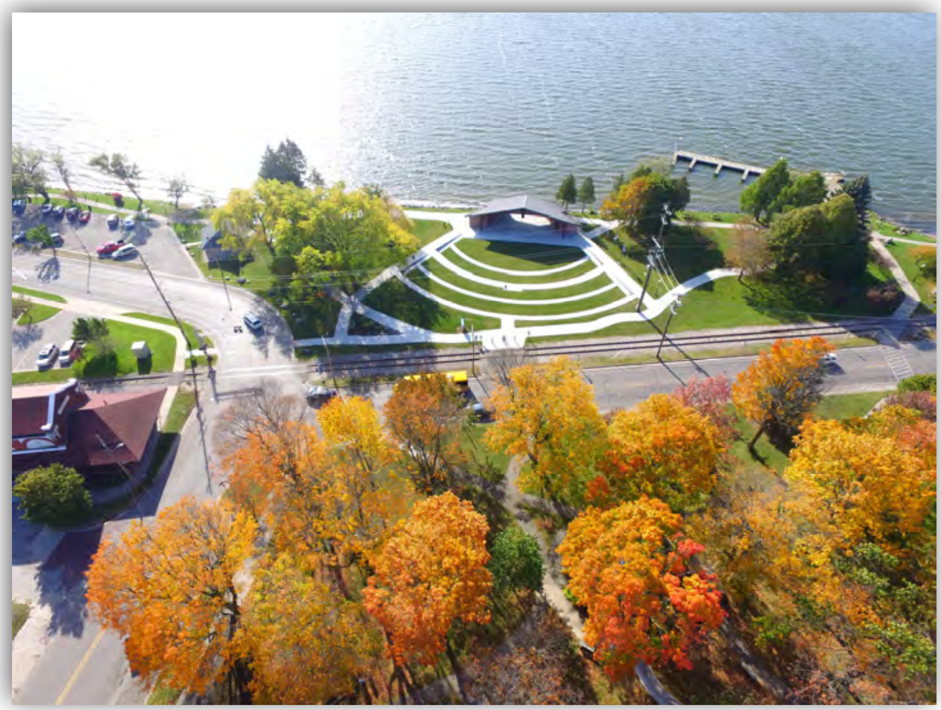


2019/2020 ANNUAL OPERATING BUDGET

For the Fiscal Year Beginning

July 1, 2019 and Ending

June 30, 2020

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

<u>Administrative Officials</u>
(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

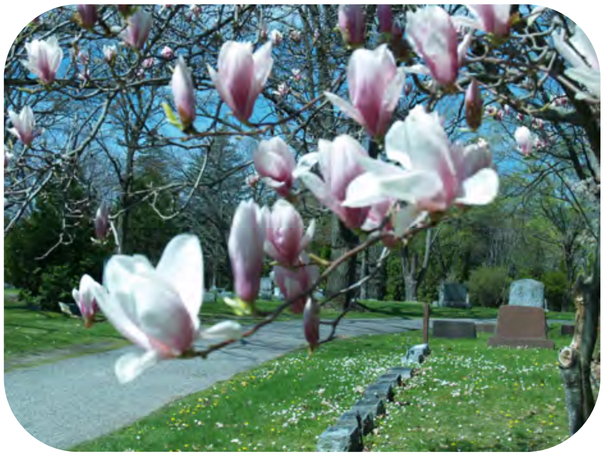
Carla J. Filkins, Mayor
At Large

Shari Spoelman, Mayor Pro-Tem
First Ward

Antoinette Schippers, Councilmember
Second Ward

Robert Engels, Councilmember
Third Ward

Stephen King, Councilmember
Fourth Ward



<u>Other Administrative Officials:</u>

Jeff Dietlin - Director of Utilities

John Wallace - Community Development Director

Adam Ottjepka - Public Safety Director

Keri Smith - City Treasurer

Office of the Mayor
200 N. Lake Street
Cadillac, MI 49601
(231) 775-0181

May 20, 2019

Dear Citizens of Cadillac:

I am very proud to report that the fiscal state of our City is strong and pleased to submit to you the Annual Operating Budget for the City of Cadillac for the fiscal year beginning July 1, 2019 and ending June 30, 2020. 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.

We continue to have many exciting projects occurring in our community that will forever positively improve our landscape! The construction of Cadillac Lofts, a mixed-use commercial and residential development would not have been possible without the public/private partnership between the City and developers. And the completion of The Market at Cadillac Commons, a new public facility located in the heart of downtown can be used for farmer markets and for special public and private events. To that end, in just the last couple of years we have completed several special placemaking spaces, and now look forward to beginning construction later this year of the new White Pine Trail extension to connect it to the future Trailhead at Cadillac Commons space. This certainly continues to be a transformational time in the history of our great community!

The FY2020 budget plans $19.5 million in spending across the organization. We will invest nearly $9.5 million in street and utility construction 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 $4.2 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

2019-2020 BUDGET READER'S GUIDE

Welcome to the City of Cadillac's Annual Operating Budget for the fiscal year beginning July 1, 2019 and ending June 30, 2020. 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. 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 are 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.

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 – The City Council has established a Mission and Vision Statement. These statements essentially establish priorities and communicate the Council's vision for Cadillac. The departmental staff of the City of Cadillac utilizes these statements when evaluating annual priorities and establish 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.

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

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.

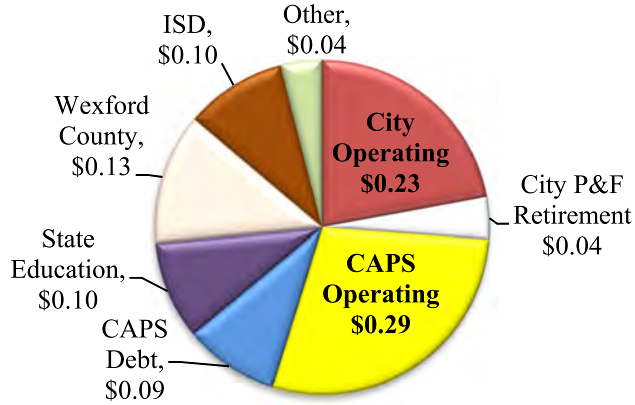
Annual Operating Budget – The annual operating budget is required by Cadillac's City Charter to appropriate all resources that will flow through the City, matching expenditures with various sources of revenues. The results of the first two planning processes – the Council Mission and Vision, and Capital 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

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 $0.37 of every $1 in taxes remains at the City.



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 to familiarize readers 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 typically 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

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 2019-2020 Annual Operating Budget
Date: April 1, 2019

Introduction

On behalf of the entire City of Cadillac staff, I am pleased to present to you the proposed FY2020 (July 1, 2019 - June 30, 2020) Annual Operating Budget that includes proposed expenditures totaling $19.5 million.

The proposed FY2020 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 3% compared to the FY2019 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 FY2019 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, a million-dollar grant from the Michigan Department of Environmental Quality, split between an anticipated $700,000 grant and $300,000 loan is in the process of being awarded after a very unique partnership with Consumers Energy was reached. Consumers Energy has agreed to create a new solar garden project on the site that will create enough new investment for the State to award the necessary funding for clean-up.

After several years of limited infrastructure investment due to a very challenging revenue environment, more than two miles of street projects have been completed since 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 provides for an additional $8.8 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 continues its partnership with neighboring governments. The 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, in 2017 the City renewed the contract with the Wexford County Equalization Department through 2022 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

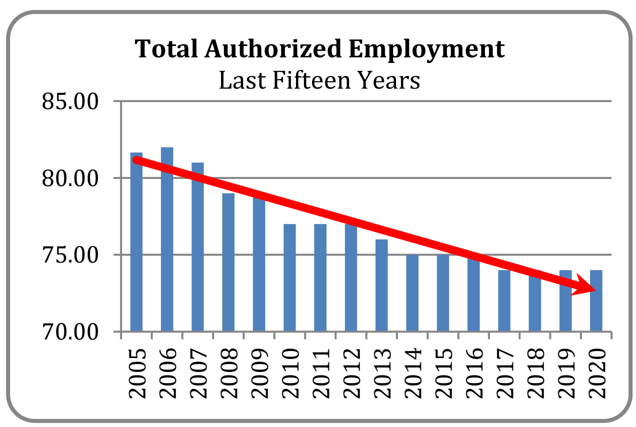
The total budgeted revenues of City-wide operations are projected to be $18.7 million while planned expenditures are $19.5 million. The funding gap of $800,000 reflects the planned use of funds to replace a fire truck in the General Fund and the moderate use of reserves on hand in several other funds. The City's property tax base increased by just over 2% for the year, providing an additional $63,000 in operating revenues to the General Fund. 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 in the first three years of the reimbursement, and while the tax reform continues to phase-in through 2020, it is unknown what the long-term trend of the reimbursement will be.

This budget recommends an increase in user charges in the water and sewer system. The overall blended increase will be about 5% but it will be split between water (~10%) and sewer (~1.5%) rates. The City approved increases of 3% in FY2019, while 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.

Residential trash collection and recycling rates are expected to increase based on inflationary adjustments that are part of the City's refuse removal contract with Republic Services and the recycling contract with Ms. Green. This increase is expected to be about $0.52 per month combined, or $6.24 per year for a residence. This rate is still less per month than ten years prior. These increases are passed on in full to the 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 3% for all nonunion employees and union employees depending on the collective bargaining agreement.



Overall, full-time staffing will remain at 74 employees for FY2020. The City has experienced significant turnover over the last several years, primarily as the result of staff that have 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 decade, 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 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 were rolled into the DPW crew and are 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. Other management responsibilities were transferred to the Director of Finance and some to the Director of utilities.

    - ***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 decrease by $832,000. This is primarily from the planned use of General Fund reserves to replace a fire engine. This will use $600,000 in General Fund reserves but fund balance on hand will still be well above the policy amount of 15%. The Major Street Fund will utilize approximately $65,000 in fund balance to complete the Carmel Street reconstruction project. This fund will still have $414,000 on hand at the end of the year.

Finally, one of the City's component units - the Local Development Finance Authority (LDFA) - will use $278,000 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 nearly $1 million in street and public infrastructure investment in FY2020. 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 fourth consecutive year after not being able to replace a truck for a decade. A fire truck is scheduled for replacement as the City continues its ongoing replacement program to provide a modern, safe rescue fleet.

A fire engine will be replaced at a projected cost of $600,000.

The Water and Sewer Fund plans over $8.8 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 FY2020 can be found on pages 187-194 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

According to the Michigan Muncipal League, "Placemaking capitalizes on the distinctive assets of a community to integrate a mixture of uses that connect people and places on a human scale. At its core, placemaking is designed to make communities attractive to both businesses and workers who are increasingly mobile and are seeking more than just employment when deciding where to live."

The Plaza at Cadillac Commons

Back-to-the-Bricks Cadillac

Concert at the Rotary Pavilion

Cadillac has been a Placemaking pioneer in the state of Michigan. Our successful creation of Cadillac Commons, the core location home to our Plaza, Pavilion, Park, and future Trailhead has been the catalyst for a resurgence of economic activity downtown, and makes special events, such as Back-to-the-Bricks Cadillac, now re-branded to the Cadillac Lakes Cruise and Car Show, even more popular!

The City was also successful in two crowdfunding campaigns that were supported by grant matches from the Michigan Economic Development Corporation (MEDC), both of which exceeded the maximum allowable match of $50,000 and exceeded our fund-raising goals.

The Market at Cadillac Commons

The Market at Cadillac Commons is nearly completed and is anticipated to be operational in spring 2019! The commitment from the Cadillac Area Community Foundation, Frey Foundation and support from many donors is greatly helping to make this project possible, and this facility will provide a much-desired multi-use three-season structure for public and private events.

The Trailhead at Cadillac Commons

The Trailhead at Cadillac Commons is perhaps the last major project comprising Cadillac Commons, even though the possibility of future buildout through a third-phase at the Pavilion, that may include a new pier and dock structure, is loosely being discussed. The objective however of the Trailhead 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 or spring of 2020.

New Development

The City has been dilligently working on a mutually beneficial settlement agreement with Clam Lake Township regarding the previously annexed property near the US-131/M-55 exit area that the Supreme Court essentially “turned the clock back” on when it overturned nearly two decades of case law regarding how Public Act 425 agreements are adjudicated. It is anticipated that the settlement agreement will be considered for approval sometime yet in early calendar year 2019, and once in place, barriers to economic development activities should be minimal.

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! Demolition activities have started, and phase one of the project, construction of a four-story mixed-use building with forty apartments on floors 2-4 with the first floor reserved for commercial space, is expected to start later this spring. The rendering to the right shows the full buildout of two buildings; however, the second structure won't be built until after the first structure is completed and fully rented. Several incentives, including not only local but also state and federal, are being applied for to make this new development a reality.

The Raven Brewing & BBQ is now open! This new establishment is less than a block north from the Oleson project site, and it is expected that the second story construction of another eatery will occur sometime in calendar year 2019. This project is another example of where the City has collaborated with both private developers and other agencies, this time through providing a Brownfield, to aid in a new economic development project.

Lakeside Ace Hardware is nearly completed and is a wonderful example of how a local entrepreneur can completely redevelop a closed, blighted, former bakery site and convert it into what inevitably will be a great new retail business. This business also benefited by collaborating with the City regarding getting a Brownfield that will be used to get reimbursed for eligible activities.

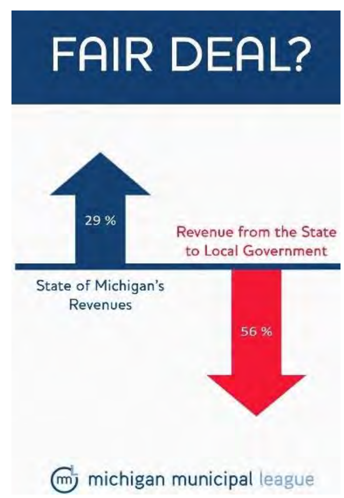
Efforts are still underway to clean-up and prepare the site of the former Mitchell-Bentley Corporation for redevelopment. The City is working with the Cadillac Industrial Fund, and most recently has approved an agreement with Consumers Energy for the construction of a solar garden that will provide the necessary justification for the Michigan Department of Environmental Quality to grant and loan up to $1,000,000 of funding for clean-up activities. Additionally, the site may also be the future home to a new passenger rail depot, should a new line from Ann Arbor to Traverse City be built. The rendering below shows the project site that also includes the solar garden. Note, the image is conceptual, and assumes that property in the northeast corner somehow becomes part of the site.

Creating these new places continues to be 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.

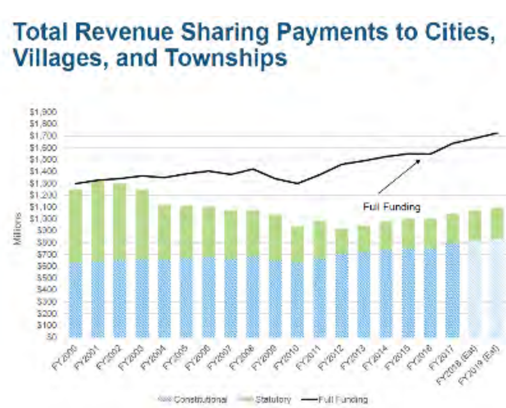
Given our composition, and the many layers of infrastructure that Cadillac is charged with providing and maintaining, the City is truly much different than the outlying areas that do not have the same types and/or amounts of infrastructure that Cadillac does, nor the population influx to support. By 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

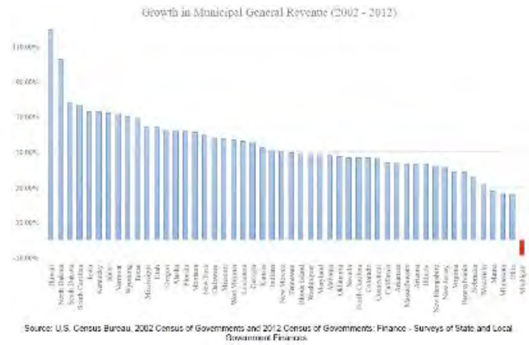


Despite the challenges presented by recent financial conditions, the City enters another budget year in very stable condition that has shown improvement financially since last year. Several situations however will continue to challenge and threaten this position, mostly due to factors that are completely 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, and 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 the program that was designed to make communities whole. According to the Michigan Municipal League's "www.SaveMiCity.org" website, 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 and is ranked **last** in terms of growth in Municipal General Revenue according to the U. S. Census Bureau. According to data available on the "www.SaveMiCity.org" website, the City of Cadillac lost $6,060,211 in revenue sharing between 2003 and 2017. Municipalities throughout the State of Michigan have lost over an estimated $8.1 billion! This number continues to grow as this revenue gap continues to exist year after year.

The City continues to be strongly represented in a renewed effort that is being spearheaded by the Michigan Municipal League to work with our legislators in creating meaningful reform. Should fiscal reform not occur, Cadillac eventually may need to explore 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.



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.

Most recently, the City is utilizing a federal program to acquire equipment and supplies with no acquisition cost, versus what would have been significant capital purchases and a burden on our funds. Most of the equipment is public safety related, such as the large vehicle pictured that can transport civilians and non-civilians away from hostile activity or can be used as a "shield" if necessary during an emergency. The City is also exploring how to acquire other equipment that may be used more routinely and in non-emergency situations.

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-six 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, 2018. 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-three 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 FY2020. 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 2019-2020 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, 2019 and run through June 30, 2020.

Final Thoughts

Cadillac is determined to continue being progressive and doing everything possible to create the environment where this organization is desirable to work for, but also a community where it is desirable to invest, work, live, and play in! Our special projects alone are not enough - we need to continue to invest in our future! Continuing our fight to take on blight, and continuing our mission to make Cadillac a truly unique place by taking on new projects such as those known to us today and those that may come tomorrow, will make our community stronger and better equipped to continue to ride the economic rollercoaster we have been on for the last decade or more.

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, 2018

Christopher P. Morrill

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, 2018. 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

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.

2019-2020 Annual Budget Calendar

2018

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.

2019

January 9 Staff meeting held to discuss the general guidelines for the 2019-2020 Annual Operating Budget preparation. Departments given access to Budget Maintenance in financial software as well as given a copy of 2019-2020 Personnel Summary.

February 4 City Council holds work session to discuss City-wide goals and to review 6-Year Capital Improvement Program.

February 8 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 18 City Council holds second 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 1 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 15 Public hearing held on initial proposed budget. Public hearing and approval of 6-Year Capital Improvement Program.

May 20 Budget adoption and tax levy authorization.

June 24 City Treasurer completes 2019 tax roll.

June 30 Tax bills mailed.

July 1 2019-2020 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

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.

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

Public Safety

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

Economic Health & Development

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

Customer Service & Organizational Enhancement

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

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. **Future of Cadillac Community Center (former Naval Reserve)**
   Time Frame: Ongoing *Initiated: 2016* *Project Leader: Owen Roberts*
   The Cadillac Community Center has tenants in most of the facility, which due to the nature of the property, continues to be subsidized by the City.
   Status: ***Ongoing*** **–** Up North Arts, Inc. along with the Wexford Genaology Organization have recently entered into a new incubator type of lease agreement with the City. Options for redevelopment of the property have been informally discussed however no formal plans have been drafted. Any change of use different than what is stipulated by Charter will require a referendum of the people. Building mainteance and operational issues of the facility continue to be a concern should there be a catastrophic incident.

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 evaulated 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 maintenance crews have made tremondous progress in clearing Kenwood Park including the picnic pavilions. A management plan for our parks, including the various other assets in the parks such as playground equipment, is still in development.

3. **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 where 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:

   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. 2018 was a “comeback year” for Lake Cadillac. A second consecutive season of just one small treatment for milfoil and curly leaf pondweed was necessary and the water was noticeably clearer throughout the summer as compared to recent years. The algal blooms that were troublesome over the past few years were limited to a couple spotty blooms appearing late season. Sample data compiled by our lake consultant also showed improved levels of many key parameters. (See Lake Cadillac Annual Report RLS 2018)

C. The past practice of conducting a goose round-up returned in 2018 and was successful. Round-up efforts will continue in 2019 and beyond, or as necessary.

D. A joint Lake Cadillac and Mitchell Educational Expo was held in the early fall of 2018. Attendance was less than anticipated, likely due to improved lake conditions, and the focus shifted heavily to the low water levels in Lake Mitchell, an issue entirely out of the City's purview.

Funding is at just over $42,000 still available for yet another season of treatment for invasive aquatic plant species but will need to be replenished prior to the start of the 2020 calendar year treatment season. The focus needs to encompass an overall lake management strategy, potentially include a one-time watershed study to determine sources of pollution and nutrient loading.

4. Cadillac West Corridor Improvements & Association

Time Frame: Ongoing *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, and in 2017 the City received a 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 its managing board and begin the formal process of establishing a redevelopment plan.

In 2018, the City collaborated with Networks Northwest and the Alliance for Economic Success, utilizing the technical assistance grant. The focus shifted slightly, and the study was on how best to plan for the West Side Corridor, not necessarily on development of a regional authority. A draft of the study is complete and a public presentation has been made. The study identified that the City should continue to run their planning activities independent of the surrounding townships. It is anticipated that there will be further follow-up from the Alliance for Economic Success in implementation of some of the opportunities identified in the study.

5. 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 nearly complete, and it is anticipated to be finished in spring 2019.

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 received a Michigan DNR Trust Fund grant to fund 70% of the project, in addition to a grant from Rotary that will greatly assist in making our 30% match. It is anticipated thaht the project will be out for bid in winter/spring of 2019 with construction starting later in the year. Additional outside funding efforts are also underway..

6. **Complete Phase II of Well Field Relocation Project**
   Time Frame: Within 1-Year *Initiated: 2016* *Project Leader: Jeff Dietlin*
   The City is in the process of getting apprasials 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. Additional property contiguous to the originally acquired property off of 44 Road is in the process of being acquired, and Construction is anticipated to begin by fall of 2019. Financing is currently being pursued through USDA-Rural Development, and C2AE has been retained to complete the engineering for the project.

7. **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*** **–**The City utilized $2 million in General Obligation bond financing to fund street reconstruction projects over the last two years. 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.

8. **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*** **–** A complete overhaul of the platform that provides our website is in the process of being redeveloped to make it more functional and contemporary. Use of Facebook as a means of communicating with the public has also risen.

9. **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, 2018 for Fiscal Year 2019. It is anticipated that this will also be achieved for Fiscal Year 2020.

10. 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 and/or is working on the following items to encourage and facilitate local development:

- Updating local and state databases of Cadillac buildings and properties that are for-sale, lease, or available for development
- 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 (Cadillac Commons).
- Participate regularly with the Region 2 Economic Development Leadership Team, and with the Cadillac Downtown Fund, Industrial Fund, Brownfield Authority and the Downtown Development Authority to facilitate and coordinate with their activities.
- Working with the "Wayfinding" subcommittee of the Downtown Development Authority to explore implementation of a wayfinding system for the Cadillac area
- Working with the "Streetscape" subcommittee regarding future improvements to the Mitchell Street Corridor. Most recently, the Streetscape Subcommittee has been working with MDOT on traffic/pedestrian enhancements in downtown, and a potential pilot program whereby pedestrian medians are installed in a couple of mid-block intersections is being explored.
- Working with the Alliance for Economic Success in their planning workshops regarding Cadillac West and Downtown Cadillac, in addition to other initiatives directly involving the City.
- Meeting with current and potential developers regarding their projects and ideas, and introducing them to other agencies, such as the MEDC to help facilitate their development concepts.
- Actively working towards becoming a Redevelopment Ready Certified Community. The City is approximately 70% complete in its efforts in being certified by the MEDC through its Redevelopment Ready Communities Program. Additionally, the City, because of its positive progress in the program, has been awarded a grant to fund development of a request for qualifications/proposal that it created with the Cadillac Area Public Schools for the properties they are looking at selling in the community.
- Continuation of the review and redrafting of portions of our Zoning Ordinance for the purposes of becoming Redevelopment Ready Certified and to streamline the process for obtaining development approvals and will clarify the process and requirements for gaining approval for all types of development.

11. 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: ***Paused*** **–** Utilizing current software, the City improved its fleet management practices. No efforts are currently underway to acquire new software, however should there be a reasonably priced solution that may provide greater efficiencies, the City may pursue the option.

12. 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* –** A sample of initiatives that were implemented over the last year and/or are currently underway include:

- Multi-department CPR training
- Attendance/participation at various Michigan Chapter of the American Public Works Association professional development events
- Attendance/participation at various Michigan Chapter of the Government Finance Officers Association professional development events
- Attendance/participation at Michigan Muncipal League professional development events
- In-house software "refreshment" training
- Updating to an Office 365 cloud based platform
- Options for upgrading tablets/mobile officing devices for Council/staff
- Network upgrades via fiber and wifi between facilities
- Enhancements to our employee assistance programs through Encompass and Backing the Badge
- Improvements to staff work space (ergonomically improved equipment/furnishings)

13. 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, and we are also looking at self-leveling structures.

Status: ***Ongoing* -** City utilized soak-away drainage structures for several street improvement projects, and will continue to look at reasonable ways to embrace environmental practices wherever possible.

14. Boards/Commissions Review

Time Frame: Within 1 to 2 years *Initiated: 2017* *Project Leader: Marcus Peccia*

The City has serveral formal boards and commissions that were established as "standing" boards and commisisons, 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* -** The Administrative Committee of the Downtown Development Authority has met and reviewed their bylaws. Per recommendations from that review a draft of updated bylaws is currently be prepared for additional review of the subcommittee. If acceptable the Administrative Subcommittee will recommend the updated bylaws to the full Downtown Development Authority Board.

Review and updating of the Planning Commission bylaws has not yet taken place. It is estimated that the updating of bylaws for both the Downtown Development Authority and the Planning Commission should be completed in calendar year 2019.

15. Investigative Services *Analysis*

Time Frame: Within 1 Year *Initiated: 2019* *Project Leader: Adam Ottjepka*

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*** **–** The detective duty assignment was formally assigned to an officer during the summer of 2018. Due to unforseen circumstances, the officer resigned from the Department during the winter of 2019. The assignment will be placed on another officer as soon as possible, and would have been done without delay but for the Department is in the process of filling officer positions and unable to make the assignemnt until staff is in place. It is anticipated that once the open positions are filled, the Department will realign its command staff positions by developing a deputy chief position. No new staff will be added, but rather instead of having four sargents in rotation it will change to three, thereby creating a "ladder" for officers to climb throughout their career in addition to providing other intrinsic operational benefits to the Department.

16. Community-Wide Substance Abuse Reduction Initiative
Time Frame: Ongoing *Initiated: 2019* *Project Leader: Adam Ottjepka*
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*** **–** The prescription drug drop box was installed in January 2018 and to-date has collected nearly 100 pounds of medication. Note, the weight is that of the medication, not the packaging or bottles.

17. 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*** **-** Outside funding initiatives underway include, but are not limited to the following:

- Michigan Department of Natural Resources Trust Fund Grant over $250,000 to use toward the construction of the White Pine trail extension and White Pine Trail Head. This project will be under construction in 2019, and additional outside funding is being sought.
- Over $5,000 in public contributions for the hanging flower baskets in the downtown. The City is expanding this solicitation campaign to pick up more of the costs for the formal planting areas in the downtown in 2019.
- Approximately $900,000 of Community Development Block Grant (CDBG) funds for undertaking improvements to the Cadillac Lofts Site is in the process of being secured for phase one demolition and construction abatement activities.
- $1,000,000+ State grant for Cadillac Lofts project in the process of being secured.
- Approximately $750,000 State Brownfield Grant/Loan funds for undertaking eligible activities on the Cadillac Lots Site have is in the process of being secured.
- $1,000,000 State Brownfield Grant/Loan for Mitchell-Bentley clean-up is in the process of being secured

18. Fire and Police Emergency Response & Equipment Acquisition Program
Time Frame: Ongoing *Initiated: 2020* *Project Leader: Adam Ottjepka*
Although the City is home to only approximately 10,500 residents, it is responsible for many more during the day as its population swells, in addition to during peak times of year when many people come to visit. Utilizing the Law Enforcement Support Office in addition to other resources the City may be eligible to apply to, it is the intention of the Fire and Police Departments to acquire apparatus, possibly at no cost or very reduced cost, that could be used in the case of an emergency regardless of its cause. Municipal police departments tend to acquire

vehicles including but not limited to those that can carry multiple occupants (civilian and/or officers) in a protective cabin, pickup trucks, and other all-terrain designed apparatus. Loaders, fire fighting vehicles, and other equipment may also be available and are being investigated. Additionally, upgrading our functionally obsolete police in-car camera system to a modern body-worn camera system are priorities that will enhance transparency with the community and our judicial system.

19. Police Department Accreditation Program

Time Frame: 1-2 Years *Initiated: 2020* *Project Leader: Adam Ottjepka*

Pursuit of accreditation through the Michigan Association of Chiefs of Police (MACP) Accreditation Program will refresh our departments operating standards by ensuring that the Department identifies and utilizes recognized best standards, practices and procedure in the Law Enforcement profession. The process requires evidence that those standards, practices and procedures are being followed, and once certified, Cadillac will be recognized by MACP as an accredited Police Agency within the State of Michigan.

20. Fire Victims Community Collaborative Program

Time Frame: Within 1-Year *Initiated: 2020* *Project Leader: Adam Ottjepka*

Objective of this program is to assist victims of devastating fire loss by engaging a volunteer based community collaborative comprised of area businesses and agencies that are interested in providing services in their time of need. This program would include compilation of contractors in the area who may be interested in volunteering to aid when disaster strikes. Aid may include a range of activities such as boarding up and securing a residence to providing temporary shelter and food service that may not otherwise be immediately available or accessible.

21. Fire Safety Smoke Detector Program

Time Frame: Within 1-Year *Initiated: 2020* *Project Leader: Adam Ottjepka*

Objective of this program is to provide citizens in need with access to smoke detectors. Ideally, area businesses would partner with the Fire Department in providing the detectors, and Fire Fighters would provide the installation as time permits; all in an effort to assisting a challenged section of our population in becoming safer, which ultimately will make the community better protected from potential fire loss.

22. Walkability Enhancements

Time Frame: Within 1-Year *Initiated: 2020* *Project Leader: John Wallace*

In concert with the program titled *"Improve Capacity to Encourage and Facilitate Local Economic Development"* listed above, the objective of this program is to improve the quality of life of our citizens and visitors alike with enhanced opportunities to walk throughout our community. The program may include various new amenities such as signange, or physical features such as pedestrian islands, and may ultimatley positively impact other modes of non-motorized transportation. Development of the program could include tapping into a sub-committee of stakeholders from the community, such as people regularly involved in biking or other clubs that use non-motorized ways to move throughout town, for the purposes of establishing a plan that addresses areas within our physical environment that would benefit by receiving some or all of the aforementioned amenities. Efforts will also be made to highlight areas within our operating budget where funding for these activities are coming from; creating a new project for the Capital Improvement Budget may eventually occur as well should a formal plan be adopted.

23. Parking Enhancements

Time Frame: On-Going *Initiated: 2020* *Project Leader: Marcus Peccia*

Due to the growth Cadillac is realizing, specifically within its downtown corridor given the new commercial development already in place, and the future residential and commercial development that is in the works, enhancements to public parking opportunities are quickly becoming a priority for the community. Contemporary solutions such as valet parking and automated parking facilities are being explored, and key locations have been identified nearest the most significant new development areas. Conversations regarding funding and partnerships, specifically regarding automated facilities, with other agencies and developers are underway, and it is possible that sometime within the next 1-2 years a new facility may be constructed as part of a current mixed-use development project. New on-street parking spaces are also being planned as part of the new mixed-use development. Pending qualification criteria for outside funding, a parking study may need to be commissioned.

24. Commuter Rail Depot

Time Frame: On-Going *Initiated: 2020* *Project Leader: John Wallace*

Over the last several years, an initiative has been underway to develop a passenger rail service from Ann Arbor to Traverse City that would include a stop in Cadillac. The route may ultimately include destinations beyond Traverse City, such as including Detroit and Petoskey, however key to ensuring that the train stops in any community in between, is for the community to support the construction of a passenger depot for the train to use when it stops to load and off-load passengers. Minimum platform lengths of approximately 1,000' are required to accommodate a minimum passenger platform of 600'. Efforts are currently underway to identify potential locations within the community that can accommodate this space requirement in addition to the need for two sets of tracks. Funding of the depot and improvements to the tracks, or installation of tracks has yet to be determined, but it is expected to include outside funding in addition to the City being required to fund the building activities. Perhaps similar to the construction of the DEQ building, the City would construct the facility then use lease payments to pay down the debt service.

CITY OF CADILLAC MICHIGAN

2020
Priority Programs

Community Development and Enhancement
- Promote Positive Image
- Advance Quality of Life
- Maintain & Improve Civic Infrastructure
- Maintain & Improve Public Facilities and Equipment
- Maintain & Improve Environmental Infrastructure

Economic Health and Development
- Actively Support Local Business Development
- Promote Business Retention
- Maintain and Improve Financial Condition

Public Safety
- Crime Prevention
- Emergency Readiness and Response
- Enhance Regional Cooperation and Communication
- Fire Prevention

Service and Organizational Enhancement
- Maintain and Improve Human Infrastructure
- Maintain and Improve Use of Technology
- Update Administrative Procedures and Policies

Project No.	Time Frame	Leader	Project Title (Note: Projects may encompass multiple fiscal years)
1	Ongoing	Owen	Study future of Cadillac Community Center (former Naval Reserve)
2	1-2 Yrs.	Owen	Develop Parks Beautification and Management Plan
3	1-2 Yrs.	Marcus	Update Lake Cadillac Invasive Species Management Program
4	Ongoing	John	Initiate the Cadillac West Corridor Improvement Association
5	Ongoing	Marcus	Complete the development of Cadillac Commons
6	1 Year	Jeff	Complete Phase II of Well Field Relocation Project
7	Ongoing	Owen	Implement Plan to Upgrade all Streets Rated in Poor Condition
8	1 Year	Owen	Enhance Web and Social Media Presence
9	Ongoing	Owen	Maintain 2-3 Months Fund Balance Reserves in General Fund
10	1-2 Yrs.	Marcus	Improve Capacity to Encourage and Facilitate Local Development
11	1 Year	Owen	Develop Fleet Management Plan
12	Ongoing	Marcus	Enhance Employee Development and Training
13	Ongoing	Owen	Develop Environmental Construction Practices
14	1-2 Yrs.	Marcus	Boards/Commissions Review
15	1 Year	Adam	Investigative Services Analysis
16	Ongoing	Adam	Community-Wide Substance Abuse Reduction Initiative
17	Ongoing	Marcus	Outside Funding Initiative
18	Ongoing	Adam	Fire and Police Emergency Response & Equipment Acquisition Program
19	1-2 Yrs.	Adam	Police Department Accreditation Project
20	1 Year	Adam	Fire Victims Community Collaborative Program
21	1 Year	Adam	Fire Safety Smoke Detector Program
22	1 Year	John	Walkability Enhancements
23	Ongoing	Marcus	Parking Enhancements
24	Ongoing	John	Commuter Rail Depot

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:

Department	Department Director Title
• 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	**Director of Public Safety** (Adam Ottjepka)
• Fire Department	**Director of Public Safety** (Adam Ottjepka)
• Utilities Department	**Director of Utilities** (Jeff Dietlin)

Except for the General Fund, all 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.

[ ]

Department: Financial Services Department
Director: Owen Roberts
Performance Measures: Pages 10, 40-41, 63, 66-68, 158

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-9)***
    b. Measure and fully fund annual pension and other post-employment benefits liabilities. ***(PP-9)***
    c. Maintain General Fund Working Capital fund balance assignment of at least 15% of total annual General Fund expenditures. ***(PP-9)***

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-8)***
    b. Annual Operating Budget, Comprehensive Annual Financial Report, and 6-Year Capital Improvement Program available on the City's website. ***(PP-8)***

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-12)***
    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-8; 12)***
    d. Increase direct deposit utilization and electronic vendor payments.

[ ]

Department: Department of Public Works
Director: Owen Roberts
Performance Measures: Pages 81-84, 86, 89, 116, 122, 128, 154

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)***

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; 9; 17)***
    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; 9)***
    d. Utilize Wexford County trustee help to reduce staffing costs. ***(PP-2; 9)***

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-8)***
    b. Provide online submission venue for citizen concerns, comments and complaints. ***(PP-8)***

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-7)***
    b. Review and rank utility infrastructure needs below the streets. ***(PP-7)***
    c. Review and update Capital Improvement Program projects. ***(PP-7)***
    d. Develop Parks Management Plan to assist with management of the City's recreational assets. ***(PP-2)***
    e. Aggressively and consistently seek outside funding to offset costs of infrastructure projects. ***(PP-17)***

5. Enhance the City as a ***highly appealing and desirable community*** through maintenance practices including:
    a. Inspect and repair sidewalks thereby ensuring a safe walking environment for the public.
    b. Continue the sign replacement program and maintain existing system of signs throughout the City.
    c. Monitor 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 87, 132, 183

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-4)***
    b. Update Zoning Ordinance.
    c. Complete the Redevelopment Ready Communities Certification process through the State of Michigan. ***(PP-17)***

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-5; 17)***
    b. Secure outside funding for amenities for The Market at Cadillac Commons. ***(PP-5; 17)***

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-10)***
    b. Complete Cadillac Commons project. ***(PP-5)***
    c. Identify targeted redevelopment projects through the Redevelopment Ready Communities process. ***(PP-10, 17)***

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. Prepare reference materials for use by residents in submitting applications on common zoning issues such as site plans, rezoning applications, accessory buildings, and fence applications. ***(PP-10)***
    b. Prepare a periodic email newsletter to update the public on major community development and downtown development happenings. ***(PP-8)***

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. Continue getting grants for street tree planting throughout the city. ***(PP-17)***
    b. Include a natural resource element in the next update to the city's master plan. ***(PP-13)***

[ ]

Department: Police Department
Director: Adam Ottjepka
Performance Measures: Pages 74-77

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.

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.

[ ]

Department: Fire Department
Director: Adam Ottjepka
Performance Measures: Pages 77-80

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.

Department: Utilities Department
Director: Jeff Dietlin
Performance Measures: Pages 93-94, 96, 99, 102, 105, 108, 111-114, 174-175, 177, 179

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.

Laboratory 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.

ORDINANCE NO. 2019-xx

ORDINANCE ESTABLISHING GENERAL APPROPRIATIONS ACT FOR FISCAL YEAR 2020

THE CITY OF CADILLAC ORDAINS:

Section 1, Title.
This Ordinance shall be known as the City of Cadillac General Appropriations Act For Fiscal Year 2020.

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 xx, 2019, and a public hearing on the proposed budget was held on April 15, 2019.

Section 3, Expenditures.
The City hereby appropriates the expenditures for the fiscal year commencing July 1, 2019 and ending June 30, 2020 on a departmental and activity total basis as follows:

General Fund Expenditures	
Legislative	$47,400
Office of the City Manager	305,500
Financial Services	261,200
City Clerk/Treasurer Department	311,000
Election Services	14,000
Assessing Services	138,500
Legal Services	200,000
Engineering Services	86,000
City Complex	359,800
Police Department	2,122,500
Fire Department	2,091,900
Public Works	863,700
Culture and Recreation	309,500
Economic Development and Assistance	206,400
Intergovernmental	100,700
Other	140,000
Total Expenditures	**$7,558,100**

Section 4, Estimated Revenues.
The City estimates that revenues for the fiscal year commencing July 1, 2019 and ending June 30, 2020 will be as follows:

General Fund	
Taxes	$3,874,000
Licenses & Permits	139,500
Intergovernmental	1,805,000
Charges for Services	1,046,100
Fines & Forfeits	15,000
Miscellaneous	25,000
Interest and Rents	56,500
Appropriated Fund Balance	600,000
Total Revenues	**$7,561,100**

Section 5, Budgets.
The City hereby approves budgets for the fiscal year commencing July 1, 2019 and ending June 30, 2020 for the following funds in the amounts set forth below:

	Revenues	Expenses
Governmental Funds		
Major Street Fund	$1,180,400	$1,180,400
Local Street Fund	1,387,000	1,342,100
Cemetery Operating Fund	116,000	115,400
Cadillac Development Fund	76,000	76,000
Building Inspection Fund	90,000	90,000
Naval Reserve Center Fund	23,000	23,000
Lake Treatment Fund	23,300	23,300
H.L. Green Operating Fund	500	0
2016 General Obligation Capital Improvement Bond	160,000	160,000
Industrial Park Fund	12,000	2,500
Special Assessment Capital Projects Fund	30,500	30,500
Cemetery Perpetual Care Fund	19,500	500
Capital Projects Fund	1,500	500

		Revenues	Expenses
Proprietary Funds			
Auto Parking Fund		$86,800	$86,800
Water & Sewer Fund		4,392,000	4,381,100
	Capital		8,808,000
	Debt Service		605,000
Building Authority Operating Fund		155,500	140,500
Central Stores & Municipal Garage Fund		612,200	610,200
	Capital		345,000
	Debt Service		50,000
Information Technology Fund		197,000	197,000
	Capital		90,000
Self-Insurance Fund		1,636,000	1,636,000
Employee Safety Fund		12,000	12,000
Pension Trust Fund			
Police & Fire Retirement System		1,082,500	1,082,500
Component Units			
Local Development Finance Authority Operating Fund		275,000	275,000
Local Development Finance Authority Utility Fund		25,500	15,300
Local Development Finance Authority Capital Projects Fund		350,500	350,500
Downtown Development Authority Operating Fund		32,000	32,000
Downtown Development Authority Capital Projects Fund		90,500	90,500
Brownfield Redevelopment Authority Operating Fund		34,000	34,000

Section 6, Millage Levies.

(a) The City will levy a tax of 13.9166 mills for the period of July 1, 2019 through June 30, 2020, 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, 2019 through June 30, 2020, 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.

(c) The City further levies a tax of 1.9548 mills for the period of July 1, 2019 through June 30, 2020, 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 2020 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, 2019.

Approved this 20th day of May, 2019.

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.

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.

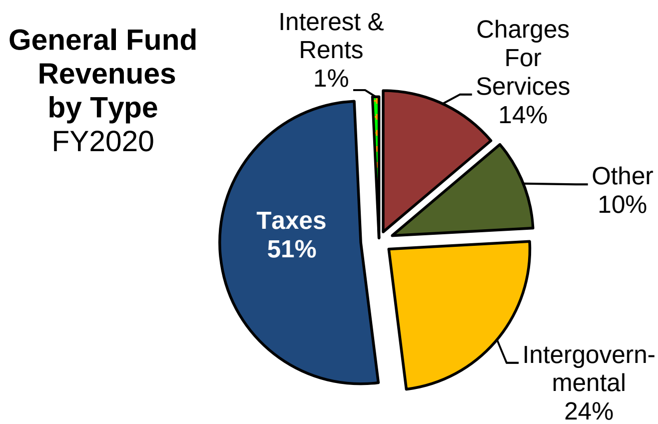
The City's comprehensive annual financial report contains several funds for which no funds are appropriated and therefore not included in this document. These funds include other funds for which the fund's purpose has been accomplished making further budgeting unnecessary.

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 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 increase slightly in FY2020. Also accounted for in the General Fund are **Intergovernmental Revenues**, which principally consist 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.



Source	Amount
Charges for Services	$1,046,100
Other*	779,500
Intergovernmental	1,805,000
Taxes	3,874,000
Interest & Rents	56,500
	$7,561,100

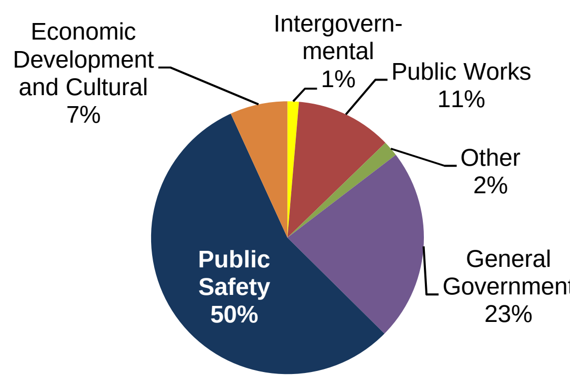
** 'Other' includes an appropriation of $597,000 of reserves on hand to balance the budget. These funds will be used to fund the replacement of a fire engine.*

Expenditures

General Fund expenditures increased by about 8% for FY2020, or about $544,400, 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 $80,000 and the Cemetery Operating Fund, which is $60,000 for FY2020.

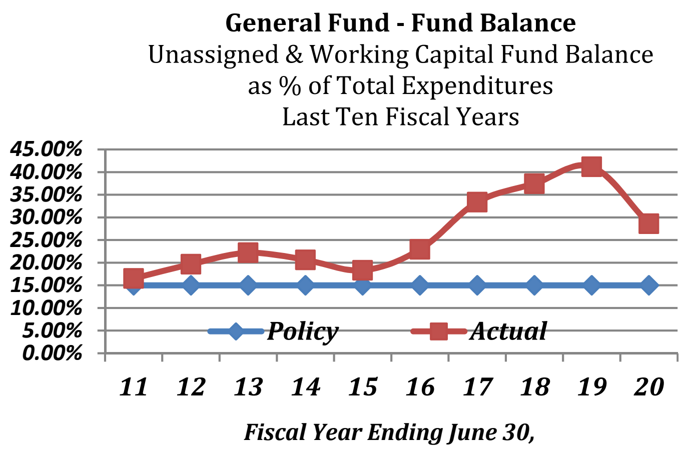
General Fund Expenditures by Activity FY2020

Activity	Amount
Intergovernmental	$100,700
Public Works	863,700
Other	140,000
General Government	1,723,400
Public Safety	4,214,400
Economic Development and Cultural	515,900
Total	**$7,558,100**



Fund Balance

The General Fund seeks to maintain a working capital fund balance 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 assigned 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 exceeded 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. In FY2020, the City will use $600,000 in reserves to replace a fire truck.

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				
	6/30/2015	6/30/2016	6/30/2017	6/30/2018	Status
Actuarially Accrued **Liabilities**	$12,681,727	$12,882,578	$13,300,486	$13,806,343	Watch
Actuarial Value of **Assets**	9,937,183	10,310,333	$10,888,703	$11,414,620	Watch
Unfunded Liabilities	$2,744,544	$2,572,245	$2,411,783	$2,391,723	Negative
% Funded	78%	80%	82%	83%	Watch
Average Pension	$23,093	$23,423	$24,094	$25,835	Positive
Required Actuarially Determined Contribution (ADC)	$533,253	$520,516	$496,076	$520,516	Watch
% of ADC Contributed	119%	116%	127%	134%	Positive

Municipal Employees Retirement System

	Valuation Date				
	12/31/2014	12/31/2015	12/31/2016	12/31/2017	Status
Actuarially Accrued **Liabilities**	$11,625,621	$12,623,247	$12,691,427	$13,044,607	
Actuarial Value of **Assets**	10,150,458	10,160,689	10,218,684	10,375,200	
Unfunded Liabilities	$1,475,163	$2,462,558	$2,472,743	$2,669,407	
% Funded	87%	80%	81%	80%	
Average Pension	$12,786	$12,492	$12,685	$13,426	
Required Actuarially Determined Contribution	$237,649	$237,649	$281,993	$317,092	
% of ADC Contributed	100%	100%	100%	100%	

Other Post-Employment Benefits (OPEB)

	Valuation Date			
	6/30/15	6/30/16	6/30/17	Status
Actuarially Accrued **Liabilities**	$4,334,676	$4,197,283	$4,764,278	
Actuarial Value of **Assets**	2,461,008	2,915,604	3,286,528	
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.

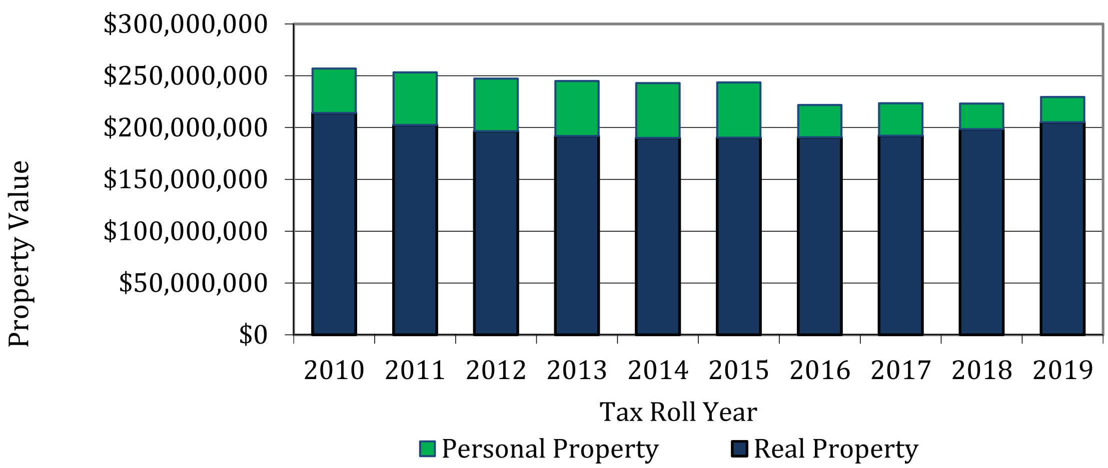
Total Unfunded Retirement and Other Post-Employment Benefit Liabilities

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	$2,411,783	$2,391,723	82%	
Municipal Employees Retirement System	2,472,743	2,669,407	81%	
Other Post-Employment Benefits	1,477,750	1,477,750	69%	
Total Unfunded Liabilities	**$6,362,276**	**$6,538,880**		

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 about $32.1 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			
2010	214,108,421	42,873,550	$256,981,971	2,576,266	15,884,335
2011	202,455,519	50,840,200	$253,295,719	2,577,482	15,290,897
2012	196,431,899	50,777,800	$247,209,699	2,356,704	15,323,410
2013	191,926,234	52,972,480	$244,898,714	2,285,132	15,609,601
2014	190,071,183	52,897,700	$242,968,883	3,631,644	15,478,515
2015	190,288,151	53,285,900	$243,574,051	3,528,602	14,552,873
2016	190,631,321	31,243,800	$221,875,121	3,755,968	14,602,325
2017	192,217,626	31,297,400	$223,515,026	4,053,536	14,056,189
2018	198,542,961	24,644,800	$223,187,761	3,490,112	13,604,610
2019	205,103,071	24,474,300	$229,577,371	4,418,994	13,838,572

(1) Base value for LDFA is $551,400. Taxes captured for FY2020 are anticipated to be $53,942 from the operating millage levy, and $10,056 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 FY2020 are anticipated to be $30,461 from the operating millage levy, and $5,678 from the Police and Fire Retirement millage levy.

Residential Taxable Values

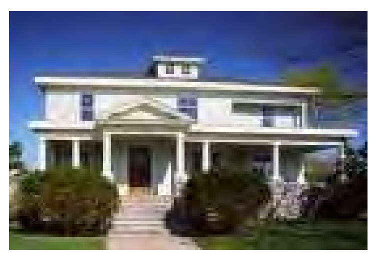
Residential class parcels comprise 80% of the total parcels within the City of Cadillac and about 59% of the total taxable value of property within the City. Over the last five years, residential class parcels have experienced the following changes:

Tax Year:	2015	2016	2017	2018	2019
Residential Class					
Assessed Value (AV)	$139,291,600	$146,193,400	$149,486,300	$153,782,900	$161,360,900
Change from prior year	*6.06%*	*4.95%*	*2.25%*	*2.87%*	*4.93%*
Taxable Value (TV)	$122,930,987	$124,431,418	$126,128,411	$130,628,453	$135,185,906
Change from prior year	*1.30%*	*1.22%*	*1.36%*	*3.57%*	*3.49%*
AV-TV Gap	$16,360,613	$21,761,982	$23,357,889	$23,154,447	$26,174,994
Gap as % of TV	13.31%	17.49%	18.52%	17.73%	19.36%
TV/AV	88.25%	85.11%	84.37%	84.94%	83.78%

Average Residential Taxable Value

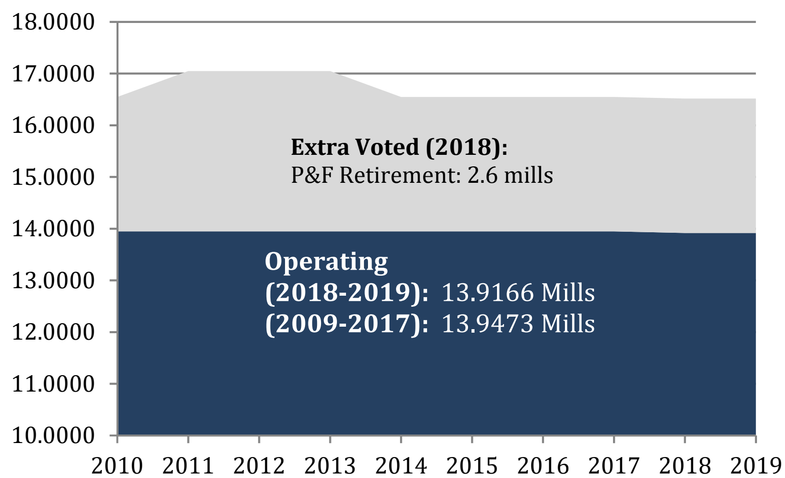
The drop in residential values has also reduced the tax burden for the average homeowner. For the last ten years, the average taxable value of a home and the City taxes levied against it has trended as follows:

Tax Year	Average Home Taxable Value	City Millage	Average City Taxes Paid
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
2019	$36,912	16.5166	$609.66



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 did not change 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							
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	Direct and Overlapping Annual Tax Rate
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
2018	13.9166	2.6000	16.5166	8.6997	0.6000	1.0000	0.7500	23.8000	6.1604	6.0000	63.5267

(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, 1.45 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 5.8 mills for debt service.

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.

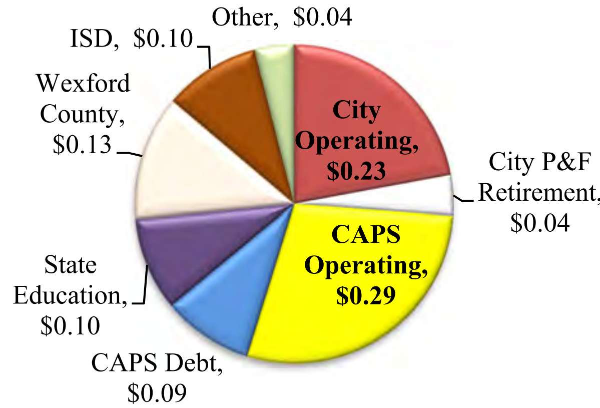
Total Tax Burden

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.

		Property Type and Total Taxes at average taxable value of $50,000					
Taxing Unit	**Millage Rate**	**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	5.8000	5.8000	290.00	5.8000	290.00	5.8000	290.00
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	**64.9815**	**45.0267**	**$2,251.34**	**63.0267**	**$3,151.34**	**64.9815**	**$3,249.08**

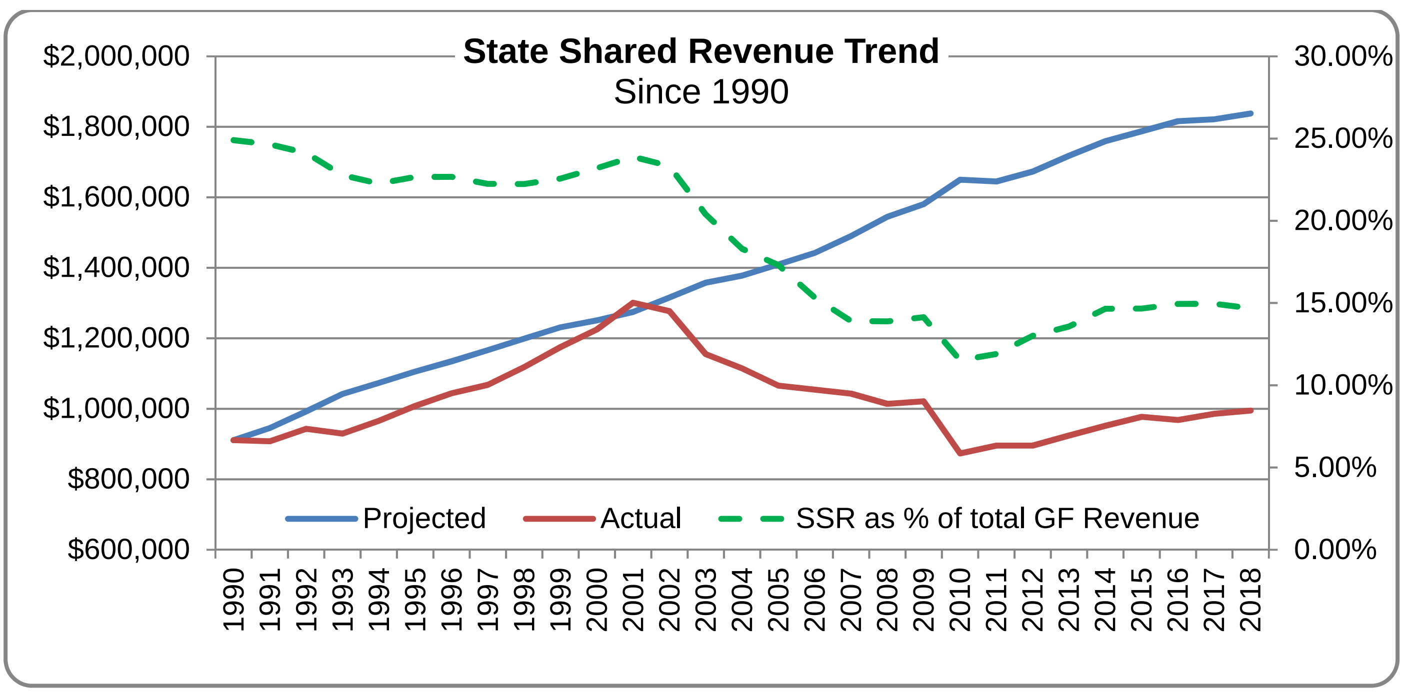
Tax Allocation

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 $0.37 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.



Employment Statistics – FTE by Activity for Last Ten Years

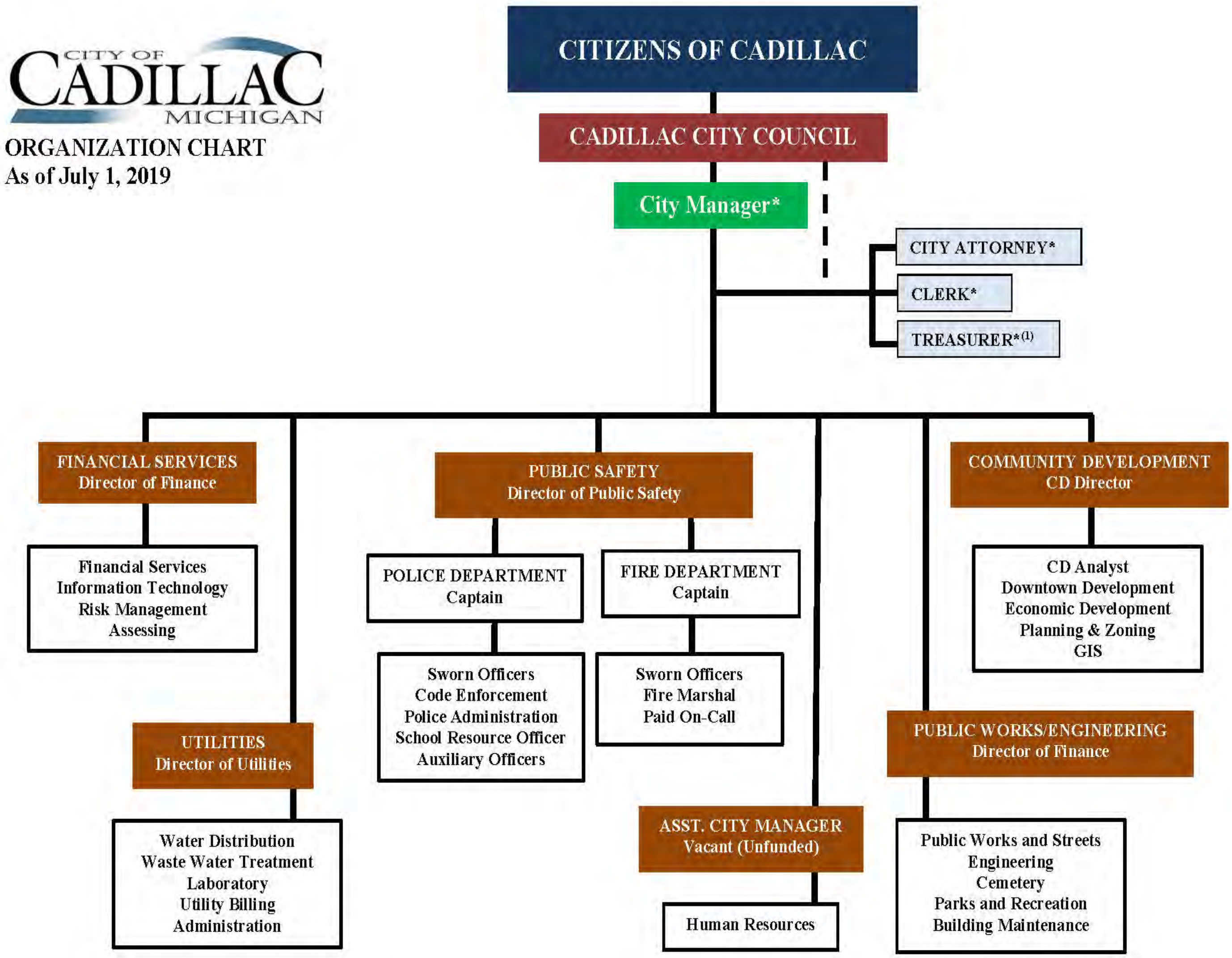
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
City Manager	1.50	2.37	2.20	2.20	2.20	2.20	2.20	2.75	2.20	2.75
Assistant City Manager	1.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial Services	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.15	2.15	2.15
Clerk/Treasurer	3.88	3.80	3.80	3.80	3.80	3.80	3.80	3.75	3.75	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	1.28	1.32	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50
City Engineer	1.79	1.80	1.80	1.80	1.80	1.80	1.80	0.80	0.80	0.80
Total General Government	11.92	11.54	11.05	11.05	11.05	11.05	11.05	10.95	10.95	10.95
Public Safety										
Police	17.01	16.91	17.36	16.86	16.95	16.95	16.95	16.45	16.95	16.95
Fire	11.85	11.85	11.50	11.00	11.00	11.00	11.00	11.50	11.50	11.50
Code Enforcement	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.00	0.00
Building Inspector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Public Safety	29.26	29.26	29.36	28.36	28.45	28.45	28.45	28.45	28.45	28.45
Other										
Public Works	13.03	12.70	12.10	12.10	12.10	12.10	12.00	12.10	12.10	12.10
Data Processing	0.30	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	0.00	0.00	0.00	0.00	0.00	0.00
Water/Sewer	19.87	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Community Dev.	1.61	2.21	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Cemetery	0.92	0.90	0.90	0.90	0.90	0.90	0.00	0.00	0.00	0.00
Total Other	35.82	36.20	35.59	35.59	35.50	35.50	34.50	34.60	34.60	34.60
Total FTE	77.00	77.00	76.00	75.00	75.00	75.00	74.00	74.00	74.00	74.00

Employment Analysis
As the above chart illustrates, FTE levels have declined slightly. 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
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.

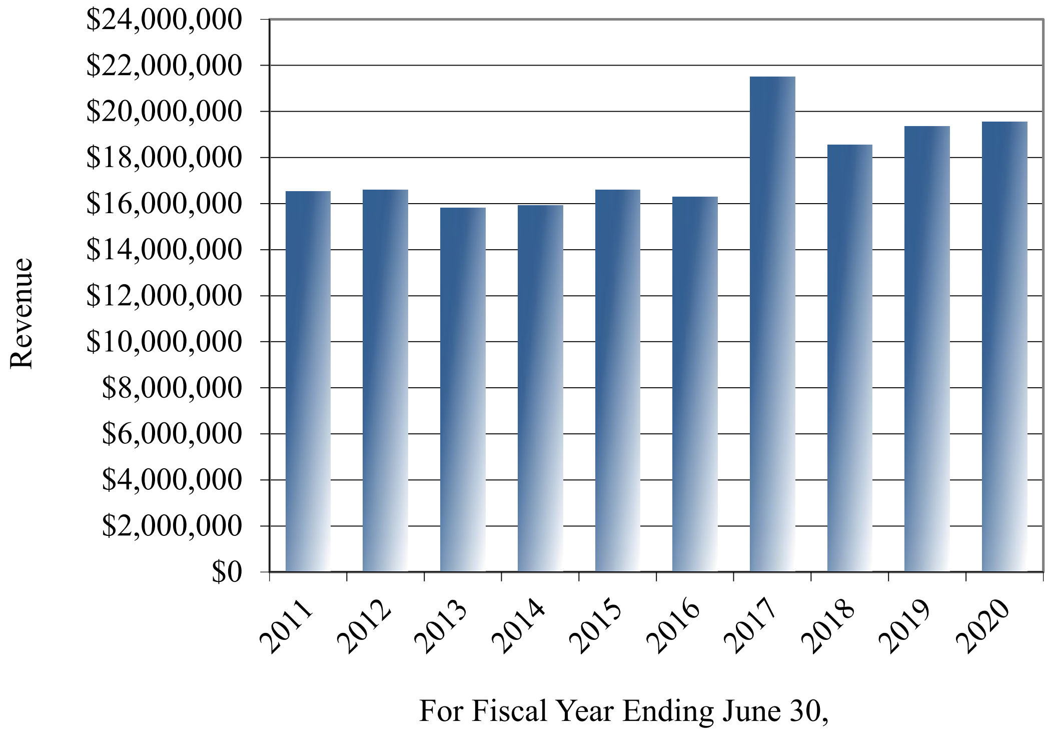


** Positions appointed by the Cadillac City Council.*
(1) Reports to Director of Finance

2019-2020 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



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 FY2017 is attributable to proceeds from a bond issue to fund construction and a major grant received.

(All numbers in thousands)	Major Funds		Nonmajor Governmental Funds			
	General Fund	**Water and Sewer Fund**	**Special Revenue Funds**	**Debt Service Funds**	**Capital Projects Funds**	**Permanent Funds**
Revenues and Other Sources:						
Taxes	$3,874					
Licenses and Permits	140		90			
Intergovernmental	1,805		1,423			
Charges For Services	1,046	4,262	56			10
Fines and Forfeits	15					
Miscellaneous	25	85	5			
Other Financing Sources			1,135	160		
Local Funds						
Rental			18			
Principal Payment					7	
Interest Income - Loan						
Interest Income	56	45	30		13	12
Total	**$6,961**	**$4,392**	**$2,757**	**$160**	**$20**	**$22**
Expenditures:						
General Government	$1,723					
Public Safety	4,214					
Public Works	864					
Culture and Recreation	310					
Economic Development	206					
Intergovernmental	101					
Other Financing Uses	140		385			
Operating		4,201	1,470	1	3	1
Capital Outlay						
Construction			995		30	
Principal				123		
Interest		180		36		
Non-Operating						
Total	**$7,558**	**$4,381**	**$2,850**	**$160**	**$33**	**$1**
Excess (Deficiency) of Revenues over Expenditures (1)	($597)	$11	($93)	$0	($13)	$21
Fund Balances - Beginning	$3,183	$16,408	$1,857	$0	$634	$684
Ending	**$2,586**	**$16,419**	**$1,764**	**$0**	**$621**	**$705**

(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.

(All numbers in thousands)	Nonmajor Proprietary Funds (2)	Pension Trust Fund	Component Units	FY2020 Budget Total	COMPARISON FY2019 Amended Budget Totals	FY2018 Actual Totals
Revenues and Other Sources:						
Taxes	$53		$287	**$4,214**	$4,135	$4,140
Licenses and Permits	2			**232**	233	231
Intergovernmental	195			**3,423**	3,489	3,808
Charges For Services	49		18	**5,441**	5,343	6,602
Fines and Forfeits				**15**	15	12
Miscellaneous	76	30	5	**226**	617	101
Other Financing Sources	275		275	**1,845**	2,375	2,047
Local Funds	1,315	600		**1,915**	1,765	702
Rental	724			**742**	743	851
Principal Payment				**7**	7	10
Interest Income - Loan				**0**	0	0
Interest Income	10	453	34	**653**	558	994
Total	**$2,699**	**$1,083**	**$619**	**$18,713**	**$19,280**	**$19,498**
Expenditures:						
General Government				**$1,723**	$1,662	1,617
Public Safety				**4,214**	3,532	3,279
Public Works				**864**	844	988
Culture and Recreation				**310**	404	337
Economic Development				**206**	181	201
Intergovernmental				**101**	101	0
Other Financing Uses			275	**800**	660	1,654
Operating	2,672	1,083	423	**9,854**	9,585	8,834
Capital Outlay				**0**	0	143
Construction				**1,025**	2,580	1,639
Principal			81	**204**	258	425
Interest	10		18	**244**	289	236
Non-Operating				**0**	0	0
Total	**$2,682**	**$1,083**	**$797**	**$19,545**	**$20,096**	**$19,353**
Excess (Deficiency) of Revenues over Expenditures (1)	$17	$0	($178)	**($832)**	($816)	$145
Fund Balances - Beginning	$3,087	$10,898	$2,315	**$39,066**	$39,066	$40,321
Ending	**$3,104**	**$10,898**	**$2,137**	**$38,234**	**$38,250**	**$40,466**

(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

Analysis of Principal Revenue Sources

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

Revenue	Amount (Budget-Thousands)	% of Total
Taxes	$4,214	22.52%
Interest Income	$653	3.49%
Intergovernmental Revenues	$3,423	18.29%
Charges for Services	$5,441	29.08%
Principal Repayment & Interest Income - Loans	$7	0.04%
Local Funds	$1,915	10.23%
Other	$3,060	16.35%
Total	**$18,713**	**100.00%**

Property Taxes

The major source of revenue for FY2020 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.

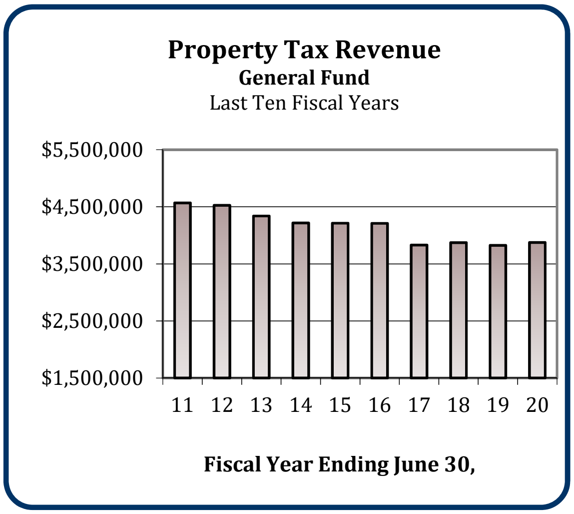
	Fiscal Year Ending June 30,				
Millage	**2016**	**2017**	**2018**	**2019**	**2020**
City Operating	13.9473	13.9473	13.9473	13.9166	13.9166
Police and Fire Retirement	2.6000	2.6000	2.6000	2.6000	2.6000
Total City Millage Rate	**16.5473**	**16.5473**	**16.5473**	**16.5166**	**16.5166**
TAX BASE (Taxable Value of City Property	**$243,574,051**	**$221,875,121**	**$223,515,026**	**$223,187,761**	**$229,577,371**
Taxes Generated (Total)	$4,030,492	$3,671,434	$3,698,570	$3,686,303	$3,791,838
Change from Prior Year	$10,013	($359,058)	$27,136	($12,267)	$105,535

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 FY2020 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.



Property Tax Outlook

Unfortunately, the City has lost over $30 million in taxable value since 2009. This equates to over $400,000 per year in lost revenue. While about half of this loss is based on personal property tax reform and is expected to be reimbursed, the City has still lost a significant amount of annual revenue. 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 FY2020, 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)	$30,461	$5,678	$36,139
Local Development Finance Authority (LDFA)	$53,942	$10,056	$63,998
LDFA Industrial Facilities Tax Exemption Capture	$21,939	$4,090	$26,029
Brownfield Redevelopment Authority	$5,976	$1,116	$7,092
Total Capture	**$112,318**	**$20,940**	**$133,258**

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.

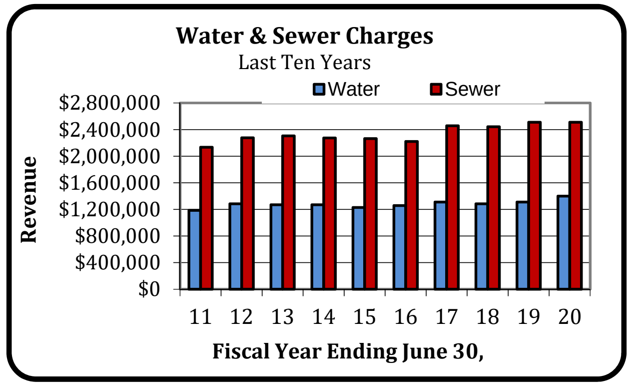
State Shared Revenue Outlook

Though recovering somewhat in the last couple of years, these revenues have experienced serious declines since 2001. In fact, projections for FY2020 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.

State shared revenue is broken into two categories – constitutional and statutory. The constitutional portion has been projected to increase slightly for FY2020 based on the State's projection of upcoming sales tax collections. This is expected to provide about $15,000 in additional revenue for the fiscal year.

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 FY2020 this portion of revenue for the City is projected to increase slightly, providing an additional $5,000 compared to the prior year.

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 FY2020 based on the removal contract, which was just renewed in 2018. The rate is estimated to increase by about $0.52 per month. 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. The City is proposing a blended rate increase of approximately 5%, which will be split between water (+10%) and sewer rates (+1.5%). The rates were increased 3% in FY2019, 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.

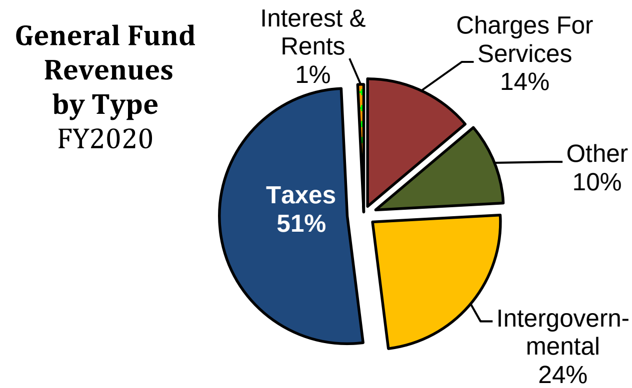
Other Revenue
Other Revenue for the City of Cadillac includes a variety of miscellaneous sources. Included in this category are items such as Fines and Forfeits, Licenses and Permits, and Other Financing Sources. Other Financing Sources include administrative charges that come into the General Fund from 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.

Fund: General Fund

Type: General Fund
Oversight: Various

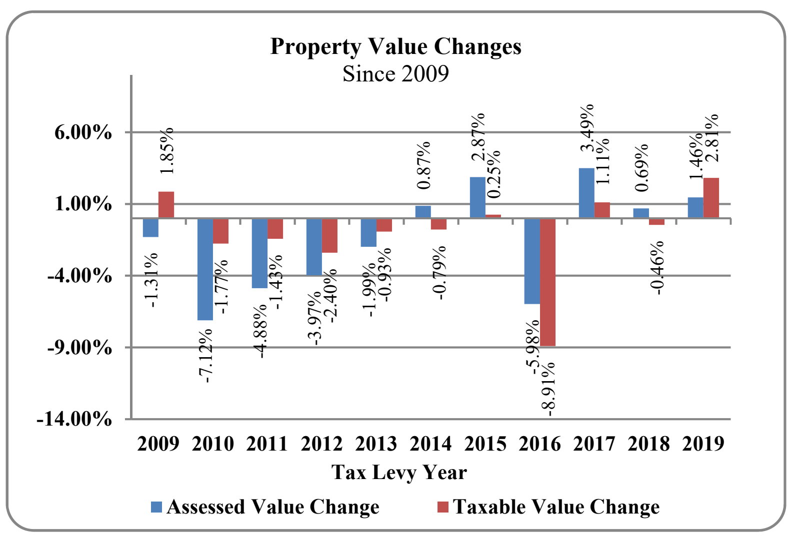
The General Fund of the City of Cadillac is the main operating fund of the City and records all revenues and expenditures which are not required to be accounted for in another fund. The General Fund accounts for most of the standard services provided to a community. This includes police and fire, tax 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 $610 in City taxes this year, which is up 4.1% from $586 in FY2019. For reference, the same average homeowner would have paid about $633 – or about 4% more - in City taxes in 2010. Property taxes fund 51% of the cost of municipal services, and the other 49% 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. FY2020 will be the sixth 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 $500,000. The first two years of this reimbursement have been higher than the 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.

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 $1,030,000 for FY2020. 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 21% 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 $2.8 million in wages and an additional $1.8 million in benefits. Benefits are 64% 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 FY2020 and FY2019 represent budgeted amounts, while FY2016-2018 are actual audited amounts.

	FY2020	FY2019	FY2018	FY2017	FY2016
Wages	$2,786,500	$2,690,500	$2,700,312	$2,689,901	$2,613,218
Benefits	1,772,700	1,590,400	1,568,689	1,444,687	1,502,681
Total	**$4,559,200**	**$4,280,900**	**$4,269,001**	**4,134,588**	**4,115,899**
% of G.F. Expenditures	60.3%	61.0%	63.2%	64.6%	63.5%

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. Full-time staffing was reduced by one additional position in 2016. This represents the elimination of a full-time Cemetery Foreman. Cemetery activities are now 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.

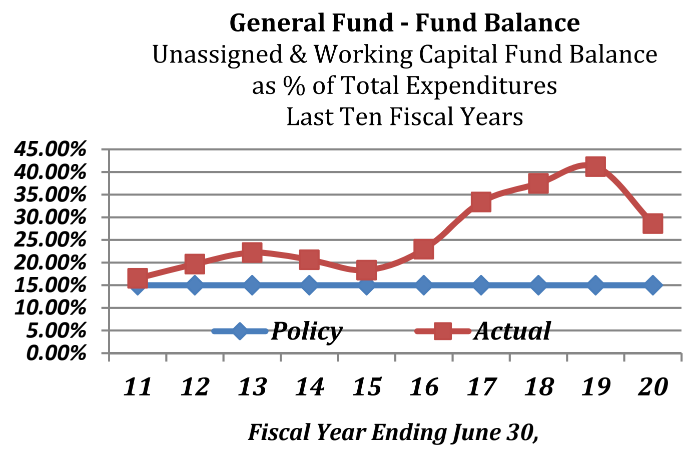
It is the position of City administration that staffing levels across the organization are now at the lowest possible level that is necessary to maintain current service levels. Further reductions in staffing would result in a reduction of services to the community. Additionally, many staff members have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

Capital Outlay
The FY2020 budget includes appropriations for several capital purchases. The Municipal Complex will see several upgrades, including the replacement of the concrete approaches to the Fire Department garage, and upgrades to the Police Department section of the Municipal Complex. The Police Department is planning to replace the system of in-car video cameras and is also planning on purchasing body-worn cameras to assist the department. These two systems will cost $35,000. The Fire Department will be replacing a fire engine that has reached the end of its useful life. Finally, the parks department will replace a riding lawn mower, and will be purchase an insert for a sign by the Rotary Performing Arts Pavilion that will enable the programming of electronic messages instead of manual lettering.

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 complied with this policy for many years and it is expected that the proposed FY2020 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 FY2020 budget is fully balanced with the anticipated use of $600,000 in reserves that will be used to replace a fire engine. The fund balance should grow in FY2019 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:		7,561,100
Less: One-Time Revenue		
Local Funds for Grant Match	10,000	
Appropriated Fund Balance for Fire Truck	600,000	
Total One-Time Revenues		610,000
Net = Ongoing Revenue		**$6,951,100**
Total Expenditures		7,558,100
Less: One-Time Expenditures		
Capital Outlay		724,000
Net = Ongoing Expenditures		**$6,834,100**
Ongoing Revenues Over (Under) Ongoing Expenditures		**$117,000**

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.

City of Cadillac, Michigan

2019-2020 Annual Operating Budget

Fund: General Fund

Revenue Summary

FUNDING SUMMARY	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed	% Change
REVENUES AND OTHER SOURCES:					
Taxes	$3,872,300	$3,817,000	$3,824,000	**$3,874,000**	*1.31%*
Licenses	142,511	139,500	141,000	**139,500**	*-1.06%*
Intergovernmental	1,955,177	1,971,700	1,937,000	**1,805,000**	*-6.81%*
Charges For Services	950,763	1,022,700	1,018,700	**1,046,100**	*2.69%*
Fines and Forfeits	12,320	14,000	15,000	**15,000**	*0.00%*
Miscellaneous	28,168	24,500	30,000	**25,000**	*-16.67%*
Interest and Rents	41,480	46,500	46,500	**56,500**	*21.51%*
Other Financing Sources	0	0	0	**600,000**	*0.00%*
Total Revenues	$7,002,719	$7,035,900	$7,012,200	**$7,561,100**	*7.83%*

General Fund Revenue Sources

	Percentage of General Fund Revenues from 1975-2015				
	Current	FY2005	FY1995	FY1985	FY1975
Taxes	51.24%	59.08%	54.50%	59.33%	38.73%
Intergovernmental	23.87%	22.61%	27.74%	23.04%	19.98%
Charges for Services	13.84%	13.28%	12.14%	7.21%	5.43%
Other	11.06%	5.03%	5.62%	10.42%	35.86%
	100.01%	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:	**$228,000,000**	**$3,172,985**
Prior Year Taxable Value:	**$223,515,026**	**$3,117,431**
Increase (Decrease):	**$4,484,974**	**$55,554**
% Change:	**2.01%**	

Total Levy	Total Tax Levy	DDA Capture	LDFA Capture	Brownfield Capture	General Fund Taxes	Taxes Captured
General Operating	$3,172,985	30,461	53,942	5,976	$3,082,606	$90,379
P&F Retirement	$592,800	5,678	10,056	1,116	$575,950	$16,850

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Taxes				
Current Property Tax	$3,077,172	$3,040,000	$3,035,000	**$3,080,000**
Industrial Facilities Tax	31,095	20,000	30,000	**25,000**
Property Tax - Police and Fire	579,481	580,000	580,000	**590,000**
Delinquent Tax Collections	4,155	2,000	1,000	**1,000**
Administration Fees	116,574	115,000	116,000	**116,000**
Trailer Park Fees	2,351	2,000	2,000	**2,000**
Penalties and Interest	31,270	30,000	30,000	**30,000**
Payment in Lieu of Taxes				
Housing	30,202	28,000	30,000	**30,000**
Total Taxes	$3,872,300	$3,817,000	$3,824,000	**$3,874,000**
Licenses and Permits				
Cable Franchise Fees	$136,554	$138,000	$140,000	**$138,000**
Business Licenses	5,797	1,500	1,000	**1,500**
Permits	160		0	**0**
Total Licenses and Permits	$142,511	$139,500	$141,000	**$139,500**
Intergovernmental Revenues				
State Shared Revenues:				
Sales & Use Tax - Constitutional	$845,709	$825,000	$815,000	**$830,000**
Sales & Use Tax - Statutory	196,549	195,000	190,000	**200,000**
Liquor Licenses	9,293	9,200	9,000	**9,000**
Local Community Stabilization Authority	665,820	600,000	600,000	**500,000**
Telecommunications Right of Way	40,081	40,000	40,000	**40,000**
Grants from Local Units:				
Fire Protection	169,237	170,000	170,000	**173,000**
Michigan Justice Training Grant	2,686	2,500	3,000	**3,000**
CAPS - School Officer	25,802	50,000	25,000	**50,000**
Federal Grants	0	0	0	**0**
State of Michigan Grants	0	80,000	80,000	**0**
Local Funds	0	0	5,000	**0**
Total Intergovernmental Revenues	$1,955,177	$1,971,700	$1,937,000	**$1,805,000**

Revenue Highlights

Industrial Facilities Tax

This tax abatement program grew consistently as the City Council has established a policy of granting an abatement to any qualified industrial facility. The tool has been somewhat less valuable as a result of the reforms related to manufacturing personal property. 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 $6 million. This results in a levy of about $42,000. The Local Development Finance Authority captures about half of this amount.

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 $89 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 in 2010. 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. Rates will increase slightly in FY2020 because of annual contractual adjustments based on inflationary indexes. 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

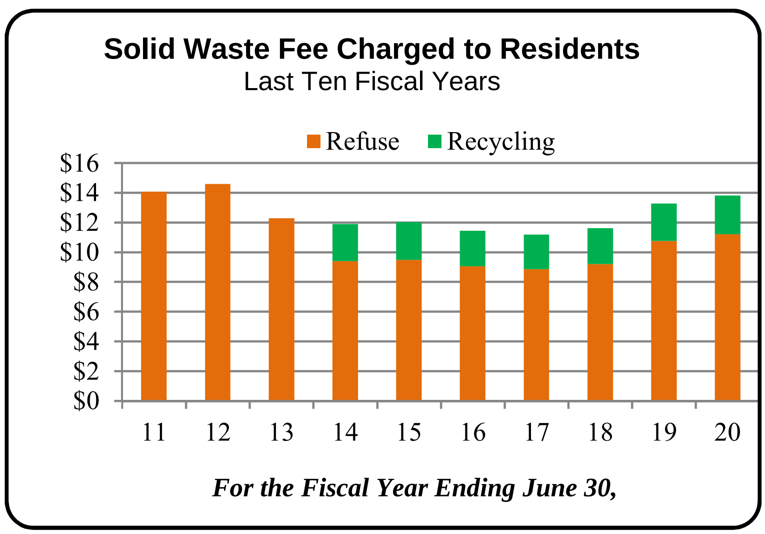
3,250 average units x $11.20 recommended monthly fee x 12 = $436,800 annual solid waste collection fee ($10.10 is paid to the hauler for contractual removal service.)

Recycling

3,250 average units x $2.60 projected monthly fee x 12 = $101,400 annual recyclables collection fee (this fee is passed on in full to the contractual recycling hauler).

Tidy Tote Garbage Cans

2,300 average customers x $2.10 per month fee x 12 = $57,960 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.

City of Cadillac, Michigan

2019-2020 Annual Operating Budget

Fund: General Fund

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Charges For Services				
Zoning Fees	$2,550	$2,000	$200	**$1,000**
Exemption Certificate Fees	600	500	500	**500**
Northflight	70,634	70,000	70,000	**74,000**
Police Charges	3,722	4,000	4,000	**4,000**
Fire Department Charges	1,032	2,500	3,000	**3,000**
Engineering Fees	405	200	0	**0**
Solid Waste Collection	517,983	580,000	580,000	**600,000**
DEQ Management Fee	25,000	25,000	25,000	**25,000**
Sale of Maps and Ordinances	0	0	0	**0**
Rental Housing Ordinance Fee	6,615	6,500	8,000	**7,000**
Administrative Charges				
Water and Sewer Fund	$260,000	$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	36,000	36,000	**36,000**
Building Inspection Fund	0	4,000	0	**3,600**
Miscellaneous	222	0	0	**0**
Total Charges For Services	$950,763	$1,022,700	$1,018,700	**$1,046,100**
Fines and Forfeits				
Violations Bureau	$12,320	$14,000	$15,000	**$15,000**
Total Fines and Forfeits	$12,320	$14,000	$15,000	**$15,000**
Miscellaneous				
Sale of Property	1,425	2,000	5,000	**5,000**
Contributions - Private Sources	16,236	12,500	15,000	**10,000**
Miscellaneous - Refunds and Rebates	10,507	10,000	10,000	**10,000**
Total Miscellaneous	$28,168	$24,500	$30,000	**$25,000**
Interest and Rents				
Interest Income	$40,790	$45,000	$45,000	**$55,000**
Land and Building Rental	690	1,500	1,500	**1,500**
Total Interest and Rents	41,480	46,500	46,500	**56,500**
Other Financing Sources				
Appropriated Fund Balance	0	0	0	**600,000**
Total Other Financing Sources	$0	$0	$0	**$600,000**
TOTAL REVENUES	$7,002,719	$7,035,900	$7,012,200	**$7,561,100**

City of Cadillac, Michigan

2019-2020 Annual Operating Budget

Fund: General Fund

FUNDING SUMMARY	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed	*Change*
EXPENDITURES					
General Government					
Legislative	$47,238	$50,100	$43,900	**$47,400**	*7.97%*
Office of the City Manager	266,562	292,200	291,900	**305,500**	*4.66%*
Financial Services	230,965	239,500	241,200	**261,200**	*8.29%*
Clerk/Treasurer Department	281,717	288,100	300,500	**311,000**	*3.49%*
Election Services	8,879	14,000	14,000	**14,000**	*0.00%*
Assessing	126,903	132,000	137,500	**138,500**	*0.73%*
Legal Services	182,236	172,000	200,000	**200,000**	*0.00%*
Engineering Services	135,501	84,100	85,500	**86,000**	*0.58%*
City Hall	309,900	341,200	347,200	**359,800**	*3.63%*
Total General Government	$1,589,901	$1,613,200	$1,661,700	**$1,723,400**	*3.71%*
Public Safety					
Police Department	$1,899,637	$1,944,400	$1,981,500	**$2,122,500**	*7.12%*
Code Enforcement	30,552	10,100	33,500	**0**	*-100.00%*
Fire Department	1,382,688	1,415,900	1,517,400	**2,091,900**	*37.86%*
Total Public Safety	$3,312,877	$3,370,400	$3,532,400	**$4,214,400**	*19.31%*
Public Works	$808,615	$863,300	$844,000	**$863,700**	*2.33%*
Culture and Recreation	380,181	385,700	404,000	**309,500**	*-23.39%*
Economic Development and Assistance	175,431	180,200	180,900	**206,400**	*14.10%*
Intergovernmental Expenses	100,528	100,600	100,700	**100,700**	*0.00%*
Other Financing	390,000	260,000	290,000	**140,000**	*-51.72%*
TOTAL EXPENDITURES	$6,757,533	$6,773,400	$7,013,700	**$7,558,100**	*7.76%*
FUND BALANCE AT YEAR END					
Net Change in Fund Balance	$245,186	$262,500	($1,500)	**($597,000)**	
Fund Balance - Beginning of Year	2,675,270	2,920,456	2,920,456	**3,182,956**	
FUND BALANCE AT YEAR END					
Nonspendable	10,415	50,000	50,000	**50,000**	
Restricted	38,421	25,390	25,390	**20,390**	
Committed	-	-	-	**-**	
Assigned	1,426,129	1,370,657	1,406,702	**1,488,362**	
Unassigned	1,445,491	1,736,909	1,436,864	**1,027,204**	
TOTAL FUND BALANCE	$2,920,456	$3,182,956	$2,918,956	**$2,585,956**	

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 FY2018 and projections for FY2019 and FY2020 are as follows:

FUND BALANCE INFORMATION	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Nonspendable				
Prepaid Expenditures	10,415	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	0	1,859	1,859	**1,859**
Blackburn Skate Park	3,083	2,996	2,996	**2,996**
White Pine Trail	1,859	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	38,421	25,390	25,390	**20,390**
Assigned For:				
Sick and Vacation Funding	334,377	350,000	350,000	**350,000**
Working Capital	1,084,605	1,016,010	1,052,055	**1,133,715**
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	-	-	-	**-**
Total Assigned	1,426,129	1,370,657	1,406,702	**1,488,362**
Unassigned	1,445,491	1,736,909	1,436,864	**1,027,204**
TOTAL FUND BALANCE	$2,920,456	$3,182,956	$2,918,956	**$2,585,956**

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
GENERAL GOVERNMENT				
Legislative				
Salaries	$16,300	$16,300	$16,500	**$16,500**
Fringes	1,278	1,300	1,400	**1,400**
Office Supplies	783	1,500	1,500	**1,500**
Contractual Services	5,381	5,000	3,500	**5,000**
Data Processing	3,000	3,000	3,000	**3,000**
Dues & Publications	6,871	7,000	7,000	**7,000**
Travel and Education	6,674	8,000	6,000	**7,000**
Ordinances and Proceedings	6,951	8,000	5,000	**6,000**
Total Legislative	$47,238	$50,100	$43,900	**$47,400**

City Council Measures				
Full-Time Positions	0	0	0	**0**
Part-Time Positions	5	5	5	**5**
Cost Per Resident	$4.56	$4.84	$4.24	$4.58

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.

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
GENERAL GOVERNMENT (Cont.)				
Office of the City Manager				
Salaries	$166,849	$190,000	$190,000	**$197,500**
Fringes	75,876	75,000	74,900	**82,000**
Office Supplies	1,512	1,800	2,000	**2,000**
Data Processing	6,099	6,000	6,000	**6,000**
Dues & Publications	2,342	3,000	4,000	**3,000**
Telephone	2,340	2,700	2,800	**2,800**
Travel & Education	7,344	9,500	7,000	**7,000**
Vehicle Allowance	4,200	4,200	4,200	**4,200**
Suggestion Award	0	0	1,000	**1,000**
Total Office of the City Manager	$266,562	$292,200	$291,900	**$305,500**

City Manager Measures				
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	$25.74	$28.22	$28.19	**$29.50**

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.

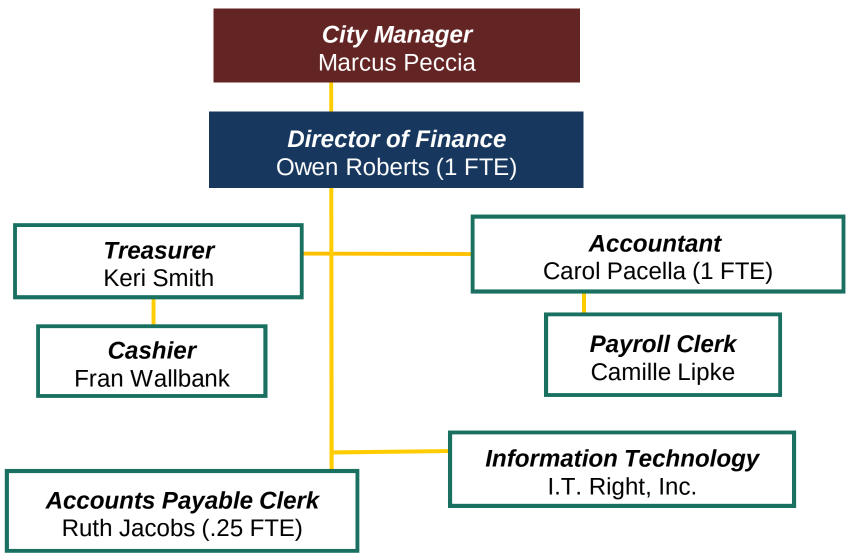
All human resource activities are also overseen within the Office of the City Manager.

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

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.

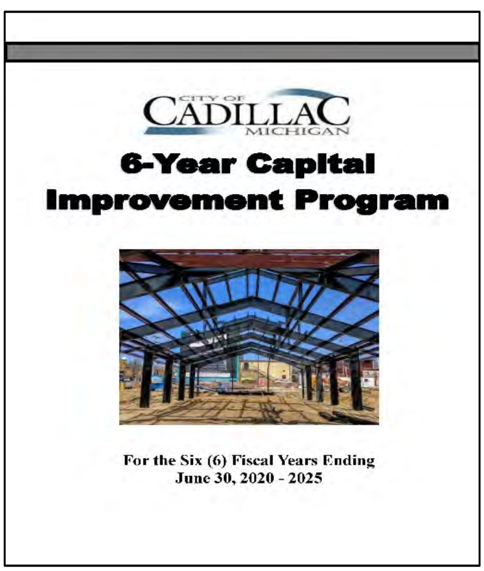


PERFORMANCE MEASURES - FINANCIAL SERVICES

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Received GFOA Budget/CAFR Awards	Yes	Yes	Yes	Yes	↔
General Fund Working Capital + Unassigned Fund Balance	$2,134,909	$2,530,096	$2,752,919	$2,160,919	↔
Total General Fund Expenditures	$6,401,387	$6,757,533	$7,013,700	$7,558,100	↑
Unreserved Fund Balance as % of General Fund Expenditures	33.35%	37.44%	39.25%	28.59%	↓
Fund Balance Policy Level (15%)	$960,208	$1,013,630	$1,052,055	$1,133,715	↑
Total Above (Below) Policy Benchmark *	$1,174,701	$1,516,466	$1,700,864	$1,027,204	↓
Unmodified Audit Opinion	Yes	Yes	Yes	Yes	↔

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
GENERAL GOVERNMENT (Cont.)				
Financial Services				
Salaries	$136,321	$140,000	$140,000	**$145,000**
Fringes	57,869	62,000	62,000	**76,000**
Office Supplies	5,696	4,000	5,000	**5,000**
Audit	6,940	8,000	7,500	**8,500**
Data Processing	18,000	18,000	18,000	**18,000**
Dues & Publications	1,637	1,800	1,500	**1,500**
Telephone	2,220	2,200	2,200	**2,200**
Travel & Education	2,282	3,500	5,000	**5,000**
Total Financial Services	$230,965	$239,500	$241,200	**$261,200**

Financial Services Department Measures				
Full-Time Positions	2.15	2.15	2.15	**2.15**
Part-Time Positions	0.00	0.00	0.00	**0.00**
Cost Per Resident	$22.30	$23.13	$23.29	**$25.22**



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 $21.8 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

	Actual		*Projected*	*Budgeted*	
MEASURE Fiscal Year:	**2017**	**2018**	**2019**	**2020**	**Trend**
Total City-wide Assessed Value	$246,992,300	$254,325,600	$257,293,600	$265,543,600	↔
Total City-wide Taxable Value	$221,875,121	$223,515,026	$223,187,761	$228,000,000	↑
Taxable Value as % of Assessed Value	89.8%	87.9%	86.7%	85.9%	↓
Tax Bills Issued	9,960	9,930	9,930	9,930	↔
Total Number of Annual Receipts	44,341	44,341	43,500	43,000	↓
Total Number of Online Receipts	1,486	1,486	2,000	2,500	↑
Dollar Value of Annual Receipts	$21,681,870	$21,681,870	$22,000,000	$22,000,000	↔
Accounts Payable Checks Issued	2,934	2,738	2,700	2,600	↓
Payroll Checks Issued	595	436	400	300	↓
Payroll Direct Deposits	3,134	3,223	3,200	3,300	↑
Miscellaneous Billing Invoices Issued	880	781	825	825	↔
Total Registered Voters	7,258	7,258	7,250	7,250	↔
Number of Elections	2	2	2	2	↔
Total Cost of Elections	$13,090	$8,879	$14,000	$14,000	↑
Cost per Election	$6,545	$4,440	$7,000	$7,000	↑

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
GENERAL GOVERNMENT (Cont.)				
Clerk/Treasurer Department				
Salaries	$149,240	$155,000	$156,000	**$161,000**
Fringes	82,121	85,000	85,000	**89,000**
Office Supplies	3,892	2,800	3,000	**3,000**
Postage	16,499	14,500	14,000	**15,000**
Data Processing	18,000	18,000	18,000	**24,000**
Dues & Publications	462	800	1,000	**1,000**
Travel & Education	939	2,000	3,500	**3,000**
Bad Debt Expense (1)	10,564	10,000	20,000	**15,000**
Total Clerk/Treasurer Department	$281,717	$288,100	$300,500	**$311,000**

(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.

Clerk/Treasurer Measures				
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	$27.21	$27.82	$29.02	**$30.03**

Election Services				
Salaries	$4,121	$9,000	9,000	**$9,000**
Office Supplies	4,758	5,000	5,000	**5,000**
Contractual Services	0	0	0	**0**
Total Election Services	$8,879	$14,000	$14,000	**$14,000**

Elections Measures				
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	$0.86	$1.35	$1.35	**$1.35**
Registered Voters	7,214	7,304	7,300	**7,300**
Cost per registered voter	$1.23	$1.92	$1.92	**$1.92**

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
GENERAL GOVERNMENT (Cont.)				
Assessor				
Postage	$335	$3,000	$3,000	**$3,000**
Contractual Services	0	1,000	2,000	**2,000**
Wexford County Contract	113,730	115,000	119,000	**120,000**
Data Processing	12,000	12,000	12,000	**12,000**
Board of Review	838	1,000	1,500	**1,500**
Total Assessor	$126,903	$132,000	$137,500	**$138,500**

Assessing Measures				
Full-Time Positions	0	0	0	**0**
Part-Time Positions	0	0	0	**0**
Cost Per Resident	$12.26	$12.75	$13.28	**$13.38**

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:

	Charge	# of Parcels	Annual Cost
Service			
Per Parcel assessing charge	$18.20	6,100	**$111,020**
Per Parcel assessment roll maintenance	$1.30	6,100	**$7,930**
Total Charges			**$118,950**

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
GENERAL GOVERNMENT (Cont.)				
Legal Services				
Legal Services - General Counsel	41,029	60,000	85,000	**65,000**
Legal Services - Special	110,407	80,000	80,000	**100,000**
Legal Services - Prosecution	30,800	32,000	35,000	**35,000**
Total Legal Services	$182,236	$172,000	$200,000	**$200,000**
Cost Per Resident	$17.60	$16.61	$19.31	**$19.31**

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.

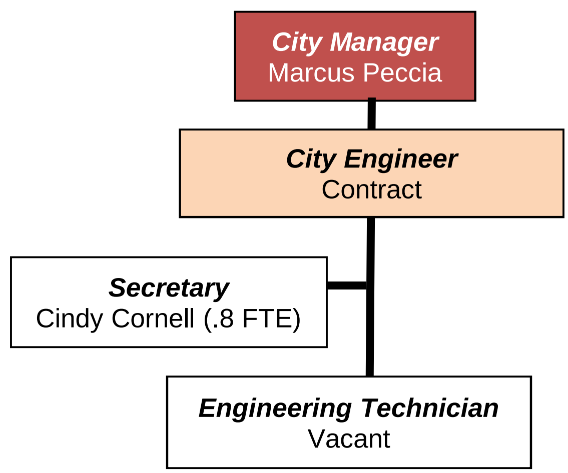
Costs for Legal Services
General counsel services provided by Foster, Swift, Collins & Smith, PC will be billed at an hourly rate of $175 per hour. There is no annual maximum included in the agreement. The Wexford County Prosecutor's Office will handle all general prosecution-related cases for an annual 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.

FUNDING DETAILS	**FY2018 Actual**	**FY2019 Estimated**	**FY2019 Adopted**	**FY2020 Proposed**
GENERAL GOVERNMENT (Cont.)				
Engineering Services				
Salaries	$77,713	$27,500	$28,000	**$29,000**
Fringes	15,649	13,000	13,000	**13,500**
Office Supplies	329	600	1,000	**500**
Contractual Services	23,735	25,000	25,000	**25,000**
Data Processing	18,000	18,000	18,000	**18,000**
Dues & Publications	0	0	500	**0**
Telephone	75	0	0	**0**
Total Engineering Services	$135,501	$84,100	$85,500	**$86,000**

Engineering Services Department Measures				
Full-Time Positions	1.80	1.80	0.80	**0.80**
Part-Time Positions	0	0	0	**0**
Cost per Resident	$13.09	$8.12	$8.26	**$8.31**

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.



FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
GENERAL GOVERNMENT (Cont.)				
City Hall				
Salaries	$40,726	$49,000	$49,000	**$52,000**
Fringes	30,708	40,000	40,000	**45,000**
Operating Supplies	8,316	13,000	15,000	**15,000**
Contractual Services	3,977	5,000	5,000	**5,000**
Service/Lease Contracts	5,778	3,000	6,000	**1,500**
Data Processing	6,000	6,000	6,000	**6,000**
Liability Insurance	69,196	65,000	70,000	**70,000**
Travel and Education	291	500	1,000	**500**
Utilities	84,574	80,000	80,000	**80,000**
Repair and Maintenance	32,420	30,000	25,000	**25,000**
Equipment Rental	7,193	7,500	7,500	**7,500**
Parking Assessment	2,160	2,200	2,200	**2,300**
Capital Outlay	18,561	40,000	40,500	**50,000**
Total City Hall	$309,900	$341,200	$347,200	**$359,800**

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	$29.93	$32.95	$33.53	**$34.75**

TOTAL GENERAL GOVERNMENT	$1,589,901	$1,613,200	$1,661,700	**$1,723,400**

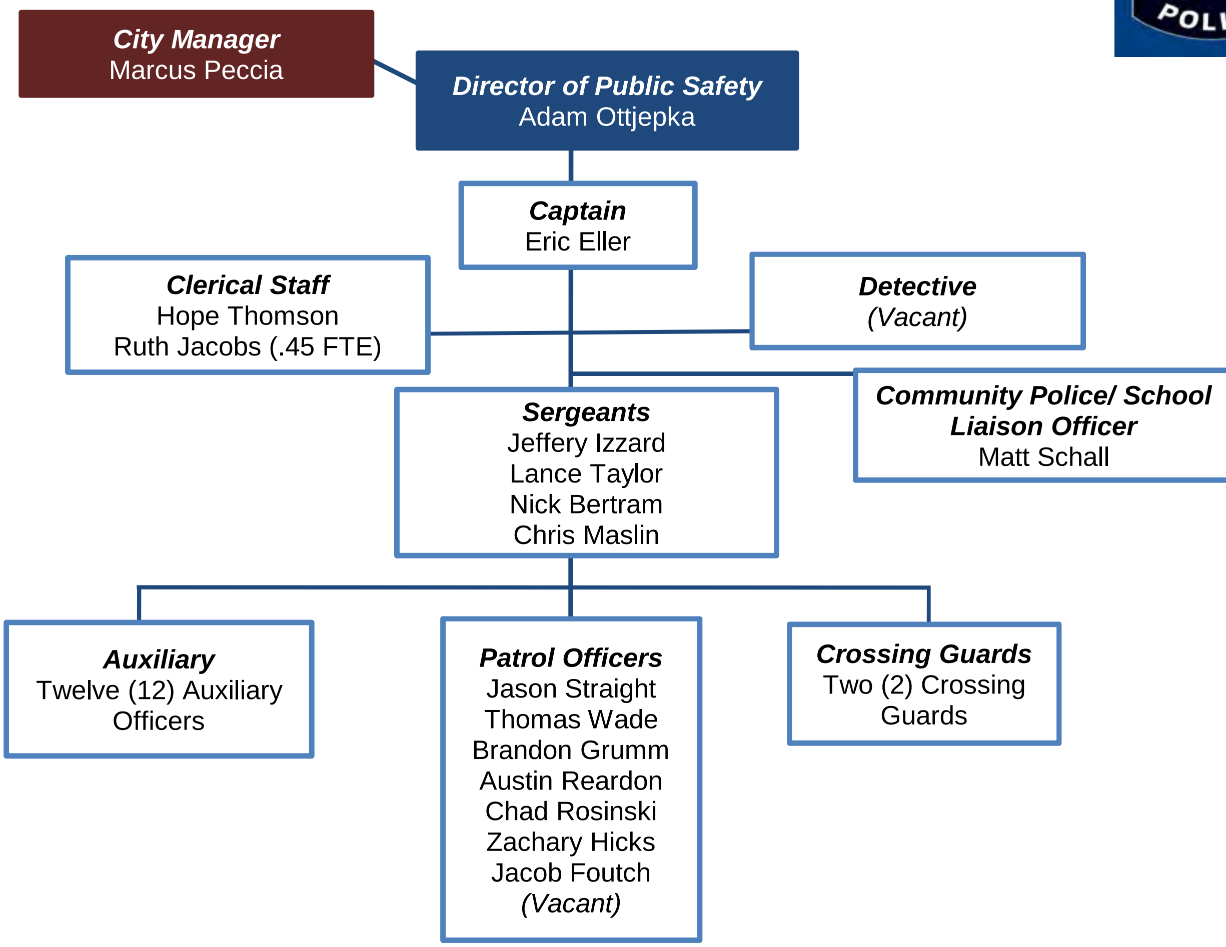
Total General Government Measures				
Full-Time Positions	10.950	10.950	10.950	**10.950**
Part-Time Positions	21.000	21.000	20.000	**20.000**
Cost per Resident	$153.54	$155.79	$160.47	**$166.43**
% of General Fund Budget	23.53%	23.82%	23.69%	**22.80%**

City Hall

The maintenance of the physical plant, which is occupied 24 hours per day, is anticipated to increase as the facility ages. No major upgrades have been done on the complex in the last decade, and 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.

PERFORMANCE MEASURES - POLICE DEPARTMENT

		Actual		*Projected*	*Budgeted*	
MEASURE	**Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Sworn Officers		15	15	15	15	↔
Police Reports Completed		3,868	3,641	3,800	3,800	↔
Police Reports per Sworn Officer		258	243	253	253	↔
Traffic Citations Issued		536	447	500	500	↔
Traffic Verbal Warnings Issued		2,314	2,460	2,000	2,000	↔
Criminal Investigations		2,347	2,209	2,200	2,200	↔
Freedom of Information Requests Fulfilled		134	154	130	130	↔
Handgun Registrations		331	305	300	300	↔
K-9 Unit Tracking Calls		6	6	6	6	↔
K-9 Unit Demonstrations		5	5	10	10	↑
K-9 Unit Searches		12	14	15	15	↑
Non-Criminal Investigations		2,007	2,009	2,000	2,000	↔
Total Calls for Service		6,869	7,013	7,000	7,000	↔
Total Arrests		972	800	800	800	↔
Average Mileage of Fleet		70,724	74,853	80,000	80,000	↑
Average Mileage of Patrol Vehicles		44,830	41,444	50,000	50,000	↔
Operating Cost per Sworn Officer		$124,307	$127,427	$129,900	$139,167	↑

Cadillac Police Community Partnership
Community partnership is a 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 includes 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 right is an image of the signs that are appearing throughout the community to raise awareness of the efforts. The community has given great response to this initiative.

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
PUBLIC SAFETY				
Police Department				
Salaries - Full-Time Staff	974,996	960,000	968,000	**1,035,000**
Salaries - Overtime	64,440	80,000	75,000	**75,000**
Salaries - Crossing Guards	7,305	7,500	7,500	**7,500**
Salaries - Auxiliary	732	1,500	4,000	**2,500**
Salaries - Summer Patrol	17,292	5,100	20,000	**20,000**
Fringes	667,352	705,000	715,000	**780,000**
Office Supplies	5,232	6,000	6,500	**6,500**
Operating Supplies	27,264	38,000	42,500	**42,500**
Operating Supplies - Community Service	1,472	500	1,100	**1,100**
Uniform Cleaning	8,083	8,500	8,500	**8,500**
Data Processing	36,000	36,000	36,000	**42,000**
Dues & Publications	1,333	1,800	1,900	**1,900**
Radio & Equipment Maintenance	3,273	6,000	6,500	**6,500**
Telephone	3,998	4,000	1,500	**6,500**
Travel & Education	12,882	16,000	20,000	**20,000**
Vehicle Repair and Maintenance	23,418	22,000	19,000	**19,000**
Uniforms and Maintenance	7,809	12,000	12,500	**12,500**
Copier Lease	2,648	1,500	3,000	**500**
Capital Outlay	34,108	33,000	33,000	**35,000**
Total Police Department	$1,899,637	$1,944,400	$1,981,500	**$2,122,500**

Police Department Measures				
Full-Time Positions	16.950	16.950	16.950	**16.950**
Part-Time Positions	16.000	16.000	16.000	**16.000**
Cost per Resident	$183.45	$187.77	$191.36	**$204.97**

Code Enforcement				
Salaries	$19,383	$6,000	$20,500	**$0**
Fringes	11,092	4,000	12,500	**0**
Supplies	77	100	500	**0**
Total Code Enforcement	$30,552	$10,100	$33,500	**$0**

Note: The Code Enforcement Officer retired in 2018 and as of FY2019 these activities have been blended into the Police Department.

Code Enforcement Measures				
Full-Time Positions	0.500	0.000	0.000	**0.000**
Part-Time Positions	0.000	0.000	0.000	**0.000**
Cost per Resident	$2.95	$0.98	$3.24	**$0.00**

Cadillac Police Department Fleet Details			
#	**Vehicle**	**Assignment**	**Miles**
2	2015 Interceptor	Sergeant	71,057
3	2006 Dodge Durango	Captain	124,896
4	2019 Interceptor	Primary Road Patrol	1,030
6	2013 Interceptor	School Officer	110,950
7	2009 Impala	Detective	120,000
8	2011 Impala	School and Training	98,086
9	2016 Interceptor	Back Up Patrol	72,222
10	2016 Interceptor	Primary Road Patrol	49,971
11	2015 Interceptor	Director Vehicle	87,377
12	2017 Interceptor SUV	Patrol/K9	12,940

Average Mileage all Vehicles	*74,853*
Average Mileage Patrol Fleet	*41,444*

Public Safety Benchmarking

Police Department *Cities*	*Pop.*	*FY2018 Police Budget*	*Number of Sworn Officers*	*Citizens Served Per Officer*	*Per Capita Costs*	*% of General Fund*
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**	**$1,981,500**	**15**	**690.33**	**$191.36**	**28.25%**
			Average:	*576.31*	*$215.68*	*24.50%*

Fire Department *Cities*	*Pop.*	*FY2018 Fire Department Budget*	*Number of Full-Time Officers*	*Citizens Served Per Full-Time Officer*	*Per Capita Costs*	*% of General Fund*
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**	**$1,517,400**	**11**	**941.36**	**$146.54**	**21.63%**
			Average:	*808.01*	*$168.59*	*18.77%*

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

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Total runs	2,158	2,460	2,300	2,300	↔
Number of Medical Emergency Responses	1,760	1,983	1,800	1,800	↔
Number of Fires reported	42	51	40	40	↔
Total Hours Spent in Training	2,836	2,447	2,500	2,500	↔
Fire Mutual Aid Responses Received	5	11	10	10	↑
Fire Mutual Aid Responses Given	7	12	10	10	↔
Average Fire Fighter turnout per Building Fire	8	10	10	10	↔
Citizens Attending Education Classes	2,554	2,300	2,700	2,900	↑
Average Response Time to City Fires Runs	3:50	4:39	4:00	4:00	↓
Average Response Time to City EMS Runs	5:27	6:36	4:30	4:30	↓
Number of Commercial Fire Inspections	25	35	100	100	↑
Number of Commercial Fire Violations	67	72	300	300	↑
Fire Save % - Potential Property Loss vs Actual	65.80%	66.00%	75.00%	90.00%	↑
Operating Cost per Fire Fighter	$117,858	$125,147	$120,082	$135,627	↑

FIRE DEPARTMENT CHART OF ORGANIZATION

City Manager
Marcus Peccia

Director of Public Safety
Adam Ottjepka

Fire Marshal
Anthony Wolff

Captains
Mark Near
(Vacant)

Lieutenants
Stevan VanDyk
Michael Fisk

Firefighters
Chris Koontz
Blake Meyering
Justin Richards
Robert Verdi
Joseph Barron
Wesley Owens

Auxiliary
Twelve (12) Auxiliary Officers

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
PUBLIC SAFETY (Cont.)				
Fire Department				
Salaries - Firefighters	$575,136	$550,000	$598,500	**$615,000**
Salaries - FLSA Overtime	35,994	37,000	38,000	**40,000**
Salaries - Overtime	113,430	105,000	90,000	**90,000**
Salaries - Volunteer	16,006	19,000	25,000	**25,000**
Fringes	513,320	475,000	490,000	**575,000**
Office Supplies	628	2,000	2,000	**2,000**
Operating Supplies	18,029	25,000	30,000	**30,000**
Operating Supplies-Community Service	134	500	1,000	**1,000**
Marshal Division Expenses	2,015	4,500	5,000	**5,000**
Fuel Costs	5,426	6,000	5,000	**5,000**
Uniform Cleaning	2,665	2,800	2,800	**2,800**
Subsistence Allowance	19,196	17,500	17,500	**18,000**
Data Processing	9,000	9,000	9,000	**12,000**
Dues & Publications	1,158	2,000	2,500	**2,500**
Radio & Equipment Maintenance	1,609	2,000	2,500	**2,500**
Telephone	360	600	400	**400**
Travel & Education	8,818	8,000	13,000	**15,000**
Vehicle Repair & Maintenance	27,653	30,000	24,000	**24,000**
Vehicle Preventive Maintenance	7,957	9,000	9,500	**9,500**
Uniforms & Maintenance	14,078	12,000	12,000	**12,000**
Employee Safety	4,000	4,000	5,200	**5,200**
Capital Outlay	6,076	95,000	134,500	**600,000**
Total Fire Department	$1,382,688	$1,415,900	$1,517,400	**$2,091,900**

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	$133.53	$136.74	$146.54	**$202.02**

TOTAL PUBLIC SAFETY	$3,312,877	$3,370,400	$3,532,400	**$4,214,400**

Total Public Safety Measures				
Full-Time Positions	28.450	27.950	28.450	**28.450**
Part-Time Positions	33.000	34.000	34.000	**34.000**
Cost per Resident	$319.93	$325.49	$341.13	**$406.99**
% of General Fund Budget	49.02%	49.76%	50.36%	**55.76%**

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
PUBLIC WORKS				
Public Works - Administration				
Salaries	$47,551	$20,500	$20,500	**$19,500**
Fringes	28,888	8,500	8,500	**10,500**
Operating Supplies	115	700	0	**0**
Street Lighting	88,542	90,000	95,000	**95,000**
Telephone	1,080	1,200	1,200	**1,200**
Maintenance of Dam	3,025	200	2,500	**2,500**
Equipment Rental	32,451	0	0	**0**
Hydrant Rental	21,771	24,000	24,000	**24,000**
Total Public Works - Administration	$223,423	$145,100	$151,700	**$152,700**

Public Works - Administration Measures				
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	$21.58	$14.01	$14.65	**$14.75**

Public Works - Miscellaneous

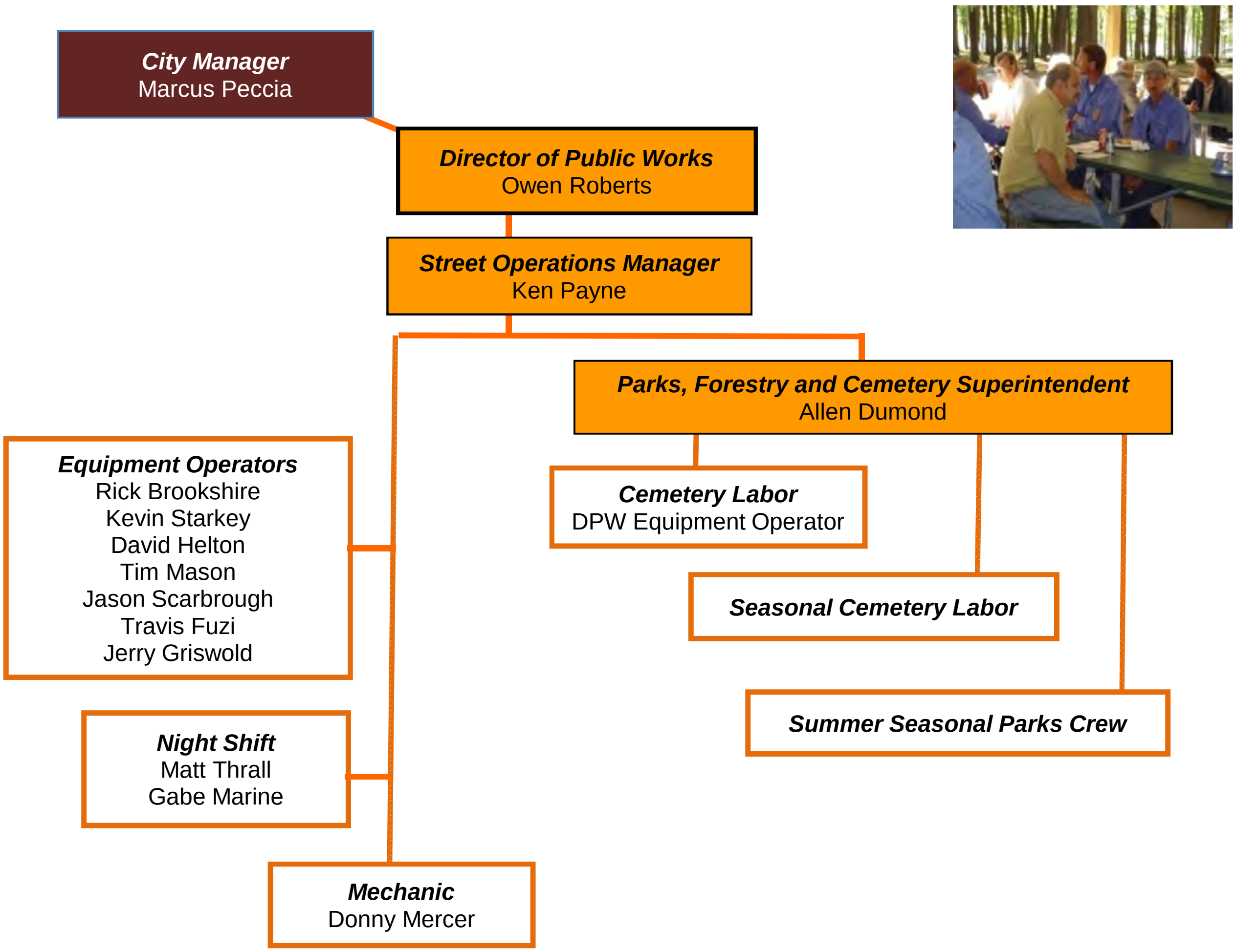
Street Lighting is the cost paid to Consumers Energy for the 471 street lights in the City. Hydrant Rental by ordinance is $50 per hydrant paid to the Utilities Department for the readiness to serve charge for fire protection. There are currently 475 hydrants within the City.

Street Lights

Number of Lights	Lumens	Monthly Rate	Annual Cost
31	14,000	$17.110	$6,365
417	8,500	$13.600	68,054
23	24,000	$26.660	7,358
471			$81,777

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

Public Works Department Structure and Organization



PERFORMANCE MEASURES - PUBLIC WORKS

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Hours spent in leaf pickup	453	405	450	450	↔
Hours spent plowing sidewalks	337	379	400	400	↑
Miles of sidewalks maintained	53	53	53	53	↔

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
PUBLIC WORKS (Cont.)				
Sidewalks and Alleys				
Salaries	$7,515	$30,000	$11,000	**$11,000**
Salaries - Part Time	280	0	7,000	**5,000**
Fringes	4,644	20,000	7,500	**7,500**
Operating Supplies	942	7,500	2,000	**2,000**
Equipment Rental	11,424	40,000	20,000	**20,000**
Total Sidewalks and Alleys	$24,805	$97,500	$47,500	**$45,500**
Leaves				
Salaries	$6,919	$9,000	10,000	**$10,000**
Fringes	4,643	5,000	6,000	**7,000**
Equipment Rental	37,792	30,000	40,000	**40,000**
Total Leaves	$49,354	$44,000	$56,000	**$57,000**
Grass and Weed Control				
Salaries	$9,176	$6,500	$7,000	**$7,000**
Fringes	2,499	4,500	4,000	**4,000**
Equipment Rental	19,038	16,000	16,000	**16,000**
Total Grass and Weed Control	$30,713	$27,000	$27,000	**$27,000**
Composting				
Salaries	$740	$800	$3,000	**$3,000**
Fringes	523	600	1,800	**2,000**
Equipment Rental	1,669	2,000	5,000	**5,000**
Total Composting	$2,932	$3,400	$9,800	**$10,000**

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.

Grass and Weed Control
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.

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
PUBLIC WORKS (Cont.)				
Waste Removal				
Salaries	$704	$400	$500	**$500**
Fringes	399	200	300	**300**
Removal Contract	475,605	545,000	550,000	**570,000**
City Debris Removal Fees	0	500	1,000	**500**
Equipment Rental	680	200	200	**200**
Total Waste Removal	$477,388	$546,300	$552,000	**$571,500**
TOTAL PUBLIC WORKS	$808,615	$863,300	$844,000	**$863,700**
Public Works per Resident Costs	$78.09	$83.37	$81.51	**$83.41**

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**
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)**	$10.00	$2.52	$12.62	15.36%
2020 **(3)**	$10.55	$2.60	$13.15	4.20%

(1) Removal contract was re-bid and recycling was added.
(2) The City has approved a four-year extension for recycling and solid waste.
(3) Projected.

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
CULTURE AND RECREATION				
Arts Council	$10,500	$10,500	$10,500	**$10,500**
Cadillac Community Television (CCTV)				
Contractual Services	25,000	25,000	25,000	**25,000**
Total CCTV	$25,000	$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 Wexford-Missaukee Intermediate School District has played an important role by providing educational classes in production and other TV-related fields.

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.

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Parks				
Salaries	$48,797	$45,000	$41,000	**$47,000**
Salaries - Part Time	59,502	55,000	56,000	**56,000**
Fringes	30,706	30,000	26,500	**31,500**
Operating Supplies	25,229	24,000	26,000	**26,000**
Telephone	660	700	700	**700**
Travel and Education	50	0	300	**300**
Utilities	29,357	33,000	35,000	**35,000**
Repair and Maintenance	26,893	30,000	25,000	**26,000**
Equipment Rental	11,541	11,000	11,000	**11,000**
Rental Building	1,500	1,500	1,500	**1,500**
Capital Outlay	110,446	120,000	145,500	**39,000**
Total Parks	$344,681	$350,200	$368,500	**$274,000**
TOTAL CULTURE AND RECREATION	$380,181	$385,700	$404,000	**$309,500**
Cost per Resident	$36.71	$37.25	$39.01	**$29.89**

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

	Actual		*Projected*	*Budgeted*	
MEASURE — **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Total Park Acres	117	117	117	117	↔
Total Parks Maintenance Costs	$232,168	$234,235	$223,000	$235,000	↔
Parks Maintenance Cost per Acre	$1,984	$2,002	$1,906	$2,009	↑
Parks Maintenance Cost per Resident	$22	$23	$22	$23	↔
Park Acres per 1,000 Population	11	11	11	11	↔
Seasonal Parks Maintenance Employees	9	10	10	10	↑

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
ECONOMIC DEVELOPMENT AND ASSISTANCE				
Community Development				
Salaries	$86,740	$90,000	$89,000	**$95,000**
Fringes	32,160	37,000	36,000	**40,000**
Office Supplies	2,749	2,800	3,000	**3,000**
Contractual Services	800	500	2,000	**2,000**
Data Processing	2,400	2,400	2,400	**2,400**
Dues & Publications	1,082	500	500	**500**
Telephone	840	1,000	1,000	**1,000**
Travel & Education	1,394	1,500	3,500	**3,500**
Publisher's Costs	1,580	3,000	1,500	**2,000**
Total Community Development	$129,745	$138,700	$138,900	**$149,400**

Community Development Measures				
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	$12.53	$13.39	$13.41	**$14.43**

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.

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
ECONOMIC DEVELOPMENT AND ASSISTANCE (Continued)				
Community Promotions				
Salaries	$15,868	$11,000	$10,500	**$12,500**
Fringes	8,854	6,500	6,000	**8,000**
Operating Supplies	2,513	5,000	6,000	**6,000**
Contractual Services	254	3,000	4,000	**4,000**
Utilities	1,361	2,000	2,000	**3,000**
Equipment Rental	8,936	9,000	9,000	**9,000**
Special Projects	1,750	2,500	2,500	**2,500**
Chamber of Commerce	2,000	2,000	2,000	**2,000**
Community Development	4,150	500	0	**10,000**
Total Community Promotions	$45,686	$41,500	$42,000	**$57,000**
TOTAL ECONOMIC DEVELOPMENT	$175,431	$180,200	$180,900	**$206,400**
INTERGOVERNMENTAL EXPENDITURES				
Clam Lake Township	$1,328	$1,400	$1,500	**$1,500**
Airport	33,000	33,000	33,000	**33,000**
Recreation	66,200	66,200	66,200	**66,200**
Total Intergovernmental Expenditures	$100,528	$100,600	$100,700	**$100,700**

Community Promotions

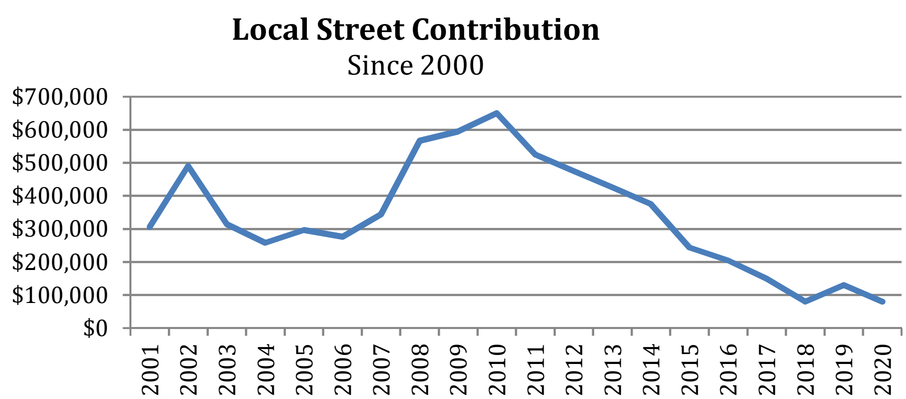
The Community Development line item accounts for small grants received for a variety of purposes. This has included projects like assisting with the redevelopment of the Cobbs-Mitchell building in downtown Cadillac through the administration of a State of Michigan Cool Cities grant, which was passed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

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
OTHER FINANCING				
Transfers to Other Funds:				
Local Street	$80,000	$100,000	$130,000	**$80,000**
Cemetery Operating Fund	60,000	60,000	60,000	**60,000**
Transfer Out-Other	250,000	100,000	100,000	**0**
Total Other Financing	$390,000	$260,000	$290,000	**$140,000**
TOTAL EXPENDITURES	$6,757,533	$6,773,400	$7,013,700	**$7,558,100**

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***	***$7,013,700***	***$677.32***

General Fund Capital Outlay

FY2020

City Hall (1)		
Concrete Apron Replacements	$25,000	
Police Department Upgrades	25,000	
		$50,000
Police Department (2)		
In-Car Camera Replacement	$15,000	
Body-Worn Cameras	20,000	
		$35,000
Fire Department (3)		
Fire Truck	$600,000	
		$600,000
Parks and Recreation (4)		
Programmable Pavilion Sign	$30,000	
Riding Lawn Mower	9,000	
		$39,000
Total		$724,000
Source of Funds (5)		
General Governmental Revenues	$124,000	
General Fund Reserves	600,000	
		$724,000

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.

The General Fund has unassigned fund balance exceeding policy standards. This additional fund balance will be used to purchase a new fire truck in FY2020.

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Water Sales	$1,286,418	$1,325,000	$1,310,000	**$1,400,000**
Sewer Sales - Flat Rate	50,702	50,000	50,000	**50,000**
Sewer Sales - Metered	2,240,782	2,250,000	2,300,000	**2,300,000**
Fire Protection	108,504	108,000	100,000	**108,000**
Hydrant Rental	21,771	24,000	24,000	**24,000**
Charges for Services	34,068	28,000	30,000	**30,000**
Services & Materials	38,499	24,000	20,000	**20,000**
Penalties	69,135	80,000	60,000	**65,000**
Interest Income	40,749	40,000	30,000	**45,000**
Sale of Surplus Material	878	5,000	5,000	**5,000**
Lake Mitchell Sewer Authority	143,247	160,000	160,000	**160,000**
Leachate	431,105	375,000	150,000	**100,000**
Laboratory Fees	76,578	80,000	80,000	**80,000**
Gain (Loss) on Sale of Assets	520	0	0	**0**
Other Income	6,432	1,000	5,000	**5,000**
Total Revenues	$4,549,388	$4,550,000	$4,324,000	**$4,392,000**

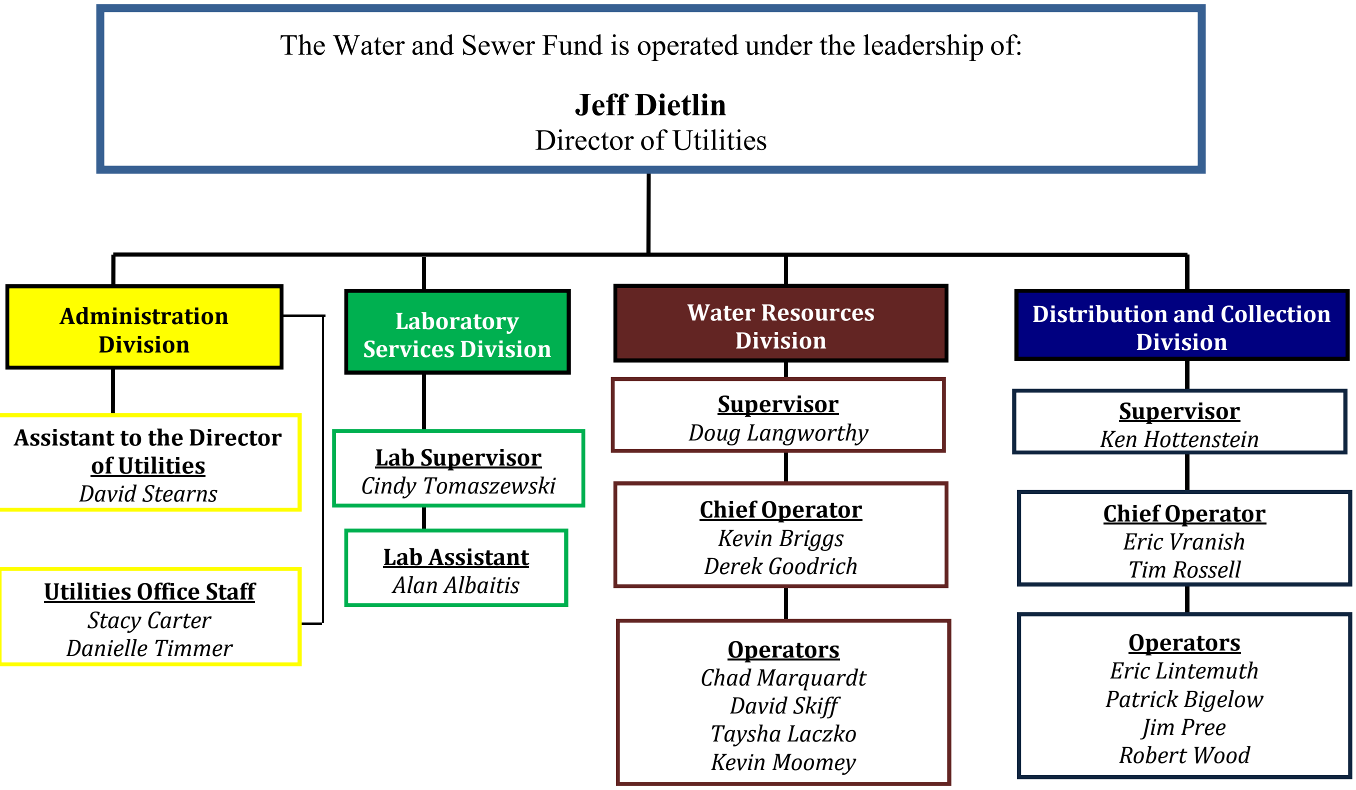
City of Cadillac, Michigan

2019-2020 Annual Operating Budget

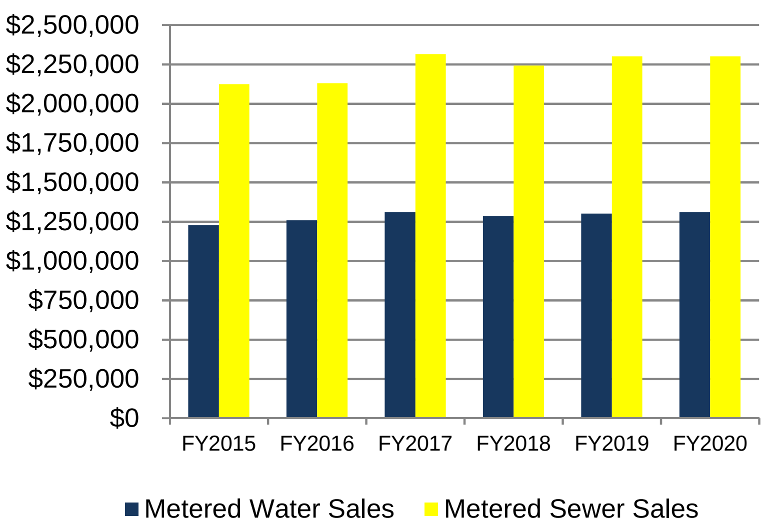
Fund: Water and Sewer Fund

FUNDING SUMMARY	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenses				
Total Administration	$1,301,171	$1,164,600	$1,103,000	**$1,163,000**
Water Resources				
Preliminary Treatment	$29,696	$29,500	$29,500	**$31,700**
Primary Treatment	29,978	30,000	26,900	**32,100**
Secondary Treatment	117,954	105,700	111,700	**113,000**
Tertiary Treatment	87,189	85,500	94,000	**91,300**
Sludge Removal	137,948	133,500	136,300	**141,500**
Nutrient Removal	65,496	64,800	66,100	**68,800**
Effluent Disposal	59,628	54,700	59,900	**61,400**
Building & Grounds	246,666	243,500	232,000	**261,000**
Industrial Surveillance	19,585	20,500	20,500	**27,200**
Lift Station-Sanitary	111,964	111,000	104,200	**107,800**
Vehicles	21,050	26,100	26,700	**27,900**
Total Water Resources	$927,154	$904,800	$907,800	**$963,700**
Distribution and Collection				
Building & Water Tank	$27,845	$27,500	$30,100	**$29,000**
Pumping Station	220,608	230,400	253,600	**251,900**
Wells & Well Field	52,260	80,100	81,600	**88,100**
General Street Expense	11,025	23,300	19,100	**25,600**
Meter Reading & Delinquent Accounts	25,405	26,200	23,700	**25,900**
Meter Operations & Maintenance	312,595	260,000	272,000	**245,000**
Customer Service	20,814	24,500	28,000	**28,800**
Maintenance-Mains & Hydrants	90,864	93,000	95,500	**112,500**
New Water Service	28,573	25,600	19,000	**20,800**
Water Service Maintenance	19,009	21,500	14,400	**16,800**
Sanitary Sewer	80,493	146,000	116,900	**143,300**
Vehicles	24,541	40,600	46,600	**45,100**
Total Distribution and Collection	$914,032	$998,700	$1,000,500	**$1,032,800**
Laboratory Division				
General Laboratory	$59,426	$61,000	$63,200	**$63,800**
Contract Laboratory	49,630	53,500	50,500	**52,800**
Total Laboratory Division	$109,056	$114,500	$113,700	**$116,600**
Total Non-Operating	$1,024,959	$1,035,000	$1,150,000	**$1,105,000**
Total Expenses	$4,276,372	$4,217,600	$4,275,000	**$4,381,100**
NET POSITION AT YEAR END				
Change in Net Position	$273,016	$332,400	$49,000	**$10,900**
Total Net Position - Beginning of Year	15,802,506	16,075,522	16,075,522	**16,407,922**
Total Net Position at Year End	$16,075,522	$16,407,922	$16,124,522	**$16,418,822**

Fund Staffing and Organizational Structure

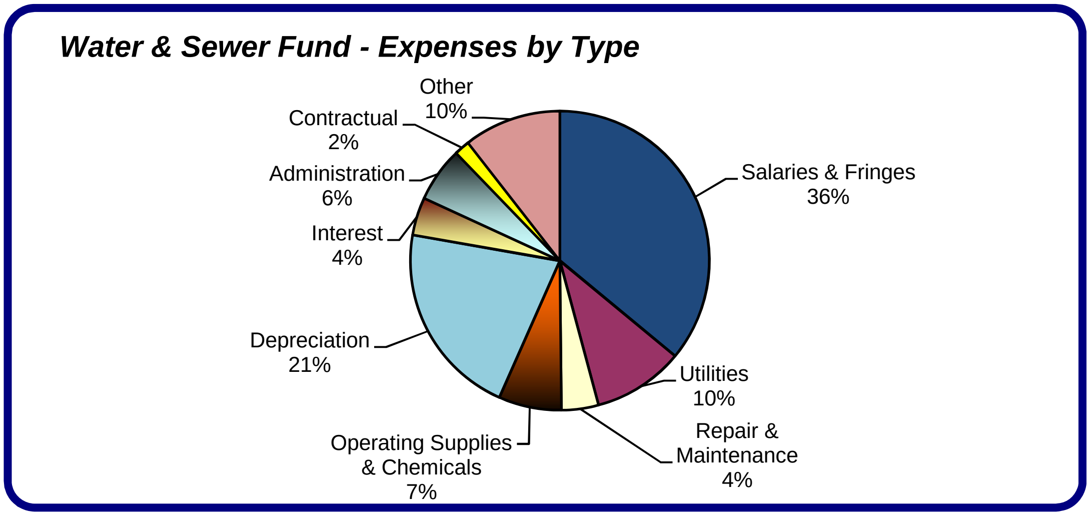


Water and Sewer Metered Usage - Last Six Years

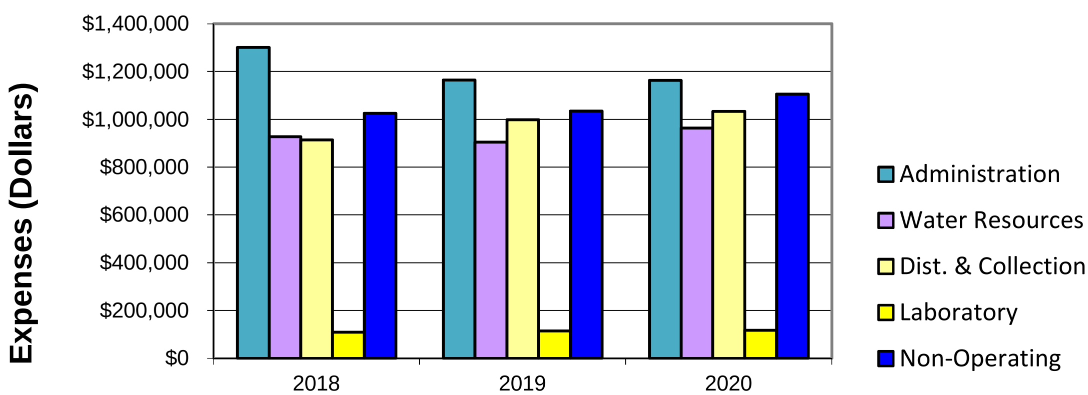


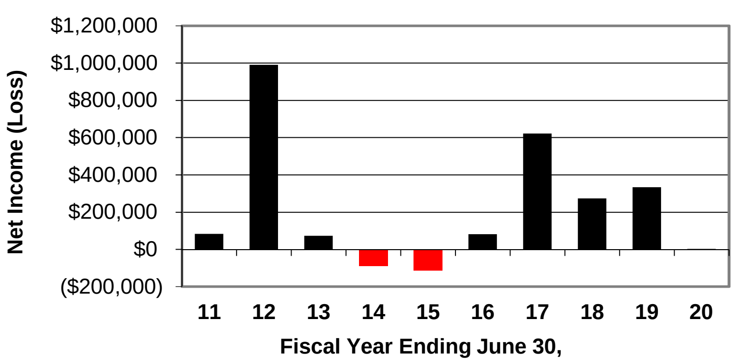
Metered Usage
The chart to the left shows that there has been virtually no increase in metered usage of water and sewer over the last six fiscal years. The operations of the system have taken advantage of several efficiency-enhancing measures, including replacing old meters with radio read meters, that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

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

City of Cadillac, Michigan

2019-2020 Annual Operating Budget

Fund: Water and Sewer Fund

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenses				
Administration				
Salaries and Wages	$347,787	$365,000	$355,000	**$367,500**
Fringes	389,412	225,000	205,500	**231,500**
Office Supplies	16,420	13,500	12,500	**12,500**
Postage	15,731	21,500	22,000	**22,000**
Safety Supplies	1,328	4,300	4,000	**4,000**
Contractual Services	10,644	15,000	15,000	**15,000**
Engineering Fees	17,726	20,000	15,000	**25,000**
Audit	4,000	4,000	4,000	**4,000**
G.I.S. Contractual Services	820	8,000	10,000	**10,000**
Legal Fees	80,802	75,000	40,000	**40,000**
State Mandated Fees	17,818	21,000	23,000	**24,000**
Data Processing	48,000	48,000	48,000	**48,000**
Liability Insurance	34,507	32,800	35,000	**35,000**
Dues & Publications	3,010	3,000	3,500	**5,500**
Telephone	14,748	9,000	8,500	**8,500**
Alarm Systems	3,874	3,000	3,000	**3,000**
Travel & Education - Salary	3,394	6,000	7,000	**8,000**
Travel & Education - Hourly	3,392	5,000	5,500	**6,500**
Vehicle Repair & Maintenance	584	500	1,000	**1,000**
Employee Safety	4,000	5,000	5,000	**5,000**
Bad Debt Expense	0	0	1,000	**1,000**
Groundwater Cleanup	0	0	7,500	**6,000**
Administration - City	260,000	260,000	260,000	**260,000**
Public Relations	23,174	20,000	12,000	**20,000**
Total Administration	**$1,301,171**	**$1,164,600**	**$1,103,000**	**$1,163,000**

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.

PERFORMANCE MEASURES - WATER RESOURCES DIVISION

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Number of Customers - Sewer	3,608	3,623	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	1.989	1.810	1.900	1.900	↔
Industrial Monitoring and Pretreatment Discharge permits	20	20	20	20	↔
Rate Increase - Sewer	2.50%	0.00%	3.00%	3.00%	↑
Number of NPDES Permit Violations	7	5	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.

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenses (Cont.)				
Water Resources Division:				
Preliminary Treatment				
Salaries and Wages	$15,108	$15,000	$15,000	**$16,000**
Fringes	8,598	9,000	8,400	**9,600**
Operating Supplies	514	500	800	**800**
Utilities	3,417	3,000	3,300	**3,300**
Repair & Maintenance	2,059	2,000	2,000	**2,000**
Total	$29,696	$29,500	$29,500	**$31,700**
Primary Treatment				
Salaries and Wages	$19,027	$18,000	$16,000	**$19,000**
Fringes	10,406	10,000	9,000	**11,400**
Operating Supplies	351	500	700	**700**
Repair & Maintenance	194	1,500	1,200	**1,000**
Total	$29,978	$30,000	$26,900	**$32,100**
Secondary Treatment				
Salaries and Wages	$19,671	$17,000	$17,000	**$18,000**
Fringes	10,779	9,500	9,500	**10,800**
Operating Supplies	730	1,200	1,200	**1,200**
Utilities	85,422	75,000	80,000	**80,000**
Repair & Maintenance	1,352	3,000	4,000	**3,000**
Total	$117,954	$105,700	$111,700	**$113,000**

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.

City of Cadillac, Michigan

2019-2020 Annual Operating Budget

Fund: Water and Sewer Fund

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenses (Cont.)				
Water Resources Division (Cont.)				
Tertiary Treatment				
Salaries and Wages	$19,208	$17,000	$17,000	**$18,000**
Fringes	10,606	10,000	9,500	**10,800**
Operating Supplies	4,646	3,000	4,000	**4,000**
Utilities	43,239	47,500	55,000	**50,000**
Repair & Maintenance	9,490	8,000	8,500	**8,500**
Total	$87,189	$85,500	$94,000	**$91,300**
Sludge Treatment				
Salaries and Wages	$22,845	$22,000	$22,000	**$25,000**
Fringes	12,766	13,000	12,300	**15,000**
Operating Supplies	1,081	2,000	2,000	**2,000**
Laboratory	4,030	4,000	5,000	**4,500**
Injection Contract Cost	77,127	70,000	70,000	**70,000**
Utilities	18,873	19,000	20,000	**20,000**
Repair & Maintenance	1,226	3,500	5,000	**5,000**
Total	$137,948	$133,500	$136,300	**$141,500**
Nutrient Removal				
Salaries and Wages	$13,180	$15,000	$13,400	**$16,000**
Fringes	7,122	9,500	7,500	**9,600**
Operating Supplies	274	300	700	**700**
Chemicals	36,983	35,000	38,000	**36,000**
Repair & Maintenance	7,937	5,000	6,500	**6,500**
Total	$65,496	$64,800	$66,100	**$68,800**

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.

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

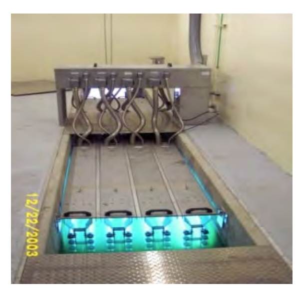
	2018 Usage and Billing				
	Cubic Feet		Gallons		Total
Customer	**Water**	**Sewer**	**Water**	**Sewer**	**Billing**
Avon Rubber & Plastics	16,477,100	12,080,600	123,248,708	90,362,888	$526,786
Cadillac Castings	14,187,400	6,518,200	106,121,752	48,756,136	$400,975
AAR Cadillac Manufacturing	8,340,100	5,861,600	62,383,948	43,844,768	$231,741
Piranha Hose	2,596,000	2,596,000	19,418,080	19,418,080	$86,145
Munson Healthcare Cadillac	1,223,500	1,223,500	9,151,780	9,151,780	$60,808
Country Acres	1,219,900	1,219,900	9,124,852	9,124,852	$44,520
Cadillac Renewable Energy	300	1,288,900	2,244	9,640,972	$43,776
Pheasant Ridge	795,000	795,000	5,946,600	5,946,600	$35,419
Borg-Warner	897,300	897,300	6,711,804	6,711,804	$34,713
Four Winns	448,800	448,800	3,357,024	3,357,024	$23,513
Michigan Rubber Products	571,800	571,800	4,277,064	4,277,064	$23,209
Hutchinson Antivibration	385,500	385,500	2,883,540	2,883,540	$19,498
Leisure Park	335,400	335,400	2,508,792	2,508,792	$12,703
Superclean Car Wash	276,200	276,200	2,065,976	2,065,976	$11,254
Lakeside Auto Wash	260,000	260,000	1,944,800	1,944,800	$10,718
	48,014,300	34,758,700	359,146,964	259,995,076	$1,565,778

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenses (Cont.)				
Water Resources Division (Cont.)				
Effluent Disposal				
Salaries and Wages	$11,745	$12,000	$13,000	**$14,000**
Fringes	6,275	7,000	7,300	**8,400**
Operating Supplies	2,465	3,000	4,600	**4,000**
Plant Lab Supplies	13,942	7,000	7,000	**7,000**
Chemicals	0	200	500	**500**
Contracted Laboratory	6,167	6,500	7,500	**7,500**
Utilities	17,084	16,500	17,000	**17,000**
Repair & Maintenance	1,950	2,500	3,000	**3,000**
Total	$59,628	$54,700	$59,900	**$61,400**
Building & Grounds				
Salaries and Wages	$96,634	$100,000	$95,500	**$111,000**
Salaries - Part Time	10,766	9,000	9,000	**9,000**
Fringes	53,315	63,500	58,500	**72,000**
Operating Supplies	40,095	35,000	35,000	**35,000**
Utilities	28,579	25,000	20,000	**20,000**
Repair & Maintenance	17,277	11,000	14,000	**14,000**
Total	$246,666	$243,500	$232,000	**$261,000**
Industrial Surveillance				
Salaries and Wages	$9,737	$9,000	$9,400	**$10,400**
Fringes	5,872	5,500	5,300	**6,300**
Operating Supplies	1,965	3,000	2,000	**7,000**
Laboratory	2,007	2,500	2,800	**2,500**
Repair & Maintenance	4	500	1,000	**1,000**
Total	$19,585	$20,500	$20,500	**$27,200**

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.

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenses (Cont.)				
Water Resources Division (Cont.)				
Lift Station - Sanitary				
Salaries and Wages	$21,230	$22,000	$18,100	**$20,200**
Fringes	11,697	13,000	10,100	**12,100**
Operating Supplies	6,416	7,500	9,500	**9,000**
Disposal Fees	1,100	1,500	1,500	**1,500**
Utilities	57,406	52,000	50,000	**50,000**
Repair & Maintenance	14,115	15,000	15,000	**15,000**
Total	$111,964	$111,000	$104,200	**$107,800**
Vehicles				
Salaries and Wages	$1,589	$1,600	$1,300	**$2,000**
Fringes	885	1,000	700	**1,200**
Operating Supplies	1,683	5,000	5,000	**5,000**
Fuel Costs	9,129	9,500	10,700	**10,700**
Repair & Maintenance	7,764	9,000	9,000	**9,000**
Total	$21,050	$26,100	$26,700	**$27,900**
Total Water Resources Division	$927,154	$904,800	$907,800	**$963,700**

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.

PERFORMANCE MEASURES - WATER DISTRIBUTION AND COLLECTION DIVISION

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Number of Customers - Water	3,567	3,589	3,590	3,590	↔
Miles of Water Main	74	74	74	74	↔
Number of Distribution and Collection FTE	7	7	7	7	↔
Water Service Connections per FTE	510	513	513	513	↔
Millions of Gallons Pumped per Day	1.970	2.111	2.000	2.000	↔
Total Calls for Service	1,051	1,006	1,200	1,200	↑
Total Calls for Service Per FTE	150	144	171	171	↑
MISS-DIG Responses	693	605	650	650	↓
Meter Repairs	59	87	135	135	↑
New Meter Installations	16	14	10	10	↓
Feet of Sanitary Sewers Cleaned	30,000	35,773	35,000	35,000	↔

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 approximately 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.

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenses (Cont.)				
Distribution & Collection Division				
Building & Water Tank				
Salaries and Wages	$11,858	$8,500	$5,500	**$5,500**
Salaries - Part Time	0	3,000	4,500	**4,500**
Fringes	6,949	6,000	5,600	**6,000**
Operating Supplies	7,909	9,000	13,500	**12,000**
Repair & Maintenance	1,129	1,000	1,000	**1,000**
Total	$27,845	$27,500	$30,100	**$29,000**
Pumping Station				
Salaries and Wages	$3,488	$4,000	$5,200	**$5,200**
Fringes	1,974	2,400	2,900	**3,200**
Operating Supplies	14,468	11,000	11,000	**11,000**
Chemicals	15,037	25,000	26,500	**26,500**
Laboratory Control	6,682	11,000	16,000	**14,000**
Utilities	177,063	175,000	190,000	**190,000**
Repair & Maintenance	1,896	2,000	2,000	**2,000**
Total	$220,608	$230,400	$253,600	**$251,900**
Wells & Well Field				
Salaries and Wages	$7,784	$10,000	$10,000	**$11,000**
Fringes	4,650	6,100	5,600	**6,600**
Operating Supplies	4,019	3,000	4,500	**4,500**
Wellhead Protection	0	3,000	3,000	**7,500**
Contractual Services	29,020	25,000	25,000	**25,000**
Repair & Maintenance	6,787	33,000	33,500	**33,500**
Total	$52,260	$80,100	$81,600	**$88,100**

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.

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenses (Cont.)				
Distribution & Collection Division (Cont.)				
General Street Expense				
Salaries and Wages	$649	$500	$700	**$1,000**
Fringes	343	300	400	**600**
Operating Supplies	5,190	5,000	5,000	**9,000**
Contractual Services	4,843	17,500	13,000	**15,000**
Total	$11,025	$23,300	$19,100	**$25,600**
Meter Reading & Delinquent Accounts				
Salaries and Wages	$15,757	$16,000	$15,000	**$16,000**
Fringes	9,365	10,000	8,400	**9,600**
Operating Supplies	283	200	300	**300**
Total	$25,405	$26,200	$23,700	**$25,900**
Meter Operations & Maintenance				
Salaries and Wages	$142,413	$130,000	$120,000	**$125,000**
Fringes	84,850	80,000	67,000	**75,000**
Operating Supplies	85,332	50,000	85,000	**45,000**
Total	$312,595	$260,000	$272,000	**$245,000**
Customer Service				
Salaries and Wages	$12,770	$15,000	$18,000	**$18,000**
Fringes	8,044	9,500	10,000	**10,800**
Total	$20,814	$24,500	$28,000	**$28,800**
Maintenance - Mains & Hydrants				
Salaries and Wages	$33,851	$35,000	$40,000	**$40,000**
Fringes	20,328	18,000	23,000	**24,000**
Operating Supplies	25,052	25,000	20,000	**20,000**
Contractual Services	8,114	7,500	7,500	**7,500**
Repairs and Maintenance	3,519	7,500	5,000	**21,000**
Total	$90,864	$93,000	$95,500	**$112,500**

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.

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
2009	737,164,500	634,869,338	13.90	3,496
2010	743,793,507	667,112,042	10.31	3,474
2011	731,875,000	665,734,212	9.04	3,497
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	3,554
2016	745,539,000	668,599,052	10.00	3,549
2017	708,698,000	629,246,772	11.00	3,567
2018	770,586,600	736,644,000	4.50	3,589

(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.*

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenses (Cont.)				
Distribution & Collection Division (Cont.)				
New Water Service				
Salaries and Wages	$4,229	$8,000	$5,000	**$6,000**
Fringes	2,159	5,000	2,800	**3,600**
Operating Supplies	21,178	12,000	10,000	**10,000**
Contractual Services	1,007	600	1,200	**1,200**
Total	$28,573	$25,600	$19,000	**$20,800**
Water Service Maintenance				
Salaries and Wages	$9,516	$10,000	$7,000	**$8,000**
Fringes	5,562	6,000	3,900	**4,800**
Operating Supplies	3,436	5,000	3,000	**3,500**
Repair & Maintenance	495	500	500	**500**
Total	$19,009	$21,500	$14,400	**$16,800**
Sanitary Sewer				
Salaries and Wages	$34,301	$40,000	$44,500	**$45,500**
Fringes	19,664	24,000	24,900	**27,300**
Operating Supplies	10,164	10,000	10,000	**10,000**
Contractual	6,770	10,000	9,500	**9,500**
Damage Contractual Services	5,419	60,000	26,000	**26,000**
Repair & Maintenance	4,175	2,000	2,000	**25,000**
Total	$80,493	$146,000	$116,900	**$143,300**
Vehicles				
Salaries and Wages	$0	$1,000	$700	**$1,000**
Fringes	0	600	400	**600**
Operating Supplies	2,253	9,000	9,500	**7,500**
Fuel & Oil	9,129	10,000	18,000	**18,000**
Repair & Maintenance	13,159	20,000	18,000	**18,000**
Total	$24,541	$40,600	$46,600	**$45,100**
Total Distribution and Collection	$914,032	$998,700	$1,000,500	**$1,032,800**

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.

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenses (Cont.)				
Laboratory Division				
General Laboratory				
Salaries and Wages	$26,554	$27,500	$28,000	**$28,000**
Fringes	17,117	17,500	15,700	**16,800**
Operating Supplies	13,953	12,000	14,500	**14,000**
Repair & Maintenance	1,495	2,500	3,000	**3,000**
Equipment Rental	0	500	500	**500**
Research & Development	307	1,000	1,500	**1,500**
Total	$59,426	$61,000	$63,200	**$63,800**
Contract Laboratory				
Salaries and Wages	$18,279	$20,000	$17,000	**$18,000**
Fringes	11,644	12,000	9,500	**10,800**
Operating Supplies	18,270	18,000	19,000	**19,000**
Repair & Maintenance	1,437	2,500	3,500	**3,500**
Equipment Rental	0	500	500	**500**
Research & Development	0	500	1,000	**1,000**
Total	$49,630	$53,500	$50,500	**$52,800**
Total Laboratory Division	109,056	114,500	113,700	**116,600**
Non-Operating				
Interest Expense	$165,330	$160,000	$200,000	**$180,000**
Depreciation	859,629	875,000	950,000	**925,000**
Total	$1,024,959	$1,035,000	$1,150,000	**$1,105,000**
TOTAL EXPENSES	$4,276,372	$4,217,600	$4,275,000	**$4,381,100**

Non-Operating

Three revenue bond issues comprise the interest activity:

2013 Revenue Refunding Bond: Interest payments September 1, 2019 and March 1, 2020 total $68,986.
2007 State of Michigan SRF Loan: Interest payments October 1, 2019 and April 1, 2020 total $32,300.
2011 State of Michigan DWRF Loan: Interest payments October 1, 2019 and April 1, 2020 total $41,096.

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.

PERFORMANCE MEASURES - LABORATORY DIVISION

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Number of Laboratory Analyses Performed	33,710	34,092	35,000	35,000	↔
Charges for Services - Laboratory	$97,430	$99,014	$90,000	$90,000	↓
Number of Laboratory FTE	3	3	3	3	↔
Analyses Performed per FTE	11,248	11,364	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:	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Lead and Copper	37	24	74	157	163	207
Metals	7,034	7,034	7,818	7,816	6,757	6,743
Volatile Organic	87	72	72	60	60	60
Bacterial Testing	1,748	1,696	1,946	2,455	1,730	2,082
Wet Chemistry	25,000	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.

Source and Use of Funds For Capital Improvements

FY2020

Source of Funds		
Low Interest Loan (Water Supply Improvements)	8,000,000	
Investments - Unrestricted	808,000	
		$8,808,000
Total Source of Funds		
Use of Funds		
Anticipated Capital Investment		
Aldrich Street (Bond to Linden)	97,000	
Mason Street (Mitchell to Parking Lot)	10,000	
Crippen Street (Mitchell to Hemlock)	130,000	
Evart Street (Cedar to Lester)	180,000	
Simons Street (Pine to Bremer)	40,000	
Carmel Street	50,000	
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 Inspection	25,000	
Water Supply Improvements	8,000,000	
Total Use of Funds		$8,808,000

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.

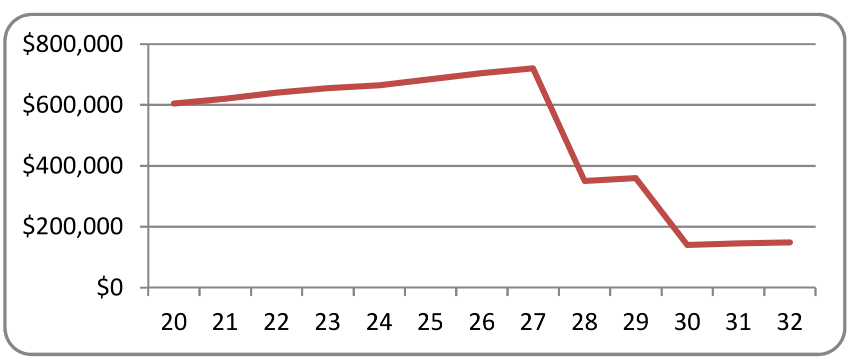
Cash Flow Analysis

FY2020

Additions		
Net Income from Operations	$10,900	
Low Interest Loan	8,000,000	
Depreciation	925,000	
Total Additions		8,935,900
Deductions		
Principal Payments (1)	$605,000	
Capital Improvements	8,808,000	
Total Deductions		9,413,000
Net Increase (Decrease) of Available Cash		($477,100)

Footnotes:

(1) Principal payments include:	*Principal*	*Interest*	
2013 Revenue Refunding Bond			
September 1, 2019	300,000		
September 1, 2019 (2.70%)		36,518	
March 1, 2020 (2.70%)		32,468	
2007 State of Michigan SRF Loan			
October 1, 2019	195,000		
October 1, 2019 (1.625%)		16,942	
April 1, 2020 (1.625%)		15,358	
2011 State of Michigan DWRF Loan			
April 1, 2020	110,000		
October 1, 2019 (2.50%)		20,548	
April 1, 2020 (2.50%)		20,548	
Total Debt Payments	$605,000	$142,382	**$747,382**



Water and Sewer System
Future Debt Principal Payments

Water and Sewer Rates

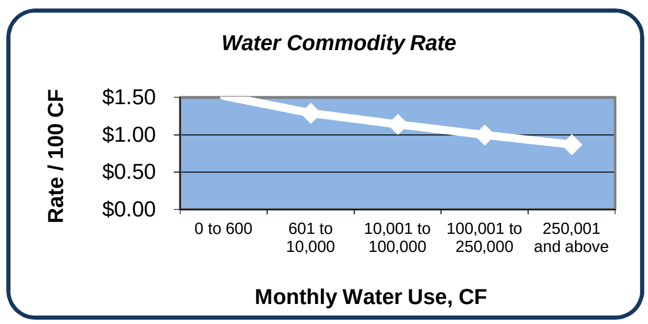
Rates and Charges proposed as of July 1, 2019 - The user rates of the water and sewer systems must be set in a manner sufficient to cover the costs of providing the services while also providing capital funds to pay for infrastructure maintenance and upgrades. The City is preparing to complete Phase II of the well field relocation and so rate increases for FY20 will be slightly higher than historical averages at approximately 4.75% combined (10% Water, 3% Sewer).

Ready to serve charge

Meter Size	Water	Wastewater
5/8"	$7.24	$10.77
3/4"	$10.65	$16.19
1"	$17.74	$26.96
1-1/2"	$35.56	$53.91
2"	$56.72	$86.28
3"	$124.21	$188.87
4"	$212.95	$323.57
6"	$443.70	$674.23
8"	$638.90	$970.86

Commodity Charge

Volume (Cubic Feet - CF)		
0 to 600	$1.52	
601 to 10,000	$1.29	
10,001 to 100,000	$1.14	
100,001 to 250,000	$1.00	
250,001 and above	$0.87	
Per 100 cubic feet per month		$2.50



Unmetered Users (Flat Rate)

1. Monthly room charge (Living, Dining, Bedroom and Kitchens)	
1 to 3 rooms	$9.32
4 to 6 rooms	$10.44
7 to 8 rooms	$12.32
Each additional room	$1.71
2. Additional for each bathtub and shower	$4.47
3. Additional for each toilet	$4.91

Continuing Disclosure Information

Revenue as Billed By Meter Classification
Fiscal Year Ended June 30, 2018

	Water Supply		Wastewater Treatment	
Meter Classification	Revenue	Percent of Total	Revenue	Percent of Total
Unmetered	$101	0.01	$48,408	2.09
5/8"	537,528	42.83	833,974	36.03
3/4"	1,701	0.14	2,266	0.10
1"	60,361	4.81	88,271	3.81
1-1/2"	76,028	6.06	116,280	5.02
2"	215,296	17.16	551,729	23.83
3"	38,959	3.11	78,588	3.39
4"	200,455	15.98	369,764	15.97
6"	109,728	8.75	226,058	9.76
8"	14,442	1.15		0.00
	$1,254,599	100.00	$2,315,338	100.00

Monthly Wastewater Treatment Ready-To-Serve Charge by Meter Classification
Last Ten Fiscal Years and Current Proposed

	Meter Classification								
Fiscal Year	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	6"	8"
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
2019	10.61	15.95	26.56	53.11	85.00	186.08	318.79	664.27	956.51
2020 ***(Proposed)***	10.77	16.19	26.96	53.91	86.28	188.87	323.57	674.23	970.86

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*

Continuing Disclosure Information (Continued)

Monthly Ready-To-Serve Charge For Fire Protection

Fiscal Year Ended June 30, 2020 ***(Proposed)***

Line Size	Current	Proposed	Change
3/4"	$2.35	$2.59	$0.24
1"	$4.03	$4.43	$0.40
1-1/2"	$8.00	$8.80	$0.80
2"	$12.91	$14.20	$1.29
3"	$28.04	$30.84	$2.80
4"	$48.22	$53.04	$4.82
6"	$100.63	$110.69	$10.06
8"	$145.00	$159.50	$14.50
10"	$233.54	$256.89	$23.35
12"	$346.16	$380.78	$34.62

Monthly Water Supply Ready-To-Serve Charge By Meter Classification

Last Ten Fiscal Years and Current Proposed

	Meter Classification								
Fiscal Year	**5/8"**	**3/4"**	**1"**	**1-1/2"**	**2"**	**3"**	**4"**	**6"**	**8"**
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
2019	6.58	9.68	16.13	32.33	51.56	112.92	193.59	403.36	580.82
2020 ***(Proposed)***	7.24	10.65	17.74	35.56	56.72	124.21	212.95	443.70	638.90

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*

Continuing Disclosure Information (Continued)

Number of Water Supply and Wastewater Treatment Customers
Last Ten Fiscal Years

	Water Supply Customers		Wastewater Treatment Customers	
Fiscal Year	**Number**	**Percent of Change**	**Number**	**Percent of Change**
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
2018	3,589	0.62	3,623	0.42

Average Number of Water Supply and Wastewater Treatment Customers By Meter Classification
Fiscal Year Ended June 30, 2018

	Average Customers	
Meter Classification	**Water Supply**	**Wastewater Treatment**
Unmetered	2	144
5/8"	3,267	3,201
3/4"	7	7
1"	124	104
1-1/2"	83	75
2"	78	68
3"	10	10
4"	12	10
6"	5	4
8"	1	0
	3,589	3,623

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 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 builiding 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.

Fund: Major Street Fund

Type: Special Revenue Fund

Oversight: Director of Public Works

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

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Miles of Major Streets	21.53	21.99	21.99	21.99	↔
Miles of State Trunk Line	7.80	7.80	7.80	7.80	↔
Operating Expenditures per Road Mile	$14,518	$16,146	$17,339	$17,710	↑
Operating Expenditures per Resident	$30	$34	$36	$37	↑
Hours Spent in Major Street Maintenance	4,483	4,457	4,643	4,644	↑
Cost per Hour of Major Street Maintenance	$70	$78	$80	$82	↑
Total Winter Maintenance Expenditures	$115,524	$138,290	$128,800	$130,000	↑
Hours Spent in Winter Maintenance	1,086	1,214	1,013	983	↔
Cost per Hour of Winter Maintenance	$106	$114	$127	$132	↑
Winter Maintenance Expenditures per Mile	$5,366	$6,289	$5,857	$5,912	↑
Winter Maintenance Expenditures per Resident	$11	$13	$12	$13	↔
State Trunk Line Maintenance Expenditures	$181,877	$198,091	$208,900	$212,600	↑
State Trunk Line Maintenance Exp. Per Mile	$23,318	$25,396	$26,782	$27,256	↑
Total Hours of State Trunk Line Maintenance	2,072	2,089	3,011	2,923	↑

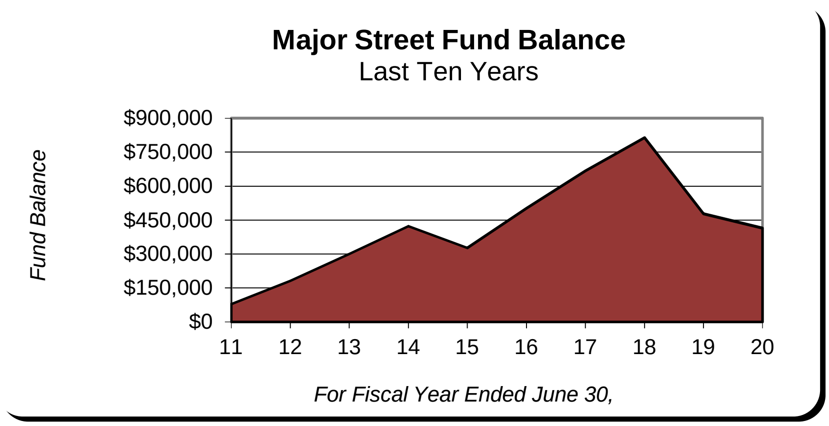
City of Cadillac, Michigan

2019-2020 Annual Operating Budget

Fund: Major Street Fund

FUNDING SUMMARY	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Motor Vehicle Highway Fund	$844,601	$850,000	$800,000	**$900,000**
State Trunkline Maintenance	197,370	249,100	208,900	**212,600**
Other Contributions	1,250	1,800	0	**0**
Interest Income	6,779	7,500	1,000	**3,000**
Bond Revenue	0	0	500,000	**0**
Surplus	0	400,000	0	**64,800**
Total	$1,050,000	$1,508,400	$1,509,900	**$1,180,400**
Expenditures				
Construction	$8,553	$470,000	$470,000	**$225,000**
Surface Maintenance	36,325	41,000	60,000	**60,700**
Sweeping and Flushing	25,525	26,400	21,800	**22,000**
Forestry	64,809	75,500	68,000	**68,800**
Catch Basin	13,941	19,000	32,500	**32,500**
Drainage	9,850	12,000	14,700	**14,300**
Traffic Services	58,892	57,500	47,500	**53,000**
Winter Maintenance	138,290	158,000	128,800	**130,000**
Administration/Transfer/Debt Service	348,736	335,600	335,600	**361,500**
State Trunkline	198,091	249,100	208,900	**212,600**
Total	$903,012	$1,444,100	$1,387,800	**$1,180,400**
Fund Balance				
Net Change in Fund Balance	$146,988	($335,700)	$122,100	**($64,800)**
Fund Balance - Beginning of Year	667,234	814,222	814,222	**478,522**
FUND BALANCE AT YEAR END	$814,222	$478,522	$936,322	**$413,722**

Major Street Fund Balance



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 were spent in FY17-18 and funded $2 million in major and local street reconstruction projects. In FY2020 the City plans to use reserves on hand to assist in fully funding a project to reconstruct a portion of Carmel Street from Cobb Street to Stimson Street.

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 FY20 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.

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenditures				
Construction				
Construction	$8,553	$470,000	$470,000	**$225,000**
Surface Maintenance				
Salaries and Wages	$12,781	$13,000	$20,000	**$20,000**
Fringes	8,306	8,000	12,000	**12,700**
Operating Supplies	4,589	10,000	15,000	**15,000**
Equipment Rental	10,649	10,000	13,000	**13,000**
Total Surface Maintenance	$36,325	$41,000	$60,000	**$60,700**
Sweeping and Flushing				
Salaries and Wages	$3,286	$4,000	$3,000	**$3,000**
Fringes	2,696	2,400	1,800	**2,000**
Equipment Rental	19,543	20,000	17,000	**17,000**
Total Sweeping and Flushing	$25,525	$26,400	$21,800	**$22,000**
Forestry				
Salaries and Wages	$15,808	20,000	$17,500	**$17,500**
Fringes	12,833	15,000	10,500	**11,300**
Operating Supplies	5,088	7,000	8,000	**8,000**
Contractual Services	4,996	8,500	7,000	**7,000**
Repair and Maintenance	0	0	3,000	**3,000**
Equipment Rental	26,084	25,000	22,000	**22,000**
Total Forestry	$64,809	$75,500	$68,000	**$68,800**
Catch Basin				
Salaries & Wages	$4,240	$5,000	$9,000	**$9,000**
Fringes	3,000	3,000	5,000	**5,000**
Operating Supplies	647	1,000	1,500	**1,500**
Equipment Rental	6,054	10,000	17,000	**17,000**
Total Catch Basin	$13,941	$19,000	$32,500	**$32,500**
Drainage				
Salaries and Wages	$3,513	$5,000	$5,500	**$5,000**
Fringes	2,873	3,000	3,200	**3,300**
Contractual Services	0	0	2,000	**2,000**
Equipment Rental	3,464	4,000	4,000	**4,000**
Total Drainage	$9,850	$12,000	$14,700	**$14,300**

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenditures (Continued)				
Traffic Services				
Salaries and Wages	$16,905	$15,000	$9,500	**$12,500**
Fringes	12,611	9,000	5,500	**8,000**
Operating Supplies	9,011	7,500	7,500	**7,500**
Contractual	8,033	15,000	15,000	**15,000**
Equipment Rental	12,332	11,000	10,000	**10,000**
Total Traffic Services	$58,892	$57,500	$47,500	**$53,000**
Winter Maintenance				
Salaries and Wages	$21,166	$22,000	$18,000	**$18,000**
Fringes	16,501	16,000	10,800	**12,000**
Operating Supplies	23,258	40,000	25,000	**25,000**
Equipment Rental	77,365	80,000	75,000	**75,000**
Total Winter Maintenance	$138,290	$158,000	$128,800	**$130,000**
Administration				
Salaries and Wages	$25,199	$30,000	$30,000	**$31,000**
Fringes	14,778	16,000	16,000	**17,000**
Audit	1,000	1,000	1,000	**1,000**
Equipment Rental	7,449	7,500	7,500	**7,500**
Contribution - Local Street	180,000	200,000	200,000	**225,000**
Transfers Out	120,310	81,100	81,100	**80,000**
Total Administration	$348,736	$335,600	$335,600	**$361,500**
State Trunkline				
Surface Maintenance				
Salaries and Wages	$2,802	$3,000	$4,000	**$4,000**
Fringes	1,382	1,600	2,400	**2,700**
Operating Supplies	895	1,000	1,000	**1,000**
Contractual Services	0	0	0	**0**
Equipment Rental	1,503	3,000	5,000	**5,000**
Total Surface Maintenance	$6,582	$8,600	$12,400	**$12,700**
Sweeping & Flushing				
Salaries and Wages	$767	$1,000	$1,000	**$1,000**
Fringes	703	700	600	**700**
Equipment Rental	4,602	3,500	3,000	**3,000**
Total Sweeping & Flushing	$6,072	$5,200	$4,600	**$4,700**

FUNDING DETAILS	**FY2018 Actual**	**FY2019 Estimated**	**FY2019 Adopted**	**FY2020 Proposed**
Expenditures (Cont.)				
State Trunkline (Cont.)				
Shoulder Maintenance				
Salaries and Wages	$70	$1,000	$1,500	**$1,500**
Fringes	29	600	900	**1,000**
Operating Supplies	0	0	0	**0**
Equipment Rental	35	500	800	**800**
Total Shoulder Maintenance	$134	$2,100	$3,200	**$3,300**
Traffic Signs				
Utilities	$2,191	$2,200	$2,200	**$2,300**
Total Traffic Signs	$2,191	$2,200	$2,200	**$2,300**
Trees and Shrubs				
Salaries and Wages	$64	$1,500	$1,000	**$1,000**
Fringes	12	1,000	600	**700**
Equipment Rental	62	2,000	2,500	**2,500**
Total Trees and Shrubs	$138	$4,500	$4,100	**$4,200**
Drainage				
Salaries and Wages	$344	$3,500	$7,000	**$7,000**
Fringes	254	2,000	4,000	**4,400**
Equipment Rental	371	1,000	2,000	**2,000**
Total Drainage	$969	$6,500	$13,000	**$13,400**
Winter Maintenance				
Salaries and Wages	$25,240	$32,000	$30,000	**$30,000**
Fringes	19,276	21,000	18,000	**20,000**
Operating Supplies	33,450	55,000	35,000	**35,000**
Equipment Rental	74,885	80,000	55,000	**55,000**
Total Winter Maintenance	$152,851	$188,000	$138,000	**$140,000**
Snow Hauling				
Salaries and Wages	$7,138	$9,000	$9,000	**$9,000**
Fringes	5,396	6,000	5,400	**6,000**
Equipment Rental	16,620	17,000	17,000	**17,000**
Total Snow Hauling	$29,154	$32,000	$31,400	**$32,000**
Total State Trunkline	$198,091	$249,100	$208,900	**$212,600**
Total Expenditures	$903,012	$1,444,100	$1,387,800	**$1,180,400**

Fund: Local Street Fund

Type: Special Revenue Fund
Oversight: Director of Public Works

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 41.72 miles of roadway, and 1.83 miles, or 4.4% 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

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Miles of Local Streets	41.72	41.72	41.72	41.72	↔
Operating Expenditures per Road Mile	$6,814	$7,290	$9,784	$10,081	↑
Operating Expenditures per Resident	$28	$29	$39	$41	↑
Hours Spent in Local Street Maintenance	3,798	3,724	5,768	5,682	↑
Cost per Hour of Local Street Maintenance	$75	$82	$71	$74	↔
Total Winter Maintenance Expenditures	$92,176	$101,406	$108,200	$109,700	↑
Hours Spent in Winter Maintenance	840	914	1,238	1,202	↑
Cost per Hour of Winter Maintenance	$110	$111	$87	$91	↔
Winter Maintenance Expenditures per Mile	$2,209	$2,431	$2,593	$2,629	↑
Winter Maintenance Expenditures per Resident	$9	$10	$10	$11	↑
% of Local Streets remaining Unpaved	4.38%	4.38%	4.38%	4.38%	↔
Number of Trees Planted	58	58	60	60	↔
Number of Trees Removed	30	30	35	35	↔

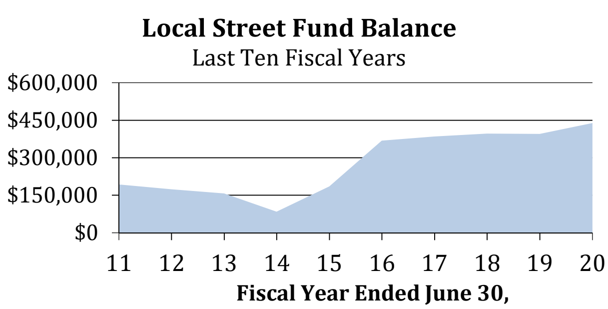
City of Cadillac, Michigan

2019-2020 Annual Operating Budget

Fund: Local Street Fund

FUNDING SUMMARY	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Motor Vehicle Highway Fund	$305,340	$310,000	$300,000	**$310,000**
State of Michigan	84,115	142,000	0	**0**
Interest Income	3,175	5,000	1,000	**2,000**
Other Revenue	1,250	1,000	0	**0**
General Fund	80,000	130,000	130,000	**80,000**
Major Street Fund	180,000	200,000	200,000	**225,000**
Bond Reveue	0	0	1,000,000	**770,000**
Surplus	0	0	0	**0**
Total	$653,880	$788,000	$1,631,000	**$1,387,000**
Expenditures				
Construction	$43,361	$275,000	$723,000	**$770,000**
Surface Maintenance	57,464	59,500	81,000	**82,200**
Sweeping and Flushing	32,627	41,200	46,200	**50,000**
Forestry	75,365	93,000	81,500	**83,200**
Catch Basin	15,902	17,200	37,600	**38,200**
Drainage	6,612	8,900	12,500	**12,300**
Traffic Services	14,760	29,000	41,200	**45,000**
Winter Maintenance	101,406	115,000	108,200	**109,700**
Administration/Debt Service	295,039	150,300	150,300	**151,500**
TOTAL EXPENDITURES	$642,536	$789,100	$1,281,500	**$1,342,100**
Fund Balance				
Net Change in Fund Balance	$11,344	($1,100)	$349,500	**$44,900**
Fund Balance - Beginning of Year	384,062	395,406	395,406	**394,306**
Ending Fund Balance	$395,406	$394,306	$744,906	**$439,206**

Fund Balance Analysis



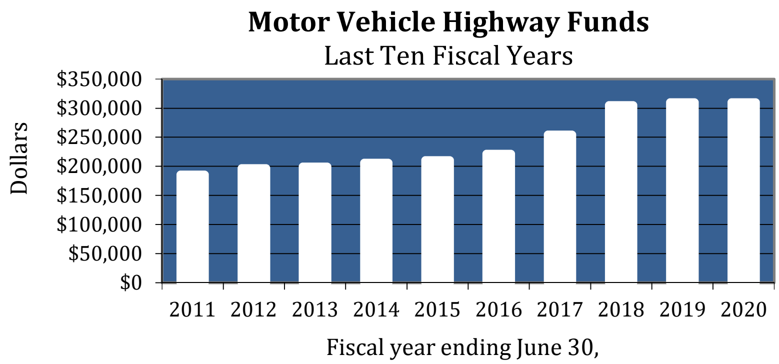
Fund Balance

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

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 based on new street funding legislation passed by the State. This additional 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

For the last several years, construction projects have been funded through the isuance of bonds. The current capital improvement project plans for just under a mile of street construction in FY2020. Estimated costs of this construction are $762,000. An additional bond issue will need to be considered in ordered 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 FY2020:

Project	Cost
Aldrich Street (Bond to Linden)	$200,000
Crippen Street (Mitchell to Hemlock)	242,500
Mason Street	46,500
Evart Street (Cedar to Lester)	179,000
Simons Street (Pine to Bremer)	94,000
Street Sign Replacement	7,500
	$769,500

City of Cadillac, Michigan

2019-2020 Annual Operating Budget

Fund: Local Street Fund

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenditures				
Construction				
Contractual Services	$43,361	$275,000	$723,000	**$770,000**
Surface Maintenance				
Salaries and Wages	$15,858	$15,000	$19,500	**$19,500**
Fringes	11,254	9,500	11,500	**12,700**
Operating Supplies	3,798	10,000	15,000	**15,000**
Equipment Rental	26,554	25,000	35,000	**35,000**
Total Surface Maintenance	$57,464	$59,500	$81,000	**$82,200**
Sweeping and Flushing				
Salaries and Wages	$4,696	$7,000	$7,000	**$9,000**
Fringes	4,296	4,200	4,200	**6,000**
Equipment Rental	23,635	30,000	35,000	**35,000**
Total Sweeping and Flushing	$32,627	$41,200	$46,200	**$50,000**
Forestry				
Salaries and Wages	$17,623	$26,000	$25,500	**$25,500**
Fringes	15,066	17,000	15,000	**16,700**
Operating Supplies	5,301	6,000	8,000	**8,000**
Contractual Services	11,590	9,000	8,000	**8,000**
Equipment Rental	25,785	35,000	25,000	**25,000**
Total Forestry	$75,365	$93,000	$81,500	**$83,200**
Catch Basin				
Salaries and Wages	$3,890	$6,000	$11,000	**$11,000**
Fringes	2,634	4,000	6,400	**7,000**
Operating Supplies	54	0	2,000	**2,000**
Utilities	2,527	2,200	2,200	**2,200**
Repairs and Maintenance	2,976	0	0	**0**
Equipment Rental	3,821	5,000	16,000	**16,000**
Total Catch Basin	$15,902	$17,200	$37,600	**$38,200**

City of Cadillac, Michigan

2019-2020 Annual Operating Budget

Fund: Local Street Fund

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenditures (Cont'd)				
Drainage				
Salaries and Wages	$2,778	$4,000	$5,500	**$5,000**
Fringes	2,256	2,400	3,000	**3,300**
Equipment Rental	1,578	2,500	4,000	**4,000**
Total Drainage	$6,612	$8,900	$12,500	**$12,300**
Traffic Services				
Salaries and Wages	$4,151	$8,000	$12,000	**$12,000**
Fringes	3,274	6,000	7,200	**8,000**
Operating Supplies	5,002	8,000	12,000	**15,000**
Equipment Rental	2,333	7,000	10,000	**10,000**
Total Traffic Services	$14,760	$29,000	$41,200	**$45,000**
Winter Maintenance				
Salaries and Wages	$15,932	$20,000	$22,000	**$22,000**
Fringes	12,362	12,000	13,200	**14,700**
Operating Supplies	14,406	25,000	15,000	**15,000**
Equipment Rental	58,706	58,000	58,000	**58,000**
Total Winter Maintenance	$101,406	$115,000	$108,200	**$109,700**
Administration				
Salaries and Wages	$39,550	$40,000	$40,000	**$40,000**
Fringes	23,134	21,500	21,500	**23,000**
Audit	1,000	1,000	1,000	**1,000**
Equipment Rental	7,449	7,500	7,500	**7,500**
Transfers Out - Debt Service	223,906	80,300	80,300	**80,000**
Total Administration	$295,039	$150,300	$150,300	**$151,500**
TOTAL EXPENDITURES	$642,536	$789,100	$1,281,500	**$1,342,100**

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:

Bond Issue	**Principal**	**Interest**	**Total**	
2016 GO Capital Improvement Bonds	61,700	17,046	**78,746**	
		Total:	**$78,746**	
			$1,754	Paying agent fees
			$80,500	

Administrative Charges

Administrative Salaries represents 60% of the Street Superintendent.

Unpaved Local Streets	Length (Miles)
Francis	0.13
Huston	0.33
Illinois Ave.	0.10
Indiana Ave.	0.06
Marathon Dr.	0.25
Martina	0.15
W. Nelson	0.02

Unpaved Local Streets	Length (miles)
Pennsylvania Ave.	0.10
Pollard	0.23
Skate Rd.	0.06
Waldo	0.25
Wall	0.07
Wilcox	0.08
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%

`

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

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Number of Lots Sold	33	40	30	30	↓
Number of Burials	27	34	40	40	↑
Number of Cremains	41	51	40	40	↔
Total Generated Revenue	$48,825	$58,127	$55,000	$56,000	↔
General Fund Contribution	$48,750	$60,000	$60,000	$60,000	↔
G.F. Contribution as % of Expenditures	50%	55%	52%	52%	↔

City of Cadillac, Michigan

2019-2020 Annual Operating Budget

Fund: Cemetery Operating Fund

FUNDING SUMMARY	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenue				
Charges For Services:				
Sale of Lots & Burial Rites	$14,650	$11,000	$10,000	**$10,000**
Grave Openings & Storage	37,815	35,000	35,000	**36,000**
Foundations & Miscellaneous	5,662	9,000	10,000	**10,000**
Miscellaneous:				
Transfer In - Perpetual Care	0	9,000	9,000	**0**
Contribution from General Fund	60,000	60,000	60,000	**60,000**
Total	$118,127	$124,000	$124,000	**$116,000**
Expenditures				
Salaries - Regular	$9,628	$24,000	$24,000	**$24,000**
Salaries - Part Time	36,558	20,000	32,000	**32,000**
Fringes	9,898	15,000	17,500	**18,500**
Liability Insurance	366	400	500	**400**
Operating Supplies	9,262	11,000	15,000	**15,000**
Audit	500	500	500	**500**
Utilities	9,631	9,000	12,000	**12,000**
Equipment Rental	14,580	15,000	7,500	**7,500**
Travel & Education	324	400	500	**500**
Repair and Maintenance	3,984	5,000	5,000	**5,000**
Capital Outlay	0	9,000	9,000	**0**
Total	$94,731	$109,300	$123,500	**$115,400**
Fund Balance				
Net Change in Fund Balance	23,396	14,700	500	**600**
Fund Balance - Beginning of Year	33,829	57,225	57,225	**71,925**
Ending Fund Balance	$57,225	$71,925	$57,725	**$72,525**

Cemetery Staffing

Beginning in 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 maintenace 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.

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 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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Interest Income	$13,247	$15,000	$10,000	**$15,000**
Interest Income - Loans	0	10,000	15,000	**10,000**
Surplus	0	47,000	56,000	**51,000**
Total	$13,247	$72,000	$81,000	**$76,000**
Expenditures				
Urban Redevelopment and Housing Administration	$318,100	$32,000	$41,500	**$32,000**
Community Development Director	38,596	40,000	39,500	**44,000**
	$356,696	$72,000	$81,000	**$76,000**
Fund Balance				
Net Change in Fund Balance	($343,449)	($47,000)	($56,000)	**($51,000)**
Fund Balance - Beginning of Year	1,211,412	867,963	867,963	**820,963**
Ending Fund Balance	$867,963	$820,963	$811,963	**$769,963**

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenditures				
Urban Redevelopment and Housing Administration				
Administration	$12,000	$12,000	$12,000	**$12,000**
Transfer Out - Development Projects	302,000	0	0	**0**
Transfer Out - Other	4,100	20,000	29,500	**20,000**
Total Administration	$318,100	$32,000	$41,500	**$32,000**
Community Development Director				
Salaries	$27,197	$28,000	$27,500	**$29,000**
Fringes	11,399	12,000	12,000	**15,000**
Total Community Development Director	$38,596	$40,000	$39,500	**$44,000**
Total Expenditures	$356,696	$72,000	$81,000	**$76,000**

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.

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

	Actual		*Projected*	*Budgeted*	
MEASURE — **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Building Permit Revenue	$118,934	$88,061	$90,000	$90,000	↔
Total Permits Issued:	**438**	**481**	**435**	**435**	↔
Building	132	118	120	120	↔
Electrical	127	151	130	130	↔
Mechanical	120	143	130	130	↔
Plumbing	36	63	40	40	↔
Other	23	6	15	15	↔

FUNDING SUMMARY	**FY2018 Actual**	**FY2019 Estimated**	**FY2019 Adopted**	**FY2020 Proposed**
Revenue				
Charges For Services:				
Building Permits	$88,061	$90,000	$90,000	**$90,000**
Contribution from General Fund	0		0	**0**
Total	$88,061	$90,000	$90,000	**$90,000**
Expenditures				
Contractual Services	80,365	86,000	86,000	**86,000**
Administration	0	4,000	4,000	**4,000**
Total	$80,365	$90,000	$90,000	**$90,000**
Fund Balance				
Net Change in Fund Balance	7,696	0	0	**0**
Fund Balance - Beginning of Year	9,444	17,140	17,140	**17,140**
Ending Fund Balance	$17,140	$17,140	$17,140	**$17,140**

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Rental Income:				
City of Cadillac Parks Division	1,500	1,500	1,500	**1,500**
Senior Citizens Center	6,959	7,500	7,500	**7,500**
Other Rent	9,000	0	8,000	**0**
Up North Arts, Inc	0	4,000	0	**6,000**
Wexford Genealogical Society	1,779	3,000	2,000	**3,000**
Miscellaneous	0	2,500	3,500	**5,000**
Transfer In	4,100	4,500	0	**0**
Surplus	0		0	**0**
Total	$23,338	$23,000	$22,500	**$23,000**
Expenditures				
Building Maintenance	$2,691	$5,000	$5,000	**$5,500**
Liability Insurance	962	1,000	500	**500**
Utilities	19,631	17,000	17,000	**17,000**
Total	$23,284	$23,000	$22,500	**$23,000**
Fund Balance				
Net Change in Fund Balance	$54	$0	$0	**$0**
Fund Balance - Beginning of Year	28	82	82	**82**
Ending Fund Balance	$82	$82	$82	**$82**

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Special Assessment Payments	$3	$0	$0	**$0**
Local Funds	0	0	0	**0**
Interest Income	381	100	300	**0**
Surplus	0	25,400	29,700	**23,300**
Total	$384	$25,500	$30,000	**$23,300**
Expenditures				
Contractual Services	$21,261	$25,000	$30,000	**$23,300**
Audit	500	500	0	**0**
Total	$21,761	$25,500	$30,000	**$23,300**
Fund Balance				
Net Change in Fund Balance	($21,377)	($25,400)	($29,700)	**($23,300)**
Fund Balance - Beginning of Year	70,141	48,764	48,764	**23,364**
Ending Fund Balance	$48,764	$23,364	$19,064	**$64**

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 well below that amount. This has allowed the millage to fund treatment for several years after it expired.

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Land Contract - Grant	$0	$0	$0	**$0**
Interest Income	1,602	1,300	500	**500**
Total	$1,602	$1,300	$500	**$500**
Expenditures				
Audit	$0	$0	$0	**$0**
Operating Supplies	0	0	0	**0**
Transfer Out	73,000	0	0	**0**
Total	$73,000	$0	$0	**$0**
Fund Balance				
Net Change in Fund Balance	($71,398)	$1,300	$500	**$500**
Fund Balance - Beginning of Year	119,882	48,484	48,484	**49,784**
Ending Fund Balance	$48,484	$49,784	$48,984	**$50,284**

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.

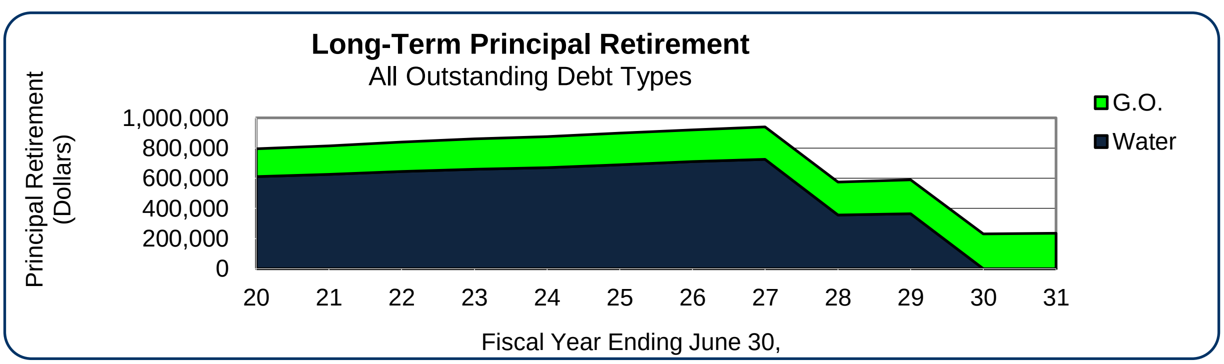
The City has only one Debt Service Fund currently, which was for debt issues used to fund infrastructure projects:
2016 GO Capital Improvement Bonds Debt Service Fund

LEGAL DEBT MARGIN - JUNE 30, 2018 (amounts expressed in thousands)

Taxable Valuation			$223,515
Statutory Debt Limit - 10% of Assessed Valuation			$22,352
Amount of Debt Applicable to Limit:			
Gross Bonded Debt		$8,774	
Less			
Assets Available for Debt Service	0		
Bond Debt Not Subject To Limit:			
Special Assessment Bonds			
Revenue Bonds	7,014		
Other Debt		7,014	
Total Amount of Debt Applicable to Debt Limit			1,760
LEGAL DEBT MARGIN			$20,592

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 Summary

Fiscal Year Ending June 30, 2020				
			July 1, 2019 - June 30, 2020 Debt Service Payments	
Description of Debt	**Fund Servicing Debt**	**Debt Outstanding June 30, 2019**	**Principal**	**Interest**
Revenue Bonds				
2007	State of Michigan SRF	2,085,205	195,000	32,300
2011	State of Michigan DWRF	1,643,856	110,000	41,096
2013	Revenue Refunding	2,705,000	300,000	68,986
General Obligation Bonds				
2016	Major/Local Streets/DDA	2,520,000	185,000	51,137
Total Debt		$8,954,061	$790,000	$193,519

Other Debt Statistics

Fiscal Year Ending June 30,	**Total Debt Per Capita Total Debt Per Capita (inclusive of all funds) 2010 Census - 10,355**	**Rate of Principal Retirement**
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%
2020	864.71	8.82%

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

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Transfer from Local Street Fund	$81,410	$80,300	$80,300	**$80,000**
Transfer from Major Street Fund	81,410	80,300	80,300	**80,000**
Transfer from Other	0	0	80,300	**0**
Interest Income	0	0	0	**0**
Total	$162,820	$160,600	$240,900	**$160,000**
Expenditures				
Bond Principal Paid	120,000	120,000	180,000	**123,400**
Interest Expense	42,817	40,100	60,900	**36,100**
Audit	0	500	0	**500**
Total	$162,817	$160,600	$240,900	**$160,000**
Fund Balance				
Net Change in Fund Balance	$3	$0	$0	**$0**
Fund Balance - Beginning of Year	18	21	21	**21**
Ending Fund Balance	$21	$21	$21	**$21**

	DEBT SERVICE REQUIREMENTS - NEXT FIVE (5) YEARS					
	Major Street Fund		**Local Street Fund**		**DDA**	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2020	61,700	17,046	61,700	17,046	61,700	17,046
2021	63,300	15,659	63,300	15,659	63,300	15,659
2022	65,000	14,235	65,000	14,235	65,000	14,235
2023	66,700	12,775	66,700	12,775	66,700	12,775
2024	66,700	11,279	66,700	11,279	66,700	11,279
	$256,700	$59,715	$256,700	$59,715	$256,700	$59,715

DEBT SERVICE DETAILS

		AMOUNT REDEEMED		
		Prior	Current	Balance
AMOUNT OF ISSUE	$3,050,000	$350,000	$180,000	$2,520,000

	DEBT SERVICE REQUIREMENTS			
DUE DATES	**RATE**	**PRINCIPAL**	**INTEREST**	**TOTAL**
5/1/2020	2.19%	$185,000	$51,137	$236,137
5/1/2021	2.19%	$190,000	$46,976	$236,976
5/1/2022	2.19%	$195,000	$42,705	$237,705
5/1/2023	2.19%	$200,000	$38,325	$238,325
5/1/2024	2.19%	$205,000	$33,836	$238,836
5/1/2025	2.19%	$210,000	$29,237	$239,237
5/1/2026	2.19%	$210,000	$24,638	$234,638
5/1/2027	2.19%	$215,000	$19,929	$234,929
5/1/2028	2.19%	$220,000	$15,111	$235,111
5/1/2029	2.19%	$225,000	$10,184	$235,184
5/1/2030	2.19%	$230,000	$5,147	$235,147
5/1/2031	2.19%	$235,000	$0	$235,000
		$2,520,000	$317,225	$2,837,225

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.

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 closed in FY2018..

FUNDING SUMMARY	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Sale of Property	$393,079	$0	$390,000	**$0**
Interest Income	2,784	8,000	4,000	**12,000**
Surplus	0	100,000	0	**0**
Total	$395,863	$108,000	$394,000	**$12,000**
Expenditures				
Groundwater Cleanup	$0	$0	$2,000	**$2,000**
Audit	500	500	500	**500**
Capital Outlay	0	100,000	40,000	**0**
Contractual Services	8,351	7,500	0	**0**
Fees and Commissions	39,306	0	39,000	**0**
Total	$48,157	$108,000	$81,500	**$2,500**
Fund Balance				
Net Change in Fund Balance	$347,706	($100,000)	$312,500	**$9,500**
Fund Balance - Beginning of Year	350,874	698,580	698,580	**598,580**
Ending Fund Balance	$698,580	$598,580	$1,011,080	**$608,080**

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Interest Income - Special Assessment	$2,068	$900	$500	**$500**
Special Assessment	9,869	7,000	7,000	**7,000**
Interest Income	14,962	5,100	0	**0**
Surplus	1,127,879	460,000	483,000	**23,000**
Total Revenue	$1,154,778	$473,000	$490,500	**$30,500**
Expenditures				
Audit	$1,500	$500	$500	**$500**
Construction	1,153,278	460,000	505,000	**30,000**
Total Expenditures	$1,154,778	$460,500	$505,500	**$30,500**
Fund Balance				
Net Change in Fund Balance	($1,127,879)	($447,500)	($498,000)	**($23,000)**
Fund Balance - Beginning of Year	1,611,089	483,210	483,210	**35,710**
FUND BALANCE AT YEAR END	$483,210	$35,710	($14,790)	**$12,710**

Construction
Construction costs for FY2020 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.

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.

Fund: Cemetery Perpetual Care Fund

Type: Permanent Fund
Oversight: Director of Finance

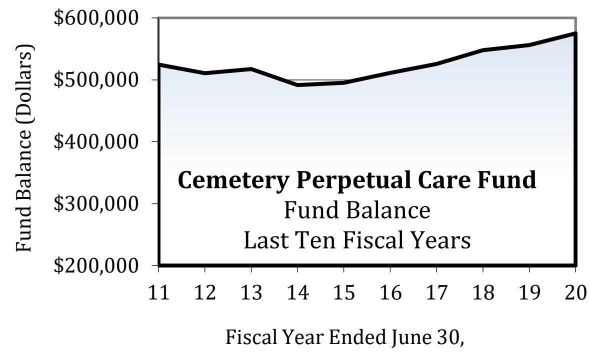
Nature and Purpose:
The Cemetery Perpetual Care Fund is a permanent fund established to maintain the operation of the cemetery. With assets of over $500,000, the generation of interest income from the funds is used for the primary purpose of maintaining the cemetery and helps offset normal operating 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.

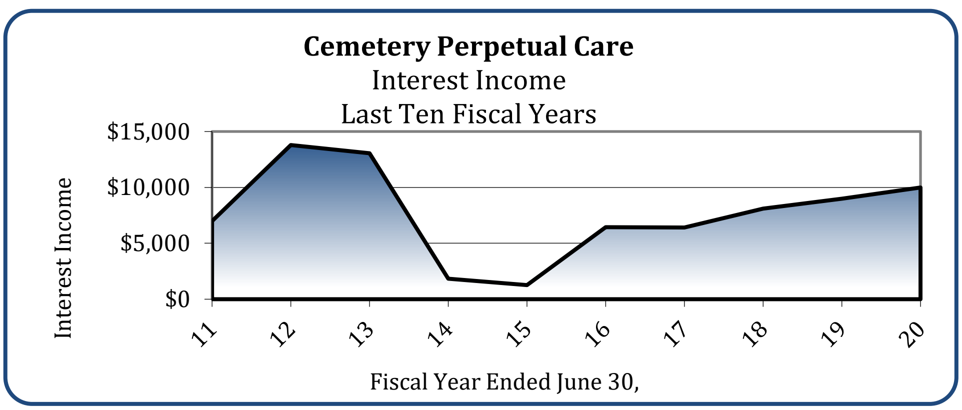
FUNDING SUMMARY	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Perpetual Care of Lots	$14,650	$8,500	$9,500	**$9,500**
Interest Income	8,094	9,000	10,000	**10,000**
Surplus	0	0	0	**0**
TOTAL REVENUES	$22,744	$17,500	$19,500	**$19,500**
Expenditures				
Audit	$500	$500	$500	**$500**
Transfer out - Cemetery Operating	0	9,000	9,000	**0**
Total	$500	$9,500	$9,500	**$500**
Fund Balance				
Net Change in Fund Balance	$22,244	$8,000	$10,000	**$19,000**
Fund Balance - Beginning of Year	525,759	548,003	548,003	**556,003**
Ending Fund Balance	$548,003	$556,003	$558,003	**$575,003**

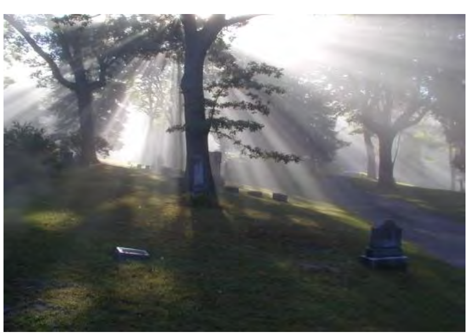
Fund Financial Highlights

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.

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Interest Income	$3,445	$1,000	$1,500	**$1,500**
Gain on Investments	0	0	0	**0**
Surplus	0	0	0	**0**
Total	$3,445	$1,000	$1,500	**$1,500**
Expenditures				
Audit	$500	$500	$500	**$500**
Contribution - Public Infrastructure	325,000	0	0	**0**
Total	$325,500	$500	$500	**$500**
Fund Balance				
Net Change in Fund Balance	($322,055)	$500	$1,000	**$1,000**
Fund Balance - Beginning of Year	449,245	127,190	127,190	**127,690**
Ending Fund Balance	$127,190	$127,690	$128,190	**$128,690**

Past Public Infrastructure Projects

Fiscal Year	*Projects Assisted with Endowment Earnings*	*Amount*
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 Evart 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 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 enforse 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.

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. FY2020 is Year 3 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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Parking Violations	$305	$300	$500	**$500**
Parking Permit Fees	1,597	1,500	1,000	**1,500**
Interest Income	2,300	2,000	1,500	**2,500**
Special Assessment	54,170	54,000	53,000	**53,000**
Local Funds	0	5,000	29,500	**29,300**
Total	$58,372	$62,800	$85,500	**$86,800**
Expenses				
Operation	$16,777	$17,500	$23,100	**$23,100**
Lot Repair	2,012	5,300	13,400	**13,700**
Snow Plowing	20,908	22,000	25,800	**26,300**
Snow Hauling	21,861	15,500	23,200	**23,700**
Total	$61,558	$60,300	$85,500	**$86,800**
Net Position				
Change in Net Position	($3,186)	$2,500	$0	**$0**
Net Position - Beginning of Year	662,424	659,238	659,238	**661,738**
TOTAL NET POSITION - END OF YEAR				
Invested in Capital Assets	$460,176	$443,676	$443,376	**$426,876**
Unrestricted	199,062	218,062	215,862	**234,862**
TOTAL NET POSITION	$659,238	$661,738	$659,238	**$661,738**

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
EXPENSES				
Operations				
Salaries - Enforcement	$0	$0	$5,000	**$5,000**
Fringes	38	0	600	**600**
Audit	500	500	500	**500**
Operating Supplies	170	500	200	**200**
Depreciation	16,069	16,500	16,800	**16,800**
Total Operations	$16,777	$17,500	$23,100	**$23,100**
Lot Repair				
Salaries	$827	$1,500	$4,500	**$4,500**
Fringes	536	800	2,700	**3,000**
Operating Supplies	250	1,500	3,000	**3,000**
Equipment Rental	399	1,500	3,200	**3,200**
Total Lot Repair	$2,012	$5,300	$13,400	**$13,700**
Snow Plowing				
Salaries	$4,157	$6,000	$8,000	**$8,000**
Fringes	2,965	3,500	4,800	**5,300**
Operating Supplies	51	1,500	1,000	**1,000**
Equipment Rental	13,735	11,000	12,000	**12,000**
Total Snow Plowing	$20,908	$22,000	$25,800	**$26,300**
Snow Hauling				
Salaries	$4,665	$4,500	$7,000	**$7,000**
Fringes	3,614	3,000	4,200	**4,700**
Equipment Rental	13,582	8,000	12,000	**12,000**
Total Snow Hauling	$21,861	$15,500	$23,200	**$23,700**
TOTAL EXPENSES	**$61,558**	**$60,300**	**$85,500**	**$86,800**

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.

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Rental Income	$196,440	$154,000	$154,000	**$154,000**
Interest Income	1,082	1,500	500	**1,500**
Total	$197,522	$155,500	$154,500	**$155,500**
Expenditures				
Building Maintenance	37,166	30,000	30,000	**40,000**
Contractual Services	7,773	15,000	20,000	**20,000**
Audit	500	500	500	**500**
Liability Insurance	930	1,000	1,500	**1,000**
Utilities	3,090	4,000	4,000	**4,000**
Administration	25,000	25,000	25,000	**25,000**
Depreciation	48,942	49,000	50,000	**50,000**
Total	$123,401	$124,500	$131,000	**$140,500**
Net Position				
Change in Net Position	$74,121	$31,000	$23,500	**$15,000**
Total Net Position - Beginning of Year	1,205,375	1,279,496	1,279,496	**1,310,496**
TOTAL NET POSITION - END OF YEAR				
Invested in Capital Assets	1,143,325	1,100,000	1,100,000	**1,100,000**
Unrestricted	136,171	210,496	202,996	**225,496**
TOTAL NET POSITION	$1,279,496	$1,310,496	$1,302,996	**$1,325,496**

Fund Highlights

Revenues

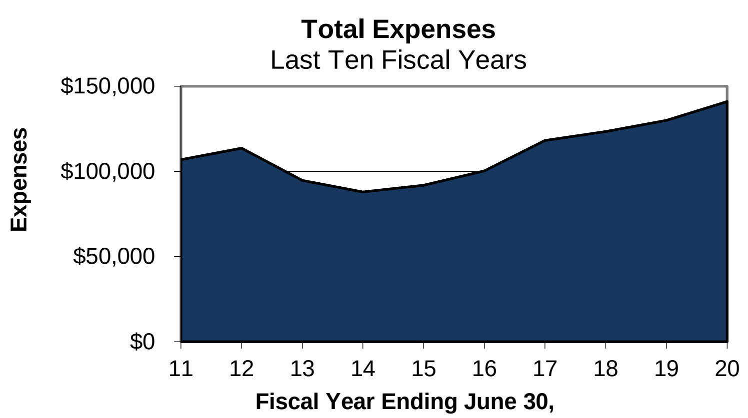
The City of Cadillac rents the building to the State of Michigan and the rent is based on the operating expenses as well as the debt payments on the bond. The lease with the State of Michigan has been extended for six (6) years through March 31, 2021 with another option to renew for an additional fifteen (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. A number of windows need to be replaced during the current fiscal year, and other maintenance items are increasing slightly as the building ages.

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

Chairperson:	Vice-Chairperson:	Secretary - Treasurer:
Marcus A. Peccia	*Michael Homier*	*Owen E. Roberts*
City Manager	Foster, Swift, Collins & Smith	Director of Finance
City of Cadillac	City Attorney	City of Cadillac
	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 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.

Fund: Stores and Garage Fund

Type: Internal Service Fund
Oversight: Director of Public Works

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 94% of the revenues for FY2020. 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

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Number of Vehicles/Equipment Maintained	75	72	75	75	↔
Total Fuel Costs	$31,018	$39,749	$40,000	$43,000	↑
Gallons of Diesel Used	12,897	13,673	14,000	14,000	↑
Gallons of Unleaded Fuel Used	4,520	5,830	4,500	4,500	↔
Average Cost per Gallon - Diesel	$1.81	$2.20	$2.20	$2.25	↑
Average Cost per Gallon - Unleaded	$1.65	$1.90	$2.00	$2.05	↑
Total Annual Cost of Road Salt	$62,988	$63,388	$126,798	$126,000	↑
Tons of Road Purchased	1,180	1,367	1,681	1,800	↔
Cost per Ton - Road Salt	$53.38	$46.37	$75.43	$70.00	↔

City of Cadillac, Michigan

2019-2020 Annual Operating Budget

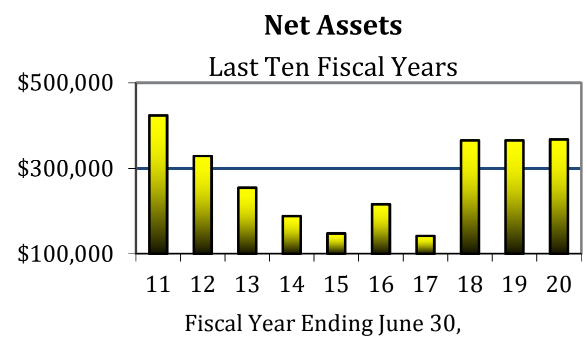
Fund: Stores and Garage Fund

FUNDING SUMMARY	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Charges for Services:				
Services & Materials	$17,335	$35,500	$20,000	**$36,700**
Equipment Rental	598,901	580,000	570,000	**570,000**
Miscellaneous				
Sale of Surplus Material	17,785	5,000	5,000	**5,000**
Other	6,183	0	500	**500**
Total	$640,204	$620,500	$595,500	**$612,200**
Expenses				
Administration	$251,806	$520,500	$527,500	**$547,500**
Outside Work	41,328	35,500	36,500	**36,700**
Building & Grounds	12,181	29,500	31,000	**26,000**
Total	$305,315	$585,500	$595,000	**$610,200**
Net Position				
Change in Net Position	$334,889	$35,000	$500	**$2,000**
Total Net Position - Beginning of Year	30,619	365,508	365,508	**400,508**
Total Net Position - End of Year	$365,508	$400,508	$366,008	**$402,508**

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.



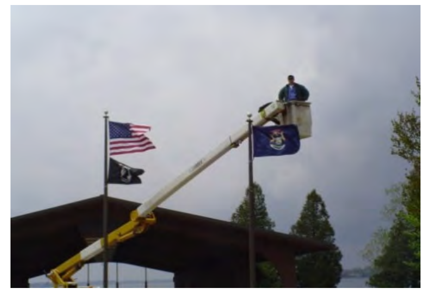
City of Cadillac, Michigan

2019-2020 Annual Operating Budget

Fund: Stores and Garage Fund

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenses				
Administration				
Salaries and Wages	$100,479	$112,000	$112,500	**$112,000**
Fringes	(165,370)	66,000	67,500	**75,000**
Operating Supplies	42,574	40,000	30,000	**35,000**
Fuel Costs	39,749	41,000	40,000	**43,000**
Audit	500	500	500	**500**
Data Processing	3,000	3,000	3,000	**3,000**
Travel & Education	3,772	1,500	3,000	**1,500**
Insurance	17,564	17,500	17,000	**17,500**
Utilities	19,579	20,000	20,000	**21,000**
Employee Safety	4,000	4,000	4,000	**4,000**
General Administrative Charges	20,000	20,000	20,000	**20,000**
Depreciation	88,457	100,000	100,000	**110,000**
Equipment Maintenance	58,497	70,000	85,000	**80,000**
Equipment Rental	19,005	17,000	17,000	**15,000**
Interest Expense	0	8,000	8,000	**10,000**
Total Administration	$251,806	$520,500	$527,500	**$547,500**
Outside Work				
Salaries and Wages	$12,359	$10,000	$10,500	**$10,000**
Fringes	7,595	7,000	6,000	**6,700**
Supplies	6,187	7,500	5,000	**5,000**
Equipment Rental	15,187	11,000	15,000	**15,000**
Total Outside Work	$41,328	$35,500	$36,500	**$36,700**
Building & Grounds				
Salaries and Wages	$5,945	$8,000	$6,500	**$6,500**
Fringes	2,989	4,000	3,000	**3,000**
Operating Supplies	416	5,000	6,000	**6,000**
Contractual Services	430	0	0	**0**
Repair and Maintenance	2,126	12,000	15,000	**10,000**
Equipment Rental	275	500	500	**500**
Total Building & Grounds	$12,181	$29,500	$31,000	**$26,000**
Total Expenses	$305,315	$585,500	$595,000	**$610,200**

Source and Use of Funds For Capital Improvements



FY2020

Source of Funds:		
Internal Loan	$300,000	
Operating Funds	45,000	
Total Source of Funds		**$345,000**
Use of Funds:		
Equipment:		
Plow Truck	$170,000	
Dual Wheel 29' Bucket Truck	65,000	
Front End Loader	110,000	
Total Use of Funds		**$345,000**

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

FY2020

ADDITIONS:		
Depreciation	$110,000	
Internal Loan	300,000	
Net Income (Loss)	2,000	
TOTAL ADDITIONS		**$412,000**
DEDUCTIONS:		
Principal Payment - Internal Loan	$50,000	
Capital Items	345,000	
TOTAL DEDUCTIONS		**$395,000**
NET INCREASE (DECREASE) OF AVAILABLE CASH		**$17,000**

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

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2017**	**2018**	**2019**	**2020**	**Trend**
Number of Workstations	60	60	65	65	↑
Operating Cost per Workstation	$2,820	$2,917	$2,769	$2,772	↔
Number of Workstations Replaced	15	5	15	15	↔
Total Capital Investment	$107,000	$15,477	$40,000	$70,000	↔

City of Cadillac, Michigan

2019-2020 Annual Operating Budget

Fund: Information Technology Fund

FUNDING SUMMARY	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Charges for Services - Intergovernmental				
General Fund				
City Council	$3,000	$3,000	$3,000	**$3,000**
City Manager	6,000	6,000	6,000	**6,000**
Finance	18,000	18,000	18,000	**18,000**
Assessor	12,000	12,000	12,000	**12,000**
Treasurer	18,000	18,000	18,000	**24,000**
Municipal Complex	6,000	6,000	6,000	**6,000**
Police	36,000	36,000	36,000	**42,000**
Fire	9,000	9,000	9,000	**12,000**
Engineering	18,000	18,000	18,000	**18,000**
Community Development	2,400	2,400	2,400	**3,000**
Water & Sewer	48,000	48,000	48,000	**48,000**
Stores and Garage	3,000	3,000	3,000	**3,000**
Total Intergovernmental Services	179,400	179,400	179,400	**195,000**
Interest Income	1,671	500	500	**1,500**
Sale of Property	0	0	500	**500**
Total Revenue	$181,071	$179,900	$180,400	**$197,000**
Expenses				
Salaries	$11,065	$13,000	$13,000	**$13,500**
Fringes	4,125	5,500	5,500	**6,000**
Office Supplies	5,740	5,000	6,000	**6,000**
Audit	500	500	500	**500**
Contractual Services	14,400	14,400	14,400	**17,500**
Hardware and Accessories	15,477	20,000	20,000	**20,000**
Software and Programming	42,417	45,000	50,000	**61,000**
Liability Insurance	738	800	800	**800**

FUNDING DETAILS	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Expenses (Continued)				
Telephone	15,376	7,000	6,500	**7,700**
Travel and Education	0	500	500	**0**
Repair and Maintenance	2,376	2,000	2,000	**2,000**
Depreciation	32,803	25,000	25,000	**26,000**
Administration	30,000	36,000	36,000	**36,000**
Total Expenses	**$175,017**	**$174,700**	**$180,200**	**$197,000**
Net Position				
Change in Net Position	$6,054	$5,200	$200	**$0**
Total Net Position - Beginning of Year	367,275	373,329	373,329	**378,529**
Total Net Position - End of Year	$373,329	$378,529	$373,529	**$378,529**

Expense Descriptions

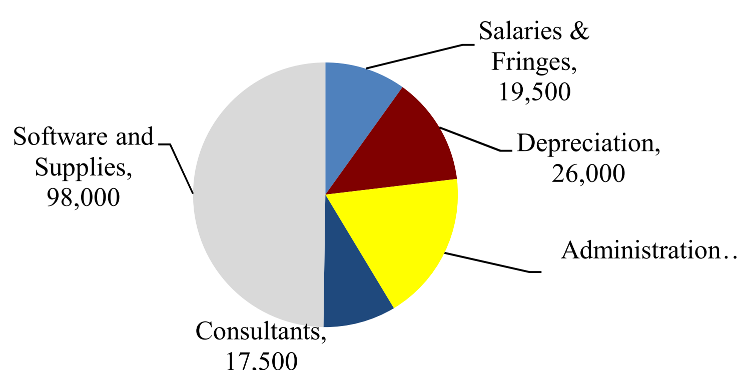
Salaries and Fringes
The Information Technology Fund pays an employee (0.3 FTE) to perform functions related to the City's electronic document storage system, including scanning new and existing documentation.

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



Other Financial Analysis

Source and Use of Funds For Capital Improvements

FY2020		
Source of Funds:		
Revenues:		
Operating Revenues/Reserves	90,000	
Total Source of Funds		$90,000
Use of Funds		
Computer Replacement	$20,000	
IT Infrastructure	20,000	
Wireless Project	50,000	
Total Use of Funds		$90,000

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

FY2020		
Additions		
Depreciation	$26,000	
Net Income (Loss)	0	
Total Additions		$26,000
Deductions		
Capital Items	90,000	
Total Deductions		$90,000
Net Increase (Decrease) in Available Cash		**($64,000)**
Projected Cash on Hand - Beginning of Year		**$200,000**
Projected Cash on Hand - End of Year		**$136,000**

Budget staff has confirmed that there will be sufficient cash on hand to handle the projected cash flow needs for FY2020.

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Employer Contributions	$938,239	$1,030,000	$1,030,000	**$1,170,000**
Employer Contributions-Dental	76,745	80,000	81,000	**83,000**
Employer Contributions-Optical	14,639	15,000	16,000	**25,000**
Employer Contributions-Life	7,317	7,500	8,000	**8,000**
Employee Contribution	31,673	45,000	70,000	**70,000**
Interest Income	4,705	10,000	10,000	**5,000**
Reimbursement from OPEB Trust	0	225,000	135,000	**275,000**
Surplus	0	0	100,000	**0**
Total	$1,073,318	$1,412,500	$1,450,000	**$1,636,000**
Expenses				
Reinsurance Premiums	$1,081,701	$1,155,000	$1,155,000	**$1,300,000**
Administration	33,888	35,000	30,000	**40,000**
Benefit Payments				
Health Insurance	257,254	225,000	250,000	**275,000**
Life Insurance	22,716	8,000	15,000	**20,000**
Total	$1,395,559	$1,423,000	$1,450,000	**$1,635,000**
Net Position				
Change in Net Position	($322,241)	($10,500)	($100,000)	**$1,000**
Total Net Position - Beginning of Year	654,410	332,169	332,169	**321,669**
Total Net Position - End of Year	$332,169	$321,669	$232,169	**$322,669**

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

	Annual Costs						
Plan Type	**Medical**	**Dental**	**Vision**	**Total**	**Employee Co-Pay**	**Co-Pay as % of Total Costs**	**# of Participants**
Blue Cross Blue Shield PPO							
Single	$10,892	$426	$106	**$11,424**	$1,456	12.74%	1
Two-Person	$26,141	$787	$202	**$27,130**	$3,494	12.88%	1
							2
Blue Care Network HMO							
Single	$6,374	$426	$106	**$6,906**	$300	4.34%	14
Two-Person	$15,298	$787	$202	**$16,287**	$660	4.05%	22
Family	$19,122	$1,389	$297	**$20,808**	$900	4.33%	49
							85

** An additional 7 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 $4,000 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 $80,000 per year in medical insurance costs.*

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Interest Income	$0	$0	$0	**$0**
General Fund	4,000	4,000	4,000	**4,000**
Water and Sewer Fund	4,000	4,000	4,000	**4,000**
Stores & Garage Fund	4,000	4,000	4,000	**4,000**
Surplus	0	0	0	**0**
Total	$12,000	$12,000	$12,000	**$12,000**
Expenditures				
Salaries and Wages	$2,750	$3,000	$3,000	**$3,000**
Fringes	1,392	1,500	1,500	**2,000**
Operating Supplies	2,026	4,500	4,500	**4,000**
Audit	500	500	500	**500**
Dues and Publications	395	300	500	**500**
Travel and Education	120	1,500	2,000	**2,000**
Total	$7,183	$11,300	$12,000	**$12,000**
Net Position				
Change in Net Position	$4,817	$700	$0	**$0**
Total Net Position - Beginning of Year	8,624	13,441	13,441	**14,141**
Total Net Position - End of Year	$13,441	$14,141	$13,441	**$14,141**

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 strenghten both messages to the employee population.

Safety Statistics

Cases	**2015**	**2016**	**2017**	**2018**
Deaths	0	0	0	0
Number of cases with days away from work	3	1	1	2
Number of cases with job transfer/restriction	2	1	0	2
Other reported cases	0	1	3	0
Days				
Total days away from work	93	28	1	58
Total days of job transfer/restriction	41	20	0	258
Total hours worked - all employees	167,299	174,176	176,283	168,380

GOALS

FY2020

1. Update department/building evacuation plans.
2. Have safety committee do accident investigations on quarterly basis.
3. Conduct hands-on fire extinguisher use, basic electrical, and confined space training.
4. Replacement of roof, or contribution towards, on salt building at garage

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 31.76% of the police member salaries and 30.14% of the fire members' salaries. The system is meeting its annual funding requirements. The system is 82.68% funded, slightly up from 81.87% 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

	Actuarial Valuation Date: June 30,				
MEASURE	**2015**	**2016**	**2017**	**2018**	**Trend**
Actuarially Accrued Pension **Liabilities**	$12,681,727	$12,882,578	$13,300,486	$13,806,343	↑
Funding Value of Accrued **Assets**	$9,937,183	$10,310,333	$10,888,703	$11,414,620	↑
Unfunded Actuarially Accrued **Liabilities**	$2,744,544	$2,572,245	$2,411,783	$2,391,723	↓
Funded Ratio (Assets/Liabilities)	78.36%	80.03%	81.87%	82.68%	↑
Total Pension Payments	$831,337	$819,812	$867,386	$955,887	↑
Number of Retirees	36	35	36	37	↔
Average Annual Pension	$23,093	$23,423	$24,094	$25,835	↑
Contribution Required (% of payroll) - Police	30.68%	28.94%	29.93%	31.76%	↑
Contribution Required (% of payroll) - Fire	31.69%	31.76%	30.56%	30.14%	↓
Total Contribution Required	$533,253	$520,516	$496,076	$499,948	↓
Number of Active Members	26	26	26	26	↔
Average Annual Salary	$61,364	$61,838	$58,802	$62,446	↑

FUNDING SUMMARY	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Additions				
Contributions - Employer	$701,533	$600,000	$600,000	**$600,000**
Contributions - Employee	29,842	$35,000	$30,000	**30,000**
Interest and Dividend Income	0	500	$500	**500**
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	825,368	0	436,000	**482,000**
Investment Expenses	(26,794)	(30,000)	(30,000)	**(30,000)**
Total Additions	$1,529,949	$605,500	$1,036,500	**$1,082,500**
Deductions				
Benefit Payments				
Retirement	$959,967	$1,000,000	$1,025,000	**$1,070,000**
Administrative Expenses				
Audit	2,500	2,500	2,500	**2,500**
Contractual Services	12,422	9,000	9,000	**10,000**
Total Deductions	$974,889	$1,011,500	$1,036,500	**$1,082,500**
Net Change in Net Position	$555,060	($406,000)	$0	**$0**
Net Position				
Beginning of Year	$10,749,329	$11,304,389	$11,304,389	**$10,898,389**
End of Year	$11,304,389	$10,898,389	$11,304,389	**$10,898,389**

Plan and Membership Information

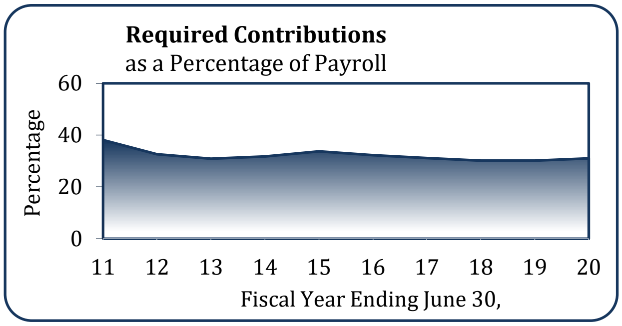
In July, 2006 the Police and Fire Retirement System removed their investment managers and contracted with the Municipal Employees Retirement System of Michigan to manage the investments. This has proven to enhance the returns of the system's assets, and will provide long-term cost savings to the City.

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.*

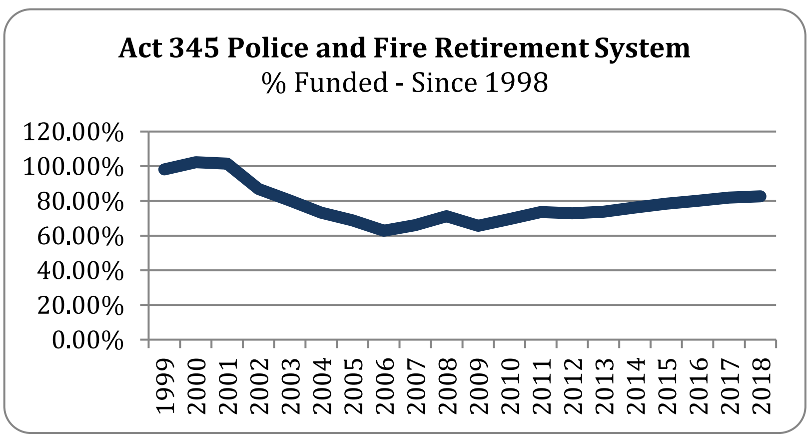
Plan Financial Details



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 31.03% in FY2020 from 30.18% in FY2019 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 devestating 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, 2018
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	10
Remaining Amortization - Benefit Increase	13 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%

Summary of Act 345 Benefits & Conditions

Eligibility:	***Benefit:***
Regular Retirement	
Age 50 with 25 or more years of service or age 60 regardless of service.	Straight life pension equals 2.5% of 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.

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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.

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Special Assessment Revenue	$0	$0	$0	**$0**
Interest Income	6,299	1,500	5,000	**0**
Transfer In	0		0	**275,000**
Surplus	0	253,000	268,600	**0**
Total	$6,299	$254,500	$273,600	**$275,000**
Expenditures				
Salaries and Wages - Regular	$19,307	$18,000	18,500	**20,100**
Fringes	11,641	10,000	10,400	**12,000**
Operating Supplies	4,809	5,000	11,500	**11,500**
Chemicals	0	0	200	**200**
Contractual Services	6,347	2,000	2,100	**2,100**
Legal Contractual Services	0	7,600	9,500	**9,500**
Audit	900	900	900	**600**
Contracted Lab Costs	37,195	40,000	45,000	**45,000**
Utilities	161,837	163,000	160,000	**160,000**
Repair & Maintenance	9,397	8,000	15,500	**14,000**
Engineering Fees	0	0	0	**0**
Total	$251,433	$254,500	$273,600	**$275,000**
Fund Balance				
Net Change in Fund Balance	($245,134)	($253,000)	($268,600)	**$0**
Fund Balance - Beginning of Year	499,293	254,159	254,159	**1,159**
Ending Fund Balance	$254,159	$1,159	($14,441)	**$1,159**

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*
Vacancy	N/A
Jim Petersen	Retired Bank President
Vacancy	Assistant Superintendent of Operations and Personnel, Cadillac Area Public Schools
Vacancy	
Vacancy	*N/A*
Vacancy	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.

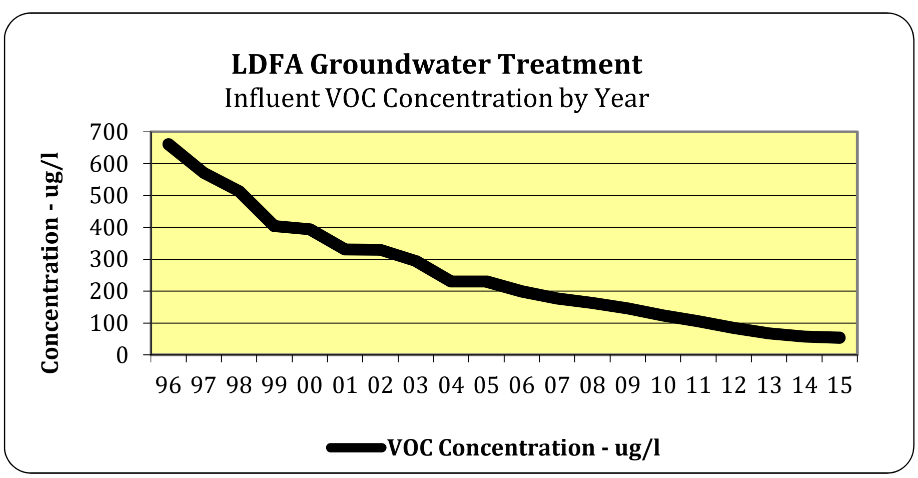
L.D.F.A. Groundwater Treatment Statistics

Volume of groundwater pumped and treated:

	Gallons	
Year	**Per Day**	**Per Year**
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	2,376,444	867,402,000
2017	2,312,433	844,038,000
2018	2,144,285	782,664,000

LDFA Water Treatment Facility

Year	Estimated pounds of volatile organics stripped from the water (per year):	Hours spent in Operation and Maintenance
2009	1,067	819
2010	899	800
2011	762	950
2012	594	966
2013	460	890
2014	381	961
2015	374	989
2016	347	1028
2017	303	999
2018	209	953

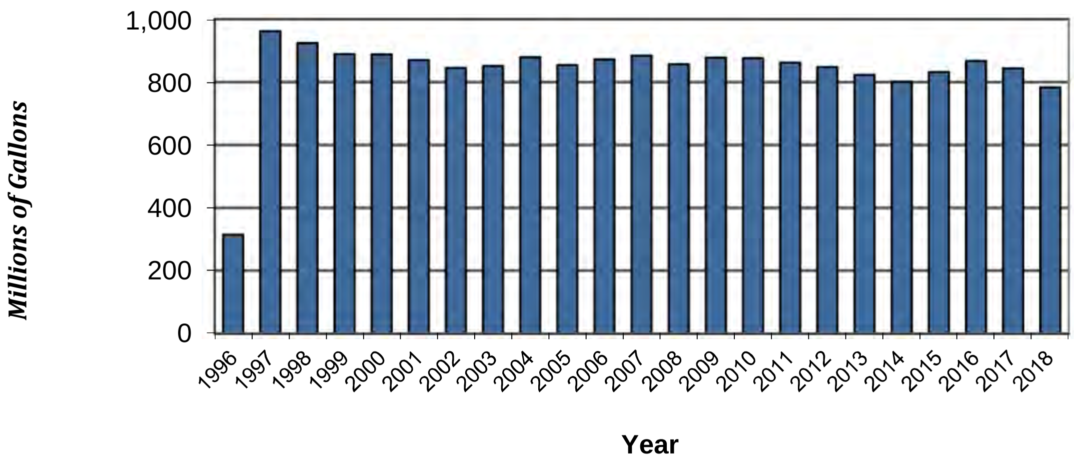


Other L.D.F.A. Groundwater Treatment Details

* More than 19.3 billion gallons of water have been treated since the inception of the program.

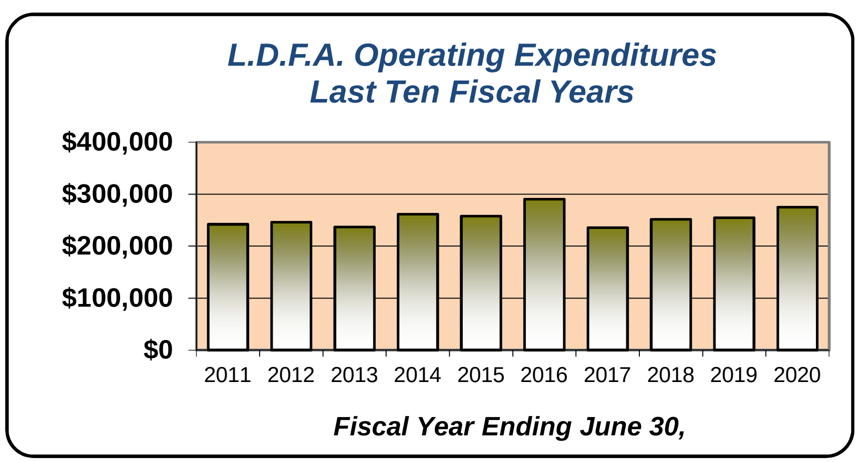
* VOC distribution in the LDFA discharge has been below detection limit since the beginning of the program in 1996.

Treated Gallons per Calendar Year



Expenditures

The costs of operating the LDFA treatment facility have remained relatively consistent since the beginning of the treatment program.



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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Water Revenue	$16,644	$17,000	$18,000	**$18,000**
Interest Income	3,355	5,000	1,500	**7,500**
Total	$19,999	$22,000	$19,500	**$25,500**
Expenditures				
Salaries and Wages - Regular	$2,224	$2,500	$3,000	**$3,000**
Fringes	1,328	1,300	1,800	**1,800**
Operating Supplies	0	1,000	500	**500**
Contractual Services	0	4,000	4,500	**4,500**
Audit	500	500	500	**500**
Depreciation	4,535	4,600	5,000	**5,000**
Total	$8,587	$13,900	$15,300	**$15,300**
Net Position				
Change in Net Position	$11,412	$8,100	$4,200	**$10,200**
Net Position - Beginning of Year	463,904	475,316	475,316	**483,416**
NET POSITION - END OF YEAR	$475,316	$483,416	$479,516	**$493,616**

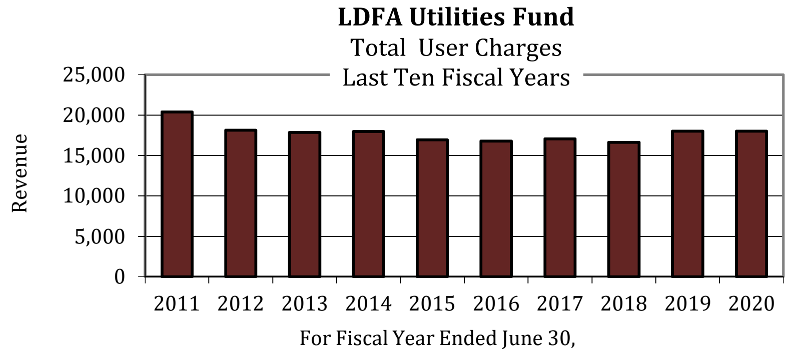
Fund Highlights

Net Assets
Available net assets will be used to assist in replacement of the well and funding major system repairs.

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***
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
2018	96,816,000

LDFA well house (foreground) with Cadillac Renewable Energy in background

LDFA Well

Hours spent in operation and maintenance	
Year	***Hours***
2009	110
2010	127
2011	126
2012	112
2013	102
2014	134
2015	157
2016	130
2017	108
2018	108

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Tax Increment Financing Revenue	$133,067	$128,500	$128,500	**$147,500**
Interest Income	18,058	20,000	11,500	**25,000**
Surplus	0	0	0	**178,000**
Total	$151,125	$148,500	$140,000	**$350,500**
Expenditures				
Audit	$500	$500	$500	**$500**
Contractual Services	4,075	50,000	75,000	**75,000**
Transfer Out	0	0	64,500	**275,000**
Total	$4,575	$50,500	$140,000	**$350,500**
Fund Balance				
Net Change in Fund Balance	$146,550	$98,000	$0	**($178,000)**
Fund Balance - Beginning of Year	1,362,401	1,508,951	1,508,951	**1,606,951**
Ending Fund Balance	$1,508,951	$1,606,951	$1,508,951	**$1,428,951**

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.

LDFA Groundwater Treatment System

Transfer Out
LDFA funds are utilized to operate the treatment facility. Operations cost approximately $275,000 per year and were historically funded through an assessment against properties within the treatment district. This assessment needs to be renewed, and in the interim some captured tax dollars can help fund treatment costs.

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:

	Ad Valorem	IFT	Total
Total LDFA District Taxable Value	$4,418,994	$3,145,966	$7,564,960
Base Value	(551,400)	0	(551,400)
Captured Value	$3,867,594	$3,145,966	$7,013,560

		Capture		
Taxes Captured:	Millage	Ad Valorem	IFT	Total
City Operating	13.94730	$53,942	$21,939	$75,881
Police and Fire Retirement (City)	2.60000	10,056	4,090	14,146
Wexford County Allocated	6.77970	26,221	10,664	36,885
Wexford County - Recreation	0.25000	967	393	1,360
Wexford County - Animal Control	0.25000	967	393	1,360
Wexford County - Road Patrol	0.95000	3,674	1,494	5,169
CWTA	0.60000	2,321	944	3,264
Cadillac-Wexford Public Library	0.75000	2,901	1,180	4,080
Council on Aging	0.99760	3,858	1,569	5,428
Total Taxes Captured	27.12460	**$104,907**	**$42,667**	**$147,573**

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 $229,577,371. The LDFA captures about 3% of the ad valorem tax roll, and an additional 52.9% of the IFT tax levy.*

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Tax Revenue	$26,457	$26,500	$26,500	**$27,000**
Contributions From Private Sources	5,584	2,000	3,000	**5,000**
Interest Income	0	100	0	**0**
Total	$32,041	$28,600	$29,500	**$32,000**
Expenditures				
Salaries and Wages - Regular	$10,451	$10,500	$10,500	**$11,500**
Salaries and Wages - Part Time	5,768	3,000	5,000	**5,000**
Fringes	4,898	6,000	5,000	**6,000**
Office Supplies	0	200	200	**200**
Postage	0	0	100	**100**
Contractual Services	6,375	7,000	6,500	**7,000**
Audit	500	0	500	**500**
Travel and Education	0	200	200	**0**
Publisher's Costs	0	500	500	**500**
Downtown Marketing	300	500	1,000	**1,200**
Total	$28,292	$27,900	$29,500	**$32,000**
Fund Balance				
Change in Fund Balance	$3,749	$700	$0	**$0**
Fund Balance - Beginning of Year	1,514	5,263	5,263	**5,963**
Ending Fund Balance	$5,263	$5,963	$5,263	**$5,963**

Fund Structure and Staffing

There are approximately 400 taxable parcels of property within the Downtown Development District (including real and personal property). These parcels are anticipated to generate $27,000 in property tax revenue from the DDA's two mill levy, which averages about $68 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	Huntington Bank	Banking
Greg Bosscher	Member	Downtown Property Owner	Owner
Brian Kelsey	Member	Chemical Bank	Banking
Lisa Swanson	Member	Mercantile Bank	Banking

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
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%
2020	$13,838,572	1.9548	$27,052	1.00%

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	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Tax Revenue	$51,704	$53,000	$56,000	**$59,500**
Local Community Stabilization Payment	18,524	18,500	25,000	**21,000**
Interest Income	0	0	0	**0**
Surplus	0	0	0	**10,000**
Total	$70,228	$71,500	$81,000	**$90,500**
Expenditures				
Audit	$500	$500	$500	**$500**
Contractual Services	30,619	0	0	**10,000**
Construction	13,034	0	0	**0**
Debt Service	81,100	81,100	80,300	**80,000**
Total	$125,253	$81,600	$80,800	**$90,500**
Fund Balance				
Net Change in Fund Balance	($55,025)	($10,100)	$200	**($10,000)**
Fund Balance - Beginning of Year	113,459	58,434	58,434	**48,334**
Ending Fund Balance	$58,434	$48,334	$58,634	**$38,334**

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 2016 the DDA utilized bond financing in conjunction with City of Cadillac bond issuance to finance the costs of reconstructing a core downtown parking area that is now known as The Plaza at Cadillac Commons. Budgeted debt service expenditures are to cover this debt.

Source of Tax Increment Financing Revenue

The DDA Capital Projects Fund captures taxes in the DDA District as follows:

Total DDA District Taxable Value	$13,838,572
1996 Base Value	(11,654,550)
Captured Value	$2,184,022

Taxes Captured:	**Millage**	**Capture**
City Operating	13.94730	$30,461
Police and Fire Retirement (City)	2.60000	5,678
Wexford County - Allocated	6.77970	14,807
Wexford County - Recreation	0.25000	546
Wexford County - Animal Control	0.25000	546
Wexford County - Road Patrol	0.95000	2,075
CWTA	0.60000	1,310
Cadillac-Wexford Public Library	0.75000	1,638
Council on Aging	0.99760	2,179
Total Taxes Captured	**27.12460**	**$59,240**

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 $229,577,371. The DDA captures just under 1% of the ad valorem tax roll.*

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.

FUNDING SUMMARY	FY2018 Actual	FY2019 Estimated	FY2019 Adopted	FY2020 Proposed
Revenues				
Current Property Taxes	$21,417	$25,000	$21,500	**$32,000**
State Grants	31,111	35,000	14,000	**0**
Interest Income	903	1,000	1,000	**2,000**
Surplus	0	12,500	20,000	**0**
Total	$53,431	$73,500	$56,500	**$34,000**
Expenditures				
Contractual Services	$19,941	$55,000	$38,000	**$14,400**
Principal Payment	16,486	18,000	18,000	**19,100**
Audit	500	500	500	**500**
Total	$36,927	$73,500	$56,500	**$34,000**
Fund Balance				
Net Change in Fund Balance	$16,504	($12,500)	($20,000)	**$0**
Fund Balance - Beginning of Year	165,171	181,675	181,675	**169,175**
Ending Fund Balance	$181,675	$169,175	$161,675	**$169,175**

Fund Highlights

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 on four projects. Several additional projects are expected to be added to the Brownfield TIF capture within the next couple of years. Projected tax captures for FY2020 are as follows:

Total Brownfield Taxable Value	$887,491
Base Value	$282,447
Captured Value	$605,044
Captured Taxes	
City Operating	$5,976
Police and Fire Retirement (City)	1,116
Lake Cadillac Treatment (City)	0
Wexford County	3,447
Other	1,026
CAPS Operating	10,891
CAPS Debt	2,337
State Education Tax	3,630
Wexford-Missaukee ISD	3,727
Total Taxes Captured	$32,151

Each project is captured differently, and the specific taxes which each project can capture may vary as well.

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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.

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.

2019-2020 Capital Budget

The following projects have been planned and proposed for funding in FY2020. Included in the chart is an estimate of the impact that the project will have on the annual operating budget.

General Fund			
Municipal Complex and Administration	Concrete Apron Replacements	25,000	500
	Police Department Office Updates	25,000	0
Police Department	Police Body Worn Cameras	20,000	(5,000)
	In-Car Cameras	15,000	500
Fire Department	Fire Engine	600,000	5,000
Parks	Programmable Pavilion Sign	30,000	0
	Riding Lawn Mower	9,000	500
General Fund Total		**724,000**	**1,500**
Major Street Fund			
Major Street	Carmel Street (Cobbs to Stimson)	222,500	1,000
Major Street Fund Total		**222,500**	**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
	Mason Street (Mitchell to Parking Lot)	46,500	500
	Simons Street (Pine to Bremer)	94,000	1,000
	Street Sign Replacement	7,500	0
Local Street Fund Total		**769,500**	**4,500**
Water and Sewer Fund			
Water and Wastewater	Aldrich Street (Bond to Linden)	97,000	500
	Bio-Makeup Air/Furnace	25,000	500
	Carmel Street	50,000	500
	Crippen Street (Mitchell to Hemlock)	130,000	500
	Evart Street (Cedar to Lester)	180,000	500
	Laboratory Incubators	8,000	500
	Manhole Rehabilitation	25,000	500
	Mason Street (Mitchell to Parking Lot)	10,000	500
	Primary Drive Replacement/Renovation	45,000	1,000
	RAS Pumps 1&2 Replacement	30,000	1,000
	Secondary Drive Replacement/Renovation	60,000	1,000
	Simons Street (Pine to Bremer)	40,000	500
	South Shore Lift Station Building	8,000	0
	Sunset/Lakeshore Main Replacement	20,000	500
	Two (2) Service Trucks	55,000	2,000
	Water Supply Improvements	8,000,000	(5,000)
	Water Well Inspection	25,000	1,000
Water and Sewer Fund Total		**8,808,000**	**6,000**
Stores and Garage Fund			
Department of Public Works	Dual Wheel 29' Bucket Truck	65,000	500
	Front-End Loader	110,000	(2,500)
	Single Axle Blade Truck w/Reversing Plow	160,000	2,500
Stores and Garage Fund Total		**335,000**	**500**

Information Technology Fund			
Information Technology	Computer Replacement	20,000	1,000
	IT Infrastructure	20,000	2,500
	Wireless Project	50,000	2,000
Information Technology Fund Total		**90,000**	**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)**

General Fund Projects
General governmental revenues, like property taxes and revenue from the State of Michigan are utilized to fund General Fund projects. For FY2020 the City is planning several upgrades in and around the Municipal Complex. The Police Department is replacing in-car cameras and adding body cameras to assist with investigations and evidence. These cameras will increase necessary expenditures for data storage. The Fire Department will replace one of the front-line fire trucks. The existing unit has been causing maintenance issues for several years and needs to be replaced. This replacement should reduce ongoing vehicle repair expenditures. In the Parks Department, a mower will be replaced, and an electronic insert will be added to an existing sign to enable more efficient

Major and Local Street Fund Projects
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 nearly $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 and is a tool to help minimize repair and maintenance costs as well as down time.

It is expected that FY2020 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 2019. Once those pieces are in place, the project will be released for bid and construction could begin in 2020. 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, a new 29' bucket truck, and a front-end loader which will be purchased off lease. These replacements 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 as needed. This will help reduce annual maintenance costs and downtime associated with outdated technology. 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 FY2021-2025 fiscal years are summarized below:

Year 2 - FY2021	Project	Cost
Municipal Complex and Administration	Backup Generator	25,000
Police Department	Police Patrol Vehicle	40,000
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
Cemetery	Sprinkler System Upgrade	15,000
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
	Water Well Inspection	25,000
Department of Public Works	1-Ton Dump Truck	50,000
	Four Post Column Lift	35,000
	Riding Lawn Mower	10,000
	Single Axle Blade Truck w/Reversing Plow	160,000

Information Technology	Computer Replacement	20,000
Industrial Parks	James E. Potvin Industrial Park Expansion	600,000
Year 2 - FY2021 Total		**2,673,500**

Year 3 - FY2022	Project	Cost
Municipal Complex and Administration	Heating and Cooling Renovation	75,000
	Upgrade Municipal Complex Restrooms	30,000
Police Department	Police Patrol Vehicle	40,000
	Car Port	20,000
Parks	Riding Lawn Mower	9,000
	Skate Park Equipment	40,000
	Walkway Bridge Gazebo	25,000
Major Street	North Boulevard (Shoreline)	280,000
	Chestnut Street (Linden to Leeson)	700,000
Local Street	Crestview Street	78,500
	Stimson Street	109,000
	Evart Street	82,500
Cemetery	Cemetery Road Paving	40,000
	Riding Lawn Mower	9,000
Water and Wastewater	Crestview Street	64,000
	Evart Street (2)	80,000
	Stimson Street	53,500
	Chestnut Street	160,000
	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
Information Technology	Computer Replacement	20,000
	IT Infrastructure	20,000
Community Development	Carmel Street Sidewalk	75,000
	Chestnut Street Sidewalk	75,000
	Cobb Street Sidewalk	100,000
	Pearl Street Sidewalk	100,000
Year 3 - FY2022 Total		**3,262,500**

Year 4 – FY2023	Project	Cost
Municipal Complex and Administration	Fire Garage Expansion	258,000
Parks	Playground Equipment	25,000
Major Street	Linden Street (W. Division to Arthur)	116,500
Local Street	Warbler Lane (Paluster to Cardinal)	67,000

	Cardinal Drive (Warbler to Crosby)	61,000
	Hemlock Street (Pine to Washington)	31,500
	Lincoln Street (Hemlock to May)	22,000
	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 4 - FY2023 Total		**1,360,000**

Year 5 - FY2024	Project	Cost
Municipal Complex and Administration	New Municipal Complex Entry Doors	15,000
Police Department	Police Patrol Vehicle	42,000
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
Cemetery	Entrance Pillars	50,000
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	75,000
Department of Public Works	1-Ton Dump Truck	50,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	20,000
Year 5 - FY2024 Total		**1,428,500**

Year 6 - FY2025	Project	Cost
Police Department	Police Patrol Vehicle	42,000
Fire Department	Overhaul Engine 1	100,000
Local Street	Lester Street (Cobbs to Howard)	400,000
	Wheeler Street (Ayer to Smith)	60,000
Cemetery	Riding Lawn Mower	10,000
Water and Wastewater	Lester Street (Cobbs to Howard)	20,000
	Two (2) Service Trucks	55,000
	Type 1 Water System	15,000
	Sewer Lining	500,000
	Anaerobic Digester Cleaning	75,000
	WWTP Hand Rail Replacement	100,000
	Plant-Wide Phone System	18,000
	Televised Inspection Trailer	225,000
	Two (2) Riding Lawn Mowers	30,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	50,000
Year 6 - FY2025 Total		**1,720,000**

A full copy of the 2020-2025 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.

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

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.

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.

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.

(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 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 or 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).

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.

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.

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.

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: 10

8 Patrol Officers
1 Detective
1 School Resource Officer

International Association of Firefighters Local 704

Contract Expiration Date: June 30, 2021

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.

Taxable Value and Estimated Actual Value of Taxable Property
Last Ten (10) Fiscal Years

Fiscal Year Ended June 30,	Real Property Valuation	Personal Property Valuation	Total Taxable Valuation	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
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
2018	192,217,626	31,297,400	223,515,026	508,651,200	43.94%	16.5473

Source: *City of Cadillac Treasurer's Office*

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

Principal Property Tax Payers
Most Recent Fiscal Year and Nine (9) Years Ago

	2018			2009		
Taxpayer	**Taxable Value**	**Rank**	**% of Total City Taxable Value [a]**	**Taxable Value**	**Rank**	**% of Total City Taxable Value [b]**
Cadillac Renewable Energy [c]	$12,388,661	1	5.54%	$12,582,900	1	4.90%
Avon Protection	9,494,880	2	4.25%			0.00%
Consumers Energy	7,768,258	3	3.48%	5,831,490	4	2.27%
Hutchinson Antivibration System	3,163,169	9	1.42%			0.00%
AAR Cadillac Manufacturing	3,126,139	4	1.40%	5,210,900	6	2.03%
927 Frisbie Street LLC[e]	3,110,888	6	1.39%	3,778,145	9	1.47%
Cadillac Casting [d]	3,099,417	5	1.39%	9,396,400	2	3.66%
Piranha Hose Products Inc.	2,451,766	7	1.10%			0.00%
Rexair, Inc.	2,039,366	8	0.91%	5,408,137	5	2.11%
FHC ONE LDHA	1,397,966	10	0.63%			0.00%
Cadillac Rubber & Plastics				7,495,858	3	2.92%
FIAMM Technologies, Inc.				4,492,693	7	1.75%
Michigan Rubber Products				4,047,057	8	1.58%
Paulstra CRC Corporation				3,601,148	10	1.40%
Totals	$48,040,510		21.49%	$61,844,728		24.09%

Source: *City of Cadillac Treasurer's Office*

[a] Based on total taxable value of $223,515,026
[b] Based on total taxable value of $256,696,142
[c] Formerly Beaver MI Associates LTD Partnership.
[d] Formerly CMI Cast Parts.
[e] Formerly Four Winn's Boats, LLC.

Property Tax Levies and Collections

Last Ten (10) Fiscal Years

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Collected within the Fiscal year of Levy		Collections - Subsequent Years	Total Collections to Date [a]	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2018	3,782,234	3,643,714	96.34%	138,521	3,782,234	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.

Demographic and Economic Statistics
Last Ten (10) Calendar Years

Fiscal Year	Census[1]	Personal Income (thousands)	Per Capita Personal Income[2]	School Enrollment[3]	Local Unemployment Rate[4]	State Unemployment Rate[4]	Civilian Labor Force[4]
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	352,981	34,088	3,459	5.1	4.3	21,605
2018	10,355	N/A	N/A	3,414	3.9	4.0	21,622

Data Sources:

[1] *Bureau of the Census*

[2] *Bureau of Economic Analysis*

[3] *School Districts*

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

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

Principal Employers
Current Year and Nine (9) Years Ago

Employer	Industry Description	*2018* Employees	*2009* 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 Applicance 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	
Hutchinson Antivibration Systems Inc[3]	Other Rubber Product 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

[3] Formerly Paulstra CRC

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

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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.

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.

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 will 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.

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.

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.

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.

CITY OF
CADILLAC
MICHIGAN