

CITY OF
Cadillac
MICHIGAN

*PEOPLE...
PLACE...
PARTNERSHIPS...*

The Cadillac Standard



*2009-2010 Annual Operating Budget
July 1, 2009—June 30, 2010*



Cadillac MICHIGAN

ELECTED OFFICIALS

William Barnett, Mayor
At Large

Shari Spoelman, Councilmember
First Ward

Tom Dyer, Councilmember
Second Ward

Art Stevens, Councilmember
Third Ward

James Dean, Mayor Pro-Tem
Fourth Ward

CITY ADMINISTRATION

City Manager	<i>Peter D. Stalker</i>
Deputy City Manager	<i>Precia L. Garland</i>
Director of Finance	<i>Owen Roberts</i>
Director of Public Safety	<i>Jeff Hawke</i>
Director of Public Utilities	<i>Jeff Dietlin</i>
Director of Public Works	<i>Bob Johnson</i>
City Engineer	<i>Bruce DeWitt</i>
City Clerk and Treasurer	<i>Jan Nelson</i>
City Attorney	<i>David McCurdy</i>

May 18, 2009

Dear Citizens of Cadillac:

I am pleased to submit to you the annual operating budget for the City of Cadillac for the fiscal year beginning July 1, 2009 and ending June 30, 2010. This budget represents the culmination of many hours of work beginning over four months ago. We have attempted to give the citizens of Cadillac several opportunities to provide input into the process and I am confident that this document represents a very realistic and achievable plan for the upcoming fiscal year.



Overall, the FY2010 budget plans over \$17.6 million in spending across the whole organization. Just over \$7.5 million of this total is appropriated through the City's main operating fund, the General Fund. Spending in this fund has increased approximately 5% over last fiscal year, but I am happy to report that nearly all of this additional spending is covered by grant revenues and private contributions. The City was awarded a grant in the amount of \$205,000 to replace an aging apparatus that is part of the fleet in the Fire Department. This budget also appropriates \$100,000 for the reconstruction of an important recreational area within the City of Cadillac, the Diggins Hill Tennis Courts. This project is made possible through the generous contributions of private citizens and a small grant from the City. Additional grants are being pursued that may enable the expansion of this exciting project as well.

It is no secret that we find ourselves in challenging financial times. The City of Cadillac has experienced painful losses of jobs in recent months. These job losses make it difficult for our citizens to pay for core costs of living. As such, we have worked very hard to keep any increases in fees to the bare minimum needed to sustain operations. Several City departments have experienced significant cutbacks in this budget to help offset losses in revenue, and efforts have been made across the entire organization to further insure that critical municipal services are being provided as efficiently and effectively as possible.

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 valuable overview of the organization and the document itself. Reading this section will help you understand the structure of City finances and the planning processes that are undertaken each year. Secondly, our City Manager presents a 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. I am honored to serve once again this year as your Mayor and look forward to interacting with you as we all partner together to make this City a community of continuing success.

Sincerely,

A handwritten signature in dark ink, appearing to read "William S. Barnett". The signature is fluid and cursive, with a large loop at the end.

William S. Barnett
Mayor



Vision Statement

The *Cadillac* Standard – People, Place, Partnerships

Mission Statement

The City of Cadillac is built upon the premise that its Citizens deserve to be treated with respect and honesty at all times. We believe that public service is a privilege and an honorable pursuit. Because this is true, we promise to prioritize and deliver quality public services that are efficient and cost effective; doing so in a way that provides for the utmost in public peace, health, safety, and quality of life. The City of Cadillac will deliberately work to ensure that those in your service will act with the highest levels of personal and professional integrity.



***The Rotary Pavilion in the morning
after a fresh snow.***



2009-2010 BUDGET READER'S GUIDE

Welcome to the City of Cadillac's Annual Operating Budget for the fiscal year running from July 1, 2009 through June 30, 2010. We are glad that you have taken the time to learn about the appropriation of resources within our organization, and trust that the time you invest in familiarizing yourself with this information will be time well spent. We are committed to accountability in the way that we conduct the business of serving the City of Cadillac, including its citizens, businesses, and industries. Hopefully this brief "Budget Reader's Guide" will help you understand this robust document as well as introduce you to the process that has led to its production.

Financial Structure

The financial structure of a municipality consists of various "funds", which operate just like separate businesses within the City and have their own set of balanced books. The main fund of the City of Cadillac is the General Fund. The General Fund is where you will find information on the resources devoted to providing the types of services that you would generally expect from a city - things like police, fire, general administrative services, tax collections, community planning and zoning, and parks maintenance are all core governmental services that are appropriated through the General Fund. An entire tabbed 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" you will find many of the other core services provided by the City of Cadillac that are not part of the General Fund. The activities related to street maintenance, including right-of-ways, 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. This is an important activity 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 "Major Funds" section 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 is 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 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,

building inspection activities, 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:

Goal Setting – The City's annual planning process begins late in the summer each year when the City Council begins efforts that will determine the strategic direction for the City of Cadillac. This direction comes in the form of short-term and long-term goals. This process takes a couple of months, and includes input from staff, City Council, and the public. The goals are officially adopted by Council after a public work session and a public hearing process.

Capital Improvement Program – In early fall, work begins on a 5-year capital improvement program. This program lays out projects with a cost greater than \$5,000 and a useful life of more than one year. Any project that meets these criteria needs to flow 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 5-year program.



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

Annual Operating Budget – The annual operating budget is required by Cadillac's City Charter to appropriate all resources that will flow through the City, matching expenditures with various sources of revenues. The results of the first two planning processes – the Capital Improvement Program and the City-Wide Goals – 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 identified funding sources are no longer available, and when that 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.

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 made in regards to the appropriation of resources. The following introductory biographies are offered so that you can familiarize yourself with the names and faces of the officials that have been elected to guide and direct City staff in the delivery of services.



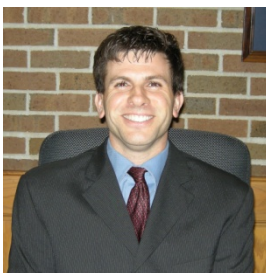
Mayor William S. Barnett

Councilmember from City at Large
Population of City: 10,000
Occupation: Attorney
Term Expires: December 31, 2009
Annual Salary: \$4,100



James Dean, Mayor Pro-Tem

Councilmember from Ward 4
Population of Ward: 2,391
Occupation: Manufacturing
Term Expires: December 31, 2009
Annual Salary: \$2,800



Councilmember Art Stevens

Councilmember from Ward 3
Population of Ward: 2,542
Occupation: Financial Advisor
Term Expires: December 31, 2011
Annual Salary: \$2,800

Elected Officials (Continued)



Councilmember Thomas Dyer

Councilmember from Ward 2
Population of Ward: 2,472
Occupation: Manufacturing
Term Expires: December 31, 2009
Annual Salary: \$2,800



Councilmember Shari Spoelman

Councilmember from Ward 1
Population of ward: 2,595
Occupation: MSU Extension Director
Term Expires: December 31, 2011
Annual Salary: \$2,800

A map of the four city voting wards is shown here as well. If you are wondering who your elected representative to City Council is, the map should help you answer that question. These elected officials welcome public comments and input and will do their best to be available to answer your questions. The Council meets on the first and third Monday of each month at 7:00 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,

Peter D. Stalker
City Manager

Owen E. Roberts
Director of Finance

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

MEMORANDUM

To: Honorable Mayor William S. Barnett and City Council
From: Peter D. Stalker, City Manager
Subject: Transmittal of 2009-2010 Annual Operating Budget
Date: April 1, 2009

It is my pleasure to present the 2009-2010 annual operating budget for the City of Cadillac. This budget document is submitted in accordance with all applicable state laws governing local municipal finance and accordingly it is a balanced budget.

The economic climate in Michigan continues to worsen, with the state having officially been in a recession for nearly eighteen months. Michigan has been especially hard hit because of the auto industry. The leadership change in Washington has given hope that things will turn, but it is too early to determine the impact that new policies will have in the upcoming months and years. The recently passed American Recovery and Reinvestment Act is a stimulus package that is seen as the key part of the recovery. As such, City staff has been pursuing all options in regards to bringing some of these dollars to the Cadillac area. An exhaustive review has been completed to identify funding for relevant Cadillac projects. There is hope that the stimulus money will help fund some capital projects, but the money is expected to have minimal impact on City operations.

Because of the challenges currently facing our local area, a very inclusive approach was taken throughout this year's budget process. Meetings were conducted with all municipal employees to communicate with them the issues that the organization is facing. Additional meetings were then held at the department level to seek employee input and suggestions regarding efforts that could be made to save costs and enhance efficiencies across the organization. As a result of this added effort, I am confident that the budget as presented to you truly reflects the costs of city services and includes a number of changes from prior years that will enhance the efficiency of the operation. I would like to commend the staff of the City for their diligence and hard work in carrying out the difficult task of completing this budget within these challenging constraints. Special recognition must be given to Owen Roberts, Director of Finance, who has led the effort.

FINANCIAL Influences on the Municipal Budget

Obviously, there are many issues which affect a municipal budget both internally and externally. First, being located in the state of Michigan, the City of Cadillac will be affected by the overall state economy. Michigan has experienced poor fiscal health for a number of years, and the outlook continues to be bleak for a quick recovery. The automotive industry woes will continue to be felt by all areas of the state. With a historically strong industrial and manufacturing base, Cadillac has been significantly impacted by these influences. Local unemployment has now reached nearly 18%, with the State of Michigan leading the nation with an unemployment rate of 12%. Many of the local industries are down substantially, and the City has been called upon to work with them as never before in attempting to identify ways to assist in finding working capital that will sustain their operations.

The impact on the economy from the mortgage foreclosure crisis has been felt in Cadillac as well. Since 2000, the number of properties sold via Sheriff's sales in Wexford County has increased 442%. This increase has negative implications for City operations on a couple of fronts. First, these homes typically sell for far below their true market value. As a whole, this can place downward pressure on the assessed value of City property, which reduces property tax revenues collected. Secondly, these homes can sit vacant for months while they are going through the foreclosure process. This leads to decreased usage of water and sewer services which restricts utility revenues as well. Additionally, these properties require additional municipal services, placing further demand on our service delivery system. The recovery of this important sector of the economy is projected to be slow at best, and will therefore impact City revenues for the next several years.

At the same time, a number of state initiatives continue to place great strain on municipal budgets and while well intended, have significantly damaged the fiscal health of all municipalities in Michigan. The first of these was the Headlee Act, which rolls back local millage rates based upon a very complicated formula which attempts to restrict municipal revenue increases. This legislation has reduced the City millage rate by 1 mill, costing the City over \$260,000 in FY2010 alone. Proposal A, which was adopted in 1995,

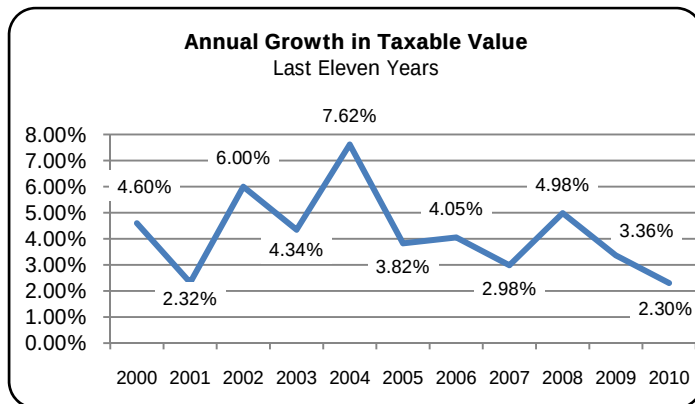
further affects local revenue streams by permanently capping property tax growth. Local communities were to be made whole by an increase in state shared revenue; however, this simply has not happened. Revenue sharing payments have declined in every year since 2000, with last year's funding level equal to that of 1995. These various state initiatives when combined with another state act entitled "Truth in Taxation" have resulted in a "perfect storm" in municipal finance. Because of this, it has become increasingly difficult for many communities to continue to provide consistent levels of quality public services.

As if that weren't enough, there is a continual assault out of Lansing aimed at further restricting the ability of local governments to raise additional revenues. This lack of support for local governments has been disheartening and is forcing us to take a harder look at our ability to provide municipal services at the current level.

Obviously, the victims of this situation are various municipal programs and ultimately the local citizens that we serve. The City of Cadillac has reduced its workforce in virtually every budget since 1995. Further reductions in full-time staffing are planned in this budget. This will be accomplished primarily through attrition, but the impacts of a reduced workforce will be felt across several departments.

City operations are further impacted by the current conditions within the investment market. Last year, interest earnings generated over \$400,000 in revenue across the operation. This number is expected to drop dramatically in the current fiscal year as well as in this budget. This places additional strain on other revenue sources to fund current City operations.

The General Fund is further impacted by declining funding of the major and local street systems by the State of Michigan. Funding received from gas and weight taxes have fallen back to levels received ten years ago, at a time when street maintenance and construction costs continue to escalate. Several miles of streets within the City are in dire need of repair. This budget has identified funding for several street construction projects, but the capacity to fund projects in the future is threatened by the current



revenue situation. It is clear that funding for the state road system is woefully inadequate and improvements to this source of revenue will need to be identified in the near future.

Efforts continue in Lansing to improve the State business climate. There is concern that many of these efforts will place additional burden on the backs of local governments, so we must continue to be vigilant to what is occurring at the state capital.

This is a quick snapshot with regard to the highlights associated with the financial influences on this year's budget, and additional detail on a fund-by-fund basis will be included later in this transmittal letter.

Major Issues for Fiscal Year 2010

Health care costs for employees continue to be a key concern for all employers, and the City of Cadillac is no exception. However, through an aggressively managed self-insurance program, we anticipate being able to freeze health care costs which are charged to each department from the self-insurance fund at current levels. This is on the heels of a 5% reduction for FY2009. This is the result of low experience rates in this fund, but as a small employer, we must be careful of significant fluctuations in costs incurred in this fund.

This budget document also appropriately recognizes the liabilities associated with other post-employment benefits (OPEB) and actuarial analyses are funded appropriately. Unfortunately, this has added approximately \$500,000 to the total budget, but we must continue to meet this obligation as required by generally accepted accounting principles to control the long-term impact of this liability. We are ahead of most communities in this regard, and therefore care must be taken when comparing our personnel costs with others, since most cities our size are only beginning to recognize and report this additional cost.

The City master plan is in excess of five years old and needs to be updated per state law. Specific emphasis will be placed on soliciting public input into this renewal process in an attempt to clearly identify a future direction for the community that is desired by the local residents.

The City continues to prepare for the Mitchell Street Streetscape Project, which is scheduled to begin in the next couple weeks. This will be a significant undertaking, and will require much coordination between all City departments and the State of Michigan. A tremendous amount of work has been done to prepare local merchants, customers, and other downtown visitors for the project. This effort should help mitigate the impact of having the main downtown area under construction for much of the summer. A public relations committee has been working to appropriately convey the various aspects of this project to the public.



The issues being faced by the local industrial and manufacturing community have led to several temporary shutdowns and reductions in operations. This has had an immediate impact on usage within the City's water and sewer utility systems and has led in part to the need for an increase of 4.5% in the rates for both the water and sewer systems. Over \$4 million in improvements recently came online in the sewer system and the added costs of these improvements contributed to the need for a rate increase as well.

Also related to the utilities system, efforts must continue to replace the City's aging well field system. This project is expected to cost approximately \$4.5 million and a low interest loan will be sought through the State of Michigan's Drinking Water Revolving Fund program. This project will require a tremendous effort on the part of City staff. Issues related to siting, funding, permitting, and construction of the well field are expected to be completed over the next several years.

Concerns with tipping fees at the Wexford County Landfill continue from previous years. Our community has witnessed an increase in these fees of over 250%, which now is threatening the viability of certain businesses in the community. The City of Cadillac continues to be involved in this discussion due to the increasing impact that these fees are having on the business community and our residents. Accordingly, the City is requiring various changes to the proposed county solid waste plan prior to any support of this document. Resolution regarding rate control and exportation agreements must be specifically addressed in order for the City to back the plan.

The City was sued in 2008 by Haring Township in an attempt to extend certain provisions of the sewer service contract between the City and the Township beyond the end date of the contract. The City has recently prevailed in this litigation through a Motion for Summary Disposition. We continue to be willing to negotiate an equitable extension of this contract, but equity in taxation will remain a cornerstone of these discussions to ensure the future viability of the core urban area of our community.

A small group of City and Wexford County officials have joined in an informal consolidation committee to explore opportunities to join forces to help save costs while continuing to provide important services to the community. These discussions are ongoing and may yield important opportunities to enhance efficiency and provide economies of scale to reduce the cost of providing certain municipal services.

These are just a few of the major issues affecting the City of Cadillac for FY2010, and a more detailed analysis of these items and others can be found under the City Manager's section of this document. In the end, it is clear that this year will challenge the Cadillac community but certainly there are a number of exciting opportunities as well. These challenges will be aggressively addressed, while at the same time pursuing the opportunities in order to strengthen the local community. This budget provides the resources necessary for us to be successful in this endeavor as we move the community forward. This budget also appropriately recognizes the local demands for services which have been identified through the very public process leading up to the adoption of this document. In order to give the reader a better understanding of the overall structure of the City, the following is a brief review of the various activities of the City of Cadillac on a fund-by-fund basis.

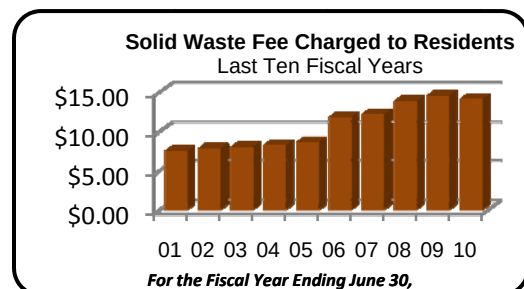
MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund is presented as a balanced budget. The total revenues of the fund for FY2010 are \$7,583,800. This represents an increase of about 5% over the previous fiscal year when grants are included in the total. A modest 2.3% increase in property tax revenue and a \$218,000 federal grant represent nearly all of the increase for the year. The revenue picture in the General Fund remains difficult to quantify. Changes to state shared revenue sharing have not yet materialized in the form of actual reductions this year, yet the current state of the Michigan economy continues to threaten this important revenue source. As a result, we are forced to rely more and more on our own-source revenue – like property taxes – to sustain service delivery. With a full-time workforce that is at its lowest level in many years, further revenue restrictions and reductions will inevitably lead to reduced services.

The rate charged to residents for solid waste removal services will decrease in FY2010 from \$14.54 per month to \$14.08 per month, a decrease of \$0.46 per month, or \$5.52 annually. The rate adjustment is a reflection of various inflationary indexes which were partially offset by an increase in tipping fees at the Wexford County Landfill.

Efforts were undertaken as part of the budgeting process this year to analyze the allocation of costs to



various activities of the city. As a result of this continuing analysis, several changes were made. In an effort to stabilize the Building Inspection Fund, the duties of the City's building inspector have been modified to include code enforcement. This will result in a savings to the Building Inspection Fund of about \$35,000. From the General Fund's perspective, the shift has added about \$15,000 of costs to the fund, yet it enables important code enforcement activities to continue while filling a significant funding gap in another fund. One part-time position will be eliminated as a result of this change. Other minor re-allocations were made as well, but this was the most material from a financial and structural standpoint.

A continuing negative impact on the budget is the direct result of decreased state funding, in the form of Act 51 funds coming to the City for major and local street maintenance. Due to the rising costs of maintenance, higher debt service levels than prior years, and reductions in actual revenues from the State, the General Fund's contribution to the Local Street Fund had to increase to \$650,000 for FY2010. This is a serious situation that demands attention at the local level from a budgetary impact perspective and at the state level as well to see what can be done to restore funding to needed levels.

Overall, converging economic and legislative factors have presented budgetary challenges for FY2010 at levels not seen for many years, and the situation continues to worsen. Never has it been more critical to fully analyze and understand the costs of providing governmental services and to ensure that these core and critical services are being delivered in the most efficient and cost effective manner possible.

The Major Street Fund is focused on the high traffic volume streets. This activity is funded primarily from revenues generated by the State of Michigan Gas and Weight Tax, which have continued to decline, even as the costs of street maintenance continue to rise. One unfortunate impact of restricted funding in the current year is the inability of the Major Street Fund to make a contribution to help offset the costs of maintaining the local street system. Additionally, no major construction projects are planned on any major street in FY2010. This fund also accounts for the work that the City provides to the State on a contractual basis to maintain the state trunk line system that runs through the city. The City is fully reimbursed for the costs of maintaining the major trunk lines in the City.

The Local Street Fund is a street system focusing on the less traveled streets, predominately the residential street system. This fund receives a small amount of money from the State of Michigan Gas and Weight Tax, while the majority of funding is received from the General Fund or other funds. The local taxpayer will contribute \$65 per capita to maintain this infrastructure, which is up from \$59 per capita in FY2009. The current budget plans for three construction projects totaling \$240,000. Some additional construction was made possible this year through an additional transfer from the General Fund that resulted from the sale of a City-owned property in the downtown area.

FY2010 Local Street Construction	
Project	Cost
Lincoln Street	\$150,000
Washington Street Alley	20,000
North Simons Street	70,000
Total	\$240,000

MAJOR PROPRIETARY FUNDS

The Water and Sewer Fund as well as the Building Authority Operating Fund are accounted for and operated in this type of fund. They operate in the same manner as a private business. The method of budgeting and accounting for these funds is on an accrual basis.

The Water and Sewer Fund is anticipating a 4.5% rate increase due to inflationary costs experienced within this system. Several issues have contributed to decreased usage in the system for the current year. Additionally, over \$4 million in improvements were placed in service in FY2009 which has added

to the costs of the system. These issues combined have led to the need for an increase in rates that is proposed as part of this budget. Over \$100,000 will be committed through this budget for infrastructure upgrades related to three street reconstruction projects.

A State of Michigan Department of Environmental Quality District Office is located in the downtown Cadillac area. The Building Authority Operating Fund is designed to record the operation of this facility, as the city owns the facility and leases it to the State.

NON-MAJOR SPECIAL REVENUE FUNDS

The Cemetery Fund has undergone significant changes over the last couple years. City management must further develop a strategy for continuing to maintain the facility and improve infrastructure, while keeping rates down. This will be an ongoing challenge. The Cemetery Board has worked hard at improving the financial stability of this fund and as a result increased the rates in 2006. The cemetery is a beautiful showpiece at the entry to the City from the south. A survey was taken of surrounding communities which illustrates that our rates are very competitive.

Returns from interest on a UDAG grant to build the Hampton Inn are housed in the Cadillac Development Fund along with funds from Community Development Block Grants. Interest from these monies will be accumulated and used at the City Council's discretion for commercial development projects within the City. The City is focusing its efforts on funding the Building Inspection Fund with interest earned in FY2010. This funding declined substantially in this budget due to significant cost-saving measures in that fund.

The City Council is committed to keeping the downtown a viable and vibrant shopping area. The H.L. Green Operating Fund represents a prime example of our efforts. The City purchased a downtown commercial building, remodeled it and has since sold it on a land contract. As of March 31, 2009, the outstanding principle on the land contract was just under \$108,000 and the contract will be paid in full in January 2013. This fund accounts for the collection of the principal and interest.

The Cadillac Building Inspection Fund is designed to segregate, at the direction of the State of Michigan, the activity of the City's Building Inspection department. Funds raised from building permit fees can be used only to finance the building inspection function. The fees are intentionally maintained at a level that is equal to the County's but have never been sufficient to cover the expenditures of this fund. The Cadillac Development Fund is contributing money to allow for this fund to be balanced. The depressed economy in Michigan has had a significant impact on this fund as well. Building permits were down nearly 40% in 2008 from only 7 years ago. As previously indicated, this situation has required additional contributions to sustain the activity during the current economic crisis. A reorganization of duties has shifted 40% of the building inspector's activities and related costs to code enforcement activities, which are funded through the General Fund.

NON-MAJOR DEBT SERVICE FUNDS

These funds are used to account for the retirement of various bond issues. Funds have been appropriated for eight separate debt obligations, and reflect various stages of retirement. The statutory debt ceiling is 10% of the taxable value and the city remains well below this level. By remaining below the debt ceiling, the city maintains flexibility in its consideration of future projects which may require the issuance of debt. Each fund has included a five year pro forma income statement to catch a glimpse of the future. The per capita debt for FY2010 is \$1,225 and 7.6% of the principal will retire during the fiscal year.

NON-MAJOR PERMANENT FUNDS

The Capital Projects Fund is the result of the sale of the power generating plant. The assets are to be held as an endowment. Earnings on these assets have been used to help fund infrastructure projects. As of FY2009, over \$120,000 in contributions had been made using earnings on these endowment funds to assist in funding capital projects within the City. However, the depressed investment market has led to a decline in the value of the funds to a point where no funding is available in this budget to contribute to capital projects.

The final fund in this category is the Cemetery Perpetual Care Fund. This fund is an endowment, which uses interest earnings on perpetual care assets to assist financing of the Cemetery Operation Fund.

NON-MAJOR CAPITAL PROJECTS FUNDS

This group of funds consists of two funds, the Industrial Park Fund and the Special Assessment Capital Projects Fund.

The State of Michigan has placed the designation of Certified Business Park upon a portion of our industrial park area, and this certificate is an advantage in recruitment in the industrial sector.

The Industrial Park Fund has sold most of the remaining portions of land in the Harry VanderJagt Park, and purchased another forty acres for an expansion project. The expanded area is known as the James E. Potvin Industrial Park. The first three lots have been sold in this park with construction of two new facilities completed. Additionally, the City was the first community in the State of Michigan to establish a Brownfield Redevelopment Authority, which has allowed for the capture of taxes to be reinvested in abandoned and contaminated areas throughout the community. By returning these properties to occupancy, we will help to maintain the viability of our community.

The Special Assessment Capital Projects Fund is where the activity for summer construction projects is funded. Over \$700,000 in construction is planned for FY2010. Projects for the current fiscal year are highlighted by the reconstruction of Lincoln Street, Washington Street alley, and North Simons Street. The utilities infrastructure lying beneath the surface of these streets will be replaced as well. Additionally, the Downtown Development Authority will fund \$360,000 in improvements related to the Mitchell Street project.

NON-MAJOR PROPRIETARY FUNDS**Enterprise Funds**

A major revenue source of the Auto Parking Fund is the parking special assessment, which will expire at the end of 2010. This assessment allows the fund to continue to meet its operating obligations of providing parking in the business district for the customers of the merchants. The parking assessment is set at a level which covers the essential services of the fund, but does not generate sufficient revenue to consider additional construction projects. Efforts will begin to renew the assessment, as well as to explore other options for funding the downtown parking system.

Internal Service Funds

This group of funds furnishes services to other funds within the City. There are four such funds and the three largest are described as follows:

The Stores and Garage Fund is used to rent equipment to the various operating departments within the City. Internal rental rates need to be high enough to cover the purchase of new equipment and cover oversight and



administration of the street maintenance system. Equipment rental represents 95% of revenue to this fund. There are over 150 pieces of equipment in this fund.

The Information Technology Fund continues its commitment to make an investment in this area in order to leverage improvements in technology to enhance efficiency and productivity wherever possible. Oversight of all IT activities was contracted out in 2007, which continues to serve the city well and has led to improved service delivery.

The Self-Insurance Fund provides funding for the City's health care needs. The purpose of self funding health insurance is to control the escalation of health care costs at a time when the medical inflation rate continues to increase dramatically. Because of proactive employee health management and positive claims experience over the last several years, rates were frozen for FY2010. Claims that reach \$10,000 per family per year are covered by a reinsurance policy purchased by the City. Our goal is to provide quality health care for our employees and their dependents while at the same time keeping costs under control. Recently, comparative quotes were sought from traditional insurance companies to validate the current costs being charged to each department. This fund also maintains a small, self-funded life insurance policy for retirees. For FY2010, 50% of the General Fund's liability for other post-employment benefits (OPEB) will also be appropriated from this fund.

PENSION TRUST FUNDS

The City operates one pension trust fund entitled the Police and Fire Retirement System, which is funded by a millage approved by the citizens in 1977. The millage required for FY2010 is 2.6 mills, unchanged from FY2009. A local board of directors appointed by the City Council is responsible for the administration of this system. A small increase in the City's taxable value, coupled with the change in funds management to MERS ISP enabled a reduction in the millage rate in FY2009. In 1977 assets of \$100,000 were available, and as of June 30, 2008, these funds have grown to nearly \$6.5 million. The City contributes 30% as a percentage of payroll for police and for fire.

The other retirement system offered by the City is a state-wide system entitled the Michigan Municipal Employees Retirement System (MERS). This covers all full-time City employees except for police and fire personnel. Actuarial estimates place the average cost of this system at 7.5% of annual salaries. Funding will be necessary for FY2010 but the level of funding is still below normal costs. The City is paying a smaller percentage of its obligation as determined by MERS due to the fund being well invested. The City is currently over-funded by 6% due to the interest earned on investments.

COMPONENT UNITS

This group of funds consists of legally separate organizations for which the city is financially responsible and is divided into Major and Non-Major Component Units.

Major Component Unit

The Local Development Finance Authority Fund was established to record costs associated with the ground water cleanup process in the industrial park. Special assessments from benefited properties will cover the cost of operation of the facility and these costs will be accounted for in the operating fund. The special assessment was renewed for an additional five years in 2007.

Non-Major Component Units

The Local Development Finance Authority Utility Fund accounts for the costs associated with a well, which is the major water supply providing the power plant with water as required under the development agreement that governs the project as a whole. The Downtown Development Authority Capital Projects Fund accounts for the revenue that is captured as a result of a tax increment financing

plan, which allows for the capture of tax dollars from increased value of the downtown area. This fund is separated to cover the various construction and improvement projects identified by the DDA board. Providing a strong commitment to the downtown area continues to be a major goal of the City and this is reflected through reinvestment in the downtown as illustrated through this tax plan. The Cadillac Brownfield Redevelopment Authority was established in 1996 and was the first in the State of Michigan. It is designed to redevelop previously environmentally contaminated sites. This is an economic tool used to reinvest in local communities and avoid urban sprawl.

I would like to thank the City Council for its incredible support in working with staff to finalize a budget during these extremely difficult 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. The efforts committed to the development of the budget document by all parties, staff and council alike, are greatly appreciated and I believe this document fairly and accurately reflects revenues and expenditures for FY2010. It is a budget which, especially when one considers the challenges presented to us by state and federal mandates, does an excellent job of continuing to serve the needs of our community. Extremely tough decisions have been made with regard to the prioritization of city services and the level of City staffing, but not before they were carefully researched and analyzed. The end result should be a utilization of scarce resources in the most efficient manner.

It is with great pride that I mention the awards received by the City of Cadillac again 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. Receiving this award for the twenty-sixth year in a row clearly illustrates our commitment to this most important natural resource.
- ◆ The **Award for Distinguished Budget Presentation** has been presented to the City of Cadillac for twenty-four consecutive years by the Government Finance Officers Association of the United States and Canada. This award is for one year and covers the budget beginning July 1, 2008. In order 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 twenty-three years in a row, reflecting our sincere effort to provide accurate and complete financial data.
- ◆ Since the inception of the Michigan Municipal League's Achievement Award program, the City of Cadillac has received 5 first place awards, the most of any city in Michigan. These awards confirm the City's commitment to excellence and creativity in service delivery. An application will be submitted to the program this year so that we can be considered for this award yet again.

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: one describes the latest audit figures; 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, of the State of Michigan Budgeting and Accounting Act. At the conclusion of each fund, a projection of the City's financial position at year end is given. Following the transmittal letter, the specific calculations of tax limitations that Michigan voters have approved and which are required of

every municipality are shown. 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 2009-2010 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 by the last council meeting in May. This budget will take effect on July 1, 2009 and run through June 30, 2010.

This next year will be an extremely challenging year for our community. Very limited growth in the economy coupled with restrictions on municipal revenues will create much competition for scarce municipal resources. I believe that because of the long range planning activities that we have developed through this budget process, the Capital Improvement Budget, and goal-setting sessions with the City Council, we will be able to accommodate these demands while at the same time providing quality and efficient services as expected by local citizens.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Peter D. Stalker", followed by a horizontal line.

Peter D. Stalker
City Manager

Vision Statement

People, Place, Partnerships – The Cadillac Standard

Mission Statement

The City of Cadillac is built upon the premise that its Citizens deserve to be treated with respect and honesty at all times. We believe that public service is a privilege and an honorable pursuit. Because this is true, we promise to prioritize and deliver quality public services that are efficient and cost effective; doing so in a way that provides for the utmost in public peace, health, safety, and quality of life. The City of Cadillac will deliberately work to ensure that those in your service will act with the highest levels of personal and professional integrity.

Goals

In order to accomplish the mission of the organization, it is important to set forth goals that help elected officials and staff alike to align priorities with mission. Therefore, the goal of the City Council of the City of Cadillac is to make our City...

- ...a stable community;*
- ...a well planned community, providing efficient, quality, clean public services;*
- ...a community with an efficient and responsible City government;*
- ...a thriving community through partnerships;*
- ...a community with vibrant, livable neighborhoods;*
- ...the home of a thriving business community.*

To help achieve these goals, actions and objectives must be in place that will help refine decision-making and resource appropriation at the operational level. The six goals above are listed again below, with specific action items that will help accomplish each one.

... a stable community**Objective: Infrastructure Maintenance**

- Action: Continue to annually schedule streets for resurfacing as needed. City staff is continuing to research funding options to assist in infrastructure projects. Funding at the state level has continued to decline, making it exceptionally difficult to undertake these projects. Upgrade all existing gravel streets to hard surface.
- Strategy: Developed by: City Manager, City Engineer; List of streets for resurfacing through a priority rating as funds are available.
- Status: The replacement of street signs throughout the City is progressing. Signs have been replaced along Mitchell Street in the downtown business district, along E. Cass, E. Division, E. Harris, Granite, and Sunnyside. In FY2009, street signs will be replaced along North Boulevard, Chestnut Street, Lake Street, and Farrar Street. Bremer Street will be completed in 2008 along with the Safe Routes to School program. Reconstruction of Mitchell Street will be the focus for 2009.

Objective: Improve Blighted Areas Left by Abandoned Gas Stations, Industrial Sites, and Nonconforming Structures in Commercial Areas

- Action: Develop plans to improve these areas using various funding sources. Work with the Brownfield Redevelopment Authority. Improve the southern entrance into the City.
- Strategy: Developed by: City Manager, Downtown Development Authority Director
- Status: Efforts to coordinate Brownfield incentives is associated with redevelopment of the Harris Milling property are underway. Entire site was incorporated into the Brownfield Plan in 2006. The Four Seasons Ford site may also be added to the Brownfield Plan if necessary to encourage redevelopment. Brownfield incentives were key in the redevelopment of the Lakeside Condo site. Plans are underway to remodel the former Stephan's Pharmacy and Hallmark Store into a mixed-use facility including retail, office, and residential. The project will be completed in phases. Grants were submitted in 2007 to the EPA for brownfield assessment

2009 Adopted Goals

funding. These grants were not approved, but will be resubmitted in 2008. It is anticipated that various incentives will be necessary to encourage the re-use of the old MDOT building. A request for proposals is under development.

Objective: Maintain Working Capital Fund Balance Designation

Action: Examine all departments and focus on enhanced revenues and reduced expenditures.

Strategy: Developed by: City Manager, Director of Finance

Status: Maintain the working capital portion of the fund balance at 15% of the operating expenditures. It is anticipated that ending fund balance designated for Working Capital will be at 15% of annual expenditures as of June 30, 2008. The City has maintained or exceeded this 15% goal for a number of years. This allows for three months of working capital to be available if there is an emergency and money that the city was dependent upon was withdrawn. This ensures that there would be sufficient funds to operate until a solution could be developed. Expand focus on accrued sick and vacation funding, and the advanced funding of the City's liability for other post-employment benefits (OPEB). The annual required contribution (ARC) for OPEB for FY2008 was funded in full, and the ARC for FY2009 is budgeted to be fully funded as well.

Objective: 5-Year Financial Plan

Action: As part of the City's planning process to achieve long term stability, develop a 5-year financial outlook as an effort to identify threats and opportunities that must be addressed in the intermediate future.

Strategy: Developed by: Director of Finance

Status: Groundwork has been completed to identify the scope of the initial financial plan. It is anticipated that this plan will be completed throughout the fall of 2008.

Objective: Participate with Wexford County on Landfill Issues

Action: Work towards adoption of a viable solid waste plan and assist with the development of workable long range solutions to the financial crisis at the landfill.

Strategy: Developed by: City Manager, Public Works Director

Status: City Manager participates in user group advisory committee. Public Works Director is on the solid waste sub-committee for the Wexford County Department of Public Works. Third party review of county strategy has been authorized. New user group has recommended a cap on rates to allow for support of an amendment to the Solid Waste Plan allowing for importation of trash from out-county areas. County to respond. The Wexford County Solid Waste Plan Update will be finalized and released for review and adoption in late 2008. Draft plan has been received and was found to be deficient from the perspective of controlling rates. A new agreement has been proposed.

... a well planned community, providing efficient, quality, clean public services**Objective: Master Plan Renewal**

Action: Begin process required to achieve renewal of City Master Plan, with emphasis placed on public participation.

Strategy: Developed by: City Manager

Status: Meetings with Cadillac West merchants are underway. Other neighborhood meetings will begin in the fall of 2008 as the Planning Commission accelerates the program.

Objective: Analyze Fee Structure of Various Municipal Services

Action: Revise current fees for applicability. Consider new fees where appropriate.

Strategy: Developed by: City Manager, Various Department Heads

Status: Fees are being reviewed. Utility fees are reviewed and established annually. Building Inspection fees were last increased in 2005. Cemetery reviewed rates and recommended a fee increase which was adopted in the fall of 2006.

Objective: Improve the Quality of Water Delivered

Action: Upgrade water quality control measures and exceed state and federal regulations.

Strategy: Developed by: City Manager, Utilities Director

Status: Through Cadillac's Capital Improvement Program over 80% of the old four inch cast iron water mains have been replaced. By the end of our current CIP budget we should have most of this task completed. Water quality complaints have dropped consistently from areas where water mains have been replaced. In addition to main replacement, Cadillac is phasing the development of additional well locations as scheduled

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in our CIP budget. Phase I is completed, with Phase II hydro-geological investigation scheduled for this fiscal year. A second low-interest loan will be sought from the State of Michigan for capital improvements.

Objective: Contain Groundwater Contamination

Action: Delineate the MTBE plume discovered and coordinate with the MDEQ.

Strategy: Developed by: City Manager, Utilities Director

Status: The City has been actively monitoring the State of Michigan's progress on this project. A private consultant was retained to advise the City in this regard. The state is reviewing a PRP proposal for remediation and public funding will be pursued if the private party's plan is deemed inadequate. State to seek public dollars for this investigation in 08/09. LDFA system is being explored for its ability to address the AAR plume.

Objective: Expand Services for Water and Wastewater in City

Action: Determine the areas needing new or upgraded systems.

Strategy: Developed by: City Manager, Utilities Director

Status: Continue to require developers to pay for expansion of water and wastewater systems as new service areas annex to the City. Seek grants for infrastructure improvements in industrial growth areas. Study existing services and plan growth to prevent duplication of services. The completion of Phase II of the James Potvin Industrial Park is scheduled to expand services beginning in FY2010. A single-family residential subdivision is identified in the Capital Improvement Program in FY2009.

Objective: Monitor Water Quality of Lake Cadillac

Action: Study possible alternatives to monitor and maintain water quality as a precious resource.

Strategy: Developed by: City Manager, Utilities Director

Status: An informal committee was formed for the purpose of defining needs and recommendations for the Lake Cadillac environment. Eradicating milfoil was the immediate goal of the committee, while other parameters will be studied in the future. Continue to secure funding and consultants to assist in this project as well as City participation in project. As an extension of this committee, promote a citizens task force to address overall health issues, and consider creation of a committee to explore green initiatives. Continue to work with the Drain Commissioner on Lake Management and Monitoring Program. Support county beach monitoring with in-kind services.

Objective: Develop Storm Water Management Guidance

Action: Study possible alternatives to manage the storm water run-off into Lake Cadillac. Design and implement diversion project.

Strategy: Developed by: City Manager, Utilities Director

Status: City consultant has completed storm water standards and criteria, which included modeling of an additional area on the southeast side of Cadillac. Development of a city storm water ordinance is anticipated for completion in the winter of 2009. Storm Water Team consists of Bruce DeWitt, Jerry Adams, Jim Ray, Robert Johnson, Jeff Dietlin, and Larry Butler.

Objective: New Urbanism for Neighborhoods

Action: Develop plans to improve neighborhoods and eliminate urban sprawl. Carry out intervention buying on certain key properties toward conversion to single family. Promote home improvement lending to raise exterior standards. Coordinate street improvements where necessary along with housing actions. Pursue a program to convert underutilized upper floor commercial space to high quality residential use. Carry out a set of improvements that enhance Mitchell Street as a pedestrian-friendly retail environment.

Strategy: Developed by: City Manager, Assistant City Manager, Community Development Coord.

Status: Maintain utility extension policy. Focus efforts on review of city codes to allow for additional flexibility for development of properties. The Courthouse Hill Historic District was established in 2005, designed to preserve and improve that neighborhood. Efforts are continuing in association with the Neighborhoods of Choice program. Financial resources need to be secured to undertake intervention buying and conversion of downtown upper floor space. Study the possible use of city and state grants to improve the housing stock in the community. Signage for Historic District identification was installed in 2007.

Objective: Improve Recreation Offerings

Action: Focus on trail development. Continue participation with county and schools on YMCA coordination.

Strategy: Developed by: City Manager, Assistant City Manager

Status: Continue effort on Clam River Greenway development. Implementation of the third phase of the project is going well with construction in the summer of 2008. Phase 2 of the Skate Park was completed in 2007 with the addition of two new structures that were donated by the Meijer Corporation. Encourage a county-wide recreation program. Concrete tee boxes were constructed at the Kenwood Heritage Park disc golf course in

2009 Adopted Goals

the spring of 2008. This was an Eagle Scout project that was supported by Boy Scouts, city staff, and other volunteers. Rotary boardwalk project also was completed in 2005. The Keith McKellop Walkway Bridge was completed in the summer of 2007. The Diggins Hill Tennis Court Development Fundraising Committee is in place. Seek grant funding for feasibility study of future recreation offerings at Diggins Hill.

Objective: Environmental Stewardship

Action: When making decisions regarding City operations, activities and programs, consideration shall be given to the environmental effects of such decisions. Efforts shall be made to choose the environmentally conscious option, when practical to do so.

Strategy: Developed by: City Manager, Assistant City Manager, Director of Finance

Status: This is a new action item in 2009. Best practices implemented by similar-sized municipalities will be researched in an effort to develop an Environmental Stewardship Policy. This effort will also include the exploration of the addition of a curbside recycling option as well as other types of recycling throughout the community. The City will currently hold off on mandatory curbside recycling to see how private business reacts to this market and pending the outcome of the County's Solid Waste Plan.

... a community with an efficient and responsible City government**Objective: Preventive Health Care Plan**

Action: Enhance current health care plan by developing a preventive plan rather than focusing strictly on a reactionary plan.

Strategy: Developed by: City Manager, Assistant City Manager, Finance Director

Status: An Employee Enrichment and Learning Program series was started in July, 2007, that addresses a myriad of life issues, but includes a focus on ways to improve both mental and physical health. The City also supports a Flexible Spending Account program that allows employees to fund preventative health services (i.e. annual physical examinations) on a pre-tax basis.

Objective: Web Site Enhancement and Usability Improvements

Action: Provide information on the web and allow citizens to access public services electronically.

Strategy: Developed by: Director of Finance

Status: A new website went live on August 15, 2008. A significant amount of work was done to ensure that the new site will enhance service to the community by improving the City's web presence. New software is being considered to allow paying of utility bills and property taxes online. Through cooperation with the City's property tax software provider, on-line property tax look-up services are now available. This functionality has the potential of both enhancing service delivery to citizens as well as real estate and title companies, while at the same time eliminating a substantial amount of phone calls to City Hall related to property tax inquiries. Council agenda items are on the web along with council minutes, budget, audit, and other information. A searchable City code will be added to the new site once the codification process has been completed.

Objective: Continual Citizen Service Improvements

Action: Increase efficiency and quality of services delivered.

Strategy: Developed by: City Manager, Various Department Heads

Status: Access to government should be easy and efficient. The City recognizes the importance of this and has taken several steps that have helped improve access, including:

- Joined the MSU Benchmarking Consortium, which is a group of Michigan municipalities that submit performance measurement data to a central repository. This will provide data to allow comparisons in various areas to other governmental units;
- Added customer complaint tracking to City website;
- Added public comment period to beginning of City Council meetings.

Highly efficient and effective organizational units contribute to improved citizen service as well. As part of this objective, several accreditations have been achieved or are in progress, including:

- The Cadillac Police Department received national recognition from the Commission for the Accreditation of Law Enforcement Agencies (CALEA) in November of 2007. There is concern from the department on the costs necessary to maintain this recognition.
- The Fire Department has completed operational analysis which is the first step towards accreditation.

2009 Adopted Goals

- The Public Works Department began the process of an in-depth assessment in accordance with the Public Works Management Practices Manual. It is anticipated that this process will take 3 years to complete.
- The laboratory at the Wastewater Treatment plant has to be re-certified every three years, and was last completed in 2007. Water and wastewater systems have a review conducted every five years by the MDEQ.

Another objective in this area is to review the current structure of the Board of Review to determine whether the current board structure provides the most effective way to carry out its duties, or if a more appropriate structure exists. This review will be carried out in conjunction with the City Attorney. There is also some interest in exploring the creation of an ethics ordinance, which is being reviewed.

Objective: Maintain Geographic Information System

Action: Computerized the city maps for engineering, assessing, police, fire, and utilities. Integrate new software with GIS, Excel, and Sensus programs to provide one source of customer data warehousing.

Strategy: Developed by: City Manager

Status: Contract employee has been entering data and utility information with the aid of our GPS equipment. Review status of project and prepare for the development of a maintenance plan. Aerial maps were taken in the spring of 2005. Web access to photos was developed in 2006. Police and Fire will begin integration in 2008. Code Enforcement Officer uses Arcview extensively for identification of property ownership, property lines, etc. Develop a book "GIS for Dummies". Expanded use of the system for police activities has been accomplished.

Objective: Explore Public Service Delivery Options in all Departments

Action: Study new methods of delivering critical public services to see if cost savings and service improvements can be realized.

Strategy: Developed by: City Manager

Status: Ongoing goal which requires privatization alternatives to be explored when feasible. In the past a review of forestry, parks, janitorial, building, assessing, dispatching, weed cutting, and payroll have been done. In January of 2007, the City contracted with Terrapin Networks of Traverse City, Michigan to provide all IT services. This contract enables the City to utilize the expertise of an entire firm and to stay up to date with industry best practices. These best practices enhance employee productivity, increase the efficiency of service delivery, and protect the volumes of sensitive data housed on City networks. Additionally, as part of this effort, the City will benchmark contractual services with other communities of similar sizes and demographics to ensure that these services are being provided in the most efficient and effective manner possible.

Objective: Focus on Public Education of City Operations

Action: Write articles for community newsletter and develop speakers bureau of staff members.

Strategy: Developed by: City Council, City Manager, Various Department Heads

Status: City staff has been engaging in numerous activities including routine appearances at Rise-Up Cadillac, Talk of the Town, and TV-2 Community Affairs. Additionally, the City has also been extremely active with regard to the Cadillac Area Leadership Program sponsored by the Chamber of Commerce. Focus on community based presentations enhanced by technological resources continues such as the "State of the City." Expanded information is now available on the City's website, which was completely re-designed and enhanced in 2008. City staff also participates in the Lecture Luncheon Series. The community newsletter continues on a tri-annual basis. Significant changes to the Council Chambers have allowed for better interaction with the public during various meetings. Additional emphasis will be given to the City's mission statement which recognizes our desired citizen-based approach to public service.

Objective: Improve Training for Public Safety Personnel

Action: Provide local training site for more realistic training.

Strategy: Developed by: Public Safety Director

Status: Training facility: Estimates received October 2006 for two different roof options to protect roof on lower two stories. These upgrades to the roof are currently on hold due to funding constraints. A moving target system for police firearms training was added in October of 2007. The moving target system enhances training in the high liability area of police use of force by providing a very realistic presentation of possible scenarios encountered by officers during such use of force situations. The live-fire house used for police firearms training was updated and re-configured in 2008. This provides for realistic "live fire" training drills in an environment similar to the interior of a house or building.

*...a thriving community through partnerships***Objective: Analyze Library and Airport Organizational Structure**

Action: Analyze current structure of Wexford County Library and Wexford County Airport, and City's participation with each.

Strategy: Developed by: City Manager

Status: The City and Wexford County are currently meeting to discuss areas of mutual concern. The library arrangement will be clarified to reflect funding and the status of the airport structure is under review.

Objective: Senior Citizens Services

Action: Consolidate and support Council on Aging in its effort to consolidate senior services in Wexford County.

Strategy: Developed by: City Manager

Status: The City, the Council on Aging (COA) and Cadillac Area Public Schools (CAPS) met together, reaching the conclusion that a county/school district-based millage will be necessary to adequately fund senior services. Consensus must now be developed to gain community support for a new millage. The future of the Cadillac Community Center must also be considered. The City will work with CAPS and COA to explore the possibility of additional millage funding through the COA for a senior citizen center.

Objective: Study Disposition of Cadillac Community Center

Action: Market space to non-profit organizations. Full utilization of the center is necessary to maintain its viability as a self-supporting operation, and to focus on building maintenance.

Strategy: Developed by: City Manager, Assistant City Manager

Status: Current Tenants:

- Cadillac Senior Center
- YMCA
- Wexford Genealogy Society

The Community Center is at a crossroads – it has just lost its largest tenant and also lost two smaller tenants in the past fiscal year. The remaining large tenant (YMCA Teen Center) is expected to vacate within the next 12 months. While the Cadillac Senior Center desires to use more space within the building, it currently has no means to pay for this expanded use. Unless financial resources are secured to permit expanded use of the CCC by the Senior Center, and/or additional tenant(s) are located to lease the vacant space, the facility will need to be closed. So far, efforts to secure additional CCC renters have been less than successful. This process needs to be carried out in conjunction with the exploration of additional senior services.

Objective: Carnegie Library Disposition Study

Action: Study the future status and potential disposition of the Carnegie Library building to an appropriate Historic organization.

Strategy: Developed by: City Manager

Status: Local historical society is currently reviewing organizational structure.

Objective: Develop and Enhance Inter-jurisdictional relationships with Wexford County and Surrounding Townships

Action: Discuss local common issues of concern regarding area development.

Strategy: Developed by: City Council, City Manager

Status: Discussions continue with the County regarding a number of topics, including, but not limited to Urban Growth Boundaries, Recreation Planning, and General Land Use topics. Equitable funding of community services must be a focus of all discussions, including the extension of utilities. Assessing contract was renewed with the County. The current fire protection contract with Clam Lake Township is in effect through June 20, 2010. Participation in the Lakes Area Partnership was a new initiative for 2004 and program was terminated in 2006. City remains willing to participate. Focus has now shifted to specific discussions with townships on a case by case basis. New emphasis needs to be placed on promoting discussions with Wexford County regarding areas where service levels received are not consistent with funding provided to the county.

Objective: Utility Extension Policy

Action: Accept petitions to annex into the City. Consider Act 425 agreements only when land stays in the City upon termination of agreement as allowed by the law. Safeguard financial integrity of the City by recapturing equity in taxation. Maintain City policy on utility extensions only when equity in taxation is attached.

Strategy: Developed by: City Council, City Manager
 Status: Over 250 acres of land added to the City in the past five years. Global sewer discussions are underway with a local township. City is defending a lawsuit brought by Haring Township which seeks to amend the terms of the current sewer contract through litigation.

... a community with vibrant, livable neighborhoods

Objective: Upgrade Nuisance Code

Action: Expand efforts on condemned houses.
 Strategy: Developed by: City Manager, Building Official
 Status: Completed new blight ordinance which was adopted in May 2006. Enforcement action initiated for several chronic problem properties. The weed ordinance has been revised. In 2007, 93 junk vehicles were removed, 164 blight investigations completed, 187 weed violations reported, and 25 criminal charges filed for blight violations. New emphasis has been placed on tree lawn parking violations in 2008.

Objective: Explore Affordable Single and/or Multi-family Housing

Action: Continued growth as a community. Provide incentives and explore options.
 Strategy: Developed by: City Manager, City Council
 Status: The City continues to work with local agencies to develop interest in the housing market in Cadillac. City has administered a \$200,000 rental rehabilitation grant program and a Cadillac area needs assessment has reviewed and documented our housing needs. The City Council has approved a Payment in Lieu of Taxes (PILOT) for Northland Meadow Apartments (99 units) on 41 Mile Road. Housing activity through September, 2007:

- Sunnyside Estates Apartment Project
- Davidson Estates PUD
- Red Pine Village Manufactured Home Park
- White Pine Village
- Northland Meadow Apartments
- Lake Street Condominiums
- Forest Edge Apartments
- Habitat for Humanity
- NMHSA for single-family housing

Begin focus on new single family sub-division. According to *Business Week*, Cadillac has the 10th most affordable housing market in the country. It is questionable how much more incentive we should offer to expand affordable housing. We need to start focusing on housing for other economic and income categories as well. Consider development of a PILOT policy.

Objective: Sidewalk Replacement

Action: Assess condition of various sections of city sidewalk system and develop replacement program for sections presenting unsafe conditions.
 Strategy: Developed by: City Manager, Public Works Director
 Status: The sidewalk replacement program is in its 8th year. The current sidewalk construction project is scheduled to be completed in October, 2008. As the current replacement project is based upon a 2007 city-wide inspection of sidewalks, a complete re-inspection of city sidewalks is not planned for 3 years. Sidewalk trip-and-fall complaints will be responded to as reported.

Objective: Vehicle Speed Reduction in Neighborhoods

Action: A common quality of life complaint is the speeding in neighborhoods. Improve the neighborhood quality of life by developing a benchmark and making improvements against this benchmark.
 Strategy: Developed by: City Manager, Public Safety Director
 Status: Initial speed surveys were conducted with assistance from the City's Department of Public Works. Traffic zone assignments continue. Based on a recent speed survey, the average speed on West Division east of Leeson Street has been reduced from 32mph to 26mph. This was a zone that was targeted for speed reduction. Purchase of radar trailer and speed survey equipment is pending. Additional surveys are planned for summer, 2009 to evaluate impact of program.

*... the home of a thriving business community***Objective: Support/Encourage Downtown Development Revitalization**

Action: Staged improvements to the public right-of-way and similar initiatives to encourage private reinvestment in downtown Cadillac. Stratify vertically by upgrading second stories of the commercial buildings.

Strategy: Developed by: City Council, City Manager, Assistant City Manager

Status: During 2006, two new façade improvement loans were completed, for a total of ten loans since the program's inception. An elevator grant was approved for Lakeside Condominiums, which broke ground in 2005. Streetscape improvements were completed on Harris and South Streets in fiscal year 2004.

Projects now underway include facilitating redevelopment of the Harris Milling site and the Cobbs & Mitchell Building, and making final preparations for the \$6 million 2009 Mitchell Street Improvement Project. Other ongoing efforts include focused retention of the Cadillac 5 Theater, continuing the popular hanging flower basket program and overall maintenance of the numerous public infrastructure improvements that have already been made in downtown Cadillac, which require significant financial resources (i.e., the Clock Gazebo project, Harris Street planters, and the Mitchell Street 1991 streetscape improvement project.)

One of the more significant street projects in recent history will be undertaken throughout 2009 as Mitchell Street through the entire downtown will be torn up and reconstructed. Efforts have been underway for months to proactively address issues that will arise as a result of the disruption in downtown traffic flow.

Objective: Promote Expansion of Business and Industrial Community

Action: Promote the many advantages that the City possesses and in turn the benefit to the local community of the industrial base. Provide industrial park space as necessary to enable industrial expansion

Strategy: Developed by: City Manager, Assistant City Manager, Utilities Director, Community Development Director, City Engineer; Advertising, grant writing, committees and working with existing companies to meet their needs.

Status: The City of Cadillac continues to work closely with the Cadillac Industrial Fund. This is an ongoing effort, which requires the continued development of the City's infrastructure base. The first phase of the James E. Potvin Industrial Park has been completed. Sites are being marketed nationally on www.misitenet.org in conjunction with the Michigan Economic Development Corporation. Certified business park status for the James Potvin Industrial Park was renewed in 2007. Significant grant activity has been undertaken with industry including projects with AAR, Four Winns, Avon, Cadillac Castings, and Piranha Hose. Piranha Hose entered into a five year lease for use of the newly constructed speculative building. FedEx completed a new, expanded building in the VanderJagt Industrial Park in 2007. Work continues with the power plant and the effort to assist with a re-use of the excess energy at the facility. Encourage the development of an entrepreneurial support system. Look for opportunities to foster high tech business, businesses that are based on intellectual property. A new fund was created to appropriately capture and earmark LDFA TIF revenue for future capital projects. Efforts continue to pursue CDBG opportunities to update industrial park infrastructure as needed. It is also important to recognize the importance of entrepreneurial development to attract and retain young professionals. The City has participated in an MML Public Policy Forum on this topic.

City of Cadillac

Truth-In-Assessing Calculations

The State of Michigan enacted Public Act 213 of 1981 on December 31, 1981 (MCL 211.43). This law provides for a reduction of the authorized millage rate if the City's Taxable Value based on assessed values for all classes exceeds its taxable value based on state equalized values for all classes. Property taxes levied should not exceed that which would have been levied based on the City's taxable value. The calculations for the Truth-In-Assessing reveal that the City is assessing equal to the State Equalization Taxable Valuation.

2009 Assessed Taxable Value	\$261,581,087		
2009 State Equalized Taxable Value	\$261,581,087		
Difference	<u>\$0</u>		
	<u>\$261,581,087</u>	equals	1.0000
	\$261,581,087		

City of Cadillac

Truth-In-Taxation Calculations

Effective February 9, 1982, the State of Michigan approved Public Act 5 of 1982, generally known as the Truth-In-Taxation. Briefly this law states that the ensuing fiscal year tax revenues, less additions, cannot exceed the concluding fiscal year tax revenue. If it does, then the ensuing fiscal year millage is rolled back so that the tax revenues generated will be the same as the concluding fiscal year. The figures are provided by the Wexford County Equalization Office. Based on this definition, the calculation would be as follows:

Base Tax Rate = Previous Year x		$\frac{2008 \text{ Total Taxable Value Minus } 2009 \text{ Losses Taxable Value}}{2009 \text{ Total Taxable Value Minus } 2009 \text{ Additions Taxable Value}}$			
Millage Rate					
13.9473	x	\$255,430,446	minus	\$2,587,201	
		\$261,581,087	minus	\$6,323,997	
13.9473	x	\$252,843,245			
		\$255,257,090			
13.9473	x	0.9905 (Base Tax Rate Factor)	=	13.8154	
15 mills is the base tax rate and charter maximum					
\$252,843,245	x	13.9473		\$3,526,480.59	
\$255,257,090	x	13.8154		\$3,526,480.59	
\$252,843,245	x	13.9473		\$3,526,480.59	
\$255,257,090	x	13.9473		\$3,560,147.21	
Net				<u>\$33,666.62</u>	

City of Cadillac

Headlee Amendment Calculations

In 1978, the voters of Michigan approved the Constitutional Amendment referred to as the Headlee Amendment. The resulting change in the Constitution and its implementing statutes is a formula that limits the maximum tax rates that may be levied by local governments. These limitations do not apply to pension and debt service levy authorizations.

The current 2009 taxable value is \$261,581,087, of which \$6,323,997 is the net value of new construction. After subtracting the net value of new construction, the Constitutional formula will further affect the City's millage rates only if last year's total taxable valuation is increased by an amount greater than the consumer price index (CPI), which for this fiscal year is 4.4%. The CPI is established by the State of Michigan. Based upon current estimates, the tax limitation formula will result in an adjustment of the tax rates for FY2010 as shown below:

2008 Taxable Value	\$255,430,446	
Less: Losses	<u>\$2,587,201</u>	
Net		\$252,843,245
Times the Consumer Price Index		<u>1.044</u>
Ceiling		\$263,968,348
2009 Taxable Value	\$261,581,087	
Less - Additions	<u>\$6,323,997</u>	
2005 Adjusted Value		<u>\$255,257,090</u>
Millage Reduction Factor (MRF)	Ceiling divided by adjusted value	1.0341
Current Millage Rate		<u>13.9473</u>
New Millage Rate as a result of the Headlee Amendment Rollback		<u><u>13.9473</u></u>

The Headlee Millage Rollback is not a factor this year.

City of Cadillac

Budget Appropriations Ordinance

2009-09

July 1, 2009 - June 30, 2010

BE IT RESOLVED, the expenditures for the fiscal year commencing July 1, 2009 and ending June 30, 2010, are hereby appropriated on a departmental and activity total basis as follows:

General Fund

Legislative	\$51,200
City Manager	186,800
Assistant City Manager	137,000
Elections	11,500
Finance	223,000
City Assessor	132,600
City Attorney	83,500
City Clerk/Treasurer	287,300
City Engineer	219,100
City Complex	309,500
Police	1,853,700
Code Enforcement	31,300
Fire	1,531,300
Public Works	884,200
Culture and Recreation	293,300
Economic Development and Assistance	132,600
Intergovernmental	353,500
Other	862,400

Total Expenditures	<u><u>\$7,583,800</u></u>
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AND BE IT FURTHER RESOLVED, revenues for the 2009-2010 fiscal year are estimated as follows:

General Fund

Taxes	\$4,667,200
Licenses & Permits	1,200
Intergovernmental	1,373,500
Charges for Services	672,000
Fines & Forfeits	29,000
Miscellaneous	423,500
Other Financing Sources	417,400

Total Revenues	<u><u>\$7,583,800</u></u>
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City of Cadillac

Budget Appropriations Ordinance

2009-09

July 1, 2009 - June 30, 2010

AND BE IT FURTHER RESOLVED, the City Council hereby approves budgets for the period of July 1, 2009 through June 30, 2010 for the following funds in the amounts set forth below:

Major Street Fund	\$644,200
Local Street Fund	929,000
Cemetery Operating Fund	124,700
H.L. Green Operating Fund	29,500
Cadillac Building Inspection Fund	73,900
Naval Reserve Fund	35,100
Cadillac Development Fund	78,100
Milfoil Eradication Fund	48,500
1996 Special Assessment Debt Retirement	32,200
1997 Special Assessment Debt Retirement	29,300
2000 Special Assessment Debt Retirement	23,300
2002 Special Assessment Debt Retirement	35,700
2004 General Obligation Capital Improvement Bond	89,100
1997 Building Authority Debt Retirement	31,300
1996 Michigan Transportation Debt Retirement	28,000
2000 Michigan Transportation Debt Retirement	35,000
Industrial Park Fund	43,000
Special Assessment Capital Projects Fund	66,500
Cemetery Perpetual Care Fund	16,500
Capital Projects Fund	15,000
Auto Parking Fund	62,300
Water & Sewer Fund	3,841,000
Building Authority Operating Fund	197,900
Central Stores & Municipal Garage Fund	658,400
Information Technology Fund	295,800
Self-Insurance Fund	1,004,000
Employee Safety Fund	13,500
Police & Fire Retirement System	770,000
Downtown Development Authority Operating Fund	41,300
Downtown Development Authority Capital Projects Fund	394,100
Local Development Finance Authority Operating Fund	280,800
Local Development Finance Authority Capital Projects Fund	100,500
Local Development Finance Authority Utility Fund	18,800
Brownfield Redevelopment Authority Operating	262,800

City of Cadillac

Budget Appropriations Ordinance

2009-09

July 1, 2009 - June 30, 2010

AND BE IT FURTHER RESOLVED, that the City Council does hereby levy a tax of 13.9473 mills, for the period of July 1, 2009 through June 30, 2010, on all real and personal taxable property in the City of Cadillac, according to the valuation of the same. This tax is levied for the purpose of defraying the general expense and liability of the City of Cadillac and is levied pursuant to Section 20.6, Article 20 of the Charter of the City of Cadillac. The maximum authorized levy according to the City Charter is 15.00 mills.

AND BE IT FURTHER RESOLVED, that the City Council does hereby levy a tax of 2.60 mills, for the period of July 1, 2009 through June 30, 2010, on all real and personal taxable property in the City of Cadillac, 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 of Cadillac pursuant to the provisions of Act 345 of the Public Acts of 1937, as amended, as approved by a vote of the citizens of Cadillac on November 8, 1977.

AND BE IT FURTHER RESOLVED, that the City Council does hereby levy a tax of 1.9548 mills, for the period of July 1, 2009 through June 30, 2010, on all real and personal taxable property in the City of Cadillac, 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.

AND BE IT FURTHER RESOLVED, that the City Manager is hereby authorized to make budgetary transfers within the appropriation centers established throughout this budget, and that all transfers between appropriations may be made only by further action of the City Council pursuant to Section 19.2 of the provisions of the Michigan Uniform Accounting and Budget Act.

City of Cadillac

Budget Appropriations Ordinance

2009-09

July 1, 2009 - June 30, 2010

THE CITY OF CADILLAC ORDAINS:

WHEREAS, the City Council of the City of Cadillac did give notice of the time and place when a public hearing would be held in conformity with the provisions of Section 10.3, Article 10 of the City Charter, proof of publication of Notice of the Public Hearing is now on file, and which Public Hearing was duly held pursuant to said notice and in conformity therewith; and

WHEREAS, the City Council reviewed the Truth-In-Taxation calculation and agree to roll the millage up to the allowable amount; and

WHEREAS, the City Manager of the City of Cadillac did on the 1st day of April, 2009, prepare and furnish to the City Council of the City of Cadillac a City Budget for the period of July 1, 2009 through June 30, 2010, as provided for in Article 10 of the City Charter, which budget was duly signed by the City Manager and is now on file;

NOW, THEREFORE, the City Council hereby approves the City Budget containing the appropriations and levy of taxes for the period of July 1, 2009 through June 30, 2010 and all sums be paid into the several funds to which they belong.

Motion to accept ordinance Number 2009-09 was made by Councilmember Dyer and seconded by Councilmember Dean.

Ayes: Stevens, Dean, Dyer, Spoelman, Mayor Barnett

Nays: None

Absent: None

Janice Nelson, Clerk

William S. Barnett, Mayor

This ordinance shall take effect July 1, 2009.

Dated at Cadillac, Michigan this 18th day of May, 2009.

Funds Formation within the City of Cadillac

With the implementation of GASB 34, the funds structure for the City of Cadillac has undergone a bit of a facelift. The underlying structure remains the same, but a lot of the focus has shifted from fund types to major and nonmajor 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 appropriated budget. The breakdown of the City's fund structure is as follows:

Major Governmental Funds

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 a majority of the other funds. The Major Street Fund and Local Street Fund, the City's two major Special Revenue funds, are used to account for the activity of the streets designated by the State of Michigan and to record construction and maintenance of these City streets.

Major Proprietary Funds

Account 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 major funds of this type include the Water and Sewer Fund, which provides water and sewer utility services to the City's 3,500 water and sewer customers, as well as the Cadillac Building Authority Operating Fund, which was formed to account for the rental of the Michigan DEQ building. Proprietary funds are budgeted and accounted for on a full accrual basis.

Nonmajor Special Revenue Funds

Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Funds include: Cemetery Operating Fund, H.L. Green Operating Fund, Naval Reserve Center Fund, Building Inspection Fund, Cadillac Development Fund, and the Milfoil Eradication Fund. These funds are budgeted and accounted for on a modified accrual basis.

Nonmajor Debt Service Funds

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. Funds include: 1996 Special Assessment Debt Retirement Fund, 1997 Special Assessment Debt Retirement Fund, 2000 Special Assessment Debt Retirement Fund, 2002 Special Assessment Debt Retirement Fund, 2004 General Obligation Capital Improvement Debt Retirement, 1997 Building Authority Debt Retirement Fund, 1996 Michigan Transportation Fund Debt Retirement Fund, and 2000 Michigan Transportation Fund Debt Retirement Fund.

Nonmajor Capital Projects Funds

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.

Nonmajor Permanent Funds

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.

Funds Formation within the City of Cadillac (Continued)**Nonmajor Proprietary Funds**

Account for the acquisition, operation and maintenance of government facilities and services which are entirely self-supported by user charges. The Auto Parking System Fund is the City's only nonmajor proprietary fund, and is 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 as follows:

Major Component Units

The Local Development Finance Authority Operating Fund was established to operate the groundwater cleanup in the industrial park, and is budgeted and accounted for on a modified accrual basis.

Nonmajor Component Units

Nonmajor component units are the Downtown Development Authority Fund, Downtown Development Authority Capital Projects Fund, Local Development Finance Authority Utilities Fund, Local Development Finance Authority Capital Projects Fund, and the Brownfield Redevelopment Authority Fund. The Local Development Authority Utilities Fund is budgeted and accounted for on a full accrual basis, while all other nonmajor component units are budgeted and accounted for on a modified accrual basis.

The City's annual audit contains several funds for which no funds are appropriated and therefore not included in this document. These funds include debt service funds that have been eliminated due to the debt being paid off, or other funds for which the fund's purpose has been accomplished making further budgeting unnecessary.

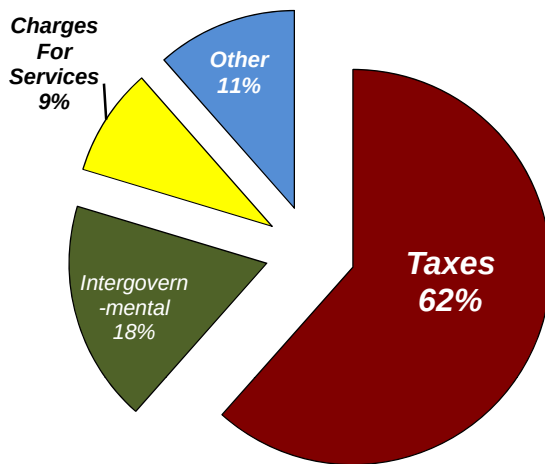


Early morning on Lake Cadillac

General Fund Highlights

Revenues

The City's principal source of revenue is property taxes. Total taxable value in the City increased 2.3% for the 2009 tax roll, generating about \$70,000 in increased revenue for the year. Miscellaneous revenue includes reimbursement for pass-through expenditures related to the Cadillac Housing Commission. Other Financing Sources are principally generated from Administrative Charges from other City funds.

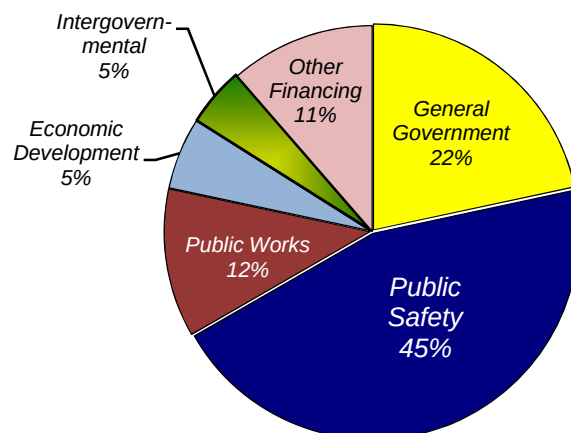


Taxes	\$4,667,200
Intergovernmental	\$1,373,500
Charges For Services	\$672,000
Other	
Fines and Forfeits	\$29,000
Miscellaneous	\$423,500
Other Fin. Sources	\$417,400
Licenses	<u>\$1,200</u>
Total Other	<u>\$871,100</u>
Total	<u>\$7,583,800</u>

Expenditures

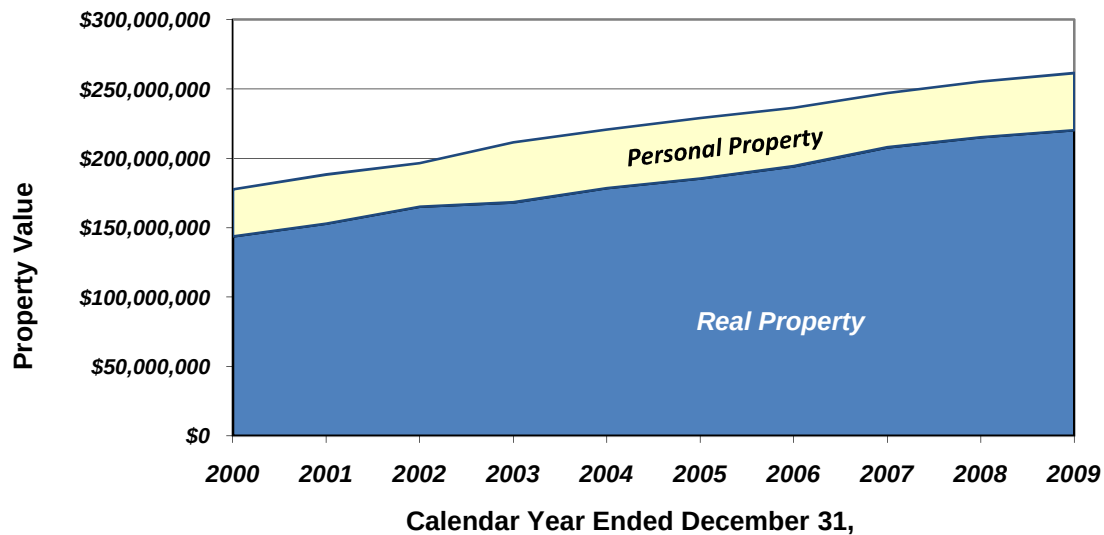
Total budgeted expenditures increased 5% for FY2010. Most of this increase is related to two grant-funded projects - the purchase of a new fire pumper/tanker with Federal grant dollars, and the reconstruction of the Diggins Hill Tennis Courts using a combination of grant dollars and private contributions. These two expenditures total \$318,000. Other Financing expenditures include amounts transferred to other funds, the majority of which is the amount that is contributed to the Local Street Fund, totaling \$650,000 for FY2010.

General Government	\$1,641,500
Public Safety	\$3,416,300
Public Works	\$884,200
Economic Development	\$425,900
Intergovernmental	\$353,500
Other Financing	<u>\$862,400</u>
Total Expenditures	<u>\$7,583,800</u>



Ad Valorem Taxable Value

Last Ten Tax Rolls



Tax Year	Ad Valorem		Total Taxable Value	L.D.F.A.	D.D.A.
	Real	Personal			
2000	143,791,718	33,979,991	\$177,771,709	17,785,100	13,279,220
2001	153,053,692	35,377,232	\$188,430,924	18,189,545	14,217,648
2002	165,243,210	31,372,200	\$196,615,410	18,780,934	14,319,959
2003	168,351,258	43,240,100	\$211,591,358	14,756,896	15,419,736
2004	178,542,129	42,307,800	\$220,849,929	14,599,709	15,876,812
2005	185,450,903	43,661,600	\$229,112,503	3,221,818	15,798,823
2006	194,425,780	42,148,500	\$236,574,280	1,981,248	15,871,450
2007	207,997,723	39,054,577	\$247,052,300	2,747,427	15,329,020
2008	215,252,646	40,177,800	\$255,430,446	3,020,722	15,781,546
2009	220,319,887	41,261,200	\$261,581,087	Unavailable	Unavailable

Average Taxable Value of a Home

Last Ten Tax Rolls

The average taxable value for a home in the City of Cadillac for FY2010 will be approximately \$36,479 as compared to \$34,923 on the previous tax roll. This is an increase of 4.5% for a home inside the City. The taxes paid to the City of Cadillac on an average residential home in Cadillac will increase \$25.75.

Tax Year	Average Home Taxable Value	City Millage	Average Tax Bill
2000	\$26,000	15.05	\$391.30
2001	\$27,500	14.99	\$412.23
2002	\$29,770	15.35	\$456.97
2003	\$33,541	15.55	\$521.56
2004	\$29,161	15.75	\$459.29
2005	\$30,259	15.75	\$476.58
2006	\$31,936	16.65	\$531.64
2007	\$33,420	16.75	\$559.68
2008	\$34,923	16.55	\$577.98
2009	\$36,479	16.55	\$603.73

* data furnished by the Wexford County Equalization Department

Notes:

1. The Headlee Tax Amendment rolled back the total millage rate in 1995, 2001, and 2002.
2. Calculations are based on taxable value, not state equalized value.
3. Total City Millage includes added voted millage for Police and Fire Retirement



Early morning from Lake Cadillac

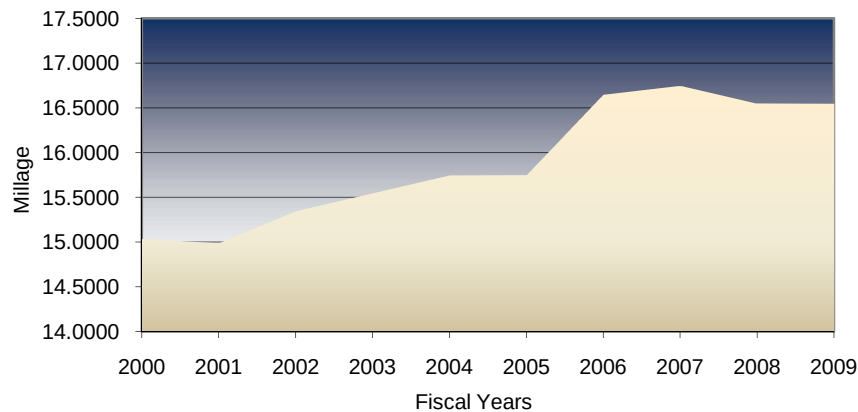
Property Tax Rates

Direct and Overlapping Taxing Units
(per \$1,000 of taxable value)
Last Ten Tax Rolls

City Taxes			Overlapping Tax Rates								Direct and Overlapping Total Annual Tax Rate
Tax Year	General	Police and Fire Retirement	Total City	Wexford County	Cadillac-Wexford Transit Authority	Council On Aging	Cadillac-Wexford Library	Cadillac Area Public Schools	Wexford Missaukee ISD	State Education Tax	
2000	14.0370	1.0000	15.0370	8.2500	0.3900	0.9900	0.5500	22.1400	6.0900	6.0000	59.4470
2001	13.9900	1.0000	14.9900	8.2003	0.3910	0.9832	0.5500	21.7149	6.0597	6.0000	58.8891
2002	13.9473	1.4000	15.3473	8.1680	0.4000	0.9950	0.6500	21.3760	6.0388	6.0000	58.9751
2003	13.9473	1.6000	15.5473	8.1040	0.3910	0.9872	0.6838	21.3005	6.0003	5.0000	58.0141
2004	13.9473	1.8000	15.7473	8.0890	0.3960	0.9942	0.6825	21.4506	5.9853	6.0000	59.3449
2005	13.9473	1.8000	15.7473	8.0665	0.3948	0.9913	0.6805	21.4505	5.9614	6.0000	59.2923
2006	13.9473	2.7000	16.6473	8.0797	0.6000	0.9976	0.6785	20.5505	5.9419	6.0000	59.4955
2007	13.9473	2.8000	16.7473	8.0797	0.6000	0.9976	0.6785	20.9000	5.9419	6.0000	59.9450
2008	13.9473	2.6000	16.5473	8.2797	0.6000	0.9976	0.7500	20.9000	5.9419	6.0000	60.0165
2009	13.9473	2.6000	16.5473	Not yet available							16.5473

City Property Tax Rate

Last Ten Tax Rolls



The increase in millage over the last 10 years is attributable to the Police and Fire Retirement added voted millage. The increase is a result of poor investment earnings in the retirement system. However, a switch in fund management to MERS ISP has produced enhanced results and enabled a slight decrease in the millage for FY2009.

Comparable Surrounding Cities	Total Millage	General Operating	Police & Fire	Other
Big Rapids	14.8981	10.2000	2.8948	1.8033
Sault Saint Marie	21.1823	16.8139	3.2476	1.1208
Mt. Pleasant	15.4500	12.0540	0.9810	2.4150
Cadillac	16.5473	13.9473	2.6000	0.0000

Principal Employers

As of June 30, 2008

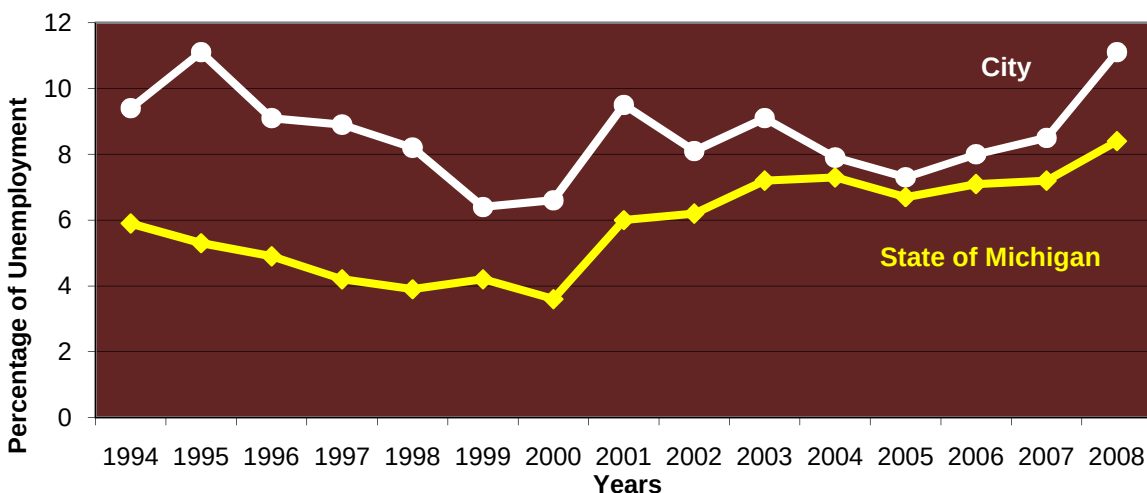
<u>Company</u>	<u>Number of Full-Time Employees</u>	<u>Percentage of Total City Employment</u>	<u>Type of Business</u>
Four Winns Boats	823	4.23%	Boat Manufacturer
AAR Mobility Systems	720	3.70%	Industrial Handling Equipment
Mercy Hospital Cadillac	516	2.65%	Health Care
Cadillac Area Public Schools	420	2.16%	Public Education
Cadillac Casting	384	1.97%	Castings and Malleable Iron
Avon Automotive	370	1.90%	Extruded & Molded Rubber
Michigan Rubber Products	293	1.50%	Fabricated & Molded Rubber
Avon Protection Systems	250	1.28%	Military Supplies
BorgWarner Cooling Systems	229	1.15%	Auto Parts & Accessories
Rexair, Inc.	222	1.12%	Vacuum Cleaner Manufacturer

Source: Cadillac Area Chamber of Commerce

Note: Percentage of Total City Employment is based on total employment in the Wexford-Missaukee labor market area as of June 30, 2008. Recent economic conditions have dramatically impacted the above numbers.

Yearly Average Unemployment Statistics

Last Fifteen Years



The City of Cadillac unemployment rate (measured using the Wexford-Missaukee labor market area) as a percentage of the labor force has increased dramatically along with unemployment rate for the State of Michigan. Much of this is due to defection of jobs from the State as well as in the United States as a whole, and especially manufacturing jobs related to the automotive sector. Most recent numbers put the state unemployment rate around 12%, with the local area now topping 15%.

Full-Time Equivalent City Employee's by Function

Last Eight Years

Department	2003	2004	2005	2006	2007	2008	2009	2010	Authorized 2010
<u>General Government</u>									
City Manager	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Assistant City Manager	1.00	0.90	0.90	0.90	0.90	0.90	0.80	0.98	1.50
Financial Services	2.20	1.94	1.94	1.94	1.94	1.94	2.25	2.25	4.00
Clerk/Treasurer	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Assessor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50
City Hall	1.70	1.70	1.30	1.30	1.30	1.30	1.10	1.28	1.50
City Engineer	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.51	2.50
<u>Public Safety</u>									
Police	18.50	17.15	18.41	18.41	18.41	17.41	17.06	16.41	18.50
Fire	11.50	11.50	11.50	11.50	11.50	11.50	11.85	11.85	11.50
Code Enforcement								0.40	0.40
Building Inspector	1.28	1.38	1.38	1.38	1.38	1.38	1.38	0.88	0.88
Planning/Zoning	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.22
<u>Other</u>									
Public Works	14.17	14.22	14.22	14.22	14.22	14.22	14.03	13.03	14.50
Data Processing	1.20	1.26	1.06	1.06	1.06	0.06	0.00	0.30	1.00
Auto Parking	0.35	0.35	0.09	0.09	0.09	0.09	0.09	0.09	1.00
Water/Sewer	21.20	21.20	21.00	21.00	20.00	20.00	20.00	19.00	21.00
Community Development	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.30
Cemetery	0.68	0.68	0.68	0.68	0.68	0.68	0.92	0.92	0.50
Total FTE	83.20	81.80	82.00	82.00	81.00	79.00	79.00	77.00	88.30

As the chart above indicates, total FTE levels decreased by two additional employees. Though well below authorized staffing levels and trending downward for the last several years, lack of funding has forced further reductions in staff. This was primarily accomplished through attrition in the Utilities Department and Street Department. An allocation analysis was undertaken as part of the current budgeting process, and some re-allocations were made in an effort to maintain service levels as much as possible with reduced full-time staff. This accounts for the minor changes seen in the chart.

The City employee statistics indicate that there is one FTE employee for every 130 residents. Several factors enter into the analysis of the ratio of FTE's per capita, but in general a higher ratio indicates greater efficiency in service delivery. The City Council authorized a staffing level several years ago, but actual numbers remain well below what has been authorized. Much of this reduction is due to a declining economy and the loss of grant funding for certain positions.

Comparable Communities	Population	FTE	Ratio
Big Rapids	10,849	86	1:126
Alpena	11,304	83	1:136
Traverse City	14,532	214	1:68
Manistee	6,586	63	1:105
Sault St. Marie	16,542	156	1:106
Cadillac	10,000	77	1:130

Tax Collection Information
Taxes Due and Payable:

City and School Taxes are due and payable July 1st and the County along with the School Taxes are due and payable December 1st at the office of the City Treasurer.

Penalties for Delinquency:

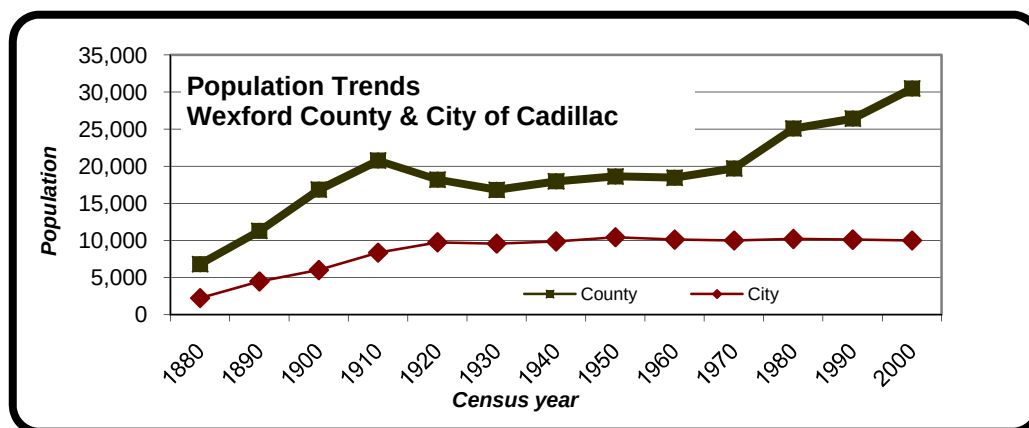
Beginning August 15th, a 4% penalty is added to unpaid City and School taxes. Beginning September 1st, an additional 1% per month penalty is added through February. Beginning February 15th a 3% penalty is added to unpaid County and School Taxes. Beginning March 1st the Wexford County Treasurer assumes collection of real property taxes. All delinquent personal property and delinquent industrial and commercial facilities taxes remain with the City Treasurer for collection.

Lien on Property:

Unpaid real property taxes, together with all charges thereon, become a continuing lien on the property assessed.

The General Tax Law provides for disposition at a public sale of real estate delinquent for the taxes as follows:

<u>Date of Sale</u>	<u>Delinquent Tax Properties to be sold (year)</u>
2001	1999
2002	2000
2003	2001
2004	2002
2005	2003
2006	2004
2007	2005
2008	2006
2009	2007

Area Population Trends


*Source: U.S. Census

Police and Fire Retirement System

Last Ten Years

Fiscal Year	Assets			Unfunded		Employer		Retirees		Average Age	Average Years of Service
	Actuarial Accrued Liability	Allocated To Funding	Percent Funded	Actuarial Liability	Contribution as a Percent Of Payroll	Valuation Payroll	Active Members	and Beneficiaries	Annual Pay		
1999	\$5,336,204	\$5,241,694	98.23%	\$94,510	13.11%	\$1,274,419	29	21	\$43,945	39.8	11.6
2000	\$3,328,049	\$3,403,691	102.27%	(\$75,642)	11.47%	\$852,233	18	21	\$47,346	42.1	14.5
	\$2,272,153	\$2,323,787	102.27%	(\$51,634)	12.91%	\$494,938	11		\$44,994	38.8	9.6
2001	\$3,443,372	\$3,492,264	101.40%	(\$48,892)	12.73%	\$894,466	18	21	\$49,693	43.1	15.5
	\$2,506,417	\$2,542,595	101.40%	(\$36,178)	11.25%	\$512,188	11		\$46,563	39.8	10.6
2002	\$4,273,362	\$3,709,762	86.81%	(\$563,600)	15.50%	\$823,213	17	24	\$48,424	41.6	13.4
	\$2,685,518	\$2,331,334	86.81%	(\$354,184)	17.44%	\$529,253	11		\$48,114	41.1	11.2
2003	\$4,824,868	\$3,868,558	80.18%	(\$956,310)	17.34%	\$728,574	15	26	\$48,572	41.0	13.7
	\$2,523,132	\$2,023,036	80.18%	(\$500,096)	23.89%	\$508,597	11		\$46,236	42.1	12.2
2004	\$5,184,338	\$3,798,947	73.27%	(\$1,385,391)	25.26%	\$859,438	16	27	\$53,715	41.2	13.8
	\$2,797,662	\$2,049,613	73.27%	(\$748,049)	26.58%	\$532,012	11		\$48,365	41.2	10.8
2005	\$5,533,090	\$3,809,317	68.80%	(\$1,723,773)	27.83%	\$856,330	16	30	\$53,521	42.2	14.8
	\$2,985,910	\$2,055,683	68.80%	(\$930,227)	28.51%	\$589,904	11		\$53,628	40.7	10.7
2006	\$9,627,000	\$6,048,000	62.80%	(\$3,579,000)	35.39%	\$865,868	16	28	\$54,117	43.2	15.8
					35.40%	\$571,205	11		\$51,928	41.7	11.7
2007	\$9,992,000	\$6,604,000	66.10%	(\$3,388,000)	36.03%	\$889,817	16	28	\$55,614	42.1	14.7
					35.15%	\$593,124	11		\$53,920	42.2	12.4
2008	\$9,936,669	\$7,080,393	71.30%	(\$2,856,276)	31.41%	\$841,992	16	28	\$56,133	37.3	9.8
					27.20%	\$547,966	11		\$54,797	44.1	14.6

Footnotes:

1. Program began in fiscal year 1978. A vote to add needed millage in addition to the charter maximum was approved November 10, 1977. Act 345 limits eligibility only to police officers and firefighters. This system is managed by a local board of directors, while the funds are managed by MERS ISP.
2. Data is furnished from annual actuarial report of Gabriel, Roeder, Smith and Co. Actuaries.
3. The actuarial assumptions were revised as a result of an experience study for the five year period ending June 30, 1997 and 2006. Actuarial assumptions concerning rates of withdrawal, rates of retirement, rates of post-retirement mortality, investment return and wage inflation were all changed as a direct result of the study.
4. Beginning in fiscal year 2000, the police and fire were separated. Police numbers are reflected on the first line in each fiscal year and the fire is on the second line.
5. Recognized rate of investment return as a percentage for the year ended June 30th is as follows:

2008	2007	2006	2005	2004	Five year average
6.20%	6.70%	1.80%	-1.20%	-0.70%	2.50%

Investment rate needed actuarially based on a real rate of return of 3% and a long term wage inflation of 4.5% per year or a total of 7.5%.

7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	Actuarial based return
-1.3%	-0.8%	-5.7%	-8.7%	-8.2%	-7.5%	Recognized rate of return less Actuarial based return

The recognized rate of return has not exceeded the investment rate needed to fund the system over the past five years. The trend reflects a fund not meeting the actuarial assumptions.

Municipal Employees Retirement System

Last Ten Years

Fiscal Year	Assets			Unfunded	Employer	Retirees					Average
	Actuarial	Allocated		Actuarial	Contribution						Years of
	Accrued	To	Percent	Accrued	as a Percent	Valuation	Active	and	Annual	Average	Service
	<u>Liability</u>	<u>Funding</u>	<u>Funded</u>	<u>Liability</u>	<u>Of Payroll</u>	<u>Payroll</u>	<u>Members</u>	<u>Beneficiaries</u>	<u>Pay</u>	<u>Age</u>	
1998	\$6,218,592	\$7,923,062	127.40%	(\$1,704,469)	Listed below	Listed below	72	45	\$29,392	43.8	10.7
1999	\$6,744,595	\$8,840,153	131.07%	(\$2,095,557)			74	44	\$31,156	44.6	11.0
2000	\$7,370,963	\$9,439,499	128.06%	(\$2,068,535)			78	45	\$30,921	43.4	10.0
2001	\$7,992,526	\$9,785,299	122.40%	(\$1,792,773)			77	49	\$32,069	43.5	10.5
2002	\$8,358,393	\$9,712,366	116.20%	(\$1,353,973)			77	45	\$32,734	44.3	11.1
2003	\$8,910,724	\$10,053,522	112.82%	(\$1,142,798)			77	46	\$34,267	45.5	11.5
2004	\$9,170,012	\$9,990,746	109.20%	(\$820,734)			68	46	\$36,051	46.8	12.9
2005	\$9,727,339	\$10,274,211	105.62%	(\$546,872)			65	46	\$37,997	48.1	13.9
2006	\$10,161,879	\$10,812,671	106.40%	(\$650,792)			66	47	\$38,799	48.0	13.6
2007	\$10,847,928	\$11,468,618	105.72%	(\$620,690)			63	51	\$38,786	47.7	13.3
2008	not available										

Employer Contribution as a percent of payroll

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Non-union	8.03%	8.03%	7.22%	0.00%	0.00%	0.15%	2.84%	3.17%	4.91%	4.42%
Steelworkers	9.97%	9.98%	6.43%	0.00%	0.00%	0.00%	3.38%	4.84%	1.78%	2.33%
Housing	5.53%	5.56%	6.05%	10.78%	12.25%	12.22%	13.48%	13.63%	11.59%	8.47%
Co-Directors (1)									12.58%	14.92%
Library	11.23%	11.31%	7.98%	4.75%	6.98%	7.55%	8.72%	9.24%	8.62%	6.43%
City Manager	8.14%	8.14%	6.89%	0.00%	0.97%	2.69%	6.65%	8.02%	8.38%	8.37%
Dept. Heads	7.90%	7.90%	6.84%	0.00%	0.00%	0.00%	4.96%	5.57%	3.80%	7.91%

Valuation Payroll (dollars)

Non-union	\$706,666	\$740,444	\$733,548	\$831,695	\$874,910	\$883,818	\$883,119	\$856,613	\$1,015,806	\$902,230
Steelworkers	\$600,549	\$630,344	\$724,015	\$682,151	\$735,799	\$811,027	\$872,706	\$872,436	\$775,555	\$748,549
Housing	\$16,036	\$85,466	\$123,639	\$122,066	\$126,638	\$154,700	\$129,730	\$140,049	\$144,512	\$138,907
Co-Directors (1)									\$102,699	\$106,619
Library	\$416,678	\$423,784	\$469,628	\$523,126	\$470,240	\$507,863	\$274,145	\$293,606	\$307,119	\$171,059
City Manager	\$66,162	\$73,862	\$80,674	\$83,075	\$87,693	\$92,455	\$96,440	\$103,690	\$108,458	\$111,015
Dept. Heads	\$157,452	\$162,341	\$173,952	\$178,648	\$182,115	\$188,722	\$195,344	\$203,413	\$209,300	\$265,160

(1) Co-Directors are employees of the library and were split into a separate benefit group in 2006.

Principal Taxpayers

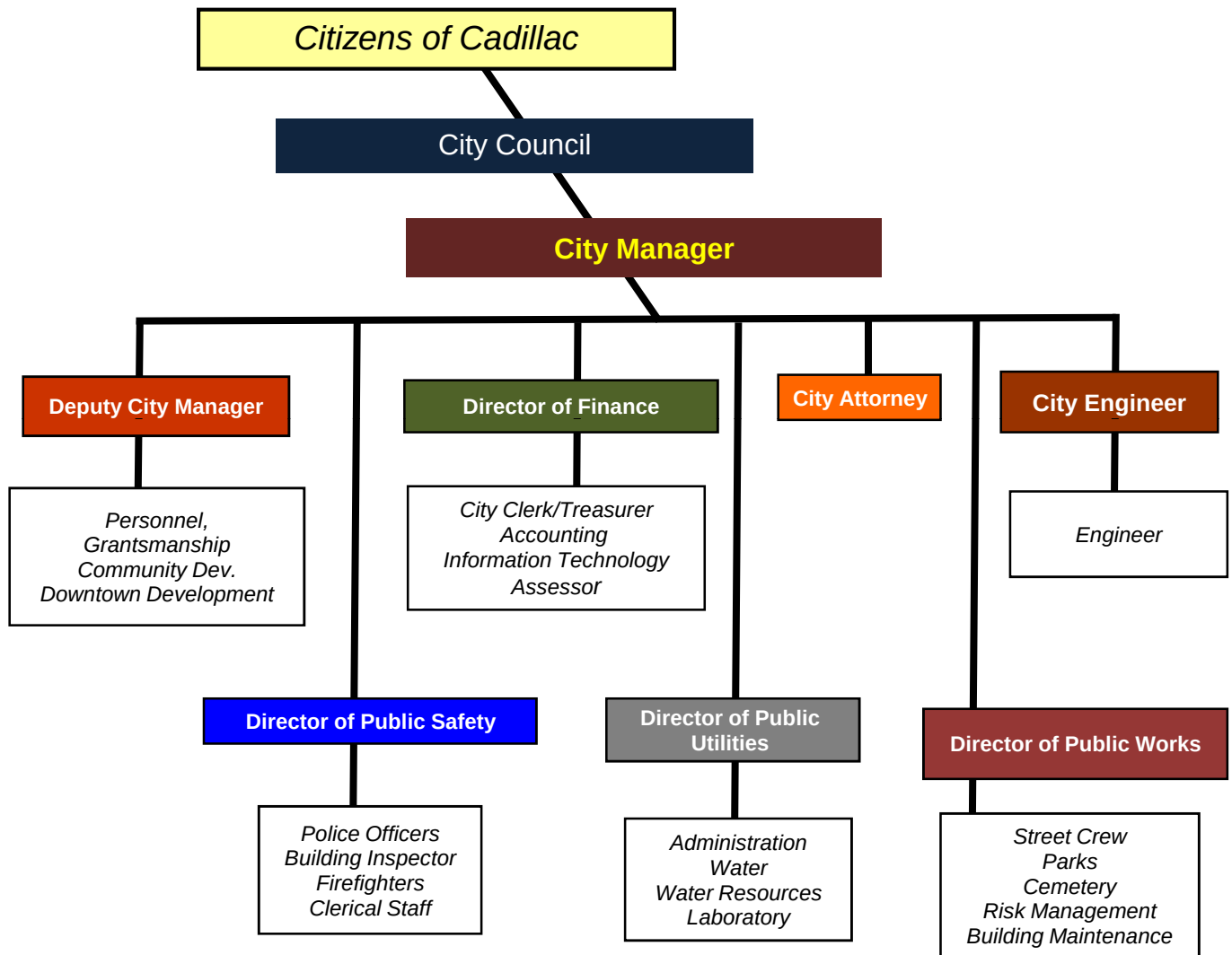
June 30, 2007 and 2008

June 30, 2007	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Value</u>	<u>Percentage</u>
	Cadillac Renewable Energy	Electric Utility	\$12,300,000	5.20%
	Avon Automotove	Extruded & Molded Rubber	\$7,464,590	3.16%
	Cadillac Casting	Ironworks	\$6,596,400	2.79%
	Consumers Energy	Electric Utility	\$5,852,150	2.47%
	Rexair, Inc.	Vacuum Cleaner Manufacturer	\$5,520,467	2.33%
	FIAMM Technologies, Inc.	Automotive and Marine Horns	\$4,726,894	2.00%
	AAR Cadillac Manufacturing	Industrial Handling Equipment	\$4,694,349	1.98%
	Michigan Rubber Products	Fabricated & Molded Rubber	\$4,635,170	1.96%
	Paulstra CRC Corp.	Rubber By-Products	\$4,206,100	1.78%
	Four Winns	Boat Manufacturer	\$3,408,230	1.44%
Total Principal Taxpayers			\$59,404,350	25.11%
Total of Rest of Taxpayers			\$177,169,930	74.89%
			<u>\$236,574,280</u>	<u>100.00%</u>
June 30, 2008				
	Cadillac Renewable Energy	Electric Utility	\$12,300,000	4.98%
	Cadillac Rubber and Plastics	Extruded & Molded Rubber	\$6,852,406	2.77%
	Cadillac Casting	Ironworks	\$6,596,400	2.67%
	Consumer Energy	Electric Utility	\$5,852,150	2.37%
	Rexair, Inc.	Vacuum Cleaner Manufacturer	\$5,520,467	2.23%
	FIAMM Technologies, Inc.	Automotive and Marine Horns	\$4,726,894	1.91%
	AAR Cadillac Manufacturing	Industrial Handling Equipment	\$4,694,349	1.90%
	Michigan Rubber Products	Fabricated & Molded Rubber	\$4,314,870	1.75%
	Paulstra CRC Corp.	Rubber By-Products	\$4,206,100	1.70%
	Four Winns	Boat Manufacturer	\$3,408,230	1.38%
Total Principal Taxpayers			\$58,471,866	23.67%
Total Balance of Taxpayers			\$188,580,434	76.33%
			<u>\$247,052,300</u>	<u>100.00%</u>

Notes:

The above value includes both real and personal property on the Ad valorem roll, IFT and CFT's.

The above does not reflect any changes by the Michigan Tax Tribunal or the December Board of Review.

City of Cadillac Chart of Organization

Comprehensive Grant List

<u>Year</u>	<u>Name of Grant/Project</u>	<u>Award amount</u>	<u>Local Match</u>	<u>Department</u>
1995-1999 (Summary)		\$4,370,285	\$593,410	Various
2000	BYRNE - School Officer	\$32,000	\$32,000	Public Safety
	BYRNE - Domestic Violence	\$41,000	\$27,000	Public Safety
	BYRNE - CJ Computer Net	\$75,000	\$2,300	Public Safety
	TEA21 - Oak,Shelby,Laurel Streets	\$350,000	\$85,000	Engineering
	MDOT - Crosby Road	\$150,000	\$0	Engineering
	MDEQ - Plett Road Paving	\$119,836	\$39,945	Engineering
	MDEQ - Wellhead Protection	\$24,851	\$24,851	Utilities
	CDBG - James Potvin Industrial Park	\$535,000	\$0	Administration
	CDBG - UTI infrastructure	\$112,850	\$12,500	Administration
	MDNR - Clam River Greenway	\$178,178	\$76,362	Administration
	MDNR - Dock	\$123,924	\$43,541	Administration
	TEA21 - Clam River Greenway	\$177,840	\$50,160	Administration
	CACF - Condo landscaping	<u>\$15,000</u>	<u>\$0</u>	Administration
	2000 Total	\$1,935,479	\$393,659	
2001	ODCP - School Officer	\$26,448	\$39,672	Public Safety
	MDEQ - Hazardous Waste	\$38,775	\$21,482	Utilities
	EDA - James Potvin Industrial Park	\$1,194,200	\$0	Administration
	DNR - Tree Planting	<u>\$10,000</u>	<u>\$10,000</u>	Administration
	2001 Total	\$1,269,423	\$71,154	
2002	MDEQ - Alley	\$143,933	\$48,782	Utilities
	MACAA - Sound Garden	\$12,950	\$0	Administration
	Kellogg Foundation - Sound Garden	\$4,300	\$0	Administration
	CACF - Historic District	\$5,600	\$0	Administration
	CACF - Fire Safety House	\$5,000	\$25,000	Public Safety
	Tony Hawk Foundation - Skate Park	\$1,000	\$0	Administration
	Homeland Security	\$50,000	\$0	Public Safety
	MDNR - Bike Path	\$60,000	\$0	Administration
	MDNR - Boat Launch	\$37,500	\$12,500	Public Works
	MI River Network - River Clean-up	\$1,000	\$0	Administration
	MEDC - Clock Tower	\$162,500	\$37,500	Administration
	MDEQ - Hazardous Waste	\$50,000	\$28,000	Utilities
	TEA21 - River Street	\$120,000	\$30,000	Engineering
	TEA21 - Chapin Street	\$120,000	\$30,000	Engineering
	TEA21 - Holbrook Street	\$40,000	\$10,000	Engineering
	MDOT - Bond Street	\$120,000	\$30,000	Engineering
	TEA21 - Balsam Street	\$40,000	\$10,000	Engineering
	MSHDA - Rental Rehabilitation	<u>\$200,000</u>	<u>\$0</u>	Administration
	2002 Total	\$1,173,783	\$261,782	
2003	CDBG - Four Winns Expansion	\$810,000	\$90,000	Administration
	MDEQ - Wellhead Protection	\$25,000	\$25,000	Utilities
	TEA21 - South/Harris Streets	\$375,000	\$100,000	Engineering
	TEA21 - Linden Street	\$40,000	\$10,000	Engineering
	Homeland Security	\$31,176	\$3,464	Public Safety
	CASA All Sports Park	\$306,504	\$144,237	Administration
	DTE - Tree Planting	<u>\$3,916</u>	<u>\$4,186</u>	Public Works
	2003 Total	\$1,591,596	\$376,887	

Comprehensive Grant List (Continued)

2004	Kodak - Clam River Greenway	\$1,000	\$0	Administration
	National Park Service - Fountain	\$70,000	\$0	Administration
	OMC - Fountain	\$50,000	\$0	Administration
	CACF - Fountain	\$5,000	\$0	Administration
	AAR - Fountain	\$10,000	\$0	Administration
	Jaycees - Fountain	\$4,200	\$0	Administration
	MDOT - River Street Bridge	\$400,000	\$60,000	Engineering
	MDEQ - Wellhead Protection	\$17,500	\$17,500	Utilities
	Say Nay to Drugs	\$1,500	\$0	Public Safety
	Consumers Energy - Greenway	\$2,000	\$0	Administration
	Homeland Security	<u>\$10,800</u>	<u>\$1,200</u>	Public Safety
	2004 Total	\$572,000	\$78,700	
2005	CDBG - Neighborhoods	\$330,000	\$220,000	Administration
	CDBG - AAR	\$270,000	\$30,000	Administration
	CDBG - Avon	\$224,000	\$24,000	Administration
	DTE Energy - Tree Grant	\$3,000	\$3,651	Street
	MI Volunteer River Clean-up	\$2,990	\$0	Administration
	MI Secretary of State- Voting Machines	\$19,019	\$0	Finance
	CDBG - Cobbs Feasibility Study	\$27,500	\$0	Administration
	MDOT - Chestnut Street	\$375,000	\$125,000	Engineering
	CACF-Clam River Greenway III	\$10,000	\$0	Administration
	FEMA - Firefighters	<u>\$30,000</u>	<u>\$3,000</u>	Public Safety
	2005 Total	\$1,291,509	\$405,651	
2006	MDOT - Paluster/Whaley Streets	\$64,000	\$16,000	Engineering
	MDOT - Jobs Today	\$86,000	\$0	Engineering
	MNRTF - Lakefront Bridge	\$50,000	\$50,000	Administration
	MDOT - Park Street	\$344,000	\$86,000	Engineering
	MDOT - North Street	\$44,000	\$11,000	Engineering
	MDEQ - S2 Engineering Grant	\$394,990	\$43,888	Utilities
	US Fire Administration - SCBA grant	<u>\$57,000</u>	<u>\$5,700</u>	Public Safety
	2006 Total	\$1,039,990	\$212,588	
2007	Consumers Energy-Tree Planting Grant	\$4,635	\$5,365	Public Works
	CDBG-Four Winns Expansion Project	\$800,000	\$80,000	Administration
	MNRTF-Clam River Greenway Phase III	\$269,477	\$94,682	Administration
	Oleson Foundation-Clam River Greenway	\$7,500	\$0	Administration
	COPS DOJ Grant - CAPS Cameras	\$13,831	\$13,831	Public Safety
	MOHSP - Laptops for Police Cars	<u>\$24,253</u>	<u>\$0</u>	Public Safety
		\$1,119,696	\$193,878	

Total 1995-2006

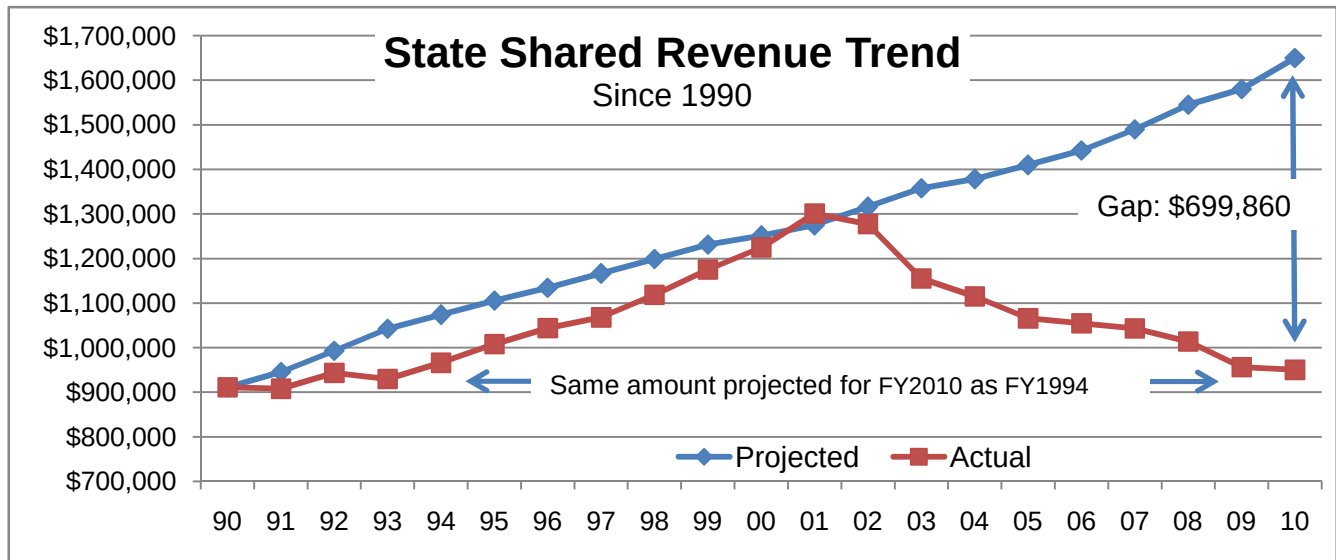
\$14,363,761**\$2,587,709**

Grant to City Match Ratio

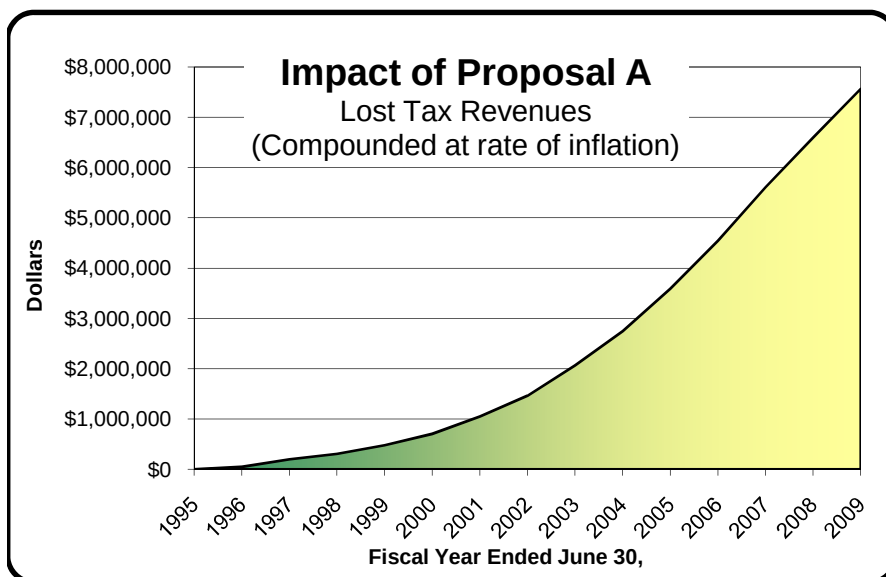
\$5.55 :1

Note: The above ratio indicates that for every \$1 the city spends on a project \$5.55 was able to be obtained from a grant source making the City's investment go much further.

General Government Revenue Threats



State Shared Revenue from the State of Michigan has declined dramatically in the past few years. In the chart above, projected growth is based on the growth of the 1990 actual revenue growing at a compounded rate using the Consumer Price Index for all items in the Midwest urban region. This produces a "gap" between the projected and actual revenue. **The projected revenue for FY2010 will be essentially the same amount received in 1994.** This reflects the dilemma that local government is faced with - the inability to increase property taxes and the significant decline in shared revenue. This leaves the local unit of government in the position of having to reduce services or find some other creative way of raising revenue.



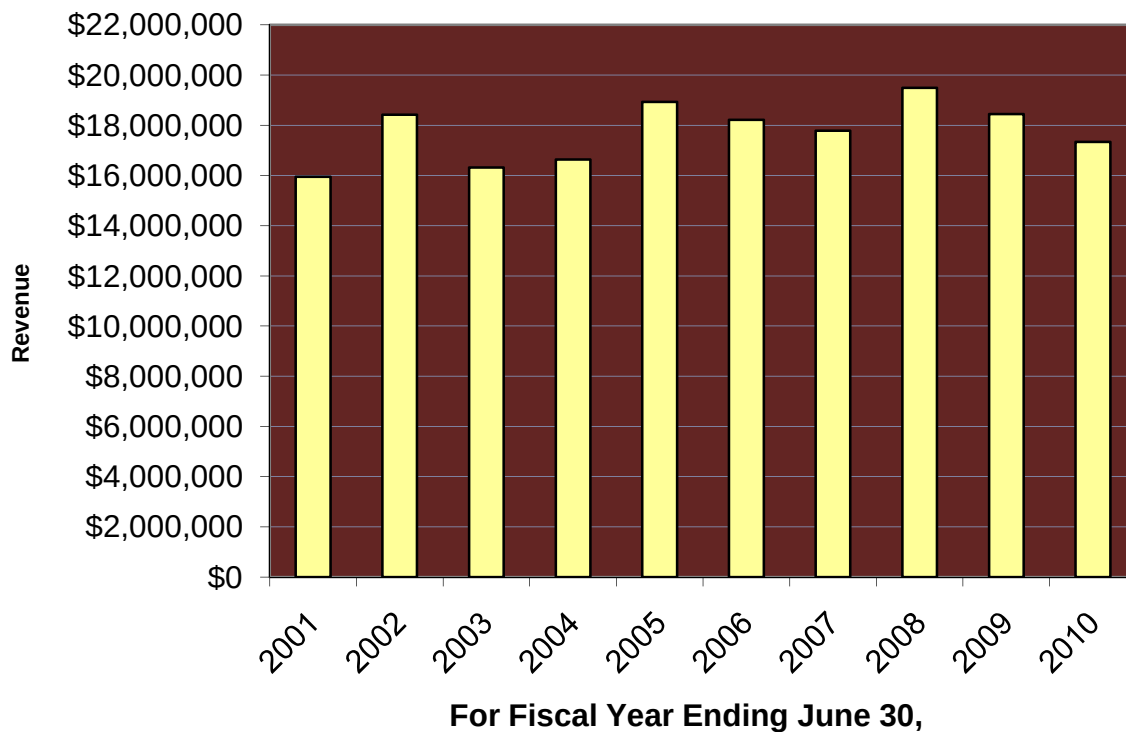
The chart to the left indicates how the lost money from Proposal A compounds and the resulting annual impact. The lost revenue for FY2009 would be equal to losing nearly one entire fiscal year of General Fund revenues. The \$718,000 dollars lost this year alone will continue to grow and multiply in future years. This is an average of over \$540,000 per year over the past fourteen years of lost revenue which will not be recaptured. At the current level of paving costs, along with the curb and gutter, the City of Cadillac could have reconstructed nearly 10 miles of local streets but for Proposal A.

2009-2010 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.

Budget Summaries

	Major Governmental Funds			Major Proprietary Funds	
	General Fund	Major Street Fund	Local Street Fund	Water and Sewer Fund	Building Authority Oper. Fund
Revenues and Other Sources:					
Taxes	\$4,667,200				
Licenses and Permits	1,200				
Intergovernmental	1,373,500	\$637,200	\$180,000		
Charges For Services	672,000			\$3,724,000	
Fines and Forfeits	29,000				
Miscellaneous	423,500			2,000	
Other Financing Sources	325,700				
Local Funds			650,000		
Rental					195,900
Principal Payment					
Interest Income - Loan					
Interest Income		1,000	2,500	115,000	2,000
Total	\$7,492,100	\$638,200	\$832,500	\$3,841,000	\$197,900
Expenditures:					
General Government	\$1,641,500				
Public Safety	3,416,300				
Public Works	884,200				
Culture and Recreation	293,300				
Economic Development	132,600				
Intergovernmental	353,500				
Other Financing Uses	862,400				
Audit		\$2,100	\$2,000	\$5,100	\$1,000
Operating		618,100	519,700	2,530,900	47,700
Capital Outlay					
Transfer to Debt					
Construction		5,000	240,000		
Principal		12,600	123,600		
Interest		6,400	43,700	355,000	38,000
Non-Operating				950,000	39,900
Total	\$7,583,800	\$644,200	\$929,000	\$3,841,000	\$126,600
Excess (Deficiency) of Revenues over Expenditures (1)	(\$91,700)	(\$6,000)	(\$96,500)	\$0	\$71,300
Fund Balances - Beginning	\$2,037,045	\$12,450	\$232,711	\$14,732,777	\$590,644
Ending	\$1,945,345	\$6,450	\$136,211	\$14,732,777	\$661,944

(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.

Budget Summaries

COMPARISON

Nonmajor Governmental Funds (2)	Nonmajor Proprietary Funds (3)	Pension Trust Fund	Component Units	FY2010 Totals	FY2009 Budget Totals	FY2008 Actual Totals
			\$458,000	\$5,125,200	\$5,017,200	5,110,278
	\$1,500			2,700	78,200	2,750
	303,800			2,494,500	3,913,300	3,595,588
\$117,200	24,900		19,800	4,557,900	4,549,900	4,646,107
	11,000			40,000	27,500	30,697
				425,500	397,000	489,362
35,000	964,300		335,300	1,660,300	1,329,900	712,103
239,500		\$697,000		1,586,500	1,432,300	2,354,783
15,800	624,000			835,700	824,700	935,036
148,600	45,600			194,200	273,000	269,706
45,800				45,800	62,300	30,492
61,300	35,000	105,000	48,500	370,300	539,400	80,368
\$663,200	\$2,010,100	\$802,000	\$861,600	\$17,338,600	\$18,444,700	\$18,257,270
				\$1,641,500	\$1,677,300	1,616,656
				3,416,300	3,209,100	3,339,497
				884,200	997,100	866,248
				293,300	211,300	205,612
\$38,400				171,000	74,000	206,153
				353,500	387,200	358,137
				862,400	702,700	566,400
11,800	\$6,100	\$2,000	\$3,900	34,000	30,700	31,300
310,300	2,027,700	651,000	604,900	7,310,300	7,983,700	6,925,644
16,000			100,000	116,000	90,000	10,468
15,000				15,000	157,000	195,800
			335,000	580,000	652,500	1,481,942
276,800			25,000	438,000	390,400	330,300
59,900			6,000	509,000	542,800	482,277
			5,000	994,900	1,231,700	1,295,697
\$728,200	\$2,033,800	\$653,000	\$1,079,800	\$17,619,400	\$18,337,500	\$17,912,131
(\$65,000)	(\$23,700)	\$149,000	(\$218,200)	(\$280,800)	\$107,200	\$345,139
\$3,677,881	\$2,909,911	\$5,643,552	\$3,473,436	\$33,310,407	\$33,848,108	33,502,969
\$3,612,881	\$2,886,211	\$5,792,552	\$3,255,236	\$33,029,607	\$33,955,308	\$33,848,108

(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 Debt Service, Special Revenue, Capital Projects, and Permanent Funds.

(3) Includes Nonmajor Enterprise Funds and Internal Service Funds

Analysis of Revenue Sources

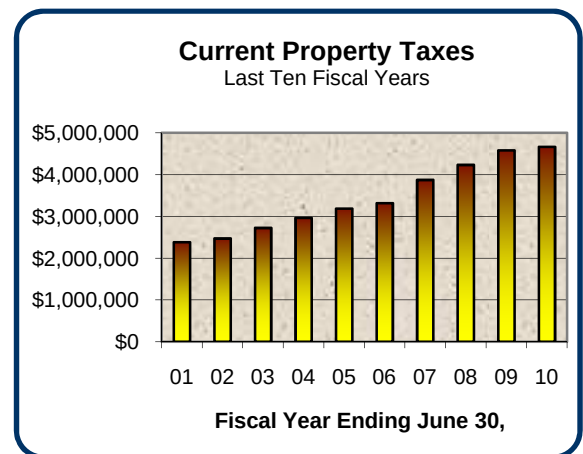
The City of Cadillac has a number of revenue sources, each representing a different percentage of total revenues. These sources include:

Revenue	Amount (Budget)	% of Total
Taxes	\$5,125,200	29.56%
Interest Income	\$370,300	2.14%
Intergovernmental Revenues	\$2,494,500	14.39%
Charges for Services	\$4,557,900	26.29%
Principal Repayment & Interest Income - Loans	\$240,000	1.38%
Local Funds	\$1,586,500	9.15%
Other	\$2,964,200	17.10%
Total	<u>\$17,338,600</u>	<u>100.00%</u>

Taxes

The major source of revenue for FY2010 is the local property tax, accounting for 29.6% of total revenues this year. The Wexford County Equalization Department acts as the assessor for the City on a contractual basis. They establish the taxable value that is placed on each piece of property. The ad valorem taxable value for real property is estimated to be \$220,319,887, while the personal property taxable value is estimated at \$41,261,200, giving the City a total taxable value of \$261,581,087. Personal property taxes represent nearly 16% of the City's tax base. Total General Fund property tax revenues are derived by multiplying the total taxable value by the millage rate, currently 13.9473 mills. This amount is then reduced by taxes that are captured by specific financing authorities through the use of various financing vehicles. The financing authorities capture a portion of the property taxes, which reduces the total amount available to the General Fund for operating purposes. The Downtown Development Authority (DDA) is one example of this kind of authority. In the commercial area, the DDA has captured for their purposes a tax base of nearly \$16 million. Downtown merchants also have a separate millage of 1.9872 levied on their real and personal property. Another tax upon property in the City of Cadillac is the added voted millage for Police and Fire retirement. The rate of this millage will remain at 2.6 mills for FY2010. When added to the City operating millage of 13.9473 mills, this results in a total levy of 16.5473 mills for City property. For FY2010, property tax revenues represent over 61% of revenue within the General Fund.

Outlook: The pace of taxable value growth has slowed in the current fiscal year. The economic recession that the country finds itself in has reduced property values across the country and Cadillac is no different. The foreclosure crisis has touched the local area as well. Since 2000, the number of deeds sold at Sheriff's sale in Wexford County has increased 442%, placing additional downward pressure on property values. The recovery in this important market is expected to be slow, which indicates that the negative effects on property values will linger for the next several years. On top of a modest 2.3% growth in total taxable value for the 2009 tax roll, the potential for zero growth over the next couple of years is a real possibility. This will have very serious impacts on the City's budget and ability to provide municipal services at current levels.



Analysis of Revenue Sources

Intergovernmental Revenues

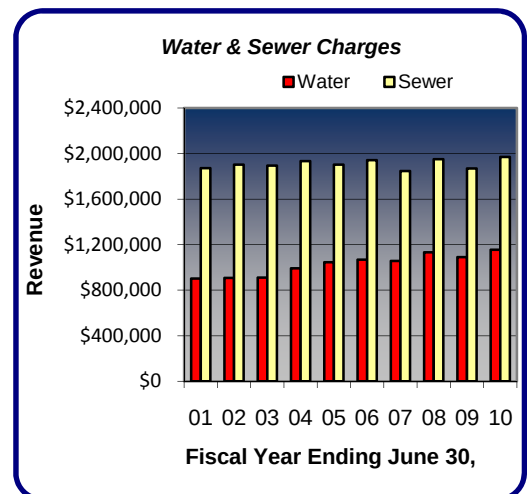
This source of revenue is anticipated to generate \$2,494,500 in FY2010, or 14.4% of the total revenue generated by the City of Cadillac. Included in this type of revenue are grants awarded to the City, and State-shared revenue from the State of Michigan. State shared revenues are anticipated to provide \$950,000 to the General Fund in FY2010, accounting for nearly 12.5% of the General Fund's revenue. State shared revenue is divided into two types. The first is the constitutional sales tax which is based on an adjusted population figure multiplied by a distribution rate, both of which are provided by the State. The second type of state shared revenue is the statutory sales tax. This is distributed by the State using four formulas: 1) Percent share of fiscal year; 2) Taxable value per capita; 3) population unit type; and 4) yield equalization. The 2000 census resulted in a decrease in the population of the City, which had a negative impact on the amount of state shared revenue that the City of Cadillac will receive. Budget constraints at the State level continue to have significant impacts on the statutory portion of State-shared revenue. The City of Cadillac has prudently budgeted for an additional slight reduction in the statutory portion of state-shared revenue for FY2010. The City has chosen to approach the cuts proactively in order to prevent further cuts during and throughout the upcoming fiscal year. Distribution of state shared revenue is made by the State on August 31, October 31, December 30, February 28, April 30 and June 30. The State of Michigan Department of Treasury projects the distribution rates.

Another state shared revenue type is the Gas and Weight Taxes from the State of Michigan. These funds are received by the Major Street Fund and the Local Street Fund of the City. Budgeted numbers for FY2010 reflect a moderate decrease over FY2009 due to shortfalls at the State level. Because of these State shortfalls, the City of Cadillac has used conservative estimates in order to avoid over budgeting these numbers. Further reductions in these revenues brings great concerns for the City's ability to maintain critical portions of our infrastructure.

Outlook: The lingering economic recession has also had a significant negative impact on the amount of state shared revenue. Once again, the City has chosen to estimate the payments for FY2010 conservatively in an attempt to prevent cuts from having to be made after the fiscal year begins. Further cuts will result in the impairment of the City's ability to provide services at current levels. The City will receive essentially the same dollar amount in state shared revenue from the State of Michigan as was received in 1994. Funds received for major and local street maintenance have fallen far short of the costs of maintaining these streets, creating an additional strain on general fund dollars to fund street maintenance. For FY2010, the contribution from the General Fund to the Local Street Fund has increased to \$650,000.

Charges for Services

This revenue activity represents \$4,557,900 in revenue for FY2010, or 26.29% of the total revenue generated by the City. Included in this category are revenues from the City's Water and Sewer systems. It is proposed to raise the current rates 4.5% in FY2010; however, decreased usage by industrial customers could prevent any significant increase in total revenue once again this fiscal year. This revenue is derived from usage and is also a graduated scale as there are associated fixed costs with producing the water - as the volumes of usage get larger, the amount charged to the customer is less per unit. The economies of scale are improved for the larger customer. With over 3,500 customers for each of the water and sewer divisions, revenue is expected to be nearly \$3.5 million. Also included in this revenue is the solid waste collection revenue. This activity is anticipated to increase in order to accurately reflect costs incurred by the City to provide these services.



Analysis of Revenue Sources**Interest Income**

The economy has had a significant impact on the amount of interest earned on the City's investments. While the City had some longer-term investments that have protected average returns somewhat, the recent actions of the Fed have resulted in a marketplace that is providing shrinking returns on investments, especially in the conservative types of investments where the City is required to invest. Average yields have dropped from 4.07% at the end of February, 2008, to 3.32% at the end of February, 2009. Just a couple years ago, returns were averaging over 5%. With nearly \$12.5 million in funds invested, the decline in the last year will reduce interest earnings by over \$90,000. This is equivalent to losing funding for 1.5 full-time employees. The staff of the Finance Department is charged with investing the City's idle funds, and will commit additional time to achieving the greatest yield possible within the constraints of the City's investment policy.

Local Funds

This activity represents internal transfers from various funds. The method of calculation will vary depending on the type of fund and activity. In the Local Street Fund, for example, money is transferred from the General Fund to balance the fund as state shared revenue is not sufficient to maintain the local street system. This revenue source represents 9.15% of the total FY2010 revenue of the City of Cadillac.

Principal Repayment and Interest Income - Loans

This activity accounts for the special assessments of City taxpayers, both principal repayment and the nominal interest charged to the resident who had a new service installed, such as a street, curb and gutter project, or water main. Special assessments are typically repaid over a 10 or 15 year period. This activity generates \$240,000, or 1.38% of the City's total revenue. This percentage can vary from year to year based on the amortization of the outstanding debt as well as the number of early pay-offs.

Other Revenue

Other Revenue for the City of Cadillac includes a variety of revenue sources. Included in this category are items such as Fines and Forfeits, Licenses and Permits, and Other Financing Sources. Other Financing Sources include some administrative charges to various funds from the General Fund, as well as contributions from various funds to the Self-Insurance Fund to cover estimated costs per employee of health insurance activity.

Overall, the current economic climate has impacted every source of revenue that the City collects. The volatility of the nation's economy has made it hard if not impossible to project future revenues with any level of accuracy, so City staff must work diligently to make the corrections now that will structure the organization in a way that will be sustainable and viable for many years to come.

Fund: General Fund

Type: General Fund

Nature and Purpose:

This fund records all revenues and expenditures of the City of Cadillac which are not required to be accounted for in any of the other funds. The General Fund receives revenue which is used to finance a wide range of City activities.

The FY2010 budget represents a balanced budget. The current property taxes are planned to increase just 2.3% over last year's tax roll. Police and Fire Retirement revenues are anticipated to increase only minimally as the millage has remained the same as FY2009. The State of Michigan state shared revenues are based on estimates and the statutory portion of the revenue sharing is anticipated to decline again in addition to the reduction from prior years. This reduction is due to funding needs at the State level as well as a decline in sales tax revenue.

The total revenue and expenditures of the General Fund increased in the current budget year by about 5%. Most of the FY2010 increase is related to two planned capital investments. A new pumper/tanker will be purchased in the Fire Department. The total cost of the apparatus is expected to be \$218,000 with a federal grant covering 95% of the costs. New tennis courts will be built at the site of the current Diggins Hill tennis courts. Private fund-raising will cover 75% of the expected \$100,000 in costs, with the remaining 25% coming from a City contribution.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
<u>REVENUES AND OTHER SOURCES:</u>				
Taxes	\$4,558,803	\$4,611,600	\$4,582,200	\$4,667,200
Licenses	1,210	1,200	1,200	1,200
Intergovernmental	1,254,121	1,171,500	1,172,500	1,373,500
Charges For Services	627,467	633,700	635,300	672,000
Fines and Forfeits	29,083	31,000	25,300	29,000
Miscellaneous	487,186	659,000	392,200	423,500
Other Financing Sources	408,752	363,200	413,200	417,400
Total Revenues	\$7,366,622	\$7,471,200	\$7,221,900	\$7,583,800

General Fund Revenue Sources

	<u>Percentage of General Fund Revenues from 1968-2008</u>				
	FY2008	FY1998	FY1988	FY1978	FY1968
Taxes	64.59%	53.46%	58.48%	42.95%	51.04%
Intergovernmental	15.57%	26.75%	24.40%	32.23%	22.88%
Charges for Services	9.42%	14.25%	8.23%	5.62%	2.68%
Other	10.42%	5.54%	8.89%	19.20%	23.40%
	100.00%	100.00%	100.00%	100.00%	100.00%

General Fund Revenue Information

REVENUE ASSUMPTIONS

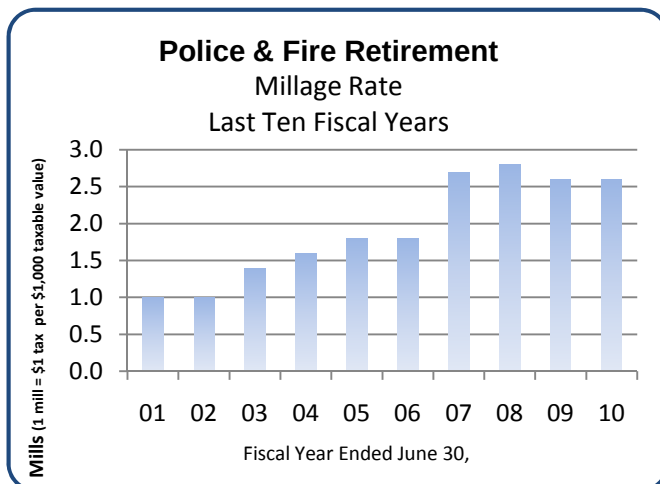
Revenues received from property taxes are based on estimates from the City Treasurer and Wexford County's Equalization Department.

Taxes generated from the added voted millage for Police and Fire Retirement are based on estimated taxes calculated using the millage rate multiplied by the estimated taxable value provided by the assessor. These taxes will cover the City's required contributions to the retirement system as determined by an actuary.

Revenues in the General Fund, for the most part, are projected based on the historical trend and any known activity changes. State shared revenues are projected from data received from the State of Michigan. These numbers are based on sales tax information and are established by either constitutional or statutory requirements.

Current Taxes

The estimated taxable value of the City of Cadillac for the 2009 tax roll is \$261,581,087. This is a modest increase (2.3%) from last year's taxable value. The State of Michigan has established a cap on the taxable values so they cannot grow in excess 5% or the inflation rate, whichever is less, excluding new construction. The inflation rate set by the State of Michigan for the 2009 tax roll is 4.4%. This higher than normal inflation rate accounted for the slight increase in overall taxable value within the City. The total taxable value is multiplied by the millage to determine local property tax revenue. The City's charter maximum levy is 15 mills, but due to the Headlee Amendment and Truth in Assessing over the last several years, the millage rate has been rolled back to 13.9473 mills. A millage rollback is not required this year. The millage rate can only be increased above 13.9473 by a vote of the citizens.

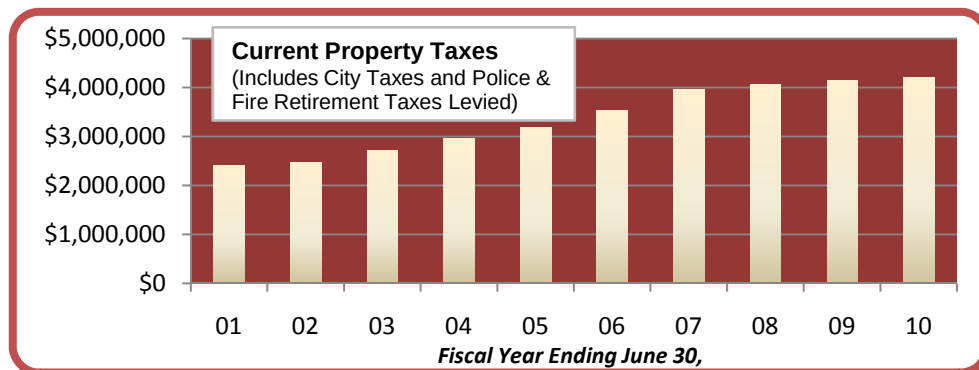


Police and Fire Retirement

The added millage voted to cover the retirement system of the Police and Fire Departments is based on salaries of an estimated \$1.5 million. The employer's contribution rate is 31.41% of gross salaries for the Police Department, while the Fire Department contribution rate is 27.2% of gross salaries, based on actuary estimates. The members of the police and fire retirement system contribute 3% of their salaries to help offset these costs. The 2.6 mill levy is designed to fully cover the annual required contributions to this system. The graph shows the fluctuations to the millage rate that occur due to salary increases, actuarial percentages, investments, changes in benefits, and the taxable value of City properties.

FUNDING DETAILS

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Taxes				
Current Tax	\$3,371,911	\$3,500,000	\$3,485,000	\$3,550,000
Delinquent Tax Collections	(218)	0	0	0
Industrial Facilities Tax	132,662	130,000	130,000	130,000
Current Property Tax - Police and Fire	700,811	650,000	650,000	655,000
Administration Fees	142,077	140,000	140,000	140,000
Trailer Park Fees	2,148	1,600	2,200	2,200
Penalties and Interest	49,395	45,000	45,000	45,000
Payment in Lieu of Taxes				
Housing Commission	80,170	70,000	60,000	70,000
Cable T.V.	79,847	75,000	70,000	75,000
Total Taxes	\$4,558,803	\$4,611,600	\$4,582,200	\$4,667,200
Licenses and Permits				
Business Licenses	\$1,210	\$1,200	\$1,200	\$1,200
Total Licenses and Permits	\$1,210	\$1,200	\$1,200	\$1,200
Intergovernmental Revenues				
State Shared Revenues:				
Sales & Use Tax - Constitutional	\$683,446	\$650,000	\$650,000	\$650,000
Sales & Use Tax - Statutory	330,384	\$306,000	306,000	300,000
Liquor Licenses	8,036	8,000	8,000	8,000
Telecommunications Right of Way	33,183	30,000	30,000	32,000
Grants from Local Units:				
Fire Protection	171,198	175,800	175,000	175,000
Michigan Justice Training Grant	3,621	1,700	3,500	3,500
Federal Grants	24,253	0	0	205,000
State of Michigan Grants	0	0	0	0
Total Intergovernmental Revenues	\$1,254,121	\$1,171,500	\$1,172,500	\$1,373,500



Revenue Highlights

Industrial Facilities Tax

This tax abatement program has grown consistently as the City Council has established a policy of granting an abatement to any qualified industrial facility. This program allows Council to abate half of the City taxes for up to 12 years. Exemptions have been granted with a total value of \$20,910,129. This is virtually unchanged from last year. This represents over 200 abatements varying in value granted by the City of Cadillac.

State Shared Revenue

A number of years ago, a state-wide vote increased the sales tax from 4% to 6%. In 1997, the State included the income tax and the single business tax with the sales tax figure and developed a statutory and constitutional state-shared revenue. Economic downturn in the State of Michigan has affected the sales tax growth. The ongoing recession in the state and national economy continues to be reflected in the downward trend of this important revenue source. The FY2010 budget includes another slight reduction.

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 1.9 mills on its real and personal property taxes. The township's estimated taxable value is \$85.3 million. The fire contract was just renewed until June 30, 2013.

Solid Waste Collection

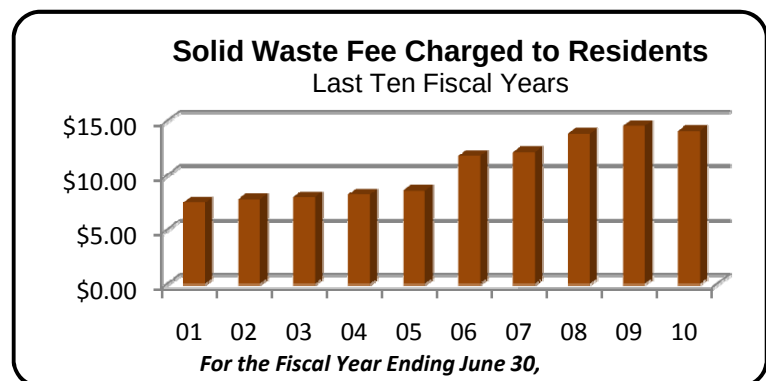
Solid waste collection is a contracted service with a private contractor. The cost is passed on to residents with only a slight markup to cover costs associated with administering the waste removal program. The new rate reflects annual contractual adjustments which are based on inflationary indexes. The decrease is a result of a significant decline in fuel costs compared to the prior year, as well as a negative CPI adjustment. These decreases were slightly offset, however, by an increase in tipping fees at the Wexford County Landfill. The rate for the rental of tidy totes is recommended to remain at \$2.20 per month.

Refuse Collection

3,250 average units x \$14.08
recommended monthly fee x 12 =
\$550,000 annual solid waste collection fee

Tidy Tote Garbage Cans

1,800 average customers x \$2.20 per
month fee x 12 = \$47,500 annual collection
(\$1.85 of the monthly collection fee is paid
back to the waste collector.)



Engineering Fees

Engineering Fees are fees collected internally to cover the engineering costs of projects. Total billable construction projects are \$240,000 and the engineering fee is 10% of the costs.

FUNDING DETAILS

	<u>FY2008</u> <u>Actual</u>	<u>FY2009</u> <u>Estimated</u>	<u>FY2009</u> <u>Adopted</u>	<u>FY2010</u> <u>Proposed</u>
Charges For Services				
Zoning Fees	\$2,205	\$2,200	\$2,000	\$2,000
Exemption Certificate Fees	900	2,500	1,000	1,000
Police Charges	6,235	2,000	2,500	3,000
Engineering Fees	17,458	15,000	3,500	24,000
Solid Waste Collection	593,814	606,000	620,800	635,000
Sale of Maps and Ordinances	595	1,000	500	1,000
Rental Housing Ordinance Fee	6,260	5,000	5,000	6,000
Total Charges For Services	\$627,467	\$633,700	\$635,300	\$672,000
Fines and Forfeits				
Violations Bureau	\$29,083	\$31,000	\$25,300	\$29,000
Total Fines and Forfeits	\$29,083	\$31,000	\$25,300	\$29,000
Miscellaneous				
Interest Income	\$111,445	\$70,000	\$75,000	\$70,000
Land and Building Rental	1,820	1,000	1,000	1,500
Sale of Property	36,329	245,000	7,500	10,000
Reimbursements				
Housing Commission	224,799	255,000	245,000	250,000
Contributions - Private Sources	32,525	25,000	1,500	27,000
Northflight	52,167	53,000	54,000	55,000
Miscellaneous - Refunds and Rebates	28,101	10,000	8,200	10,000
Total Miscellaneous	\$487,186	\$659,000	\$392,200	\$423,500
Other Financing Sources				
Water and Sewer Fund	\$203,800	\$201,900	\$201,900	\$201,900
Major Street Fund	41,400	39,200	39,200	19,600
Local Street Fund	38,200	35,800	35,800	17,900
Stores & Garage Fund	45,700	30,100	30,100	30,100
Community Development Fund	17,600	19,100	19,100	19,100
Data Processing Fund	21,900	28,600	28,600	28,600
Cemetery Operating Fund	0	8,500	8,500	8,500
Other Transfers In	40,152	0	0	0
Surplus - Diggins Hill Contributions	0	0	0	75,000
Surplus - Reserves	0	0	50,000	16,700
Total Other Financing Sources	\$408,752	\$363,200	\$413,200	\$417,400
TOTAL REVENUES	\$7,366,622	\$7,471,200	\$7,221,900	\$7,583,800

FUNDING SUMMARY

	FY2008 <u>Actual</u>	FY2009 <u>Estimated</u>	FY2009 <u>Adopted</u>	FY2010 <u>Proposed</u>
<u>EXPENDITURES</u>				
General Government				
Legislative	\$43,544	\$58,500	\$58,500	\$51,200
Manager	183,020	187,300	188,400	186,800
Administrative Services	96,767	131,800	136,600	137,000
Elections	8,574	7,600	11,000	11,500
Finance	237,501	213,200	225,800	223,000
Assessor	161,174	135,500	132,500	132,600
Attorney	81,009	83,100	83,800	83,500
Clerk/Treasurer	282,520	280,000	287,300	287,300
Engineering	200,564	220,800	217,400	219,100
City Hall	321,983	326,000	336,000	309,500
Total General Government	\$1,616,656	\$1,643,800	\$1,677,300	\$1,641,500
Public Safety				
Police	\$2,055,497	\$1,868,400	\$1,936,600	\$1,853,700
Code Enforcement	0	9,000	0	31,300
Fire	1,284,000	1,298,100	1,272,500	1,531,300
Total Public Safety	\$3,339,497	\$3,175,500	\$3,209,100	\$3,416,300
Public Works	\$866,248	\$913,100	\$900,400	\$884,200
Culture and Recreation	205,612	213,600	211,300	293,300
Economic Development and Assistance	206,153	159,000	133,900	132,600
Intergovernmental Expenses	358,137	392,400	387,200	353,500
Other Financing	566,400	962,700	702,700	862,400
TOTAL EXPENDITURES	\$7,158,703	\$7,460,100	\$7,221,900	\$7,583,800
FUND BALANCE AT YEAR END				
Net Change in Fund Balance	\$207,919	\$11,100	(\$50,000)	(\$91,700)
Fund Balance - Beginning of Year	1,818,026	2,025,945	2,025,945	2,037,045
FUND BALANCE AT YEAR END				
Reserved	125,961	117,573	117,573	42,573
Designated	1,899,984	1,919,472	1,858,372	1,902,772
TOTAL FUND BALANCE	\$2,025,945	\$2,037,045	\$1,975,945	\$1,945,345

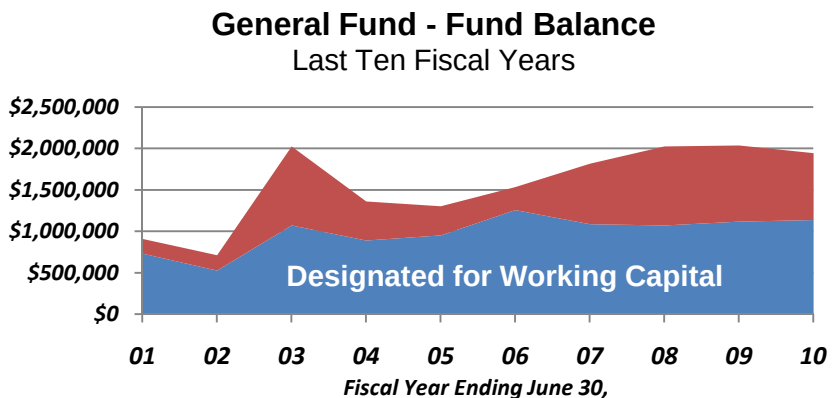
Fund Balance Information**Reserved and Designated Fund Balance**

All fund balance remaining at the end of the fiscal year is either reserved or designated for a certain purpose. Specific reserves and designations at the end of FY2007 and estimates for FY2008 and FY2009 are as follows:

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Reserved:				
Blackburn Skate Park/ Youth Services	6,223	6,223	6,223	6,223
Drug Forfeiture	7,910	7,910	7,910	7,910
Fire Safety House	2,250	2,250	2,250	2,250
Veterans Memorial	1,855	1,855	1,855	1,855
Pistol Range	1,811	1,811	1,811	1,811
Antique Fire Truck	1,639	1,639	1,639	1,639
White Pine Trail	2,394	2,394	2,394	2,394
Youth Services	844	844	844	844
Inventory	2,297	2,297	2,297	2,297
Mayor Wedding Fees	350	350	350	350
Diggins Hill Tennis Courts	31,435	75,000	75,000	0
Prepaid Expenditures	66,953	15,000	15,000	15,000
Total Reserved	125,961	117,573	117,573	42,573
Designated:				
Sick & Vacation Funding	737,344	711,622	686,252	676,367
Working Capital	1,073,805	1,119,015	1,083,285	1,137,570
Police and Fire Retirement	88,835	88,835	88,835	88,835
Total Designated	\$1,899,984	\$1,919,472	\$1,858,372	\$1,902,772
TOTAL FUND BALANCE	\$2,025,945	\$2,037,045	\$1,975,945	\$1,945,345

Fund Balance

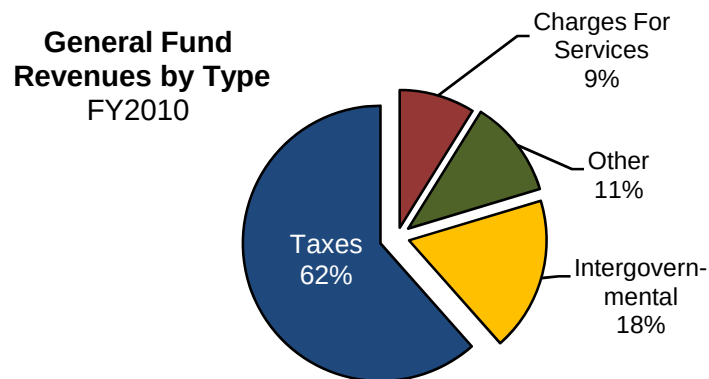
The Fund Balance chart shows total Fund Balance of the General Fund, as well as the split between the portion designated for Working Capital and all other portions in the aggregate.

**Fund-Based Measures:**

Available General Fund fund balance presented as the number of months of General Fund operating and intergovernmental expenditures that could be financed by fund balance **1.8 months**

Working Capital designated fund balance as percentage of General Fund Revenues **15.00%**

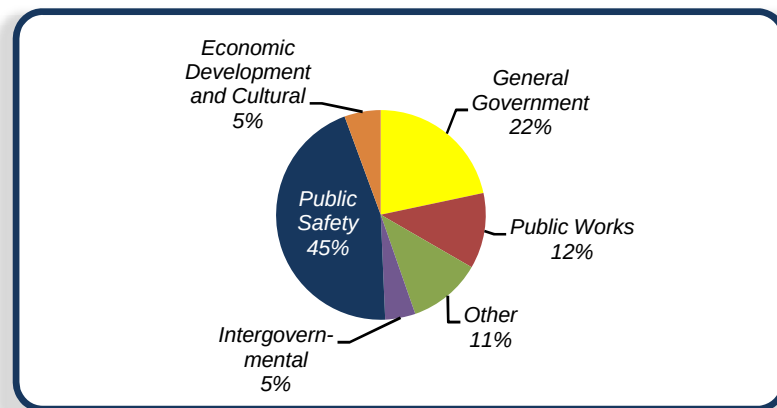
Revenues by Type



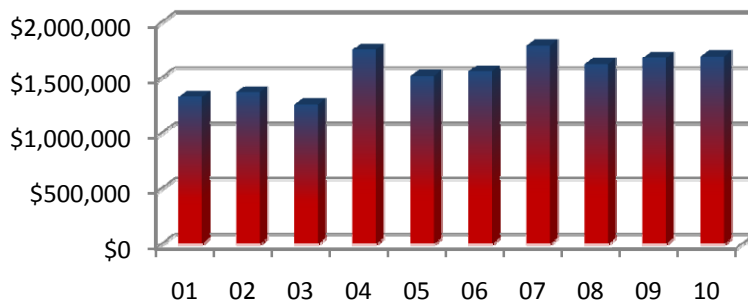
Expenditure Analysis Charts

Expenditures by Activity

The chart at the right shows the split of General Fund expenditures by activity. These percentages have remained relatively constant.



General Government Expenditures
Last Ten Fiscal Years

**General Government Expenditures**

This chart shows the level of General Government spending over the last 10 years. General Government expenditures include all administrative departments, the legal department, assessing and elections, and the annual expenditures to maintain the City's municipal complex.

FUNDING DETAILS

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
<u>GENERAL GOVERNMENT</u>				
Legislative				
Salaries	\$14,943	\$15,300	\$14,900	\$15,300
Fringes	1,170	1,300	1,500	1,300
Office Supplies	1,678	1,600	1,800	1,800
Contractual Services	2,240	7,500	4,000	1,500
Data Processing	0	9,300	9,300	9,300
Dues & Publications	7,320	8,500	10,000	7,000
Travel and Education	11,208	10,500	12,000	10,000
Ordinances and Proceedings	4,985	4,500	5,000	5,000
Total Legislative	\$43,544	\$58,500	\$58,500	\$51,200

City Council Personnel				
Full-Time Positions	0	0	0	0
Part-Time Positions	5	5	5	5
Per Capita Cost	\$4.35	\$5.85	\$5.85	\$5.12

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		
Name	Position	Term Expires:
William S. Barnett	Mayor	December 31, 2009
James Dean	Mayor Pro-Tem	December 31, 2009
Art Stevens	Councilmember	December 31, 2011
Tom Dyer	Councilmember	December 31, 2009
Shari Spoelman	Councilmember	December 31, 2011

PERFORMANCE MEASURES			
Fiscal Year	Per Capita Cost	Council Meetings:	Number of Ordinances:
2010	\$5.22	24	15
2009	\$5.85	24	15
2008	\$4.63	22	15
2007	\$4.89	21	21
2006	\$4.35	21	21
2005	\$4.86	23	19
2004	\$4.95	23	18
2003	\$3.92	23	25
2002	\$4.36	23	26
2001	\$4.17	23	17

FUNDING DETAILS

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
<u>GENERAL GOVERNMENT (Cont.)</u>				
Manager				
Salaries	\$128,930	\$132,000	\$133,000	\$132,000
Fringes	32,819	35,000	34,100	34,600
Office Supplies	998	1,600	1,600	1,500
Postage	70	200	200	200
Data Processing	4,000	3,500	3,500	3,500
Dues & Publications	2,915	3,000	3,000	3,000
Telephone	721	1,000	1,000	1,000
Travel & Education	6,921	5,000	6,000	5,000
Vehicle Lease	5,646	6,000	6,000	4,400
Vehicle Repairs and Maintenance	0	0	0	1,600
Capital Outlay	0	0	0	0
Total Manager	\$183,020	\$187,300	\$188,400	\$186,800

<i>City Manager Personnel</i>				
Full-Time Positions	1.5	1.5	1.5	1.5
Part-Time Positions	0	0	0	0
Per Capita Cost	\$18.30	\$18.73	\$18.84	\$18.68

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. Peter Stalker has been the chief administrative officer since 1995. He has been with the City of Cadillac since 1987.

Linda Kent, his executive secretary, has been with the City since 2000. Her salary is split 50% in the City Manager department and 50% in the Assistant City Manager department.



Peter Stalker
City Manager

FY2010 CITY MANAGER CHALLENGES

The purpose of this section is to give the City Manager further opportunity to detail the significant challenges and opportunities that will be faced in the upcoming fiscal year. For FY2010, the following challenges/opportunities are identified:

- > Municipal revenue continues to lag behind inflationary trends due to:
 - * Significant decline in revenue sharing payments from the State of Michigan;
 - * Proposal A cap on property tax revenue, with new initiatives being proposed from Lansing to further restrict local property tax revenue;
 - * The national recession is impacting all sectors of the local economy, creating a myriad of challenges which require additional service from various municipal departments. This extension of services into non-traditional areas comes at a time when there are no additional municipal resources to support these activities.

FY2010 CITY MANAGER CHALLENGES (Continued)

- > The American Recovery and Reinvestment Act of 2009 will provide significant funding opportunities for a variety of programs. City staff will be following this process closely and will make application to various grant programs to seek this funding where appropriate.
- > The City and Wexford County have formed a committee to investigate consolidation and cost-sharing opportunities between the two local units of government. Significant efforts will be committed to this activity.
- > The City of Cadillac has prevailed with regard to a significant portion of the sewer lawsuit with Haring Township. This ultimately will result in additional focus on the negotiation of agreements for sewer service outside of the corporate city limits. The City is agreeable to this approach, as long as equity in taxation is achieved.
- > The municipal well field is approaching 50 years in age and is in need of replacement. This capital project has been planned for a number of years and it is anticipated that financing will be sought through the Drinking Water Revolving Fund (DWRF) loan program. Also related to this activity, the identification of appropriate well sites will be completed this year.
- > The US131/Mitchell Street reconstruction project will be completed this fiscal year. This is being undertaken via a partnership between the State of Michigan and the City of Cadillac.
- > Concerns remain with the Wexford County Landfill. The City will continue to work with the county on a cooperative effort to resolve this situation. The City will support a new solid waste plan, which is necessary to allow for a change in the business model for the operation of the landfill only if the plan incorporates a rate control agreement.
- > A complete rewrite of the City master plan will be undertaken as required by State law. An increased emphasis on public participation will be utilized throughout this process.
- > The existence of groundwater contamination throughout various areas in the community remains a significant concern. The City will continue to work with the affected properties to achieve viable solutions.



Preservation and protection of beautiful Lake Cadillac - which sits entirely within City limits - is a priority.

FUNDING DETAILS

	FY2008 <u>Actual</u>	FY2009 <u>Estimated</u>	FY2009 <u>Adopted</u>	FY2010 <u>Proposed</u>
<u>GENERAL GOVERNMENT (Cont.)</u>				
Assistant City Manager				
Salaries - Full Time	\$32,977	\$38,200	\$37,000	\$42,500
Salaries - Part Time	857	18,000	28,000	24,000
Fringes	6,772	14,000	12,100	16,700
Office Supplies	3,395	2,500	2,900	3,000
Postage	1,317	1,000	1,000	1,000
Contractual Services	43,019	48,000	45,000	40,000
Data Processing	4,000	3,500	3,500	3,500
Dues & Publications	1,472	2,000	2,000	2,000
Telephone	764	900	700	800
Travel & Education	2,194	3,500	4,000	3,000
Suggestion Award	0	200	400	500
Capital Outlay	0	0	0	0
Total Administrative Services	\$96,767	\$131,800	\$136,600	\$137,000

<i>Assistant City Manager Personnel</i>				
Full-Time Positions	0.8	0.9	0.9	0.9
Part-Time Positions	1.5	2	2	2
Per Capita Cost	\$9.68	\$13.18	\$13.66	\$13.70



Precia Garland
Assistant City Manager

Assistant City Manager

Precia Garland, Assistant City Manager, oversees this department. She has several functions at the City, therefore her salary is split among several funds. This department of the General Fund provides 30% of her salary. The Cadillac Development Fund provides an additional 40% with the remainder coming from the Downtown Development Authority Fund. A part-time graduate school intern is funded in this department as well as a part-time administrative assistant. The Assistant City Manager's department functions primarily as the human resource and grant-writing department. Within the Contractual Services line item is the cost of labor attorneys and other professional services which the City may encounter within the year.

Assistant City Manager (Continued)

Departmental Goals

2009-2010

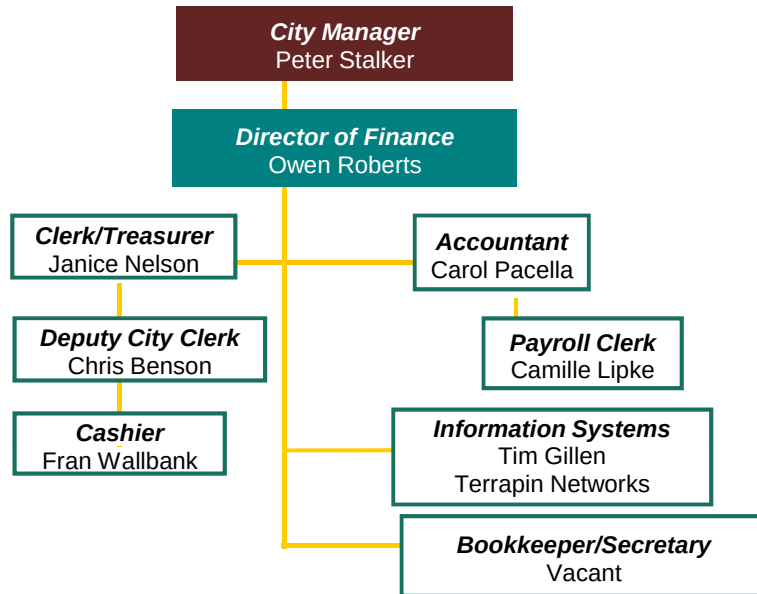
1. Revise Personnel Policies Manual to consolidate policies and comply with recent state and federal legislative updates.
2. Focus on grant funding opportunities for brownfield site assessments and redevelopment.
3. Implement Mitchell Street Improvement Project Public Relations Plan and associated promotions.
4. Prepare for special assessment renewal and explore alternate funding options to fund downtown off-street parking lots.
5. Develop downtown entrepreneurial gardening program, in partnership with various economic development groups (Chamber of Commerce, DCA, CDF, etc.)

2008-2009

1. Continue voluntary wellness program for full-time employees. **Status: Ongoing**
2. Continue development of city-wide employee training schedule to address issues that impact the organization. **Status: Ongoing**
3. Seek grant funding to expand public infrastructure as necessary to enable industrial development. **Status: Ongoing**
4. Finalize grant funding to assist Harris Milling site brownfield redevelopment. **Status: Completed**
5. Finalize grant funding & implement EPA Brownfield Assessment Program. **Status: Completed**
6. Undertake comprehensive review & update as necessary City Personnel Policy Manual and other policies related to human resources and benefits administration. **Status: In progress**
7. Finalize plans and communications strategies for Mitchell Street streetscape project, expected to begin in Spring, 2009. **Status: Completed**
8. Research options for homeowner-occupied grants and low-interest loans. **Status: Ongoing**

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 clerk-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.



Owen Roberts
Director of Finance

Departmental Goals**2008-2009**

1. Obtain the Distinguished Budget Presentation Award. **Status: Accomplished.**
2. Obtain the Certificate for Excellence in Financial Reporting. **Status: Accomplished**
3. Reduce year end audit adjustments by 10%. **Status: Accomplished**
4. Maintain working capital reserve at 15% of operating budget. **Status: Accomplished**
5. Develop 5-year financial plan. **Status: In development**

2009-2010

1. Obtain the Distinguished Budget Presentation Award.
2. Obtain the Certificate for Excellence in Financial Reporting.
3. Reduce year end audit adjustments by 10%.
4. Maintain working capital reserve at 15% of operating budget.
5. Complete 5-year financial plan.

FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
<u>GENERAL GOVERNMENT (Cont.)</u>				
Financial Services				
Salaries	\$132,663	\$115,500	\$114,000	\$121,000
Fringes	42,224	41,000	52,800	42,500
Office Supplies	18,061	7,000	7,500	8,000
Postage	1,801	2,100	2,500	2,500
Audit	14,300	10,600	11,000	12,000
Data Processing	18,500	28,000	28,000	28,000
Dues & Publications	2,700	3,000	3,500	3,000
Telephone	736	1,000	1,000	1,000
Travel & Education	6,516	5,000	5,500	5,000
Capital Outlay	0	0	0	0
Total Financial Services	\$237,501	\$213,200	\$225,800	\$223,000

<i>Financial Services Department Personnel</i>				
Full-Time Positions	1.94	1.94	2.25	2.25
Part-Time Positions	0	0	0	0
Per Capita Cost:	\$23.75	\$21.32	\$22.58	\$22.30

Note: No additional staff was added for FY2009. An allocation analysis resulted in some changes which are reflected throughout the budget.

PERFORMANCE MEASURES - Financial Services Department				
Fiscal Year	Manual Journal Entries	Audit Adjustments	Checks Disbursed	Accounts Receivable Invoices
2001	2,228	247	8,265	590
2002	1,520	227	8,248	550
2003	1,359	226	8,131	623
2004	1,109	253	8,358	617
2005	1,166	155	6,352	613
2006	832	155	5,536	625
2007	640	125	5,397	620
2008	592	100	3,591	532
2009	650	100	3,700	600
2010	650	90	3,700	600

Change in accounting software accounted for a decrease in journal entries in 2006. Over the last ten years, check disbursement has decreased by 43%.

Overseeing the investments of the City of Cadillac is a vital part of the Finance Department's responsibility. Investing of daily cash generates the equivalent of one mill of taxes for the City.

Departmental Highlights

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, 2012. 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 anticipates legal costs associated with defending the property values assessed.

City Attorney

The City Attorney is David McCurdy of the law firm McCurdy and Wotila, P.C. The firm is under contract to provide the legal advisory services to the City. Their function is to prepare and review resolutions, ordinances, contracts, bonds, and other written instruments to which the City is or may be a party to, the defense or prosecution of claims involving the City, and the prosecution of criminal offenses. The most important function is to counsel the City Administration in all legal matters. Mr. McCurdy has been the City Attorney for over twelve years. This firm has an annual renewable agreement.



David McCurdy
City Attorney

Performance Measurements					
	2008	2007	2006	2005	2004
Ordinances Prepared	12	15	23	19	19
Hours Spent for The City	760	640	571	715	900
Cost Per Hour	\$102	\$122	\$132	\$105	\$82
Other Resolutions	7	8	12	6	3
IFT Resolutions	14	20	36	58	37

FUNDING DETAILS

	FY2008 <u>Actual</u>	FY2009 <u>Estimated</u>	FY2009 <u>Adopted</u>	FY2010 <u>Proposed</u>
<u>GENERAL GOVERNMENT (Cont.)</u>				
Assessor				
Office Supplies	\$0	\$0	\$0	\$0
Postage	2,968	4,000	3,000	3,000
Contractual Services	14,135	12,000	10,000	10,000
Wexford County Contract	95,624	100,000	100,000	100,000
Data Processing	47,000	18,000	18,000	18,000
Board of Review	1,447	1,500	1,500	1,600
Total Assessor	\$161,174	\$135,500	\$132,500	\$132,600

<u>Assessing Personnel</u>				
Full-Time Positions	0	0	0	0
Part-Time Positions	0	0	0	0
Per Capita Costs	\$16.12	\$13.55	\$13.25	\$13.26

Attorney

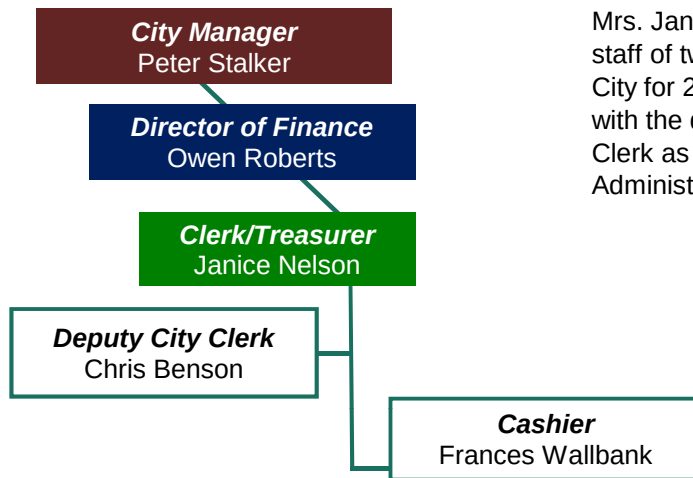
Office Supplies	\$329	\$1,000	1,600	\$1,500
Contractual Services	80,380	81,000	81,000	81,000
Travel & Education	300	1,100	1,200	1,000
Total Attorney	\$81,009	\$83,100	\$83,800	\$83,500

<u>City Attorney Personnel</u>				
Full-Time Positions	0	0	0	0
Part-Time Positions	0	0	0	0
Per Capita Costs	\$8.10	\$8.31	\$8.38	\$8.35

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.



Mrs. Janice Nelson, City Clerk/Treasurer, has a capable staff of two to assist her. Mrs. Nelson has been with the City for 28 years. She holds a Masters Degree, along with the distinguished designation of Certified Municipal Clerk as well as Certified Municipal Finance Administrator.

Expenditure Analysis

The major expenditures in this department are for data processing costs, which are for the internal use of the computer and programmer as the majority of the processed material is computerized including elections. Another major expenditure is for bad debt expenditures which are the taxes that were reimbursed to the City from Wexford County and are allowed to go to the tax sale. Wexford County will reimburse the City for delinquent taxes and proceed to collect those delinquencies for us and if they are unable to collect them, they go to tax sale and the City is obligated to return the funds to the County at that time.

PERFORMANCE MEASURES				
<u>Fiscal Year</u>	<u>Payroll Checks Written</u>	<u>Elections</u>	<u>Voters</u>	<u>Per Capita Cost</u>
2010	1,200	1	7,552	\$28.73
2009	1,250	3	7,477	\$28.00
2008	1,282	2	7,231	\$28.25
2007	1,514	2	7,182	\$40.14
2006	1,584	2	7,155	\$24.25
2005	2,401	1	6,931	\$22.48
2004	3,218	2	6,803	\$26.29
2003	3,409	1	6,778	\$18.41
2002	3,513	2	6,767	\$19.30

FUNDING DETAILS

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
<u>GENERAL GOVERNMENT (Cont.)</u>				
Clerk/Treasurer				
Salaries	\$139,053	\$144,000	\$142,500	\$143,500
Fringes	75,373	75,000	75,200	74,700
Office Supplies	598	2,000	3,500	3,000
Postage	7,750	9,500	9,500	9,000
Data Processing	40,000	40,000	40,000	40,000
Dues & Publications	612	500	600	600
Telephone	(2)	0	0	0
Travel & Education	179	1,000	1,000	1,500
Bad Debt Expense (1)	18,957	8,000	15,000	15,000
Total Clerk/Treasurer	\$282,520	\$280,000	\$287,300	\$287,300

(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.

<u>Clerk/Treasurer Personnel</u>				
Full-Time Positions	4	4	4	4
Part-Time Positions	0	0	0	0

Elections

Salaries	\$3,518	\$5,600	6,000	\$7,500
Office Supplies	5,056	2,000	5,000	4,000
Capital Outlay	0	0	0	0
Total Elections	\$8,574	\$7,600	\$11,000	\$11,500

<u>Elections Personnel</u>				
Full-Time Positions	0	0	0	0
Part-Time Positions	15	15	15	15

Elections

Three elections will be held in FY2010, the August primary and November general election in 2009 and a special election in May 2010. The election process is computerized and uses AccuVote machines which scan ballots inserted by the voter. The election staff of approximately 15 are all part-time employees that work one or two days for each election.

There are 7,522 registered voters on the voting roll.

Cost per registered voter	\$1.14	\$1.01	\$1.46	\$1.53
Cost per Capita	\$0.86	\$0.76	\$1.10	\$1.15

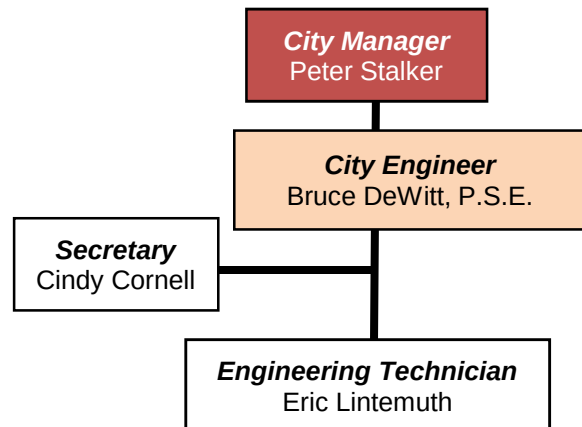
FUNDING DETAILS

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
<u>GENERAL GOVERNMENT (Cont.)</u>				
Engineering				
Salaries	\$111,660	\$117,500	\$116,800	\$121,000
Fringes	58,333	62,000	46,200	61,600
Office Supplies	2,636	2,800	3,500	3,500
Postage	69	100	200	200
Contractual Services	8,000	5,000	8,000	8,000
Data Processing	17,500	20,000	20,000	20,000
Dues & Publications	398	800	1,500	1,500
Telephone	398	500	450	500
Travel & Education	260	500	750	800
Equipment Rental	1,310	1,600	3,000	2,000
Capital Outlay	0	10,000	17,000	0
Total Engineering	\$200,564	\$220,800	\$217,400	\$219,100

<u>Engineering Department Personnel</u>				
Full-Time Positions	2.41	2.41	2.41	2.51
Part-Time Positions	0	1	1	0
Cost per Capita	\$20.06	\$22.08	\$21.74	\$21.91

Engineering

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. A professional engineer licensed by the State of Michigan must oversee the department. The engineer plays a major role in providing the infrastructure needs of the City. Contractual Services were included to reflect the use of a contractual employee to enter and develop our Geographic Information System (GIS) and also to include the use of consulting engineers as many street projects have been developed in the past couple of years. For twenty-eight years, Bruce DeWitt has been the City Engineer. The secretary has 51% of her salary applied to this department.



FUNDING DETAILS

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
<u>GENERAL GOVERNMENT (Cont.)</u>				
City Hall				
Salaries	\$32,682	\$34,000	\$31,700	\$38,000
Salaries - Part-Time	16,064	\$7,500	8,000	0
Fringes	14,186	12,500	13,800	17,300
Operating Supplies	13,069	13,500	14,200	14,000
Contractual Services	12,479	15,000	18,500	10,100
Service/Lease Contracts	6,303	8,500	9,800	8,400
Data Processing	0	5,500	5,500	5,500
Liability Insurance	96,822	89,000	96,300	94,000
Utilities	86,282	90,000	96,200	96,200
Repair and Maintenance	18,532	24,000	15,000	16,000
Equipment Rental	6,000	7,200	7,200	7,700
Parking Contract	2,259	2,300	2,300	2,300
Capital Outlay	17,305	17,000	17,500	0
Total City Hall	\$321,983	\$326,000	\$336,000	\$309,500

<i>City Hall Personnel</i>				
Full-Time Positions	1.3	1.3	1.3	1.3
Part-Time Positions	2	2	2	0
Cost per Capita	\$32.20	\$32.60	\$33.60	\$30.95

TOTAL GENERAL GOVERNMENT	\$1,616,656	\$1,643,800	\$1,677,300	\$1,641,500
General Government costs per Capita	\$161.67	\$164.38	\$167.73	\$164.15

**City Hall**

The maintenance of the physical plant, which is occupied 24 hours per day, is anticipated to increase as the facility ages. Major replacements over the past few years have been the roof, the HVAC system, and the upgrade of the Council chambers. Salaries for FY2010 reflect 10% of the receptionist, 17.5% of an administrative assistant, and the full-time custodian. Several proposed capital improvements to the municipal complex have been delayed as a result of funding constraints.

PUBLIC SAFETY***City of Cadillac Public Safety***

The Public Safety functions within the City of Cadillac consist of both a full-time Police Department and a full-time Fire Department. Oversight of both of these departments has been consolidated into the Director of Public Safety. Jeff Hawke has been the Director of Public Safety since December 2002. Mr. Hawke began his career with the City of Cadillac in 1986. He oversees a staff of 17 full-time police staff, 14 part-time police staff, 11 full-time firefighters, 17 part-time firefighters, and one building inspector. Oversight of the code enforcement program as well as the Building Inspection department fall within his responsibilities as well.



Jeff Hawke
Public Safety Director

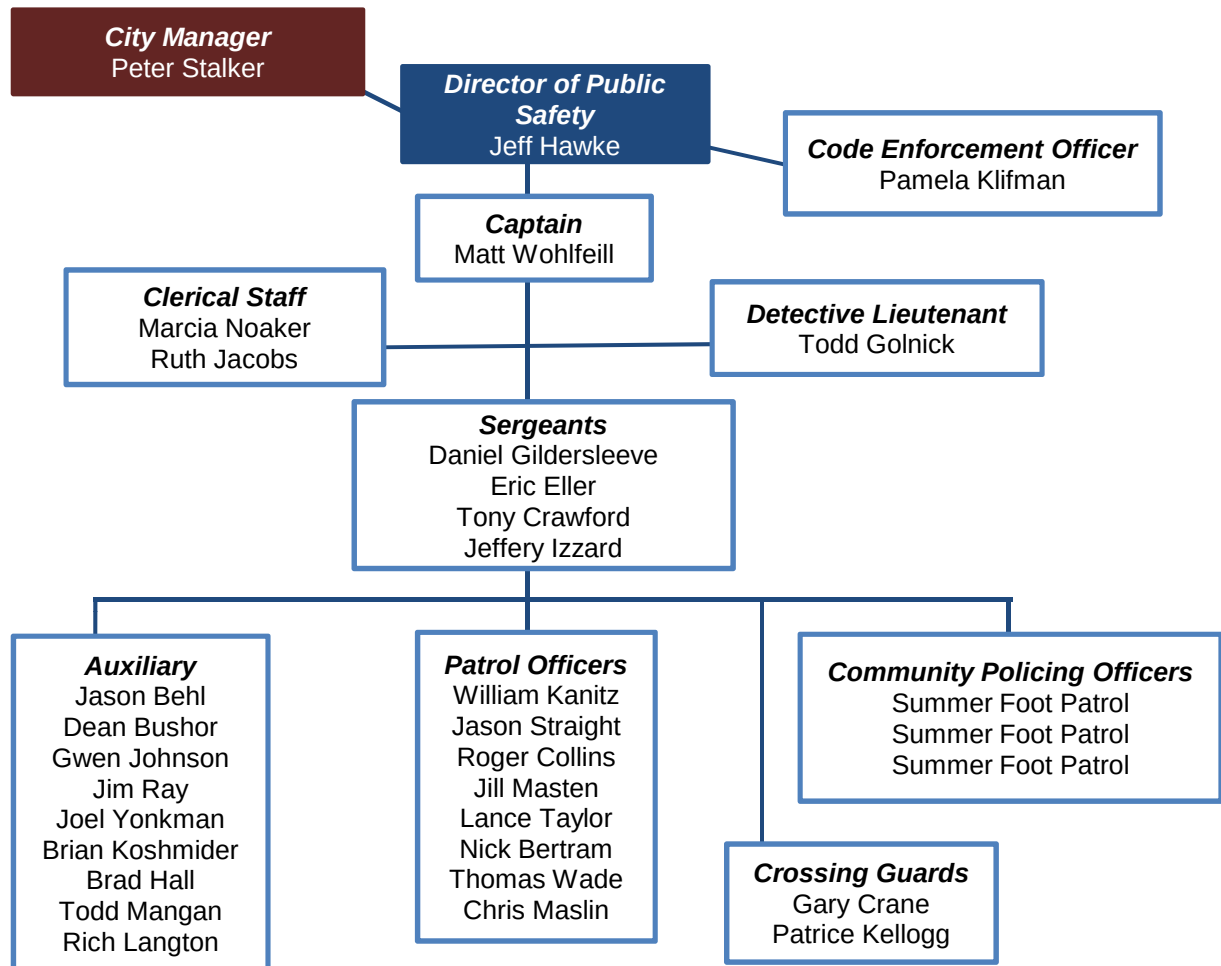
***CALEA Recognition Achieved***

Under Jeff's leadership, the Cadillac Police Department achieved recognition from the Commission on Accreditation for Law Enforcement Agencies (CALEA). This intensive process ensures that the department is in compliance with the highest standards in the carrying out of their duties.

***Fire Pumper/Tanker***

In 2008 the Cadillac Fire Department was awarded a grant to replace an aging 1998 tanker. The \$218,000 federal grant made the replacement possible, representing a significant improvement to the department's fleet of fire fighting and rescue apparatus.

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:

- * **Enforce** the laws of the State of Michigan and ordinances of the City of Cadillac, protect the community from harm, and uphold the Constitution of the United States.
- * **Enhance** the quality of life and feeling of safety in the community through exceptional service, crime prevention, intervention, and problem solving.
- * **Exhibit** professionalism, integrity, and courtesy while respecting the rights and dignity of all persons.

Police Department Information and Performance Measures

**Cadillac Mounted Patrol/Community Policing Officers**

The summer of 1999 saw the appearance of the **Cadillac Police Mounted Patrol**. Jim Ray and Gwen Johnson are on patrol during festivals and parades, on horseback. The patrol has been a great hit with area children.

Community Policing Officers, formally known as the summer foot patrol, are graduates of the police academy and work from May to September. There are three part-time officers assigned to the downtown area and lakefront. The officers are on foot or bicycle enforcing ordinance violations as well as State and Federal laws. The program was conceived in 1989. A steady decline in violations has been noted over the past 18 years, confirming the effectiveness of the program.

K-9 Officer Bo, along with his partner Officer Lance Taylor conducted:

	2002	2003	2004	2005	2006	2007	2008
Tracking Calls	27	39	39	3	10	5	11
Demonstrations	11	21	23	25	6	5	26
Drug Searches	15	23	30	6	26	11	17

Note: Due to the promotion of the past K-9 handler and the subsequent need to select and train a new K-9 handler, the K-9 unit was only operational for the last three months of FY2007.

Cadillac Police Department Fleet Details			
#	Vehicle	Assignment	Miles
1	2007 Fusion	Detective	22,636
2	2002 Impala	Captain	72,010
3	2006 Dodge Durango	K-9	20,231
4	2008 Impala	Patrol	7,509
5	2007 Impala	Patrol	32,590
6	2003 Impala	Code Enforcement	72,383
7	2000 Crown Victoria	Director	98,330
8	2003 Impala	Training/School	75,400
9	2006 Impala	Patrol	56,390
10	2004 Impala	Patrol Back-Up	75,959
11	2005 Tahoe	Patrol Back-Up	67,250
12	1998 Ford F-150	Utility	161,825



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

Police Department Information and Performance Measures (Continued)

POLICE DEPARTMENT - WORKLOAD MEASURES					
	2004	2005	2006	2007	2008
Police Reports	4,984	4,899	4,625	4,520	4,389
Traffic Citations	1,530	1,468	1,251	1,015	1,479
NSF Check Complaints	97	107	74	51	49
Freedom of Information Requests	102	169	145	118	167
Handgun Registrations	112	101	75	82	89
Total	6,825	6,744	6,170	5,786	6,173

FY2010 Capital Outlay Requests	
Patrol Car	\$23,000
Total	\$23,000

CALEA Performance Standards and Measurements - FY2009		
Performance Standard Category	Performance Standard Requirements	CPD Status
Prisoner Transportation	> Prisoner Searches > Vehicle Inspection > Restraining Devices > Officer Actions	Standard Achieved
Constitutional Requirements	> Interviews > Interrogations > Access to Counsel	Standard Achieved
Motor Vehicle Pursuits	> Evaluating Circumstances > Officer Responsibilities > Termination of Pursuit	Standard Achieved

The items above represent just a small sample of the standards that must be achieved to maintain CALEA recognition status.

Departmental Goals**2008-2009**

1. Continue CALEA Recognition process by maintaining proof files, conducting mandatory audits, reviewing and revising policies, and implementing newly required standards. **Status: On-going**
2. Enhance public relations and community awareness through "Street Beat" television show with TV2.
Status: In progress
3. Survey speeds in residential neighborhoods as part of the long term council goal of speed reduction.
Status: Completed

2009-2010

1. Continue residential speed reduction goal to enhance quality of life in neighborhoods.
2. Enhance training for arson investigations.
3. Continue on-going review of policy and procedures.

FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
<u>PUBLIC SAFETY</u>				
Police Department				
Salaries - Supervisory	\$94,343	\$95,000	\$98,900	\$99,500
Salaries - Patrolmen	688,392	650,000	670,000	695,000
Salaries - Overtime	73,328	60,000	68,000	60,000
Salaries - Clerks	82,585	80,000	91,000	61,000
Salaries - Crossing Guards	6,478	6,000	7,300	7,500
Salaries - Auxiliary	2,105	2,500	5,500	4,000
Salaries - Summer Patrol	17,549	17,500	18,000	18,000
Fringes	785,456	700,000	705,400	678,300
Office Supplies	9,562	7,500	7,500	6,500
Operating Supplies	47,739	41,000	41,000	39,000
Operating Supplies - Community Service	707	1,000	1,000	1,000
Uniform Cleaning	8,811	10,000	9,500	9,500
Data Processing	55,000	55,000	55,000	55,000
Dues & Publications	2,768	2,500	2,000	2,000
Radio & Equipment Maintenance	3,459	4,500	4,500	7,500
Telephone	2,798	4,500	5,000	4,000
Travel & Education	30,038	25,000	29,000	20,000
Vehicle Repair and Maintenance	21,597	25,000	23,500	23,500
Uniforms and Maintenance	15,025	12,000	11,500	10,000
Equipment Rental	21,055	23,000	23,000	23,000
Vehicle Lease	6,303	2,900	7,500	2,900
Copier Lease	3,224	3,500	3,700	3,500
Capital Outlay	77,175	40,000	48,800	23,000
Total Police Department	\$2,055,497	\$1,868,400	\$1,936,600	\$1,853,700

<i>Police Department Personnel</i>				
Full-Time Positions	18.5	18.5	17.1	16.4
Part-Time Positions	16	16	16	14
Police Cost per Capita	\$205.55	\$186.84	\$193.66	\$185.37

Police Department Wages

The union contract for the Police Officers Association of Michigan (POAM) is currently in negotiations. The last contract expired on June 30, 2008. Changes in wages for the current year include an estimate for potential settlement increases.

FUNDING DETAILS

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
<u>PUBLIC SAFETY</u>				
Code Enforcement				
Salaries	\$0	\$6,000	\$0	\$20,200
Fringes	0	3,000	0	10,100
Office Supplies	0	0	0	1,000
Total Code Enforcement	\$0	\$9,000	\$0	\$31,300

<i>Code Enforcement Personnel</i>				
Full-Time Positions	0.0	0.0	0.0	0.4
Part-Time Positions	0	0	0	0
Police Cost per Capita	\$0.00	\$0.90	\$0.00	\$3.13

Code Enforcement Department

In order to show the true costs of code enforcement activities, they were split into a separate department beginning in April 2009. Code enforcement activities are principally handled by building inspector Bob Hunt, with oversight duties provided by Jeff Hawke, the City's Director of Public Safety.

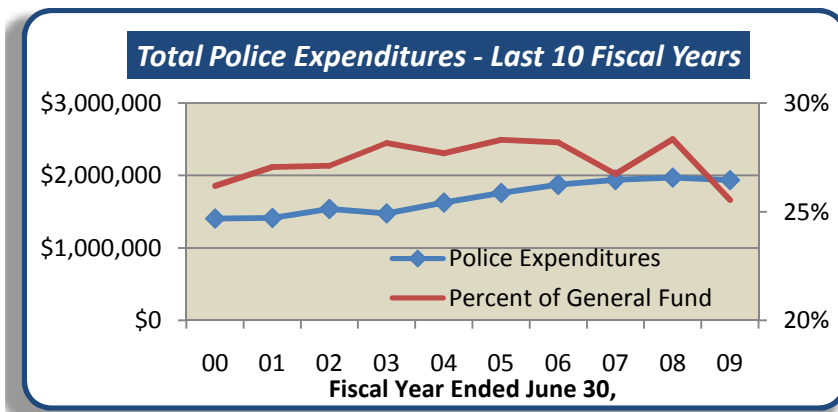
The code enforcement division investigates city ordinance violations such as blight, junk vehicles, noxious weeds, and snow removal violations. Activities also include the enforcement of downtown time zone parking areas.

	2008	2007	2006	2005	2004
Yards cleaned up (Blight Ordinance)	148	176	146	183	138
Junk vehicles removed	78	118	116	142	152
Yard Complaints (Noxious Weed Ordinance)	230	182	226	321	209
Total Code Enforcement Investigations	456	476	488	646	499



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

Police Expenditures



The chart at the left shows total police expenditures for the last ten fiscal years and the related percentage of total General Fund expenditures for each year. Much of the gradual increase is due to the rising cost of funding the Act 345 retirement system, as well as the City's implementation of GASB 45, which has led to a commitment to advanced funding of other post-employment benefits (OPEB).

Public Safety Benchmarking

<i>Police Department</i>						
<i>Cities</i>	<i>Census</i>	<i>FY2009 Police Budget</i>	<i>Number of Sworn Officers</i>	<i>Citizens Served Per Officer</i>	<i>Costs</i>	<i>% of General Fund</i>
Manistee	6,586	\$1,041,684	13	506.62	\$158.17	19.71%
Big Rapids	10,849	\$2,058,000	18	602.72	\$189.69	28.66%
Alpena	11,304	\$1,704,215	18	628.00	\$150.76	19.47%
Traverse City	14,532	\$3,904,300	28	519.00	\$268.67	26.30%
Sault Ste. Marie	16,542	\$2,026,780	23	719.22	\$122.52	17.56%
Coldwater	12,697	\$1,714,850	16	793.56	\$135.06	19.80%
Sturgis	11,285	\$2,331,249	19	593.95	\$206.58	31.50%
City of Cadillac	10,000	\$1,936,600	14	714.29	\$193.66	26.82%

<i>Fire Department</i>						
<i>Cities</i>	<i>2000 Census</i>	<i>FY2009 Fire Department Budget</i>	<i>Number of Full-Time Officers</i>	<i>Citizens Served Per Full-Time Officer</i>	<i>Per Capita Costs</i>	<i>% of General Fund</i>
Manistee	6,586	\$705,364	7	940.86	\$107.10	13.34%
Big Rapids	10,849	\$969,100	9	1,205.44	\$89.33	13.49%
Alpena	11,304	\$1,343,880	24	471.00	\$118.89	15.35%
Traverse City	14,532	\$3,505,100	27	538.22	\$241.20	23.61%
Sault Ste. Marie	16,542	\$1,095,175	18	919.00	\$66.21	9.49%
Coldwater	12,697	\$1,528,650	12	1,058.08	\$120.39	17.60%
Sturgis	11,285	\$1,474,031	11	1,025.91	\$130.62	19.90%
City of Cadillac	10,000	\$1,272,500	11	909.09	\$127.25	17.62%

Fire Department Information

The Cadillac Fire Department uses a capable and well-trained staff of 11 full-time firefighters and 17 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.

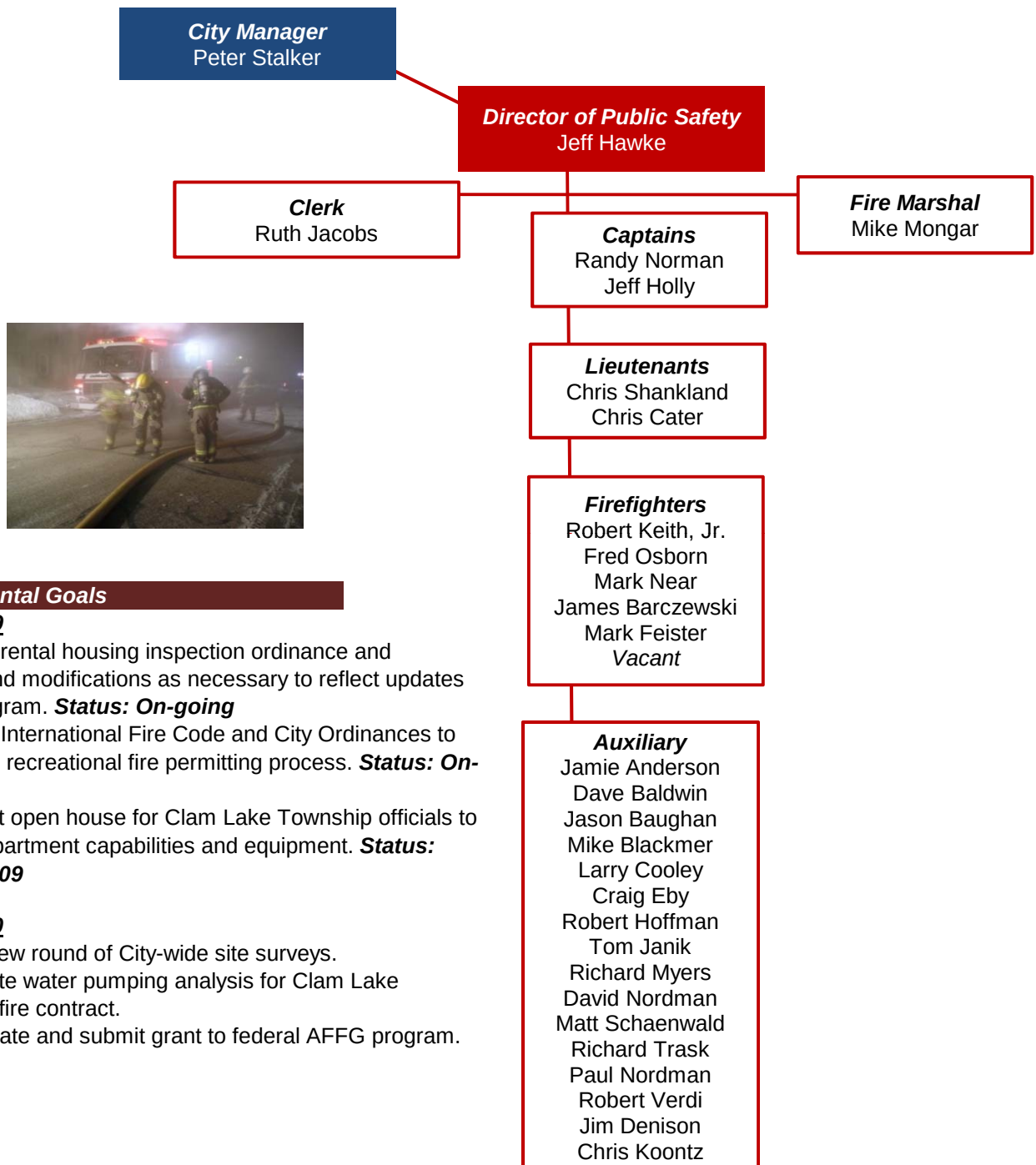
**Fire Marshal**

Firefighter Mike Mongar was assigned as Fire Marshal in 2003. Mike conducts commercial fire inspections, provides fire prevention education, coordinates the rental housing inspection program, and coordinates site inspections. In 2008, Mike completed the final level of certification offered by the National Fire Protection Association (NFPA).

PERFORMANCE MEASURES - Fire Department

	2004	2005	2006	2007	2008
Man-Hours spent in training	4,400	4,500	4,615	4,440	4,200
Hours spent in water rescue:					
Training	80	62	50	75	40
Total runs	N/A	N/A	1,361	1,653	1,587
Number of Fire Inspections	57	129	71	64	58
Number of Educational Programs Offered	11	12	12	12	12
Number of Fire Investigations Performed	54	64	51	56	41
Number of Fires Reported	54	64	51	56	41
Percentage of Fires Preventable by Inspection	10	20	20	10	5
Number of Fires of Suspicious Origins	2	6	2	4	5
Citizens attending Educational Programs	3,500	3,350	3,200	3,400	3,500
Number of EMT Runs	1,414	1,322	1,080	1,303	1,282
Man-Hours Spent Maintaining Vehicles	800	692	720	760	775
Rental Inspection Hours	630	624	747	667	780
Man hours spent on inspections	2,190	2,889	2,827	2,900	2,830
Man hours spent on reports	450	500	540	520	500
Man hours spent on fires	81	96	102	112	123
Man hours spent on public relations	700	740	720	700	725
Total man hours worked in last three years	31,120	33,600	33,680	33,000	33,426

FIRE DEPARTMENT CHART OF ORGANIZATION

**Departmental Goals****2008-2009**

1. Review rental housing inspection ordinance and recommend modifications as necessary to reflect updates to the program. **Status: On-going**
2. Review International Fire Code and City Ordinances to streamline recreational fire permitting process. **Status: On-going**
3. Conduct open house for Clam Lake Township officials to review department capabilities and equipment. **Status: Spring 2009**

2009-2010

1. Begin new round of City-wide site surveys.
2. Complete water pumping analysis for Clam Lake Township fire contract.
3. Coordinate and submit grant to federal AFFG program.

FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
<u>PUBLIC SAFETY (Cont.)</u>				
Fire Department				
Salaries - Supervisory	\$35,870	\$37,000	\$37,200	\$37,500
Salaries - Firefighters	470,395	480,000	509,300	500,000
Salaries - Clerks	424	9,000	10,000	10,000
Salaries - FLSA Overtime	0	0	0	35,000
Salaries - Overtime	114,341	135,000	72,300	80,000
Salaries - Volunteer	27,950	28,000	36,000	36,000
Fringes	520,331	487,000	488,100	489,600
Office Supplies	607	1,500	1,500	1,500
Operating Supplies	24,472	20,000	20,000	21,500
Operating Supplies-Community Service	1,376	1,500	1,700	1,500
Uniform Cleaning	2,750	2,800	2,800	2,800
Subsistence Allowance	9,093	13,500	13,200	13,500
Data Processing	10,000	11,000	11,000	11,000
Dues & Publications	2,814	2,700	2,000	2,500
Radio & Equipment Maintenance	5,056	4,500	4,500	8,500
Telephone	1,196	2,400	1,200	1,200
Travel & Education	12,220	16,000	11,000	10,000
Vehicle Repair & Maintenance	17,962	15,000	18,000	20,000
Uniforms & Maintenance	14,995	14,000	15,000	14,000
Vehicle Lease	4,128	4,500	4,800	4,200
Employee Safety	5,200	5,200	5,200	5,200
Capital Outlay	2,820	7,500	7,700	225,800
Total Fire Department	\$1,284,000	\$1,298,100	\$1,272,500	\$1,531,300

<i>Personnel</i>				
Full-Time Positions	11.5	11.9	11.9	11.9
Part-Time Positions	18	17	17	16
Fire Cost per Capita	\$128.40	\$129.81	\$127.25	\$153.13

TOTAL PUBLIC SAFETY	\$3,339,497	\$3,175,500	\$3,209,100	\$3,416,300
Public Safety Cost per Capita	\$333.95	\$317.55	\$320.91	\$341.63

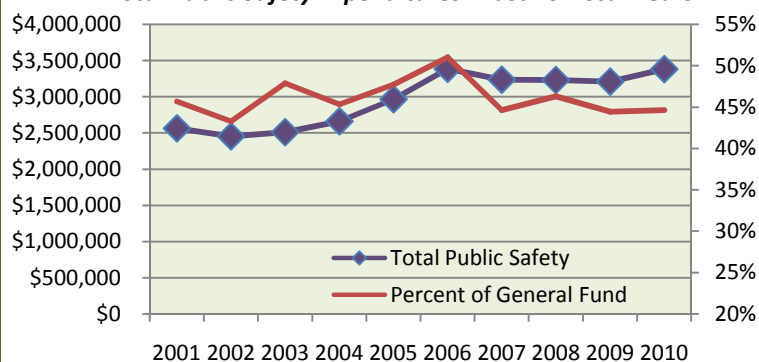
Fringe Benefits

Benefits are increasing primarily due to increases in hospitalization, OPEB, and retirement contributions.

Public Safety Expenditures

as a Percentage of Total General Fund Expenditures
1991-2010

Fiscal Year	Expenditures		Total Public Safety	General Fund Total Expenditures and other financing uses	Percent of total expenditures of General Fund		Total Public Safety (% of General Fund)
	Police	Fire			Police	Fire	
2010	\$1,853,700	\$1,531,300	\$3,385,000	\$7,583,800	24.44%	20.19%	44.63%
2009	\$1,936,600	\$1,272,500	\$3,209,100	\$7,221,900	26.82%	17.62%	44.44%
2008	\$1,973,100	\$1,258,000	\$3,231,100	\$6,977,100	28.28%	18.03%	46.31%
2007	\$1,937,927	\$1,298,359	\$3,236,286	\$7,247,727	26.74%	17.91%	44.65%
2006	\$1,872,203	\$1,517,368	\$3,389,571	\$6,642,264	28.19%	22.84%	51.03%
2005	\$1,760,171	\$1,207,111	\$2,967,282	\$6,217,441	28.31%	19.41%	47.73%
2004	\$1,626,181	\$1,035,891	\$2,662,072	\$5,872,347	27.69%	17.64%	45.33%
2003	\$1,475,406	\$1,034,873	\$2,510,279	\$5,239,720	28.16%	19.75%	47.91%
2002	\$1,537,630	\$916,998	\$2,454,628	\$5,671,563	27.11%	16.17%	43.28%
2001	\$1,575,551	\$988,632	\$2,564,183	\$5,613,156	28.07%	17.61%	45.68%
2000	\$1,465,293	\$1,144,998	\$2,610,291	\$5,366,921	27.30%	21.33%	48.64%
1999	\$1,433,047	\$991,645	\$2,424,692	\$5,234,493	27.38%	18.94%	46.32%
1998	\$1,447,101	\$873,240	\$2,320,341	\$4,948,684	29.24%	17.65%	46.89%
1997	\$1,369,058	\$908,804	\$2,277,862	\$4,687,638	29.21%	19.39%	48.59%
1996	\$1,236,945	\$824,857	\$2,061,802	\$4,532,936	27.29%	18.20%	45.48%
1995	\$1,214,244	\$835,244	\$2,049,488	\$4,553,093	26.67%	18.34%	45.01%
1994	\$1,271,421	\$1,149,142	\$2,420,563	\$4,832,474	26.31%	23.78%	50.09%
1993	\$1,148,090	\$680,831	\$1,828,921	\$4,199,778	27.34%	16.21%	43.55%
1992	\$1,142,313	\$671,956	\$1,814,269	\$3,937,455	29.01%	17.07%	46.08%
1991	\$999,179	\$582,199	\$1,581,378	\$3,621,131	27.59%	16.08%	43.67%

Total Public Safety Expenditures - Last 10 Fiscal Years**Total Public Safety Expenditures**

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

FUNDING DETAILS

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
<u>PUBLIC WORKS (Cont.)</u>				
Public Works - Miscellaneous				
Salaries	\$7,110	\$8,500	\$3,500	\$5,900
Fringes	4,974	5,000	2,600	2,800
Property Taxes	2,265	2,200	5,000	5,000
Street Lighting	99,662	120,000	103,300	110,000
Maintenance of Dam	1,970	2,500	2,500	2,500
Equipment Rental	32,677	18,000	16,300	19,900
Hydrant Rental	23,200	23,800	23,200	23,200
Total Public Works Miscellaneous	\$171,858	\$180,000	\$156,400	\$169,300

Public Works - Miscellaneous

Property taxes account for the small pieces of property the City obtains from year to year through the tax sale and an attempt is made to resell the property and put it back on the tax roll. Street Lighting is the cost paid to Consumers Energy for the 574 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 464 hydrants within the City. Salaries and Equipment Rental are provided by the Stores and Garage Fund on a contractual basis. Salaries and Fringes are costs repaid to the Stores and Garage Fund.

**Street Lights**

<u>Number of Lights</u>	<u>Lumens</u>	<u>Monthly Rate</u>
10	2,500	\$7.772
3	3,500	\$8.173
96	7,500	\$10.020
183	20,000	\$16.507
281	8,500	\$9.281
1	24,000	\$16.240

FUNDING DETAILS

	FY2008 <u>Actual</u>	FY2009 <u>Estimated</u>	FY2009 <u>Adopted</u>	FY2010 <u>Proposed</u>
<u>PUBLIC WORKS</u>				
Sidewalks				
Salaries	\$5,535	\$9,500	\$8,500	\$6,600
Salaries - Part Time	88	0	0	0
Fringes	4,037	6,200	6,300	4,000
Operating Supplies	1,062	1,700	1,900	0
Contractual Services	0	7,300	7,500	0
Equipment Rental	19,952	24,000	18,600	18,800
Total Sidewalks	\$30,674	\$48,700	\$42,800	\$29,400
Leaves				
Salaries	\$5,931	\$6,000	6,100	\$4,500
Fringes	4,949	5,000	4,600	2,700
Equipment Rental	43,033	42,000	43,800	32,000
Total Leaves	\$53,913	\$53,000	\$54,500	\$39,200

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 reinstituted for FY2009, and the City's portion of the assessment is included in Contractual Services.

Miles of sidewalks**Cadillac - 132**

Alpena- 115

Greenville - 65

Manistee - 88

Ludington - 120

Cheboygan - 28

Marshall - 25

Big Rapids - 60

Petoskey - 28

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.

***Hours spent in leaf pickup:***

2001	350	2006	272
2002	437	2007	246
2003	451	2008	383
2004	412	2009	380
2005	361	2010	300

FUNDING DETAILS

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
<u>PUBLIC WORKS (Cont.)</u>				
Grass & Weed Control				
Salaries	\$5,800	\$7,500	7,400	\$7,200
Fringes	3,761	5,500	5,500	4,300
Equipment Rental	18,444	29,000	29,300	23,900
Total Grass and Weed Control	\$28,005	\$42,000	\$42,200	\$35,400
Composting				
Salaries	\$4,675	\$1,000	\$6,000	\$1,500
Fringes	2,593	800	3,500	900
Equipment Rental	2,577	2,500	7,200	2,800
Total Composting	\$9,845	\$4,300	\$16,700	\$5,200

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.

In response to ordinance:			
Fiscal Year	Complaints	Hours Spent	Lots Mowed
2003	198	27.60	26
2004	219	25.60	29
2005	321	59.00	79
2006	235	45.50	49
2007	187	41.00	46
2008	230	59.50	61

Composting

As a result of a state law, grass clippings and leaves cannot be placed in the landfill. The City has a composting program which is privatized, with the exception of turning the compost pile by City crews. The contractor picks up leaf bags set out by the residents once a week and a portion of the cost is offset by an increase in monthly solid waste collection fees. Contractual Services represents the rental of a screening machine for compost material.

FUNDING DETAILS

	FY2008 <u>Actual</u>	FY2009 <u>Estimated</u>	FY2009 <u>Adopted</u>	FY2010 <u>Proposed</u>
<u>PUBLIC WORKS (Cont.)</u>				
Waste Removal				
Salaries	\$0	\$0	\$200	\$100
Fringes	0	0	100	100
Operating Supplies	0	0	100	100
Removal Contract	567,252	580,000	582,000	600,000
City Debris Removal Fees	4,701	5,000	5,300	5,300
Equipment Rental	0	100	100	100
Total Waste Removal	\$571,953	\$585,100	\$587,800	\$605,700
TOTAL PUBLIC WORKS	\$866,248	\$913,100	\$900,400	\$884,200
Public Works per Capita Costs	\$86.62	\$91.31	\$90.04	\$88.42

Waste Removal

This group of accounts reflects the solid waste contract. The current contract is with Allied Waste. The contractor serves approximately 3,250 customers weekly with curbside pickup. 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 \$2.20 per month of which the City gets \$0.35 for a collection fee. Nearly 1,800 customers take advantage of this on a monthly basis. The cost of the contract has increased nearly 75% since July 1, 2004 due primarily to tipping fee increases at the Wexford County Landfill. Rate adjustments are made in April based on inflationary indexes. Estimated rate is based on a projected 4.4% increase, but final rates will be determined when March CPI figures are released.

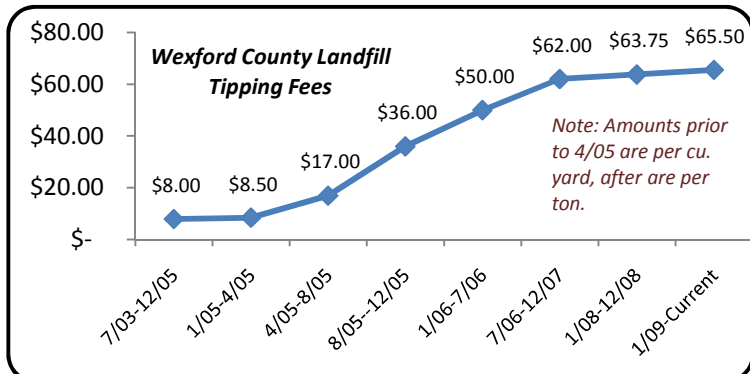
MONTHLY CONTRACT FEES		
Fiscal Year	Cost	Increase
2004	\$8.07	0.88%
2005	\$8.18	1.36%
2006	\$11.27	37.78%
2007	\$11.53	2.31%
2008	\$12.77	10.75%
2009	\$13.89	8.77%
2010	\$13.19	-5.04%

Note: Increase in cost over the past five years has been 58.24%.

Percent of Removal Contract for Landfill fees	
2003	22.30%
2004	21.40%
2005	33.80%
2006	38.80%
2007	48.24%
2008	48.00%

Wexford County Landfill Tipping Fees

The chart to the right highlights the changes over the last 5 years in the tipping fees at the Wexford County Landfill. This significant increase is the major driver behind the increase in costs to the residents in the City for weekly trash pickup.



FUNDING DETAILS

	FY2008 <u>Actual</u>	FY2009 <u>Estimated</u>	FY2009 <u>Adopted</u>	FY2010 <u>Proposed</u>
<u>CULTURE AND RECREATION</u>				
Arts Council	\$10,500	\$10,500	\$10,500	\$10,500
Parks				
Salaries	\$35,452	\$28,500	\$27,800	\$28,500
Salaries - Part Time	48,243	45,000	52,800	52,800
Fringes	24,431	21,500	21,700	20,200
Operating Supplies	25,456	20,000	17,700	17,700
Contractual Services	2,671	2,200	2,200	2,300
Data Processing	0	1,000	1,000	1,000
Telephone	263	500	500	500
Travel and Education	0	300	200	200
Utilities	17,253	30,000	21,200	18,600
Repair and Maintenance	22,172	18,500	20,000	23,400
Equipment Rental	11,401	11,500	13,200	11,200
Rental Building	1,500	1,100	1,100	1,100
Capital Outlay	6,270	23,000	21,400	105,300
Total Parks	\$195,112	\$203,100	\$200,800	\$282,800
 TOTAL CULTURE AND RECREATION	 \$205,612	 \$213,600	 \$211,300	 \$293,300
Cost per capita	\$20.56	\$21.36	\$21.13	\$29.33

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.

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 with part-time assistance from Cemetery personnel. 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.

FUNDING DETAILS

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u>				
Community Development				
Salaries	\$58,418	\$60,100	\$60,000	\$61,000
Fringes	28,338	29,000	29,100	29,500
Office Supplies	2,307	2,000	2,000	2,000
Postage	527	500	500	500
Data Processing	4,000	2,500	2,500	2,500
Dues & Publications	195	300	400	400
Telephone	314	500	500	500
Travel & Education	190	500	500	500
Publisher's Costs	0	1,000	1,200	1,000
Capital Outlay	0	0	0	0
Total Community Development	\$94,289	\$96,400	\$96,700	\$97,900

<u>Personnel</u>				
Full-Time Positions	1.21	1.21	1.21	1.21
Part-Time Positions	0.5	0.5	0.5	0

Community Development

Jerry Adams has over thirty years of professional planning and community development experience. He has eight years in the public sector and twenty three years in the private sector. His extensive experience in city master planning, zoning, economic development, housing, and health care facilities planning brings to the City of Cadillac a wealth of background. Jerry is the recipient of planning awards from the Michigan Municipal League and Michigan Society of Planning. He is often a guest lecturer for the Michigan Municipal League, Michigan Society of Planning, and Michigan Township Associations. He has authored over forty-five articles and professional publications dealing with planning and community development. Jerry has a bachelor of science degree in urban/regional planning from Eastern Michigan University.

**Jerry Adams**

Community Development Coordinator

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. Jerry serves as the secretary of the Zoning Board of Appeals and the Planning Board and is currently serving as staff liaison to the Historic District Committee. The salary of the Community Development Coordinator is accounted for in this account as well as 21% of the salary of a secretary. Contractual Services reflects the costs of a planning consultant.

Community Development Information

PERFORMANCE MEASURES - Community Development

Activity	2008	2007	2006	2005	2004
Number of Zoning Board of Appeals Meetings	5	5	5	9	10
Number of Planning Commission Meetings	7	7	8	9	11
Number of Site Plans Reviewed	79	109	111	89	216
Number of Historic District Commission Mtgs.	5	5	10	6	n/a
Number of Diggins Hill Committee Meetings	9	4	N/A	N/A	N/A

Housing Activity Development Summary for Active Projects

Apartments - Condominiums - Manufactured Home Parks

March 2009

Projects	Construction		
	Units Approved	Completed	Pending
Apartments			
Sunnyside Estates	84	48	36
White Pine Village	138	42	96
Northland Meadow	80	80	0
Total Apartment Units	302	170	132
Condominiums			
Davidson Estates	18	4	14
Forest Edge	70	0	70
Lake Street	24	2	22
Total Condominium Units	112	6	106
Other Housing			
DeShano Elder Care Facility	19	19	0
Total of all units activity	433	195	238

The Cadillac Housing Market

The 2008 housing market was static with several developers placing the construction of all or a portion of their approved units on hold. Of the constructed units, developers report good to excellent occupancy absorption rates.

FUNDING DETAILS

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE (Continued)</u>				
Community Promotions				
Salaries	\$5,786	\$8,500	\$9,000	\$7,500
Fringes	4,598	6,000	6,700	4,500
Operating Supplies	1,849	1,800	2,000	2,000
Newsletter	2,494	3,500	3,000	2,500
Contractual Services	0	7,500	5,500	7,800
Utilities	5,507	1,800	1,800	1,600
Equipment Rental	7,734	8,500	8,200	6,800
Special Projects	616	1,000	0	0
Chamber of Commerce	1,000	1,000	1,000	2,000
Community Development	82,280	23,000	0	0
Total Community Promotions	\$111,864	\$62,600	\$37,200	\$34,700
TOTAL ECONOMIC DEVELOPMENT	\$206,153	\$159,000	\$133,900	\$132,600

INTERGOVERNMENTAL EXPENDITURES

Housing Commission	\$224,210	\$255,000	\$245,000	\$250,000
Clam Lake Township	1,926	1,800	1,200	2,300
Airport	33,000	44,700	50,000	35,000
Recreation	66,200	66,200	66,200	66,200
Milfoil Treatment	32,801	24,700	24,800	0
Total Intergovernmental Expenditures	\$358,137	\$392,400	\$387,200	\$353,500

Community Promotions

Special projects were eliminated due to lack of funding. Chamber of Commerce is a contribution to help offset their tax burden. The Community Development line item reflected the final costs of re-acquiring the former Harris Milling site. This site was sold to Chemical Bank in FY2009 and construction will begin soon on a new downtown banking facility.

Intergovernmental Expenditures

Funds are transferred to the Wexford County Airport, which is a joint effort with Wexford County. The County funds 60% and the City funds the remaining 40% of costs after the operational revenues are considered. The County is contributing \$45,000 in FY2009, which indicates the City's 40% share is \$30,000. Recreation is a joint program with the Cadillac Community School system and the total program is over \$300,000 per year, which provides many opportunities for all age groups. The Housing Commission is a pass-through account for their salaries and fringes which they reimburse on a monthly basis.

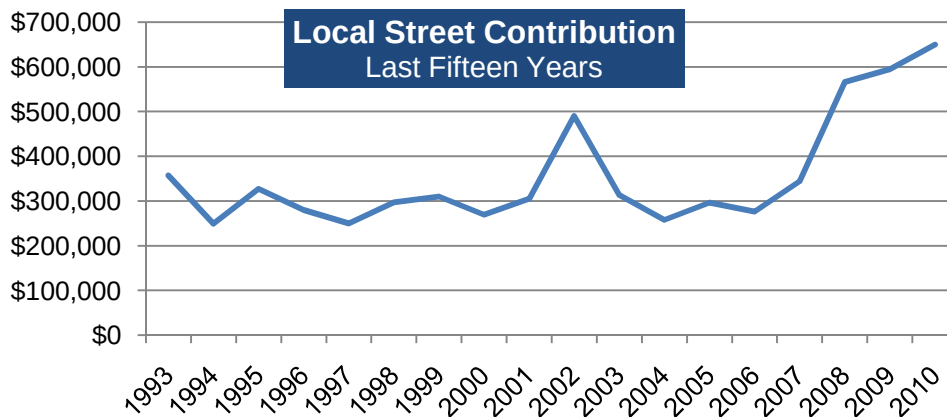
FUNDING DETAILS

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
OTHER FINANCING				
Transfers to Other Funds:				
Local Street	566,400	794,300	594,300	650,000
Police & Fire Retirement Fund	0	100,000	40,000	140,000
Cemetery Operating Fund	0	68,400	68,400	72,400
Sick/Vacation Funding	0	0	0	0
Total Other Financing	\$566,400	\$962,700	\$702,700	\$862,400
TOTAL EXPENDITURES	\$7,158,703	\$7,460,100	\$7,221,900	\$7,583,800

Police and Fire Retirement Contribution

The extra voted millage is raising tax dollars in excess of what is needed to fully fund the annual required contribution (ARC) to the system as determined by an actuary. This line item accounts for the transfer of the portion that is beyond the ARC. The contributions up to the amount of the ARC are accounted for in the Police and Fire Departments.

Local Street Contribution



The transfer that the General Fund must make to the Local Street Fund for street maintenance has skyrocketed in the last several years due to the decline in local street revenues from the State of Michigan.

<u>Cities</u>	<u>Population</u>	<u>2009 General Fund Budget</u>	<u>Per Capita Expenditures</u>
Manistee	6,586	\$5,286,110	\$802.63
Big Rapids	10,849	\$7,181,900	\$661.99
Alpena	11,304	\$8,753,130	\$774.34
Traverse City	14,532	\$14,845,700	\$1,021.59
Sault St. Marie	16,542	\$11,538,770	\$697.54
Coldwater	12,697	\$8,669,138	\$682.77
Sturgis	11,285	\$7,398,344	\$655.59
Cadillac	10,000	\$7,221,900	\$722.19

General Fund Capital Outlay

FY2010**General Government**

Upgrade Restrooms (1)	**Delayed**	
Office Furniture Replacement (2)	**Delayed**	
Staff Vehicle	**Delayed**	
		\$0

Police

Patrol Vehicle (3)	\$23,000	\$23,000
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Fire

Portable Radios	7,300	
Fire Tanker (4)	218,000	\$225,300

Parks

Leaf Blowers/Trimmers	5,300	
Diggins Hill Tennis Courts (5)	100,000	\$105,300

Total		<u>\$353,600</u>
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Source of Funds

State Shared Revenue - Statutory Funds	48,600	
Grants	230,000	
Private Contributions	75,000	
		<u>\$353,600</u>

Footnotes:

1. Upgrade restrooms throughout the municipal complex that were built originally with building in 1970's.
2. Replace desks installed originally with building in 1970's.
3. Routinely replace a police vehicle each year. Each vehicle will last five years.
4. Federal grant will fund 95% of purchase price.
5. Project will be funded with private contributions and a \$25,000 grant from the City.

** Most non-grant funded capital projects were eliminated in the final FY2010 budgeting process due to funding constraints.

Fund: Major Street Fund

Type: Special Revenue Fund

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 manpower, supplies and equipment. The hours worked on each project are supported with time sheets.

FUNDING SUMMARY

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
Revenues				
Motor Vehicle Highway Fund	\$519,896	\$505,000	\$510,000	\$500,000
State Trunkline Maintenance	164,948	166,300	112,700	137,200
State of Michigan	0	0	0	0
Federal Grants	447,230	0	0	0
Interest Income	1,160	500	1,500	1,000
Transfer In	0	0	0	0
Contributions from Private Sources	0	0	0	0
Surplus	0	0	0	6,000
Total	\$1,133,234	\$671,800	\$624,200	\$644,200
Expenditures				
Construction	\$485,594	\$10,000	\$10,000	\$5,000
Surface Maintenance	49,763	40,000	49,200	44,800
Sweeping and Flushing	30,224	30,200	34,100	32,900
Forestry	50,260	50,800	48,700	50,500
Catch Basin	33,284	18,900	26,800	30,200
Drainage	12,920	15,500	13,400	13,300
Traffic Services	71,053	73,500	72,300	67,600
Winter Maintenance	177,027	163,000	115,100	135,500
Administration	152,619	144,400	144,700	127,200
State Trunkline	153,906	169,800	112,700	137,200
Total	\$1,216,650	\$716,100	\$627,000	\$644,200
Fund Balance				
Net Change in Fund Balance	(\$83,416)	(\$44,300)	(\$2,800)	(\$6,000)
Fund Balance - Beginning of Year	140,166	56,750	56,750	12,450
FUND BALANCE AT YEAR END	\$56,750	\$12,450	\$53,950	\$6,450

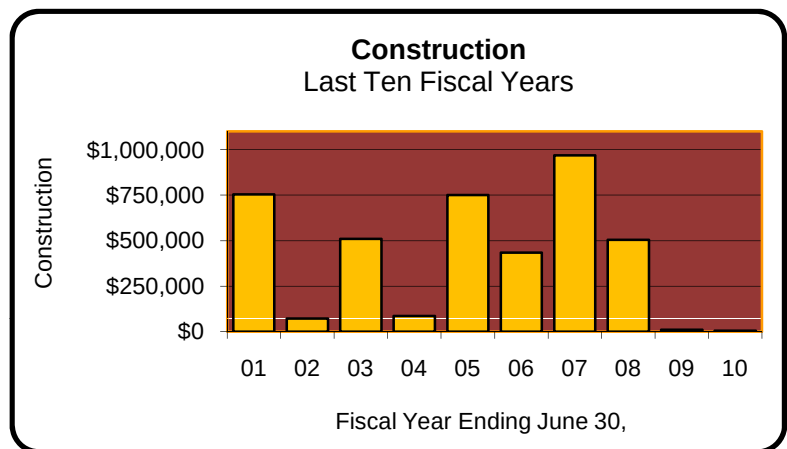
Revenue Details

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. For FY2010, the estimate from the State has not yet been published, so the revenue is based on the anticipated amount received as an average of the last two audited fiscal years. The second major source of revenue is for the state trunkline contract. This revenue item should equal the amount of expenditures for the trunklines.

Cost and Expenditure Details

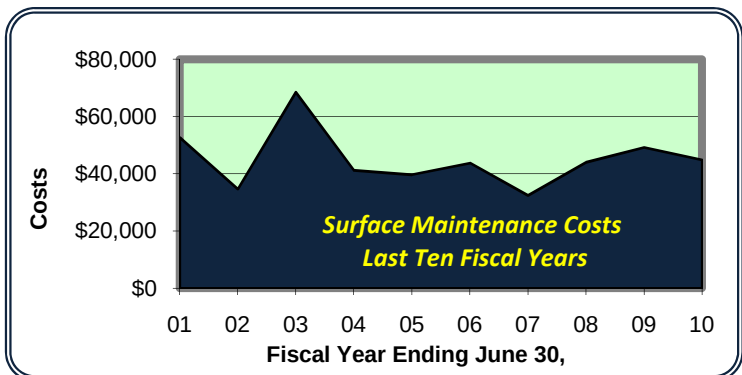
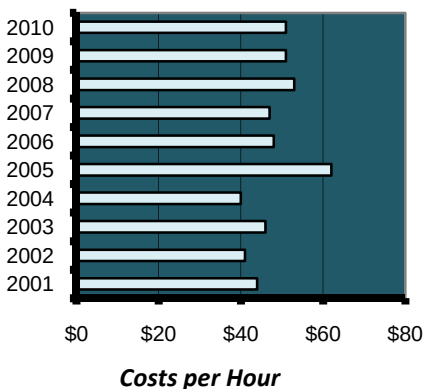
Construction

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. Beginning in FY2009, funds for construction have virtually dried up, resulting in essentially no construction activity. A number of street signs have been replaced, however, at a cost of \$10,000 in FY2009 and \$5,000 in FY2010.



Surface Maintenance

Maintaining the surfaces of 26.72 miles of major streets can be a challenge. Out of these 26.72 miles of major streets, 1.46% of them are still gravel. Patching of potholes and crack filling are large tasks as the infrastructure takes a beating from vast changes in temperatures and the increasing number of heavy vehicles on the roadways. The last two winters have been particularly tough on roadways and will continue to require significant maintenance to bring them back up to usable standards. Total and per hour costs of surface maintenance for the previous ten fiscal years is presented below.



FUNDING DETAILS

	FY2008 <u>Actual</u>	FY2009 <u>Estimated</u>	FY2009 <u>Adopted</u>	FY2010 <u>Proposed</u>
<u>Expenditures</u>				
Construction				
Contractual Services	\$485,594	\$10,000	\$10,000	\$5,000
Surface Maintenance				
Salaries and Wages	\$11,720	\$12,000	\$14,900	\$13,600
Fringes	8,361	8,500	10,300	8,200
Operating Supplies	10,839	7,500	8,000	8,300
Equipment Rental	18,843	12,000	16,000	14,700
Total Surface Maintenance	\$49,763	\$40,000	\$49,200	\$44,800
Sweeping and Flushing				
Salaries and Wages	\$3,377	\$3,500	\$3,800	\$4,800
Fringes	2,208	2,700	2,800	2,900
Equipment Rental	24,639	24,000	27,500	25,200
Total Sweeping and Flushing	\$30,224	\$30,200	\$34,100	\$32,900
Forestry				
Salaries and Wages	\$10,130	11,000	\$10,500	\$12,300
Fringes	7,588	8,000	7,800	7,400
Operating Supplies	4,166	3,000	5,300	4,500
Contractual Services	3,520	4,000	4,000	4,000
Travel	601	700	800	800
Repair and Maintenance	0	100	300	300
Equipment Rental	24,255	24,000	20,000	21,200
Total Forestry	\$50,260	\$50,800	\$48,700	\$50,500

Cost and Expenditure Details
Sweeping and Flushing

Sweeping the main arteries of debris and dirt is the emphasis of this account. The major streets are typically cleaned eight times per year. Average costs per hour for the last ten years are presented below:

<i>Average Cost per Hour - Sweeping and Flushing</i>			
Year	Cost	Year	Cost
2001	\$85	2006	\$111
2002	\$99	2007	\$116
2003	\$104	2008	\$134
2004	\$99	2009	\$133
2005	\$109	2010	\$120

Cost and Expenditure Details

Forestry

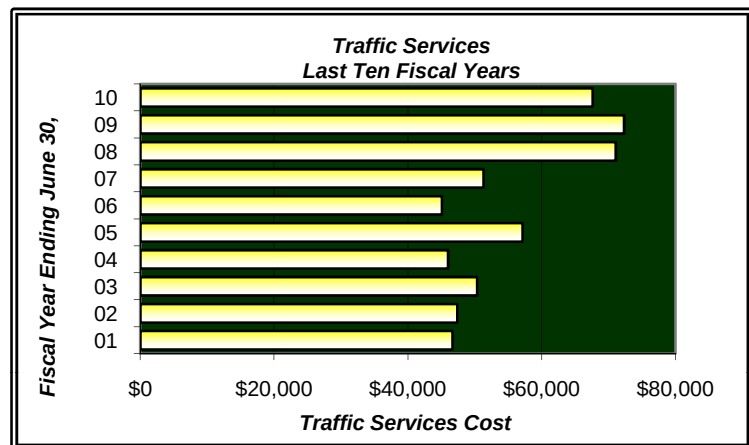
The street department maintains the trees along the major highways that earns the City of Cadillac the distinction of being a Tree City. Over the last five fiscal years, crews have spent nearly 700 hours per year on forestry activities in major street right-of-ways.

Catch Basins

The Utilities department coordinates the maintenance and improvements to the storm and sanitary sewer systems in the Major Street Fund. Increased costs are reflected as the departmental goal is to improve the drainage systems that receive the run-off water supply from the highways.

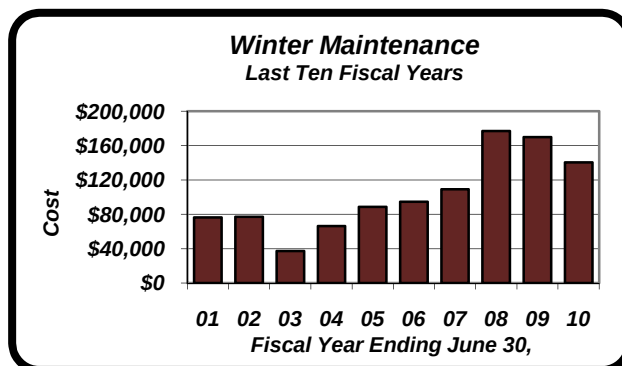
Traffic Services

This account deals with the various traffic signs and the various needs to allow the traffic to flow smoothly on the major streets.



Winter Maintenance

In Northern Michigan, dealing with snow and ice is a major issue each winter. Lighter winters result in less winter maintenance expenditures. Snow plowing and hauling are critical in keeping roadways and parking spaces accessible to the many vehicles that utilize the vast system of roads in this community. Gasoline continues to be a major cost concern as prices continue to rise. The last two winters have been particularly harsh in terms of snowfall amounts. Because of the severity of the winter seasons, the costs of winter maintenance experienced a related spike, and present a significant funding challenge. Costs below include only the City portion of major street winter maintenance.



WINTER MAINTENANCE INPUT MEASURES			
Year	Total Cost	Hours	Cost/Hour
2010	\$140,300	1,650	\$85.03
2009	\$170,000	1,683	\$101.01
2008	\$177,027	1,800	\$98.35
2007	\$109,283	1,529	\$71.47
2006	\$94,716	1,492	\$63.48
2005	\$88,678	1,261	\$70.32
2004	\$66,328	1,082	\$61.30
2003	\$97,429	1,408	\$69.20
2002	\$77,049	1,210	\$63.68

FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
<u>Expenditures (Cont.)</u>				
Catch Basin				
Salaries & Wages - Street Dept.	\$6,611	\$5,000	\$2,800	\$4,500
Salaries & Wages - Utilities	0	0	4,500	4,500
Fringes	4,690	3,000	5,400	5,000
Operating Supplies	305	900	1,400	1,100
Contractual Services	0	0	2,600	2,600
Equipment Rental	21,679	10,000	10,100	12,500
Total Catch Basin	\$33,284	\$18,900	\$26,800	\$30,200
Drainage				
Salaries and Wages	\$4,531	\$6,000	\$6,000	\$6,200
Fringes	3,348	4,000	4,500	3,700
Operating Supplies	80	1,000	300	200
Contractual Services	0	0	0	0
Equipment Rental	4,961	4,500	2,600	3,200
Total Drainage	\$12,920	\$15,500	\$13,400	\$13,300
Traffic Services				
Salaries and Wages	\$16,692	\$16,000	\$14,000	\$15,000
Wages - Part Time	8	2,000	4,500	3,800
Fringes	13,350	10,500	10,900	9,000
Operating Supplies	16,509	16,000	16,000	15,700
Contractual	9,137	17,000	17,000	15,400
Equipment Rental	15,357	12,000	9,900	8,700
Total Traffic Services	\$71,053	\$73,500	\$72,300	\$67,600
Winter Maintenance				
Salaries and Wages	\$27,813	\$26,000	\$20,800	\$25,500
Fringes	23,194	19,000	15,500	15,300
Operating Supplies	17,582	23,000	12,700	14,700
Equipment Rental	108,438	95,000	66,100	80,000
Total Winter Maintenance	\$177,027	\$163,000	\$115,100	\$135,500

Cost and Expenditure Details**Administration**

This section contains all of the administrative charges.

Administrative salaries allocated to this fund as follows:

Robert Johnson	20%
Director of Public Works	
Dan Foster	40%
Street Superintendent	
Allen Dumond	25%
Parks/Cemetery Superintendent	

Debt Service

Principal and Interest payments are for the debt retirement accounts applicable to Major Street construction projects.

2004 Capital Improvement Bond

Principal	\$11,550
Interest	\$6,770

PERFORMANCE MEASURES - Yearly Work Activities by Hours for the Major Streets

Activity	2004	2005	2006	2007	2008
Drainage	474	356	348	433	286
Traffic	588	1,050	609	819	1,108
Winter Maintenance	1,082	1,261	1,492	1,529	1,846
Sweeping	236	174	263	208	224
Surface Maintenance	1,037	920	947	769	728
Forestry	764	563	817	686	664

Data furnished by Director of Public Works

Public Works Departmental Goals:**Forestry**

1. Plant 100 trees along city right-of-way as requested by residents and determined by City Forester.

Status: Ongoing

2. Seek additional grants to plant trees and beautify our city. **Status: Ongoing**

Streets

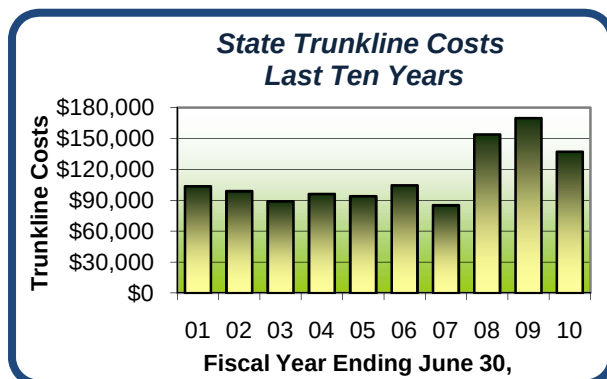
1. Crack Seal streets where investment in manpower and materials will be most beneficial. **Status: Ongoing**
2. Identify training programs for personnel to enhance performance. **Status: Ongoing**
3. Review new innovations in equipment. **Status: Ongoing**
4. Upgrade street signs as budget allows. **Status: Replacements ongoing in FY2009 and FY2010**

FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
<u>Expenditures (Cont.)</u>				
Administration				
Salaries and Wages	\$46,994	\$48,000	\$47,400	\$48,000
Fringes	19,417	22,100	22,000	22,900
Office Supplies	0	0	100	100
Audit	2,000	1,600	2,000	2,100
Data Processing	17,500	8,000	8,000	8,000
Travel and Education	0	500	1,600	0
Equipment Rental	6,208	7,000	6,400	7,500
Other Administrative Charges	41,400	39,200	39,200	19,600
Contribution - Local Street	0	0	0	0
Transfers Out	19,100	18,000	18,000	19,000
Total Administration	\$152,619	\$144,400	\$144,700	\$127,200
State Trunkline				
Surface Maintenance				
Salaries and Wages	\$4,849	\$6,000	\$2,400	\$4,000
Fringes	4,054	4,000	1,800	2,400
Operating Supplies	3,004	2,200	1,600	1,900
Equipment Rental	7,886	5,600	3,900	4,900
Total Surface Maintenance	\$19,793	\$17,800	\$9,700	\$13,200
Sweeping & Flushing				
Salaries and Wages	\$938	\$700	\$600	\$800
Fringes	697	500	400	500
Equipment Rental	4,289	4,300	3,400	4,400
Total Sweeping & Flushing	\$5,924	\$5,500	\$4,400	\$5,700
Traffic Signs				
Utilities	\$7,415	\$6,500	\$8,400	\$7,500
Total Traffic Signs	\$7,415	\$6,500	\$8,400	\$7,500

FUNDING DETAILS

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
<u>Expenditures (Cont.)</u>				
State Trunkline (Cont.)				
Trees and Shrubs				
Salaries and Wages	\$104	\$100	\$0	\$600
Fringes	85	100	0	400
Equipment Rental	50	300	0	800
Total Trees and Shrubs	\$239	\$500	\$0	\$1,800
Drainage				
Salaries and Wages	\$931	\$1,500	\$4,400	\$4,400
Fringes	749	1,000	2,700	2,300
Operating Supplies	0	100	100	0
Contractual Services	0	0	0	0
Repairs & Maintenance	0	0	0	0
Equipment Rental	2,572	1,000	100	1,800
Total Drainage	\$4,252	\$3,600	\$7,300	\$8,500
Winter Maintenance				
Salaries and Wages	\$17,277	\$18,500	\$14,800	\$16,300
Fringes	14,426	14,000	11,000	9,800
Operating Supplies	19,784	25,000	16,000	17,000
Equipment Rental	41,787	55,000	29,000	42,000
Total Winter Maintenance	\$93,274	\$112,500	\$70,800	\$85,100
Snow Hauling				
Salaries and Wages	\$5,403	\$5,500	\$3,300	\$4,000
Fringes	4,510	4,400	2,500	2,400
Equipment Rental	13,096	14,000	6,300	9,000
Total Snow Hauling	\$23,009	\$23,900	\$12,100	\$15,400
Total State Trunkline	\$153,906	\$169,800	\$112,700	\$137,200
Total Expenditures	\$1,216,650	\$716,100	\$627,000	\$644,200

**PERFORMANCE MEASURES**

Cost per Mile - Last 10 Years (5.19 Trunkline miles)

2000	\$16,900	
2001	\$19,969	
2002	\$19,042	
2003	\$17,148	
2004	\$18,529	
2005	\$18,106	
2006	\$20,158	
2007	\$16,416	
2008	\$29,654	
2009	\$32,717	Average: \$21,370
2010	\$26,435	

Other Fund Information

Source and Use of Funds For Capital Improvements

FY2010

Source of Funds:

Operations	\$5,000	
TOTAL SOURCE OF FUNDS		\$5,000

Use of Funds:

Construction Projects:

Street Sign Replacement	\$5,000	
TOTAL USE OF FUNDS		\$5,000

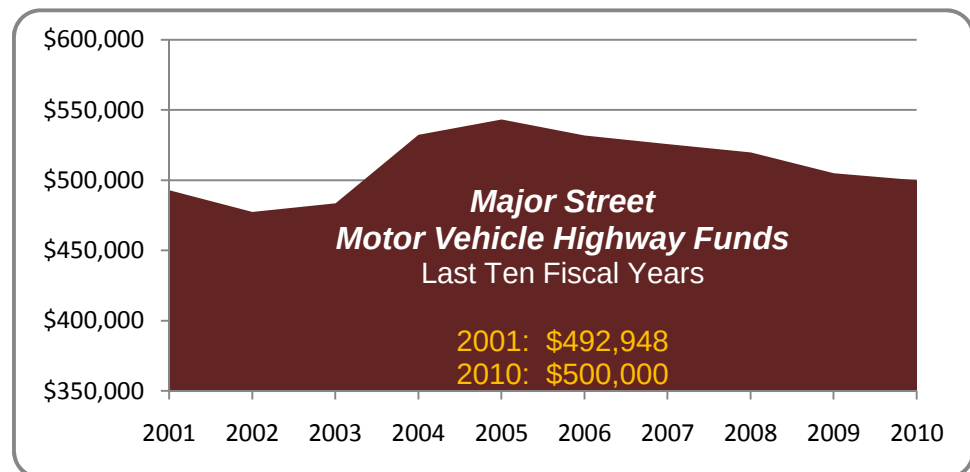
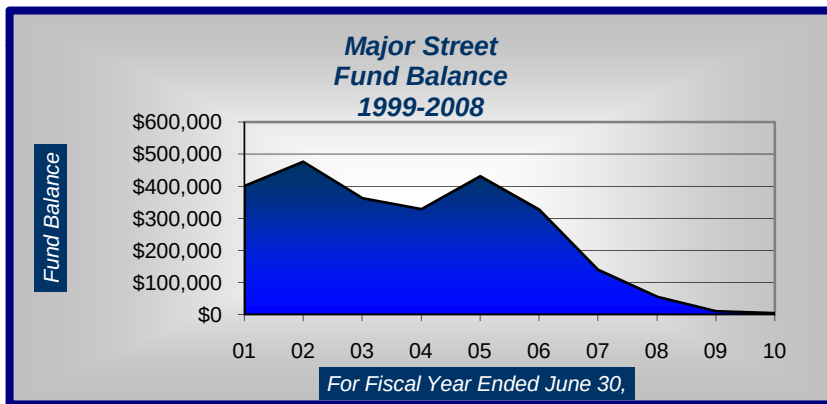
Streets in the Major Street System

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

Streets in the Major Street System (Continued)

W. Mason Street	N. Lake Street	N. Mitchell Street	648
W. Chapin Street	S. Mitchell Street	S. Lake Street	691
Leeson Avenue	Chestnut Street	Thirteenth Street	6,588
Paluster Street	N. Mitchell Street	Whaley Street	3,667
Wilcox Street	Paluster Street	S. City Limits	1,654
Laurel Street	Pollard Street	M-55 Granite Street	1,497
South Street	S. Lake Street	S. Mitchell Street	708
W. Bremer Street	N. Mitchell Street	N. Lake Street	653
Spruce Street	N. Mitchell Street	N. Shelby Street	498
Holbrook Street	North Street	E. Division Street	1,798
Sixth Avenue	W. Thirteenth Street	Sixth Street	2,621
E. Thirteenth Street	Mitchell Street	Plett Road	2,620
Beech Street	N. Mitchell Street	N. Shelby Street	414
Huston Street	Chestnut Street	W. Division Street	1,271
Sixth Street	Leeson Avenue	Fifth Avenue	2,970
Fifth Avenue	Sixth Street	Fifth Street	366
Fourth Avenue	Seventh Street	Thirteenth Street	2,200

Total Feet: 113,205 (21.53 Miles)



Fund: Local Street Fund

Type: Special Revenue Fund

Nature and Purpose:

Each Michigan city is required to establish this fund to comply with Act 51 of the Public Acts of 1951. The Local Street system has 41.81 miles of roadway, and 1.83 miles, or 4.38% of the streets are unpaved. The Cadillac City Council has as one of its goals to pave all of the remaining unpaved streets within city limits. In 1997, 25% of the streets were unpaved, so significant progress has been made towards achieving this goal. The local streets represent 66% of all the roads within the City.

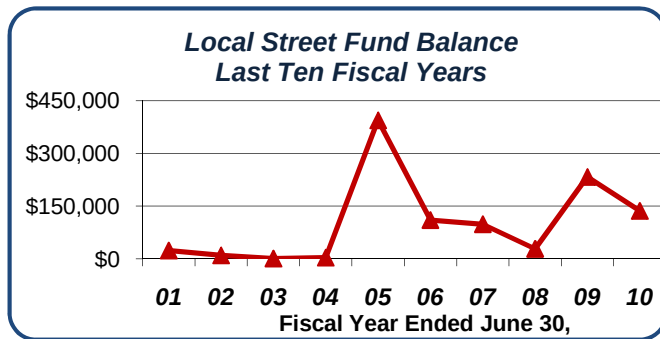
The purpose of this fund is to:

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 manpower, supplies and equipment. The hours worked on each project are supported with time sheets.

FUNDING SUMMARY

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
Revenues				
Motor Vehicle Highway Fund	\$193,752	\$185,000	\$185,000	\$180,000
Interest Income	4,187	1,000	3,500	2,500
Grants	690,341	15,900	0	0
Capital Projects Fund	10,000	0	0	0
General Fund	566,400	794,300	594,300	650,000
Major Street Fund	0	0	0	0
Private Contributions	35,934	0	0	0
Surplus	0	0	0	96,500
Total	\$1,500,614	\$996,200	\$782,800	\$929,000
Expenditures				
Construction	\$897,550	\$80,000	\$60,000	\$240,000
Surface Maintenance	65,982	59,000	67,700	62,900
Sweeping and Flushing	52,568	58,000	62,800	65,000
Forestry	74,820	87,200	96,800	89,200
Catch Basin	49,271	52,800	56,600	58,300
Drainage	12,223	13,500	18,400	16,900
Traffic Services	16,314	24,500	33,500	29,700
Winter Maintenance	131,059	122,000	92,100	101,000
Administration	270,942	295,000	294,900	266,000
TOTAL EXPENDITURES	\$1,570,728	\$792,000	\$782,800	\$929,000
Fund Balance				
Net Change in Fund Balance	(\$70,115)	\$204,200	\$0	(\$96,500)
Fund Balance - Beginning of Year	98,626	28,511	28,511	232,711
Ending Fund Balance	\$28,511	\$232,711	\$28,511	\$136,211

Fund Balance Analysis**Fund Balance**

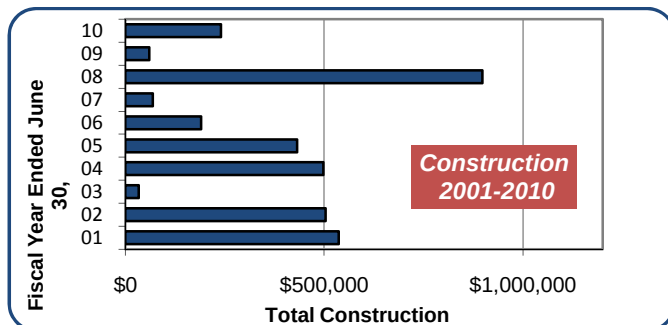
The Local Street Fund does not typically have a significant fund balance. The spike in 2005 was due to the receipt of bond proceeds, which were subsequently spent down over the next three fiscal years. In FY2009, proceeds from a sale of a property owned by the City were transferred to this fund to be allocated to street construction projects. About half of this amount will be spent down in FY2010 to complete two such projects.

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. Estimates are projecting revenue to be slightly less in FY2010 than what is anticipated to be received in FY2009, reflecting several issues at the state level including the increase in price of gasoline. 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**

Based on the city engineer's estimates, the total construction costs for FY2010 will be \$240,000 for the Local Street Fund. Over the last 10 years, construction has totaled nearly \$3.5 million. Much of this construction has been paid for through the use of grant funding. Securing grants to assist in funding capital projects is a critical function within the City. Depending on the amount of grant funding received each year as well as various special assessments approved, construction can vary significantly from year to year.



The following construction projects are proposed for FY2010:

Lincoln Street	\$150,000
Washington Street Alley	20,000
North Simons Street	70,000
Lynn Street	* Delayed *
Street Signs	* Delayed *
Total	\$240,000

Surface Maintenance

The purpose of this work is to maintain the infrastructure, and includes activities such as crack sealing and pothole repair. Harsh winter conditions increase the need for surface maintenance activities.

FUNDING DETAIL

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Expenditures				
Construction				
Contractual Services	\$897,550	\$80,000	\$60,000	\$240,000
Surface Maintenance				
Salaries and Wages	\$14,905	\$14,000	\$17,300	\$17,200
Fringes	10,826	10,000	12,900	10,300
Operating Supplies	13,912	11,000	11,100	12,000
Equipment Rental	26,339	24,000	26,400	23,400
Total Surface Maintenance	\$65,982	\$59,000	\$67,700	\$62,900
Sweeping and Flushing				
Salaries and Wages	\$5,937	\$7,500	\$7,700	\$7,700
Fringes	4,170	5,500	5,700	4,600
Equipment Rental	42,461	45,000	49,400	52,700
Total Sweeping and Flushing	\$52,568	\$58,000	\$62,800	\$65,000
Forestry				
Salaries and Wages	\$16,417	\$24,000	\$26,000	\$26,000
Fringes	11,701	15,000	19,400	15,600
Operating Supplies	6,088	6,000	7,300	5,400
Contractual Services	3,520	2,200	2,300	2,700
Equipment Rental	37,093	40,000	41,800	39,500
Total Forestry	\$74,820	\$87,200	\$96,800	\$89,200

**Sweeping and Flushing**

Between the spring and the fall city streets are swept free of debris and dirt on an average of five times per year. Streets are also swept in the spring after the snow season is over to clear any residual salt, sand, and debris from the road system.

Forestry

PERFORMANCE MEASURES (Includes all forestry activities - both major and local street right-of-ways)					
	2008	2007	2006	2005	2004
Number of trees removed	125	49	23	44	60
Number of new trees planted	85	103	42	102	111
Hours spent - forestry maintenance	1,068	1,401	2,223	1,685	1,692

Forestry services include tree planting and removal, tree trimming, and other related services. The City operates an aerial bucket truck and a brush chipper as well to assist in these duties. The "Tree City USA" designation has been accomplished for the 25th year in a row for 2008, which recognizes the City's commitment to these kinds of efforts.

FUNDING DETAIL (Cont'd)

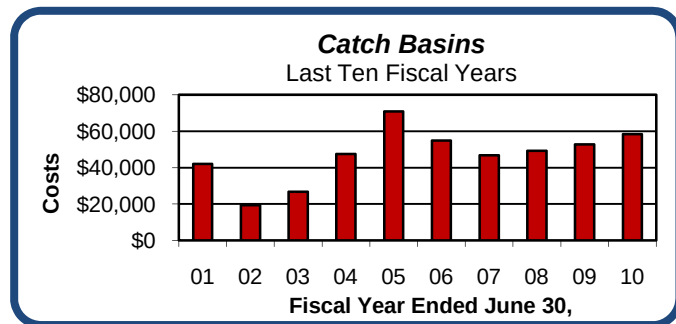
Expenditures (Cont'd)	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Catch Basin				
Salaries and Wages	\$12,644	\$16,000	\$18,900	\$17,500
Fringes	8,965	10,000	13,300	10,000
Operating Supplies	0	0	300	200
Contractual Services	3,407	0	0	0
Utilities	411	800	600	600
Equipment Rental	23,843	26,000	23,500	30,000
Total Catch Basin	\$49,271	\$52,800	\$56,600	\$58,300
Drainage				
Salaries and Wages	\$4,783	\$6,000	\$8,000	\$8,000
Fringes	3,269	3,500	6,000	4,800
Operating Supplies	0	0	300	100
Equipment Rental	4,171	4,000	4,100	4,000
Total Drainage	\$12,223	\$13,500	\$18,400	\$16,900

Cost and Expenditure Details

Drainage

This account group is to provide a street system free from flooding and other problems related to excessive water. Drainage cost per hour has increased over the last ten years:

Annual cost per labor hour - Drainage			
Year	Cost	Year	Cost
2010	\$33	2005	\$29
2009	\$35	2004	\$29
2008	\$39	2003	\$29
2007	\$29	2002	\$23
2006	\$27	2001	\$26



Catch Basins

The City of Cadillac utilities department is under contract to this fund to maintain and improve the flow of run-off water. In fiscal years 1994 through 2001 a great deal of attention has been focused on the catch basins. Between 2002 and 2005 the activity level increased again as the State of Michigan stressed the monitoring of the groundwater run off into lakes.

Traffic Services

This account is to provide traffic control devices necessary for the safe travel on the public thoroughfares.

Annual cost per labor hour - Traffic Services			
Year	Cost	Year	Cost
2010	\$38	2005	\$32
2009	\$38	2004	\$33
2008	\$45	2003	\$29
2007	\$36	2002	\$29
2006	\$32	2001	\$29

FUNDING DETAIL (Cont'd)

	FY2008	FY2009	FY2009	FY2010
Expenditures (Cont'd)	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
Traffic Services				
Salaries and Wages	\$5,428	\$7,500	\$10,100	\$12,000
Wages - Part Time	20	2,500	4,500	3,800
Fringes	4,397	6,000	8,000	7,700
Operating Supplies	1,933	3,500	5,300	2,200
Contractual	0	0	500	0
Equipment Rental	4,536	5,000	5,100	4,000
Total Traffic Services	\$16,314	\$24,500	\$33,500	\$29,700
Winter Maintenance				
Salaries and Wages	\$20,162	\$20,000	\$15,600	\$18,000
Fringes	16,787	14,000	11,600	10,800
Operating Supplies	11,525	13,000	8,200	9,400
Equipment Rental	82,585	75,000	56,700	62,800
Total Winter Maintenance	\$131,059	\$122,000	\$92,100	\$101,000
Administration				
Salaries and Wages	\$42,080	\$42,000	\$42,400	\$43,000
Fringes	17,045	19,000	19,300	20,300
Office Supplies	0	0	100	0
Audit	1,800	1,600	1,900	2,000
Data Processing	14,500	8,000	8,000	8,000
Equipment Rental	6,208	7,500	6,800	7,500
Administrative Charges	38,200	35,800	35,800	17,900
Principal Payment	0	26,200	26,200	26,200
Interest Expense	8,510	8,000	8,000	8,000
Transfers Out	142,600	146,900	146,400	133,100
Total Administration	\$270,942	\$295,000	\$294,900	\$266,000
TOTAL EXPENDITURES	\$1,570,728	\$792,000	\$782,800	\$929,000

Cost and Expenditure Details

Winter Maintenance

Keeping the public streets free of snow and ice is a challenge in the Northern Michigan area. Winters have been varying in their severity, therefore the budget varies as well. The harsh winters of 2007 and 2008 increased the cost of winter maintenance activities. The costs are expected to decline slightly for FY2010.

Year	Man-Hours	Cost Per Hour	Cost Per Mile
2001	1,123.0	\$69	\$1,879
2002	1,039.0	\$72	\$1,817
2003	981.0	\$81	\$1,926
2004	1,016.0	\$83	\$2,008
2005	1,010.0	\$73	\$1,770
2006	1,125.0	\$74	\$1,999
2007	939.0	\$74	\$1,652
2008	1,338.0	\$98	\$3,135
2009	1,295.0	\$94	\$2,918
2010	1,165.0	\$87	\$2,416

Cost and Expenditure Details**Administration**

This section includes the administrative salaries portion of the fund. The salaries broken down are as follows:

Robert Johnson	Director of Public Works	10%
Dan Foster	Street Superintendent	40%
Allen Dumond	Parks and Cemetery Superintendent	15%

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	
2004 GO Capital Improvement Bonds	47,400	22,200	69,600	
1996 MTF Bonds	25,000	2,100	27,100	
2000 MTF Bonds	25,000	9,000	34,000	
		Total:	\$130,700	
			\$1,200	Audit Fees
			\$1,200	Paying agent fees
			\$133,100	

Administrative Charges

Administrative charges are for the various staff personnel who are not funded directly such as the Cashier, Accountant and City Manager. These administrative personnel spend a percentage of their time dealing with local street issues, including budgeting, accounting, and planning, but their salaries are fully funded in the General Fund.

Source and Use of Funds For Capital Improvements

FY2010

Source of Funds:

General Fund	\$240,000	
TOTAL SOURCE OF FUNDS		\$240,000

Use of Funds:

Construction Projects:		
Lincoln Street	\$150,000	
Washington Street Alley	20,000	
North Simons Street	70,000	
Lynn Street	**Delayed**	
Street Signs	**Delayed**	
TOTAL USE OF FUNDS		\$240,000

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

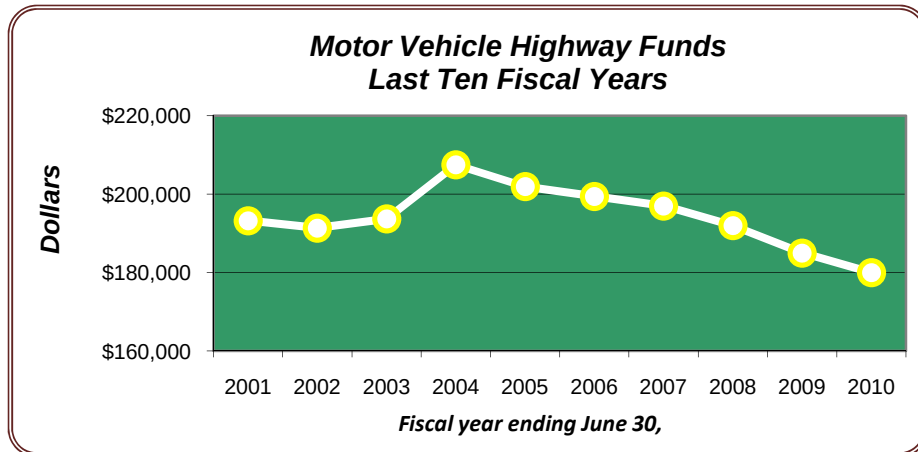
**Total Unpaved Miles
of Local Streets 1.83**

Total miles of local streets 41.81

Unpaved represents 4.38%

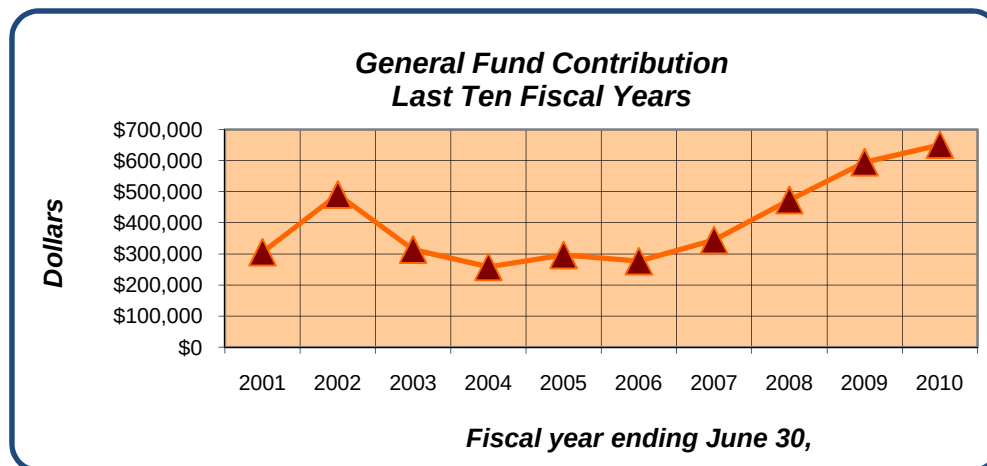
1998 total unpaved local streets were 7.03 miles - a reduction of 73.97%
over the last 9 years.

CHARTS AND GRAPHS



Michigan MVHF Funds and General Fund Contribution

The chart above highlights a painful reality felt by this fund. Motor Vehicle Highway Funds from the State of Michigan are proving to be a less and less reliable source of revenue. The effect of the decline of these revenues is a greater reliance on the General Fund and therefore general tax dollars to fund street operations. The chart below further highlights this fact, showing the significant increase in the General Fund contribution over the last several years, which directly correlates with the decline in MVHF funds.



Fund: Water and Sewer Fund

Type: Enterprise Fund

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.

Authorization for this fund is by resolution of the City Council. Accounting procedures are prescribed by the Revenue Bond Act of 1933 and provisions of the Railroad and Utility chart of accounts as prescribed by the State of Michigan Public Service Commission. This fund is required by Act 2 of the Public Acts of 1968, as amended.

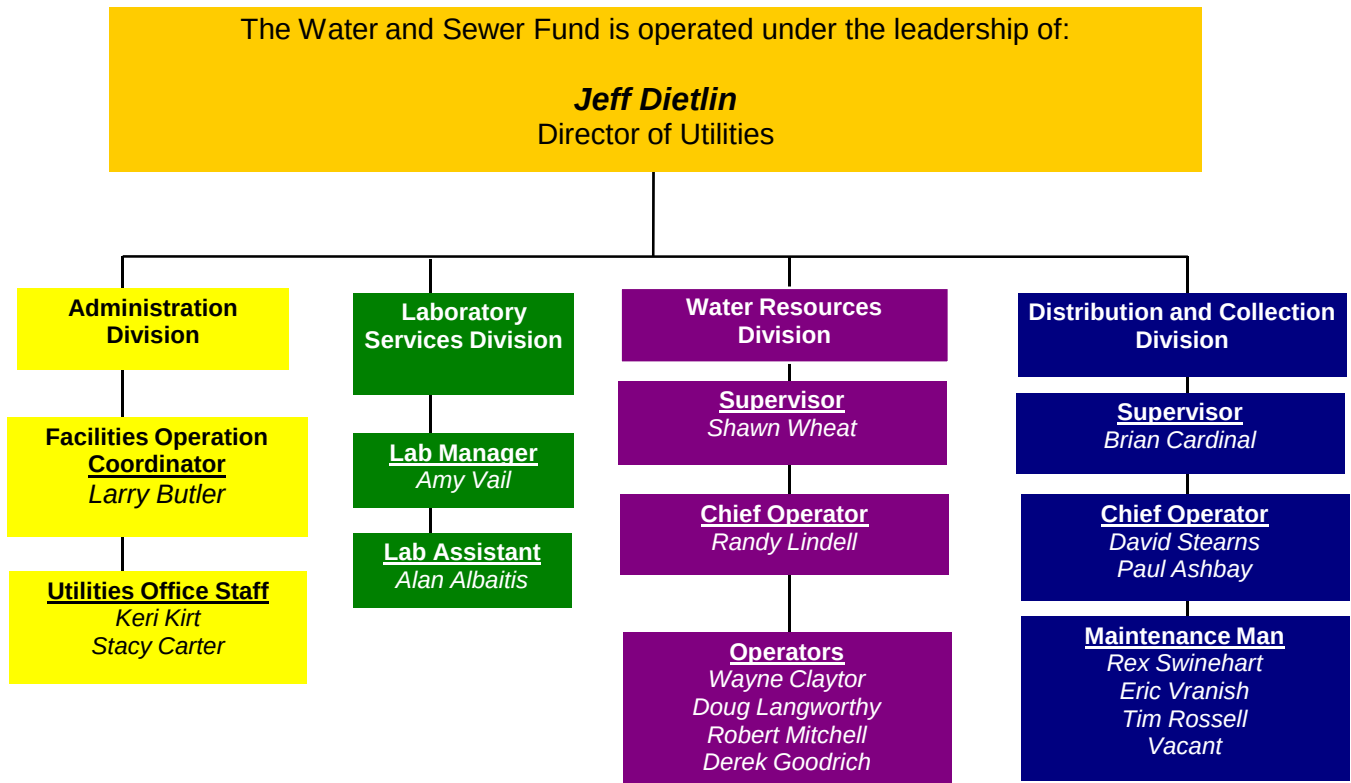
FUNDING SUMMARY

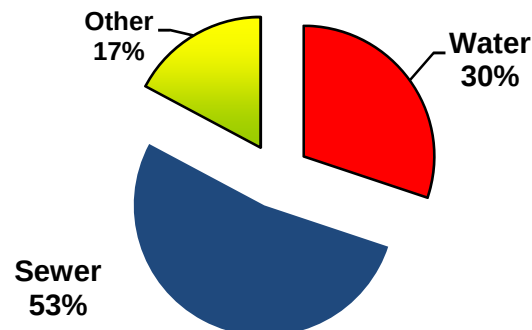
	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
Revenues				
Water Sales	\$1,133,165	\$1,090,000	\$1,158,000	\$1,156,000
Sewer Sales - Flat Rate	47,228	48,000	49,000	51,000
Sewer Sales - Metered	1,950,030	1,870,000	1,995,000	1,970,000
Fire Protection	94,563	95,000	96,900	100,000
Hydrant Rental	13,492	22,900	22,900	23,000
Charges for Services	23,603	11,000	11,500	15,000
Services & Materials	21,034	15,000	20,000	20,000
Interest Income	97,473	130,000	129,000	115,000
Sale of Surplus Material	0	0	19,500	10,000
Wexford County DPW	77,515	78,000	84,500	80,000
Leachate	369,589	375,000	290,000	250,000
Laboratory Fees	39,240	40,000	49,500	45,000
Refunds	1,953	2,000	2,500	2,000
State of Michigan	0	0	0	0
Total Revenues	\$3,868,885	\$3,776,900	\$3,928,300	\$3,837,000

Water and Sewer Fund

FUNDING SUMMARY

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
<u>Expenses</u>				
Total Administration	\$1,078,362	\$1,147,800	\$980,800	\$987,000
Water Resources				
Preliminary Treatment	\$28,653	\$19,100	\$20,300	\$20,000
Primary Treatment	15,039	20,300	28,200	22,900
Secondary Treatment	74,000	75,500	81,500	77,300
Tertiary Treatment	47,474	92,800	81,300	70,500
Sludge Removal	155,257	111,500	123,400	122,300
Nutrient Removal	47,563	59,200	60,900	58,000
Effluent Disposal	57,513	54,400	61,600	58,100
Building & Grounds	192,061	185,500	176,600	170,400
Industrial Surveillance	16,299	17,800	25,000	19,900
Lift Station-Sanitary	91,401	95,700	87,800	84,900
Vehicles	14,608	17,900	13,500	12,900
Total Water Resources	\$739,868	\$749,700	\$760,100	\$717,200
Distribution and Collection				
Building & Water Tank	\$23,051	\$30,000	\$23,500	\$25,000
Pumping Station	189,640	173,500	197,400	187,600
Wells & Well Field	59,688	46,800	56,600	51,000
General Street Expense	31,612	27,100	22,100	24,900
Meter Reading & Delinquent Accounts	16,253	20,800	26,700	22,100
Meter Operations & Maintenance	107,330	93,000	132,600	131,000
Customer Service	32,058	25,000	24,800	24,900
Maintenance-Mains & Hydrants	108,423	108,500	133,600	124,000
New Water Service	20,137	28,200	26,400	24,700
Water Service Maintenance	4,940	13,500	14,200	10,200
Sanitary Sewer	77,356	62,000	96,100	71,100
Vehicles	40,892	35,800	34,100	35,200
Total Distribution and Collection	\$711,380	\$664,200	\$788,100	\$731,700
Laboratory Division				
General Laboratory	\$96,436	\$49,300	\$56,300	\$52,400
Contract Laboratory	36,490	40,500	43,000	43,700
Total Laboratory Division	\$132,926	\$89,800	\$99,300	\$96,100
Total Non-Operating	\$1,154,193	\$1,300,000	\$1,300,000	\$1,305,000
Total Expenses	\$3,816,729	\$3,951,500	\$3,928,300	\$3,837,000
NET ASSETS AT YEAR END				
Change in Net Assets	\$52,156	(\$174,600)	\$0	\$0
Total Net Assets - Beginning of Year	14,855,221	14,907,377	14,907,377	14,732,777
Total Net Assets at Year End	\$14,907,377	\$14,732,777	\$14,907,377	\$14,732,777

Fund Staffing and Organizational Structure


Water and Sewer Revenues - FY2010


Both water and sewer rates include a recommended 4.5% increase in metered rates. Revenue from utility sales in FY2010 is projected to increase minimally over the previous year due to a decrease in usage and interest earnings declining slightly as the investment dollars are used to install new mains.

Other Water and Sewer Fund Information

WATER

Thirty percent of the revenues generated in FY2010 will be from the sale of water. This percentage is similar to the past years.

Water rates are recommended to be increased 4.5% to adequately cover the increasing costs of the system.

Statistics:

Number of Customers:	3,544
Average Daily Flow:	2.296 million gallons
Gallons of Flow in 2007:	840,240,000
Miles of Water Mains:	63
No. of employees in operation:	7
Average Water Rate in	
Northern Michigan (1), (2):	\$15.84
Cadillac Average Rate (2):	\$11.62

(1) 2005 Gosling Czubak Inc. Survey

(2) Per 5,000 gallons

SEWER

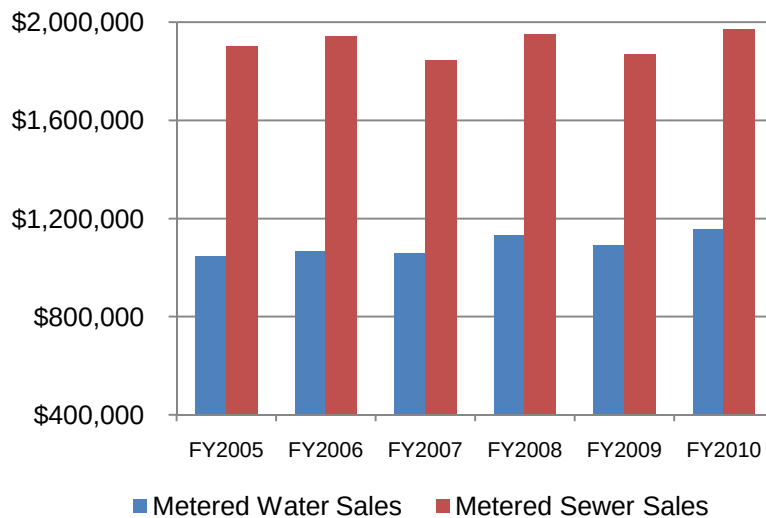
Annual revenues from rates charged for the system are estimated to be just over \$2 million. Fifty-three percent of utility revenues are sewer related. **Sewer rates are recommended to be increased 4.5% to adequately cover the increasing costs of the system.**

Statistics:

Number of Customers:	3,592
Average Daily Flow:	2.250 million gallons
Gallons of Flow in 2007:	808,340,500
Miles of Sewer Mains:	61
No. of employees in operation:	7
Average Sewer Rate in	
Northern Michigan (1), (2):	\$22.33
Cadillac Average Rate (2):	\$20.43

(1) 2005 Gosling Czubak Inc. Survey

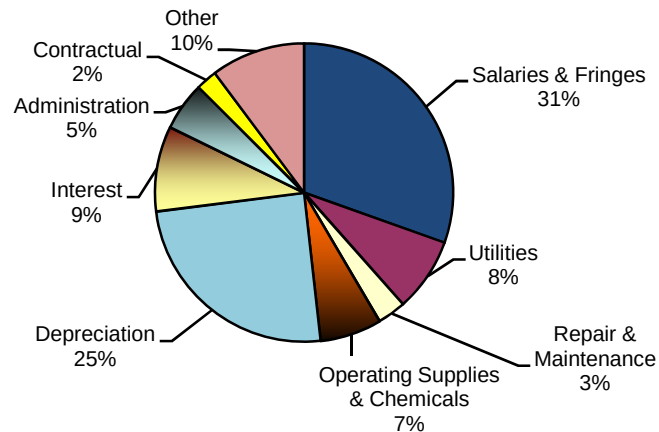
(2) Per 5,000 gallons

**Metered Usage**

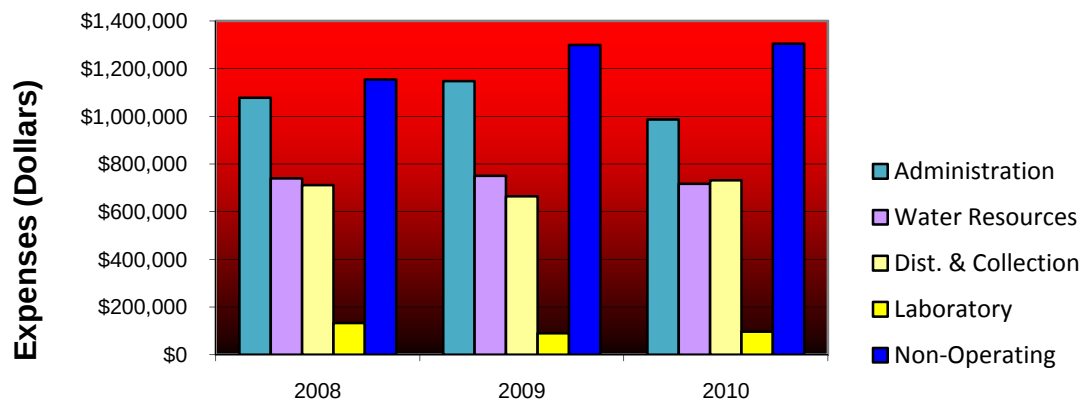
The chart to the left shows that there has been virtually no increase in metered usage of water and sewer over the last six fiscal years. The operations of the system have taken advantage of several efficiency-enhancing measures, including replacing old meters with radio read meters, that has enabled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

Fund Expense Highlights

Water & Sewer Fund - Expenses by Type



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



Fringes

Fringe benefit costs have increased substantially over the last few years. Driving much of this increase is the decision to fund other post-employment benefits (OPEB). This has increased overall personnel costs by nearly 10% city-wide, and has led to multiple benefit-changing decisions in an attempt to control the rising costs.

Water and Sewer Fund

FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
<u>Expenses</u>				
Administration				
Salaries and Wages	\$407,090	\$364,000	\$335,400	\$337,500
Salaries - Part Time	3,685	0	4,500	0
Fringes	188,366	235,500	170,600	172,100
Office Supplies	14,154	8,500	9,200	9,200
Postage	20,711	20,000	19,500	19,500
Safety Supplies	2,038	6,000	4,800	4,800
Property Taxes	7,553	7,600	7,600	7,600
Contractual Services	30,554	76,000	19,000	25,000
Engineering Fees	18,704	31,000	14,000	20,000
Audit	5,100	3,900	5,100	5,100
G.I.S. Contractual Services	40,534	50,000	36,000	36,000
Legal Fees	0	4,000	4,000	4,000
State Mandated Fees	15,025	22,500	22,500	20,000
Data Processing	54,000	55,000	55,000	55,000
Liability Insurance	36,986	36,000	41,000	39,000
Dues & Publications	1,743	2,400	2,400	2,000
Telephone	8,004	7,100	7,800	7,800
Alarm Systems	4,621	4,500	4,400	4,400
Travel & Education - Salary	6,551	4,500	5,500	5,500
Travel & Education - Hourly	5,566	4,000	4,500	4,500
Vehicle Repair & Maintenance	458	300	500	500
Employee Safety	2,100	2,100	2,100	2,100
Bad Debt Expense	0	0	1,000	1,000
Administration - City	203,800	201,900	201,900	201,900
Grant Match	0	0	0	0
Public Relations	1,019	1,000	2,500	2,500
Total Administration	\$1,078,362	\$1,147,800	\$980,800	\$987,000

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. The allocation of these charges was carefully reviewed for the FY2009 budget to ensure appropriate charges are being made against this fund.

FUNDING DETAILS

	FY2008 <u>Actual</u>	FY2009 <u>Estimated</u>	FY2009 <u>Adopted</u>	FY2010 <u>Proposed</u>
<u>Expenses (Cont.)</u>				
Water Resources Division:				
Preliminary Treatment				
Salaries and Wages	\$10,196	\$9,100	\$9,400	\$9,500
Fringes	5,192	4,500	4,800	4,900
Operating Supplies	342	1,000	800	800
Utilities	12,559	2,500	2,300	2,300
Repair & Maintenance	364	2,000	3,000	2,500
Total	\$28,653	\$19,100	\$20,300	\$20,000
Primary Treatment				
Salaries and Wages	\$9,519	\$8,500	\$11,500	\$9,500
Fringes	5,008	4,300	5,800	4,900
Operating Supplies	151	3,000	6,400	5,000
Repair & Maintenance	361	4,500	4,500	3,500
Total	\$15,039	\$20,300	\$28,200	\$22,900
Secondary Treatment				
Salaries and Wages	\$11,146	\$10,000	\$14,400	\$11,500
Fringes	5,839	5,000	7,300	5,800
Operating Supplies	1,130	1,000	1,800	1,800
Utilities	47,985	56,000	53,800	54,000
Repair & Maintenance	7,900	3,500	4,200	4,200
Total	\$74,000	\$75,500	\$81,500	\$77,300

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 to 90% removal of pollutants.

FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
<u>Expenses (Cont.)</u>				
Water Resources Division (Cont.)				
Tertiary Treatment				
Salaries and Wages	\$7,456	\$7,500	\$21,300	\$12,400
Fringes	3,882	3,800	10,700	6,200
Operating Supplies	473	6,500	7,400	7,400
Utilities	30,629	60,000	33,400	35,000
Repair & Maintenance	5,034	15,000	8,500	9,500
Total	\$47,474	\$92,800	\$81,300	\$70,500
Sludge Treatment				
Salaries and Wages	\$21,499	\$23,000	\$31,300	\$27,000
Fringes	10,402	10,500	15,800	12,900
Operating Supplies	1,292	3,500	4,800	4,400
Laboratory	4,666	3,500	5,500	5,500
Injection Contract Cost	58,332	38,000	42,000	45,000
Utilities	49,506	24,000	16,500	20,000
Repair & Maintenance	9,560	9,000	7,500	7,500
Total	\$155,257	\$111,500	\$123,400	\$122,300
Nutrient Removal				
Salaries and Wages	\$5,699	\$6,500	\$8,600	\$7,100
Fringes	3,028	3,200	4,400	3,400
Operating Supplies	292	1,500	1,500	1,100
Chemicals	35,259	39,500	41,000	41,000
Repair & Maintenance	3,285	8,500	5,400	5,400
Total	\$47,563	\$59,200	\$60,900	\$58,000

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 and are estimated at \$42,000 for 2008-2009.

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

Customer	2008 Usage and Billing				
	Cubic Feet		Gallons		Total Billing
	Water	Sewer	Water	Sewer	
AAR Cadillac Manufacturing	17,543,200	7,255,100	131,223,136	54,268,148	\$264,279
Cadillac Castings, Inc.	10,843,200	9,216,800	81,107,136	68,941,664	\$254,452
Avon Rubber & Plastics, Inc.	9,351,800	8,607,500	69,951,464	64,384,100	\$244,785
Paulstra CRC	346,500	3,265,700	2,591,820	24,427,436	\$85,304
Mercy Hospital	1,817,500	1,817,500	13,594,900	13,594,900	\$63,720
Piranha Hose	2,162,000	2,162,000	16,171,760	16,171,760	\$58,742
Michigan Rubber Products	1,528,700	1,528,700	11,434,676	11,434,676	\$44,074
Cadillac Renewable Energy *	929,500	1,612,600	6,952,660	12,062,248	\$41,009
Borg-Warner	1,362,500	1,362,500	10,191,500	10,191,500	\$39,645
Pheasant Ridge Estates	1,839,000	1,839,000	13,755,720	13,755,720	\$34,133
Country Acres	1,027,700	1,027,700	7,687,196	7,687,196	\$30,643
Four Winns	740,700	740,700	5,540,436	5,540,436	\$27,252
Fiamm Technologies	426,000	426,000	3,186,480	3,186,480	\$13,011
Kolarevic Car Wash	309,600	309,600	2,315,808	2,315,808	\$9,739
Leisure Park	400,500	400,500	2,995,740	2,995,740	\$9,621
	50,628,400	41,571,900	378,700,432	310,957,812	\$1,220,409

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

FUNDING DETAILS

	FY2008 <u>Actual</u>	FY2009 <u>Estimated</u>	FY2009 <u>Adopted</u>	FY2010 <u>Proposed</u>
<u>Expenses (Cont.)</u>				
Water Resources Division (Cont.)				
Effluent Disposal				
Salaries and Wages	\$10,111	\$9,500	\$12,500	\$12,000
Fringes	4,706	5,000	6,400	5,200
Operating Supplies	8,925	5,000	8,300	5,000
Plant Lab Supplies	6,198	7,400	7,400	8,400
Chemicals	4,329	500	500	500
Contracted Laboratory	6,610	10,000	11,000	11,000
Utilities	10,609	12,000	11,500	11,500
Repair & Maintenance	6,025	5,000	4,000	4,500
Total	\$57,513	\$54,400	\$61,600	\$58,100
Building & Grounds				
Salaries and Wages	\$73,585	\$78,000	\$58,500	\$68,500
Salaries - Part Time	8,805	7,500	5,000	4,000
Fringes	35,461	37,000	29,500	35,800
Operating Supplies	28,281	30,000	19,500	20,500
Utilities	17,913	15,000	48,500	25,000
Repair & Maintenance	28,016	18,000	15,600	16,600
Total	\$192,061	\$185,500	\$176,600	\$170,400
Industrial Surveillance				
Salaries and Wages	\$9,036	\$9,000	\$12,400	\$10,400
Fringes	3,544	4,000	6,300	4,400
Operating Supplies	1,262	1,000	1,800	1,500
Laboratory	1,955	2,800	3,900	3,000
Repair & Maintenance	502	1,000	600	600
Total	\$16,299	\$17,800	\$25,000	\$19,900

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. Discharge permits are issued and enforced on 17 users.

FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
<u>Expenses (Cont.)</u>				
Water Resources Division (Cont.)				
Lift Station - Sanitary				
Salaries and Wages	\$17,061	\$17,500	\$21,600	\$18,100
Fringes	7,421	8,500	10,900	9,300
Operating Supplies	5,157	7,500	4,600	4,800
Disposal Fees	1,589	1,200	2,000	2,000
Utilities	31,681	42,000	38,200	38,200
Repair & Maintenance	28,492	19,000	10,500	12,500
Total	\$91,401	\$95,700	\$87,800	\$84,900
Vehicles				
Salaries and Wages	\$1,005	\$1,500	\$2,500	\$1,500
Fringes	403	900	1,400	800
Operating Supplies	402	500	500	500
Fuel Costs	10,440	8,500	5,200	6,200
Repair & Maintenance	2,358	6,500	3,900	3,900
Total	\$14,608	\$17,900	\$13,500	\$12,900
Total Water Resources Division	739,868	749,700	760,100	717,200

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.

Cost and Expense Analysis

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 over two million gallons of water used by our city and sewer service areas each day.

Goals:

2008-2009

1. Complete \$4.0 million Wastewater and collection system improvement project. *Status: Completed*
2. Complete NPDES Permit renewal. *Status: Completed*

2009-2010

1. Update master file of City-wide industries.
2. Explore possibility of sale of biosolids.
3. Study possible uses of excess methane gas produced by digester.
4. Explore potential relocation of old generators to WWTP.

Distribution and Collection Division



2007/2008 Water Usage

Meter Size	Usage - CCF	Revenue
5/8" Meter	280,057	\$480,382
3/4" Meter	396	908
1" Meter	43,874	61,170
1 1/2" Meter	55,386	77,254
2" Meter	163,323	175,896
3" Meter	22,863	29,641
4" Meter	153,704	132,886
6" Meter	228,600	168,674
8" Meter	16,780	18,352
Total	964,983	\$1,145,163

Average usage per service connection per day:

Year	Usage	Year	Usage
2008	648 (gallons)	2004	608 (gallons)
2007	664	2003	638
2006	618	2002	633
2005	658	2001	660

Water and Sewer Fund

FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
<u>Expenses (Cont.)</u>				
Distribution & Collection Division				
Building & Water Tank				
Salaries and Wages	\$1,109	\$3,000	\$1,900	\$2,500
Salaries - Part Time	5,216	3,000	5,000	4,000
Fringes	16,208	3,000	1,100	2,000
Operating Supplies	518	19,000	13,500	14,500
Repair & Maintenance	0	2,000	2,000	2,000
Total	\$23,051	\$30,000	\$23,500	\$25,000
Pumping Station				
Salaries and Wages	\$1,561	\$3,000	\$9,500	\$3,000
Fringes	664	1,500	4,900	1,600
Operating Supplies	8,708	7,500	8,500	8,500
Chemicals	24,690	20,000	28,500	28,500
Laboratory Control	20,676	19,000	22,000	22,000
Utilities	125,208	120,000	121,000	121,000
Repair & Maintenance	8,133	2,500	3,000	3,000
Total	\$189,640	\$173,500	\$197,400	\$187,600
Wells & Well Field				
Salaries and Wages	\$965	\$1,500	\$9,600	\$3,000
Salaries - Part time	344	0	0	0
Fringes	358	800	5,000	1,500
Operating Supplies	4,585	3,000	3,200	3,200
Wellhead Protection	200	1,500	3,500	3,500
Contractual Services	24,422	30,000	20,500	25,000
Repair & Maintenance	28,814	10,000	14,800	14,800
Total	\$59,688	\$46,800	\$56,600	\$51,000

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 840,240,000 gallons of water in 2008. This was a decrease of 86 million gallons from 2007, a 9% decrease. Much of this decrease was attributed to the return to a more normal summer, after an extremely dry summer in 2007 which resulted in near record water pumpage for July and August. The costs of chemicals and utilities are the pumping stations' major costs.

Wells & Well Fields

The City's single well field contains six active wells and one capped well. All of the wells are considered deep wells, as they are all in excess of 300 feet deep.

Water and Sewer Fund

FUNDING DETAILS

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
<u>Expenses (Cont.)</u>				
Distribution & Collection Division (Cont.)				
General Street Expense				
Salaries and Wages	\$223	\$1,000	\$1,000	\$1,000
Fringes	112	600	700	500
Operating Supplies	6,931	1,500	4,000	4,000
Contractual Services	24,346	24,000	16,400	19,400
Total	\$31,612	\$27,100	\$22,100	\$24,900
Meter Reading & Delinquent Accounts				
Salaries and Wages	\$11,313	\$13,000	\$17,500	\$14,500
Fringes	4,940	7,500	8,900	7,300
Operating Supplies	0	300	300	300
Total	\$16,253	\$20,800	\$26,700	\$22,100
Meter Operations & Maintenance				
Salaries and Wages	\$51,251	\$50,000	\$74,500	\$73,000
Fringes	28,055	25,000	37,400	37,300
Operating Supplies	28,024	18,000	20,700	20,700
Total	\$107,330	\$93,000	\$132,600	\$131,000
Customer Service				
Salaries and Wages	\$22,133	\$16,000	\$16,500	\$16,500
Fringes	9,925	9,000	8,300	8,400
Total	\$32,058	\$25,000	\$24,800	\$24,900
Maintenance - Mains & Hydrants				
Salaries and Wages	\$55,982	\$57,000	\$68,300	\$64,300
Fringes	26,183	28,000	34,300	30,700
Operating Supplies	17,338	15,000	23,500	21,500
Contractual Services	8,920	8,500	7,500	7,500
Total	\$108,423	\$108,500	\$133,600	\$124,000

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.

Cost and Expense Analysis

Meter Operation and Maintenance

The Utilities Department responded to the following:

Year	Meter Repairs	New Meter Installations	Year	Meter Repairs	New Meter Installations
1999	644	8	2004	185	18
2000	575	7	2005	238	23
2001	521	8	2006	312	41
2002	455	18	2007	296	9
2003	243	12	2008	44	15

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.

Year	Service Calls	MISS-DIGS	Year	Service Calls	MISS-DIGS
1999	727	514	2004	1,151	1,385
2000	675	507	2005	1,481	1,198
2001	1,243	571	2006	1,378	1,481
2002	661	1,025	2007	1,281	964
2003	1,042	949	2008	909	1,228

Maintenance - Mains and Hydrants

The City maintains 464 fire hydrants. All fire hydrant records and histories are computerized. The City replaces water mains annually as streets are torn up to be resurfaced.

Water Supply Statistics				
	Gallons Pumped	Gallons Sold	% Lost (1)	Customers
1999	859,000,000	773,200,000	10.10	3,395
2000	883,500,000	789,000,000	10.70	3,408
2001	821,800,000	760,500,000	7.70	3,414
2002	787,700,000	754,100,000	4.00	3,407
2003	804,800,000	746,300,000	7.28	3,456
2004	773,400,000	736,300,000	4.70	3,487
2005	843,200,000	773,900,000	8.22	3,511
2006	792,900,000	714,000,000	10.00	3,524
2007	925,900,000	786,500,000	14.00	3,517
2008	840,240,000	731,961,000	12.90	3,544

(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 2008 was 12.9%, within the acceptable range of 10-15% for public water supplies. Water loss occurs from meter variances, worn meters, water used for fire purposes, water lost through system flushing, and water lost during run water situations in the winter.

Water and Sewer Fund

FUNDING DETAILS

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
<u>Expenses (Cont.)</u>				
Distribution & Collection Division (Cont.)				
New Water Service				
Salaries and Wages	\$763	\$2,500	\$2,500	\$1,500
Fringes	400	1,200	1,400	800
Operating Supplies	18,052	23,000	21,000	21,000
Contractual Services	922	1,500	1,500	1,400
Total	\$20,137	\$28,200	\$26,400	\$24,700
Water Service Maintenance				
Salaries and Wages	\$2,047	\$5,000	\$5,500	\$3,500
Fringes	677	2,500	2,800	1,800
Operating Supplies	2,216	5,000	3,900	3,900
Repair & Maintenance	0	1,000	2,000	1,000
Total	\$4,940	\$13,500	\$14,200	\$10,200
Sanitary Sewer				
Salaries and Wages	\$35,965	\$25,000	\$48,500	\$33,500
Fringes	21,067	13,000	24,400	17,300
Operating Supplies	15,147	8,000	10,500	8,000
Contractual	4,573	14,000	9,500	9,500
Damage Contractual Services	604	1,000	2,000	1,800
Repair & Maintenance	0	1,000	1,200	1,000
Total	\$77,356	\$62,000	\$96,100	\$71,100
Vehicles				
Salaries and Wages	\$0	\$1,500	\$2,500	\$1,000
Fringes	0	800	1,400	500
Operating Supplies	1,588	1,500	1,200	1,200
Fuel & Oil	18,563	12,500	17,500	17,500
Repair & Maintenance	20,741	19,500	11,500	15,000
Total	\$40,892	\$35,800	\$34,100	\$35,200
Total Distribution and Collection	\$711,380	\$664,200	\$788,100	\$731,700

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. In 2008, 22,500 feet of sanitary sewers were cleaned, compared to 64,000 feet in 2007 and 73,750 feet in 2006. The decrease over the last couple of years is due to two transferred DPW workers who have worked in the collection crew in the summer months being unavailable in 2008.

Vehicles

Several vehicles and over-the-road equipment are used in this division. This fleet of vehicles requires regular maintenance, which is accounted for in this group of accounts. Costs for fuel are also included in this section.

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 over 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.

Goals:**2008-2009**

1. Complete hydrogeologic investigation for proposed well locations. *Status: Ongoing*
2. Complete water tower inspection and prepare painting specifications. *Status: Delayed*
3. Finalize plans for Mitchell Street infrastructure improvements related to 2009 MDOT project.
Status: Completed

2009-2010

1. Complete water tower inspection and prepare painting specifications.
2. Increase sewer cleaning in an effort to reduce system back-ups.
3. Begin application process for Drinking Water Revolving Fund (DWRF) loan to aid in the wellfield relocation project.

Water and Sewer Fund

FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
<u>Expenses (Cont.)</u>				
Laboratory Division				
General Laboratory				
Salaries and Wages	\$64,209	\$21,000	\$25,200	\$22,200
Fringes	17,243	12,000	12,800	11,400
Operating Supplies	11,823	12,000	14,500	14,500
Repair & Maintenance	1,105	2,300	2,300	2,300
Equipment Rental	172	500	500	500
Research & Development	1,884	1,500	1,000	1,500
Total	\$96,436	\$49,300	\$56,300	\$52,400
 Contract Laboratory				
Salaries and Wages	\$12,694	\$15,000	\$12,800	\$14,000
Fringes	7,294	8,000	6,500	7,200
Operating Supplies	4,886	11,000	12,400	12,400
Repair & Maintenance	10,267	5,000	9,600	8,600
Equipment Rental	510	500	500	500
Research & Development	839	1,000	1,200	1,000
Total	\$36,490	\$40,500	\$43,000	\$43,700
 Total Laboratory Division	132,926	89,800	99,300	96,100
 Non-Operating				
Interest Expense	\$333,329	\$350,000	\$350,000	\$355,000
Depreciation	820,864	950,000	950,000	950,000
Total	\$1,154,193	\$1,300,000	\$1,300,000	\$1,305,000
 TOTAL EXPENSES	\$3,816,729	\$3,951,500	\$3,928,300	\$3,837,000

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:	2003	2004	2005	2006	2007	2008
Lead and Copper	81	195	175	64	37	32
Metals	7,050	8,315	8,980	7,776	9,210	7,749
Volatile Organic	280	264	272	148	152	72
Bacterial Testing	1,313	2,680	3,120	2,452	2,836	2,084
Wet Chemistry	23,200	23,870	24,050	22,976	26,200	25,640

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.

Goals:

2008-2009

1. Obtain MDEQ laboratory certification in e-coli enumeration. *Status: Completed*
2. Complete SDWA initial distribution system organic testing. *Status: Ongoing*
3. Continue training new laboratory technician for metals and bacteriological testing. *Status: Completed*

2009-2010

1. Increase involvement and knowledge with wastewater laboratory.
2. Begin investigation of options regarding upcoming purchase of AA.
3. Expand customer base for contract laboratory services.



Non-Operating

Three revenue bond issues comprise the interest activity:

1999 Revenue Refunding Bond: Interest payments September 1, 2009 and March 1, 2010 total \$51,554.

2001 Revenue and Revenue Refunding Bond: Interest payments September 1, 2009 and March 1, 2010 total \$239,021.

2007 State of Michigan SRF Loan: Interest payments October 1, 2009 and April 1, 2010 total \$61,547.

Depreciation increased substantially beginning in FY2009. The \$4 million upgrade project at the Wastewater Treatment facility will be coming online and will begin to be depreciated. It is calculated based on annual depreciation schedules using the straight-line method of depreciation.

Other Fund Highlights

History

In the late 1870's the City began construction of a sanitary sewer collection system which discharged untreated wastewater into Lake Cadillac. In 1889 the City extended a major interceptor along the shores of Lake Cadillac to divert the wastewater flow from Lake Cadillac to the Clam River. Treatment of collected wastewater began in 1918 upon completion of a primitive secondary wastewater treatment facility with a sustained treatment capacity of 0.8 million gallons per day (MGD).

The City's original wastewater treatment facility was replaced in 1963 with the construction of a 2.0 MGD advanced secondary (activated sludge) treatment facility. In 1975 the facility was upgraded to provide ammonia removal and advanced tertiary filtration. In 1990 the City added an 800,000 gallon equalization basin, a 550,000 gallon sludge storage tank, and a new secondary clarifier among other major improvements which increased sustained treatment capacity to 3.2 MGD. Average daily flow is approximately 2.3 MGD with average peak flows of approximately 2.8 MGD. In 1995, the City again updated the treatment facility with another \$2.5 million expansion. In 2003, a UV disinfection/chemical storage building was added in addition to replacement of tertiary screw pumps. Throughout FY2008 and into FY2009 the City will be completing a \$4.0 million project that replaces aging equipment within the system.



September, 1923 construction of original facilities.

The City is in compliance with the National Pollutant Discharge Elimination System (NPDES) permit granted by the Department of Environmental Quality of the State of Michigan.



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

Source and Use of Funds For Capital Improvements

FY2010**Source of Funds**

Investments - Unrestricted	155,500	
		<u>\$155,500</u>

Total Source of Funds**Use of Funds****Infrastructure/System Costs**

Lincoln Street	32,500	
North Simons Street	65,000	
Washington Street Alley	10,000	
Lynn Street	<u>**Delayed**</u>	
		\$107,500

Equipment

Tractor Mower	25,000	
Pickup Truck	<u>23,000</u>	
		48,000

Total Use of Funds

	<u>\$155,500</u>
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Capital Improvements and Purchases

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



Cash Flow Analysis

FY2010

Additions

Net Income from Operations	\$0	
Depreciation	950,000	
Total Additions		950,000

Deductions

Principal Payments (1)	\$595,000	
Capital Improvements	155,500	
Total Deductions		750,500

Net Increase (Decrease) of Available Cash		\$199,500
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Footnotes:

(1) Principal payments include:

1999 Revenue Refunding Bond

	<i>Principal</i>	<i>Interest</i>
September 1, 2009	5,000	
September 1, 2009 (4.35%)		25,831
March 1, 2010 (4.35%)		25,723

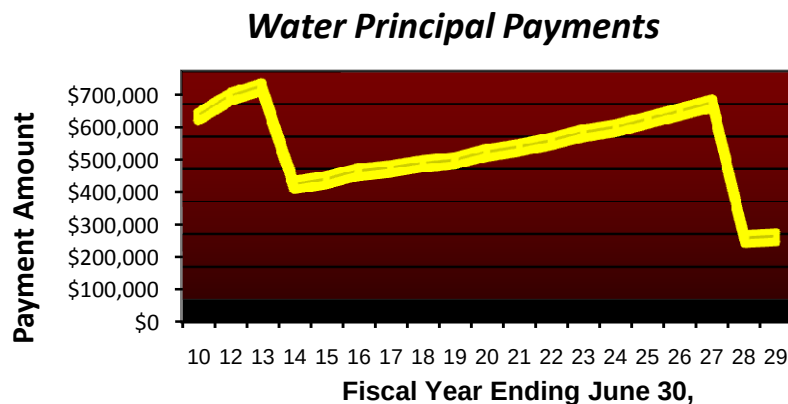
2001 Revenue Refunding Bond

September 1, 2009	425,000	
September 1, 2009 (4.50%)		124,292
March 1, 2010 (4.50%)		114,729

2007 State of Michigan SRF Loan

October 1, 2009	165,000	
October 1, 2009 (1.625%)		31,444
April 1, 2010 (1.625%)		30,103

Total Debt Payments	\$595,000	\$352,122	\$947,122
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**Principal Payments**

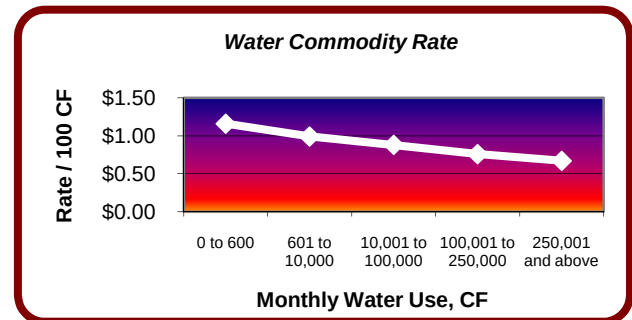
Principal payments are on the **1999 Revenue Refunding Bond**, the **2001 Revenue and Revenue Refunding Bonds**, and the **SRF loan**.

Water and Sewer Rates**Rates and Charges proposed as of July 1, 2009****Ready to serve charge**

<u>Meter Size</u>	<u>Water</u>	<u>Wastewater</u>
5/8"	\$5.54	\$8.93
3/4"	\$8.15	\$13.43
1"	\$13.59	\$22.36
1-1/2"	\$27.22	\$44.73
2"	\$43.42	\$71.58
3"	\$95.10	\$156.70
4"	\$163.02	\$268.46
6"	\$339.68	\$559.39
8"	\$489.11	\$805.49

Commodity Charge**Volume (Cubic Feet - CF)**

0 to 600	\$1.16	
601 to 10,000	\$0.99	
10,001 to 100,000	\$0.88	
100,001 to 250,000	\$0.76	
250,001 and above	\$0.67	
Per 100 cubic feet per month		\$2.07

**Unmetered Users (Flat Rate)**

- Monthly room charge (Living, Dining, Bedroom and Kitchens)

1 to 3 rooms	\$7.73
4 to 6 rooms	\$8.67
7 to 8 rooms	\$10.23
Each additional room	\$1.41
- Additional for each bathtub and shower \$3.70
- Additional for each toilet \$4.08

Continuing Disclosure Information

**Revenue as Billed By Meter Classification
For Fiscal Year Ended June 30, 2008**

<u>Meter Classification</u>	<u>Water Supply</u>		<u>Wastewater Treatment</u>	
	<u>Revenue</u>	<u>Percent of Total</u>	<u>Revenue</u>	<u>Percent of Total</u>
Unmetered			\$46,103	2.30
5/8"	\$480,382	41.95	731,823	36.46
3/4"	908	0.08	1,218	0.06
1"	61,170	5.34	78,884	3.93
1-1/2"	77,254	6.75	108,606	5.41
2"	175,896	15.36	491,682	24.50
3"	29,641	2.59	61,281	3.05
4"	132,886	11.60	200,290	9.98
6"	168,674	14.73	267,645	13.34
8"	18,352	1.60	19,461	0.97
	<u>\$1,145,163</u>	<u>100.0</u>	<u>\$2,006,993</u>	<u>100.0</u>

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

<u>Fiscal Year</u>	<u>Meter Classification</u>								
	<u>5/8"</u>	<u>3/4"</u>	<u>1"</u>	<u>1-1/2"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>
1999	7.31	11.03	13.01	16.28	24.80	68.73	93.75	152.21	237.51
2000	7.53	11.36	13.40	16.77	25.54	70.79	96.56	156.78	244.64
2001	6.60	9.90	16.50	33.00	52.80	115.50	198.00	412.50	594.00
2002	6.80	10.20	17.00	34.00	54.38	118.97	203.94	424.88	611.82
2003	7.00	10.50	17.50	35.00	56.00	122.55	210.05	437.60	630.20
2004	7.20	10.80	18.05	36.05	57.70	126.25	216.35	450.35	649.10
2005	7.50	11.25	18.75	37.50	60.00	131.30	225.00	468.80	675.05
2006	7.80	11.70	19.50	39.00	62.40	136.55	234.00	487.55	702.05
2007	8.05	12.05	20.10	40.15	64.30	140.65	241.00	502.15	723.10
2008	8.55	12.85	21.40	42.80	68.50	149.95	256.90	535.30	770.80

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

Monthly Ready-To-Serve Charge For Fire Protection
Fiscal Year Ended June 30, 2008

<u>Line Size</u>	<u>Monthly Ready-To-Serve Charge</u>
3/4"	\$1.90
1"	\$3.25
1-1/2"	\$6.45
2"	\$10.40
3"	\$22.60
4"	\$38.85
6"	\$81.10
8"	\$116.85
10"	\$188.20
12"	\$278.95

Monthly Water Supply Ready-To-Serve Charge By Meter Classification
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Meter Classification</u>								
	<u>5/8"</u>	<u>3/4"</u>	<u>1"</u>	<u>1-1/2"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>
1999	4.48	6.78	7.98	10.22	15.35	42.34	58.25	94.08	102.83
2000	4.61	6.98	8.22	10.53	15.81	43.61	60.00	96.90	105.92
2001	4.00	6.01	10.02	20.04	32.06	70.13	120.23	250.47	360.68
2002	4.12	6.19	10.32	20.64	33.02	72.22	123.84	257.98	371.50
2003	4.25	6.40	10.65	21.25	34.00	74.40	127.55	265.70	382.65
2004	4.40	6.60	10.95	21.90	35.00	76.65	131.40	273.65	394.15
2005	4.60	6.85	11.40	22.80	36.40	79.70	136.65	284.60	409.90
2006	4.80	7.10	11.85	23.70	37.85	82.90	142.10	296.00	426.30
2007	4.95	7.30	12.20	24.40	39.00	85.40	146.35	304.90	439.10
2008	5.30	7.80	13.00	26.05	41.55	91.00	156.00	325.05	468.05

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

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

<u>Fiscal Year</u>	<u>Water Supply Customers</u>		<u>Wastewater Treatment Customers</u>	
	<u>Number</u>	<u>Percent of Change</u>	<u>Number</u>	<u>Percent of Change</u>
1999	3,383	0.20	3,481	0.10
2000	3,408	0.74	3,499	0.52
2001	3,414	0.18	3,504	0.14
2002	3,407	(0.21)	3,493	(0.31)
2003	3,456	1.44	3,526	0.94
2004	3,487	0.90	3,544	0.51
2005	3,520	0.95	3,569	0.71
2006	3,524	0.11	3,573	0.11
2007	3,517	(0.20)	3,564	(0.25)
2008	3,544	0.77	3,592	0.79

**Average Number of Water Supply and Wastewater Treatment Customers By Meter Classification
Fiscal Year Ended June 30, 2008**

<u>Meter Classification</u>	<u>Average Customers</u>	
	<u>Water Supply</u>	<u>Wastewater Treatment</u>
Unmetered	0	174
5/8"	3,205	3,138
3/4"	6	6
1"	133	109
1-1/2"	89	73
2"	83	68
3"	9	9
4"	13	11
6"	5	3
8"	1	1
	<u>3,544</u>	<u>3,592</u>

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

Fund: Building Authority Operating Fund

Type: Enterprise Fund

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.



The most recent use of the building authority was to sell bonds for parking lot renovations. The parking lots were reconstructed in the summer of 1998. The bond payments for the parking lots are recorded in the 1997 Building Authority Debt Retirement section of this budget. This fund only records the activity of the DEQ building.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Rental Income	\$197,232	\$195,900	\$195,900	\$195,900
Interest Income	2,193	1,400	2,000	2,000
Total	\$199,425	\$197,300	\$197,900	\$197,900
Expenditures				
Building Maintenance	1,698	10,000	7,000	9,000
Contractual Services	44,171	28,000	30,000	30,000
Audit	950	900	1,000	1,000
Liability Insurance	597	700	700	700
Utilities	2,712	2,500	3,000	3,000
Administration	5,000	5,000	5,000	5,000
Depreciation	38,763	39,900	39,900	39,900
Debt Service				
Interest Payment	44,967	42,400	42,000	38,000
Total	\$138,858	\$129,400	\$128,600	\$126,600
Net Assets				
Change in Net Assets	\$60,567	\$67,900	\$69,300	\$71,300
Total Net Assets - Beginning of Year	462,177	522,744	590,644	590,644
TOTAL NET ASSETS AT YEAR END	\$522,744	\$590,644	\$659,944	\$661,944

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. 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 to the DDA fund for their management oversight of the facility. The Building Authority issued debt to fund the construction of this facility. In 1999 the debt was refinanced in order to take advantage of lower interest rates, resulting in \$33,000 in net present value savings.

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

Chairperson:

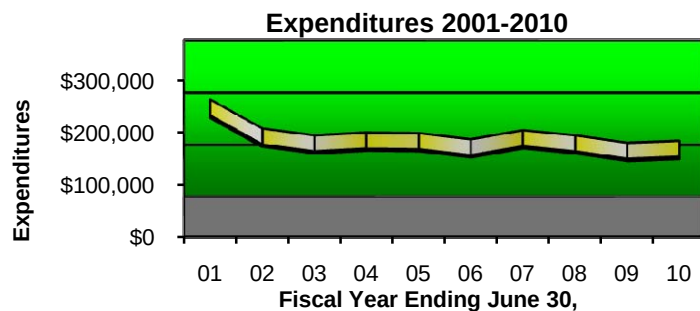
Peter D. Stalker
City Manager
City of Cadillac

Vice-Chairperson:

David L. McCurdy
McCurdy & Wotila
City Attorney
City of Cadillac

Secretary - Treasurer:

Owen E. Roberts
Director of Finance
City of Cadillac



Net Assets

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

Source and Use of Funds For Capital Improvements**FY2010****Source of Funds**

Operational funds	45,000	
Total Source of Funds		\$45,000

Use of Funds

Carpet Replacement	45,000	
Total Use of Funds		\$45,000

Note:

The Building Authority is responsible for maintaining the facility, including capital upgrades as necessary. The carpet replacement was originally scheduled for FY2009 but has been delayed until FY2010 due to several other maintenance issues that took precedent over the project.

Cash Flow Analysis**FY2010****Additions:**

Net Gain from Operations	71,300	
Depreciation	39,900	
Total Additions		\$111,200

Deductions:

Principal Payment	110,000	
Capital Improvements	45,000	
Total Deductions		\$155,000

Net Increase (Decrease) in Cash	(\$43,800)
--	-------------------

Note:

There are sufficient reserves on hand to cover the use of cash anticipated for FY2010.

Outstanding Debt Issue**Title of Issue:** 1999 Building Authority Fund Refunding Bonds**Date of Issue:** February 2, 1999**Purpose:** For the purpose of advance refunding the 1994 Building Authority Bonds dated December 1, 1994 maturing in the years 2006 through and including 2015 on October 1, 1995.**DEBT SERVICE DETAILS**

		Amount Redeemed		Balance
		Prior	Current	
Amount of Issue:	\$1,265,000	\$285,000	\$110,000	\$870,000

DEBT SERVICE REQUIREMENTS				
DUE DATES	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2009	4.30%	\$110,000	\$19,701	\$129,701
April 1, 2010			\$17,336	\$17,336
October 1, 2010	4.35%	\$115,000	\$17,336	\$132,336
April 1, 2011			\$14,835	\$14,835
October 1, 2011	4.60%	\$115,000	\$14,835	\$129,835
April 1, 2012			\$12,190	\$12,190
October 1, 2012	4.60%	\$125,000	\$12,190	\$137,190
April 1, 2013			\$9,315	\$9,315
October 1, 2013	4.60%	\$130,000	\$9,315	\$139,315
April 1, 2014			\$6,325	\$6,325
October 1, 2014	4.60%	\$135,000	\$6,325	\$141,325
April 1, 2015			\$3,220	\$3,220
October 1, 2015	4.60%	\$140,000	\$3,220	\$143,220
		\$870,000	\$146,143	\$1,016,143

Special Revenue Funds Summary

Special Revenue Funds

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 Special Revenue Funds (Included in Major Fund Section):

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.

Nonmajor Special Revenue Funds (Included in this section):

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.

H. L. Green Operating Fund – This fund was established to account for the rental of the H. L. Green building.

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

Building Inspection Fund - The fund was established to account for building inspection activities pursuant to Public Act 245 of 1999.

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

Milfoil Eradication Fund - The fund is established for the special assessment of the Lake Cadillac Special Assessment and Treatment Program, which addresses the Eurasian water milfoil in Lake Cadillac.

Special Revenue Funds Summary

FY2010

	Cemetery Fund	H. L. Green Operating Fund	Naval Reserve Center Fund	Building Inspection Fund	Cadillac Development Fund	Milfoil Eradication Fund	Total
REVENUES							
Interest Income	\$1,500	\$3,000	\$300		\$19,000	\$2,500	\$26,300
Interest Income-Loan					24,000		24,000
Principal Repayment-Loan		26,500					26,500
Rental			15,800				15,800
Building Permits				\$58,500			58,500
Heating and Fence Permits				400			400
Charges for Services	50,800						50,800
Local Funds				15,000			15,000
General Fund	72,400						72,400
Special Assessment Revenue							0
Surplus			19,000		35,100	46,000	100,100
TOTAL REVENUES	\$124,700	\$29,500	\$35,100	\$73,900	\$78,100	\$48,500	\$389,800
EXPENDITURES							
Audit	\$600	\$700	\$400	\$500	\$800	\$500	\$3,500
Operating Expenditures	124,100		34,700	73,000	23,900	48,000	303,700
Community Development					38,400		38,400
Capital Outlay							0
Debt Service		19,000					19,000
Transfer Out					15,000		15,000
TOTAL EXPENDITURES	\$124,700	\$19,700	\$35,100	\$73,500	\$78,100	\$48,500	\$379,600
Change in Fund Balance	\$0	\$9,800	(\$19,000)	\$400	(\$35,100)	(\$46,000)	(\$89,900)
Fund Balance - Beginning of Year	7,285	49,707	56,751	9,774	1,485,264	144,845	1,753,626
Fund Balance - End of Year	\$7,285	\$59,507	\$37,751	\$10,174	\$1,450,164	\$98,845	\$1,663,726

Footnotes:

(1) Excludes "Surplus". Surplus indicates the use of prior year's earnings to balance the budget. The budget staff has determined that sufficient prior year's earnings are available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section on page 35-40.

Fund: Cemetery Operating Fund

Type: Special Revenue Fund

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 funds approximately 58% of Cemetery operations. This is below the average of other cemeteries in Northern Michigan. This contribution was shown for the first time in FY2009. Historically the General Fund has provided administrative support services at no cost to the Cemetery, but in an effort to more accurately reflect the true operating cost of the cemetery, these amounts are now shown in this fund.

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 Public Works Director. A cemetery superintendent is responsible for the daily activity of cemetery personnel, which consists of the cemetery supervisor and two part-time maintenance workers. These part-time workers do not work during the winter months, but begin working when the snow melts to maintain the Cemetery.

Advisory BoardRoy Wohlford, Jr., *Chairperson*Del Packard, *Member*Nick Nelson, *Member*Janice Nelson, *Secretary*Robert Johnson, *Ex-Officio, Public Works Director***Cemetery Staffing**

A portion of administrative salaries are allocated to this fund according to the estimated time spent on Cemetery activities, as follows:

Allen Dumond	Parks & Cemetery Superintendent	5.0%
Bryan Elenbaas	Cemetery Supervisory	85.0%
Tera Veddler	Secretary	2.0%

Part-Time Labor

Due to the elimination of prison labor availability from the State of Michigan, the Cemetery will need to hire 2 part-time workers to keep up with the daily maintenance of the Cemetery. This has added significant costs to the Cemetery and will create long-term challenges that need to be addressed to insure the long-term stability of the Cemetery operation.

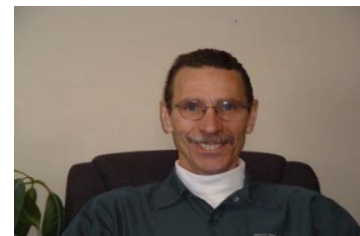
FUNDING SUMMARY

	FY2008 <u>Actual</u>	FY2009 <u>Estimated</u>	FY2009 <u>Adopted</u>	FY2010 <u>Proposed</u>
Revenue				
Charges For Services:				
Sale of Lots & Burial Rites	\$6,412	\$4,500	\$9,900	\$9,800
Grave Openings & Storage	29,325	30,000	34,000	32,600
Foundations & Miscellaneous	7,553	5,000	10,500	8,400
Miscellaneous:				
Interest Income	2,767	2,000	3,500	1,500
Transfer In - Perpetual Care	13,834	0	20,000	0
Contributions from Private Sources	185	0	0	0
Contribution from General Fund	0	68,400	68,400	72,400
Surplus	0	0	0	0
Total	\$60,076	\$109,900	\$146,300	\$124,700
Expenditures				
Salaries - Regular	\$31,045	\$37,100	\$37,100	\$37,500
Salaries - Part Time	24,961	24,000	38,600	20,000
Fringes	17,614	25,000	23,800	26,300
Liability Insurance	80	100	100	100
Operating Supplies	8,854	9,000	9,200	9,300
Audit	650	500	600	600
Utilities	8,789	11,000	10,500	10,100
Telephone	316	500	500	500
Equipment Rental	5,767	8,000	8,200	2,700
Administration	1,885	8,700	8,700	8,700
Data Processing	4,500	2,500	2,500	2,500
Travel & Education	338	400	400	400
Repair and Maintenance	5,986	7,000	4,500	6,000
Capital Outlay	0	0	0	0
Total	\$110,785	\$133,800	\$144,700	\$124,700
Fund Balance				
Net Change in Fund Balance	(50,709)	(23,900)	1,600	0
Fund Balance - Beginning of Year	81,894	31,185	31,185	7,285
Ending Fund Balance	\$31,185	\$7,285	\$32,785	\$7,285

**Allen Dumond**

*City of Cadillac
Superintendent of Parks and Cemetery*

*Board of Directors, Michigan Association of
Municipal Cemeteries, 2007-2010*



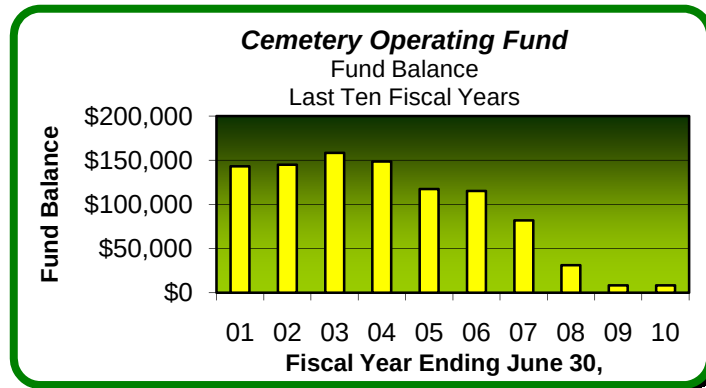
Bryan Elenbaas
Cemetery Supervisor

Cemetery Operating Fund

Fund Financial Highlights

Fund Balance

The fund balance has been declining for several years due to added costs of operating the cemetery. Much of this increase in costs is related to labor. The State of Michigan has eliminated the availability of prison labor, thus requiring the Cemetery to hire part time workers to help maintain the Cemetery. This costs significantly more than the low rate at which prison labor was formerly available.



General Fund Contribution

Historically the City has made no contribution from the General Fund to cover Cemetery operating costs. However, the City has contributed administrative oversight at no cost. In an effort to more accurately reflect the cost of operating the Cemetery, these costs are now accounted for separately. This has made it necessary to show a General Fund contribution in order to fully cover annual operating costs.

Revenue

One of the largest revenue items is the transfer from the Perpetual Care Fund. Part of the sale of cemetery lots is for a perpetual care fee which the city uses as an endowment and only uses the interest earned to support the operation of the daily activity in the cemetery. In FY2010, it is anticipated interest earnings from Perpetual Care will not provide any revenue for operations due to the depressed investment market.

The charges and services are based on a three-year trend as it is difficult to predict the accurate number of burials.

Year	Burials	Cremaains	Revenue	Lots sold
2008	47	18	\$43,290	29
2007	44	34	\$50,129	30
2006	57	31	\$59,062	45
2005	94	32	\$54,165	60
2004	74	23	\$31,345	21
2003	97	29	\$36,100	27
2002	98	31	\$44,275	57
2001	54	29	\$35,525	51
2000	88	26	\$34,693	44

Cemetery Rates Benchmark Study

How do our rates compare with other communities of similar size?

A recent survey taken in the winter of 2007 revealed the following comparisons of charges, along with the most recent budgets and the percentage of the budget funded by General Fund contributions:

	<u>Cadillac</u>	<u>Petoskey</u>	<u>Alpena</u>	<u>Traverse City</u>	<u>Midland</u>
<u>Lot Sales</u>					
Infant	\$175	\$85-\$1,475	\$175	\$175	\$155
Single	\$475	\$450 - \$3,450	\$515	\$500	\$525
Family	\$2,125	n/a	n/a	n/a	n/a
<u>Vault Storage</u>	n/a	\$200	\$195	n/a	n/a
<u>Foundations</u>					
Per Square Inch	\$0.40	\$0.27	n/a	\$0.30	\$0.40
<u>Grave Openings</u>					
Normal Working Hours					
4/16 to 10/31	\$500	\$400	\$515	\$475	\$485
11/1 to 4/15	\$575	\$400	n/a	\$575	n/a
Sat. or after 3:30 P.M.	\$550	\$550	\$780	\$300	\$830
Infants 4/16 to 11/14	\$165	\$100	\$330	\$325	\$220
Infants 11/15 to 4/15	\$190				
Sat. or after 3:30 P.M.	n/a	\$550	\$915	\$875	\$565
11/15 to 4/14	\$190	n/a	\$915	\$575	525-625
<u>Cremations</u>	\$250	\$190	\$240	\$250	\$125
Saturdays	\$275	\$290	n/a	n/a	n/a
Percent of General Fund Contribution	58%	82%	60%	78%	77%
Annual Budget	\$124,700	\$575,500	\$152,000	\$358,600	\$156,000

Rate Structure

Rates were reviewed and increased in 2006. Rates were further analyzed in 2007 and a slight adjustment was made to ensure equity in burial costs regardless of burial time. Perpetual Care interest has been declining due to the interest rate market, which coupled with the elimination of the availability of prison labor has made it much more difficult to fund the operations of the Cemetery. The rates continue to be in the mid range of rates charged in the northern Michigan area. The fund balance has been declining over the past few years as reserves have been used to fund Cemetery operations, and a General Fund contribution will be required to fund 58% of Cemetery operations in FY2010.

Fund: H.L. Green Operating Fund

Type: Special Revenue Fund

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 is from the land contract, which will be paid by 2013. The current monthly payment is \$2,500.

Expenditures

In FY2010, most of the expenditures will be allocated towards repaying the contribution from the Cadillac Downtown Fund. This amount is expected to be fully repaid by 2011.

FUNDING SUMMARY

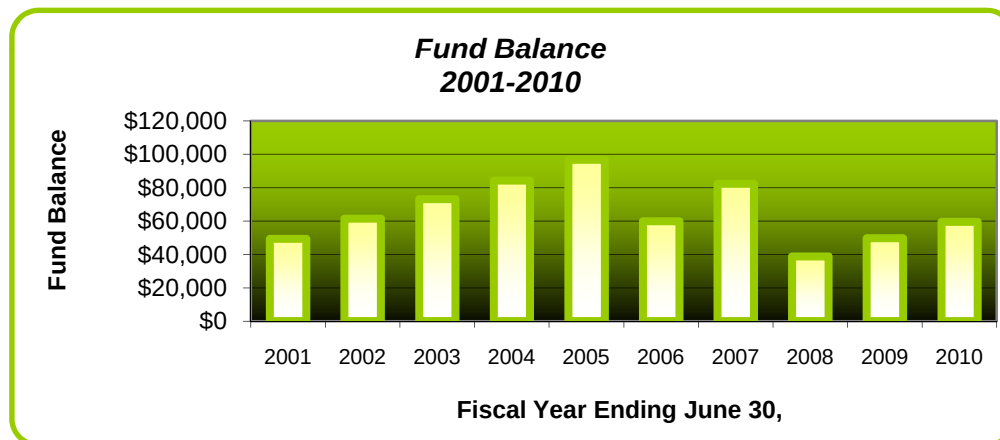
	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
Revenues				
Land Contract - Grant	\$25,452	\$26,500	\$26,500	\$26,500
Interest Income	7,974	4,000	4,500	3,000
Total	\$33,426	\$30,500	\$31,000	\$29,500
Expenditures				
Audit	\$650	\$700	\$700	\$700
Principal Payment	76,329	19,000	19,000	19,000
Cadillac Development Fund	0	0	0	0
Total	\$76,979	\$19,700	\$19,700	\$19,700
Fund Balance				
Net Change in Fund Balance	(\$43,553)	\$10,800	\$11,300	\$9,800
Fund Balance - Beginning of Year	82,460	38,907	38,907	49,707
Ending Fund Balance	\$38,907	\$49,707	\$50,207	\$59,507

Principal Payment

To complete the project of renovating the H.L. Green building prior to its sale, four sources of funding were used. One was a loan from the State of Michigan, which was paid off in 2006. The next two were internal transfers from the Cadillac Development Fund and the Community Development Fund. The Cadillac Development Fund was repaid in full in FY2006, and the Community Development Fund was repaid in full in 2008. Lastly, funds were contributed from the Cadillac Downtown Fund with the understanding that they would be repaid with funds available after all other obligations had been met. There is an outstanding balance of \$56,897.12 which will begin to be repaid in FY2009. The proposed budget for FY2010 represents the second payment towards this amount, which is anticipated to be paid back - interest free - by FY2011.

Cadillac Downtown Fund Loan Repayment Schedule

Outstanding Loan	\$56,897
Scheduled Payments:	
FY2009	19,000
FY2010	19,000
FY2011	18,897

Fund Balance Analysis - Last 10 Fiscal Years

The H.L. Green Building is nestled in the heart of beautiful downtown Cadillac.

Fund: Naval Reserve Center Fund

Type: Special Revenue Fund

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.

**FUNDING SUMMARY**

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Interest Income	\$2,325	\$700	\$2,100	\$300
Rental Income:				
City of Cadillac Parks Division	1,500	1,500	1,500	1,500
Oasis Rental	20,619	4,900	23,600	0
Senior Citizens Center	4,000	4,000	4,000	4,000
YMCA	5,387	6,100	6,100	6,100
Footlitters	2,176	0	3,400	0
Wexford Genealogical Society	507	500	500	500
CWTA	0	2,200	0	3,700
Northernlight Church of God	486	100	200	0
Surplus	0	6,700	0	19,000
Total	\$37,000	\$26,700	\$41,400	\$35,100
Expenditures				
Building Maintenance	\$4,620	\$7,500	\$9,000	\$9,000
Audit	450	\$500	400	400
Liability Insurance	608	700	700	700
Utilities	21,621	18,000	25,000	25,000
Capital Outlay	0	0	0	0
Total	\$27,299	\$26,700	\$35,100	\$35,100
Fund Balance				
Net Change in Fund Balance	\$9,701	(\$6,700)	\$6,300	(\$19,000)
Fund Balance - Beginning of Year	53,750	63,451	63,451	56,751
Ending Fund Balance				
Undesignated	39,542	32,842	45,842	13,842
Designated - Roof Replacement	23,909	23,909	23,909	23,909
	\$63,451	\$56,751	\$69,751	\$37,751

Other Facility Information

The City of Cadillac has converted the Naval Reserve Center into a Community Center. The facilities major tenant, the OASIS/Family Resource Center, vacated the facility in the summer of 2008, leaving the facility in a very challenging financial position that threatens the viability of the site. The YMCA Teen Center, Senior Citizens Center, Cadillac Genealogy Society, Cadillac-Wexford Transit Authority (CWTA), and the City of Cadillac Parks Division currently rent space at the building. The City is the landlord and is responsible for lawn care and snow removal in the parking lot, structural maintenance and upkeep, and assuring that the building is capable of housing tenants in accordance with applicable building and zoning ordinances. Rental rates are kept low in order to reflect the City's desire to provide affordable space to these non-profit agencies.

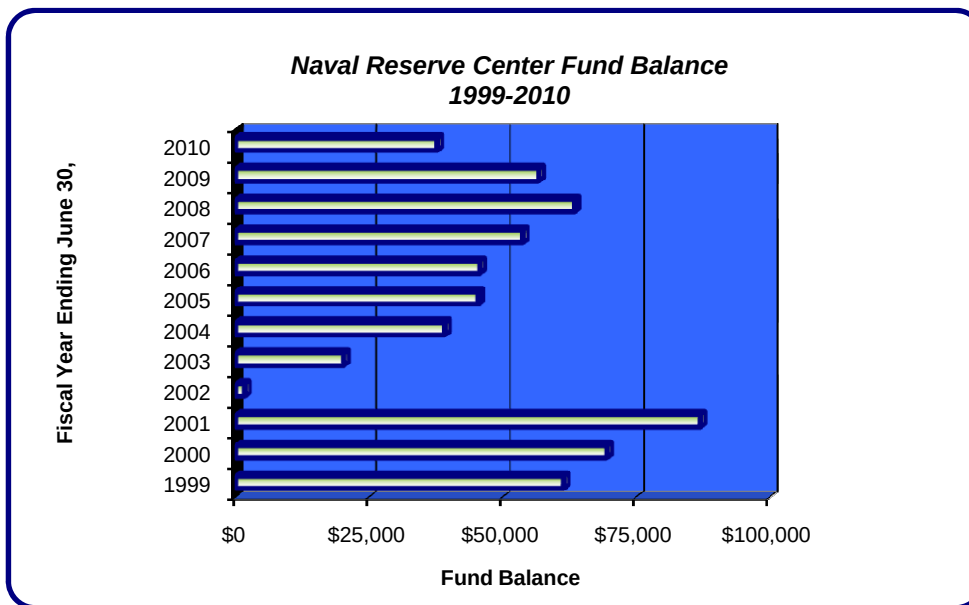
The City was able to improve and expand the parking lot in 2002. The flat section of the roof was previously scheduled for replacement, but the project has been postponed until a later date when funds are available. Funds are currently being set aside to accomplish the roofing project.

Property Management

Assistant City Manager Precia Garland functions as the property manager for the City, providing management oversight. City Building Official Bob Hunt and Municipal Complex Custodian Jim Givens provide their expertise in assuring structural and mechanical systems remain in working order.

Fund Balance

Management has determined that the roof will need to be replaced at the Naval Reserve facility in the next few years. As such, annual increases in fund balance are being designated to this project to build up the reserves to fund the project. Early estimates are that the project will cost approximately \$100,000.



Building Inspection Fund

Fund: Building Inspection Fund

Type: Special Revenue Fund

Nature and Purpose:

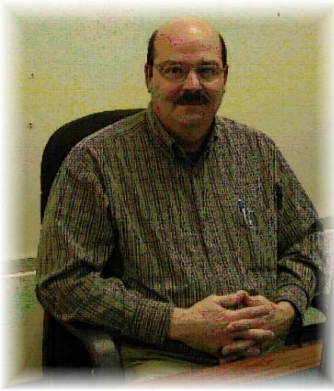
Fiscal year 2000 was the first year this fund was shown separate. State of Michigan Construction Code Act Number 230 of Public Acts 1972 states in Section 22, "The legislative body of a governmental subdivision shall only use fees generated under this section for the operation of the enforcing agency or the construction board of appeals, or both and shall not use the fees for any other purpose." This fund ensures compliance with this mandate.

The Building Inspection Fund covered 100% of the building inspector's salary and 38% of a secretarial salary prior to FY2010. Due to the significant drop in building permit activity, other duties have been assigned to the inspector and now only 60% of the inspector's time is spent on activities related to building inspection.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Building Permits	\$50,911	\$62,000	\$75,000	\$58,500
Heating and Fence Permits	30	100	500	400
Cadillac Development Fund	52,500	27,000	33,000	15,000
Sale of Code Books	88	0	0	0
Interest Income	90	50	0	0
Total	\$103,619	\$89,150	\$108,500	\$73,900
Expenditures				
Salaries	\$59,234	\$50,000	\$60,800	\$39,000
Fringes	31,472	28,000	35,100	22,600
Office Supplies	2,583	2,500	2,500	2,200
Postage	701	800	1,100	700
Audit	450	500	500	500
Data Processing	4,000	4,000	4,000	4,000
Dues & Publications	529	1,000	1,000	1,000
Travel & Education	1,322	1,500	2,000	2,000
Publishing Costs	0	200	500	500
Equipment Rental	0	1,000	1,000	1,000
Capital Outlay	0	0	0	0
Total	\$100,291	\$89,500	\$108,500	\$73,500
Fund Balance				
Net Change in Fund Balance	3,328	(350)	0	400
Fund Balance - Beginning of Year	6,796	10,124	10,124	9,774
Ending Fund Balance	\$10,124	\$9,774	\$10,124	\$10,174

Building Inspection Staff



Bob Hunt, Building Inspector

Bob Hunt joined the City of Cadillac in January of 2006 as Building Inspector, Electrical Inspector and Plan Reviewer. Before joining the City he was employed by Otsego County in a similar capacity. Bob owned and operated a building and electrical contracting business for sixteen years prior to becoming a State of Michigan Registered Building and Electrical Inspector and Plan Reviewer. In his duties with the City, Bob functions as the following:

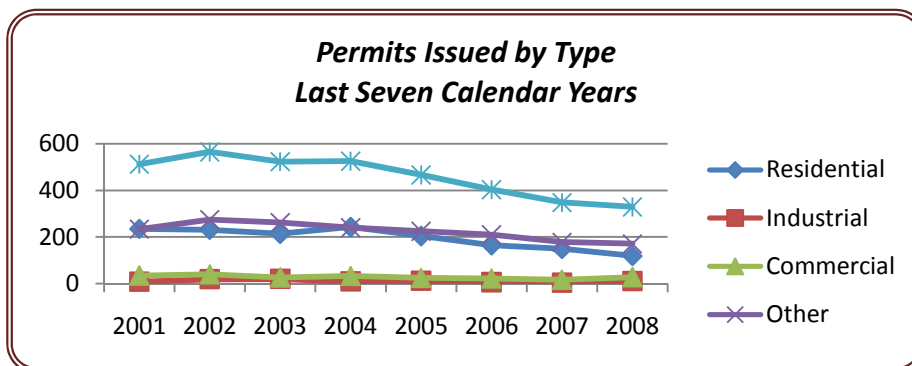
- > Building Official
- > Flood Plan Manager
- > Plan Reviewer
- > Electrical Inspector
- > Soil Erosion Enforcement Officer
- > Rental Housing Program Director
- > Code Enforcement Officer



Cindy Cornell
Department Secretary

The Insurance Services Office, Inc. (ISO) provides advisory insurance underwriting and rating information to insurers and has completed a review of the City of Cadillac Building Inspection operation. In their independent analysis of the building codes adopted by the City of Cadillac and the effort put forth to properly enforce those codes, the resulting Building Code Effectiveness Grading Classification is 4 for a one and two family residential property and a 4 for commercial and industrial property. The highest rating is a 1 and the lowest is a 10. The Building Code Effectiveness Grading Schedule is an information tool and indicates the diligence of the building department.

Operational Output Measures



Building Permit Fee Schedule
Building Permit Fee Schedule

<u>New Construction</u>	<u>Current Fees</u> <u>Approved 7/1/05</u>
Residential (living area)	\$0.15/sq. ft.
Residential (unfinished basements, carports, breezeways, enclosed porches)	\$0.12/sq. ft.
Garage/shed/deck	\$0.12/sq. ft.
Mobile Homes	\$0.15/sq. ft.
Commercial (including churches)	\$0.16/sq. ft.
Industrial	\$0.16/sq. ft.
Foundation Only Permits	50% of total building permit fee
Demolition	\$0.02/sq. ft.
Remodeling/alteration/repair	\$305 plus \$2 per thousand over \$1,000
Base Fee, including Zoning Permit	\$30
Special/Additional/Overtime Inspections	\$30/hour or fraction thereof
New Construction/Remodeling Inspections	\$50 plus \$0.03/sq. ft.
Plan Reviews (for other than single family dwellings less than 3,500 sq. ft. and utility buildings - Use Group U)	
System Plan Reviews (fire sprinklers, alarms, etc.)	\$30

Permit Fees

It has been the City Council's intent to have the building permits keep pace with the fees charged by Wexford County so that there will not be any major differences.

Building Inspection Fund

**Summary of Building Permits Issued
Last 10 Calendar Years**

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Multi-Family	1	5	8	5	3	3	8	21	3	0
New Single Family	36	44	21	42	27	36	30	14	11	15
Houses Razed	7	9	5	7	6	8	3	5	0	8
Home Additions/Repairs	138	150	161	153	138	170	140	116	122	83
New Garages/Sheds	34	47	34	22	38	23	23	8	12	13
Garages Razed	0	1	6	2	2	3	0	1	1	0

Industrial:

New	1	1	0	1	4	0	0	0	0	0
Razed	0	0	0	0	1	1	0	0	0	0
Addition/Repairs	18	13	8	18	15	8	12	6	4	11

Commercial:

New	1	3	4	1	3	0	0	0	1	2
Razed	2	4	3	1	0	1	0	0	0	3
Addition/Repairs	22	19	23	23	17	27	22	18	14	20
Church Additions/Repairs	2	4	3	3	4	2	2	3	2	2

Public Building:

Addition/Repairs	1	0	1	7	0	1	0	0	0	1
Excavation/Fill	6	2	1	5	3	2	1	1	0	0
Total	269	302	278	290	261	285	241	193	170	158

Summary by Type:

Residential	216	256	235	231	214	243	204	165	149	119
Industrial	19	14	8	19	20	9	12	6	4	11
Commercial	27	30	33	28	24	30	24	21	17	27
Public	7	2	2	12	3	3	1	1	0	1
Total	269	302	278	290	261	285	241	193	170	158

Total Permits Issued

2008	329
2007	348
2006	403
2005	466
2004	525
2003	523
2002	565
2001	512

Additional Permits:

	2001	2002	2003	2004	2005	2006	2007	2008
Fences	44	45	39	41	40	33	17	30
Mechanical	165	192	198	169	168	64	0	0
Signs	25	38	25	30	17	21	15	25
Electrical	0	0	0	0	0	92	146	116

* New Building Inspector Bob Hunt does not do mechanical permits, but now issues electrical permits.

Data furnished by the City Building Department

Fund: Cadillac Development Fund

Type: Special Revenue Fund

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. A total of eleven loans at ten different locations have been made to date. Additional commercial redevelopment programs and opportunities are currently under exploration.

The community development director is a full-time position funded 40% by this fund, 30% by the General Fund and 30% by the Downtown Development Authority. This position works primarily with the downtown merchants and the related promotions and recruitment. The Director is under the direct supervision of the City Manager.

FUNDING SUMMARY

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
Revenues				
Interest Income	\$61,693	\$20,000	\$25,000	\$19,000
Interest Income - Loans	0	\$27,500	\$27,500	24,000
Loan Principal Collection	17,145	\$0	\$0	0
Contributions from Private Sources	0	\$0	\$0	0
Transfer In	76,329	0	0	0
Surplus	0	42,800	45,500	35,100
Total	\$155,167	\$90,300	\$98,000	\$78,100
Expenditures				
Urban Redevelopment and				
Housing Administration	\$108,519	\$55,000	\$60,800	\$39,700
Community Development Director	34,287	35,300	36,800	38,400
	\$142,806	\$90,300	\$97,600	\$78,100
Fund Balance				
Net Change in Fund Balance	\$12,361	(\$42,800)	(\$45,100)	(\$35,100)
Fund Balance - Beginning of Year	1,515,703	1,528,064	1,528,064	1,485,264
Ending Fund Balance	\$1,528,064	\$1,485,264	\$1,482,964	\$1,450,164

Cadillac Development Fund

FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
Expenditures				
Urban Redevelopment and Housing Administration				
Office Supplies	\$101	\$100	\$100	\$100
Postage	25	100	200	200
Data Processing	4,500	4,500	4,500	2,000
Audit	1,000	700	1,400	800
Contractual Services	275	2,500	2,500	2,500
Administration	17,600	19,100	19,100	19,100
Construction	5,518	1,000	0	0
Transfer to Building Inspection Fund	52,500	27,000	33,000	15,000
Transfer Out - Clam River Greenway	27,000	0	0	0
Total Administration	\$108,519	\$55,000	\$60,800	\$39,700
Community Development Director				
Salaries	\$25,753	\$26,500	\$26,800	\$27,000
Fringes	6,001	6,200	7,300	8,700
Office Supplies	261	300	300	300
Postage	21	200	300	300
Contractual Services	980	0	0	0
Dues and Publications	643	600	600	600
Telephone	0	0	0	0
Travel & Education	210	1,000	1,000	1,000
Property Taxes	418	500	500	500
Total Community Development Director	\$34,287	\$35,300	\$36,800	\$38,400
Total Expenditures	\$142,806	\$90,300	\$97,600	\$78,100

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 and leverage grants.
3. Maintain the principal and use the interest for grants as much as possible.

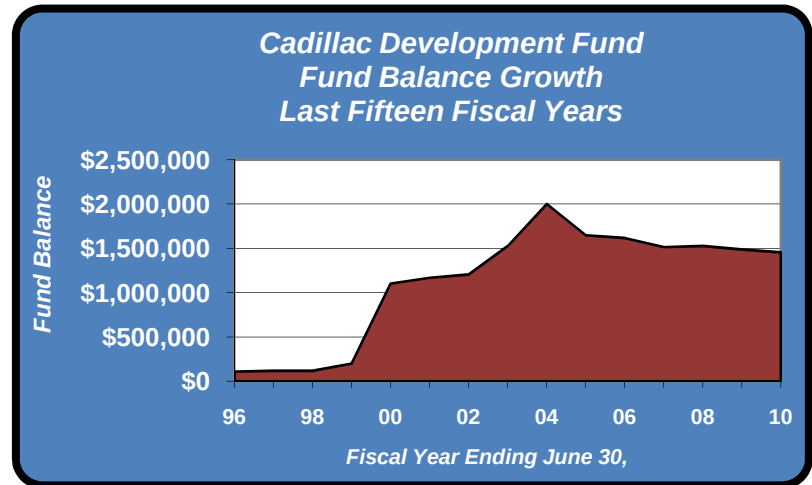
**Community Development Director**

Precia Garland functions as the director of community development for the City of Cadillac. This is in addition to her roles as Assistant City Manager and Downtown Development Authority Director.

Fund Financial Highlights

Fund Balance

The fund balance in this fund has experienced very positive results since the Hampton Inn loan was repaid in 2000. The resources in this fund continue to provide funds for development purposes, including the funds committed to sustaining city building inspection activities. A portion of the fund balance has been used over the last several years, as interest earnings have dropped and increased contributions have been made to various development activities.



Interest Income - Loans

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

Transfer Out - Building Inspection Fund

Transfers are made to the Building Inspection Fund to help sustain this activity through difficult economic times.

Project Highlights

Façade Improvement Loans Granted

Address

108 Beech Street
 102 South Mitchell Street (2 granted) *
 106 South Mitchell Street *
 112 South Mitchell Street
 114 South Mitchell Street
 118 South Mitchell Street
 134 West Harris Street *
 408 North Mitchell Street
 823 North Mitchell Street
 117 North Mitchell Street *

Business

Commercial Rental Facility
 Lakeside Title/Manpower
 Shay Station
 Brink's Custom Framing
 Steve Fowler's Hairstyling Salon
 Quadrant Northwest Appraisal Service
 Baird, Cotter & Bishop, CPA, PC
 Comfort Center
 Muffler Man
 Commercial/Retail Rental Building

* See additional highlights of project below

Project Highlights (Continued)**102 South Mitchell Street**

The City participated with the City Park Professional group and Citizens Bank to help assist the redevelopment of the façade of a prominent downtown building. This provided a very significant enhancement to the downtown area and also helped enable re-use of an older downtown structure. This project was completed in 2006.

106 South Mitchell Street

This project was a participation between Rich and Beth Boscher, owners of the Shay Station restaurant, and Firstbank. The project significantly enhanced the appearance of a downtown building. The project was completed in 2006.

**134 West Harris Street**

Citizens Bank and the City of Cadillac partnered to provide the partners in the accounting firm of Baird, Cotter & Bishop, CPAs, with a low-interest loan to give their office building a facelift in 2005. This project is near the lakefront and provided the opportunity to improve the appearance of the professional office facility.

117 North Mitchell Street

The commercial rental facility known as the Kramer building suffered substantial damage from a fire in 2006. The City worked with the owners to partner with 5/3 Bank in providing funds to assist with the renovation of the building façade which was completed in 2007.



Fund: Milfoil Eradication Fund

Type: Special Revenue Fund

Nature and Purpose:

This fund is for the special assessment of the Lake Cadillac Special Assessment and Treatment Program, which addresses the Eurasian water milfoil problem in Lake Cadillac. The City of Cadillac is the largest property owner on Lake Cadillac and contributed one-third of the cost or approximately \$33,000 per year of the assessment. This was approved as a three year project. The City Council and the residents on Lake Cadillac have chosen to eradicate the milfoil over a period of time before it does serious damage to the delicate balance of nature in the lake. FY2009 was the last year of the assessment and efforts are currently underway to plan the course of ongoing treatment of this valuable natural resource within City limits.

Assessment Reduced in FY2009

Due to the costs of treatment falling below what was anticipated, City Council decided to lower the FY2009 assessment by 25%. This reduction saved property owners money, while still providing funds to enable ongoing treatment. The year-end reserves will be used in subsequent years for future treatment.

FUNDING SUMMARY

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
Revenues				
Special Assessment Payments	\$107,465	\$82,500	\$82,500	\$0
Interest Income	3,229	3,000	4,500	2,500
Surplus	0	0	0	46,000
Total	\$110,694	\$85,500	\$87,000	\$48,500
Expenditures				
Contractual Services	\$28,587	\$40,000	\$55,000	\$46,500
Supplies	21	500	1,500	1,500
Audit	450	500	500	500
Capital Outlay	10,468	0	0	0
Transfer	40,152	0	0	0
Total	\$79,678	\$41,000	\$57,000	\$48,500
Fund Balance				
Net Change in Fund Balance	\$31,016	\$44,500	\$30,000	(\$46,000)
Fund Balance - Beginning of Year	69,329	100,345	144,845	144,845
Ending Fund Balance	\$100,345	\$144,845	\$174,845	\$98,845

Transfer Out

The General Fund of the City transferred money to this fund in 2006 to cover costs of treatment that were incurred prior to the collection of the first special assessments. This amount has been transferred back to the General Fund in FY2008.

Treatment Cost Details - By Calendar Year
2009 (Estimated)

Treatment Expenses	50,000	
Engineering - Treatment Design Costs	9,000	
		\$59,000

2008 (Third and Final Year of Assessment)

Treatment Expenses	24,681	
Engineering - Treatment Design Costs	7,000	
		\$31,681

2007 (Second Year of Assessment)

Treatment Expenses	36,009	
Engineering - Treatment Design Costs	7,992	
		\$44,001

2006 (First Year of Assessment)

Treatment Expenses	67,856	
Engineering - Treatment Design Costs	10,750	
		\$78,606
Total		213,288

Total 3-Year Assessments Received**\$360,667**

Description of Eurasian Water Milfoil


Milfoil is very invasive and has the potential of choking other life out of a lake. Complete elimination is impossible, making ongoing treatment activities critical to the longterm health of the lake.

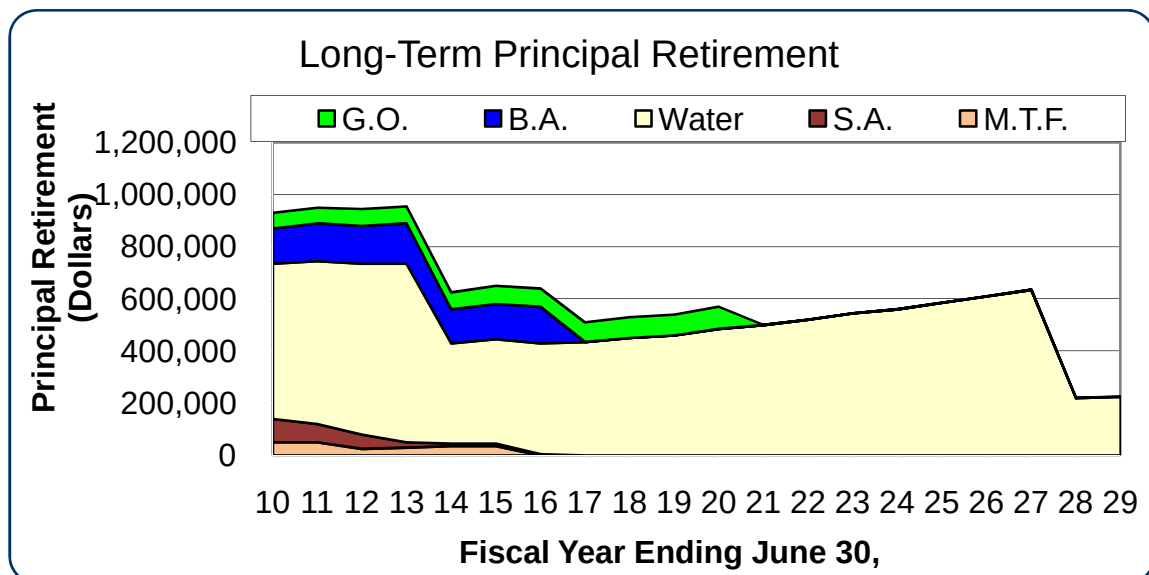
Debt Management Policy

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.

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 following objectives for debt management are the result of the goal to be fiscally responsible with the taxpayers' money in a conservative and prudent manner:

1. Long-term debt will be confined to capital improvements that can not be financed from current revenues.
2. The payback period of the debt will not exceed the expected useful life of the project.
3. The general obligation debt will not exceed ten percent of the assessed valuation of 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.



Debt Service Funds Summary

Debt Limit and Overlapping Debt Information**LEGAL DEBT MARGIN - JUNE 30, 2008***(All numbers in thousands)*

Taxable Valuation						<u>\$247,121</u>
Statutory Debt Limit - 10% of Assessed Valuation						\$24,712
Amount of Debt Applicable to Limit:						
Gross Bonded Debt					\$11,743	
Less						
Assets Available for Debt Service			7			
Bond Debt Not Subject To Limit:						
Special Assessment Bonds			365			
Revenue Bonds			8,826			
Other Debt			1,292	10,490		
Total Amount of Debt Applicable to Debt Limit						<u>1,253</u>
LEGAL DEBT MARGIN						<u><u>\$23,459</u></u>

DIRECT AND OVERLAPPING DEBT - JUNE 30, 2008

		GROSS BONDED DEBT	(1) EXCLUSIONS	NET BONDED DEBT
<u>DIRECT DEBT:</u>				
Outstanding Bonds				
General Obligation		\$1,260	\$7	\$1,253
Special Assessment		365	365	0
Revenue Bonds				
Water and Sewer		7,851	7,851	0
Primary Government		975	975	0
Other		1,292	1,292	0
Total Direct Debt		<u>\$11,743</u>	<u>\$10,490</u>	<u>\$1,253</u>
	(2)			
<u>GROSS OVERLAPPING DEBT</u>	<u>% APPLICABLE</u>			
Cadillac Area Public Schools	33.84%	\$6,592	\$0	\$6,592
Wexford County	24.36%	1,267	0	1,267
Total Gross Overlapping Debt		<u>\$7,859</u>	<u>\$0</u>	<u>\$7,859</u>
NET DIRECT AND OVERLAPPING DEBT		<u><u>\$19,602</u></u>	<u><u>\$10,490</u></u>	<u><u>\$9,112</u></u>

NOTES:

(1) Exclusions represent all bonds which are not general obligation bonds of the City of Cadillac, and general obligation bonds which are self-supporting.

(2) Percentage applicable to the City of Cadillac calculated using state taxable valuation of City divided by state taxable valuation of taxing district.

Debt Service Funds Summary

Debt Summary

FY2010				
			July 1, 2009 - June 30, 2010	
	Fund	Debt	Debt Service Payments	
Description of Debt	Servicing Debt	Outstanding June 30, 2009	Principal	Interest
Bonds and Installment Notes				
1996	Special Assessment	25,000	15,000	986
1997	Special Assessment	70,000	25,000	3,114
2000	Special Assessment	50,000	20,000	2,200
2002	Special Assessment	115,000	30,000	4,494
1997	Building Authority	115,000	25,000	5,318
1999	Building Authority	870,000	110,000	37,037
Revenue Bonds				
1999	Water and Wastewater	1,080,000	5,000	51,554
2001	Water and Wastewater	5,050,000	425,000	239,021
2007	State of Michigan SRF	3,870,000	165,000	61,547
Michigan Transportation Bonds				
1996	Local Street	50,000	25,000	2,062
2000	Local Street	175,000	25,000	8,966
General Obligation Bonds				
2004	Major/Local Streets	775,000	60,000	28,040
Total Debt		<u>\$12,245,000</u>	<u>\$930,000</u>	<u>\$444,339</u>

Fiscal Year Ending	Total Debt Per Capita		Rate of Principal Retirement	
	(inclusive of all funds)			
June 30,	2000 Census - 10,000			
2001	1,446.26		2001	6.46%
2002	1,711.70		2002	9.16%
2003	2,093.00		2003	27.10%
2004	1,366.00		2004	9.96%
2005	1,295.50		2005	14.67%
2006	1,165.50		2006	6.18%
2007	1,062.00		2007	6.92%
2008	988.50		2008	7.49%
2009 *	1,301.00		2009	5.89%
2010	1,224.50		2010	7.59%

* Per Capita debt increased in FY2009 due to the securing of a low-interest loan from the State of Michigan in the amount of \$3,870,000. This loan is to fund a substantial improvement project at the Wastewater Treatment Plant, and will be paid for with Water and Sewer system revenues.

Debt Service Funds Summary

Debt Service Funds Summary

FY2010

	1996 S.A.	1997 S.A.	2000 S.A.	2002 S.A.	1997 Building Authority
Revenues:					
Local Contribution - Local Street					
Local Contribution - Major Street					
Special Assessments	\$12,300	\$14,600	\$3,100	\$10,800	\$31,300
Interest Income - Assessments	800	1,900	1,000	2,100	
Interest Income	1,000	1,000	500		
Transfer in					
Surplus	18,100	11,800	18,700	22,800	
Total Revenues	\$32,200	\$29,300	\$23,300	\$35,700	\$31,300
Expenditures					
Audit	\$600	\$600	\$600	\$600	\$400
Bond Principal Payment	30,000	25,000	20,000	30,000	25,000
Interest Expense	1,600	3,700	2,700	5,100	5,900
Transfer out	0	0			
Total Expenditures	\$32,200	\$29,300	\$23,300	\$35,700	\$31,300
Revenue Over (Under) Expenditures (1)	(\$18,100)	(\$11,800)	(\$18,700)	(\$22,800)	\$0

	1996 M.T.F.	2000 M.T.F.	2004 G.O. Capital Improvement	Total
Revenues:				
Local Contribution - Local Street	\$28,000	\$35,000	\$70,100	\$133,100
Local Contribution - Major Street			19,000	19,000
Special Assessments				72,100
Interest Income - Assessments				5,800
Interest Income				2,500
Transfer In				0
Surplus				71,400
Total Revenues	\$28,000	\$35,000	\$89,100	\$303,900
Expenditures				
Audit	\$400	\$400	\$400	\$4,000
Bond Principal Payment	25,000	25,000	60,000	240,000
Interest Expense	2,600	9,600	28,700	59,900
Transfer Out				0
Total Expenditures	\$28,000	\$35,000	\$89,100	\$303,900
Revenue Over (Under) Expenditures	\$0	\$0	\$0	(\$71,400)

(1) Excludes "Surplus." Surplus indicates the use of prior year's earnings to balance current budget. The budget staff has determined that sufficient prior year's earnings are available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section of this document.

1996 Special Assessment Debt Service Fund

TITLE OF ISSUE: 1996 Special Assessment Limited Tax Bonds

DATE OF ISSUE: May 1, 1996

PURPOSE: Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.

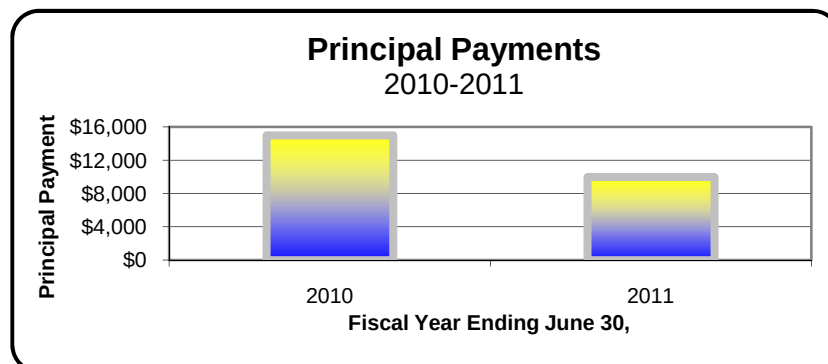
FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Special Assessments	\$15,872	\$15,000	\$16,000	\$12,300
Interest Income	3,412	1,500	2,000	1,000
Interest Income - Assessments	3,061	3,000	3,000	800
Surplus	0	13,800	69,300	18,100
Total	\$22,345	\$33,300	\$90,300	\$32,200
Expenditures				
Audit	\$600	\$600	\$600	\$600
Office Supplies	10	0	0	0
Bond Principal Paid	30,000	30,000	30,000	30,000
Interest Expense	4,165	2,700	2,700	1,600
Transfer Out	0	0	57,000	0
Total	\$34,775	\$33,300	\$90,300	\$32,200
Fund Balance				
Net Change in Fund Balance	(\$12,430)	(\$13,800)	(\$69,300)	(\$18,100)
Fund Balance - Beginning of Year	109,883	97,453	83,653	83,653
Ending Fund Balance	\$97,453	\$83,653	\$14,353	\$65,553

Transfer Out

Any fund balance exceeding the remaining debt service requirements is transferred to the next outstanding debt retirement fund.

Bond principal will be paid in full on October 1, 2010



DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
	\$425,000	\$370,000	\$30,000	\$25,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2009	5.60%	\$15,000	\$703	\$15,703
April 1, 2010			\$283	\$283
October 1, 2010	5.65%	\$10,000	\$283	\$10,283
		\$25,000	\$1,269	\$26,269

Five Year Projections

	Fiscal Year Ending June 30,				
	2011	2012	2013	2014	2015
Revenues					
Special Assessments	\$10,200	\$0	\$0	\$0	\$0
Interest Income - Assessments	1,200	0	0	0	0
Surplus	0	0	0	0	0
Total	\$11,400	\$0	\$0	\$0	\$0
Expenditures					
Audit	\$700	\$0	\$0	\$0	\$0
Principal Payment	10,000	0	0	0	0
Interest Expense	700	0	0	0	0
Total	\$11,400	\$0	\$0	\$0	\$0

Bond issue will be paid in full on October 1, 2010.

1997 Special Assessment Debt Service Fund

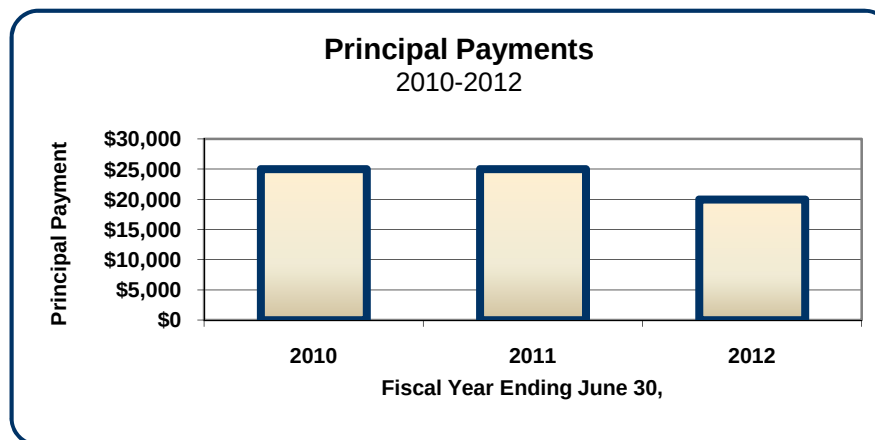
TITLE OF ISSUE: 1997 Special Assessment Limited Tax Bonds

DATE OF ISSUE: May 1, 1997

PURPOSE: Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Special Assessments	\$15,251	\$15,000	\$15,000	\$14,600
Interest Income - Assessments	3,685	3,700	3,700	1,900
Interest Income	6,718	700	3,000	1,000
Surplus	0	0	48,900	11,800
Total	\$25,654	\$19,400	\$70,600	\$29,300
Expenditures				
Audit	\$450	\$600	\$600	\$600
Bond Principal Paid	25,000	25,000	25,000	25,000
Interest Expense	6,396	5,000	5,000	3,700
Transfer Out	0	0	40,000	0
Total	\$31,846	\$30,600	\$70,600	\$29,300
Fund Balance				
Net Change in Fund Balance	(\$6,192)	(\$11,200)	(\$48,900)	(\$11,800)
Fund Balance - Beginning of Year	171,675	165,483	165,483	154,283
Ending Fund Balance	\$165,483	\$154,283	\$116,583	\$142,483



DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
	\$360,000	\$265,000	\$25,000	\$70,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2009	5.40%	\$25,000	\$1,894	\$26,894
April 1, 2010			\$1,220	\$1,220
October 1, 2010	5.40%	\$25,000	\$1,220	\$26,220
April 1, 2011			\$545	\$545
October 1, 2011	5.45%	\$20,000	\$545	\$20,545
		\$70,000	\$5,424	\$75,424

Five Year Projections

	Fiscal Year Ending June 30,				
	2011	2012	2013	2014	2015
Revenues					
Special Assessments	\$12,000	\$10,000	\$0	\$0	\$0
Interest Income - Assessments	4,000	3,000	0	0	0
Surplus	13,700	8,700	0	0	0
Total Revenues	\$29,700	\$21,700	\$0	\$0	\$0
Expenditures					
Audit	\$700	\$700	\$0	\$0	\$0
Principal Payment	25,000	20,000	0	0	0
Interest Expense	2,300	1,000	0	0	0
Total Expenditures	\$28,000	\$21,700	\$0	\$0	\$0

2000 Special Assessment Debt Service Fund

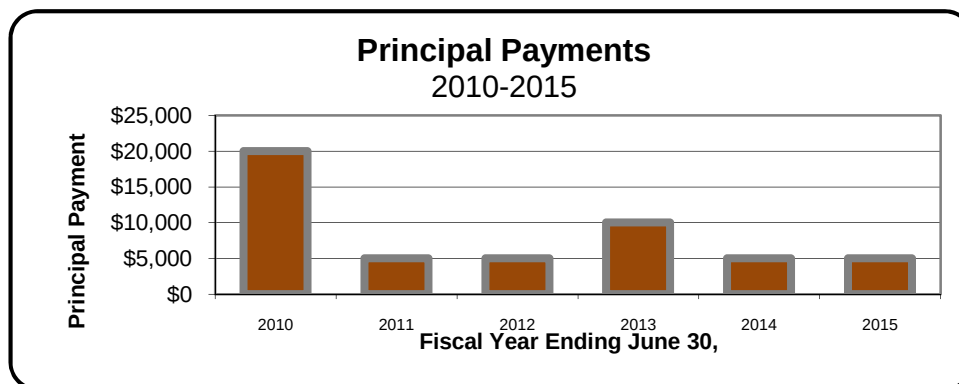
TITLE OF ISSUE: 2000 Special Assessment Limited Tax Bonds

DATE OF ISSUE: June 1, 2000

PURPOSE: Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Special Assessments	\$8,053	\$8,000	\$7,800	\$3,100
Interest Income - Assessments	2,027	2,000	2,000	1,000
Interest Income	4,059	2,000	500	500
Surplus	0	13,200	8,900	18,700
Total	\$14,139	\$25,200	\$19,200	\$23,300
Expenditures				
Audit	\$600	\$600	\$600	\$600
Bond Principal Paid	20,000	20,000	15,000	20,000
Interest Expense	4,653	4,600	3,600	2,700
Transfer Out	0	0	0	0
Total	\$25,253	\$25,200	\$19,200	\$23,300
Fund Balance				
Net Change in Fund Balance	(\$11,114)	(\$13,200)	(\$8,900)	(\$18,700)
Fund Balance - Beginning of Year	128,972	117,858	117,858	104,658
Ending Fund Balance	\$117,858	\$104,658	\$108,958	\$85,958



DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
	\$210,000	\$140,000	\$20,000	\$50,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2009	5.45%	\$20,000	\$1,373	\$21,373
April 1, 2010			\$827	\$827
October 1, 2010	5.50%	\$5,000	\$827	\$5,827
April 1, 2011			\$690	\$690
October 1, 2011	5.50%	\$5,000	\$690	\$5,690
April 1, 2012			\$553	\$553
October 1, 2012	5.50%	\$10,000	\$553	\$10,553
April 1, 2013			\$277	\$277
October 1, 2013	5.55%	\$5,000	\$277	\$5,277
April 1, 2014			\$139	\$139
October 1, 2014	5.55%	\$5,000	\$139	\$5,139
		\$50,000	\$6,345	\$56,345

Five Year Projections

	Fiscal Year Ending June 30,				
	2011	2012	2013	2014	2015
Revenues					
Special Assessments	\$11,000	\$10,000	\$10,000	\$7,000	\$5,300
Interest Income - Assessments	3,000	2,500	2,000	1,500	1,000
Surplus	0	0	0	0	0
Total Revenues	\$14,000	\$12,500	\$12,000	\$8,500	\$6,300
Expenditures					
Audit	\$700	\$700	\$700	\$700	\$700
Principal Payment	5,000	5,000	10,000	5,000	5,000
Interest Expense	1,700	1,700	1,300	900	600
Total Expenditures	\$7,400	\$7,400	\$12,000	\$6,600	\$6,300

2002 Special Assessment Debt Service Fund

TITLE OF ISSUE: 2002 Special Assessment Limited Tax Bonds

DATE OF ISSUE: June 1, 2002

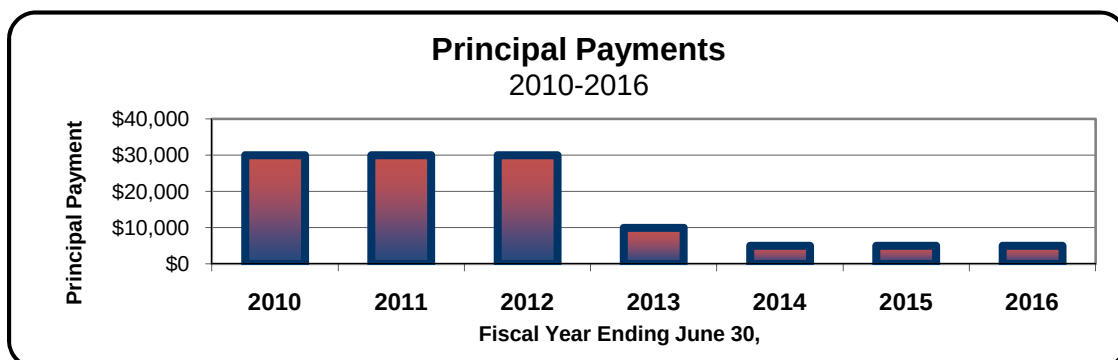
PURPOSE: Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Special Assessments	\$11,628	\$11,000	\$11,000	\$10,800
Interest Income - Assessments	3,521	3,400	3,400	2,100
Transfer In - 1996 S.A. Debt	0	0	57,000	0
Transfer In - 1997 S.A. Debt	0	0	40,000	0
Surplus	0	27,500	0	22,800
Total	\$15,149	\$41,900	\$111,400	\$35,700
Expenditures				
Audit	\$450	\$600	\$600	\$600
Bond Principal Paid	30,000	35,000	35,000	30,000
Interest Expense	7,351	6,300	6,300	5,100
Transfer Out - 1992 S.A. Debt	0	0	0	0
Total	\$37,801	\$41,900	\$41,900	\$35,700
Fund Balance				
Net Change in Fund Balance	(\$22,652)	(\$27,500)	\$69,500	(\$22,800)
Fund Balance - Beginning of Year	74,963	52,311	24,811	24,811
Ending Fund Balance	\$52,311	\$24,811	\$94,311	\$2,011

Transfer In

Other debt retirement funds have fund balance exceeding the debt outstanding. These excess available funds are transferred to the next outstanding debt retirement fund.



DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
	\$325,000	\$180,000	\$30,000	\$115,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2009	4.20%	\$30,000	\$2,562	\$32,562
April 1, 2010			\$1,932	\$1,932
October 1, 2010	4.40%	\$30,000	\$1,932	\$31,932
April 1, 2011			\$1,272	\$1,272
October 1, 2011	4.50%	\$30,000	\$1,272	\$31,272
April 1, 2012			\$597	\$597
October 1, 2012	4.60%	\$10,000	\$597	\$10,597
April 1, 2013			\$367	\$367
October 1, 2013	4.75%	\$5,000	\$367	\$5,367
April 1, 2014			\$248	\$248
October 1, 2014	4.90%	\$5,000	\$248	\$5,248
April 1, 2015			\$125	\$125
October 1, 2015	5.00%	\$5,000	\$125	\$5,125
		\$115,000	\$11,644	\$126,644

Five Year Projections

	Fiscal Year Ending June 30,				
	2011	2012	2013	2014	2015
Revenues					
Special Assessments	\$16,000	\$14,000	\$14,000	\$12,000	\$12,000
Interest Income - Assessments	4,000	3,500	3,500	2,500	2,000
Surplus	14,500	15,500	0	0	0
Total Revenues	\$34,500	\$33,000	\$17,500	\$14,500	\$14,000
Expenditures					
Audit	\$700	\$700	\$700	\$700	\$700
Principal Payment	30,000	30,000	10,000	5,000	5,000
Interest Expense	3,800	2,300	1,400	1,100	1,000
Total Expenditures	\$34,500	\$33,000	\$12,100	\$6,800	\$6,700

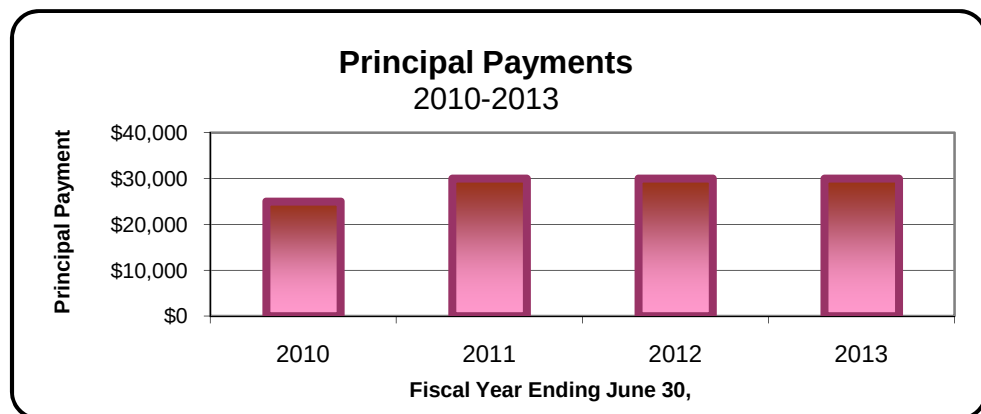
1997 Building Authority Debt Service Fund

Type: Debt Service Fund

TITLE OF ISSUE: 1997 Building Authority Fund Bonds**DATE OF ISSUE:** December 1, 1997**PURPOSE:** For the purpose of paying all or part of the cost of public parking lot improvements in the City of Cadillac.**FUNDING SUMMARY**

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Tax Increment Financing Revenues	\$34,100	\$32,100	\$32,100	\$31,300
Surplus	0	0	0	0
Total	\$34,100	\$32,100	\$32,100	\$31,300
Expenditures				
Audit	\$600	\$400	\$400	\$400
Bond Principal Paid	25,000	25,000	25,000	25,000
Interest Expense	8,443	6,700	6,700	5,900
Total	\$34,043	\$32,100	\$32,100	\$31,300
Fund Balance				
Net Change in Fund Balance	\$57	\$0	\$0	\$0
Fund Balance - Beginning of Year	338	395	395	395
Ending Fund Balance	\$395	\$395	\$395	\$395

Bond principal payment will be paid in full on October 1, 2012.



DEBT SERVICE DETAILS

		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
AMOUNT OF ISSUE	\$310,000	\$170,000	\$25,000	\$115,000

DEBT SERVICE REQUIREMENTS				
DUE DATES	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2009	5.10%	\$25,000	\$2,978	\$27,978
April 1, 2010			\$2,340	\$2,340
October 1, 2010	5.15%	\$30,000	\$2,340	\$32,340
April 1, 2011			\$1,568	\$1,568
October 1, 2011	5.20%	\$30,000	\$1,568	\$31,568
April 1, 2012			\$788	\$788
October 1, 2012	5.25%	\$30,000	\$788	\$30,788
		\$115,000	\$12,370	\$127,370

Five Year Projections**Revenues**

	Fiscal Year Ending June 30,				
	2011	2012	2013	2014	2015
Tax Increment Financing Revenues	\$34,600	\$33,200	\$31,500	\$0	\$0
Interest Income - TIF	400	400	400	0	0
Total Revenues	\$35,000	\$33,600	\$31,900	\$0	\$0

Expenditures

Audit	\$600	\$600	\$600	\$0	\$0
Principal Payment	30,000	30,000	30,000	0	0
Interest Expense	4,400	3,000	1,300	0	0
Total Expenditures	\$35,000	\$33,600	\$31,900	\$0	\$0

1996 Michigan Transportation Fund Debt Service Fund

1996 Michigan Transportation Fund Debt Service Fund

Type: Debt Service Fund

TITLE OF ISSUE: 1996 Michigan Transportation Fund Bonds

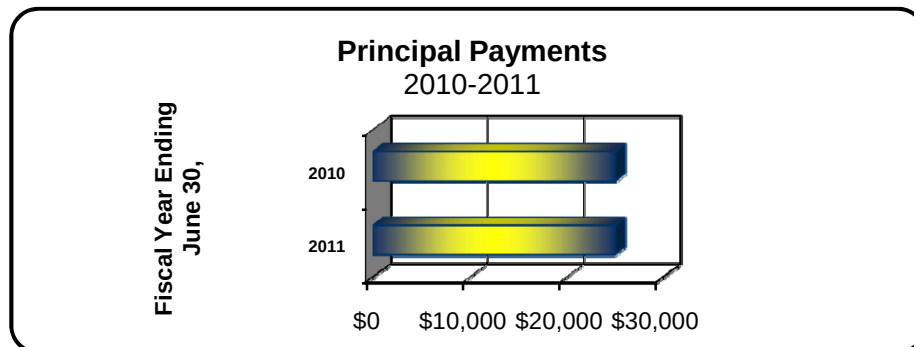
DATE OF ISSUE: May 1, 1996

PURPOSE: To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952.

FUNDING SUMMARY

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
Revenues				
Transfer from Local Street Fund	\$25,400	\$29,200	\$29,200	\$28,000
Total	\$25,400	\$29,200	\$29,200	\$28,000
Expenditures				
Audit	\$400	\$400	\$400	\$400
Office Supplies	2	0	0	0
Bond Principal Paid	20,000	25,000	25,000	25,000
Interest Expense	4,975	3,800	3,800	2,600
Total	\$25,377	\$29,200	\$29,200	\$28,000
Fund Balance				
Net Change in Fund Balance	\$23	\$0	\$0	\$0
Fund Balance - Beginning of Year	3,946	3,969	3,969	3,969
Ending Fund Balance	\$3,969	\$3,969	\$3,969	\$3,969

Bond issue will be paid in full on October 1, 2010.



DEBT SERVICE DETAILS

		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
Amount of Issue	\$230,000	\$160,000	\$20,000	\$50,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2009	5.50%	\$25,000	\$1,375	\$26,375
April 1, 2010			\$687	\$687
October 1, 2010	5.50%	\$25,000	\$687	\$25,687
Total		\$50,000	\$2,749	\$52,749

Five Year Projections

	Fiscal Year Ending June 30,				
	2011	2012	2013	2014	2015
Revenues					
Local Contribution - Local Street	\$26,400	\$0	\$0	\$0	\$0
Total Revenues	\$26,400	\$0	\$0	\$0	\$0
Expenditures					
Audit	\$400	\$0	\$0	\$0	\$0
Principal Payment	25,000	0	0	0	0
Interest Expense	1,000	0	0	0	0
Total Expenditures	\$26,400	\$0	\$0	\$0	\$0

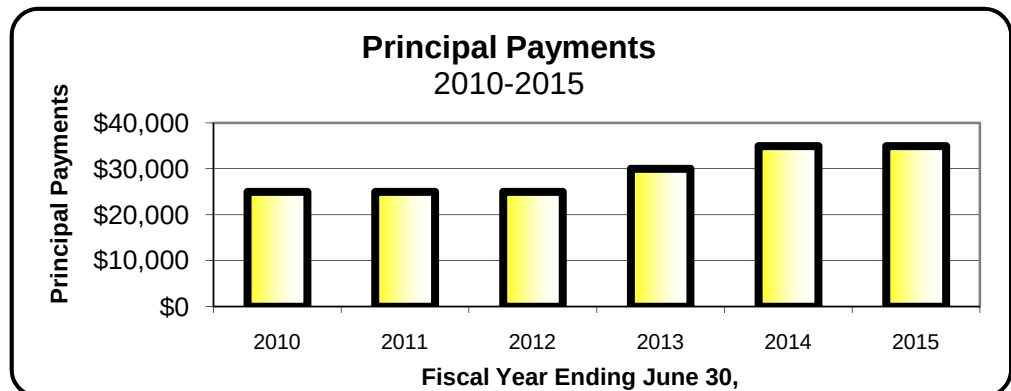
2000 Michigan Transportation Fund Debt Service Fund

Type: Debt Service Fund

TITLE OF ISSUE: 2000 Michigan Transportation Fund Bonds**DATE OF ISSUE:** June 1, 2000**PURPOSE:** To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952.**FUNDING SUMMARY**

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
Revenues				
Transfer from Local Street Fund	\$32,400	\$36,300	\$36,300	\$35,000
Total	\$32,400	\$36,300	\$36,300	\$35,000
Expenditures				
Audit	\$450	\$400	\$400	\$400
Bond Principal Paid	20,000	25,000	25,000	25,000
Interest Expense	11,550	10,900	10,900	9,600
Total	\$32,000	\$36,300	\$36,300	\$35,000
Fund Balance				
Net Change in Fund Balance	\$400	\$0	\$0	\$0
Fund Balance - Beginning of Year	0	400	400	400
Ending Fund Balance	\$400	\$400	\$400	\$400

Bond principal
payment will be paid in
full on October 1, 2014



DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
	\$300,000	\$105,000	\$20,000	\$175,000

DEBT SERVICE REQUIREMENTS				
DUE DATES	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2009	5.45%	\$25,000	\$4,824	\$29,824
April 1, 2010			\$4,142	\$4,142
October 1, 2010	5.50%	\$25,000	\$4,142	\$29,142
April 1, 2011			\$3,455	\$3,455
October 1, 2011	5.50%	\$25,000	\$3,455	\$28,455
April 1, 2012			\$2,768	\$2,768
October 1, 2012	5.50%	\$30,000	\$2,768	\$32,768
April 1, 2013			\$1,943	\$1,943
October 1, 2013	5.55%	\$35,000	\$1,943	\$36,943
April 1, 2014			\$971	\$971
October 1, 2014	5.55%	\$35,000	\$971	\$35,971
		\$175,000	\$31,382	\$206,382

Five Year Projections**Revenues**

Local Contribution - Local Street

Total Revenues**Expenditures**

	Fiscal Year Ending June 30,				
	2011	2012	2013	2014	2015
	\$33,200	\$33,200	\$35,600	\$38,900	\$36,800
	\$33,200	\$33,200	\$35,600	\$38,900	\$36,800
	\$400	\$400	\$400	\$400	\$400
	25,000	25,000	30,000	35,000	35,000
	7,800	6,700	5,200	3,500	1,400
Total Expenditures	\$33,200	\$32,100	\$35,600	\$38,900	\$36,800

2004 G.O. Capital Improvement Bonds Debt Service Fund

2004 G.O. Capital Improvement Bonds Debt Service Fund

Type: Debt Service Fund

TITLE OF ISSUE: 2004 General Obligation Capital Improvement Bonds

DATE OF ISSUE: November 1, 2004

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

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
Revenues				
Transfer from Local Street Fund	\$67,500	\$67,500	\$67,500	\$70,100
Transfer from Major Street Fund	19,100	18,000	\$18,000	19,000
Total	\$86,600	\$85,500	\$85,500	\$89,100
Expenditures				
Audit	0	400	400	400
Bond Principal Paid	55,000	55,000	55,000	60,000
Interest Expense	31,212	30,100	30,100	28,700
Total	\$86,212	\$85,500	\$85,500	\$89,100
Fund Balance				
Net Change in Fund Balance	\$388	\$0	\$0	\$0
Fund Balance - Beginning of Year	407	795	795	795
Ending Fund Balance	\$795	\$795	\$795	\$795

DEBT SERVICE REQUIREMENTS						
	Major Street Fund		Local Street Fund		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
<u>Fiscal Year</u>						
2010	12,600	5,888	47,400	22,152	\$60,000	\$28,040
2011	12,600	5,507	47,400	20,718	\$60,000	\$26,225
2012	13,650	5,080	51,350	19,111	\$65,000	\$24,191
2013	13,650	4,613	51,350	17,352	\$65,000	\$21,965
2014	13,650	4,125	51,350	15,517	\$65,000	\$19,642
2015	14,700	3,600	55,300	13,543	\$70,000	\$17,143
2016	14,700	3,041	55,300	11,442	\$70,000	\$14,483
2017	15,750	2,447	59,250	9,207	\$75,000	\$11,654
2018	16,800	1,796	63,200	6,756	\$80,000	\$8,552
2019	16,800	1,107	63,200	4,165	\$80,000	\$5,272
2020	17,850	379	67,150	1,427	\$85,000	\$1,806
	162,750	37,584	612,250	141,389	775,000	178,973

2004 G.O. Capital Improvement Bonds Debt Service Fund

DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
	\$995,000	\$165,000	\$55,000	\$775,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
September 1, 2009	2.90%	\$60,000	\$14,455	\$74,455
March 1, 2010			\$13,585	\$13,585
September 1, 2010	3.15%	\$60,000	\$13,585	\$73,585
March 1, 2011			\$12,640	\$12,640
September 1, 2011	3.35%	\$65,000	\$12,640	\$77,640
March 1, 2012			\$11,551	\$11,551
September 1, 2012	3.50%	\$65,000	\$11,551	\$76,551
March 1, 2013			\$10,414	\$10,414
September 1, 2013	3.65%	\$65,000	\$10,414	\$75,414
March 1, 2014			\$9,228	\$9,228
September 1, 2014	3.75%	\$70,000	\$9,228	\$79,228
March 1, 2015			\$7,915	\$7,915
September 1, 2015	3.85%	\$70,000	\$7,915	\$77,915
March 1, 2016			\$6,568	\$6,568
September 1, 2016	3.95%	\$75,000	\$6,568	\$81,568
March 1, 2017			\$5,086	\$5,086
September 1, 2017	4.05%	\$80,000	\$5,086	\$85,086
March 1, 2018			\$3,466	\$3,466
September 1, 2018	4.15%	\$80,000	\$3,466	\$83,466
March 1, 2019			\$1,806	\$1,806
September 1, 2019	4.25%	\$85,000	\$1,806	\$86,806
		\$775,000	\$178,973	\$953,973

Five Year Projections

	Fiscal Year Ending June 30,				
	2011	2012	2013	2014	2015
Revenues					
Local Contribution - Local Street Fund	\$68,300	\$70,900	\$69,500	\$67,600	\$69,900
Local Contribution - Major Street Fund	18,400	19,000	18,500	18,000	18,500
Total Revenues	\$86,700	\$89,900	\$88,000	\$85,600	\$88,400
Expenditures					
Audit	\$400	\$400	\$400	\$400	\$400
Principal Payment	60,000	65,000	65,000	65,000	70,000
Interest Expense	26,300	24,500	22,600	20,200	18,000
Total Expenditures	\$86,700	\$89,900	\$88,000	\$85,600	\$88,400

Capital Projects Funds Summary

Capital Projects Funds

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.

Capital Projects Funds Summary

Capital Projects Funds Summary

FY2010

	Industrial Park Fund	Special Assessments Capital Projects	Total
Revenues			
Sale of Property	\$35,000		\$35,000
Interest Income	8,000	\$500	8,500
Interest Income - Assessments		16,000	16,000
Special Assessment Principal		50,000	50,000
Bond Proceeds			0
Grants - State of Michigan			0
Water and Sewer Fund			0
Major Street Fund			0
Local Street Fund			0
Capital Projects Fund			0
Local Funds			0
Surplus			0
Total Revenue	\$43,000	\$66,500	\$109,500
Expenditures			
Audit	\$800	\$2,000	2,800
Fees and Commissions	3,500		3,500
Administration	3,100		3,100
Office Supplies			0
Principal Payment	17,800		17,800
Interest Payment			0
Special Projects	16,000		16,000
Total Expenditures	\$41,200	\$2,000	\$43,200
Fund Balance			
Net Change in Fund Balance	\$1,800	\$64,500	\$66,300
Fund Balance - Beginning	\$477,021	\$91,632	\$568,653
Fund Balance - End of Year	\$478,821	\$156,132	\$634,953

Fund: Industrial Park Fund

Type: Capital Project Fund

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. Piranha Hose is the only current tenant in this park. A speculative building was constructed by the Cadillac Industrial Fund which has been leased to Piranha Hose to provide them with additional space beyond their main plant.

FUNDING SUMMARY

	FY2008 <u>Actual</u>	FY2009 <u>Estimated</u>	FY2009 <u>Adopted</u>	FY2010 <u>Proposed</u>
Revenues				
Sale of Property	\$39,317	\$40,000	\$35,000	\$35,000
Interest Income	22,639	8,500	10,000	8,000
Total	\$61,956	\$48,500	\$45,000	\$43,000
Expenditures				
Property Taxes	\$4,405	\$3,000	\$2,700	\$3,100
Audit	700	800	800	800
Contractual Services	1,806	0	0	0
Land Purchase	0	0	0	0
Capital Outlay	0	12,000	12,500	16,000
Principal Payment	17,721	17,800	17,800	17,800
Fees and Commissions	0	4,000	3,500	3,500
Total	\$24,632	\$37,600	\$37,300	\$41,200
Fund Balance				
Net Change in Fund Balance	\$37,324	\$10,900	\$7,700	\$1,800
Fund Balance - Beginning of Year	428,797	466,121	477,021	477,021
Ending Fund Balance	\$466,121	\$477,021	\$484,721	\$478,821

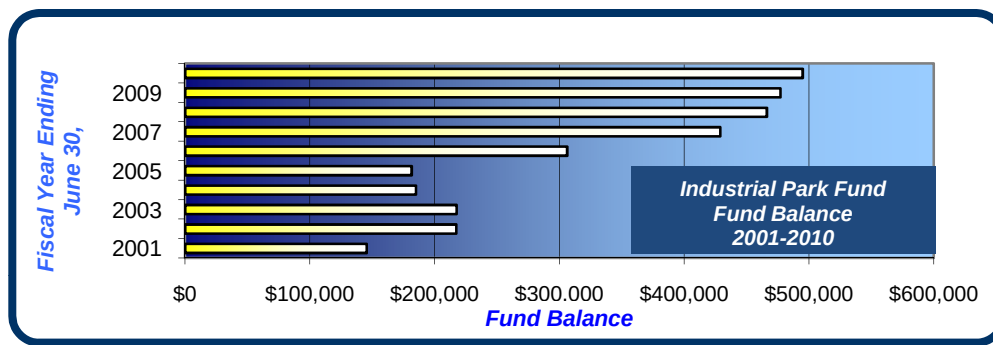
Fund Financial Highlights

Principal Repayment

A portion of the money received from the State of Michigan to develop the James E. Potvin Industrial Park was in the form of an interest-free loan. Quarterly payments are made to the state, and the loan will be paid in full December 1, 2016. The outstanding balance of the loan as of January 31, 2008 was \$159,500.

Other Financial Highlights

Management's goal is to sell one three-acre lot each year. The fund balance is increasing and is used to purchase additional land and necessary infrastructure. Fees and commissions are paid to the Cadillac Industrial Fund which in turn markets the industrial park. The commission paid on land sales is 10% of the sale price.



Current Park Occupants

Cadillac Industrial Park - "Certified Industrial Park"

Kendall Electric	Four Winns Engineering Facility
Michigan Rubber Products	FIAMM Technologies
Avon Automotive World Headquarters	NOC Northern Opportunities
Four Winns Main Plant	Metal Punch, Inc.

Harry Vanderjagt Industrial Park - "Certified Industrial Park"

Arvco Corporation	Big Foot Manufacturing
United Parcel Services	7-UP Distributing
Four Winns Trailer Company	Fiber-Tech Industries
Delta Power Services	Fed-Ex Ground
Cadillac Fabrication	Four Winns Small Parts Plant
Northwest MI Community Action Agency	DTE Energy

James Potvin Industrial Park

Piranha Hose
Cadillac Industrial Fund Spec Building (Currently leased to Piranha Hose)

Special Assessment Capital Projects Fund

Fund: Special Assessment Capital Projects Fund

Type: Capital Project Fund

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. This fund only accounts for these projects that are not financed through the use of debt. The fund is budgeted and accounted for on a modified accrual basis.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Interest Income - Special Assessment	\$18,198	\$21,000	\$18,000	\$16,000
Special Assessment	68,840	55,000	50,000	50,000
Grant - State of Michigan	0	0	500,000	0
Interest Income	80	0	2,000	500
Surplus	0	0	13,700	0
Total Revenue	\$87,118	\$76,000	\$583,700	\$66,500
Expenditures				
Audit	\$2,100	\$1,600	\$2,200	\$2,000
Principal Payment	11,250	11,300	11,300	0
Interest Expense	1,061	500	500	0
Total Other	\$14,411	\$13,400	\$14,000	\$2,000
Construction - Special Assessment				
Sidewalk	\$11,808	\$47,000	\$70,000	\$0
Jonathan Drive	25,933	0	0	0
Snider Street	60,124	0	0	0
Total Construction - Special Assessment	\$97,865	\$47,000	\$70,000	\$0
Construction - Other				
Safe Routes to School	\$0	\$0	\$500,000	\$0
Total Expenditures	\$112,276	\$60,400	\$584,000	\$2,000
Fund Balance				
Net Change in Fund Balance	(\$25,158)	\$15,600	(\$14,000)	\$64,500
Fund Balance - Beginning of Year	101,190	76,032	91,632	91,632
FUND BALANCE AT YEAR END	\$76,032	\$91,632	\$77,632	\$156,132

Fund Financial Highlights
Principal and Interest Payments

These payments come from an internal loan made in 2004 from the Cadillac Development Fund. The outstanding balance on this loan is \$22,500. This loan will be paid in full in FY2009.

Safe Routes to School Project

The City received a grant that will enhance the safety and walkability surrounding a local elementary school. This grant will fund the construction that provides for the improvement of infrastructure owned by the school, not the city.

Construction Project Information

FY2010 Major Construction Projects							
<i>Source of Funds:</i>							
Project Name	Special Assmt.	Grant	DDA	Local Street	Utilities Fund	Major Street	Total
Lincoln Street				\$150,000	\$32,500		\$182,500
Washington Street Alley				20,000	10,000		\$30,000
North Simons Street				70,000	65,000		\$135,000
Street Sign Replacement						\$5,000	\$5,000
Mitchell Street			\$360,000				\$360,000
Total Projects	\$0	\$0	\$360,000	\$240,000	\$107,500	\$5,000	\$712,500

Notes:

> The Special Assessment portions of the construction activity are accounted for in this fund.

> The Mitchell Street project is a very large construction project being undertaken by the State, since it is a trunkline project. The underlying utilities infrastructure will be replaced while the street is torn up.

Permanent Funds Summary

Permanent Funds

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.

Permanent Funds Financial Summary
FY2010

	Cemetery Perpetual Care	Capital Projects Trust	Total
Revenues			
Interest Income	\$9,000	\$15,000	\$24,000
Realized gains	0	0	0
Perpetual Care of Lots	7,500	0	7,500
Total Revenues	16,500	15,000	31,500
Expenditures			
Audit	1,000	500	1,500
Contribution - Cemetery Operating	0	0	0
Contribution - Public Infrastructure	0	0	0
Total Expenditures	1,000	500	1,500
Fund Balance			
Net Change in Fund Balance	15,500	14,500	30,000
Beginning Fund Balance	418,217	564,421	982,638
Ending Fund Balance	433,717	578,921	1,012,638

Fund: Cemetery Perpetual Care Fund

Type: Permanent Fund

Nature and Purpose:

The Cemetery Perpetual Care Fund is a permanent fund established to maintain the operation of the cemetery. With assets of over \$400,000, 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. A normal burial plot costs \$475 and 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.

Due to extremely poor investment conditions in FY2009, investment losses were significant. This eliminates the availability of any earnings to transfer to the Cemetery Operating Fund until the losses begin to be recovered.

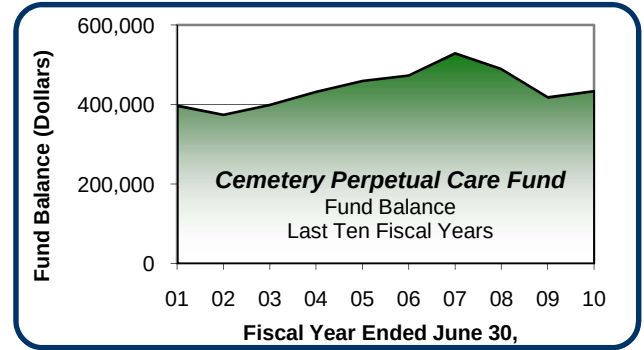
FUNDING SUMMARY

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
Revenues				
Perpetual Care of Lots	\$6,413	\$6,000	\$10,000	\$7,500
Gain (Loss) on Investments	(47,115)	(90,000)	10,000	0
Interest Income	15,901	14,000	20,000	9,000
TOTAL REVENUES	(\$24,801)	(\$70,000)	\$40,000	\$16,500
Expenditures				
Audit	\$1,100	\$1,100	\$1,000	\$1,000
Transfer out - Cemetery Operating	13,834	0	20,000	0
Total	\$14,934	\$1,100	\$21,000	\$1,000
Fund Balance				
Net Change in Fund Balance	(\$39,735)	(\$71,100)	\$19,000	\$15,500
Fund Balance - Beginning of Year	529,052	489,317	418,217	418,217
Ending Fund Balance	\$489,317	\$418,217	\$437,217	\$433,717

Fund Financial Highlights

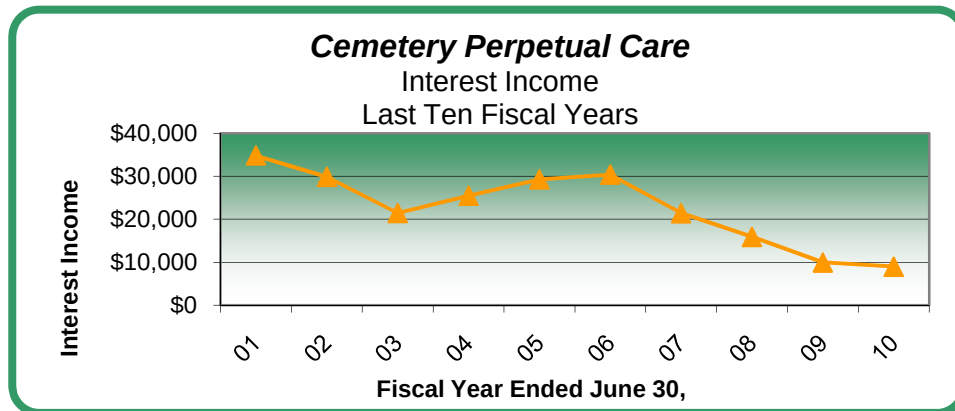
Fund Balance

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 current economic recession has significantly impacted this fund, as the fund balance will go down significantly in FY2009. The decline is 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 2006 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**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. The City Council has a goal of paving all of the gravel streets within the City and this fund has helped in achieving that goal.

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

FUNDING SUMMARY

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
Revenues				
Interest Income	\$5,633	\$3,000	\$3,500	\$15,000
Gain on Investments	(68,324)	(200,000)	25,000	0
Total	(\$62,691)	(\$197,000)	\$28,500	\$15,000
Expenditures				
Audit	\$450	\$500	\$500	\$500
Contribution - Public Infrastructure	10,000	25,000	25,000	0
Total	\$10,450	\$25,500	\$25,500	\$500
Fund Balance				
Net Change in Fund Balance	(\$73,141)	(\$222,500)	\$3,000	\$14,500
Fund Balance - Beginning of Year	860,062	786,921	564,421	564,421
Ending Fund Balance	\$786,921	\$564,421	\$567,421	\$578,921

Past Public Infrastructure Projects

Fiscal Year	Projects Assisted with Endowment Earnings	Amount
1999	Cummer Street	\$12,028
2000	Alley behind Milliken's	10,194
2001	No activity	0
2002	Elm Street Triangle (gravel street)	33,900
2003	No activity	0
2004	Balsam Street (gravel street)	10,000
2005	No activity	0
2006	No activity	0
2007	Leisure Road (gravel street)	20,000
2008	Alley between Henry and Evert Streets (gravel)	10,000
2009	Diggins Hill Tennis Court Restoration Project	25,000
2010	No activity	0
Total:		\$96,122

**Diggins Hill Tennis Court Restoration**

In FY2010, City Council identified this project as one that warranted a contribution from the City. As such, \$25,000 was appropriated to assist in the completion of the project. To date, over \$75,000 has been raised towards a goal of \$100,000. Construction should take place in 2009.

Current Year Funding

The economic recession has had a significant impact on the ability of these funds to generate any earnings that can subsequently be used for capital projects. As a result, no contributions are proposed for FY2010.

Fund: Auto Parking Fund

Type: Enterprise Fund

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 and the fact that the contract system expired 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, which expired June 30, 2000. A second five year special assessment was established through June 30, 2005 at the same rate. A third five year special assessment has been approved through the year 2010. Efforts will begin soon to prepare the special assessment for renewal, as well as to explore alternative options to fund the City's off-street parking system.

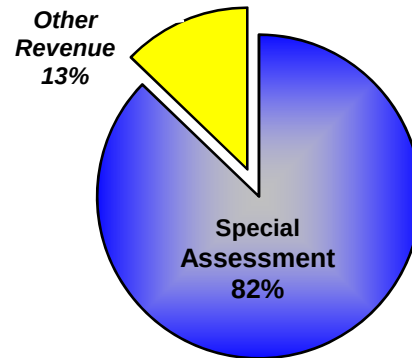
FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Parking Violations	\$1,614	\$1,200	\$2,200	\$2,000
Parking Permit Fees	1,540	1,400	1,500	1,500
Interest Income	4,920	3,000	6,000	3,200
Special Assessment	46,153	45,400	45,600	45,600
Surplus	0	11,700	0	10,000
Total	\$54,227	\$62,700	\$55,300	\$62,300
Expenses				
Operation	\$25,568	\$25,600	\$26,300	\$27,300
Lot Repair	1,078	1,600	2,500	2,000
Snow Plowing	17,279	20,500	16,100	18,500
Snow Hauling	16,601	15,000	10,100	14,500
Total	\$60,526	\$62,700	\$55,000	\$62,300
Net Assets				
Change in Net Assets	(\$6,299)	(\$11,700)	\$300	(\$10,000)
Net Assets - Beginning of Year	772,338	766,039	766,039	754,339
TOTAL NET ASSETS - END OF YEAR				
Invested in Capital Assets	\$627,028	\$610,228	\$610,228	\$593,428
Unrestricted	139,011	144,111	156,111	150,911
TOTAL	\$766,039	\$754,339	\$766,339	\$744,339

Fund Highlights

Special Assessment

The current special assessment roll was developed by separating the downtown properties into two zones based on location: the Mitchell Street Zone and the Side Street Zone. An assessment for each property was calculated based upon 50% of assessable front footage and 50% of net assessable square footage. A 200 square feet per private parking space parking credit was included in the formula. Given the district over which the assessment is spread, it is estimated that \$45,600 per year will be raised. The assessment represents over 80% of the total revenues in this fund, which are used to cover maintenance and snow removal from the parking lots.

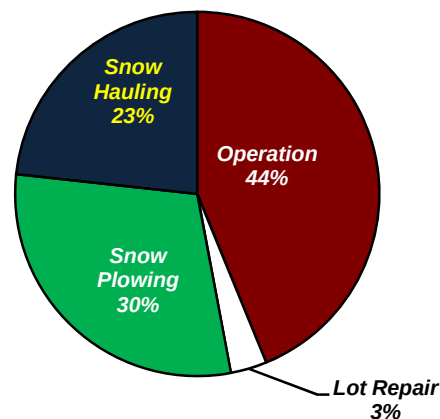


Expenses

Plowing and removal of snow represents nearly half each year's annual budget.

Snow Removal and Hauling

The Auto Parking Fund is responsible for clearing snow in all municipal parking lots each year. The costs of these activities vary from year to year depending on the amount of annual snowfall.



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, a portion of the Code Enforcement Officer's salary is classified due to her activities in parking enforcement. Enforcement activities are conducted under the supervision of the Public Safety Director.

FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
<u>EXPENSES</u>				
Operations				
Salaries - Enforcement	\$2,969	\$3,000	\$3,000	\$3,000
Fringes	1,606	2,000	2,500	2,900
Office Supplies	89	200	200	800
Audit	850	600	800	800
Data Processing	3,300	3,000	3,000	3,000
Depreciation	16,754	16,800	16,800	16,800
Total Operations	\$25,568	\$25,600	\$26,300	\$27,300
Lot Repair				
Salaries	\$249	\$400	\$0	\$0
Fringes	202	200	0	0
Operating Supplies	334	500	2,500	2,000
Equipment Rental	293	500	0	0
Total Lot Repair	\$1,078	\$1,600	\$2,500	\$2,000
Snow Plowing				
Salaries	\$2,812	\$4,500	\$3,200	\$4,000
Fringes	2,348	3,000	2,400	2,500
Operating Supplies	137	0	0	0
Equipment Rental	11,982	13,000	10,500	12,000
Total Snow Plowing	\$17,279	\$20,500	\$16,100	\$18,500
Snow Hauling				
Salaries	\$3,175	\$3,500	\$2,200	\$3,500
Fringes	2,651	2,500	1,600	2,000
Equipment Rental	10,775	9,000	6,300	9,000
Total Snow Hauling	\$16,601	\$15,000	\$10,100	\$14,500
TOTAL EXPENSES	\$60,526	\$62,700	\$55,000	\$62,300

Source and Use of Funds For Capital Improvements**FY2010****Source of Funds**

Operational funds	<u>\$0</u>	
Total Source of Funds		<u><u>\$0</u></u>

Use of Funds

No projects planned	<u>0</u>	
Total Use of Funds		<u><u>\$0</u></u>

Cash Flow Analysis**FY2010****Additions:**

Change in Net Assets	(\$10,000)	
Depreciation	<u>\$16,800</u>	
Total Additions		\$6,800

Deductions:

	<u>0</u>	
Total Deductions		\$0
Net Increase in Cash		<u><u>\$6,800</u></u>



Significant snowfalls will quickly pack municipal parking lots with huge piles of snow that must be hauled away.

Internal Service Funds Summary

Internal Service Funds

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

The City of Cadillac Central Stores and Municipal Garage Fund, Information Technology Fund, 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.

Internal Service Funds Summary

Internal Service Funds Financial Summary

FY2010

	Stores and Garage Fund	Information Technology Fund	Self- Insurance Fund	Employee Safety Fund	Total
<u>Revenues</u>					
Services and Materials	\$33,400				\$33,400
Equipment Rental	624,000				624,000
Interest Income	1,000	\$500	\$30,000	\$300	31,800
Sale of Surplus Material		500			500
Intergovernmental Services		294,800		9,000	303,800
Employer Contribution			904,300		904,300
Employee Contribution			60,000		60,000
Surplus			9,700	4,200	13,900
Total Revenues	\$658,400	\$295,800	\$1,004,000	\$13,500 (2)	\$1,971,700
<u>Expenditures</u>					
Administration	\$632,300		\$40,000	\$13,000	\$685,300
Outside Work	20,800				20,800
Building & Grounds	5,100				5,100
Operating		295,800			295,800
Audit			500	500	1,000
Reinsurance			500,000		500,000
Benefit Payments			463,500		463,500
Total Expenditures	\$658,200	\$295,800	\$1,004,000	\$13,500	\$1,971,500
Change in Net Assets (1)	\$200	\$0	(\$9,700)	(\$4,200)	(\$13,700)
Net Assets - Beginning of Year	538,531	299,207	1,306,742	11,092	2,155,572
Net Assets - End of Year	\$538,731	\$299,207	\$1,297,042	\$6,892	\$2,141,872

Footnotes:

(1) Excludes "Surplus." Surplus indicates the use of prior year's earnings to balance current budget. The budget staff has determined that sufficient prior year's earnings are available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section on page 35-40.

Fund: Stores and Garage Fund

Type: Internal Service Fund

Nature and Purpose:

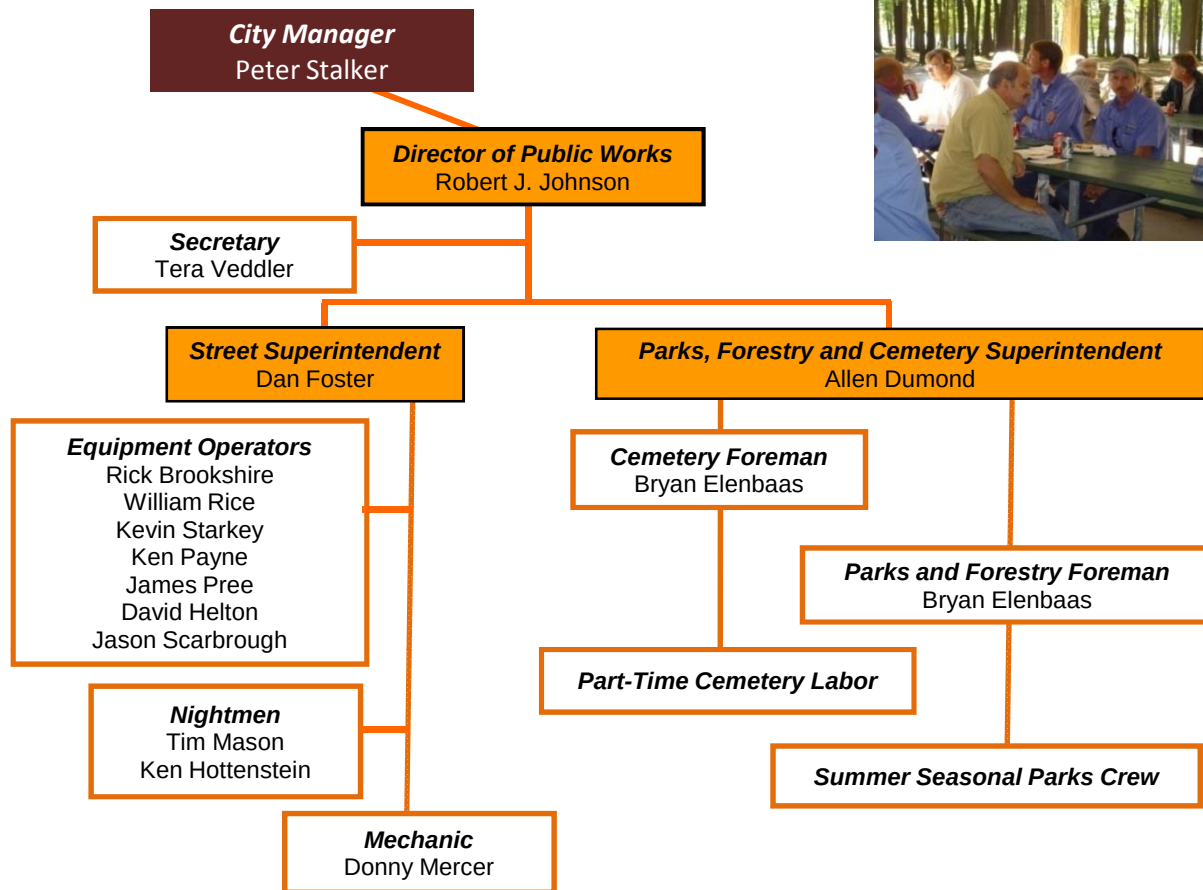
This fund is used to record the operations of the Central Stores Purchasing Department as well as provide equipment and manpower for various street construction and maintenance activities. This fund provides services to the Major Street Fund, Local Street Fund, General Fund, Cemetery Operating Fund, 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. Occasionally an internal factor is added to the base rate to cover future equipment acquisitions. The internal rate for FY2010 will be 25%, and is designed to cover the rising costs of providing services, including personnel costs, fuel costs, and repairs and maintenance on the fleet. 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 FY2010. Over 150 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.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Charges for Services:				
Services & Materials	\$20,661	\$35,000	\$33,400	\$33,400
Equipment Rental	703,129	700,000	589,500	624,000
Miscellaneous				
Interest Income	400	500	1,000	1,000
Sale of Surplus Material	0	0	2,000	0
Refunds and Rebates	135	1,000	0	0
Surplus	0		0	0
Total	\$724,325	\$736,500	\$625,900	\$658,400
Expenses				
Administration	\$663,347	\$689,600	\$564,400	\$632,300
Outside Work	22,339	27,500	19,800	20,800
Building & Grounds	4,705	9,800	4,400	5,100
Total	\$690,391	\$726,900	\$588,600	\$658,200
Net Assets				
Change in Net Assets	\$33,934	\$9,600	\$37,300	\$200
Total Net Assets - Beginning of Year	494,997	528,931	538,531	538,531
Total Net Assets - End of Year	\$528,931	\$538,531	\$575,831	\$538,731

Department Structure and Organization



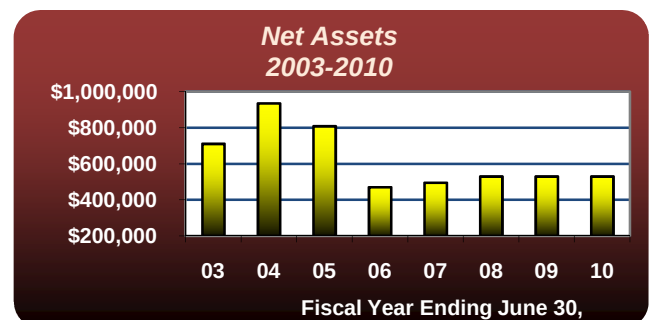
Administrative Salary Allocation:

Robert Johnson	<i>Director of Public Works</i>	60%
Dan Foster	<i>Street Superintendent</i>	20%
Al Dumond	<i>Parks/Cemetery Superintendent</i>	15%
Tera Veddler	<i>Secretary</i>	55%

Financial Highlight

Net Assets

The Net Assets of this fund were intentionally reduced over the last several fiscal years by lowering the markup rate charged on all internal equipment rental. This markup rate is designed to ensure that the fund recovers all costs of operation from the user charges. In the current fiscal year and going forward, this rate will be studied annually and set at a level that will cover all operational costs.



FUNDING DETAILS

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
Expenses				
Administration				
Salaries - Regular	\$142,337	\$173,000	\$123,400	\$157,900
Salaries - Part Time	1,964	5,000	0	0
Fringes	81,366	122,000	70,000	84,500
Operating Supplies	148,326	70,000	42,000	67,500
Fuel Costs	0	52,000	48,000	54,000
Property Taxes	2,177	2,000	2,400	2,200
Contractual Services	0	500	1,000	200
Legal	0	0	0	1,000
Audit	3,150	2,700	3,300	3,400
Data Processing	23,000	13,500	13,500	13,500
Travel & Education	1,672	1,500	1,500	1,800
Insurance	12,118	20,600	20,000	21,000
Utilities	25,348	28,000	31,000	30,000
Telephone	658	500	1,100	1,100
Employee Safety	1,700	1,700	1,700	1,700
General Administrative Charges	45,700	30,100	30,100	30,100
Depreciation	133,774	131,000	140,000	130,000
Equipment Maintenance	8,764	12,000	12,400	12,400
Equipment Rental	721	500	0	0
Vehicle Lease	6,397	0	0	0
Interest Expense	24,175	23,000	23,000	20,000
Total Administration	\$663,347	\$689,600	\$564,400	\$632,300
Outside Work				
Salaries	\$6,294	\$6,600	\$6,100	\$6,200
Fringes	3,660	4,400	3,500	3,700
Supplies	2,124	4,500	5,100	4,100
Equipment Rental	10,261	12,000	5,100	6,800
Total Outside Work	\$22,339	\$27,500	\$19,800	\$20,800
Building & Grounds				
Salaries	\$908	\$1,300	\$1,700	\$1,200
Fringes	749	800	1,000	700
Operating Supplies	990	200	0	500
Contractual Services	260	0	0	1,000
Repair and Maintenance	1,532	7,000	1,500	1,300
Equipment Rental	266	500	200	400
Total Building & Grounds	\$4,705	\$9,800	\$4,400	\$5,100
Total Expenses	\$690,391	\$726,900	\$588,600	\$658,200

Source and Use of Funds For Capital Improvements

FY2010**Source of Funds:**

State of Michigan Cost Share	\$30,000	
Operating Funds	78,500	
Total Source of Funds		\$108,500

Use of Funds:**Equipment:**

Riding Lawn Mower	\$8,500	
Salt Storage Building	100,000	
Total Use of Funds		\$108,500



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

FY2010**ADDITIONS:**

Depreciation	\$130,000	
State of Michigan Cost Share	30,000	
Net Income (Loss)	200	
TOTAL ADDITIONS		\$160,200

DEDUCTIONS:

Principal Payment - Internal Loan	\$50,000	
Capital Items	108,500	
TOTAL DEDUCTIONS		\$158,500

NET INCREASE (DECREASE) OF AVAILABLE CASH	\$1,700
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Equipment Replacement Activities

The Director of Public Works reviews the fleet annually and recommends replacements and upgrades that are necessary to maintain a safe and efficient inventory of equipment, both heavy and light duty. By planning the purchase of new equipment this fund can efficiently manage the maintenance and the appearance of the equipment. Listed below are the anticipated capital equipment replacements and upgrades proposed for the next five fiscal years July 1, 2009 through June 30, 2014. Over \$840,000 in equipment replacements are scheduled in this time period.



Director of Public Works

Robert J. Johnson

2009-2010	
Riding Mower	\$8,500
Salt Storage Building	100,000
Total	\$108,500

2010-2011	
Pickup Truck	\$23,000
Underbody Plow	\$7,500
1-Ton Dump Truck	\$30,000
Wheel Loader	\$115,000
Snow Box	4,000
Total	\$179,500

2011-2012	
Vacuum Street Sweeper	\$185,000
Total	\$185,000

2012-2013	
Crack Sealer	\$40,000
Underbody Plow Truck	120,000
One-Way Plow	8,500
Total	\$168,500



The City owns 6 plow trucks, similar to the one shown above. Each truck costs approximately \$100,000 and has a useful life of about 10 years.

2013-2014	
Pickup Truck	\$25,000
Underbody Plow Truck	125,000
Underbody Plow	7,900
One-way Plow	9,000
Downtown Street Sweeper	25,000
Riding Lawn Mower	8,500
Total	200,400

Outstanding Debt Issue**Title of Issue:** 2007 Stores and Garage Cash Flow Note**Date of Issue:** December 14, 2006

Purpose: To assist the fund with a cash flow shortage after purchasing equipment. Debt issue represents an internal loan from the Cadillac Development Fund.

DEBT SERVICE DETAILS

		Amount Redeemed		
		Prior	Current	Balance
Amount of Issue:	\$500,000	\$50,000	\$50,000	\$400,000

Due Dates	Debt Service Requirements			
	Rate	Principal	Interest	Total
September 1, 2009	5.25%	\$50,000	\$10,500	\$60,500
March 1, 2010			\$9,188	\$9,188
September 1, 2010	5.25%	\$50,000	\$9,188	\$59,188
March 1, 2011			\$7,875	\$7,875
September 1, 2011	5.25%	\$50,000	\$7,875	\$57,875
March 1, 2012			\$6,563	\$6,563
September 1, 2012	5.25%	\$50,000	\$6,563	\$56,563
March 1, 2012			\$5,250	\$5,250
September 1, 2013	5.25%	\$50,000	\$5,250	\$55,250
March 1, 2013			\$3,938	\$3,938
September 1, 2014	5.25%	\$50,000	\$3,938	\$53,938
March 1, 2014			\$2,625	\$2,625
September 1, 2015	5.25%	\$50,000	\$2,625	\$52,625
March 1, 2015			\$1,313	\$1,313
September 1, 2016	5.25%	\$50,000	\$1,313	\$51,313
Total		\$400,000	\$84,000	\$484,000

Fund: Information Technology Fund**Type:** Internal Service Fund**Nature and Purpose:**

The City of Cadillac has been very successful in leveraging technology to improve productivity. The City's investment in the New World Systems comprehensive public sector software package 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.

Currently the IT Department equipment list includes the following:

- > 68 workstations including desktop and notebook computers;
- > 11 file servers including Email, Application, Storage, and Security servers;
- > Numerous printers, smart phones, scanners, and other related equipment and software.

FUNDING SUMMARY

	<u>FY2008</u> <u>Actual</u>	<u>FY2009</u> <u>Estimated</u>	<u>FY2009</u> <u>Adopted</u>	<u>FY2010</u> <u>Proposed</u>
Revenues				
Intergovernmental Services				
General Fund				
City Council	\$0	\$9,300	\$9,300	\$9,300
City Manager	4,000	3,500	3,500	3,500
Assistant City Manager	4,000	3,500	3,500	3,500
Finance	18,500	28,000	28,000	28,000
Assessor	47,000	18,000	18,000	18,000
Treasurer	40,000	40,000	40,000	40,000
Municipal Complex	0	5,500	5,500	5,500
Police	55,000	55,000	55,000	55,000
Fire	10,000	11,000	11,000	11,000
Engineering	17,500	20,000	20,000	20,000
Parks and Recreation	0	1,000	1,000	1,000
Community Development	4,000	2,500	2,500	2,500
Water & Sewer	54,000	55,000	55,000	55,000
Stores and Garage	23,000	13,500	13,500	13,500
Major Street	17,500	8,000	8,000	8,000
Auto Parking	3,300	3,000	3,000	3,000
Local Street	14,500	8,000	8,000	8,000
Cadillac Development	4,500	2,000	2,000	2,000
Cemetery	4,500	2,500	2,500	2,500
Downtown Development Authority	0	1,500	1,500	1,500
Building Inspection	4,000	4,000	4,000	4,000
Total Intergovernmental Services	325,300	294,800	294,800	294,800
Interest Income	3,308	100	1,500	500
Sale of Property	0	500	500	500
Total	\$328,608	\$295,400	\$296,800	\$295,800

Information Technology Fund

FUNDING SUMMARY (CONTINUED)

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
Expenses				
Operating				
Salaries	\$15,247	\$11,000	\$15,600	\$13,700
Fringes	3,879	1,000	1,300	1,200
Office Supplies	13,025	10,000	10,000	9,000
Audit	850	900	900	900
Contractual Services	0	104,000	104,000	106,500
Software and Programming	151,964	45,000	49,500	50,000
Liability Insurance	159	200	300	300
Dues & Publications	0	200	200	200
Telephone	1,927	2,000	800	600
Travel and Education	966	2,000	2,000	1,700
Repair and Maintenance	2,715	3,000	3,000	2,500
Depreciation	78,033	80,000	80,000	80,000
Administration	21,900	29,200	29,200	29,200
Total	\$290,665	\$288,500	\$296,800	\$295,800
Net Assets				
Change in Net Assets	\$37,943	\$6,900	\$0	\$0
Total Net Assets - Beginning of Year	254,364	292,307	299,207	299,207
Total Net Assets - End of Year	\$292,307	\$299,207	\$299,207	\$299,207

Expense Descriptions

Salaries and Fringes

The Information Technology Fund pays for a part-time employee 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 four-year contract was signed which will expire in 2011. The annual costs of this contract are classified to this line item.

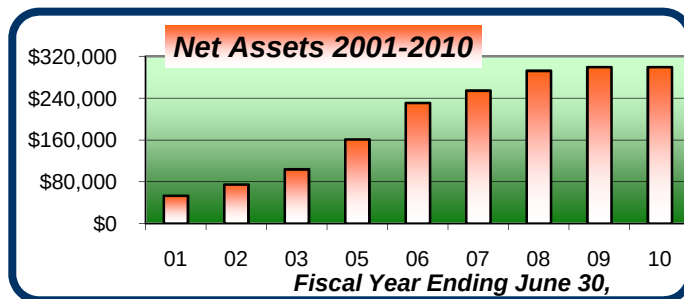


Timothy Gillen of Terrapin Networks serves as the Chief Technology Officer (CTO) for the City. As head of the firm in charge of the City IT Department, he oversees all functions of the IT Department from design and planning to daily user support. Terrapin Networks began providing IT services to the City in May of 2004; in early 2007 the decision was made to contract all facets of the IT Department to Terrapin Networks. They are well versed in municipal IT networks and have utilized that experience to efficiently support the City IT Department. Terrapin Networks has been providing IT services throughout northern Michigan since 1990.

IT Department Mission Statement

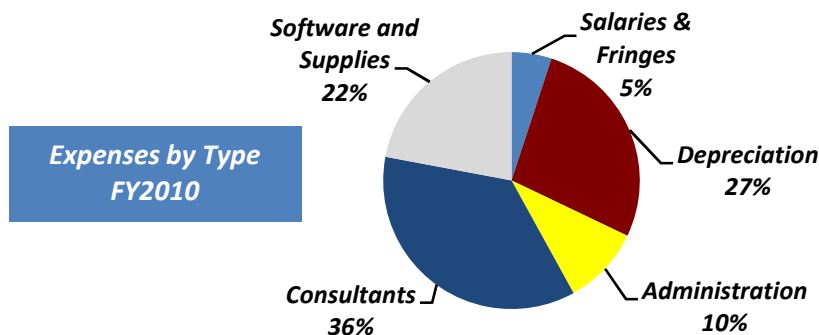
The mission of the Information Technology Department is for the IT system to **always** enhance the City staff's ability to do their job each and every day.

Fund Financial Highlights



Net Assets

Net Assets in this fund have been steadily increasing. Much of the increase is attributed to investment in capital assets.



Other Financial Analysis

Source and Use of Funds For Capital Improvements

FY2010**Source of Funds:**

Revenues:		
Operating Revenues	65,000	
Total Source of Funds		\$65,000

Use of Funds

Computer Replacement	\$20,000	
Printer	\$5,000	
Data Storage	15,000	
Network Data Backup	5,000	
IT Infrastructure	15,000	
Software	5,000	
Total Use of Funds		\$65,000

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

FY2010**Additions**

Depreciation	\$80,000	
Net Income (Loss)	0	
Total Additions		\$80,000

Deductions

Capital Items	65,000	
Total Deductions		\$65,000

Net Increase in Available Cash	\$15,000
---------------------------------------	-----------------

Fund: Self Insurance Fund

Type: Internal Service Fund

Nature and Purpose:

This fund provides for the health and life insurance of all City employees and their families, as well as retirees. 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 City has seen very positive results from using a self-funded insurance program. Due to positive health claims experience, a 5% reduction in overall rates for medical insurance was implemented in FY2009. For the current year, rates were maintained at FY2009 levels. An employee wellness program was started in 2007 and has produced immediate cost savings while enhancing the quality of life for City employees. 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. Net Assets in this fund have been growing as cost containment efforts have continued, allowing the current-year rate reduction and enhancing the long-term stability of the fund.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Employer Contributions	\$843,990	\$825,000	\$817,500	\$830,000
Employer Contributions-Dental	42,538	59,000	57,500	58,000
Employer Contributions-Optical	8,866	6,800	9,700	9,500
Employer Contributions-Life	7,638	6,900	7,000	6,800
Employee Contribution	63,621	65,000	40,000	60,000
Interest Income	58,594	30,000	40,000	30,000
Surplus	0	0	16,300	9,700
Total	\$1,025,246	\$992,700	\$988,000	\$1,004,000
Expenses				
Audit	\$450	\$500	\$500	\$500
Reinsurance Premiums	519,692	500,000	500,000	500,000
Administration	51,016	35,000	35,000	40,000
Benefit Payments				
Health Insurance	286,412	450,000	444,000	455,000
Life Insurance	6,179	6,500	8,500	8,500
Total	\$863,749	\$992,000	\$988,000	\$1,004,000
Net Assets				
Change in Net Assets	\$161,497	\$700	(\$16,300)	(\$9,700)
Total Net Assets - Beginning of Year	1,144,545	1,306,042	1,306,742	1,306,742
Total Net Assets - End of Year	\$1,306,042	\$1,306,742	\$1,290,442	\$1,297,042

System Benefits Highlights

Self-Insurance Plan Details

The City self-insures the medical claims of each employee and their family up to an annual total of \$10,000. If claims exceed the \$10,000 limit, a Blue Cross Blue Shield Comprehensive Major Medical plan will then take over coverage.

Life Insurance

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 \$5,500. The benefit is paid to the retiree's estate upon their death.

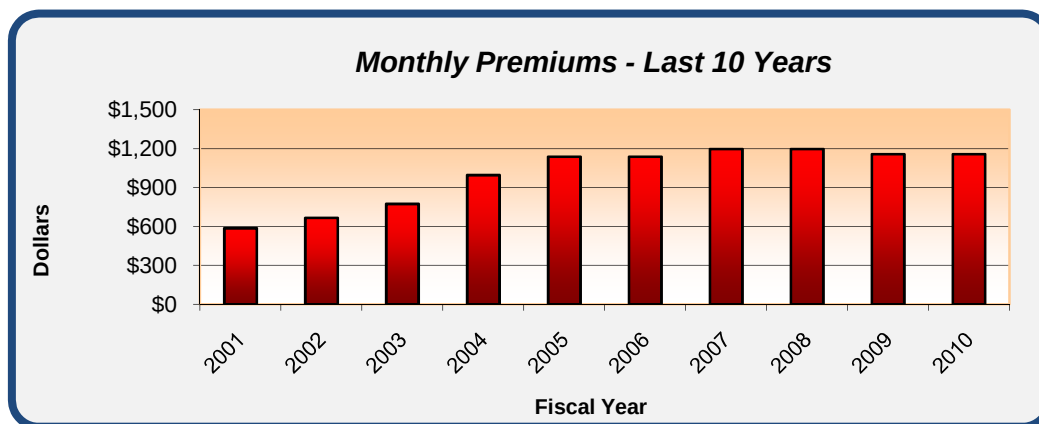
Health Insurance Benefit Payments

A portion of the City's annual required contribution for other post-employment benefits (OPEB) will be taken from this fund for FY2010, in the amount of approximately \$180,000. These funds have been accumulating here and will now be transferred to the City's retiree health care funding vehicle at MERS.

Plan Cost Summaries

Fiscal Year	Medical	Dental	Optical	Life	Monthly Total	Change
2001	534	40	9	4	\$587	14.20%
2002	614	40	9	4	\$667	13.63%
2003	718	43	9	4	\$774	16.04%
2004	934	47	10	5	\$996	28.68%
2005	1,075	48	10	5	\$1,138	14.26%
2006	1,075	48	10	5	\$1,138	0.00%
2007	1,129	50	11	8	\$1,198	5.27%
2008	1,129	50	11	8	\$1,198	0.00%
2009	1,075	67	11	5	\$1,158	-3.34%
2010	1,075	67	11	5	\$1,158	0.00%

Note: Rates have increased only 1.75% since FY2005.



Fund: Safety Fund

Type: Internal Service Fund

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

	FY2008	FY2009	FY2009	FY2010
	<u>Actual</u>	<u>Estimated</u>	<u>Adopted</u>	<u>Proposed</u>
Revenues				
Interest Income	\$399	\$400	\$300	\$300
General Fund	5,200	5,200	5,200	5,200
Water and Sewer Fund	2,100	2,100	2,100	2,100
Stores & Garage Fund	1,700	1,700	1,700	1,700
Surplus	0	0	5,200	4,200
Total	\$9,399	\$9,400	\$9,300	\$13,500
Expenditures				
Salaries and Wages	4,117	\$7,000	\$7,000	\$7,000
Operating Supplies	1,085	3,000	3,000	2,500
Audit	450	500	500	500
Dues and Publications	234	1,000	1,000	1,000
Travel and Education	120	2,000	3,000	2,500
Total	\$6,006	\$13,500	\$14,500	\$13,500
Net Assets				
Change in Net Assets	\$3,393	(\$4,100)	(\$5,200)	(\$4,200)
Total Net Assets - Beginning of Year	11,799	15,192	15,192	11,092
Total Net Assets - End of Year	\$15,192	\$11,092	\$9,992	\$6,892

Safety Program Highlights



Tera Veddler
Assistant Safety Coordinator



Mike Mongar
Safety Coordinator

Safety Committee

The Safety Committee is comprised of employees from various departments with a total of 7 members. 2008 reflects an increased emphasis on the workplace safety.

Fire Marshal Mike Mongar has been the safety coordinator since 2008 and works hard at helping City of Cadillac employees enjoy a safe work environment. Mike is assisted by Tera Veddler, an administrative City employee. Tera provides support with various record-keeping and reporting issues.

City of Cadillac Employees logged more than 200,000 productive hours in 2008. Lost time days totaled just 7.

<i>Lost Time Days</i>						
Department	2003	2004	2005	2006	2007	2008
Administration	0	1	0	0	0	0
Fire	11	72	3	50	14	0
Police	2	0	0	0	79	0
Public Works	0	0	0	5	191	0
Utilities	0	0	0	30	0	7
Total	13	73	3	85	284	7

Note:

A severe injury to a police officer as well as an extended leave injury to a street department employee caused the significant increase in lost time days in 2007.

GOALS

FY2010

1. Analyze 2008 accident reports to determine prevention and mitigation strategies.
2. Conduct preventative MIOSHA CET informal inspection of all City facilities.
3. Review safety training opportunities to be delivered at the department level on a regular basis.

Fund: Police and Fire Retirement Fund**Type:** Pension Trust Fund**Nature and Purpose:**

This fund is a Pension Trust Fund, 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 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 City contributions, investment income from the retirement assets, and an employee contribution of 3% of salary. To fund the system, the City contributes 31.41% of the police member salaries and 27.20% of the fire members' salaries. Unfunded actuarial liabilities are amortized as a level percent of active member payroll over a period of years. The asset valuation method is the smoothed market value basis and the system uses the entry age normal actuarial cost method. The system is meeting its funding requirements. The system is 71.2% funded, up from 66.1% 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.

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.

FUNDING SUMMARY	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Additions				
Contributions - Employer	558,831	\$650,000	\$510,000	\$655,000
Contributions - Employee	42,165	\$40,000	\$43,000	42,000
Interest and Dividend Income	5,244	2,500	\$5,000	5,000
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	(124,724)	(1,200,000)	200,000	100,000
Investment Expenses	(30,132)	(30,000)	(35,000)	(32,000)
Total Additions	\$451,384	(\$537,500)	\$723,000	\$770,000
Deductions				
Benefit Payments				
Retirement	\$536,428	\$590,000	\$575,000	600,000
Administrative Expenses				
Audit	1,200	1,200	2,100	2,000
Actuarial	16,117	18,000	20,000	19,000
Total Deductions	\$553,745	\$609,200	\$597,100	\$621,000
Net Increase (Decrease) in Plan Assets	(\$102,361)	(\$1,146,700)	\$125,900	\$149,000
Net Assets Held in Trust for Pension Benefits				
Beginning of Year	\$6,892,613	\$6,790,252	\$6,790,252	\$5,643,552
End of Year	\$6,790,252	\$5,643,552	\$6,916,152	\$5,792,552

Plan and Membership Information

There are thirty-two retirees and beneficiaries on the retirement rolls as of June 30, 2008. Annual pensions of \$585,542 are paid from the revenue stream of the retirement system. The average annual pension is \$18,298, which increased 14.4% from last year, due to four new retirees. The average age at retirement was 52.9 years of age and those retirees current average age is 65.6 years old.

There are 27 active members in this retirement system. The average age of the active members is 40 and the average length of service is 11.7 years. The average salary is \$55,598, up 1.2% over the previous year.

Retirement Board

Jay Thiebaut, *Chairperson* - Citizen Member

Jan Nelson, *Secretary/Treasurer* - City Treasurer

Dan Brooks, Citizen Member

Chris Shankland, Firefighter Member

Eric Eller, Police Member

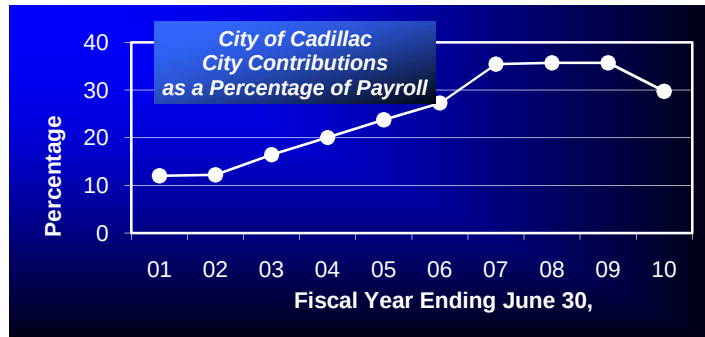
Note: The board, in conformance with P.A. 345, consists of two citizens approved by the City Council, the City treasurer, a firefighter and a police officer.

Summary of Active Members - Last Ten Fiscal Years					
Valuation Date	Active Members	Valuation Payroll	Age	Average Service	Average Payroll
June 30,					
1999	29	1,274,419	39.8	11.6	\$43,945
2000	29	1,347,171	40.8	12.6	\$46,454
2001	29	1,406,654	41.8	13.6	\$48,505
2002	28	1,352,466	41.4	12.5	\$48,302
2003	26	1,237,171	41.5	13.1	\$47,584
2004	27	1,391,450	41.2	12.6	\$51,535
2005	27	1,446,234	41.6	13.1	\$53,564
2006	27	1,437,073	42.6	14.1	\$53,225
2007	27	1,482,941	42.1	13.7	\$54,924
2008	27	1,389,958	40.0	11.7	\$55,598

Retirement Benefit Payments

Retirement benefit payments have increased substantially due to the retirement of 4 public safety officers since 2007.

Plan Financial Details



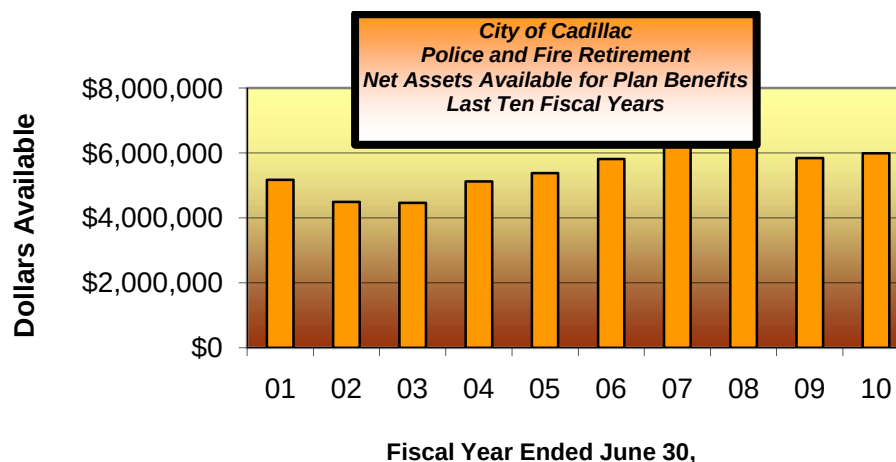
City Contribution

The rates moved upward as a result of a declining stock market, low interest rates, and additional benefits. However, a change in investment management has resulted in improved returns and has kept the increase very minimal for FY2009. For FY2010, a slight decrease resulted from a change in the interest rate assumption from 7% to 7.5%.

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).



Summary of Actuarial Methods and Assumptions

Last Valuation Date	June 30, 2008
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	10
Remaining Amortization - Benefit Increase	23 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%

Actual Investment Returns

Fiscal Year	Return
1999	11.00%
2000	9.60%
2001	5.70%
2002	0.80%
2003	-2.10%
2004	-0.70%
2005	-1.20%
2006	1.80%
2007	15.90%
2008	-2.40%

Summary of Act 345 Benefits & Conditions

<i>Eligibility:</i>	<i>Benefit:</i>
<i>Regular Retirement</i>	
Age 50 with 25 or more years of service or age 60 regardless of service.	Straight life pension equals 2.5% of 5 year average final compensation (AFC) times first 25 years of service plus 1% of AFC times years of service in excess of 25 years.
<i>Deferred Retirement</i>	
10 or more years of service.	Computed as service retirement but based upon service, FAC and benefit in effect at termination. Benefit begins at the date the member would have been eligible to retire if employment had continued.
<i>Death After Retirement</i>	
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.
<i>Duty Disability Retirement</i>	
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.
<i>Non-Duty Disability Retirement</i>	
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.
<i>Duty Death in Service Retirement</i>	
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.
<i>Non-Duty Death in Service Retirement</i>	
Payable to a surviving spouse, if any, upon the death of a member with 20 or more years of service.	Accrued straight life pension actuarially reduced in accordance with an Option 1 election.

Member Contribution:

All active members contribute 3% of their salary to the system to pay for an increase in the benefit multiplier.

Fire responded to by City Fire Department



Component Unit Funds Summary

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.

MAJOR COMPONENT UNIT FUNDS

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.

NONMAJOR COMPONENT UNIT FUNDS

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.

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.

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.

Component Unit Funds Summary

Component Unit Funds Summary

FY2010	Major Fund	Nonmajor Funds		
	Local Development Finance Authority Operating	Local Development Finance Authority Utilities	Local Development Finance Authority Capital Projects	Brownfield Redevelopment Authority Operating
Revenues				
Tax Revenues	\$220,000		\$95,000	\$12,000
Interest Income	35,000	\$4,000	3,000	3,500
Management Fees				
Water Revenues		14,800		
State of Michigan - Grant				
Loan Proceeds				247,300
Contributions				
Surplus	25,800		2,500	
Total Revenues	\$280,800	\$18,800	\$100,500	\$262,800
Expenditures				
Salaries - Regular	\$18,500	\$3,000		
Salaries - Part Time				
Fringes	9,500	1,600		
Operating Supplies	11,500	500		
Chemicals	200			
Carbon	3,000			
Postage				
Contractual Services	36,700	4,500		\$260,000
Audit	900	400	\$500	800
Publisher's Costs				
Travel				
Downtown Marketing				
Capital Outlay			100,000	
Principal Payment				
Interest Payment				
Contracted Lab Costs	45,000			
Utilities	125,000			
Repair & Maintenance	15,500			
Engineering Fees	15,000			
Depreciation		5,000		
Total Expenditures	\$280,800	\$15,000	\$100,500	\$260,800
Fund Balance				
Net Change in Fund Balance (1)	(\$25,800)	\$3,800	(\$2,500)	\$2,000
Beginning Fund Balance	1,692,098	362,413	362,862	165,394
Ending Fund Balance	1,666,298	\$366,213	\$360,362	\$167,394

(1) Excludes "Surplus." Surplus indicates the use of prior year's earnings to balance current budget. Budget staff has determined that sufficient prior year's earnings are available to offset current year deficiencies.

Component Unit Funds Summary

Component Unit Funds Summary (Continued)

FY2010	Nonmajor Funds		Total
	Downtown Development Authority	Downtown Development Authority Capital Projects	
Revenues			
Tax Revenues	\$31,000	\$100,000	\$458,000
Interest Income	500	2,500	48,500
Management Fees	5,000		5,000
Water Revenues			14,800
State of Michigan - Grant			0
Loan Proceeds		85,000	332,300
Contributions	3,000		3,000
Surplus	1,800	193,900	224,000
Total Revenues	\$41,300	\$381,400	\$1,085,600
Expenditures			
Salaries - Regular	\$20,500		\$42,000
Salaries - Part Time	2,500		2,500
Fringes	6,400		17,500
Operating Supplies	1,000		13,000
Chemicals			200
Carbon			3,000
Postage	500		500
Contractual Services	6,500	\$15,000	322,700
Audit	900	400	3,900
Publisher's Costs	300		300
Travel	200		200
Downtown Marketing	2,500		2,500
Capital Outlay		335,000	435,000
Principal Payment		25,000	25,000
Interest Payment		6,000	6,000
Contracted Lab Costs			45,000
Utilities			125,000
Repair & Maintenance			15,500
Engineering Fees			15,000
Depreciation			5,000
Total Expenditures	\$41,300	\$381,400	\$1,079,800
Fund Balance			
Net Change in Fund Balance (1)	(1,800)	(193,900)	(\$218,200)
Beginning Fund Balance	5,555	206,664	\$3,473,436
Ending Fund Balance	3,755	12,764	\$3,255,236

(1) Excludes "Surplus." Surplus indicates the use of prior year's earnings to balance current budget. Budget staff has determined that sufficient prior year's earnings are available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries of the budget document.

GLIMPSES OF CADILLAC



The beautiful Kris Eggle Memorial Fountain in the downtown City park.

Community service and education is a big role played by Cadillac City Firefighters



Each spring, dozens of volunteers help to clean up city parks after a long winter season

Fund: Local Development Finance Authority Operating Fund

Type: Component Unit - Special Revenue Fund

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. In 2007 the City Council approved the next multi-year assessment. 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 2010 will be the fourteenth full year the plant has been in operation.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Tax Revenue	\$219,226	\$220,000	\$220,000	\$220,000
Interest Income	87,649	45,000	60,000	35,000
Surplus	0	0	0	25,800
Total	\$306,875	\$265,000	\$280,000	\$280,800
Expenditures				
Salaries and Wages - Regular	\$17,999	\$18,000	18,500	18,500
Fringes	7,269	8,500	9,200	9,500
Operating Supplies	11,958	13,000	11,500	11,500
Chemicals	0	100	200	200
Contractual Services	20,176	20,000	27,200	27,200
Legal Contractual Services	4,686	13,000	9,500	9,500
Audit	850	500	900	900
Contracted Lab Costs	36,546	44,000	45,000	45,000
Utilities	125,947	120,000	125,000	125,000
Repair & Maintenance	13,376	12,000	15,500	15,500
Carbon	0	0	3,000	3,000
Engineering Fees	5,910	0	14,500	15,000
Transfer Out	138,988	0	0	0
Total	\$383,705	\$249,100	\$280,000	\$280,800
Fund Balance				
Net Change in Fund Balance	(\$76,830)	\$15,900	\$0	(\$25,800)
Fund Balance - Beginning of Year	1,753,028	1,676,198	1,692,098	1,692,098
Ending Fund Balance	\$1,676,198	\$1,692,098	\$1,692,098	\$1,666,298

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). During 2007 the daily average was 2.42 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 U.S.EPA has been petitioned for closure of the chromium treatment process.

Board of Directors:

Peter D. Stalker - Chairperson	City Manager, City of Cadillac
Jack Benson	Retired Bank President
Paul Liabenow	Superintendent, Cadillac Area Public Schools
Steve Frisbie	Owner, Frisco Management
Bill Tencza	President, Cadillac Area Chamber of Commerce
Dennis Brovont	Retired Manufacturing Executive
Jim Petersen	Retired Bank President
Pat Briggs	Assistant Superintendent of Operations and Personnel, Cadillac Area Public Schools
Denny Benson	Local Attorney

Fund Financial Highlights**Fund Balance**

Fund Balance is reserved for capitalized interest and assessment shortfalls. The Special Assessment is calculated at a level that covers all operating costs, which include all of the above except Contractual Services, Legal Contractual Services, Carbon, and Engineering Fees.

Engineering Fees

In fiscal year 2008-2009, it is proposed to close the the Soil Vapor Extraction site.

Transfer Out

The capture of tax increment finance revenues was deposited in this fund for two years after the system debt was repaid in full. However, these funds are restricted for capital projects. As such, any residual TIF revenues were transferred out to a newly established fund called the LDFA Capital Projects Fund.

L.D.F.A. Groundwater Treatment Statistics

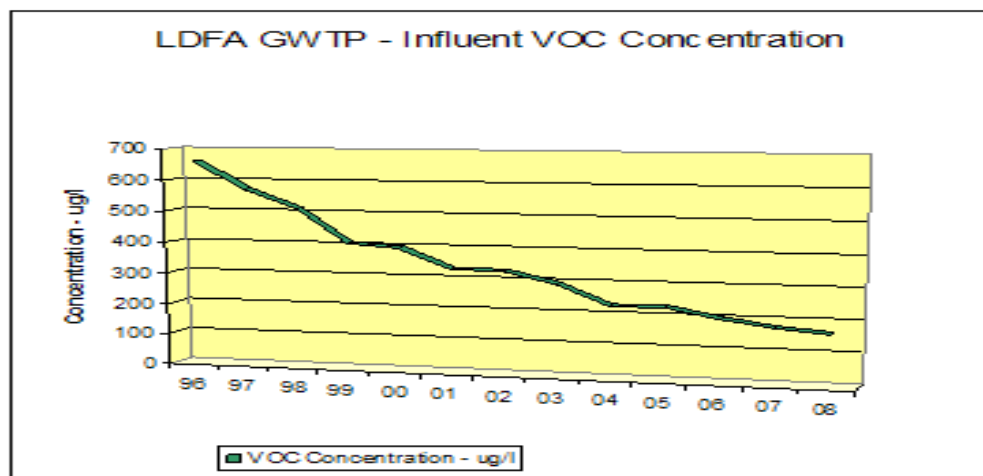
Volume of groundwater pumped and treated:

Year	Gallons	
	Per Day	Per Year
1999	2,436,500	889,330,000
2000	2,410,000	880,000,000
2001	2,384,000	870,180,000
2002	2,315,100	845,000,000
2003	2,331,500	851,000,000
2004	2,407,100	878,600,000
2005	2,339,300	853,850,000
2006	2,387,000	871,400,000
2007	2,422,000	884,190,000
2008	2,401,700	879,030,000



LDFA Water Treatment Facility

Year	Estimated pounds of volatile organics stripped from the water (per year):	Hours spent in Operation and Maintenance
1999	2,761	380
2000	2,628	435
2001	2,402	770
2002	2,322	890
2003	2,090	940
2004	1,715	970
2005	1,673	830
2006	1,453	940
2007	1,305	1,140
2008	1,195	1,014

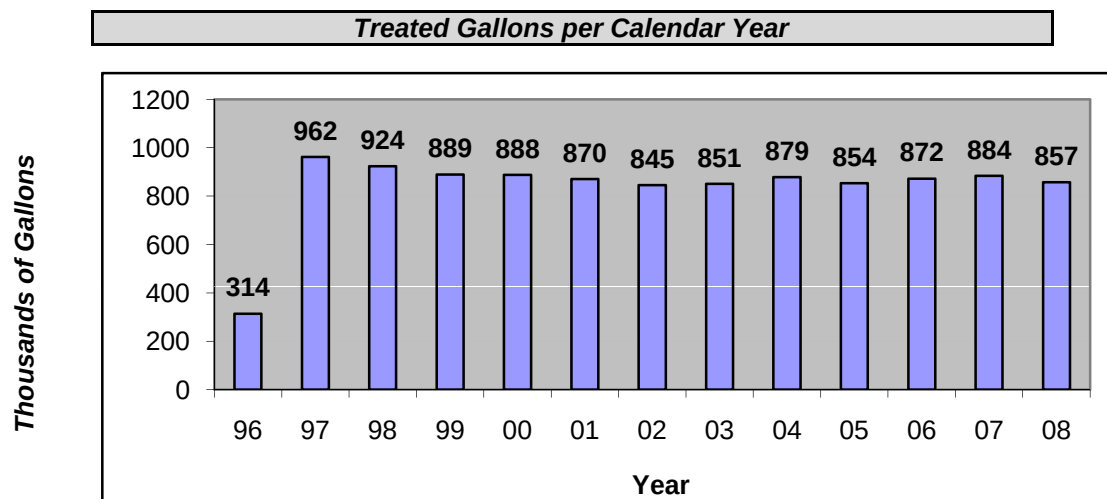


Other L.D.F.A. Groundwater Treatment Details



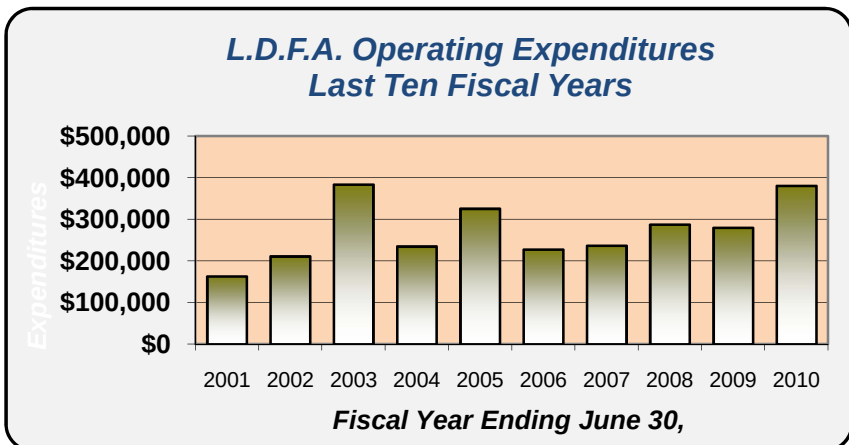
* More than 10.89 billion gallons of water have been treated since the inception of the program.

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



Expenditures

The costs of operating the LDFA treatment facility have remained relatively consistent since the beginning of the treatment program. The spike in FY2010 is the result of the replacement of the telemetry system mentioned above.



Local Development Finance Authority Capital Projects Fund

Fund: Local Development Finance Authority Capital Projects Fund

Type: Component Unit - Capital Project Fund

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 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. The **Transfer In** for FY2009 accounts for the two previous years captured TIF revenues being transferred from the LDFA Operating Fund to this fund.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Tax Increment Financing Revenue	\$108,535	\$100,000	\$65,000	\$95,000
Interest Income	2,086	5,500	3,000	3,000
Transfer In	147,241	0	0	0
Surplus	0	0	0	2,500
Total	\$257,862	\$105,500	\$68,000	\$100,500
Expenditures				
Audit	\$0	\$500	\$500	\$500
Construction	0	0	0	100,000
Total	\$0	\$500	\$500	\$100,500
Fund Balance				
Net Change in Fund Balance	\$257,862	\$105,000	\$67,500	(\$2,500)
Fund Balance - Beginning of Year	0	257,862	362,862	362,862
Ending Fund Balance	\$257,862	\$362,862	\$430,362	\$360,362

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.

LDFA Groundwater Treatment System

Anticipated Capital Needs

The LDFA telemetry system will be replaced in FY2010. The project will be funded using TIF funds and is expected to cost approximately \$100,000.



LDFA Treatment Facility

Constructed in 1995 and 1996, the groundwater treatment system started up in September 2006, and has since treated over 9 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.

Fund: Local Development Finance Authority Utilities Fund**Type:** Component Unit - Enterprise Fund**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

	<u>FY2008 Actual</u>	<u>FY2009 Estimated</u>	<u>FY2009 Adopted</u>	<u>FY2010 Proposed</u>
Revenues				
Water Revenue	\$16,403	\$14,500	\$14,800	\$14,800
Interest Income	6,468	5,200	5,000	4,000
Total	\$22,871	\$19,700	\$19,800	\$18,800
Expenditures				
Salaries and Wages - Regular	\$2,707	\$2,500	\$3,000	\$3,000
Fringes	800	1,300	1,600	1,600
Operating Supplies	0	500	500	500
Contractual Services	0	4,000	4,500	4,500
Audit	400	400	400	400
Depreciation	4,535	4,600	5,000	5,000
Total	\$8,442	\$13,300	\$15,000	\$15,000
Net Assets				
Change in Net Assets	\$14,429	\$6,400	\$4,800	\$3,800
Total Net Assets - Beginning of Year	341,584	356,013	362,413	362,413
TOTAL NET ASSETS - END OF YEAR	\$356,013	\$362,413	\$367,213	\$366,213

Fund Highlights**Net Assets**

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

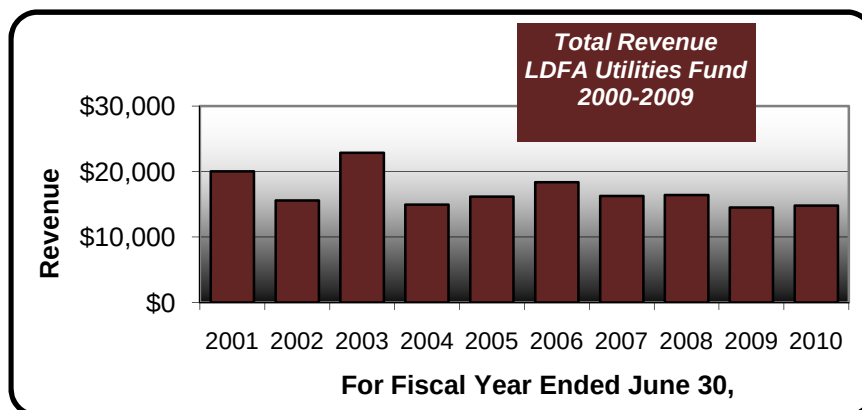
Contractual Services

Contractual Services are to replace RPZ valve in FY2009.

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

Volume of Water Pumped	
Year	Gallons
1999	158,620,100
2000	143,838,000
2001	152,795,000
2002	162,571,000
2003	168,144,588
2004	152,780,000
2005	140,912,000
2006	148,930,000
2007	123,957,000
2008	147,034,000



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



LDFA Well

Hours spent in operation and maintenance	
Year	Hours
1999	168
2000	154
2001	148
2002	122
2003	115
2004	170
2005	134
2006	125
2007	175
2008	151

Fund: Downtown Development Authority Operating Fund**Type:** Component Unit - Special Revenue Fund**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. The DDA also works with other organizations such as the Downtown Fund, the Downtown Cadillac Association, and the City of Cadillac to pool resources and coordinate development efforts whenever possible.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Interest Income	\$665	\$500	\$1,000	\$500
Tax Revenue	29,975	31,000	30,000	31,000
DEQ Management Fee	5,000	5,000	5,000	5,000
Contributions From Private Sources	4,345	2,000	3,000	3,000
Refunds & Rebates	0	0	0	0
Surplus	0	3,900	3,800	1,800
Total	\$39,986	\$42,400	\$42,800	\$41,300
Expenditures				
Salaries and Wages - Regular	\$22,459	\$20,000	\$20,100	\$20,500
Salaries and Wages - Part Time	3,828	3,000	3,000	2,500
Fringes	5,741	6,500	5,600	6,400
Office Supplies	792	800	1,000	1,000
Postage	692	500	500	500
Data Processing	0	0	0	1,500
Contractual Services	2,939	7,000	8,000	5,000
Audit	850	900	900	900
Travel and Education	0	200	200	200
Publisher's Costs	0	1,000	1,000	300
Downtown Marketing	1,411	2,500	2,500	2,500
Total	\$38,712	\$42,400	\$42,800	\$41,300
Fund Balance				
Change in Fund Balance	\$1,274	(\$3,900)	(\$3,800)	(\$1,800)
Fund Balance - Beginning of Year	8,181	9,455	9,455	5,555
Ending Fund Balance	\$9,455	\$5,555	\$5,655	\$3,755

Fund Structure and Staffing

There are 315 parcels of property within the Downtown Development District (including real and personal property) on which taxes are paid. These parcels are anticipated to generate \$31,000 in property tax revenue from the DDA's two mill levy, which averages \$98 per parcel of property taxes paid per year in the district. The State of Michigan Department of Environmental Quality pays this fund for oversight of the building they rent from the City of Cadillac at 120 W. Chapin Street.

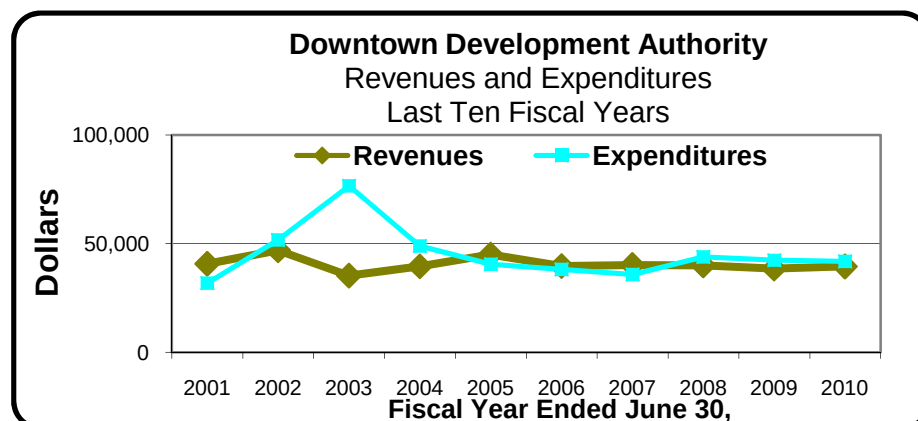
DDA Staff

The DDA employs a director with the assistance from the City of Cadillac. Ms. Precia Garland has served as DDA Director since May, 1992. She holds a Master of Public Administration degree from Central Michigan University. Prior to coming to the City, Mrs. Garland worked as an Administrative Intern for the City of Mt. Pleasant for nearly two years. Approximately 30% of her time is spent with the DDA program. 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
Deb Christie	Chairperson	Firstbank	Branch Officer
Robert Levand	Vice-Chairperson	N/A	DDA District Resident
Peter Stalker	Secretary/Treasurer	City of Cadillac	City Manager
Bill Cinco	Member	Trend Designers	Owner
Tim Coffey	Member	Coffey Insurance Agency	Owner
Curtis Schultz	Member	Kodiak's Coffeehouse & Deli	Owner
Hermann Suhs	Member	Hermann's European Café	Owner
Margo Copley	Member	Lakeside Title Company	Assistant Manager
Chris Huckle	Member	Cadillac News	Owner/Publisher
Stephanie Trombley	Member	Bridal Expressions	Owner
Gary Donohue	Member	Blackberry Rose	Owner

Fund Financial Highlights



Fund Financial Highlights (Continued)

Contractual Services

New flower baskets are purchased each year to hang from the lightposts through the downtown. Funds for the purchase of the baskets and the subsequent summer flower watering services are appropriated to this line item. Contributions are solicited each year that gives local residents and businesses the opportunity to "sponsor" a flower basket for the year. This program helps to keep the downtown looking beautiful throughout the summer without having to burden this fund and its limited resource with the entire responsibility for funding.



Major Downtown Construction

Mitchell Street Project

After years of planning, the Mitchell Street project construction begins in April 2009 and is expected to extend through September 2009 with major construction activities, wrapping up in spring 2010 with tree plantings. The DDA's anticipated overall investment in this \$5.5 million project is \$332,491, or just 6% of the total project costs.

Nearly 1.6 miles of Mitchell Street from Pearl to River Streets will be repaved and enhanced through this effort. The City's Water and Sewer Fund will also incur approximately \$530,000 in improvement costs to the water and sanitary sewer infrastructure system lying beneath the street surface. The balance of project funds will be come from state and federal funds.

The DDA's portion of these costs will be accounted for in the DDA Capital Projects Fund and funded through tax increment financing (TIF) revenues.



Downtown Clock Gazebo - DDA project completed in 2003.



Annual Downtown Sidewalk Sales

Overview of the Cadillac Downtown Development Authority Strategic Plan

The Downtown Development Authority (DDA) Board shall:

1. Establish a maintenance schedule for various downtown infrastructure. Continue with annual resetting of the sunken sidewalk brick pavers and also continue employment of a downtown maintenance worker to carry out maintenance activities.
2. Implement the physical improvements recommended in the Mitchell Street Corridor Study to calm downtown traffic. This includes lane re-stripping, intersection bump-outs and gateway enhancements. Funding has been secured and construction is scheduled to begin in April 2009.
3. Evaluate long-term physical improvements such as:
 - Public parking lot in conjunction with Harris Milling site redevelopment;
 - Development of additional parking on east side of Mitchell Street;
 - Development of a speculative building for retail;
 - Property acquisition for future redevelopment projects.
4. Planning and Design issues:
 - Undertake design/study of loading and unloading zones and short-term parking needs.
5. Marketing Issues:
 - Conduct a market study oriented specifically to downtown Cadillac.
 - Develop a business retention plan with action steps to retain key downtown businesses.
 - Participate in a comprehensive marketing campaign with other organizations interested in downtown growth and redevelopment.



Fund: Downtown Development Authority Capital Projects Fund

Type: Component Unit - Capital Project Fund

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 the 1996-1997 fiscal year. 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 (\$12,167,709) exceeded the 1992 base value (\$11,654,550), producing a TIF revenue capture of \$13,000 (\$12,167,709 - \$11,654,550 x 25.33 mills equals \$13,000). Since 1996, property values have steadily increased. During the 2008-2009 fiscal year, a TIF revenue capture of \$107,000 is anticipated.

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

	FY2008 <u>Actual</u>	FY2009 <u>Estimated</u>	FY2009 <u>Adopted</u>	FY2010 <u>Proposed</u>
Revenues				
Tax Revenue	\$101,354	\$100,000	\$107,000	\$100,000
Interest Income	1,003	3,000	800	2,500
Loan Proceeds	0	0	0	85,000
Surplus	0	0	40,800	193,900
Total	\$102,357	\$103,000	\$148,600	\$381,400
Expenditures				
Audit	\$0	\$400	\$400	\$400
Contractual Services	10,379	25,000	26,600	15,000
Construction	933	25,000	90,000	335,000
Transfer to Debt Retirement Fund				
Principal Payment	0	25,000	25,000	25,000
Interest Payment	0	6,600	6,600	6,000
Public Works	34,100	0	0	0
Total	\$45,412	\$82,000	\$148,600	\$381,400
Fund Balance				
Net Change in Fund Balance	\$56,945	\$21,000	(\$40,800)	(\$193,900)
Fund Balance - Beginning of Year	128,719	185,664	185,664	206,664
Ending Fund Balance	\$185,664	\$206,664	\$144,864	\$12,764

Other Fund Information

In accordance with the Michigan Public Act of 1975, as amended (the DDA Act), the Cadillac DDA must spend its TIF revenues only as prescribed by law and only on projects listed in its Development Plan. Typically, these projects are of a public infrastructure nature, but can include overall district marketing efforts and some operational expenditures, as directly related to the DDA office and staff. The Cadillac DDA has detailed a number of such public improvements in its Development Plan, including additional sidewalks and lighting improvements along downtown side streets, parking lot improvements, public water and sewer improvements associated with private developments, and building acquisitions/demolitions, to name a few. In 1998, significant public parking lot improvements were completed. Limited general obligation bonds were issued by the City's Building Authority to finance the improvements. Revenues from TIF captures are now being used in part to repay this fifteen year bond issue.

Efforts are currently underway to complete a major streetscape project in 2009 on Mitchell Street. Grant funding has been secured, design engineering is underway, and construction is expected to begin in April 2009. The FY2009 budget included costs for a marketing campaign regarding the project, while the FY2010 accounts for the construction costs that will be funded through TIF revenues.

Debt Service Details

TITLE OF ISSUE: 1997 Building Authority Fund Bonds

DATE OF ISSUE: December 1, 1997

PURPOSE: Pay all or part of the cost of public parking lot improvements in the City of Cadillac

AMOUNT OF ISSUE	AMOUNT REDEEMED			Balance
		Prior	Current	
	\$310,000	\$170,000	\$25,000	\$115,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2009	5.10%	\$25,000	\$2,978	\$27,978
April 1, 2010			\$2,340	\$2,340
October 1, 2010	5.15%	\$30,000	\$2,340	\$32,340
April 1, 2011			\$1,568	\$1,568
October 1, 2011	5.20%	\$30,000	\$1,568	\$31,568
April 1, 2012			\$788	\$788
October 1, 2012	5.25%	\$30,000	\$788	\$30,788
		\$115,000	\$12,370	\$127,370

**Mitchell Street Project**

The Mitchell Street reconstruction project will be in full swing this fiscal year. It will reconstruct the surface of the main artery running through downtown. Significant efforts have been committed to help mitigate the overall impact on downtown. Construction costs of the project for FY2009 and FY2010 are beautification enhancements that are not covered by the State. The DDA is responsible for \$333,000 of the total project costs of approximately \$5.5 million. A short-term internal loan will be used to cash flow the construction until TIF revenues are sufficient to repay the loan. Repayment is expected to take 1-2 years.

Fund: Brownfield Redevelopment Fund

Type: Component Unit - Special Revenue Fund

Nature and Purpose:

The Cadillac Brownfield Redevelopment Authority (BRA) was established on December 6, 1996. It was the first Brownfield Authority established in the State of Michigan, in accordance with Michigan Public Act 381 of 1996. The Brownfield Redevelopment Authority 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. Because Cadillac is a "core community," properties that are functionally obsolete may also be considered a brownfield site. Prior to the economic development tools and incentives authorized under P.A. 381, a number of brownfield sites sat idle throughout the Cadillac community and steadily declined in property value due to perceived or confirmed 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 new board to establish a Brownfield Redevelopment Authority Plan. The Plan was first approved on August 4, 1997 and has since been amended and re-approved four times, most recently on May 1, 2006. 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. It is often necessary for the City of Cadillac to front these expenses and then receive reimbursement from the BRA once private redevelopment has occurred.

FUNDING SUMMARY

	FY2008 Actual	FY2009 Estimated	FY2009 Adopted	FY2010 Proposed
Revenues				
Current Property Taxes	\$12,132	\$12,500	\$13,000	\$12,000
Interest Income	5,735	3,500	4,000	3,500
State of Michigan - Grant	0	111,000	849,300	0
Loan Proceeds	0	0	280,000	247,300
Sale of Property	0	85,500	0	0
Total	\$17,867	\$212,500	\$1,146,300	\$262,800
Expenditures				
Contractual Services	\$30,691	\$140,000	\$1,140,600	\$260,000
Audit	850	800	500	800
Total	\$31,541	\$140,800	\$1,141,100	\$260,800
Fund Balance				
Net Change in Fund Balance	(\$13,674)	\$71,700	\$5,200	\$2,000
Fund Balance - Beginning of Year	107,368	93,694	165,394	165,394
Ending Fund Balance	\$93,694	\$165,394	\$170,594	\$167,394

Fund Highlights

At present, the Cadillac Brownfield Redevelopment Plan identifies ten Brownfield sites, which are as follows:

- > 403 W. Seventh Street - the Metal Casters site (former foundry)
- > 1405 Sixth Avenue - the Four Starr site (former manufacturing facility)
- > 314 S. Mitchell Street - the Brasseur site (former gas station)
- > 301 N. Lake Street - the Kraft site (former manufacturing/storage facility)
- > 1002 Sixth Street - the Northernnaire Plating site (former metal plating site)
- > 117 W. Cass Street - the Sundstrom building site (former real estate office)
- > 115 S. Mitchell Street - the Stage/Milliken building site (former department store)
- > 1033 W. Sixth Street - the Emerald Tree Farm site (former tree farm)
- > 302 South Mitchell Street (former YMCA site)
- > 111 West Chapin Street (former Harris Milling Site)

Brownfield Redevelopment Authority	
Board of Directors:	
Mike Figliomeni	Regan O'Neill
Jack Benson	Peter D. Stalker
Ron Swanson	

Fund Financial Information
Contractual Services

In FY2009, remediation of the Harris Milling site was completed, and the property was sold to Chemical Bank for the development of a new downtown banking center. Costs of demolishing the old building and preparing the site for redevelopment are found in this line item.

In FY2010, public infrastructure improvements will be made in the area near the new Chemical Bank facility. The project includes a new parking lot, sidewalks, water and sanitary sewer system infrastructure, and some storm sewer improvements. Total costs details are as follows:

West Chapin Street Repaving	\$75,000
Public Parking Lot (25 Spaces)	80,000
Water/Sanitary & Storm Sewer	50,000
Sidewalks	10,000
Contingencies	32,300
Total Project Costs	<u>\$247,300</u>

Lakeside Development Agreement

In accordance with the development agreement between Lakeside Development, Inc. and the Cadillac Brownfield Redevelopment Authority, tax increment financing (TIF) revenues captured from the Kraft Site (301 Lake Street) will fund burial and relocation of overhead utility lines and other minor public infrastructure improvements. The total allowable cost for these activities is \$368,000. As TIF revenues are collected annually from this site, they will be transferred to Lakeside Development, Inc. up to the maximum allowable. It is anticipated TIF capture will be necessary through 2015 for this purpose. This transfer is also accounted for in the Contractual Services line item.

Other Brownfield Remediation Projects

Prior Remediation and Redevelopment Activity

To date, 403 W. Seventh Street and 1405 Sixth Avenue have both been remediated and redeveloped by the private sector. A rubber recycling facility owned by Avon Rubber & Plastics now operates at 403 W. Seventh Street and AAR Cadillac Manufacturing has constructed the largest manufacturing facility in Cadillac's Industrial Park on the 1405 Sixth Avenue site. Remediation efforts were completed at the Brasseur site (314 S. Mitchell Street), and 1002 Sixth Street will be addressed once a private developer has been identified to redevelop the site. At the former Emerald Tree site, emergency remediation funds were secured from the MDEQ in 2002 to address two leaking barrels and other debris that was illegally dumped on the site.

Additionally, 117 W. Cass Street, the Sundstrom building site, was purchased by Lakeside Title, LLC. Unfortunately, a two story office building as originally planned for the site could not be constructed, due to the poor condition of the neighboring building. The site was subsequently donated to the Cadillac Area Community Foundation and is currently vacant. The former Stage-Milliken's building site at 115 S. Mitchell Street is now occupied by Horizon Books, Bridal Expressions, and Your Sister's Closet. The south half of the building, now under separate ownership by Horizon Books, was issued an Obsolete Property Rehabilitation exemption Certificate to encourage its comprehensive rehabilitation and reuse.

Project Spotlights



Kraft Site Development Project

One of the sites identified as a brownfield in the City of Cadillac was the Kraft site, a prominent lot located near Lake Cadillac, which was once home to a Kraft cheese processing facility. Over the last few years, remediation of this site was completed, and a new 3-story condominium project was constructed at the site, a significant improvement to the lakefront area. Due to poor economic conditions, the condominium units have not yet sold as quickly as anticipated.

Harris Milling Site

The picture to the right shows the former Harris Milling building that once occupied the site located at 314 S. Mitchell Street. This building was demolished in the summer of 2008 and the site was cleaned up and prepared for sale. Two potential projects were submitted, with Chemical Bank ultimately being selected as the winning proposer. Their new downtown banking center will be built throughout the summer of 2009.



Project Spotlights**Chemical Bank Development**

As mentioned above, Chemical Bank will break ground in the spring of 2009 on a new downtown banking facility. This development was enabled by the cleanup of a prominent downtown brownfield site. The picture on the previous page showed the site just prior to demolition of the old building and cleanup of the site. The picture to the right shows the site after the building was removed and the site was prepared for development.



Though the building that was in a serious state of disrepair has been removed, the site is clearly still a visual eyesore. The road that passes the site is also in desperate need of repair. The project that was enabled through the use of the Brownfield Authority not only addressed redevelopment of the site, but will also fund road repairs and will construct a public parking facility near the project as well. This project is in a high traffic area of the core downtown business district and once completed will significantly enhance the appearance of this important area.



The image above shows the proposed new downtown banking facility that is expected to be built in 2009. Several alterations are being made to the proposal, but the picture highlights the kind of quality project that is being developed and clearly shows the significant improvement that will be made to a site that would have been very difficult to develop outside of this kind of partnership.

Capital Improvement Program**What is the 5-Year Capital Improvement Program?**

The information that follows represents the City of Cadillac's 5-Year Capital Improvement Program. In it, projects have been identified that need to be addressed over the next five 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?

A capital project has been identified by the city as any project that costs in excess of \$5,000 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 and are expected to be addressed in the next five fiscal 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 \$5,000 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 \$5,000 that are not routine expenses and that substantially enhance the value of the structure;
- Major equipment or furnishing valued in excess of \$5,000 and required to furnish new buildings or other projects; and
- Major studies costing in excess of \$5,000 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 adopted by Council usually in November of each year.

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 it 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 expenditures and accrue maximum physical benefit with a minimum of capital expenditures through an orderly process of project development, selection, scheduling, and implementation.

Capital Improvement Program

Program Summary

On a departmental basis, the 5-Year Capital Improvement Program includes the following request levels, presented by fiscal year:

Department	For the fiscal year ending June 30,					Total
	2010	2011	2012	2013	2014	
Complex/General Gov't.	53,000	18,700	0	22,000	196,000	289,700
Public Safety						
Police	23,000	40,000	33,300	26,600	27,900	150,800
Fire	180,300	8,500	12,000	38,000	8,400	247,200
Municipal Parks	105,300	51,100	60,000	136,400	6,000	358,800
Total General Fund	361,600	118,300	105,300	223,000	238,300	1,046,500
Major Streets	5,000	57,000	35,000	0	40,000	137,000
Local Streets	365,000	105,000	243,200	529,000	290,000	1,532,200
Cemetery Operating	0	12,000	9,200	40,000	50,000	111,200
Industrial Parks	0	14,700	0	0	525,000	539,700
Water and Wastewater	173,000	287,500	5,231,300	578,000	622,000	6,891,800
Stores and Garage	108,500	179,500	185,000	168,500	200,400	841,900
Information Technology	65,000	95,000	70,000	60,000	110,000	400,000
Downtown Development	520,000	0	0	0	0	520,000
Brownfield Redevelopment	247,300	0	0	0	0	247,300
Total	\$1,845,400	\$869,000	\$5,879,000	\$1,598,500	\$2,075,700	\$12,267,600

Source of Funds

It is also important to identify the sources of funding that will be used to fund each year's projects. This helps to determine the viability of each year's requests and serves as a critical planning tool for current and future operating budgets. For the current 5-year program, the following sources of funding have been identified by fiscal year:

Source of Funds	For the fiscal year ending June 30,					Total
	2010	2011	2012	2013	2014	
Current Property Tax Revenues	873,200	100,600	105,300	183,000	200,400	1,462,500
Donations						
Donations Received	30,000	0	0	0	0	30,000
Future Donations	20,000	25,000	0	40,000	50,000	135,000
Operating Revenues	316,500	574,000	995,500	846,500	932,400	3,664,900
MVHF	370,000	162,000	278,200	529,000	330,000	1,669,200
DWRF	0	0	4,500,000	0	0	4,500,000
Grants	235,700	7,400	0	0	366,900	610,000
Special Assessments	0	0	0	0	196,000	196,000
Total	\$1,845,400	\$869,000	\$5,879,000	\$1,598,500	\$2,075,700	\$12,267,600

Capital Improvement Program

Projects by Fiscal Year

The following tables identify specific projects that have been requested in each of the five fiscal years included in the current program. The summary lists the department that is making the request, the name of the project, the estimated cost, and the impact on the Annual Operating Budget. The first year of the program will be used in the development of the Annual Operating Budget, a process which will begin shortly after final approval and adoption of the program.

Plan Fiscal Year: 2009-2010			
Department	Project	Cost	Budget Impact
General Gov't.	UPGRADE RESTROOMS	25,000	600
General Gov't.	OFFICE FURNITURE REPLACEMENT	9,000	100
General Gov't.	STAFF VEHICLE	19,000	500
Public Safety	POLICE PATROL VEHICLE	23,000	600
Public Safety	FIRE TANKER	173,000	1,500
Public Safety	PORTABLE RADIOS	7,300	500
Parks	LEAF BLOWERS, TRIMMERS	5,300	500
Parks	DIGGINS HILL TENNIS COURTS	100,000	(2,000)
Major Street	ROAD SIGNS	5,000	500
Local Street	LINCOLN STREET (PARK TO HOLBROOK)	150,000	1,000
Local Street	WASHINGTON STREET ALLEY (WASHINGTON TO LINCOLN)	20,000	1,000
Local Street	NORTH SIMONS STREET (RIVER TO NORTH)	70,000	1,000
Local Street	LYNN STREET (HERSEY TO COBB)	120,000	1,500
Local Street	ROAD SIGNS	5,000	500
Water/Wastewater	LINCOLN STREET	10,000	1,200
Water/Wastewater	NORTH SIMONS STREET	65,000	1,200
Water/Wastewater	LYNN STREET	40,000	1,000
Water/Wastewater	TRACTOR MOWER	25,000	200
Water/Wastewater	PICKUP TRUCK	23,000	500
Water/Wastewater	WASHINGTON STREET ALLEY	10,000	500
Stores & Garage	RIDING LAWN MOWER	8,500	500
Stores & Garage	SALT STORAGE BUILDING	100,000	500
IT	DATA STORAGE	15,000	500
IT	PRINTERS	5,000	500
IT	COMPUTER REPLACEMENT	20,000	1,000
IT	NETWORK DATA BACKUP	5,000	500
IT	IT INFRASTRUCTURE	15,000	1,000
IT	SOFTWARE: APPLICATIONS	5,000	500
DDA	MITCHELL STREET	520,000	(5,000)
Brownfield	WEST CHAPIN STREET IMPROVEMENTS	247,300	(1,500)
Total for FY 2009-2010		\$1,845,400	

This fiscal year promises to be a challenging year in terms of financing capital projects. The projects above represent the FY2010 capital budget, and projects have been included in the budget of the appropriate fund when funds are available. The operating budget impact for respective departments is addressed below.

General Government

General government projects are funded by general property tax revenues. Due to the current economy, these projects have been removed from the FY2010 budget and deferred to later years. This will have a detrimental impact on future operating budgets.

Public Safety

The projects in the Public Safety department have been funded in the FY2010 operating budget. The most significant project, the fire tanker, was funded through a grant and will require approximately \$11,000 in local funds as a grant match. This will replace a very aged unit which will positively impact ongoing maintenance and repair costs and enhance the service capabilities of the fire department.

Parks

The Diggins Hill Tennis Courts restoration project will be funded by a combination of private contributions and grants. To date, private contributions totaling nearly \$50,000 have been secured, with an additional \$25,000 promised by the City.

Major and Local Streets

Funding for public infrastructure projects, like street reconstruction, is very difficult to secure. As a result, the Lynn Street project has not been funded in this budget. The City is hopeful that some federal stimulus funds will be available to make these projects possible. Canceling these projects does not eliminate the need for them but only defers the expenses to later years when funds may yet be unavailable.

The annual operating budget is negatively impacted each year when street projects are not able to be funded. Deteriorating streets require additional repair dollars just to remain drivable. Long term funding solutions need to be found in order to remain proactive on an ongoing basis and avoid significant future problems in the City's system of streets and roads.

Water and Wastewater

The same street projects eliminated above have been removed from this budget in the Water and Wastewater system as well. Infrastructure replacement cannot be avoided permanently, however. Many of the underground pipes in these sections of streets are decades old and are in increasing need of repair. These projects must be completed within a few years. Repair and maintenance costs related to aging underground infrastructure place significant strain on the annual operating budget.

The purchase and upgrade of equipment remains scheduled in the FY2010 operating budget. Regular replacement of important maintenance equipment helps keep the department operating at maximum efficiency, which is critical given the reduction in staffing that has been experienced in the last couple of years.

Stores and Garage

The salt storage barn that holds the salt used for winter maintenance is scheduled to be replaced in FY2010. At this point, the project is still scheduled. Due to the contractual relationship with the State of Michigan for trunkline maintenance, the state will pay for 30% of the project costs.

Information Technology

Investment in technology has been critical in enabling City staff to continue to provide services at a high level with reduced staff. To help staff continue to operate with a high level of efficiency and productivity, this investment will continue in FY2010.

Operating budget savings are primarily achieved by reducing ongoing maintenance costs related to the utilization of aged equipment.

Capital Improvement Program

Plan Fiscal Year: 2010-2011			
Department	Project	Cost	Budget Impact
General Gov't.	FLOOR COVERING	9,700	300
General Gov't.	CONFERENCE ROOM CHAIRS	9,000	100
Public Safety	POLICE PATROL VEHICLE	24,000	600
Public Safety	BODY ARMOR	16,000	600
Public Safety	THERMAL IMAGING CAMERA	8,500	500
Parks	LEAF BLOWERS, TRIMMERS	5,300	500
Parks	RIDING LAWN MOWER	8,500	500
Parks	WALK-BEHIND MOWER	5,900	500
Parks	SHORELINE STABILIZATION	6,400	0
Parks	WALKWAY GAZEBO BRIDGE	25,000	(500)
Major Streets	CHESTNUT STREET	52,000	1,000
Major Streets	ROAD SIGNS	5,000	500
Local Streets	MAY STREET (WASHINGTON TO LINCOLN)	30,000	1,000
Local Streets	WASHINGTON STREET (HOLBROOK TO NELSON)	70,000	1,000
Local Streets	ROAD SIGNS	5,000	500
Cemetery	LEAF BLOWERS, TRIMMERS	3,500	500
Cemetery	RIDING MOWER	8,500	500
Industrial Parks	INDUSTRIAL PARK ENTRANCE SIGNS	14,700	500
Water/Wastewater	MAY STREET	13,500	500
Water/Wastewater	WASHINGTON STREET	49,000	500
Water/Wastewater	WATER TOWER PAINTING	210,000	1,000
Water/Wastewater	SERVICE TRUCK	15,000	500
Stores & Garage	PICKUP TRUCK	23,000	2,500
Stores & Garage	UNDERBODY PLOW	7,500	800
Stores & Garage	1-TON DUMP TRUCK	30,000	1,000
Stores & Garage	WHEEL LOADER	115,000	1,000
Stores & Garage	SNOW BUCKET	4,000	0
IT	COMPUTER REPLACEMENT	20,000	1,000
IT	NETWORK SERVERS	70,000	1,000
IT	SOFTWARE: APPLICATIONS	5,000	500
Total for FY 2010-2011		\$869,000	

Plan Fiscal Year: 2011-2012			
Department	Project	Cost	Budget Impact
Public Safety	VEHICLE REPLACEMENT	25,300	600
Public Safety	PORTABLE RADIOS	8,000	500
Public Safety	RESCUE TOOLS	12,000	500
Parks	SPRINKLER SYSTEM	60,000	4,500
Major Streets	CARMEL STREET (EAST DIVISION TO CHAPIN)	30,000	1,000
Major Streets	ROAD SIGNS	5,000	500
Local Streets	CEDAR STREET (EVART TO COBBS)	13,200	1,000
Local Streets	WHEELER STREET (POWERS TO AYER)	90,000	1,000
Local Streets	AYER STREET (MITCHELL TO WHEELER)	70,000	1,000
Local Streets	BLODGETT STREET (LINCOLN TO E. DIVISION)	65,000	1,000
Local Streets	ROAD SIGNS	5,000	500
Cemetery	LEAF BLOWERS, TRIMMERS	3,700	500
Cemetery	WALK-BEHIND MOWER	5,500	500
Water/Wastewater	MITCHELL STREET	600,000	1,000
Water/Wastewater	CARMEL STREET	25,000	500
Water/Wastewater	WHEELER STREET	65,000	500

Capital Improvement Program

Water/Wastewater	AYER STREET	17,500	500
Water/Wastewater	BLODGETT STREET	23,800	500
Water/Wastewater	WATER SUPPLY IMPROVEMENTS	4,500,000	(2,000)
Stores & Garage	VACUUM STREET SWEEPER	185,000	1,500
IT	DATA STORAGE	15,000	500
IT	PRINTERS	5,000	500
IT	COMPUTER REPLACEMENT	20,000	1,000
IT	NETWORK DATA BACKUP	10,000	500
IT	IT INFRASTRUCTURE	15,000	1,000
IT	SOFTWARE: APPLICATIONS	5,000	500
Total for FY 2011-2012		\$5,879,000	

Plan Fiscal Year: 2012-2013

Department	Project	Cost	Budget Impact
General Gov't.	CONCRETE APRON REPLACEMENTS	22,000	500
Public Safety	VEHICLE REPLACEMENT	26,600	600
Public Safety	VEHICLE REPLACEMENT	38,000	1,000
Parks	KENWOOD PARK PAVING	55,000	1,000
Parks	SKATE PARK EQUIPMENT	40,000	(500)
Parks	CHESTNUT STREET PARKING LOT	35,000	500
Parks	SHORELINE STABILIZATION	6,400	0
Local Streets	HOLLY ROAD (BARBARA TO WREN)	99,000	1,000
Local Streets	CRIPPEN STREET (MITCHELL TO PARK)	105,000	1,000
Local Streets	HERSEY STREET (CEDAR TO OAK)	100,000	1,000
Local Streets	EAST GARFIELD STREET (HOLBROOK TO HIGGINS)	120,000	1,000
Local Streets	EAST BREMER STREET (MITCHELL TO PARK)	100,000	1,000
Local Streets	ROAD SIGNS	5,000	500
Cemetery	PAVING	40,000	1,000
Water/Wastewater	CRIPPEN STREET	58,000	500
Water/Wastewater	HERSEY STREET	35,000	500
Water/Wastewater	EAST GARFIELD STREET	35,000	500
Water/Wastewater	EAST BREMER STREET	85,000	500
Water/Wastewater	MITCHELL ALLEY	45,000	1,000
Water/Wastewater	SERVICE TRUCK	40,000	500
Water/Wastewater	TRACTOR BACKHOE	60,000	500
Water/Wastewater	SEWER VACUUM/JET TRUCK	220,000	2,500
Stores & Garage	CRACK SEALER	40,000	1,000
Stores & Garage	UNDERBODY PLOW TRUCK	120,000	1,000
Stores & Garage	ONE-WAY PLOW	8,500	250
IT	COMPUTER REPLACEMENT	20,000	1,000
IT	NETWORK DATA BACKUP	5,000	500
IT	SOFTWARE: APPLICATIONS	35,000	500
Total for FY 2012-2013		\$1,598,500	

Capital Improvement Program

Plan Fiscal Year: 2013-2014			
Department	Project	Cost	Budget Impact
General Gov't.	COBB STREET SIDEWALK	100,000	(1,500)
General Gov't.	PEARL STREET SIDEWALK	96,000	(1,500)
Public Safety	VEHICLE REPLACEMENT	27,900	600
Public Safety	SCBA AIR BOTTLES	8,400	500
Parks	LEAF BLOWERS, TRIMMERS	6,000	500
Major Street	WEST BREMER STREET (LAKE TO MITCHELL)	40,000	1,000
Local Street	SELMA STREET (W. DIVISION TO WRIGHT)	100,000	1,000
Local Street	SOUTH STREET (LAKE TO FOUR WINNS TEST CENTER)	50,000	1,000
Local Street	ALDRICH STREET (BOND TO LINDEN)	60,000	1,000
Local Street	MARBLE STREET	75,000	1,000
Local Street	ROAD SIGNS	5,000	500
Cemetery	ENTRANCE PILLARS	50,000	500
Industrial Parks	JAMES E. POTVIN INDUSTRIAL PARK	525,000	(2,000)
Water/Wastewater	WEST BREMER STREET (LAKE TO MITCHELL)	38,000	500
Water/Wastewater	SELMA STREET	91,000	500
Water/Wastewater	SOUTH STREET	35,000	500
Water/Wastewater	ALDRICH STREET	40,000	500
Water/Wastewater	GLOBAL POSITION SYSTEM (GPS) EQUIPMENT	8,000	200
Water/Wastewater	SEWER CAMERA	60,000	1,000
Water/Wastewater	SEWER JETTER	100,000	300
Water/Wastewater	TWO (2) PICKUP TRUCKS	50,000	2,000
Water/Wastewater	COBB STREET	200,000	(2,000)
Stores & Garage	PICKUP TRUCK	25,000	2,500
Stores & Garage	UNDERBODY PLOW	7,900	800
Stores & Garage	UNDERBODY PLOW TRUCK	125,000	1,000
Stores & Garage	ONE-WAY PLOW	9,000	250
Stores & Garage	DOWNTOWN STREET SWEEPER	25,000	500
Stores & Garage	RIDING LAWN MOWER	8,500	500
IT	DATA STORAGE	15,000	500
IT	COMPUTER REPLACEMENT	20,000	1,000
IT	NETWORK SERVERS	70,000	1,000
IT	SOFTWARE: APPLICATIONS	5,000	500
Total for FY 2013-2014		\$2,075,700	
5-Year Total Capital Improvement Program			<u>\$12,267,600</u>

2009-2014 Five Year Capital Improvement Program

The 5-Year Capital Improvement Program has been published as a separate document. The document contains additional summaries as well as specific details on each project included in the program. The document can be viewed in its entirety on the City of Cadillac's website at www.cadillac-mi.net, or can be obtained from the Financial Services Department.

2009-2010 Annual Budget Calendar

2008

December 18 City Manager, Assistant City Manager and Director of Finance have preliminary discussions regarding budget objectives and priorities.

**2009**

January 6 Staff meeting held to discuss the general guidelines for the 2009-2010 Annual Operating Budget preparation. Departments given access to Budget Maintenance in financial software as well as given a copy of 2009-2010 Personnel Summary.

January 23 Additional personnel requests, if any, are submitted to Human Resources.

January 30 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 27 Finance review completed. Information on balanced budget submitted to the City Manager for review and approval.

March 13 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 6 City Council holds final budget work session.

April 10 City Clerk makes public notice of public hearing on the budget.

April 20 Public hearing held on the preliminary budget.

May 18 Budget adoption and tax levy authorization.

June 23 City Clerk completes 2009 tax roll.

June 30 Tax bills mailed.

July 1 2009-2010 Annual Operating Budget takes effect.

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 |

CITY OF CADILLAC, MICHIGAN INVESTMENT POLICY**(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 December 31, 1997, 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).

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.

INVESTMENT POLICY GLOSSARY (Continued)

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.

INVESTMENT POLICY GLOSSARY (Continued)

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

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.

FINANCE PROVISIONS OF THE CITY CHARTER (Continued)

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.

Annual report: The City Manager shall have annual reports prepared of the affairs of the city and copies of such audit and annual reports shall be made available for public inspection at the office of the City Clerk.

LABOR CONTRACTS

Command Officers Association of Michigan

Contract Expiration Date: June 30, 2010

Membership: 1

Police Captain

Police Officers Association of Michigan

Contract Expiration Date: June 30, 2008

Membership: 13

Detective/Lieutenant

4 Sergeants

8 Patrol Officers

(Expired contract currently in negotiations)

International Association of Firefighters Local 704

Contract Expiration Date: June 30, 2009

Membership: 10

1 Fire Marshal

2 Lieutenants

2 Captains

5 Fire Fighters

United Steelworkers of America Local 14317

Contract Expiration Date: June 30, 2010

Membership: 22

6 Water Division Members

6 Sewer Division Members

1 Laboratory Division Member

9 Street Division Members

* Each union contract is designed as a three-year agreement.

**Administrative Leadership*****City Manager*****Peter D. Stalker, C.C.M.**

Mr. Stalker joined the City staff as Director of Administrative Services in 1987. He was appointed to the position of Assistant City Manager in 1989, and subsequently was appointed City Manager in 1995. He came to the City from the Village of Holly, where he held the position of Assistant to the Village Manager. Previously, he was an Administrative Intern to the City of Flint. Mr. Stalker holds a Bachelor Degree and a Master Degree in Public Administration from the University of Michigan. He is a member of International City Management Association and the Michigan Local Government Management Association. He holds the designation of a Credentialed City Manager from the International City Management Association. He is a past member and board Chairperson of the Michigan Municipal Workers Compensation Fund and serves on the Michigan Municipal League's Transportation and Infrastructure Committee and Legislative Governance Committee. Mr. Stalker is a member of the Cadillac Rotary Club, serves on the Board of Directors for Cadillac Mercy Hospital, is a member of the Board of Directors for Lakeview Lutheran Manor, and a member of the Michigan State University Extension Advisory Committee. Mr. Stalker was recognized as the "Outstanding Citizen of the Year" by the Cadillac Area Chamber of Commerce in 2002.

Assistant City Manager and Deputy City Manager**Precia Garland**

Ms. Garland began her employment with the City of Cadillac as DDA/Community Development Director in 1992. She was appointed to Personnel Administrator in 1996, Director of Administrative Services in 1998 and to her current role of Assistant City Manager in 2002. The role of Deputy City Manager was added to her responsibilities in 2007. Ms. Garland holds both a Bachelor's Degree and a Master of Public Administration Degree from Central Michigan University. Prior to her employment with the City of Cadillac, Ms. Garland was an Administrative Intern with the City of Mt. Pleasant. She is a member of several professional organizations, including the International Public Management Association for Human Resources, the International City Management Association, the Michigan Local Government Management Association, and the Michigan Downtown Association. Ms. Garland also serves on the Board of Directors for the Michigan Community Development Corporation, and on the Central Michigan University Public Administration Advisory Committee.

Director of Finance**Owen Roberts, C.P.F.O.**

Mr. Roberts was appointed to the position of Director of Finance in February, 2008. He began his career with the City of Cadillac in August, 2000 as the City's accountant, and was promoted to the position of Assistant Director of Finance in 2004. He holds a Bachelor's Degree in Accounting and Business Administration from Malone University in Canton, Ohio, and a Master of Business Administration degree from Central Michigan University, with a special concentration in Management Consulting. Mr. Roberts is a member of the Government Finance Officers Association of the United States and Canada (GFOA), the Michigan Government Finance Officers Association, and the Association of Governmental Accountants. He has completed the GFOA's Advanced Government Finance Institute held at the University of Wisconsin-Madison and has completed the GFOA's Certified Public Finance Officer program.

Director of City Engineering**Bruce DeWitt, P.E.**

Mr. DeWitt has held the position of City Engineer in Cadillac since 1983 and prior to that he was the Assistant City Engineer for four years. He has held intern positions at Grand Haven and Ottawa County Road Commissions. He holds a Bachelor's Degree from Michigan Technological University and is a licensed professional engineer. He is a member of the American Society of Civil Engineering, National Society of Professional Engineers, and the American Public Works Association.

Director of Utilities**Jeff Dietlin**

Mr. Dietlin was appointed Director of Utilities in June 2008. He began his employment with the City of Cadillac in March 1997 as Water Resources Supervisor. Prior experience includes seven years with the City of Grandville as a Plant operator. He has a Bachelor Degree in Biological Sciences from Michigan State University. He holds a State of Michigan "Class A" municipal wastewater license and four industrial treatment licenses. He is also licensed by the Michigan Department of Environmental Quality as a D-3, S-4, and F-3 Water Plant Operator. Mr. Dietlin is a member of the Water Environment Federation and the American Water Works Association.

Director of Public Safety**Jeff Hawke**

Mr. Hawke was appointed Director of Public Safety in December 2002. He began his career with the City of Cadillac as a Police Officer in 1986. He has served the police department in various capacities including K-9 Handler, Detective with the Traverse Narcotics Team, Youth Services Officer, Tactical Team Leader, Police Recovery Diver, Patrol Sergeant, Summer Patrol Coordinator, City Safety Coordinator, and Captain. Mr. Hawke is a 1982 graduate of Cadillac High School and holds an Associate Degree in Police Administration from Kirtland College, a Bachelor Degree from Baker College and a Master's Degree from Eastern Michigan University. He is a graduate of Eastern Michigan University School of Police Staff and Command and Central Michigan University Law Enforcement Executive Leadership Institute. Mr. Hawke is a member of the Michigan Association of Chiefs of Police, International Association of Fire Chiefs, Michigan Fire Chiefs Association, International Association of Police Chiefs, Northflight Board of Directors, Northwest Regional Community Corrections Board of Directors, and Baker College Career Services Advisory Board.

Director of Public Works**Robert J. Johnson**

Mr. Johnson joined the City staff in May 1992. He holds a Bachelor Degree in Industrial Engineering from North Dakota State University and a Master Degree in Management from the Naval Postgraduate School. Prior to joining the City, he served 20 years in the U.S. Navy, the last eleven years in the Civil Engineer Corps. He is a member of several professional organizations, including the American Public Works Association and the Tau Beta Pi (Engineering Honor Society).

City Clerk and City Treasurer**Janice E. Nelson, C.M.C., C.M.F.A.**

Mrs. Nelson started with the City of Cadillac in 1980 as a cashier. She progressed to the position of Clerk-Treasurer in 1986. Holding an extensive background in the education field, Mrs. Nelson holds a Bachelor and Master Degree from Michigan State University. She is a member of the Municipal Treasurer's Association, the International Institute of Municipal Clerks and a member of the Michigan chapters of both organizations. She holds the distinguished designation of Certified Municipal Clerk and Certified Municipal Finance Administrator.

Cadillac, MICHIGAN

Population:

2000 Census Population: 10,000
Trading and labor drawing
area - 65,000 population

Area within the City:

9 square miles
Large lake incorporated within City limits. Located
approximately 100 miles north of Grand Rapids and
50 miles southeast of Traverse City.

Government:

Incorporated in 1877; Council/Manager form
of government (one of the first in Michigan);
County Seat for Wexford County.

Major Industries:

Boat Manufacturer
Rubber Products
Medical Care
Vacuum Cleaner Manufacturer
Truck Parts and Commercial Freezers Manufacturer
Automobile Parts Manufacturer
Iron Foundry
Military Hardware
Tourism
Beverage Distributing
Fastest growing industrial sector north of Grand Rapids.

Employment Data:

2007 – 15,066 labor force in the County; 8.1% unemployment rate*
2007 – 21,808 labor force in the Cadillac Micropolitan Statistical area*
36% of wages paid in Wexford County are derived from the manufacturing sector

*Source: Michigan Department of Labor and Economic Growth; Retrieved from: www.michlmi.org

Other:

- Class 5 fire department rating.
- 57 police officers including City, Wexford County Sheriff officers (24) and State Police officers (17).
- Cadillac is the County seat of Wexford County and as such, many legal and financial experts reside and practice here.
- 97 bed hospital
- Six truck lines serve the area and railroad, bus line and airport develop the transportation network.



WHAT'S THE WEATHER?

Local citizens like to say that if you don't like the weather, just wait a few hours.

A true four-seasons 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.

CLIMATE as reported by weather station at Cadillac:

January Average Minimum:	10F./-12C.	Average Maximum:	24F./-4C.
July Average Minimum:	54F./ 12C.	Average Maximum:	79F./26C.
Growing Season:	100 days		
Days below 0F. or -18C:	23	Average Annual Rainfall:	31 in./79cm.
Days above 90F. or 32C:	5	Average Annual Snowfall:	71 in./180cm.

DID YOU KNOW?

The City was founded based on the lumbering of large tracts of pine timber.

The Shay Locomotive was invented in Cadillac by Ephraim Shay in 1878. The Shay Locomotive was one of the first to have the ability to haul logs on uneven terrain, sharp curves and up steep hills. Shay Locomotives were used throughout the United States between 1880 and 1945.

The canal between Lake Mitchell and Lake Cadillac is one of the man-made wonders of the world. It freezes before either of the lakes, thaws after the lakes have frozen, and does not freeze again for the rest of the winter.

In 1840, Wexford County was called "Kautawaubet" an Indian name supposedly meaning "broken tooth", after a chief of the Potawatami tribe that signed the Great Peace Treaty of 1825. In 1843, it was named Wexford after a county in Ireland.

Cadillac previously was known as the Village of Clam Lake until 1843, when it was renamed in honor of the French explorer, Antoine de la Mothe Cadillac.

Tourism became a major industry after World War II with the expansion of the Caberfae Ski Resort.

Famous "Humpty-Dumpty" folding egg crates were designed in Cadillac.

Cadillac was world renowned for its production process of maple and hardwood flooring.

Cadillac had its beginnings on the eastern shore of Lake Cadillac (then known as the Little Clam Lake). George Mitchell, Cadillac's founding father, is responsible for naming the first streets. Streets were named for the natural surroundings he encountered such as Lake, Pine, Beech and Spruce Streets. Mr. Mitchell named several of the streets after his friends and business associates. On the western boundary of the city, Mr. Mitchell established a park – now known as Mitchell State Park – surrounded by the lakes – now known as Lake Mitchell and Lake Cadillac – and a swamp. Sawdust and soil removed from the east side of Mitchell Street was used to fill in and elevate the park property. Leeson Avenue was named after Cadillac's first doctor, Dr. John Leeson. Cummer Street was named for Jacob Cummer, lumberman and pioneer in the manufacture of hardwood furniture, ladders and novelties. Our streets reflect our area and people who helped build this community we are part of today.

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

Fiscal Year Ended June 30,	Real Property Valuation	Personal Property Valuation	Total Taxable Valuation	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
1999	134,086,505	32,023,100	166,109,605	353,761,900	46.96%	13.9600
2000	138,456,334	35,290,222	173,746,556	376,610,300	46.13%	14.0900
2001	143,791,718	33,979,991	177,771,709	398,922,200	44.56%	14.0371
2002	153,053,692	35,377,232	188,430,924	429,828,200	43.84%	13.9907
2003	165,243,210	31,372,200	196,615,410	470,913,500	41.75%	13.9473
2004	168,351,258	43,240,100	211,591,358	508,916,600	41.58%	13.9473
2005	178,282,339	41,399,800	219,682,139	544,632,400	40.34%	13.9473
2006	184,439,086	44,135,005	228,574,091	572,365,010	39.94%	13.9473
2007	194,615,475	40,780,000	235,395,475	595,311,200	39.54%	13.9473
2008	206,863,302	40,257,800	247,121,102	609,799,600	40.52%	13.9473

Source: City of Cadillac Treasurer's Office

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

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

Taxpayer	2008			1999		
	Taxable Value	Rank	Percentage of Total City Taxable Value ^a	Taxable Value	Rank	Percentage of Total City Taxable Value ^b
Cadillac Renewable Energy ^c	\$12,300,000	1	4.98%	\$16,315,300	1	9.82%
Cadillac Rubber & Plastics ^e	6,852,406	2	2.77%	8,310,828	3	5.00%
Cadillac Casting ^d	6,596,400	3	2.67%	16,270,300	2	9.79%
Consumers Energy	5,852,150	4	2.37%	4,613,600	6	2.78%
Rexair, Inc.	5,520,467	5	2.23%	5,857,600	5	3.53%
FIAMM Technologies, Inc.	4,726,894	6	1.91%	6,047,800	4	3.64%
AAR Cadillac Manufacturing	4,694,349	7	1.90%			
Michigan Rubber Products	4,314,870	8	1.75%	4,359,622	7	2.62%
Paulstra CRC Corporation	4,206,100	9	1.70%	3,450,900	8	2.08%
Four Winns Boats, LLC	3,408,230	10	1.38%			
Transpro Group				3,418,500	9	2.06%
Mich Consolidated				2,341,800	10	1.41%
Totals	<u>\$58,471,866</u>		<u>23.66%</u>	<u>\$70,986,250</u>		<u>42.73%</u>

Source: City of Cadillac Treasurer's Office

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

^b Based on total taxable value of \$166,109,605

^c Formerly Beaver MI Associates LTD Partnership.

^d Formerly CMI Cast Parts.

^e Formerly AVON Rubber and Plastics.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of Levy		Collections in Subsequent Years	Total Collections to Date ^a	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	2,785,428	2,641,637	94.84%	143,791	2,785,428	100.00%
2000	2,879,032	2,740,866	95.20%	138,166	2,879,032	100.00%
2001	3,107,601	2,950,978	94.96%	156,623	3,107,601	100.00%
2002	3,167,040	3,029,463	95.66%	137,577	3,167,040	100.00%
2003	3,265,098	3,136,141	96.05%	128,957	3,265,098	100.00%
2004	3,481,675	3,364,230	96.63%	117,445	3,481,675	100.00%
2005	3,648,449	3,529,267	96.73%	119,182	3,648,449	100.00%
2006	3,803,126	3,691,936	97.08%	111,190	3,803,126	100.00%
2007	4,109,224	3,952,750	96.19%	156,474	4,109,224	100.00%
2008	4,329,051	4,163,604	96.18%	165,447	4,329,051	100.00%

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. Delinquent personal properties remain with the City, but these amounts are negligible.

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

Fiscal		Personal	Per		Local	State	Civilian
Year	Population¹	Income (amounts expressed in thousands)	Capita Personal Income²	School Enrollment³	Unemployment Percentage Rate⁴	Unemployment Percentage Rate⁴	Labor Force⁴
1999	10,104	207,425	20,529	3,787	6.4	3.8	22,267
2000	10,000	212,550	21,255	3,608	6.4	3.7	22,596
2001	10,000	211,310	21,131	3,514	9.4	5.2	21,836
2002	10,000	214,410	21,441	3,465	8.3	6.2	21,369
2003	10,000	217,400	21,740	3,639	9.8	7.1	21,298
2004	10,000	231,600	23,160	3,674	8.2	7.0	21,553
2005	10,000	237,690	23,769	3,614	7.3	6.7	21,707
2006	10,000	247,540	24,754	3,479	7.9	7.1	22,088
2007	10,000	N/A	N/A	3,460	8.1	7.7	21,648
2008	10,000	N/A	N/A	3,381	9.7	8.7	21,563

Data Sources:¹ Bureau of the Census² Bureau of Economic Analysis³ School Districts⁴ Michigan Department of Labor & Economic Growth (Local unemployment and civilian labor force based on Wexford-Missaukee Labor Market Area; Personal and Per Capita income based on Cadillac Micropolitan Statistical Area)

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

CITY OF CADILLAC, MICHIGAN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Four Winns Boats	823	1	4.23%	550	3	2.55%
AAR Mobility Systems	720	2	3.70%	320	8	1.48%
Mercy Hospital Cadillac	516	3	2.65%	610	2	2.83%
Cadillac Area Public Schools	420	4	2.16%	420	7	1.95%
Cadillac Castings ¹	384	5	1.97%	460	5	2.13%
Avon Automotive	370	6	1.90%			
Michigan Rubber Products	293	7	1.50%	500	4	2.32%
Avon Protection Systems	250	8	1.28%			
Rexair, Inc.	218	9	1.12%	450	6	2.09%
BorgWarner Cooling Systems ²	182	10	0.93%	183	10	0.85%
Avon Rubber and Plastics				892	1	4.13%
FIAMM Technologies, LLC				240	9	1.11%
	<u>4,176</u>		<u>21.45%</u>	<u>4,625</u>		<u>21.44%</u>

Source: Michigan Department of Labor & Economic Growth; Cadillac Area Chamber of Commerce

¹ Formerly known as CMI Cadillac.

² Formerly known as Kysor of Cadillac.

Note: Percentage of Total City Employment is based on total employment in the Wexford-Missaukee labor market area.

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police										
Traffic Citations	2,843	1,699	1,167	895	857	1,530	1,468	1,257	1,015	N/A ¹
Fire										
Number of Fire Inspections	30	50	30	50	50	57	129	370	376	N/A ¹
Number of Fires Reported	70	63	52	33	57	54	64	51	55	N/A ¹
Number of EMT Runs	837	516	463	949	1,347	1,414	1,322	1,119	1,171	N/A ¹
Building Inspection										
Number of Permits Issued	560	571	512	565	523	525	466	403	316	N/A ¹
Water										
Total Customers	3,383	3,408	3,414	3,407	3,456	3,487	3,520	3,524	3,517	3,544
Average Daily Consumption (thousands of gallons)	2,298	2,417	2,349	2,132	2,202	2,155	2,252	2,310	2,564	2,302
Wastewater										
Total Customers	3,481	3,499	3,504	3,493	3,526	3,544	3,569	3,573	3,564	3,592
Average Daily Treatment (thousands of gallons)	2,028	2,227	2,260	2,231	2,087	2,103	2,173	2,098	2,467	2,215

¹ Public Safety statistics are kept on a calendar year basis and are therefore not yet available for 2008.

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

Source: Various government departments

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	7	7	7	9	9	9	9	9	9	9
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	7	7	7	6	6	6	6	6	6	6
Culture and Recreation										
Parks Acreage	117	117	117	117	117	117	117	117	117	117
Parks	4	4	4	4	4	4	4	4	4	4
Streets										
Streets (Miles)	66	66	66	68	68	68	68	68	68	68
Street Lights	572	568	570	571	573	574	574	574	574	587
Water										
Fire Hydrants	414	422	432	432	453	455	454	454	458	477
Miles of Water Mains	61	61	61	63	63	63	63	64	64	74
Water Mains Replaced (Feet)	7,000	7,858	7,200	6,330	4,700	3,450	3,185	200 ⁽¹⁾	2,360	620
Wastewater										
Miles of Sewer Mains	63	63	63	59	59	59	59	59	59	62
Feet of Sanitary Sewers Inspected with TV Cameras	2,010	2,150	2,805	4,600	3,670	2,949	3,380	1,900	1,350	2,550

(1) Water mains replaced were low in 2006, but the main projects through the year, including North Boulevard, Paluster Street and Kenwood Street were all projects where a total of one mile of new water mains were added.

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

Source: Various City government departments

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.

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, and 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.

CALEA

Commission on Accreditation for Law Enforcement Agencies.

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

COMMUNITY DEVELOPMENT FUND

This is a revolving fund established with grant monies from H.U.D. to assist low and moderate income families to bring their homes up to the City building codes. Assistance is given through low-interest loans to qualifying individuals. As loans are repaid, money is made available for new loans.

COUNCIL

A legislative, executive, advisory or administrative governmental body whose elected or appointed members are assigned certain duties and responsibilities by law such as a city council or a citizen's advisory council.

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 year.

DOWNTOWN DEVELOPMENT AUTHORITY FUND

This fund 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 with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE

The excess of the assets of an expendable fund, or of a nonexpendable trust fund, over its liabilities.

GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for the resources devoted to finance the services traditionally associated with local government, except those activities that are required to be accounted for in another fund. Transactions are recorded on the modified accrual basis.

GENERAL OBLIGATION BONDS

Bonds that finance a variety of public improvement projects which pledges the full faith and credit of the City.

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.

The City of Cadillac Central Stores and Municipal Garage Fund, Data Processing Fund and Self Insurance Fund make up the internal service fund category. The Central Stores and Municipal Garage Fund is the fund that operates the motor pool for the City. The Information Technology Fund provides data processing services in the various internal and external agencies that use the City's computer system. Self Insurance Fund records the hospitalization, dental, optical and similar insurance benefits.

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 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 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.

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. 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.

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.

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.

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.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Cadillac
Michigan**

For the Fiscal Year Beginning

July 1, 2008

President

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, 2008. 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. The City of Cadillac has received twenty-three consecutive Distinguished Budget Presentation awards.

CITY OF
CADILLAC
MICHIGAN

