



2022/2023 ANNUAL OPERATING BUDGET

For the Fiscal Year Beginning **July 1, 2022**
and Ending **June 30, 2023**

CITY COUNCIL

Carla J. Filkins, Mayor
At Large

Bryan Elenbaas, Councilmember
First Ward

Robert Engels, Councilmember
Third Ward

Antoinette Schippers, Mayor Pro-Tem
Second Ward

Stephen King, Councilmember
Fourth Ward



Administrative Officials:

Marcus Peccia - City Manager

Owen Roberts - Director of Finance/DPW

Jeff Dietlin - Director of Utilities

John Wallace - Community Development Director

Adam Ottjepka - Public Safety Director

Sandra Wasson - City Clerk

Keri Lanning - City Treasurer

Michael Homier—City Attorney
Foster, Swift, Collins & Smith, PC

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET



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

May 16, 2022

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, 2022 and ending June 30, 2023. This budget represents the culmination of many hours of work beginning over four months ago. Our thorough budget process includes several opportunities for members of the Cadillac community to provide input into the direction of the budget and I am confident that this document represents a very realistic and achievable plan for the upcoming fiscal year.



We are emerging from the last couple of difficult years stronger as a community and poised to invest in our City and pursue unprecedented levels of outside funding to make great things happen in Cadillac. I am so proud to work with the City Council, members of the community, and dedicated City staff as we have all navigated difficult situations and tough times.

This budget includes plans to provide vital public safety services, improve critical road and utilities infrastructure, maintain our beautiful system of parks, and to continue to provide the highest level of general governmental services we have all come to expect. The budget will appropriate over \$22 million for these important activities. The budget protects important City reserves that solidify our ability to make thoughtful and strategic decisions when faced with challenges and facilitates investments in our community that are important to our people.

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** starting on page 5 provides a simple yet valuable overview of the financial management of the organization and the document itself. Second, our City Manager presents his **Transmittal Letter** starting on page 41 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 grateful for the effort that has gone into the development of this budget. It is a true pleasure for me to serve as your Mayor and I look forward to interacting with you as we partner together to make this City a community of continuing success.

Sincerely,

Carla J. Filkins, Mayor

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2022-2023 BUDGET READER'S GUIDE

Welcome to the City of Cadillac's Annual Operating Budget for the fiscal year beginning July 1, 2022 and ending June 30, 2023. Thank you for taking the time to learn about the appropriation of resources within the City of Cadillac. Hopefully the time you invest in familiarizing yourself with this information will be time well spent. The City is committed to accountability in serving the citizens, businesses, and industries of the Cadillac community. This brief "Budget Reader's Guide" will help you understand this robust document as well as introduce you to the process that has led to its production.

Financial Structure

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



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

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

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

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

2022-2023 BUDGET READER'S GUIDE

The Process

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

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

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



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

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

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

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

2022-2023 BUDGET READER'S GUIDE

Elected Officials

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



Mayor Carla Filkins

Councilmember from City at Large
Occupation: Director Regional Materials Management & Logistics
Term Expires: December 31, 2023
Annual Salary: \$4,600



Mayor Pro-Tem Antoinette Schippers

Councilmember from Ward 2
Occupation: Retired Teacher
Term Expires: December 31, 2025
Annual Salary: \$3,300



Councilmember Bryan Elenbaas

Councilmember from Ward 1
Occupation: Retired
Term Expires: December 31, 2023
Annual Salary: \$3,300



Councilmember Robert Engels

Councilmember from Ward 3
Occupation: Insurance Agent
Term Expires: December 31, 2023
Annual Salary: \$3,300



Councilmember Stephen King

Councilmember from Ward 4
Occupation: Attorney
Term Expires: December 31, 2025
Annual Salary: \$3,300

2021-2023 BUDGET READER'S GUIDE

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

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

Sincerely,

Marcus A. Peccia
City Manager

Owen E. Roberts
Director of Finance



Cadillac, Michigan

Population:

City of Cadillac Estimated Population: 10,371 (31% of County)
Wexford County Estimated Population: 33,673

Area within the City:

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

Other Population Statistics:

Age Range	Population			% Bachelor Degree +
	2000	2010	2019*	
< 18	2,624	2,554	2,410	
18-24 years	964	1,040	647	15.3%
25-34 year	1,333	1,435	1,753	8.8%
35-44 years	1,452	1,095	1,100	15.2%
45-64 years	1,959	2,459	2,574	17.8%
65 +	1,668	1,772	1,935	24.3%
Total	10,000	10,355	10,419	

* 2019 is latest detailed data available at [Census.gov](https://www.census.gov)

Educational Attainment	Population-25 or older **	Poverty Rate	Median Earnings	% Unemployment
Less than high school graduate	725	31.6%	\$27,174	10.1%
High School/Equivalent	2,546	16.6%	\$25,307	4.5%
Some College/Associate's Degree	2,841	18.6%	\$24,270	8.0%
Bachelor's Degree	866	* 4.4%	\$38,050	* 3.7%
Graduate or Professional Degree	384		\$63,194	

* Category includes 'Bachelor's degree or higher'.

Government Profile:

Incorporated in 1877; Council/Manager form of government (one of the first in Michigan)
County Seat for Wexford County
Full-Time Police Force (15 Sworn Officers) and Fire Department (11 Fire Fighters/EMTs)
63.71 miles of Streets (41.72 Local, 21.99 Major)
53 Miles of Sidewalks
51 Miles of Sewer Mains
74 Miles of Water Mains

Major Industries:

Boat Manufacturer	Automobile Parts Manufacturers
Rubber Products	Iron Foundry
Medical Care	Military Hardware/Safety Equipment
Vacuum Cleaner Manufacturer	Beverage Distributing
Truck Parts/Commercial Freezers Manuf.	Tourism



CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Employment Data:

January, 2022 – 20,924 labor force in the Cadillac Micropolitan Statistical Area
January, 2022 - 5.9% unemployment rate in Cadillac Micropolitan Statistical Area

Other:

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

Cadillac Weather

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

Average Winter Temperature	21.3° F
Average Summer Temperature	65.4° F
Average Annual Rainfall	34 Inches
Average Annual Snowfall	69 Inches
Average High in July	80° F
Average Low in January	11° F
Average Annual Days of Sun	168



Winter Festivities on Lake Cadillac

Data Sources:

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



Description of Budget Process

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

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

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

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

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

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

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

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

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

July 1 - Annual operating budget takes effect.

September-October - Annual financial statement audit and review by independent auditing firm.

November-December - Development of 6-Year Capital Improvement Program

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

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

2022-2023 ANNUAL BUDGET CALENDAR

2021

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



2022

January 5 Staff meeting held to discuss the general guidelines for the Annual Operating Budget preparation. Departments given access to Budget Maintenance in financial software as well as given a copy of current Personnel Summary.

February 8 Budget input completed by Department Heads and any related documentation submitted to Finance Department for review. Budget advanced to Director of Finance level for review.

March 18 Finance review completed. Information on balanced budget submitted to the City Manager for review and approval.

March 21 City Council holds work session to discuss City-wide goals and to review 6-Year Capital Improvement Program.

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

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

April 4 City Council holds budget work session and sets Public Hearing for budget.

April 7 City Clerk makes public notice of public hearing on the budget.

April 18 Public hearing held on initial proposed budget. Public hearing and approval of 6-Year Capital Improvement Program.

May 16 Budget adoption and tax levy authorization.

June 24 City Treasurer completes 2022 tax roll.

June 30 Tax bills mailed.

July 1 2022-2023 Annual Operating Budget takes effect.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Cadillac
Michigan**

For the Fiscal Year Beginning

July 01, 2021

Christopher P. Morill

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, 2021. 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.

As part of their overall strategic role for the organization, the Cadillac City Council has outlined the direction of the City in the following mission and vision statements, City-wide goals, and strategic priority programs to help achieve these goals. These statements, goals and priority programs are discussed each year by City Council at a public strategic planning work session and changes are incorporated into the updated document. The public work session for this purpose for the current year was held on March 21, 2022.

Mission & Vision Statements

Mission Statement

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

Vision Statements

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

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

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

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

CITY COUNCIL GOALS

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

Community Development & Enhancement

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

Economic Health & Development

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

Public Safety

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

Customer Service & Organizational Enhancement

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

STRATEGIC PRIORITY PROGRAMS AND PROJECTS

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

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

Time Frame: Ongoing

Initiated: 2016

Project Leader: Owen Roberts

The Cadillac Community Center has tenants in most of the facility, which due to the nature of the property, continues to be subsidized by the City.

Status: *Ongoing* – Up North Arts, Inc. along with the Wexford Genealogy Organization continue as tenants of the facility along with the Cadillac Senior Center. Options for redevelopment of the property have been informally discussed however no formal plans have been drafted. Any change of use different than what is stipulated by Charter will require a referendum of the people. Building maintenance and operational issues of the facility continue to be a concern, and there was recently a catastrophic failure of the boiler system which cost approximately \$20,000 to repair. Funds for the repair emergency repair were transferred from the General Fund to cover the expense. Additionally, the flat roof at the north end of the facility will need to be updated in the next couple of years at an estimated cost of \$100,000. The facility does not generate sufficient rental revenue to cover this capital expenditure, so other sources of funds will need to be identified to pay for this eventual required maintenance.

2. Update Lake Cadillac Invasive Species Management Program

Time Frame: Ongoing

Initiated: 2016

Project Leader: Marcus Peccia

This program helps to insure the ongoing identification and treatment of invasive aquatic plant species in Lake Cadillac.

Status: The spread of milfoil and other invasive species is well under control and has been since 2016-17. Our monitoring and treatment applications for invasive species are long-term commitments, especially for an urban public lake that is used primarily in a recreational manner. As such, funding for continued invasive species management, but even more importantly, for a transition to a more holistic lake management approach is now our number one priority.

Highlights of 2021 and proposed actions for 2022 are as follows:

- A. 2021 was a very good year for Lake Cadillac. We experienced yet another season of reduced milfoil and curly leaf pondweed treatments, acceptable water clarity throughout the summer and only a couple sparse algal blooms late in the season. However, Kenwood Beach did experience elevated E-coli levels that resulted in a swim advisory for a two-week period. The suspected issue was the presence of waterfowl inhabiting the area.
- B. A USGS research buoy was deployed in the Kenwood Park area last summer for a brief period. The buoy continuously monitors key water parameters, such as temperature, turbidity, the presence of chlorophyll-a and phycocyanin, to determine if/when a harmful algal bloom is occurring. As of March 2022, USGS staff are working to secure funding to enable a buoy to be placed on Lake Cadillac throughout the 2022 season.
- C. The capture and relocation of geese was permitted in 2021 after a year's hiatus by the state government. A total of 43 birds were removed which accounted for nearly all geese present on the lake at the time. Other geese did occasionally inhabit the lake, and some stayed throughout a portion

of the summer. Larger numbers will commonly be seen in the Fall during migration, in addition to ducks. All contribute to nutrient loading, along with seagulls that are federally protected.

- D. The pandemic once again stifled our spring storm water sampling efforts, but we look forward to resuming the study this spring (2022). Samples will be tested and analyzed for amount of nutrients present, pH, contaminants, et al. utilizing the City's Laboratory resources.
- E. In April of 2021, we met with the Muskegon River Watershed Assembly to discuss a grant opportunity for the planting of trees and/or shrub along the shoreline. This discussion branched out to further shoreline protection measures that are also presently being investigated. We look forward to initiating the program in 2022.

Present Funding

We have now reached a point where the funds generated by the 2011 millage have been exhausted. Presently, a transfer from the FY2022 General Fund is providing the funding for invasive species management. Fortunately, due to the continued overall good condition of the Lake, levying a new millage or implementing a special assessment do not seem imminent or critical, currently. Providing favorable trends do sustain, funding can be budgeted accordingly through our General Fund. Looking ahead, funding for other Lake related needs, such as shoreline erosion control, may likely require a dedicated millage or special assessment, however, further studies to evaluate potential solutions along with their estimated costs would first need to occur prior to any efforts being made to establish a new funding source.

3. Cadillac West Corridor Improvements & Association

Time Frame: Ongoing

Initiated: 2016

Project Leader: John Wallace

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

Status: Ongoing – Past Actions and Improvements timeline:

2018 – The city collaborated with Networks Northwest and the Alliance for Economic Success (AES) using a technical assistance grant to prepare a SWOT analysis and prepare a corridor plan. This effort is complete.

Impact: The plan identified that the City should continue to run their planning activities independent of the surrounding townships.

2019 - the former Sands Hotel (now Lake Cadillac Resort) as well as Primo's Barbeque & Rosa Blanca (party store) and The Marina Restaurant were purchased by a single development group known as Lake Cadillac Resort. The purpose of the 2019 acquisitions was to rehabilitate and operate as new businesses while keeping the uses largely the same.

City Assistance: To assist the developer with this major undertaking of rehabilitating what might be the largest privately held commercial property within the Cadillac West Area, in late 2019 the City established both a Commercial Redevelopment and Rehabilitation District. The developer applied for and was granted by the City an exemption pursuant to the Commercial Rehabilitation District that will result in a partial property tax abatement for 10-years once approved by the State.

2019-2020 - A comprehensive remodel and rehabilitation of the hotel facility is underway, along with the restaurant and former party store. It is possible that additional property tax relief requests may be applied for pending whether they meet the program's criteria. It is anticipated that the projects will be completed by 2022.

2020 - A complete Board for the Cadillac West Corridor Improvement Area was established. The City, with direct assistance from the Alliance for Economic Success, recruited a full board for the Corridor Authority.

2021 - The Corridor Improvement Authority Board held its initial meeting on March 4, 2021 at which they elected officers and established their operating by-laws. The Board will meet again in May to begin discussion on preparing a development and tax increment financing plan. The Board has established a vision statement and goals and will be completing their tax increment financing and development plan in 2022.

2021 - The Lake Cadillac Resort has stated their plans to continue redevelopment of their site under a mixed-use planned unit development. A train ride, ferris wheel, and carousel was added to the site in 2021. The train ride was to be a more permanent addition and the ferris wheel and carousel were added as temporary uses. The owner also added a fueling station for boats near the dock.

Community Development staff will be working with Mike Blackmer for a new development behind the Pines Bowling Alley that will be consistent with the West Side Corridor Improvement Authority's vision statement and goals.

4. Complete Development of Cadillac Commons

Time Frame: Ongoing

Initiated: 2016

Project Leader: Marcus Peccia

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

Status: Completed - The Cadillac Rotary Performing Arts Pavilion is complete.

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

Status: Completed - The Plaza is complete.

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

Status: Completed - The Market is complete.

The Trailhead - Grant funding for the development of the White Pine Trail Downtown Bike Station, as recognized in the newly updated City/CAPS 2015-2020 Recreation Plan, will be sought through the

Michigan Department of Natural Resources (MDNR) and possibly the National Park Service. In the interim, measures will be taken to secure a lease agreement for use of the MDNR right-of-way to be used for trail purposes.

Status: *Ongoing* – The City received a Michigan DNR Trust Fund grant (\$265,200) to fund 70% of the project, in addition to a grant from Rotary (\$33,000) that will greatly assist in making the required 30% grant match. The project was bid in September of 2020. The bids came in higher than expected and concerns were expressed about the routing of the trail extension. Some value engineering was done on the project to see where cost could be reduced without eliminating anything required for the grant. A new engineer's estimate has been prepared for the project along with 3 new alternatives for the trail extension. The City Council will be meeting in March 2021 to confirm select an alternative for staff to solicit bids for accordingly. It is anticipated that the project will be brought back to Council for consideration once new bids are in, sometime in the summer of 2021, with project construction commencing later in 2021.

In 2021 the City Council chose the in-street route for the trail extension. The project was rebid with the in-street route being part of the base bid. In addition to the base bid there were three alternate bids for a total reconstruct of the entire parking lot, a trail crossing at Cottage Street, and a picnic shelter. The base bid was \$416,247.19. The total outside funds raised for the project including the Michigan Natural Resources Trust Fund grant was \$336,241. The additional funds needed will be dependent on which alternatives the City Council chooses. It is anticipated that the City Council will take action on the awarding of a bid in spring of 2022. If a bid is awarded it estimated that the project will be completed by the end of 2022.

5. Complete Phase II of Well Field Relocation Project

Time Frame: Within 1-2 Years

Initiated: 2016

Project Leader: Jeff Dietlin

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

Status: *Ongoing* – The City has purchased two parcels of land off of 44 Road near the White Pine Staging Area for the new well field. Construction is now anticipated to begin by spring 2021. Funding through Department of Environment, Great Lakes & Energy via Michigan's Drinking Water Revolving Fund will close in March 2021, and C2AE, the engineering consultant for the project, is finished with the design and construction plans for the project. Construction is anticipated to start in 2021. Construction is anticipated to be completed in 2022, and a process to decommission the original 8th Street Well Field, so that other potential uses can occur on that property, will also begin.

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

Time Frame: Ongoing

Initiated: 2016

Project Leader: Owen Roberts

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

Status: *Ongoing* – The City utilized \$6 million in General Obligation bond financing to fund street reconstruction projects over the last five years. Work must continue in order to identify future funding to complete the aggressive schedule of construction projects identified in the CIP. The Major and Local Street Funds have approximately \$1,800,000 in funds on hand to invest in capital projects in the upcoming years. The street ratings will be updated in Spring 2022. The new ratings will provide critical data that will inform the ongoing decisions regarding timing of street replacements as well as identify other opportunities to extend the useful lives of existing streets.

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

Time Frame: Ongoing

Initiated: 2016

Project Leader: Owen Roberts

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

Status: Ongoing – An overhaul of the platform that provides the City’s website was completed in FY2019 giving the City’s site a completely new and more modern look and feel. This platform provides additional functionality and has enhanced the efficiency of content updates and additions. Use of Facebook as a means of communicating with the public has also risen. In the past year, the ability to pay online for additional services has been implemented, including building permits, business licenses, and rental registration fees.

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

Time Frame: Ongoing

Initiated: 2016

Project Leader: Owen Roberts

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

Status: Ongoing – Achieved as of June 30, 2021. Ongoing maintenance of this important safety net of funds is expected.

9. Improve Capacity to Encourage and Facilitate Local Economic Development

Time Frame: Ongoing

Initiated: 2016

Project Leader: Marcus Peccia

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

Status: Ongoing – The City has taken or is working on actions related to the following items to encourage and facilitate local development:

- Updating local and state databases of Cadillac buildings and properties that are for sale, lease, or available for development.
- Updating the Master Plan that includes many goals and objectives for city-wide economic development.
- Aggressively pursued the design and implementation of the PlacePlans Project (Cadillac Commons). The Trailhead (the 5th of the 5 Cadillac Commons venues) is being considered for construction in 2021. All other venues in the Cadillac Commons are complete.
- Participate regularly with the Region 2 Economic Development Leadership Team, and with the Cadillac Downtown Fund, Industrial Fund, Brownfield Authority and the Downtown Development Authority to facilitate and coordinate with their activities.
- Working with the Wayfinding Subcommittee of the Downtown Development Authority to explore implementation of a wayfinding system for the Cadillac area.
- Working with the Streetscape Subcommittee of the DDA regarding future improvements to the Mitchell Street Corridor. Most recently, this committee has been working with MDOT on traffic/pedestrian enhancements in downtown, and a potential pilot program whereby pedestrian medians are installed in a couple of mid-block intersections is being explored as suggested by MDOT.
- Working with the Alliance for Economic Success in their planning workshops regarding Cadillac West and Downtown Cadillac, in addition to other initiatives directly involving the City.

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- Meeting with current and potential developers regarding their projects and ideas, and introducing them to other agencies, such as the MEDC to help facilitate their development concepts.
- Actively working towards becoming a Redevelopment Ready Certified Community. The City believes it is now 100% complete with meeting the program requirements and is now awaiting final certification from the MEDC which is expected in March or April of 2021.
- The City is also working with the MEDC to qualify for CDBG funding as a low/moderate income community. A contract has been approved with Lake Superior State College to conduct a survey to determine the percentage of low/moderate income people in the City of Cadillac. If the survey documents that the city has more than 51% of its population in the low/moderate income category, then the City can qualify for Community Development Block Grant (CDBG) funding.
- Continuation of the review and redrafting of portions of our Zoning Ordinance for the purposes of becoming Redevelopment Ready Certified and to streamline the process for obtaining development approvals. New zoning ordinance amendments have addressed mixed-use projects “by right” in our downtown, marihuana establishment regulations, and bicycle and sidewalk regulations. A complete zoning ordinance re-write is expected in 2021.
- Completed the creation of the East Side Redevelopment and Rehabilitation Districts along Mitchell Street to encourage building improvements along the Mitchell Street Corridor. These districts create the opportunity for tax abatement for a period of up to 10 or 12 years. The Dairy Queen has been the first business to take advantage of this program.
- Activated the Cadillac West Corridor Improvement Authority. Are currently working on preparing a development and tax increment financing plan for the district.
- The city is partnering with the Chamber of Commerce in replacing and upgrading the structure over the Shay Locomotive which will be a major upgrade to City Park and Cadillac Commons.
- Coordinating with Groundwork on planning for future train depot in Cadillac for the Ann Arbor to Traverse City passenger rail.
- Working on establishment of a more formal collaboration or agreement with the Alliance for Economic Success, as they are currently in the process of redefining their organizational services and are evolving into our area’s economic development organization, similar to how the Northern Lakes Economic Alliance serves the Petoskey area.
- Working with developers on several projects including but not limited to:
 - the final building and site design for the Cadillac Brewery (412 S. Mitchell Street). Construction is now substantially complete.
 - turning the former Northwood Hotel into a mixed-use commercial/residential development (will likely require a public-private partnership to address parking issues). The City created a new conceptual parking design for the project in 2020 to assist the project in its advancement, however due to the COVID-19 pandemic and other developer challenges, the project is currently paused to the best of the City’s understanding.
 - construction of the necessary public infrastructure components adjacent to the Cadillac Lofts development site. Infrastructure required for Phase 1 of the project is complete. Public infrastructure for Phase 2 is anticipated in 2022.
 - remodeling of the Hermann’s restaurant and affiliated businesses in collaboration with new ownership.
 - 301 Pine Street- met with new owner of this property to go over potential uses and potential incentive programs available to assist.
 - working with owner of an 18-acre parcel by Wright Street and Seneca Street; City is currently reviewing potential use and design options.
 - The City facilitated a meeting between the owner of the building on the northwest corner of Mitchell and Pine Streets and the MEDC to get assistance in the redevelopment of his

building at Pine and Mitchell Streets. The MEDC staff toured the building and prepared existing floor plans and building elevations for Eli to use in his redevelopment efforts. The MEDC may make a loan or grant available depending on what uses the owner decides to put into the building.

- City staff met with the owner representatives of Cadillac Lofts to review and approve minor changes to Phase 2 of the project. Plans were approved. Demolition of the old G&D store and start of construction are anticipated within a few months. Completion planned for 2023.
 - City staff has facilitated meetings between the owner of the former Speed's Automotive property and the MEDC to evaluate potential funding assistance. The owner has prepared proformas for his project and a final assistance package should be known within a few months. Community Development staff has been working on a process to get the project approved for zoning. Construction is planned to start in 2022.
 - City staff has continued to meet with the owners of the former Escape or Northwood Hotel property and has facilitated meetings between them and the MEDC for potential funding assistance. Ownership is in the final stages of preparing proformas for their project for consideration for a loan or grant from the MEDC. Additionally, City staff has arranged for a meeting between ownership and the owner of the neighboring pharmacy business, so they can discuss their mutual projects and see if there is a possibility for collaboration.
 - City staff has worked the pharmacy business, Cadillac Pharmacy, on arranging to get her damaged canopy down and her building façade restored. This action led to ownership deciding to reevaluate pursuing redevelopment of the upper floors of her building. She has expressed an interest in considering doing a boutique hotel.
 - City staff has continued to work with a developer that has redeveloped the former Cobbs & Mitchell Building on rehabilitation of his buildings, and evaluation of new residential projects in the City. Projects include the purchased the old Never Down For the Count building and his renovating it for a indoor storage facility. He had the building painted and installed shutters on the upper windows. He is considering converting the upper floor into either offices or residential units. Additionally, the developer is exploring the possibility of building apartment units on a 3-acre site just south of Pearl Street at the City border. Staff has been assisting him in facilitating design and zoning approvals.
 - The former Better Bodies condemned building (412 S. Mitchell) is now fully renovated and the new home for Long Road Distillers.
 - The Shay Showcase project (a Cadillac Area Chamber of Commerce Leadership project) was completed in 2021. A new structure with a total value of \$150,000 was built over the Shay Locomotive. \$140,000 was raised by public donations and contractor labor donations.
- The City was successful in getting a low-income designation from the MEDC which will create more grant eligibility for the city.
 - The City achieved Redevelopment Ready Status which will allow the City to remain grant eligible for many of the state's grant programs including technical assistance grants to assist in preparing planning and zoning documents.
 - Community Development secured a \$5,000 grant from MEDC to assist in getting the new zoning ordinance prepared more quickly.

10. Enhance Employee Development and Training

Time Frame: Ongoing

Initiated: 2016

Project Leader: Marcus Peccia

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

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

- Multi-department CPR training
- Attendance/participation at various Michigan Chapter of the American Public Works Association professional development events
- Attendance/participation at various Michigan Chapter of the Government Finance Officers Association professional development events
- Attendance/participation at Michigan Municipal League, Michigan Management Executives, and International City/County Management Association professional development events
- In-house software refreshment training
- Updating to an Office 365 cloud based platform
- Options for upgrading tablets/mobile devices for Council and staff
- Network upgrades via fiber and wi-fi connections between facilities
- Enhancements to employee assistance programs through Encompass and Backing the Badge
- Improvements to staff work spaces (ergonomically improved equipment/furnishings)
- Police and Fire leadership attendance/participation in both state, regional and national professional development events, to include the Michigan Association of Chiefs of Police, International Association of Chiefs of Police, and the Northern Michigan Fire Chiefs Association
- The Police Department acquired software called Power DMS to increase the administrative efficiency of the Department by having the ability to now create, track and manage official law enforcement policies and programs.
- The City acquired a new BS&A Building Department Module which will allow for more efficient management of our Rental Inspection Program, building permit process, and all planning and zoning applications and permits. In addition to improving work efficiency, it will allow for better and easier reporting to the MEDC regarding Redevelopment Ready Communities Auditing.

11. Outside Funding Initiative

Time Frame: Ongoing

Initiated: 2019

Project Leader: Marcus Peccia

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

Status: Ongoing - Outside funding initiatives underway include, but are not limited to the following:

- Michigan Department of Natural Resources Trust Fund Grant will provide over \$250,000 to use toward the construction of the White Pine trail extension and White Pine Trail Head. This project will be under construction in 2021, and additional outside funding is being sought.
- The city continues to solicit over \$4,000 per year in public contribution to assist in funding the downtown flower basket program. This covers about half the cost of the program. We continue to seek out sponsors for the formal planting areas in the downtown.
- Approximately \$800,000 of Community Development Block Grant (CDBG) funds for undertaking improvements to the Cadillac Lofts Site was secured for phase one demolition and construction abatement activities.

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- \$1,500,000 MEDC Community Redevelopment Program grant for Cadillac Lofts project was secured.
- Approximately \$750,000 State Brownfield Grant/Loan funds for undertaking eligible activities on the Cadillac Lofts Site was secured.
- \$1,000,000+ State Brownfield Grant/Loan for Mitchell-Bentley clean-up was secured.
- Additional CDBG funds to facilitate public infrastructure projects (Phase II of the Cadillac Lofts project) is being secured.
- Additional MEDC grant funds are being explored to facilitate continued economic growth and expansion.
- Additional Federal funds, such as Transportation Alternative Program grants are being explored to aid in creating new walkways.
- Public Act 51 funds are being secured to facilitate road improvements.
- The Chamber of Commerce Leadership Class is attempting to secure \$120,00 in contributions and grant funds to replace the shelter over the Shay Locomotive and install a brick pathway (2021). \$20,000 in grant funds has already been secured.
- The City received \$50,000 from the USDA for the Market in 2020. These funds were to fund accessories to the primary structure such as the power screens, security cameras, and fans.
- A \$100,000 grant was secured from the MEDC in 2020 for the design of industrial street in the Potvin Industrial Park. This grant will close out in 2021 unless extended.
- A \$250,000 Consumers Energy Prosperity Grant was won, and will be used to create two micro-parks, help eliminate blight, conduct a residential façade program, and add some cultural elements to our parks. Partnering with Habitat for Humanity is also underway to aid in implementation of a component of the program.
- A \$25,000 Match on Main Grant for the benefit of the Owl Eye Coffee Roaster Company in downtown Cadillac was won, and this money will be used to create an indoor seating area and improve product storage areas. Additional Match on Main Grants are being sought after, and the City has partnered with the Chamber and Visitors Bureau to collaborate with the process.
- Additional \$27,500 dollars in funding for the White Pine Trailhead Project was acquired from the Cadillac Area Community Foundation and the Cadillac Area Visitors Bureau, along with over \$5,000 from Republic Waste, to help offset non-grant eligible expenses.
- \$4,000 in funding has been secured to undertake a hotel feasibility study for downtown Cadillac. Funds were secured from: Alliance for Economic success, Cadillac Area Visitors Bureau, Cadillac Area Community Foundation and ownership from Cadillac Family Pharmacy.

12. Police Department Accreditation Program

Time Frame: 1-2 Years

Initiated: 2020

Project Leader: Adam Ottjepka

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

Status: Ongoing -The accreditation process has started through the filing of our application, completion of relevant training, and acquisition of the accreditation software. The Cadillac Police Department is currently at over 40% completion at this time.

13. Walkability Enhancements

Time Frame: Ongoing

Initiated: 2019

Project Leader: John Wallace

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

Status: Ongoing - In 2019 the Downtown Development Authority prepared preliminary design and cost estimates for two mid-block pedestrian crossings in Mitchell Street. Funding options for this project are being explored including potential MDOT funding. To date there have been no MDOT funds available for this project. The Chamber of Commerce Leadership Program proposed to fund one of these crosswalks in 2020 as part of their class leadership community project, however, the city council did not approve this project due to maintenance concerns.

Collaboration between the City, Cadillac Area Public Schools and the State is underway regarding the acquisition of a Federal grant opportunity through the “Safe Routes to School” program. If successful, it is possible significant grant dollars will be available for the construction of pathways (e.g. sidewalks) for children to our schools. It is anticipated that the funding could be awarded in 2022.

The Chestnut street paving in 2021 included enhanced in-street bicycle paths.

14. Parking Enhancements

Time Frame: On-Going

Initiated: 2020

Project Leader: Marcus Peccia

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

Status: Ongoing - Several automated parking structures and vendors have been explored per recommendation by the MEDC. Merging such a parking structure into a broader mixed-use project (such as Cadillac Lofts or the Northwood project) is being evaluated to see if it is possible to secure funding through the MEDC. However, with modifications to the Community Development Block Grant (CDBG) program, it is becoming more likely that an alternative funding source will be needed to make any meaningful parking enhancements.

The City is also working with the MEDC to qualify for CDBG funding as a low/moderate income community. The City was recently approved in February 2020 to conduct a low-income survey. In late 2019 the FY2020

budget was amended to set aside funding for the survey, which needs to be conducted by one of the State's certified universities. Due to the Covid-19 pandemic the low-income survey was delay and now it is anticipated that the City will undertake the survey by spring or summer of 2021. If the City qualifies as a low to moderate income community, CDBG or other funding, possibly through the USDA-RD, can be pursued for parking and other public infrastructure improvements.

The city has achieved being designated a low-income community by the MEDC. This will create future opportunities for grants for a parking project.

The city at the present time is reviewing a new MEDC grant program for public infrastructure. If the city is successful in obtaining a grant it would assist in financing the parking improvements along Chapin Street as part of the Cadillac Lofts Phase 2 development.

15. Commuter Rail Depot

Time Frame: On-Going & No Changes

Initiated: 2019

Project Leader: John Wallace

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

Status: Ongoing - The City has identified a site which may meet the states guidelines for a train depot. However, the lobbying effort is being led by a non-profit in our region, and progress is moving very slowly if at all. The formation of a new organization, possibly non-profit, to lead the implementation of this project has yet to occur. It is possible that the potential property may be sold or otherwise redeveloped long before any of this project ever becomes a reality.

16. Public Safety Community Trust & Engagement Program

Time Frame: Ongoing

Initiated: 2020, Revised 2022

Project Leader: Adam

Ottjepka

The Cadillac Police and Fire Departments are aware of the importance of engaging and communicating with local citizens. Creation of this program is intended to make it easier for members of the community to engage and communicate with Police and Fire leadership. Additionally, another primary objective is to continue supporting our law enforcement professionals by providing them with the necessary resources to be as up-to-date as possible with their operating policies, procedures and training programs; all of which help to reinforce the strong community trust we currently enjoy in our City.

Utilizing technology such as social media and exploring other services such as broadcast type messaging applications whereby subscribers – with a free subscription - could receive a text and/or email whenever a message is sent by Police or Fire will be part of this program. More traditional meet and greet opportunities such as open-house type gatherings may also be part of this program.

Status Updates

- Covid has had a negative impact on the in-person nature of this program, but virtual safety programs have been provided to our Cadillac Area Public Schools (elementary children). Currently our School Resource Officer and Fire Officers are engaging more in-person with school children, however we are still dealing with COVID-19 related restrictions.
- Implemented software at the Police Department to track and assign policies for the purposes of verifying that they are conforming with accredited general best practices.
- Implemented software at the Police Department for the purposes of documenting and tracking all current required training and professional development programs.

17. Hazardous Materials Response Initiative

Time Frame: 1-2 Years

Initiated: 2020

Project Leader: Adam Ottjepka

Implementation of an increased level of hazardous materials response capabilities by the Cadillac Fire Department would be ideal given the variety of industries that call Cadillac home in addition to the variety of freight moving through the community on roadways and rail lines. Potential opportunities for the City include entering into an intergovernmental agreement with a rated and equipped organization. Then through mutual-aid type collaboration, Cadillac would be the first responders responsible for command of the hazardous materials spill scene and decontamination of any victims, and the partner would be responsible for the subsequent clean-up.

Status: *Ongoing* -Discussions with regional agencies are underway, and it is anticipated that the project will be completed in 2022. Additionally, informal communication with community industrial stakeholders have occurred, and a drafting of the program is underway for future discussions with our industries prior to future implementing the process to put the program in place.

18. Asset Management Plan & Distribution System Materials Inventory

Time Frame: 3-years

Initiated: 2022

Project Leader: Jeff Dietlin

This priority program pertains to the City's Drinking Water Asset Management Plan (AMP) and Distribution System Materials Inventory (DSMI). Field verification will be conducted for a minimum of 351 service lines out of our current total that exceeds 3,800. Work will include hydroexcavation of curb stops and in-building documentation of service line materials, as well as excavation and investigation of 51 corporation stops. All information will be reviewed, updated and put into our Geographic Information System (GIS) database.

Status: *New* -Anticipated to start in spring of 2022 and be completed by the end of 2024.

19. American Rescue Plan Act Funding Opportunities

Time Frame: 1-2 Years

Initiated: 2022

Project Leader: Owen Roberts

As part of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program of the American Rescue Plan Act passed by the US Congress in 2021, the City of Cadillac is receiving an allocation of nearly \$1.1 million. The City has already received 50% of these funds, and the remaining 50% will be received in the fall of 2022. Based on the final guidance for spending these funds, the City expects to utilize the \$10 million standard exemption option to consider all of these funds under the 'Revenue Loss' category which expands the flexibility to use these funds for services traditionally provided by government. Per the Final Rule issued by the US Treasury, these uses can include such services as:

- Construction of schools and hospitals
- Road building and maintenance, and other infrastructure
- General government administration, staff, and administrative facilities
- Environmental remediation

- Provision of police, fire, and other public safety services (including purchase of fire trucks and police vehicles)

A priority list of potential uses of these one-time dollars should be developed which ensures that they are being allocated to non-recurring costs, and toward other important priority items of the City Council.

Status: Ongoing – In December 2021, City Council authorized the use of a small portion of these funds – less than \$80,000 – for a one-time COVID-19 payment for all full-time City employees. This leaves just over \$1 million in funds available. The City has until December 31, 2024 to obligate these funds and until December 31, 2026 to spend them. It is expected that conversations as part of our fiscal year 2023 budgeting process will take place, and preliminary plans proposed throughout the remainder of 2022.

As part of the fiscal year 2023 planning meeting, it was discussed that funding could be used to help extend the homeowner façade program the City developed with funds from the Consumers Energy Foundation Grant and in partnership with Habitat for Humanity. Allocating \$20,000 towards this program, for example, would double the current allocation. It was also discussed that the balance of the funds could be diversified as best as possible across projects such as road projects, erosion control, placemaking and other grant matching type projects, including the future trailhead project, and other capital improvement program-type initiatives.

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 FY2023 Strategic Priority Programs				Community Development and Enhancement Economic Health and Development Public Safety Service and Organizational Enhancement															
Project No.	Time Frame	Leader	Project Title (Note: Projects may cross multiple fiscal years)	Promote Positive Image	Advance Quality of Life	Maintain & Improve Civic Infrastructure	Maintain & Improve Public Facilities and Equipment	Actively Support Local Business Development	Promote Business Retention	Crime Prevention	Emergency Readiness and Response	Enhance Regional Cooperation and Communication	Maintain and Improve Human Infrastructure	Update Administrative Procedures and Policies					
1	Ongoing	Owen	Study future of Cadillac Community Center (former Naval Reserve)																
2	1-2 Yrs.	Marcus	Update Lake Cadillac Invasive Species Management Program																
3	Ongoing	John	Cadillac West Corridor Improvements & Association																
4	Ongoing	Marcus	Complete Development of Cadillac Commons																
5	1 Year	Jeff	Complete Phase II of Well Field Relocation Project																
6	Ongoing	Owen	Implement Plan to Upgrade all Streets Rated in Poor Condition																
7	1 Year	Owen	Enhance Web and Social Media Presence																
8	Ongoing	Owen	Maintain 2-3 Months Fund Balance Reserves in General Fund																
9	1-2 Yrs.	Marcus	Improve Capacity to Encourage and Facilitate Local Development																
10	Ongoing	Marcus	Enhance Employee Development and Training																
11	Ongoing	Marcus	Outside Funding Initiative																
12	1-2 Yrs.	Adam	Police Department Accreditation Program																
13	1 Year	John	Walkability Enhancements																
14	Ongoing	Marcus	Parking Enhancements																
15	Ongoing	John	Commuter Rail Depot																
16	1-2 Yrs.	Adam	Public Safety Community Engagement Program																
17	1-2 Yrs.	Adam	Hazardous Materials Response Initiative																
18	3 Yrs.	Jeff	Asset Management Plan & Distribution System Materials Inventory																
19	1-2 Yrs.	Owen	American Rescue Plan Act Funding Opportunities																

DEPARTMENTAL GOALS AND OBJECTIVES

City of Cadillac Departmental Structure

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

Department

- Office of the City Manager
- Financial Services
- Public Works
- Community Development
- Police Department
- Fire Department
- Water and Sewer

Department Director Title

City Manager (Marcus Peccia)
Director of Finance (Owen Roberts)
Director of Public Works (Owen Roberts)
Community Development Director (John Wallace)
Director of Public Safety (Adam Ottjepka)
Director of Public Safety (Adam Ottjepka)
Director of Utilities (Jeff Dietlin)

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

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

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

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

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Department: Financial Services Department

Director: Owen Roberts

Performance Measures: Pages 67, 68, 84, 86, 87, 107, 175, 183

Departmental Goals and Objectives:

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

1. Promote *fiscal responsibility* by advocating for and practicing prudent, conservative fiscal practices and decision-making. Identified tasks to help achieve this objective are:
 - a. Minimize personnel legacy costs. **(PP-8)**
 - b. Measure and fully fund annual pension and other post-employment benefits liabilities. **(PP-8)**
 - c. Maintain General Fund Working Capital fund balance assignment of at least 15% of total annual General Fund expenditures. **(PP-8)**
2. Foster a *community spirit of trust* by providing open and easy access to financial information and results. Identified tasks to help achieve this objective are:
 - a. Property tax information available on the City's website. **(PP-7)**
 - b. Annual Operating Budget, Comprehensive Annual Financial Report, and 6-Year Capital Improvement Program available on the City's website. **(PP-7)**
3. Promote a *community spirit of trust* by commitment to providing comprehensive and accurate financial information. Identified tasks to help achieve this objective are:
 - a. Obtain Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).
 - b. Obtain Distinguished Budget Presentation Award from the GFOA.
 - c. Obtain unmodified ("clean") audit opinion.
4. Demonstrate a *strong commitment to quality and efficiency* in the delivery of *community services* by utilizing technology to streamline communications and internal business processes. Identified tasks to help achieve this objective are:
 - a. Evaluate and invest in new and/or upgraded technologies to take advantage of new efficiencies. **(PP-7; 10)**
 - b. Continue IT hardware replacement to ensure optimal efficiency and minimize down time.
 - c. Develop new communication tools and utilize existing tools to enhance delivery of important information to local residents and businesses. **(PP-7)**
 - d. Implement new processes for electronic vendor payments for majority of payments. **(PP-10)**

Department: Department of Public Works

Director: Owen Roberts

Performance Measures: Pages 99-100, 102, 104, 136, 141, 145, 171

Departmental Goals and Objectives:

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

1. Enhance Cadillac as an *appealing community* by protecting our *natural resources, open spaces and recreational areas* throughout the City's parks, rights-of-way, open spaces and Maple Hill Cemetery. Identified tasks to help achieve this objective are:
 - a. Plant 100 trees annually in City right-of-way and public spaces.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

- b. Continue forestry practices that have helped the City maintain the designation of Tree City USA for over thirty consecutive years.
 - c. Adequately staff seasonal crews to facilitate optimal maintenance of parks and cemetery. **(PP-10)**
- 2. Promote ***fiscal responsibility*** by seeking ways to help offset costs of parks maintenance and forestry activities and to provide funding for additional activities. Identified tasks to help achieve this objective are:
 - a. Actively seek forestry grants to assist in the cost of purchasing trees. **(PP-11)**
 - b. Utilize competitive bidding process to ensure lowest acquisition costs for goods and services.
 - c. Seek opportunities to utilize volunteer help where appropriate.
 - d. Utilize Wexford County trustee help to reduce staffing costs. **(PP-11)**
- 3. Promote a ***community spirit of trust*** by responding to citizen comments and concerns in a timely fashion. Identified tasks to help achieve this objective are:
 - a. Develop a system to track citizen requests and complaints in order to measure response times and satisfactory resolutions. **(PP-7)**
 - b. Enhance online submission venue for citizen concerns, comments and complaints. **(PP-7)**
- 4. Support our ***strong commitment to monitoring the City's infrastructure*** by continually evaluating and updating the infrastructure needs within the City. Identified tasks to help achieve this objective are:
 - a. Annually rank the condition of City streets. **(PP-6)**
 - b. Review and rank utility infrastructure needs below the streets. **(PP-6)**
 - c. Review and update Capital Improvement Program projects. **(PP-6)**
 - d. Develop Parks Management Plan to assist with management of the City's recreational assets.
 - e. Aggressively and consistently seek outside funding to offset costs of infrastructure projects. **(PP-12)**
- 5. Enhance the City as a ***highly appealing and desirable community*** through maintenance practices including:
 - a. Inspect and repair sidewalks thereby ensuring a safe walking environment for the public. **(PP-13)**
 - b. Complete the sign replacement program and maintain existing system of signs throughout the City.
 - c. Continue with the seasonal employment of a downtown maintenance worker who is responsible for sweeping sidewalks and side street parking spaces as well as resetting brick pavers and litter collection. **(PP-13; 14)**
 - d. Optimize ice and snow control activities on State trunk lines, major and local streets and residential sidewalks.

Department: Community Development Department

Director: John Wallace

Performance Measures: Pages 105, 149, 164, 194, 196

Departmental Goals and Objectives:

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

- 1. Promote a ***well-managed and fiscally responsible community*** through the updating, adoption and implementation of key policy and land use instruments and through the formation of organizational structures identified as important to the city's future growth and development. Identified tasks for achieving this objective include:
 - a. Initiate the Cadillac West Corridor Improvement Association. **(PP-3)**
 - b. Update Zoning Ordinance. **(PP-9)**
 - c. Update the City Master Plan. **(PP-9)**

2. Promote *fiscal responsibility* by carefully identifying, examining and pursuing local, state, and federal funding programs as a means of leveraging local dollars as well as providing for facilities and services potentially unavailable without the benefit of supplementary resources. Identified tasks for achieving this objective include:
 - a. Pursue additional funding for the White Pine Trail Downtown Bike Station. **(PP-11)**
 - b. Pursue additional Community Development Block Grant (CDBG) funding. **(PP-11)**
 - c. Complete applications for additional funding currently available. **(PP-11)**
3. Enhance the City as a *highly appealing and desirable community* by fostering the growth and development of new facilities and services. Identified tasks for achieving this objective include:
 - a. Complete Cadillac Commons project. **(PP-4)**
 - b. Identify targeted redevelopment projects through the Redevelopment Ready Communities process. **(PP-9)**
 - c. Include design standards as appropriate for City programs and licensing processes. **(PP-9)**
4. Foster a *community spirit of trust* by instituting and participating in programs designed to inform and educate the public on community development matters. Identified tasks for achieving this objective include:
 - a. Prepare reference materials for residents submitting applications on common zoning issues such as site plans, rezoning applications, accessory buildings, and fence applications. **(PP-9)**
5. Promote the *City's environmental well-being* by instituting programs designed to protect the City's natural resources. Identified tasks for achieving this objective include:
 - a. Continue getting grants for street tree planting throughout the city. **(PP-11)**
 - b. Include a natural resource element in the next update to the city's master plan.
 - c. Evaluate and implement as appropriate environmentally friendly storm drainage design.

Department: Police Department
Director: Adam Ottjepka
Performance Measures: Pages 92-94

Departmental Goals and Objectives:

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

1. Foster a *community spirit of trust and broad-based citizen involvement* by continuing to work with the community to reduce crime and increase the feeling of community safety. Identified tasks to help achieve this objective are:
 - a. Promote citizen reporting of “see something say something” to help identify and prevent criminal activity. **(PP-16)**
 - b. Involve the Cadillac Community Policing Officer with local civic groups and community organizations to share information, offer other available resources, solve community problems, and offer crime prevention training in the community. **(PP-16)**
 - c. Build community trust by offering professional, competent, respectful, and helpful service to the community. **(PP-16)**
2. Enhance the City as a *highly appealing and desirable community* by placing a high emphasis on traffic safety. Identified tasks to help achieve this objective are:
 - a. Perform traffic surveys to identify problem areas.
 - b. Utilize the department's radar speed trailer and invest in additional speed radar signs throughout the city to raise speed limit awareness and promote compliance with the law.

CITY OF CADILLAC, MICHIGAN
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- c. Assign traffic patrol to identified problem areas.
 - d. Maintain focus on the increasing problem of operating under the influence of drugs by continuing to train and utilize departmental Drug Recognition Expert to assist officers in recognizing and combating this dangerous situation.
- 3. Enhance the City as a *highly appealing and desirable community* by decreasing criminal activity such as larcenies, property damage, and breaking and entering. Identified tasks to help achieve this objective are:
 - a. Continue to deploy personnel on targeted neighborhood patrols. **(PP-16)**
 - b. Continue to put a high emphasis on investigating and solving crimes and prosecuting the offenders.
 - c. Utilize the media, business contacts, and community groups to raise community awareness of current problems to promote early detection and reporting of suspicious or criminal activity. **(PP-7; 16)**
- 4. Promote the City's *environmental well-being* by purchasing products and equipment for the department whenever possible that are environmentally friendly, safe, economical and that support local business when appropriate. Evaluate other operational opportunities to reduce emissions. Identified tasks to help achieve this objective are:
 - a. Evaluate environmental impact of equipment acquisitions and departmental activities.
- 5. Promote a *well-managed and fiscally responsible community* by continuing current efforts and seeking out additional opportunities for co-operative mutual aid agreements with area public safety agencies. Identified tasks to help achieve this objective are:
 - a. Continue to take advantage of opportunities for joint in-house training utilizing local departmental instructors. **(PP-10; 11)**
 - b. Promote sharing of specialized equipment with other local agencies to eliminate duplication in the acquisition of costly equipment.
 - c. Continued support of joint specialty teams.

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Department: Fire Department
Director: Adam Ottjepka
Performance Measures: Pages 94-96

Departmental Goals and Objectives:

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

- 1. Demonstrate a *strong commitment to public health and safety* by protecting local residents, businesses, and industries through fast, effective and efficient fire protection emergency medical services (EMS), hazardous materials protection, and extrication, ice and technical rescues. Identified tasks to help achieve this objective are:
 - a. Provide and document adequate training for all personnel. **(PP-10)**
 - b. Maintain safe, efficient, and updated equipment and fire apparatus.
 - c. Develop and maintain pre-incident action plans for high-risk occupancies. **(PP-10)**
 - d. Minimize fire losses through prevention, investigation, and personnel development. **(PP-10)**
 - e. Develop and maintain company inspection program that focuses on Fire Code compliance in the Downtown District **(PP-9)**
- 2. Promote a *fiscally responsible community* by continuing partnerships with local agencies to provide efficient fire and EMS services. Identified tasks to help achieve this objective are:
 - a. Continue partnerships with MMR and Clam Lake Township.

- b. Maintain and enhance mutual aid agreements with other local departments.
 - c. Develop county-wide training partnerships. **(PP-10)**
 - d. Enhance county-wide purchasing partnerships.
 - e. Maximize Wexford Fire Training Committee funds from the State of Michigan. **(PP-10)**
 - f. Fully utilize any available cost-free training opportunities from FEMA and other federal agencies. **(PP-10; 11)**
3. Promote a *strong community spirit of trust* and *broad-based citizen involvement* through community fire prevention and safety education, especially to “at-risk” groups like the very young and elderly. Identified tasks to help achieve this objective are:
- a. Increase educational programs within local school systems, senior housing facilities, and other community-based organizations. **(PP-16)**
 - b. Develop closer relationship with community stakeholders to improve efficiency and effectiveness of code enforcement activities. **(PP-16)**

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Department: Utilities Department
Director: Jeff Dietlin
Performance Measures: Pages 110, 112, 116, 119, 122, 125, 128, 131-134, 192

Departmental Goals and Objectives:

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

- 1. Promote *fiscal responsibility* by advocating for and practicing prudent decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate staff to maximize potential workloads. **(PP-10)**
 - b. Evaluate equipment needs and develop a comprehensive preventative maintenance program to extend useful life of all equipment.
- 2. Foster a *community spirit of trust* by providing open and easy access to information and results. Identified tasks to help achieve this objective are:
 - a. Encourage local residents and groups to tour departmental facilities.
 - b. Provide annual results of water quality tests on the City website. **(PP-7)**

Water Resources Division

- 1. Promote *fiscal responsibility* by advocating for and practicing prudent decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate opportunities for new revenue such as accepting additional hauled waste.
 - b. Maintain a well-run digester to ensure the production of alternate fuel sources to offset costs of natural gas usage.
- 2. Promote an *environmentally conscious attitude* by advocating for and practicing environmentally prudent decision-making. Identified tasks to help achieve this objective are:
 - a. Maintain a well-run digester to ensure the production of alternate fuel sources to reduce natural gas usage.
 - b. Evaluate green component of future purchases.
 - c. Maintain discharge levels below required NPDES permit levels.

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- d. Maintain an active Industrial Monitoring Program to limit amount of industrial waste that is discharged into the wastewater treatment system.
- e. Maintain the production of Class “A” EQ (Exceptional Quality) biosolids for land application.
- f. Continue bi-annual collection of Household Hazardous Waste.

Water Distribution and Collection Division

- 1. Promote *fiscal responsibility* by advocating for and practicing prudent financial decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate opportunities for new revenue such as selling bulk water.
 - b. Maintain a well-run meter program with less than 1% misreads per month.
 - c. Continue educational opportunities for the enhancement and proficiency of our employees. *(PP-10)*
- 2. Promote *environmentally conscious attitude* by advocating for and practicing prudent environmental decision-making. Identified tasks to help achieve this objective are:
 - a. Clean at least 20,000 feet of sewers a year.
 - b. Achieve total coliform test results of zero for the year.
 - c. Flush all fire hydrants within the City two times per year.
 - d. Continue preventative maintenance program for all fire hydrants in the City.
 - e. Evaluate green alternatives for new well field infrastructure.
 - f. Turn and exercise 20% of all main valves in the water system.

Laboratory Division

- 1. Promote *fiscal responsibility* by advocating for and practicing prudent financial decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate opportunities for new revenue such as expanding customer base for laboratory services.
 - b. Increase number of tests that laboratory and staff are certified to perform. *(PP-10)*
 - c. Perform over 32,000 total tests annually.
 - d. Bill over \$80,000 for contract laboratory services to non-City of Cadillac accounts.
 - e. Provide a chemical hygiene course yearly to prevent accidental chemical exposure.
 - f. Maintain an SDS record for chemical spill response.
 - g. Research new vendors to receive best prices for the goods used.
- 2. Promote *environmentally conscious attitude* by advocating for and practicing prudent environmental decision-making. Identified tasks to help achieve this objective are:
 - a. Provide a place where total coliform measurements may be performed.
 - b. Maintain an updated and accurate record of chemicals at the Wastewater plant.
 - c. Give tours and classroom instruction for the schools around Cadillac.
 - d. Perform tests for Wastewater plant for compliance in Industrial Pretreatment Program, NPDES and the plant operation to maintain environmental compliance/protection.
 - e. Perform test for the Water plant to obtain/maintain a record of water quality.

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ORDINANCE NO. 2022-xx
ORDINANCE ESTABLISHING GENERAL APPROPRIATIONS ACT
FOR FISCAL YEAR 2023

THE CITY OF CADILLAC ORDAINS:

Section 1, Title.

This Ordinance shall be known as the City of Cadillac General Appropriations Act for Fiscal Year 2023.

Section 2, Public Hearing on the Budget.

Pursuant to MCL 141.412 and Section 10.3 of the City Charter, notice of a public hearing on the proposed budget was published in a newspaper of general circulation on April 7, 2022, and a public hearing on the proposed budget was held on April 18, 2022.

Section 3, Expenditures.

The City hereby appropriates the expenditures for the fiscal year commencing July 1, 2022 and ending June 30, 2023 on a departmental and activity total basis as follows:

General Fund Expenditures

Legislative	\$55,000
Office of the City Manager	332,300
Financial Services	378,100
City Clerk/Treasurer Department	363,000
Election Services	16,000
Assessing Services	144,000
Legal Services	200,000
City Complex	355,100
Police Department	2,273,000
Code Enforcement	19,000
Fire Department	1,600,900
Public Works	1,106,300
Culture and Recreation	307,000
Economic Development and Assistance	303,000
Intergovernmental	99,200
Other	170,000
Total Expenditures	\$7,721,900

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Section 4, Estimated Revenues.

The City estimates that revenues for the fiscal year commencing July 1, 2022 and ending June 30, 2023 will be as follows:

General Fund	
Taxes	\$4,353,000
Licenses & Permits	132,500
Intergovernmental	2,171,000
Charges for Services	1,175,100
Fines & Forfeits	10,000
Miscellaneous	20,000
Interest and Rents	36,500
Total Revenues	\$7,898,100

Section 5, Budgets.

The City hereby approves budgets for the fiscal year commencing July 1, 2022 and ending June 30, 2023 for the following funds in the amounts set forth below:

	<u>Revenues</u>	<u>Expenses</u>
Governmental Funds		
Major Street Fund	\$1,527,500	\$2,044,300
Local Street Fund	766,000	1,349,600
Cemetery Operating Fund	152,000	160,000
Cadillac Development Fund	13,500	90,500
Building Inspection Fund	70,000	70,000
Naval Reserve Center Fund	25,800	25,500
Lake Treatment Fund	30,000	30,000
H.L. Green Operating Fund	500	0
2016 General Obligation Capital Improvement Bond	160,000	160,000
2020 General Obligation Capital Improvement Bond	317,500	317,500
Industrial Park Fund	5,000	50,500
Special Assessment Capital Projects Fund	3,300	25,500
Downtown Infrastructure Project	0	455,000
Cemetery Perpetual Care Fund	15,500	15,500
Capital Projects Fund	1,500	500

CITY OF CADILLAC, MICHIGAN
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	<u>Revenues</u>	<u>Expenses</u>
Proprietary Funds		
Auto Parking Fund	\$94,500	\$92,400
Water & Sewer Fund	4,717,000	4,708,600
Capital		918,500
Debt Service		890,000
Building Authority Operating Fund	194,500	160,500
Central Stores & Municipal Garage Fund	710,000	708,300
Capital		95,000
Debt Service		50,000
Information Technology Fund	208,100	207,100
Capital		70,000
Self-Insurance Fund	1,635,000	1,635,000
Employee Safety Fund	12,000	12,000
Pension Trust Fund		
Police & Fire Retirement System	1,112,500	1,112,500
Component Units		
Local Development Finance Authority Operating Fund	275,000	275,000
Local Development Finance Authority Utility Fund	21,000	15,300
Local Development Finance Authority Capital Projects Fund	161,000	325,500
Downtown Development Authority Operating Fund	34,000	34,000
Downtown Development Authority Capital Projects Fund	135,000	130,000
Brownfield Redevelopment Authority Operating Fund	149,000	149,000

Section 6, Millage Levies.

(a) The City will levy a tax of 13.4992 mills for the period of July 1, 2022 through June 30, 2023, on all real and personal taxable property in the City, according to the valuation of the same. This tax is levied for the purpose of defraying the general expense and liability of the City and is levied pursuant to Section 20.6, Article 20 of the City Charter. The maximum authorized levy according to the City Charter is 15.00 mills.

(b) The City further levies a tax of 2.60 mills for the period of July 1, 2022 through June 30, 2023, on all real and personal taxable property in the City, according to the valuation of the same. This tax is levied for the purpose of defraying the cost of supporting the retirement plan for personnel of the police and fire departments of the City pursuant to the provisions of Public Act 345 of 1937, as amended, as approved by a vote of the citizens of the City on November 8, 1977.

CITY OF CADILLAC, MICHIGAN
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(c) The City further levies a tax of 1.8501 mills for the period of July 1, 2022 through June 30, 2023, on all real and personal taxable property in the City, according to the valuation of the same in a district known as the Downtown Development District. This tax is levied for the purpose of defraying the cost of the Downtown Development Authority.

Section 7, Adoption of Budget by Reference.

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

Section 8, Transfer Within Appropriation Centers.

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

Section 9, Appropriations by Resolution.

The City Council may, by resolution, make additional appropriations during the 2023 Fiscal Year for unanticipated expenditures required of the City, but such expenditures shall not exceed the amount by which actual and anticipated revenues of the fiscal year are exceeding the revenues as estimated in the budget unless the appropriations are necessary to relieve an emergency endangering the public health, peace or safety.

Section 10, Effective Date.

This Ordinance shall take effect on July 1, 2022.

Approved this 16th day of May, 2022.

Sandra Wasson, Clerk

Carla J. Filkins, Mayor

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

MEMORANDUM

To: Honorable Mayor Carla J. Filkins and Cadillac City Council
From: Marcus A. Peccia, City Manager
Subject: Transmittal of 2022-2023 Annual Operating Budget
Date: April 1, 2022

INTRODUCTION

On behalf of the entire City of Cadillac staff, I am pleased to present to you the proposed FY2023 (July 1, 2022 - June 30, 2023) Annual Operating Budget that includes proposed expenditures totaling \$22.1 million.

The proposed FY2023 budget is balanced, with all operating and capital expenditures analyzed and covered by current revenues and available fund balance in accordance with the City's fiscal reserve standards. The budget for all funds and activities proposes a spending decrease of about 4.2% compared to the FY2022 budget. This decrease in spending is primarily due to the timing of various infrastructure projects in the Major and Local Street Funds, and activities throughout City operations that can vary from year to year. The following is a general overview of the proposed budget, the City's short-term outlook, and the status of various funds and activities.

OVERVIEW OF BUDGET

As we continue to emerge from COVID-19, pandemic-related fiscal uncertainties appear to be behind us as we look towards our new fiscal year 2023. In short, Cadillac's finances are in very strong condition, the result of conservative fiscal practices, appreciation of property values, as well as the organization's success in taking advantage of outside funding opportunities.

One example of an outside funding source - which surprisingly not all northern Michigan communities applied for - was the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The City received significant compensation, nearly \$400,000 through multiple components of this fiscal relief act enacted by Congress. More recently, the American Rescue Plan Act is providing the City just over \$1,000,000 in funding that can be used to help subsidize any number of capital projects, such as any of the projects in our six-year capital improvement program. The first of two payments for these funds has been received, with the second payment expected this fall.

This proposed budget keeps Cadillac on track for continued success. As with any operational year, there will be challenges, and certainly this coming year will have perhaps more than its fair share relative to other years.

Challenges that may be correlated to the aftermath of the pandemic, such as incredibly high inflation, labor shortages, equipment, and supply chain issues are matters that the City has been navigating over the last year and will need to continue to work through as we enter our new fiscal year. Global economic fluctuations due to the war in the Ukraine, are also undoubtedly on everyone's mind. However, I am

CITY OF CADILLAC, MICHIGAN
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confident that with Cadillac's continued focus on supporting economic development initiatives coupled with our overall fiscally conservative practices, the City will remain in a financially strong position, and this budget reinforces the framework for that continued success.

After several years of limited infrastructure investment due to a very challenging revenue environment, several miles of street projects have been completed since FY2018. This budget plans for an additional investment of \$1.4 million in street construction projects, utilizing the final proceeds from the issuance of capital improvement bonds that were issued in 2020. This budget also provides for nearly \$1 million in water and sewer utilities infrastructure, on top of the investment in the final phase of the well field relocation project that is nearing completion that should provide safe, clean drinking water for many years to come.

The City continues to value its partnerships with neighboring governments. The contract to provide fire protection to Clam Lake Township was renewed in December 2020, continuing this arrangement until at least December 2024. This agreement honors a long-standing partnership between the City and the township for fire services and provides revenue to help fund the costs of a full-time fire department. It is also anticipated that an important public safety mutual aid agreement will be approved between the City and several surrounding townships and Wexford County that will formalize current reciprocal practices of assisting when needed. I am pleased to confirm that the longstanding relationship with the Wexford County Equalization Department to provide assessing services to the City on a contractual basis has been extended through the approval of a new agreement beginning April 1. This is another intergovernmental cooperation and collaboration agreement that provides an ongoing benefit to both units. This budget also continues the partnership with Cadillac Area Public Schools pursuant to an ongoing contract to fund 50% of the costs of a School Resource Officer.

Revenues and Expenditures

Total budgeted revenues of City-wide operations are projected to be \$20.5 million while planned expenditures are \$22.1 million. Expenditures exceed revenues for the year by about \$1.6 million, almost exclusively due to the spending down of capital improvement bond proceeds received in 2020. The City's property tax base is expected to increase by nearly 7% for the year. However, due to the requirements of Michigan's Headlee amendment the City's operating millage will be rolled back from 13.6630 mills to 13.4922 mills. This restricts the increase in property tax revenues to about 5.35%, which provides an additional \$185,000 in operating revenues to the General Fund. This is unfortunately the fourth rollback of the operating millage in the last five years.

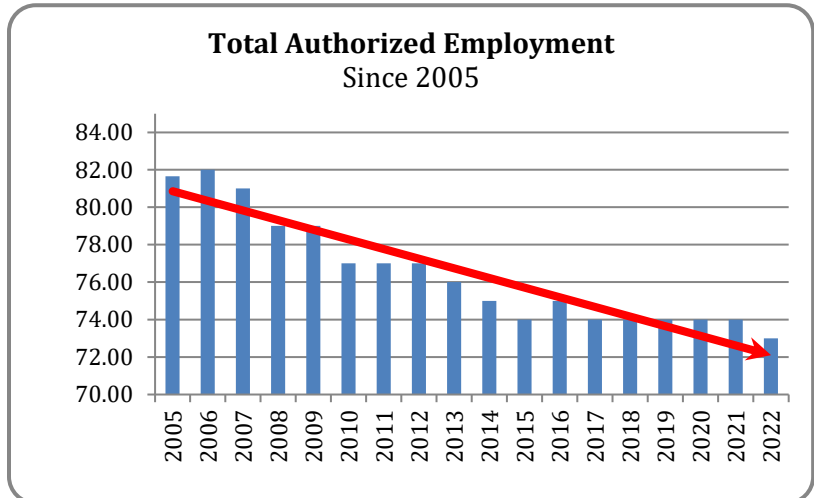
There is still some unknown regarding the State of Michigan's ongoing promise to reimburse municipalities for the loss in taxes related to personal property tax reform. The City received substantially more than projected in the first few years of the reimbursement though it is unclear what the longer-term trend of the reimbursement will be.

This budget recommends an increase in user charges in the water and sewer system. The proposed increase is 3% for both water and sewer, in accordance with requirements shown by a rate and cash flow analysis performed by an outside professional financial firm. This study indicated the need for a systematic series of annual rate increases that will enable the City to make needed system-wide capital investments to protect the integrity of these systems for the future. Over the last 15 years the City has passed rate increases averaging 2.7% for sewer, and 3.4% for water. The City's rates continue to compare very favorably to other regional utilities systems, and necessary systematic rate adjustments will enable the department to continue to make important infrastructure and equipment investments to keep these systems functioning efficiently and safely.

Residential trash collection and recycling rates are expected to rise based on inflationary adjustments and the need to bid or negotiate a new contract extension with the City's service providers, refuse removal with Republic Services and the recycling with Ms. Green. This increase is expected to be higher than normal based on current inflationary pressures at the beginning of 2022. These increases are passed on to the hauler and the City receives no additional revenue from the increase.

Personnel

The City of Cadillac is primarily a service organization, and as such people are a fundamental and important asset of the organization. Because of recent economic conditions, minimal pay adjustments have been available. The proposed budget recommends a cost-of-living adjustment of 2.75 - 3.5% for all union and nonunion employees depending on the collective bargaining agreement. In addition, the City will make an effort to provide a one-time payment to all employees to account for the dramatic spike in inflation that has been experienced in the early part of 2022.



Overall, full-time staffing remains at 73, after dropping 1 full-time employee for FY2022. This reduction was accomplished with a full-time administrative employee in the Utilities Department transferring into an open position in the City Treasurer's office. This transfer was necessitated by budgetary challenges in the Water and Sewer Fund after the issuance of \$9.8 million in debt for the final phase of the well field relocation project. The City experienced significant turnover over the last several years, primarily as the result of staff that have reached retirement eligibility and left the organization. This has presented both challenges and opportunities, as each time a vacancy occurs there is additional burden on other staff to pick up extra work. The City closely analyzes each opening to determine if there is justification to restructure in any way to achieve cost savings or gains in the efficiency of providing services.

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

- **Eliminate Activities:** In 2010 the City eliminated its full-time Building Inspection department. All inspection and permit activities were turned over to the Wexford County Building Department. This resulted in the elimination of one full-time position. As of July 2015, the City entered into an agreement with a private company, Associated Government Services, to provide these services on a contractual basis. This new arrangement prevents the City from having to subsidize the full-time staff required to conduct these activities using City staff.
- **Consolidate Positions:** Staffing remains at the lowest level that it has been in many years. In the past several years several key positions opened due to staff retirements or resignations. Each time an opening occurred, the position was reevaluated, and, in several cases, duties were shifted and existing staff was utilized to perform the key duties and the positions were either left unfilled or were restructured to save costs. These include:
 - **Assistant City Manager** – This department-head level position was unfilled when the former Assistant resigned in 2010. Since that time, a community development analyst position was created and filled at a substantial cost savings.
 - **Clerk/Treasurer** – This consolidated position was split into two positions that were assumed by two existing employees and the former position was not filled.
 - **Public Works Director** – This department-head level position was replaced by an analyst-level position at a 40% cost reduction. Various responsibilities were assigned to other personnel, and the management duties were consolidated into another department head position. This analyst position was again changed in 2016 and absorbed into other areas to reduce costs and gain efficiencies.
 - **Cemetery Foreman** – This mid-management position was unfilled when the former Foreman retired in 2016. Maintenance activities were rolled into the DPW crew and are managed by the Assistant DPW Operations Manager.
 - **City Engineer** – The City's Engineer retired in 2017 after nearly 38 years of service. Because of changes over the years that limited the ability of a one-person engineering department to handle all facets of the City's engineering needs, the decision was made to utilize a private contractor to provide Engineering services. Other management responsibilities were transferred to the Director of Finance and the Director of Utilities.
 - **Public Works Department** – By not filling the City Engineer position, the City was able to redistribute some of these available dollars to the DPW which enabled the department to add a maintenance worker to DPW operations.
 - **Utilities Department** – In FY2022 the Utilities Clerk position was temporarily eliminated, and the current employee transferred to the Treasurer's office to fill an open cashier position. This move was primarily to reduce the Water and Sewer Fund budget.

City Reserves

The City remains in a strong and stable financial position with healthy reserves in primary operating funds. The General Fund has fund balance reserves of over 60%, which this budget continues to protect. The Water and Sewer Fund has about 3 months cash on hand, which is within recommendations for the stability of the system.

Overall, the budget plans for City-wide reserves to decrease by \$1.6 million. As mentioned previously, this is primarily the result of bond proceeds received in a prior year being spent down in subsequent years. This impact is in the Major and Local Street Funds and the Downtown Infrastructure Project Fund. The planned use of funds on hand will not impact ongoing compliance with fund balance policies to preserve future financial stability.

Finally, one of the City's component units - the Local Development Finance Authority (LDFA) - will use \$164,500 to fund the costs of groundwater treatment in the LDFA district. A special assessment formerly provided revenue to cover these costs but when the last assessment expired it was not renewed. This will need to be addressed during this year so that the treatment can continue.

Capital Expenditures

This budget plans for \$1.9 million in street and public infrastructure investment in FY2023. This is primarily targeted toward street reconstruction and will upgrade several sections of City streets. In addition, several large pieces of equipment are scheduled for replacement in the City's Water and Sewer Department and Department of Public Works.

Further discussion on the capital budget for FY2023 can be found on pages 199-207 of this document. This section not only identifies the planned capital spending in this year's budget, but also summarizes the planned capital investment for the succeeding five years. The City's 6-Year Capital Improvement Program is developed and published each year and is an important tool in longer-term financial planning.

ECONOMIC DEVELOPMENT

Over the last year, a lot of progress has been made in nurturing several projects that would constitute significant new economic development within the City. Approximately six contributing or major structures within our downtown are in some phase of redevelopment activity, and it is anticipated that two or three of these projects might be completed or have construction activities commence in the upcoming fiscal year. For a more comprehensive list of potential development projects, please review Priority Program #9 found on Page 20-22.

Placemaking

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

Cadillac remains a Placemaking pioneer in the state of Michigan. The successful creation of Cadillac Commons, the core location of The Plaza, The Pavilion, The City Park, and The Market, has been the catalyst for a resurgence of economic activity downtown. The Trailhead, pending City Council consideration in spring 2022, could be completed before the end of the calendar year, and would be a beautiful new amenity and feature for the community. Also very exciting, while looking at opportunities to attract additional outside funding to offset project expenses, it might be possible to create a new public dock

and pier, along with a picnic shelter for the Trailhead, using funding from a newly released placemaking grant. These and other future placemaking activities and projects all contribute to what makes Cadillac such a special place and create an environment ripe for further economic development.

Scenes from the Recent Placemaking Developments



Back-to-the-Bricks Cadillac



The Plaza at Cadillac Commons



The Market at Cadillac Commons



**The Trailhead at Cadillac Commons
Coming Fall 2022**



Concert at the Rotary Pavilion

New Development

In 2019 the City entered into a 100-year Public Act 425 agreement with Clam Lake Township that established a revenue sharing framework for an area over eight-hundred acres in size, adjacent to the US131/M55 interchange. This agreement also included a provision to provide, without any revenue sharing framework, water and sewer utility services to Clam Lake's Downtown Development Authority area at their request and at their expense. Although the area inside the 425 territory has yet to see any development aside from the current quick-take restaurant, gas station and convenience store, there is a developer with an option in place to construct a one-hundred unit or more multi-family development on property within the Township's Downtown Development Authority area. This property is adjacent to the City's southern border, and if developed will bring much needed new housing units to the area, and could also be the catalyst that triggers additional economic growth.

The site formerly known as the Oleson Site, nearly two blocks in size and located in the City's core downtown on Mitchell Street, is now commonly known as the Cadillac Lofts. Michigan Community Capital of Lansing, Michigan partnered with a local design/build firm to completely redevelop the site into two 4-story, mixed-use commercial and residential buildings providing approximately 80 new apartments and nearly 18,000 square feet of new commercial space. Building one is completed and building two construction is anticipated to start within the next year or two. The City is a strong partner in this development providing a variety of local incentives in addition to being responsible for making necessary on-street parking, sidewalk and other street and streetscape improvements. Phase two of this development is underway, with demolition of the former G & D Party store anticipated to occur in 2022, along with groundbreaking of the new mixed-use commercial/residential development that will look nearly identical to the building already operational and fully leased in regard to its residential units.



A portion of the former Mitchell-Bentley Corporation site, now home to the Consumers Community Solar Garden, is complete and operational. Redevelopment opportunities exist for the remaining acreage, which is approximately eight to twelve acres total, pending the former Western Concrete Property - now owned by the Cadillac Industrial Fund – being added and available.

The City's continued emphasis on assisting, supporting and creating economic development is crucial for our future. These developments and those yet to come lay the foundation for good jobs and affordable, quality homes, while keeping Cadillac on the map as a place to be.

While the official population of Cadillac is 10,371 according to Census data, the true population actually soars because of the development and industry that call the City home. Cadillac is

comprised of a variety of residential neighborhoods, business and commercial sectors, industrial parks, recreational facilities, and is proud to be the seat of government in Wexford County. Consequently, the City is responsible for multiple layers and types of infrastructure ranging from a lake to trails, lighting, streets and sidewalks, water and sewer, and parks. In addition, the City provides a wide variety of core municipal services including planning, zoning, police, fire, engineering, and public works.

Given the composition of the community and the layers of infrastructure, along with related services, Cadillac is truly much different than outlying areas. By developing new, attractive, and fun spaces for people to gather, it will help drive our local area economy, which could also lead to new private investment and new development in the community.

FUTURE OUTLOOK

As mentioned in the beginning of this budget letter, the City is on the precipice of entering a new budget year in very stable condition. The City's financial condition has shown solid improvement since last year, even with yet another year experiencing a Headlee rollback of the City's operating millage.

Issues and challenges that will continue to threaten the City's financial position are caused primarily by factors that are completely out of local control. The State of Michigan has improved in their appropriation of funds for State-shared revenue, but still has a significant gap to close, and the City experienced significant and long-term revenue loss because of the State's past practices. Comprehensive details are available at the Michigan Municipal League's "www.SaveMiCity.org" website.



Cadillac continues to be strongly represented in the effort being spearheaded by the Michigan Municipal League to work with legislators in creating meaningful fiscal reform. Options still exist, should the City eventually need to explore them, such as implementation of an income tax or even a Headlee override or some other mechanism to generate the minimum additional amount of revenue needed to provide core services in the manner the community expects. That said, by continuing to support and facilitate local economic development, the City is "paying it forward", as the result of successful incentivized projects is a stable financial base in which we continue to see the appreciation of property values and new growth.

Cadillac's proud tradition of managing challenges with diligent, informed and conservative financial practices, while also aggressively pursuing outside funding opportunities and projects to make this City the place to be, keeps this community a very special place.

We all truly continue to experience unprecedented times; a global pandemic and an all-time high stock market being just two examples. Cadillac remains poised to continue to grow and move forward. Getting Redevelopment Ready Community certified and being agile with the operation of the organization, including making necessary budget amendments throughout the year to adapt to ever-changing and evolving needs and priorities, ensures our success. Likewise, continued involvement with multiple state-wide organizations and regional collaborative groups and committees helps keep us current and will be even more essential as we all move forward into life after the pandemic.

AWARDS

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

- ◆ **Tree City Award** goes to only those communities which meet strict standards for forestry management. The City has received this designation every year since 1983, clearly demonstrating our commitment to this most important natural resource.
- ◆ The **Award for Distinguished Budget Presentation** has been presented to the City of Cadillac for 38 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, 2021. 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 36 years in a row, reflecting our sincere effort to provide accurate and complete financial data.

CONCLUSION

I would like to thank the City Council for its continued support in working with staff to finalize a budget, especially during these 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, and the efforts committed to the development of the budget document by all parties - staff and council alike - are greatly appreciated. I believe this document fairly and accurately reflects revenues and expenditures for FY2023. It is a budget which, especially when one considers the challenges presented to us by State and Federal mandates, does a superb job of continuing to serve the needs of our community through the utilization of scarce resources in the most efficient manner.

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

With the receipt of this proposed budget for the 2022-2023 fiscal year, the City Council begins its responsibility of examining the administration's proposals and its eventual approval of the document, which will establish the direction of all municipal services and programs. The City Charter requires that the Council adopt the final budget and set the tax levy authorization before the end of May. This budget will take effect on July 1, 2022 and run through June 30, 2023.

FINAL THOUGHTS

Cadillac is a progressive community, and this organization devotes a significant amount of effort to creating a place where it is highly desirable to invest, work, live, and play! At the same time, we also strive to create a work culture that is attractive to top talent and a high-quality and knowledgeable workforce. To continue to move us into the future, special projects alone are not enough - we need to continue to invest in our community! Continuing the fight to take on blight and continuing the mission to make Cadillac a truly unique place by embracing new projects both known to us today and those that may come tomorrow, will make the community stronger and better equipped to continue to ride the economic rollercoaster we have been on for the last decade or more.

In closing, I acknowledge the tremendous efforts of our staff, and thank them for their genuine dedication to our City. We are successful in providing core services, and we are striving to take on greater challenges and projects while continuing to do more with less, all to provide the very best public services and amenities possible to the community. I must also recognize and acknowledge the tremendous efforts of my executive team, and specifically thank Owen Roberts and Carol Pacella from the Financial Services Department for their countless hours in the preparation of this budget document that I am pleased to present for consideration.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Marcus A. Peccia', with a stylized, flowing script.

Marcus A. Peccia
City Manager

CITY OF CADILLAC, MICHIGAN
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FUNDS FORMATION

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

<u>FUND CATEGORY/FUND TYPE/Fund Name</u>	Budget Adopted	Major Fund	In Prior Financial Statements	Responsibility
GOVERNMENTAL FUNDS				
GENERAL FUND	✓	✓	✓	Various Departments
SPECIAL REVENUE FUNDS				
Major Street Fund*	✓	✓	✓	DPW Director
Local Street Fund*	✓	✓	✓	DPW Director
Maple Hill Cemetery Operating Fund	✓		✓	DPW Director
Cadillac Development Fund	✓		✓	Comm. Dev. Director
Building Inspection Fund	✓		✓	Comm. Dev. Director
Naval Reserve Center Fund	✓		✓	Director of Finance
Lake Treatment Fund	✓		✓	City Manager
H.L. Green Operating Fund	✓		✓	Director of Finance
DEBT SERVICE FUNDS				
2016 GO Bond Debt Service Fund	✓		✓	Director of Finance
2020 GO Bond Debt Service Fund	✓			Director of Finance
CAPITAL PROJECT FUNDS				
Industrial Park Fund	✓		✓	Comm. Dev. Director
Special Assessment Capital Projects Fund	✓		✓	Director of Finance
Cadillac Trailhead Project Fund			✓	Comm. Dev. Director
Downtown Infrastructure Project Fund	✓		✓	Comm. Dev. Director
Rotary Park Project Fund			✓	Director of Finance
Clam River Greenway Fund			✓	Director of Finance
The Market Capital Project Fund			✓	Director of Finance
Mitchell-Bentley Cleanup Project Fund			✓	Comm. Dev. Director
Cadillac West Corridor Improvement Fund			✓	Comm. Dev. Director
PERMANENT FUNDS				
Cemetery Perpetual Care Fund	✓		✓	Director of Finance
Capital Projects Trust Fund	✓		✓	Director of Finance
PROPRIETARY FUNDS				
ENTERPRISE FUNDS				
Water and Sewer Fund	✓	✓	✓	Director of Utilities
Auto Parking Fund	✓		✓	Comm. Dev. Director
Building Authority Operating Fund	✓		✓	Director of Finance

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<u>FUND CATEGORY/FUND TYPE/Fund Name</u>	Budget Adopted	Major Fund	In Prior Financial Statements	Responsibility
INTERNAL SERVICE FUNDS				
Stores and Garage Fund	✓		✓	DPW Director
Information Technology Fund	✓		✓	Director of Finance
Self Insurance Fund	✓		✓	Director of Finance
Safety Fund	✓		✓	Safety Director
FIDUCIARY FUNDS				
TRUST FUNDS				
Police and Fire Retirement Fund	✓		✓	Director of Finance
COMPONENT UNITS				
Local Development Finance Authority				
Operating	✓		✓	Director of Utilities
Capital Projects	✓		✓	Director of Utilities
Utilities	✓		✓	Director of Utilities
Downtown Development Authority				
Operating	✓		✓	Comm. Dev. Director
Capital Projects	✓		✓	Comm. Dev. Director
Brownfield Redevelopment Authority	✓		✓	Director of Finance

Major/Local Street Funds classified as “Major” funds in some years in Annual Comprehensive Financial Report depending on level of construction. Because the classification is inconsistent and can change from year to year, for budgetary purposes they are **not classified as “Major.”*

ACCOUNTING/BUDGET BASIS

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

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

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

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

Non-Major Debt Service Funds This type of fund is used to account for the accumulation of resources for, and the repayment of general long-term debt, interest and related costs. These funds are budgeted and accounted for on a modified accrual basis. There are two debt service funds, the 2016 General Obligation Capital Improvement Debt Retirement Fund, and the 2020 General Obligation Capital Improvement Debt Retirement Fund.

Non-Major Capital Projects Funds This type of fund is used to account for financial resources to be used for the acquisition or construction of capital facilities. Funds include: Industrial Park Fund and the Special Assessments Capital Projects Fund. Also included in FY2023 is a capital projects fund to account for the Downtown Infrastructure Project. These funds are budgeted and accounted for on a modified accrual basis.

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

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

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

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

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

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

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	Major Funds		Nonmajor Governmental Funds			
	General Fund	Water and Sewer Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
<i>(All numbers in thousands)</i>						
<u>Revenues and Other Sources:</u>						
Taxes	\$4,353	0	0	0	0	\$0
Licenses and Permits	133		70			
Intergovernmental	2,171	0	1,928	0	0	\$0
Charges for Services	1,175	4,598	57			10
Fines and Forfeits	10	0	0	0	0	\$0
Miscellaneous	20	70	4			
Other Financing Sources	0	0	486	478	0	\$0
Local Funds						
Rental	0	24	22	0	0	\$0
Principal Payment					3	
Interest Income - Loan	0	0	8	0	0	\$0
Interest Income	36	25	12		5	8
Total	\$7,898	\$4,717	\$2,587	\$478	\$8	\$18
<u>Expenditures:</u>						
General Government	\$1,844	0	0	0	0	0
Public Safety	3,893					
Public Works	1,105	0	0	0	0	0
Culture and Recreation	307					
Economic Development	303	0	0	0	0	0
Intergovernmental	99					
Other Financing Uses	170	0	795	0	0	15
Operating		4,414	1,575	1	51	1
Capital Outlay	\$0	0	0	0	0	0
Construction			1,400		480	
Principal	\$0	0	0	374	0	0
Interest		295		103		
Non-Operating	\$0	0	0	0	0	0
Total	\$7,721	\$4,709	\$3,770	\$478	\$531	\$16
Excess (Deficiency) of						
Revenues over Expenditures (1)	\$177	\$8	(\$1,183)	\$0	(\$523)	\$2
Fund Balances - Beginning	\$5,252	\$16,849	\$1,878	\$3	\$1,085	\$746
Ending	\$5,429	\$16,857	\$695	\$3	\$562	\$748

(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.

Continued on following page ➡

CITY OF CADILLAC, MICHIGAN
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				COMPARISON		
				FY2023	FY2022	FY2021
				Budget	Amended	Actual
				Total	Budget	Totals
					Totals	Totals
<i>(All numbers in thousands)</i>						
Revenues and Other Sources:						
Taxes	\$55	0	\$459	\$4,867	\$4,511	\$4,370
Licenses and Permits	2			205	209	204
Intergovernmental	207	0	0	4,306	4,688	4,313
Charges For Services	47		18	5,905	5,781	5,655
Fines and Forfeits	0	0	0	10	15	8
Miscellaneous	76	20	5	195	199	206
Other Financing Sources	200	0	275	1,439	1,408	4,905
Local Funds	1,401	700		2,101	2,076	2,357
Rental	858	0	0	904	882	944
Principal Payment				3	3	9
Interest Income - Loan	0	0	0	8	11	0
Interest Income	8	423	17	534	506	3,206
Total	\$2,854	\$1,143	\$774	\$20,477	\$20,289	\$26,177
Expenditures:						
General Government	0	0	0	\$1,844	\$1,796	1,735
Public Safety				3,893	3,779	3,634
Public Works	0	0	0	1,105	934	1,468
Culture and Recreation				307	322	248
Economic Development	0	0	0	303	233	961
Intergovernmental				99	103	0
Other Financing Uses	0	0	275	1,255	923	905
Operating	2,810	1,143	574	10,569	10,393	10,258
Capital Outlay	0	0	0	0	0	0
Construction				1,880	3,740	19
Principal	0	0	67	441	425	425
Interest	5		12	415	437	392
Non-Operating	0	0	0	0	0	0
Total	\$2,815	\$1,143	\$928	\$22,111	\$23,085	\$20,045
Excess (Deficiency) of						
Revenues over Expenditures (1)	\$39	\$0	(\$154)	(\$1,634)	(\$2,796)	\$6,132
Fund Balances - Beginning	\$3,553	\$14,001	\$1,865	\$45,232	\$46,011	\$39,879
Ending	\$3,592	\$14,001	\$1,711	\$43,598	\$43,215	\$46,011

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

(2) Includes Nonmajor Enterprise Funds and Internal Service Funds

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

FY2022/2023 Fund Balance/Net Position Details

	Beginning Fund Balance*	FY2023 Proposed Revenues	FY2023 Proposed Expenditures	Revenues Over (Under) Expenditures	Ending Fund Balance*
MAJOR FUNDS					
General Fund	\$5,252,391	\$7,898,100	\$7,721,900	\$176,200	\$5,428,591
Water and Sewer Funds	16,848,809	4,717,000	4,708,600	8,400	16,857,209
NONMAJOR FUNDS					
Special Revenue Funds					
Major Street Fund	524,358	1,527,500	2,044,300	(516,800)	7,558
Local Street Fund	600,913	766,000	1,349,600	(583,600)	17,313
Maple Hill Cemetery Fund	32,599	152,000	160,000	(8,000)	24,599
HL Green Operating Fund	49,392	500	0	500	49,892
Naval Reserve Center Fund	7,471	25,800	25,500	300	7,771
Cadillac Development Fund	638,236	13,500	90,500	(77,000)	561,236
Lake Treatment Fund	6,210	30,000	30,000	0	6,210
Building Inspection Fund	18,904	70,000	70,000	0	18,904
Debt Service Funds					
2016 GO Debt Service Fund	2,086	160,000	160,000	0	2,086
2020 GO Debt Service Fund	800	317,500	317,500	0	800
Capital Projects Funds					
Industrial Park Fund	581,608	5,000	50,500	(45,500)	536,108
Special Assessment Capital Projects Fund	45,195	3,300	25,500	(22,200)	22,995
Downtown Infrastructure Project Fund	457,782	0	455,000	(455,000)	2,782
Permanent Funds					
Cemetery Perpetual Care Fund	614,558	15,500	15,500	0	614,558
Capital Projects Trust Fund	131,409	1,500	500	1,000	132,409
Proprietary Funds					
Enterprise Funds					
Auto Parking Fund	632,255	94,500	92,400	2,100	634,355
Building Authority Operating Fund	1,478,709	194,500	160,500	34,000	1,512,709
Internal Service Funds					
Stores and Garage Fund	862,699	710,000	708,300	1,700	864,399
Information Technology Fund	321,759	208,100	207,100	1,000	322,759
Self Insurance Fund	245,130	1,635,000	1,635,000	0	245,130
Safety Fund	12,479	12,000	12,000	0	12,479
Fiduciary Funds					
Police and Fire Retirement Fund	14,001,326	1,142,500	1,142,500	0	14,001,326
	\$43,367,078	\$19,699,800	\$21,182,700	(\$1,482,900)	\$41,884,178

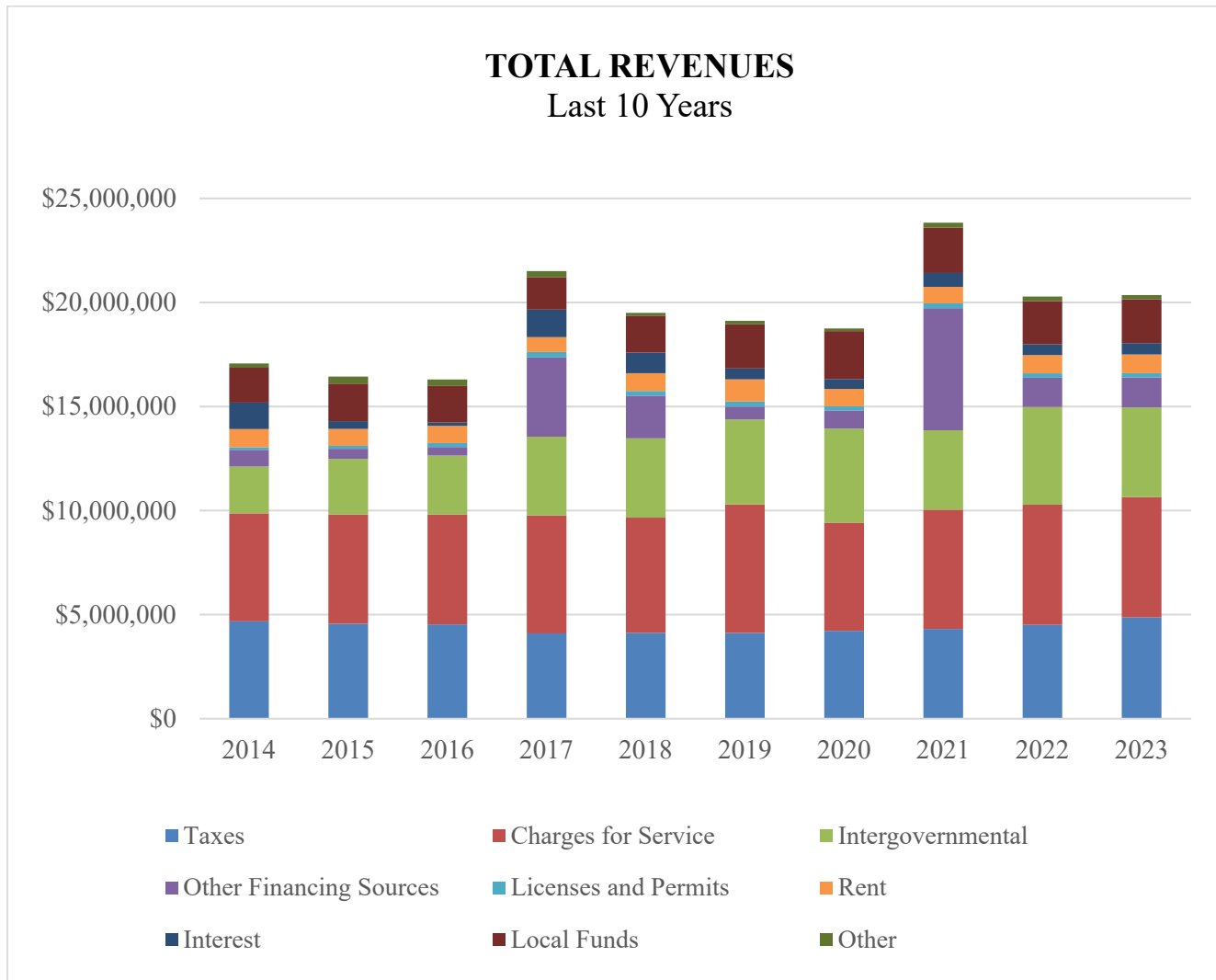
Note: Fund Balance chart does not include Component Units

* 'Net Position' for Proprietary Funds and Fiduciary Funds

Use of Fund Balance Fund Balance in the Major Street Fund, Local Street Fund and the Downtown Infrastructure Project Fund are all projected to decrease significantly due to the spending down of bond proceeds received during the prior fiscal year. These bond proceeds will fund various street and public infrastructure projects throughout the City. The Cadillac Development Fund is utilizing funds on hand to cover various economic development efforts.

CITY OF CADILLAC, MICHIGAN
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FY2023 ANNUAL OPERATING BUDGET SUMMARY INFORMATION



The growth in total City revenues will vary based on grants, tax increases, service charges, and other adjustments to the revenue stream. The revenue spikes in FY2017 and FY2021 are attributable to proceeds from bond issues to fund street construction as well as a major grant received.

CITY OF CADILLAC, MICHIGAN
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ANALYSIS OF PRINCIPAL REVENUE SOURCES

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

Revenue	Amount (Budget)	% of Total
Taxes	\$4,867	23.76%
Intergovernmental Revenues	4,306	21.03%
Charges for Services	5,905	28.84%
Interest Income	534	2.61%
Other Financing Sources	1,439	7.03%
Local Funds	2,101	10.26%
Rental Revenue	904	4.41%
Other Revenue	421	2.06%
Total	\$20,477	100.00%

PROPERTY TAXES

A primary source of revenue for FY2023 is property taxes levied on property within the City. Authorized tax levies in the form of various millages (one mill equals \$1 in taxes for each \$1,000 in value) levied against the taxable value of a property make up the bulk of these revenues. The City contracts with Wexford County for assessing services provided by the Wexford County Equalization Department. The assessor determines the taxable value of properties which is then used to calculate the tax levy due each year.

Millage	Fiscal Year Ending June 30,				
	2019	2020	2021	2022	2022
City Operating	13.9166	13.9166	13.7774	13.6630	13.4922
Police and Fire Retirement	2.6000	2.6000	2.6000	2.6000	2.6000
Total City Millage Rate	16.5166	16.5166	16.3774	16.2630	16.0922
TAX BASE (Taxable Value of City Property) <i>FY23 Projected</i>	\$223,188,261	\$229,304,412	\$238,992,545	\$254,024,937	\$271,000,000
Taxes Generated (Total)	\$3,693,163	\$3,794,369	\$3,954,681	\$4,131,208	\$4,360,986
Change from Prior Year	(\$5,525)	\$101,206	\$160,312	\$176,527	\$229,778

Authorization to levy the City's operating millage rests in the City Charter. The charter authorizes a maximum operating levy of 15 mills. Due to the Headlee Amendment, which restricts the growth in property tax levies, the City's operating millage has been rolled back several times, including twice in the last three years, to the current level and can only be increased back to the charter maximum levy by a vote of the City electors.

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

Property Tax Revenue Estimates Property tax estimates throughout the FY2023 budget are based on preliminary numbers provided by the Wexford County Equalization Department. Conservative revenue estimates are utilized to provide some margin in case of taxable value reductions through the Board of Review or Michigan Tax Tribunal. Once the roll is set and tax bills are sent out, the actual revenue received from taxes is not expected to change materially during the year.

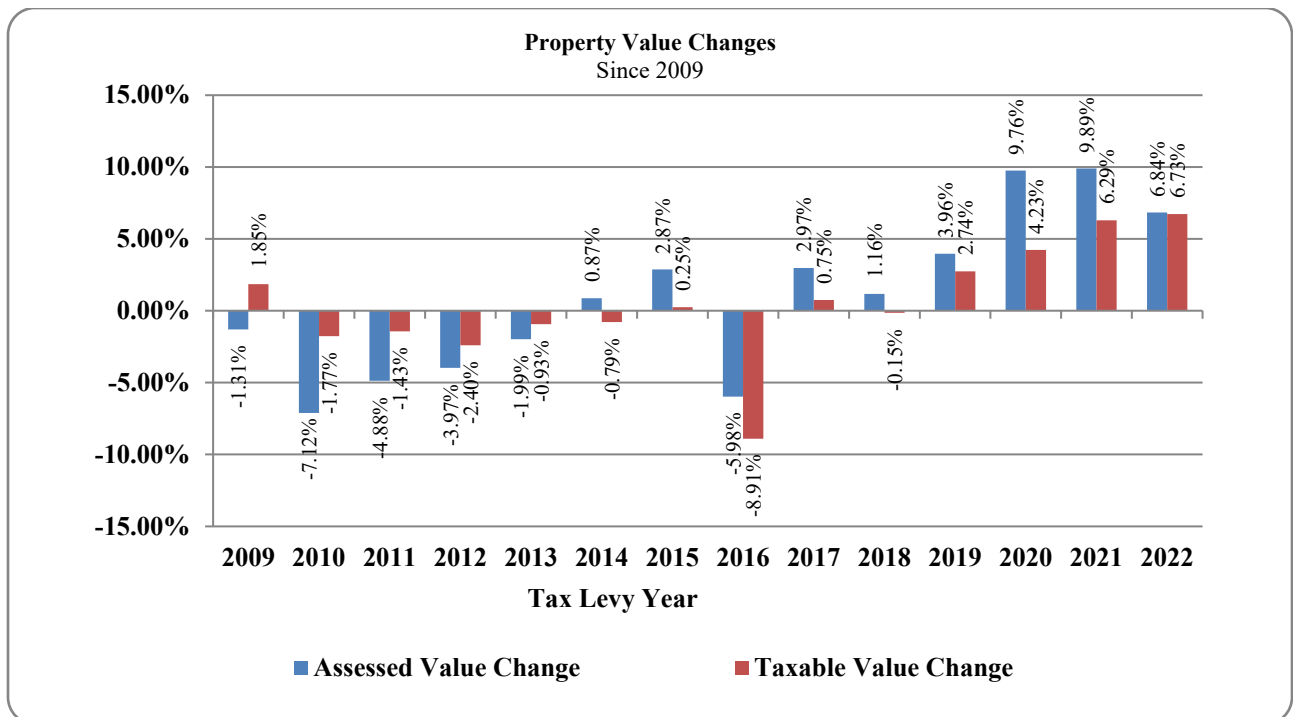
CITY OF CADILLAC, MICHIGAN
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Tax Captures There are three tax increment financing (TIF) authorities within the City of Cadillac with authority to capture a portion of each component of property taxes for use within each authority’s specific district. The tax captures are based on the right of each authority to utilize TIF for approved funding uses within the districts. For FY2023, these entities, along with the amounts of City taxes they will capture, are:

Authority	City Operating	Police and Fire Retirement	Total Capture
Downtown Development Authority (DDA)	\$56,323	\$10,854	\$67,177
Local Development Finance Authority (LDFA)	\$59,745	\$11,369	\$71,114
LDFA Industrial Facilities Tax Exemption Capture	\$14,964	\$2,848	\$17,812
Brownfield Redevelopment Authority	\$33,445	\$6,364	\$39,809
Total Capture	\$164,477	\$31,435	\$195,912

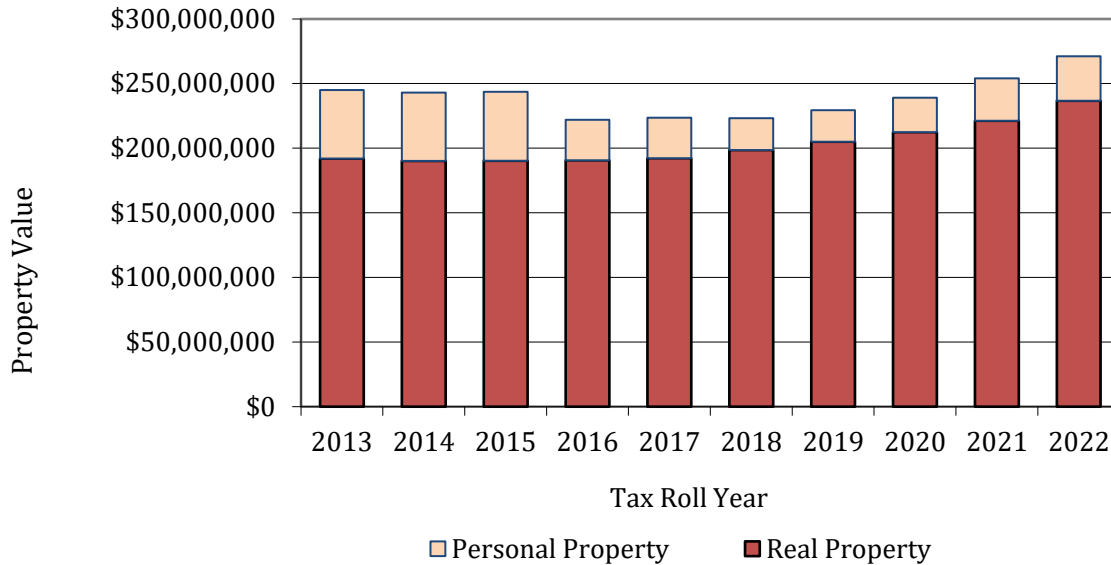
Additionally, properties that are located within the DDA district pay an additional 1.8501 mills which provides funds for activities that target development within the DDA area.

Property Tax Outlook The recent trend in annual property value change has been positive, but the City’s taxable value declined in 6 out of 14 years since the prior peak in 2009. While some of this drop was related to statutory tax reform at the State level, general economic pressures have been a consistent contributor as well. Losses from tax reform have been legislatively promised to be reimbursed, and it is hoped that the State of Michigan will keep its promise of reimbursement of the loss through the Local Community Stabilization Authority. It remains to be seen, however, if the 100% reimbursement will take place for the long term. This situation is further discussed in the Transmittal Letter. Historical taxable value trends are presented below.



CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Taxable Value – Last 10 Tax Rolls



Tax Levy Year	Ad Valorem		Total Taxable Value	L.D.F.A. (1)	D.D.A. (2)
	Real	Personal			
2013	191,926,234	52,972,480	\$244,898,714	2,285,132	15,609,601
2014	190,071,183	52,897,700	\$242,968,883	3,631,644	15,478,515
2015	190,288,151	53,282,100	\$243,570,251	3,528,602	14,552,873
2016	190,631,321	31,243,800	\$221,875,121	3,755,968	14,602,325
2017	192,217,626	31,304,500	\$223,522,126	4,053,536	14,056,189
2018	198,557,561	24,630,700	\$223,188,261	3,490,112	13,604,610
2019	204,914,412	24,380,400	\$229,294,812	4,418,994	13,838,572
2020	212,442,845	26,549,700	\$238,992,545	4,442,325	13,866,620
2021	221,137,737	32,887,200	\$254,024,937	4,514,864	14,404,136
2022	236,615,842	34,495,300	\$271,111,142	4,924,151	15,824,624

(1) Base value for LDFA is \$551,400. Taxes captured for FY2023 are anticipated to be \$59,745 from the operating millage levy, and \$11,369 from Police and Fire Retirement millage levy. The LDFA also captures \$2,190,424 in value from Industrial Facilities Tax Exemption certificates. This generates an additional capture of City taxes of \$14,964 from the operating levy, and \$2,848 from the Police and Fire Retirement levy.

(2) Base value for DDA is \$11,650,150. Taxes captured for FY2023 are anticipated to be \$56,323 from the operating millage levy, and \$10,854 from the Police and Fire Retirement millage levy.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Residential Taxable Values Residential class parcels comprise 77% of the total parcels within the City of Cadillac and about 58% of the total taxable value of property within the City. Over the last five years, residential class parcels have experienced the following changes:

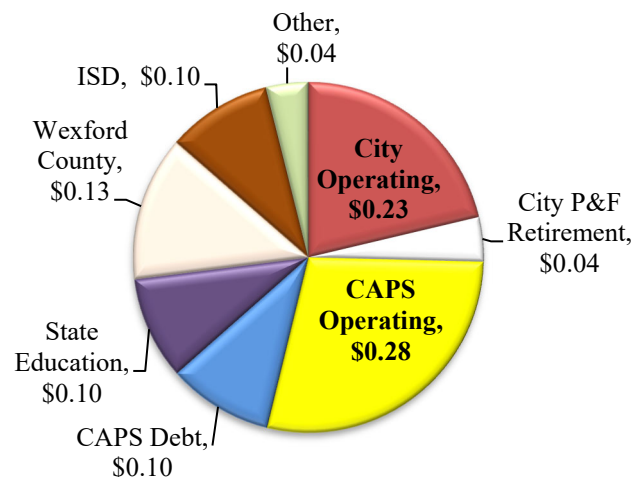
Tax Roll Year:	2018	2019	2020	2021	2022
Residential Class					
Assessed Value (AV)	\$153,661,900	\$161,411,300	\$181,422,100	\$197,052,700	\$209,376,100
Change from prior year	2.79%	5.04%	12.40%	8.62%	6.14%
Taxable Value (TV)	\$130,485,923	\$134,998,710	\$141,726,160	\$147,163,773	\$157,029,548
Change from prior year	3.45%	3.46%	4.98%	3.84%	6.56%
AV-TV Gap	\$23,175,977	\$26,412,590	\$39,695,940	\$49,888,927	\$52,346,552
Gap as % of TV	17.76%	19.57%	28.01%	33.90%	33.34%
TV/AV	84.92%	83.64%	78.12%	74.68%	75.00%

* 2022 Values are projected based on assessment numbers provided by Wexford County Equalization Department on 3/17/2022.

Average Single-Family Residential Taxable Value For the last ten years, the average taxable value of a single-family residence and the City taxes levied against it has trended as shown in the chart to the right. While the average taxable value has increased by just under \$10,000, the increase in taxes has been somewhat mitigated due to the decrease in the City's millage rate as a result of the State of Michigan's Headlee amendment which restricts annual growth in property taxes.

Tax Year	Average Home Taxable Value	City Millage	Average City Taxes Paid
2013	\$33,017	17.0473	\$562.85
2014	\$33,048	16.5473	\$546.86
2015	\$33,394	16.5473	\$552.58
2016	\$33,742	16.5473	\$558.34
2017	\$34,163	16.5473	\$565.31
2018	\$35,447	16.5166	\$585.46
2019	\$36,635	16.5166	\$605.09
2020	\$38,486	16.3774	\$630.30
2021	\$40,090	16.2630	\$651.98
2022	\$42,649	16.2630	\$693.60

Tax Allocation When property owners within the City of Cadillac pay their annual tax bills, a common misperception is that the entire amount collected stays at the City. In reality, only about \$0.27 of every \$1 in taxes paid is for the City. The other portion is collected on behalf of the other taxing jurisdictions and is then paid to the jurisdiction within a couple weeks of collection, as governed by state law. The actual allocation of an average tax bill on a non-principal residence within the City of Cadillac is illustrated in the chart to the right. If the property is a principal residence, about \$0.36 of every \$1 in taxes remains at the City.



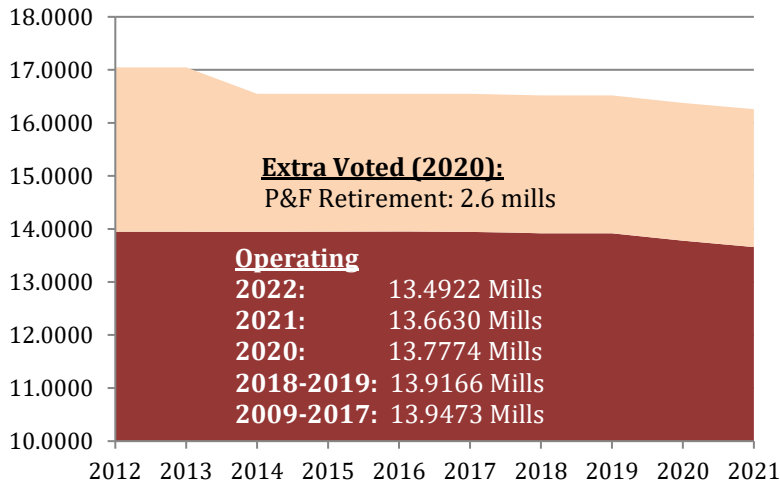
CITY OF CADILLAC, MICHIGAN
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City Property Tax Rates

City of Cadillac Tax Rates

Last Ten Years

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



The operating millage for the City of Cadillac did not change for many years. Unfortunately, the Headlee Amendment has required a rollback of the millage in four of the last five years. This can only be overridden by a city-wide vote. The added voted millage for the police and fire retirement system has been levied at 2.6 mills for a number of years. This rate may fluctuate based on the annual required contribution to the Police and Fire Retirement System as calculated each year by the system's actuary.

Total Property Tax Rates

Last Ten Years

City Taxes				Overlapping Tax Rates							Direct and Overlapping Annual Tax Rate
Tax Levy Year	General	Extra Voted (1)	Total City	Wexford County (2)	Cadillac-Wexford Transit Authority	Council On Aging	Cadillac-Wexford Library	Cadillac Area Public Schools (3)	Wexford Missaukee ISD	State Education Tax	
2012	13.9473	3.1000	17.0473	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9689
2013	13.9473	3.1000	17.0473	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9689
2014	13.9473	2.6000	16.5473	8.1297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.8689
2015	13.9473	2.6000	16.5473	8.0297	0.6000	1.0000	0.7500	20.9000	6.1604	6.0000	59.9874
2016	13.9473	2.6000	16.5473	8.1997	0.6000	1.0000	0.7500	20.9000	6.1604	6.0000	60.1574
2017	13.9473	2.6000	16.5473	8.1997	0.6000	1.0000	0.7500	20.9000	6.1604	6.0000	60.1574
2018	13.9166	2.6000	16.5166	8.1997	0.6000	1.0000	0.7500	23.8000	6.1604	6.0000	63.0267
2019	13.9166	2.6000	16.5166	8.6997	0.6000	1.0000	0.7500	24.1500	6.1604	6.0000	63.8767
2020	13.7774	2.6000	16.3774	8.6997	0.6000	1.0000	0.7500	24.1500	6.1604	6.0000	63.7375
2021	13.6630	2.6000	16.2630	8.6272	0.595	0.9917	0.7437	24.1500	6.1323	6.0000	63.5029

(1) Extra voted millage for City Taxes includes 2.6 mills for Act 345 Police and Fire Retirement, and 0.5 mills for Lake Cadillac Treatment; Lake Treatment millage is expired as of 2014.

(2) Current Wexford County rate includes allocated mills of 6.7797, 0.10 mills for Veterans Relief, 1.45 mills for Road Patrol, 0.20 mills for Animal Control, and .17 mills for MSU-Extension Services.

(3) Current Cadillac Area Public Schools rate includes 18 mills for operating and 6.15 mills for debt service.

CITY OF CADILLAC, MICHIGAN
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Millage Rate Benchmarks

Property Tax Benchmark Communities	Total Millage	General Operating	Police & Fire	Other
Manistee	18.9112	17.7612	0.0000	1.1500
Big Rapids	19.7789	11.2334	4.5920	3.9535
Alpena	17.1066	16.1066	0.0000	1.0000
Traverse City	14.4154	12.0954	2.3200	0.0000
Sault Ste. Marie	23.6844	16.8139	6.2185	0.6520
Coldwater	14.1160	11.5827	0.0000	2.5333
Sturgis	13.4518	10.4623	0.0000	2.9895
Cadillac	16.2630	13.6630	2.6000	0.0000

The information in the chart above illustrates that the City of Cadillac compares favorably with other similar communities in northern Michigan. *Comparison is based on 2022 tax year millage rates.*

Total Tax Burden The information presented below shows the total tax burden of property owners within the City of Cadillac for several classes of properties. Properties with a principal residence exemption (PRE) are exempt from school operating taxes. Properties within the Downtown Development Authority are subject to an additional millage of 1.8501 mills to fund downtown development activities.

		Property Type and Total Taxes at average taxable value of \$50,000					
Taxing Unit	Millage Rate	Principal Residence		Non-Principal Residence		DDA	
City of Cadillac		Millage	Taxes	Millage	Taxes	Millage	Taxes
City Operating	13.4922	13.4922	\$674.61	13.4922	\$674.61	13.4922	\$674.61
Police & Fire Retirement	2.6000	2.6000	130.00	2.6000	130.00	2.6000	130.00
Downtown Development Authority	1.8501		0.00		0.00	1.8501	92.51
Wexford County							
Allocated	6.7234	6.7234	336.17	6.7234	336.17	6.7234	336.17
Public Safety	1.4379	1.4379	71.90	1.4379	71.90	1.4379	71.90
Animal Control	0.1983	0.1983	9.92	0.1983	9.92	0.1983	9.92
Veterans Relief	0.0991	0.0991	4.96	0.0991	4.96	0.0991	4.96
MSU Extension	0.1685	0.1685	8.43	0.1685	8.43	0.1685	8.43
Cadillac-Wexford Transit Authority	0.5950	0.5950	29.75	0.5950	29.75	0.5950	29.75
Cadillac-Wexford Public Library	0.7437	0.7437	37.19	0.7437	37.19	0.7437	37.19
Council on Aging	0.9917	0.9917	49.59	0.9917	49.59	0.9917	49.59
Cadillac Area Public Schools							
Operating	18.0000	<i>Exempt</i>	0.00	18.0000	900.00	18.0000	900.00
Debt	6.1500	6.1500	307.50	6.1500	307.50	6.1500	307.50
State Education Tax	6.0000	6.0000	300.00	6.0000	300.00	6.0000	300.00
Wexford-Missaukee ISD	6.1323	6.1323	306.62	6.1323	306.62	6.1323	306.62
Total	65.1822	45.3321	\$2,266.64	63.3321	\$3,166.64	65.1822	\$3,259.15

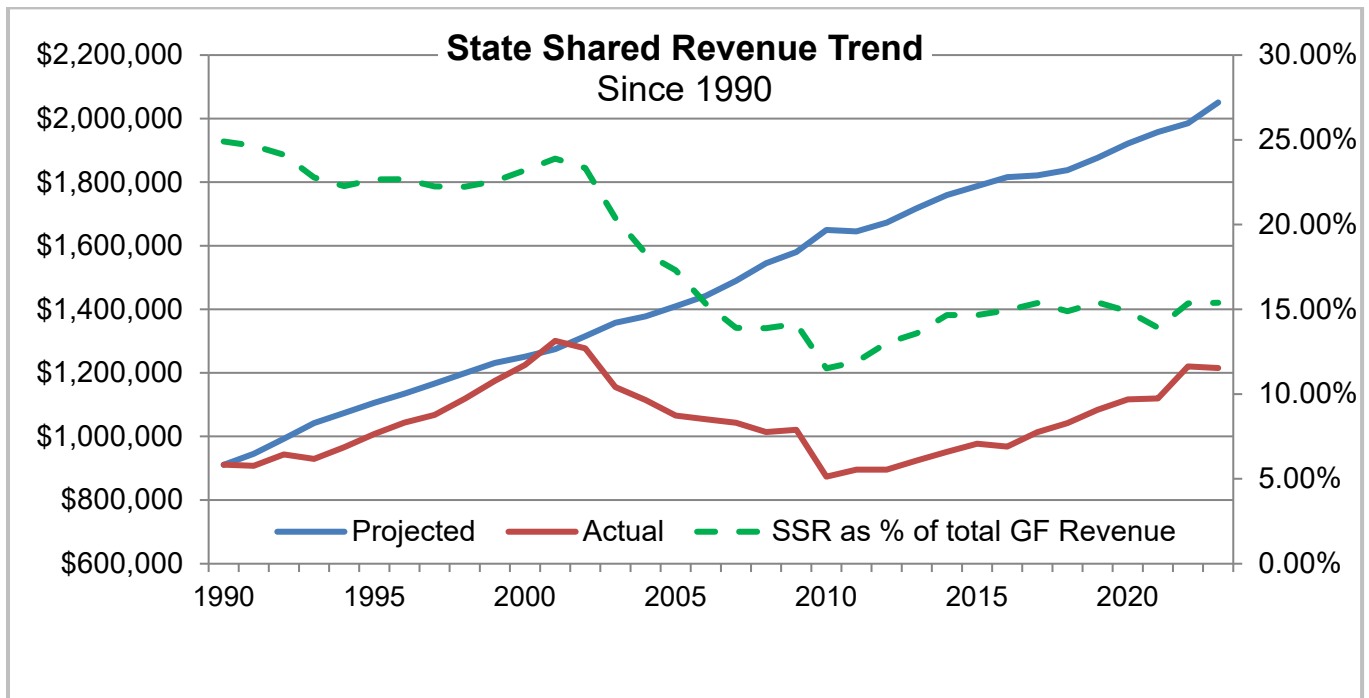
**CITY OF CADILLAC, MICHIGAN
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INTERGOVERNMENTAL REVENUES

The primary components of intergovernmental revenues are state shared revenue in the General Fund, which comes primarily from state-generated sales taxes, and Act 51 revenues via the Michigan Transportation Fund in the Major and Local Street Funds which are primarily generated from gas taxes and vehicle registration fees. All of these revenues are passed down from the State of Michigan according to formulas that annually allocate certain revenues received by the State down to local units of government.

State Shared Revenue These revenues provide funding for critical General Fund services like Police and Fire protection and Parks and Recreation. Grant revenues from various state and federal sources are included in this category as well. State shared revenue estimates are available from the State of Michigan and are used for budget projections. Grant revenue projections are based upon actual grants received or expected on an annual basis.

State Shared Revenue Outlook This revenue has been slowly recovering since 2010 but experienced serious reductions since 2001. In fact, projections for FY2023 indicate that the City will receive less this year than what was received over twenty years ago in 2000! This has caused the City to rely to a greater and greater degree on revenues that are derived from local sources – principally property taxes.

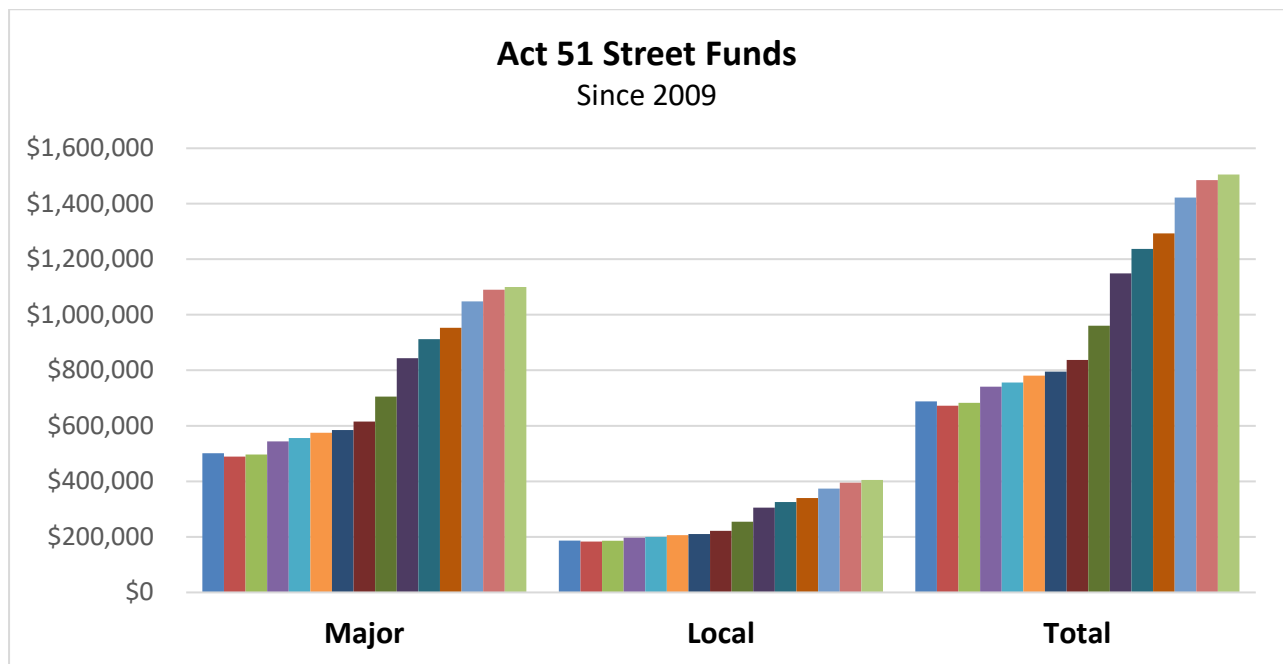


The SSR revenue estimates provided by the state of Michigan were updated in February 2022. These are very recent and relevant projections and were utilized to develop the current budget. The projections from the State will be updated a couple of times during the fiscal year and these updates will be analyzed to confirm whether final actual revenues will meet the anticipated budget.

CITY OF CADILLAC, MICHIGAN
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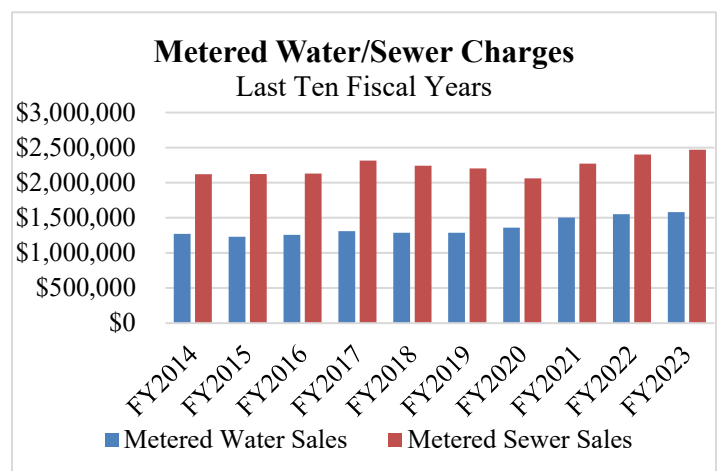
Michigan Transportation Fund Act 51 Payments The Michigan Transportation Fund (MTF) was created by Public Act 51 of 1951 as the main collection and distribution fund for state-generated revenue pursuant to Act 51. These funds are primarily from two sources: vehicle registration fees and motor fuel taxes. Revenues for the City are based on the total mileage of streets in the City and a population factor applied to total MTF revenues available in the State. Based on legislative increases in fuel taxes and registration fees, these revenues have been increasing in the last few fiscal years.

Act 51 Revenue Outlook The chart below shows the growth in street maintenance funds since 2009. This increase has certainly eased the pressure on the General Fund to help fund street maintenance costs, but funds for street construction at today's construction costs are very limited without issuing additional debt.



Projections from the State released on February 11, 2022 are the latest numbers available and were used to develop the current budget and are typically a reliable indicator of what actual revenues will be, barring an unforeseen event. The projections show that the City will receive approximately \$1,505,000 total. The current budget proposes revenues of \$1,505,000 (\$1,100,00 Major and \$405,000 Local). This allows for a slight reduction if the State receives lower overall revenues than expected.

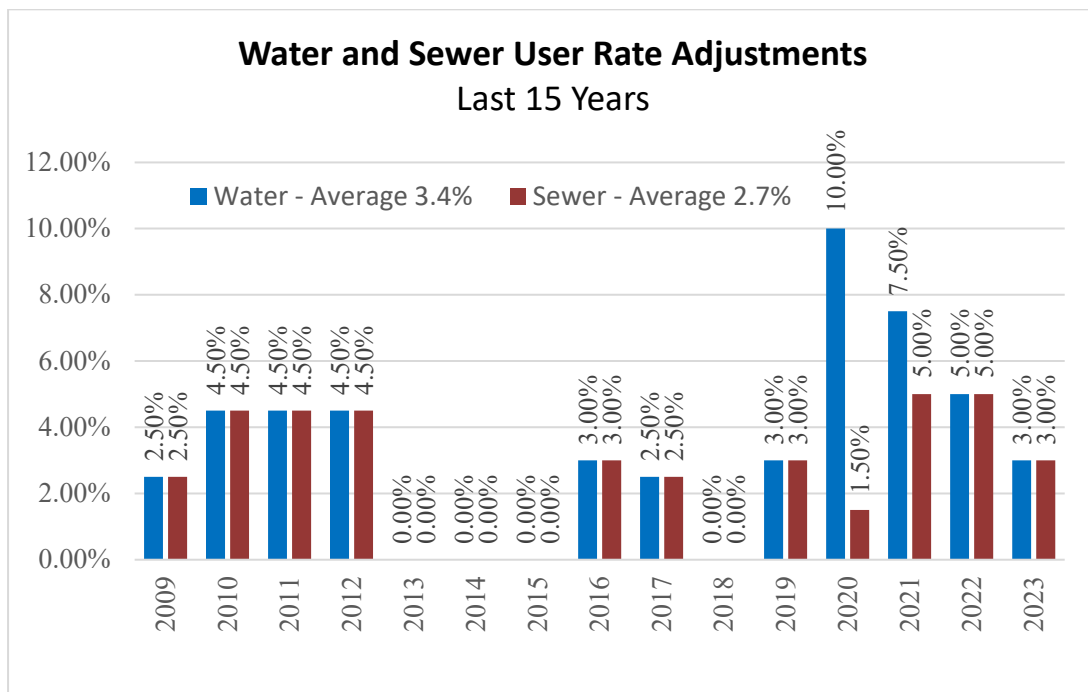
Charges for Services Charges for Services represent a significant revenue source for the City. These revenues are primarily derived from user charges within the City's Water and Sewer systems. Rates within the systems are reviewed each year and are set at a level that will provide adequate funding to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



CITY OF CADILLAC, MICHIGAN
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The City-wide contract for Solid Waste removal is accounted for in the General Fund. To provide funding for this contract, each residential property with less than four (4) living units within the City is charged a user fee. The user fee is based on a competitively bid contract with a waste hauler, with a slight markup that the City uses to cover the costs of billing and administering the contract. This fee is projected to increase in FY2023 based on the need to renew the removal contract which expires at the end of FY2022. The rate is estimated to increase more than the typical average based on current inflationary pressures and the impact this is having on costs. This increase is passed through to the contractual hauler while the City's portion of the revenue will remain the same at \$0.65 per account per month.

User Charges Outlook Recent results of a rate study for both water and sewer user rates confirmed the need for a regular series of systematic rate increases to sustain capital investment into the system as well as a thorough repairs and maintenance system. The City is proposing a rate increase of 3% for both water and sewer rates. Rate increases for the last 15 years are shown in the chart below:



With the final phase of the well field relocation project nearing completion and other important infrastructure and equipment investments that need to be made, regular annual increases are expected over the next several years, some of which may be above the normal average due to the level of capital investment needed. The Water and Sewer Fund budget includes 5-year projection data that shows the system will need to continue to adjust user rates to provide funds to cover the increasing costs of maintaining the system, while at the same time making up for slight declines in usage.

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

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UNFUNDED LIABILITIES

Retirement and Other Post-Employment Benefit (OPEB) Liabilities

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

Status: ■ = Negative ■ = Watch ■ = Positive

Act 345 Police & Fire Retirement System

	Valuation Date				Status
	6/30/2018	6/30/2019	6/30/2020	6/30/2021	
Actuarially Accrued Liabilities	\$13,806,343	\$14,035,425	\$13,690,306	\$14,017,155	■
Actuarial Value of Assets	<u>\$11,414,620</u>	<u>\$11,705,358</u>	<u>\$11,895,703</u>	<u>\$12,701,878</u>	■
Unfunded Liabilities	\$2,391,723	\$2,330,067	\$1,794,603	\$1,315,277	■
% Funded	83%	83%	87%	91%	■
Average Pension	\$25,835	\$26,952	\$27,002	\$26,804	■
Required Actuarially Determined Contribution (ADC)	\$520,516	\$496,076	\$499,948	\$510,426	■
% of ADC Contributed	134%	138%	135%	136%	■

Municipal Employees Retirement System

	Valuation Date				Status
	12/31/2017	12/31/2018	12/31/2019	12/31/2020	
Actuarially Accrued Liabilities	\$13,044,607	\$13,453,578	\$14,185,453	\$15,256,270	■
Actuarial Value of Assets	<u>10,375,200</u>	<u>10,285,024</u>	<u>10,372,626</u>	<u>10,803,985</u>	■
Unfunded Liabilities	\$2,669,407	\$3,168,554	\$3,812,827	\$4,452,285	■
% Funded	80%	76%	73%	71%	■
Average Pension	\$13,426	\$13,639	\$13,745	\$13,776	■
Required Actuarially Determined Contribution	\$281,993	\$317,092	\$344,803	\$436,183	■
% of ADC Contributed	100%	100%	100%	100%	■

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Other Post-Employment Benefits (OPEB)

	Valuation Date				Status
	6/30/2018	6/30/2019	6/30/2020	6/30/2021	
Actuarially Accrued Liabilities	\$4,912,075	\$4,463,659	\$4,254,742	\$4,273,997	
Actuarial Value of Assets	<u>3,533,727</u>	<u>3,391,986</u>	<u>3,324,417</u>	<u>4,252,014</u>	
Unfunded Liabilities	\$1,378,348	\$1,071,673	\$930,325	\$21,983	
% Funded	72%	76%	78%	99%	
Annual Costs	\$244,032	\$283,665	\$386,610	\$363,822	
% of Annual Costs Contributed	92%	20%	64%	100%	

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

Total Unfunded Retirement and Other Post-Employment Benefit Liabilities

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

System	Unfunded Liability (Prior Valuation)	Unfunded Liability (Current Valuation)	% Funded	Status
Act 345 Police & Fire Retirement System	\$1,794,603	\$1,315,277	87%	
Municipal Employees Retirement System	3,812,827	4,452,285	73%	
Other Post-Employment Benefits	<u>930,325</u>	<u>21,983</u>	78%	
Total Unfunded Liabilities	\$6,537,755	\$5,789,545		

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

EMPLOYMENT AND PERSONNEL STRUCTURE

Employment Statistics – FTE by Activity for Last Ten Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>General Government</u>										
City Manager	2.20	2.20	2.20	2.25	2.25	2.75	2.75	2.25	2.25	2.25
Financial Services	2.25	2.25	2.25	2.25	2.25	2.15	2.15	2.90	2.90	2.90
Clerk/Treasurer	3.80	3.80	3.80	3.75	3.75	3.75	3.75	3.75	3.75	3.75
City Hall	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.00	1.00	1.00
City Engineer	1.80	1.80	1.80	1.80	1.80	0.80	0.80	0.80	0.80	0.80
Total General Government	11.05	11.05	11.05	11.05	11.05	10.95	10.95	10.70	10.70	10.70
<u>Public Safety</u>										
Police	17.36	16.95	16.95	16.95	16.95	16.95	16.95	16.75	16.75	16.75
Fire	11.50	11.00	11.00	11.00	11.00	11.50	11.50	11.50	11.50	11.50
Code Enforcement	0.50	0.50	0.50	0.50	0.50	0.00	0.00	0.25	0.25	0.25
Total Public Safety	29.36	28.45	28.45	28.45	28.45	28.45	28.45	28.50	28.50	28.50
<u>Other</u>										
Public Works	12.10	12.10	12.10	12.00	12.00	12.05	12.05	12.55	12.55	12.55
Data Processing	0.30	0.30	0.30	0.30	0.30	0.35	0.35	0.05	0.05	0.05
Auto Parking	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water/Sewer	19.00	19.00	20.00	20.00	20.00	20.00	20.00	20.00	19.00	19.00
Community Dev.	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Cemetery	0.90	0.90	0.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Other	34.59	34.50	35.50	34.50	34.50	34.60	34.60	34.80	33.80	33.80
Total FTE	75.00	74.00	75.00	74.00	74.00	74.00	74.00	74.00	73.00	73.00

Employment Analysis

As the above chart illustrates, FTE levels have declined by 2 employees in the last 10 years. This was primarily accomplished through attrition and consolidation of duties. For FY2017, a vacancy in the Cemetery due to the retirement of the former superintendent was left unfilled. The City reduced overall full-time staffing by one additional employee in FY2022. An administrative position in the Water and Sewer Department was transferred to the Clerk/Treasurer Department to fill a vacancy, and the Water/Sewer position was not re-filled. This provided relief to the Water and Sewer budget that will be taking on additional debt service due to Phase II of the Well Field Relocation Project.

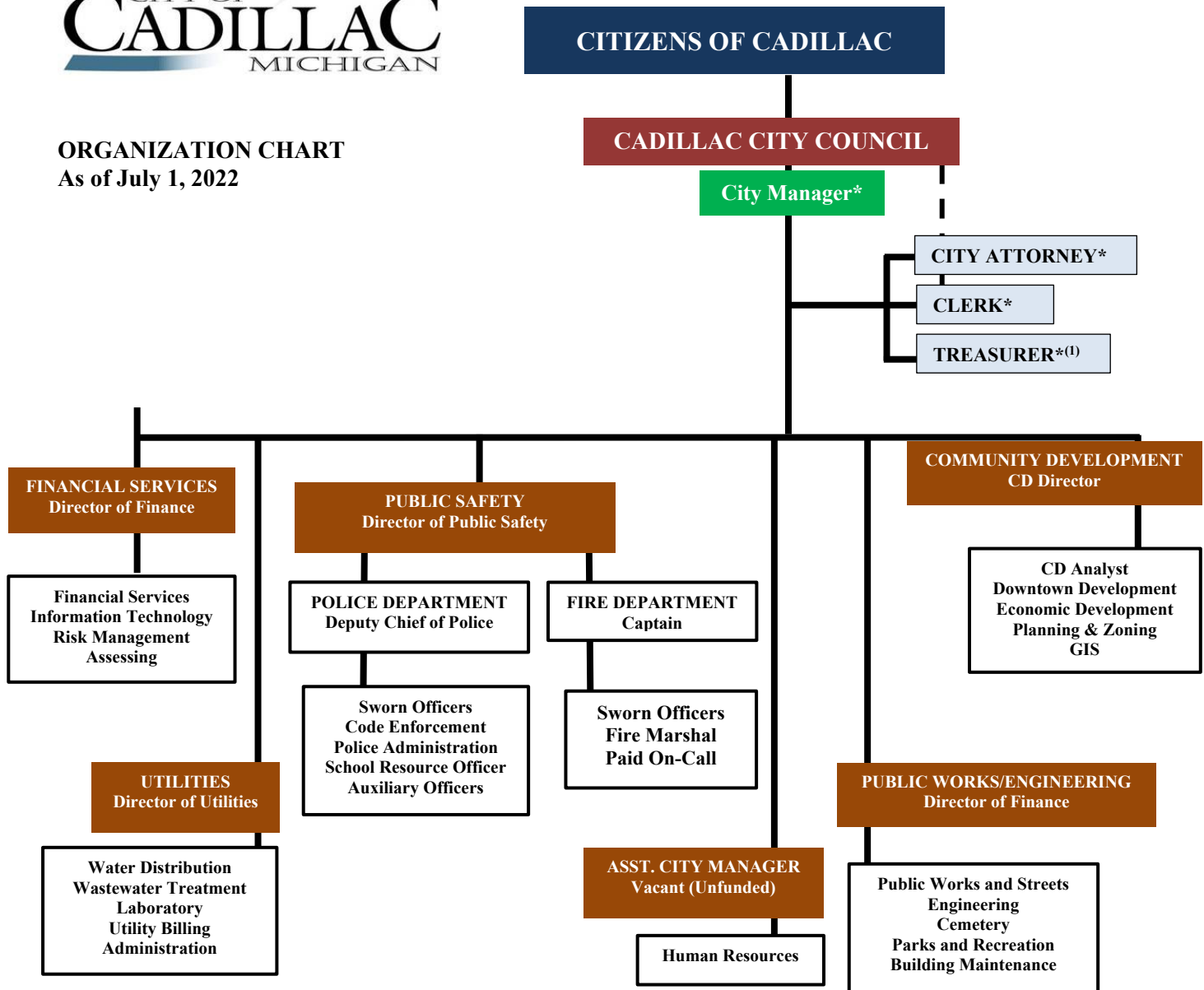
Employment Benchmark Communities	Population	FTE	FTE/Capita Ratio	FTE per 1000 residents
Big Rapids	10,437	82	1:129	7.74
Alpena	10,122	81	1:129	7.73
Traverse City	14,674	150	1:98	10.22
Sturgis	10,994	125	1:88	11.37
Coldwater	10,945	119	1:92	10.87
Cadillac	10,355	73	1:142	7.05

Cadillac has 1 FTE per 142 residents. This comparison has many inherent variables, but in general a higher ratio indicates greater efficiency in service delivery. City employment peaked in 1993 at 91 FTE. Current employment level represents nearly a 20% decline since the 1993 peak.

**CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET**



ORGANIZATION CHART
As of July 1, 2022



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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

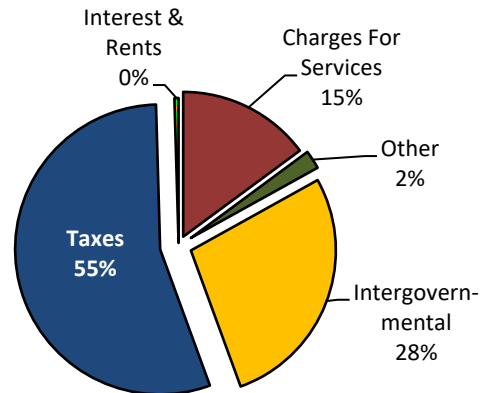
Type: General Fund

Oversight: Various Departmental Directors

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

The average homeowner will pay about \$694 in City taxes this year, up from \$652 in FY2022. This reflects the general, City-wide increase in property values, though the growth in taxable value is restricted by Proposal A. Property taxes fund 55% of the cost of municipal services, and the other 45% is derived from other sources, which help to fully fund services to Cadillac residents and businesses as illustrated on the graphic above.

**General Fund
Revenues
by Type
FY2023**

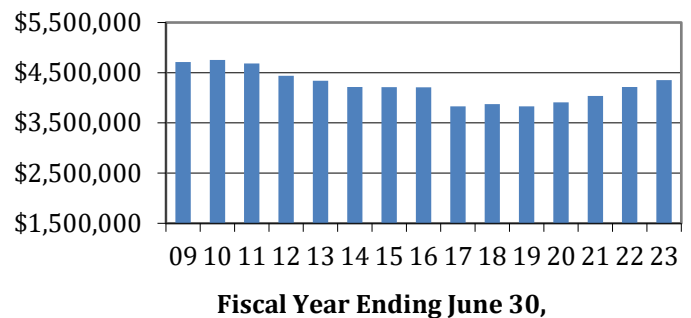


REVENUE SUMMARY AND OUTLOOK

Property Taxes The General Fund's primary revenue source is property taxes. In Michigan, assessed value – which normally represents 50% of the true cash value of a parcel, and taxable value – which is the basis for the levy of property taxes – grow differently. Growth in taxable value is restricted to the annual increase in the consumer price index as of September 30 of each year. Tax revenue growth is further restricted by the State's Headlee amendment. This amendment has once again forced a "rollback" of the City's FY2023 millage rate from 13.6630 mills to 13.4992 mills. This is the fourth millage reduction in the last five years. As such, though taxable value grew by nearly 7% for FY2023, tax revenues are projected to increase by 5.35%. The City's taxable value is determined as of December 31 each year, and once the roll is set, total property tax revenues are generally stable and predictable, and not subject to volatility during the year.

Tax reform in 2014 also had an impact on the City's tax roll. Effective with the 2016 tax roll, the phase-out of all property taxes on eligible manufacturing personal property began. Instead of paying property taxes on this property, businesses now pay an essential services assessment to the State of Michigan. This revenue is then distributed once or twice per year to local units of government. The first several years of this reimbursement have been higher than initial projections, but it remains to be seen how the long-term stability of this reimbursement will play out. The City has typically had a conservative approach to projecting this revenue until multiple years of comparison and analysis can be made.

**Property Tax Revenue
General Fund
Since 2009**



CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

State Shared Revenue The second most significant source of revenue in the General Fund is from the State of Michigan in the form of State Shared Revenue (SSR). This is another source of revenue that continues to provide significantly less than it historically provided. SSR once provided \$1.3 million dollars to the City's General Fund. This went down to just \$873,000 a few years ago before recovering to a projected \$1,215,000 for FY2023. Current year projections are based on estimates provided by the Michigan Treasury Department. The revenue is based primarily on sales tax revenues at the State level. In addition, for the first time the General Fund budget now contains state shared revenue related to marihuana licenses issued in the City. The City has two active licenses and is anticipating about \$25,000 per license.

A more thorough analysis of revenue is found earlier in this document within the 'Analysis of Principal Revenue Sources' section. Other revenue sources and changes are discussed in the revenue section of this fund.

EXPENDITURE SUMMARY AND OUTLOOK

Salaries and Wages As a primarily service organization, expenditures for salaries and wages represent a significant portion of overall costs in the City's General Fund. For the current year, the General Fund proposes appropriations across all activities of \$3.1 million in wages and an additional \$1.9 million in benefits. Benefits are 66% of total salaries. A comparison of total salaries and benefits in the General Fund for the last five (5) years is presented in the chart below. The amounts for FY2023 and FY2022 represent budgeted amounts, while FY2019-2021 are actual audited amounts.

	FY2023	FY2022	FY2021	FY2020	FY2019
Wages	\$3,065,000	\$2,933,500	\$2,780,845	\$2,651,045	\$2,676,184
Benefits	1,999,000	1,888,200	1,789,160	1,779,810	1,616,446
Total	\$5,064,000	\$4,821,700	\$4,570,005	\$4,430,855	\$4,292,630
% of G.F. Expenditures	65.6%	66.0%	64.6%	61.7%	61.5%

Total employee compensation has increased by about 10% over the last five years, but nine positions have been lost in the last fifteen years. This is due to a combination of both cost-saving measures taken regarding current employees and organizational restructuring that has achieved cost savings as well. Benefit costs have increased only slightly over the last five years, due in large part to the savings achieved through restructuring the City's health plans. Full-time staffing was reduced by one additional position in 2021. This represents the transfer of an administrative employee in the Utilities Department to fill a vacancy in the City Treasurer's office. Only a portion of overall staff reductions yielded savings in the General Fund.

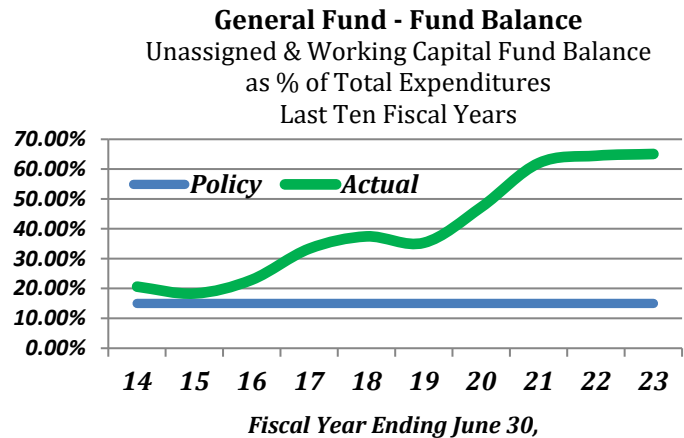
It is the position of City administration that staffing levels across the organization are now at the lowest possible level that is necessary to maintain current service levels. Further reductions in staffing would result in a reduction of services to the community.

Capital Outlay The FY2023 budget includes appropriations for several capital purchases. Several small upgrades will be made to the Cadillac Municipal Complex, including new entry doors. The Police Department will replace the current K-9 officer Sage, who is nearing retirement. The Fire Department will replace a number of extrication tools, and the parks department will replace lakefront light fixtures with LED fixtures. Capital projects are further discussed in the 'Capital Improvement' section of this budget document.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Balance Cadillac has established a policy that an amount equal to 15% of the General Fund's expenditures will be set aside in a reserve entitled Working Capital. The City has complied with this policy for many years and the proposed FY2023 budget will maintain this reserve. This reserve helps the City with cash flow and is a safety net that prevents the City from having to borrow for short-term operating funds during times of lower revenue collections. The City has additional unassigned fund balance on hand beyond what has been designated for working capital, leaving total available fund balance at nearly 65% of current General Fund expenditures.



The FY2023 budget is fully balanced with no anticipated use of reserves. The fund balance has increased in the last several years based on additional funds received to reimburse the loss of personal property taxes. Available fund balance is above policy levels and is recommended to be used only for capital purchases or other one-time uses.

General Fund Outlook and Structural Balance Analysis The City continues to make the necessary structural changes and decisions to achieve long-term stability and sustainability, and actively manage ongoing costs in an effort to maintain structural balance. The following table shows that structural balance is maintained in the current budget, but work will continue to ensure that the City can continue to make needed capital investments.

Total Revenues:	7,898,100
Less: One-Time Revenue	
Sale of Property	5,000
Contributions from Private Sources	5,000
Total One-Time Revenues	10,000
Net = Ongoing Revenue	\$7,888,100
 Total Expenditures	 7,721,900
Less: One-Time Expenditures	
Capital Outlay	85,000
Net = Ongoing Expenditures	\$7,636,900
 Ongoing Revenues Over (Under) Ongoing Expenditures	 \$251,200

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

5-Year Projection Data - General

As of FY2023 Budget Process

	BUDGET		PROJECTED				
	2022	2023	2024	2025	2026	2027	2028
Revenue							
Taxes	4,136,000	4,353,000	4,396,200	4,439,832	4,483,900	4,528,409	4,573,363
Licenses	137,500	132,500	131,500	131,500	131,500	131,500	131,500
Intergovernmental	1,934,000	2,171,000	2,068,300	2,082,786	2,097,461	2,112,327	2,127,387
Charges for Services	1,054,100	1,175,100	1,184,040	1,185,611	1,187,213	1,188,847	1,190,514
Fines and Forfeits	15,000	10,000	10,000	10,000	10,000	10,000	10,000
Miscellaneous	20,000	20,000	20,000	15,000	80,000	15,000	15,000
Interest and Rents	36,500	36,500	36,500	36,500	36,500	36,500	36,500
Other Financing Sources	0	0	0	0	0	0	0
	\$7,333,100	\$7,898,100	\$7,846,540	\$7,901,229	\$8,026,574	\$8,022,584	\$8,084,265
Expenditures							
Salaries and Wages	2,933,500	3,065,000	3,139,238	3,215,331	3,293,327	3,373,272	3,455,217
Employee Benefits	1,888,200	1,999,000	2,028,643	2,069,193	2,110,673	2,153,106	2,196,515
Office and Operating Supplies	210,900	215,600	217,756	219,934	222,133	224,354	226,598
Contractual Services	1,159,100	1,287,100	1,162,625	1,168,231	1,173,919	1,179,690	1,185,547
Repairs and Maintenance	138,500	153,500	155,035	156,585	158,151	159,733	161,330
Equipment Rental	149,000	161,300	162,865	164,446	166,042	167,655	169,283
Travel and Education	64,500	66,000	66,660	67,327	68,000	68,680	69,367
Utilities	222,900	232,100	236,742	241,477	246,306	251,233	256,257
Other Expenses	154,100	172,600	174,326	176,069	177,830	179,608	181,404
Local Support	113,700	114,700	111,300	111,300	111,300	111,300	111,300
Transfers to Other Funds	160,000	170,000	160,000	160,000	160,000	160,000	160,000
	\$7,194,400	\$7,636,900	\$7,615,189	\$7,749,892	\$7,887,681	\$8,028,630	\$8,172,818
Capital Outlay	\$131,500	\$85,000	\$210,500	\$735,000	\$326,000	\$185,000	\$68,000
Total Expenditures	\$7,325,900	\$7,721,900	\$7,825,689	\$8,484,892	\$8,213,681	\$8,213,630	\$8,240,818
Revenue Over (Under) Expenditures	\$7,200	\$176,200	\$20,851	(\$583,663)	(\$187,107)	(\$191,047)	(\$156,552)
Beginning Fund Balance	3,388,455	3,395,655	3,571,855	3,592,706	3,009,043	2,821,936	2,630,889
Ending Fund Balance	3,395,655	3,571,855	3,592,706	3,009,043	2,821,936	2,630,889	2,474,337
Policy Fund Balance	1,098,885	1,158,285	1,173,853	1,272,734	1,232,052	1,232,045	1,236,123
Balance Over (Under) Policy	2,296,770	2,413,570	2,418,852	1,736,309	1,589,884	1,398,845	1,238,214
Total Ongoing Revenue	7,333,100	7,898,100	7,846,540	7,901,229	8,026,574	8,022,584	8,084,265
Total Operating Expenditures	7,194,400	7,636,900	7,615,189	7,749,892	7,887,681	8,028,630	8,172,818
Structural Balance (Deficit)	138,700	261,200	231,351	151,337	138,893	(6,047)	(88,552)

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

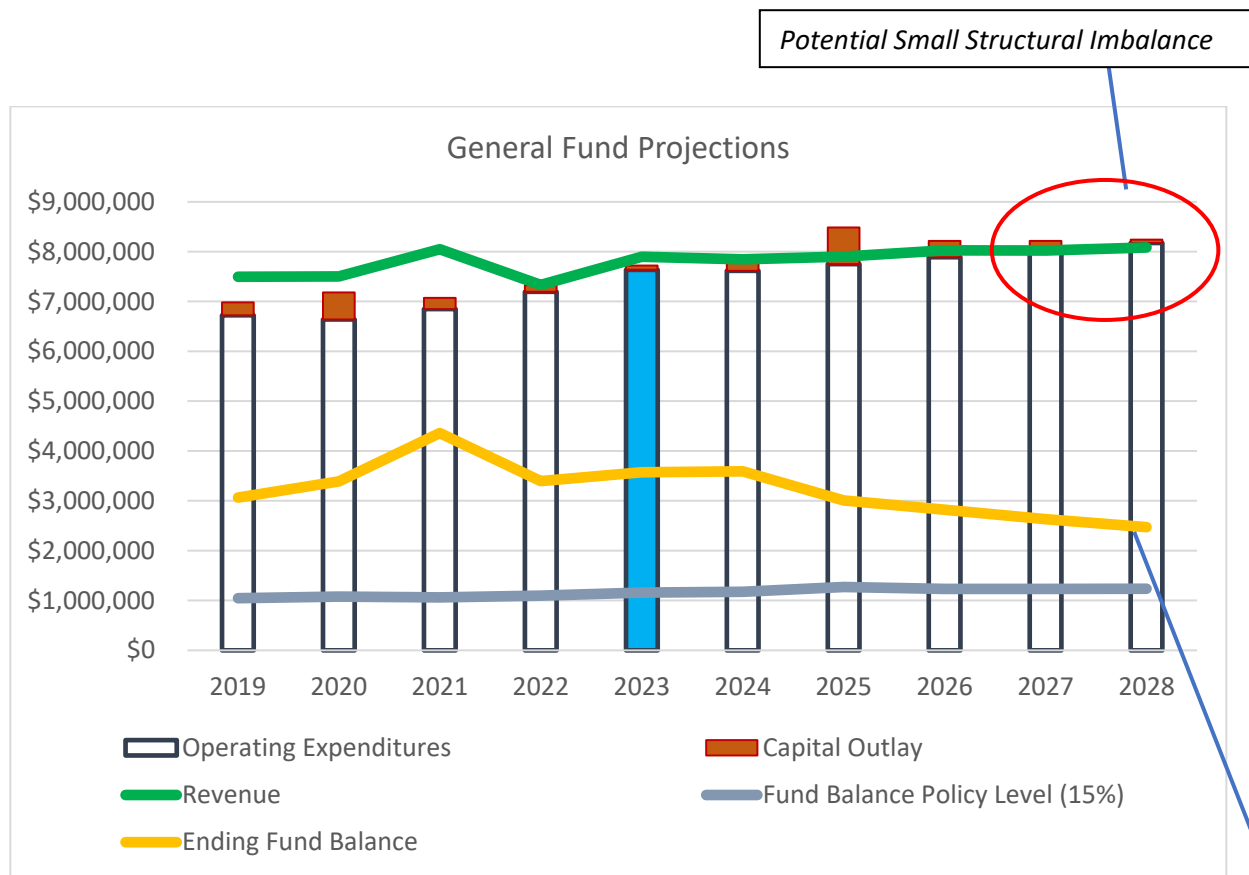
General Fund 5-Year Projections

The budget projections shown on the previous page were developed based on current revenue estimates and assumptions for the next five years.

Conservative revenue projections were used in the revenue analysis, with tax revenue projected to grow by just 1% per year. The other principal source of General Fund revenue, State Shared Revenue, is projected to grow at the same conservative rate.

Expense projections are based on analysis of past trends and future expected spending. Salaries are expected to increase 2.5% per year, while benefit costs are expected to increase 3%. Other operational costs like Operating Supplies, Utilities, and Repairs and Maintenance are projected to increase 2% per year. Capital Outlay expenditures are based on the City's 6-Year Capital Improvement Program.

The projections highlight that the General Fund will stay above the fund balance policy level of 15% of expenditures, but the City will need to continually analyze the spending structure and additional revenue opportunities in order to fully fund operations and capital investment for FY2023 and beyond. In addition, as the chart below shows, operating expenditures begin to slightly exceed revenues approximately in FY2027. This indicates that the City will need to identify additional recurring revenue sources or find additional ways to reduce costs in order to fund ongoing operating expenditures.



*Projected Fund Balance
above policy benchmark
for all years, but declining
due to capital needs*

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Revenue Summary

Fund Summary	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed	% Change
REVENUES AND OTHER SOURCES:					
Taxes	\$4,037,469	\$4,214,300	\$4,136,000	\$4,353,000	5.25%
Licenses	130,290	133,500	137,500	132,500	-3.64%
Intergovernmental	2,680,718	2,394,700	1,934,000	2,171,000	12.25%
Charges For Services	1,071,236	1,076,200	1,054,100	1,175,100	11.48%
Fines and Forfeits	7,634	8,000	15,000	10,000	-33.33%
Miscellaneous	70,677	87,000	20,000	20,000	0.00%
Interest and Rents	48,479	35,000	36,500	36,500	0.00%
Other Financing Sources	0	0	0	0	0.00%
Total Revenues	\$8,046,503	\$7,948,700	\$7,333,100	\$7,898,100	7.70%

General Fund Revenue Sources

	<i>Percentage of General Fund Revenues from 1980-Current</i>				
	Current	FY2010	FY2000	FY1990	FY1980
Taxes	55.12%	62.50%	53.54%	54.49%	44.58%
Intergovernmental	27.49%	18.63%	27.33%	29.10%	27.11%
Charges for Services	14.88%	12.97%	13.00%	6.74%	6.76%
Other	2.52%	5.90%	6.13%	9.67%	21.55%
	100.01%	100.00%	100.00%	100.00%	100.00%

The chart above illustrates the fact that the revenue sources for the City have remained fairly consistent, but that compared to the 1980's the City is more reliant on local sources of revenue - like Property Taxes - to fund operations.

Property Tax Levy

The City levies 13.4992 mills for general operating purposes and 2.6 mills for the Act 345 Police and Fire Retirement System. Several tax increment financing authorities capture a portion of these taxes for use in the specific district for applicable purposes. Details of the tax levy and various captures are as follows:

		Levy	
Total Anticipated Taxable Value:	\$271,000,000	\$3,656,386	(Preliminary roll; budget reflects slightly lower.)
Prior Year Taxable Value:	\$254,024,937	\$3,470,743	
Increase (Decrease):	\$16,975,063	\$185,643	
% Change:	6.68%	5.35%	(Millage rollback restricted growth in tax levy.)

Total Levy	Total Tax Levy	DDA Capture	LDFA Capture	Brownfield Capture	General Fund Taxes	Taxes Captured
General Operating	\$3,656,386	56,323	59,745	33,445	\$3,506,873	\$149,513
P&F Retirement	\$704,600	10,854	14,217	6,364	\$673,165	\$31,435
		67,177	73,962	39,809	\$4,180,038	\$180,948

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Summary	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Taxes				
Current Property Tax	\$3,210,717	\$3,385,000	\$3,320,000	\$3,480,000
Industrial Facilities Tax	23,016	12,000	15,000	10,000
Property Tax - Police and Fire	610,230	625,000	610,000	670,000
Delinquent Tax Collections	95	200	1,000	1,000
Administration Fees	131,972	130,000	128,000	130,000
Trailer Park Fees	2,596	2,600	2,000	2,000
Penalties and Interest	28,027	29,000	30,000	30,000
Payment in Lieu of Taxes				
Housing	30,816	30,500	30,000	30,000
Total Taxes	\$4,037,469	\$4,214,300	\$4,136,000	\$4,353,000
Licenses and Permits				
Cable Franchise Fees	\$126,935	\$129,000	\$135,000	\$130,000
Business Licenses	1,770	3,000	1,500	1,500
Permits	1,585	1,500	1,000	1,000
Total Licenses and Permits	\$130,290	\$133,500	\$137,500	\$132,500
Intergovernmental Revenues				
State Shared Revenues:				
Sales & Use Tax - Constitutional	\$950,988	\$1,015,000	\$905,000	\$1,000,000
Sales & Use Tax - Statutory	168,715	205,000	205,000	215,000
Revenue Sharing - Marihuana	0	112,000	0	50,000
Liquor Licenses	8,844	10,700	9,000	9,000
Local Community Stabilization Authority	891,025	750,000	540,000	600,000
Telecommunications Right of Way	46,476	45,000	42,000	44,000
Grants from Local Units:				
Fire Protection	191,558	200,000	180,000	200,000
Michigan Justice Training Grant	1,561	2,000	3,000	3,000
CAPS - School Officer	50,000	50,000	50,000	50,000
Federal Grants	371,551	0	0	0
State of Michigan Grants	0	5,000	0	0
Local Funds	0	0	0	0
Total Intergovernmental Revenues	\$2,680,718	\$2,394,700	\$1,934,000	\$2,171,000

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Revenue Highlights

Industrial Facilities Tax This tax abatement program has been significantly less valuable as a result of the reforms related to manufacturing personal property. This program allows Council to abate half of the City taxes for up to 12 years. Exemptions have been granted with a total value of just under \$6 million. The Local Development Finance Authority captures about half of the annual levy.

Fire Protection Clam Lake Township and the City of Cadillac have a fire protection agreement whereby the City provides fire protection to the township and in return the township pays the City a fee of 2 mills. The township's estimated taxable value is just over \$105 million. The fire contract was renewed recently through December 31, 2024.

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. Recycling services were added in 2013. The contract for recycling services is separate from the refuse contract, and the service is provided by a separate hauler. The rate for the rental of tidy totes is recommended to remain at \$2.10 per month.

Refuse Collection

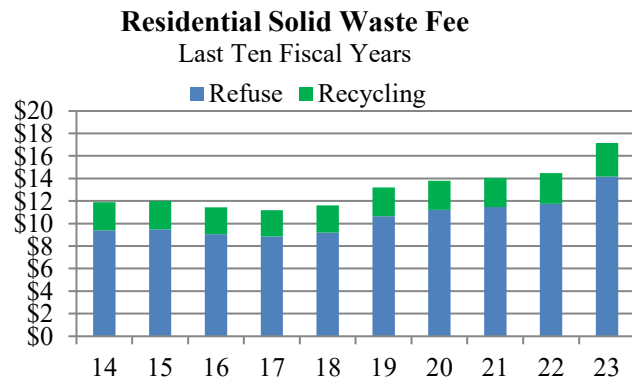
Average # of customers	3,325
Monthly Charge	\$14.15
Total Monthly Revenue	\$47,049
Annual Revenue	\$564,588

Recycling

Average # of customers	3,325
Monthly Charge	\$3.00
Total Monthly Revenue	\$9,975
Annual Revenue	\$119,700

Tidy Tote Garbage Cans

Average # of customers	2,550
Monthly Charge	\$2.10
Total Monthly Revenue	\$5,355
Annual Revenue	\$64,260



For the Fiscal Year Ending June 30,

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Summary	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Charges For Services				
Zoning Fees	\$3,445	\$2,500	\$1,500	\$1,500
Exemption Certificate Fees	0	0	0	0
Northflight/MMR	86,933	77,000	76,000	77,000
Police Charges	3,076	3,500	4,000	4,000
Fire Department Charges	0	6,000	5,000	5,000
Engineering Fees	500	100	0	0
Solid Waste Collection	620,652	645,000	625,000	745,000
EGLE Management Fee	25,000	25,000	25,000	25,000
Rental Housing Ordinance Fee	3,630	6,500	7,000	7,000
Administrative Charges				
Water and Sewer Fund	\$260,000	\$245,000	\$245,000	\$245,000
Stores & Garage Fund	20,000	20,000	20,000	20,000
Community Development Fund	12,000	12,000	12,000	12,000
Data Processing Fund	36,000	30,000	30,000	30,000
Building Inspection Fund	0	3,600	3,600	3,600
Total Charges For Services	\$1,071,236	\$1,076,200	\$1,054,100	\$1,175,100
Fines and Forfeits				
Violations Bureau	\$7,634	\$8,000	\$15,000	\$10,000
Total Fines and Forfeits	\$7,634	\$8,000	\$15,000	\$10,000
Miscellaneous				
Sale of Property	18,249	4,000	5,000	5,000
Contributions - Private Sources	44,212	75,000	5,000	5,000
Miscellaneous - Refunds and Rebates	8,216	8,000	10,000	10,000
Total Miscellaneous	\$70,677	\$87,000	\$20,000	\$20,000
Interest and Rents				
Interest Income	\$38,199	\$30,000	\$35,000	\$35,000
Land and Building Rental	10,280	5,000	1,500	1,500
Total Interest and Rents	48,479	35,000	36,500	36,500
Other Financing Sources				
Appropriated Fund Balance	0	0	0	0
Total Other Financing Sources	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$8,046,503	\$7,948,700	\$7,333,100	\$7,898,100

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Summary	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed	Change
<u>EXPENDITURES</u>					
General Government					
Legislative	\$42,444	\$48,700	\$54,000	\$55,000	1.85%
Office of the City Manager	291,708	313,500	311,600	332,300	6.64%
Financial Services	336,283	366,300	354,700	378,100	6.60%
Clerk/Treasurer Department	314,061	341,900	323,000	363,000	12.38%
Election Services	24,480	15,000	16,000	16,000	0.00%
Assessing	137,216	140,600	141,000	144,000	2.13%
Legal Services	185,526	152,000	200,000	200,000	0.00%
City Hall	298,845	323,900	312,600	355,100	13.60%
Total General Government	\$1,630,563	\$1,701,900	\$1,712,900	\$1,843,500	7.62%
Public Safety					
Police Department	\$2,002,876	\$2,279,000	\$2,227,000	\$2,273,000	2.07%
Code Enforcement	16,660	17,500	17,500	19,000	-
Fire Department	1,614,103	1,573,000	1,534,700	1,600,900	4.31%
Total Public Safety	\$3,633,639	\$3,869,500	\$3,779,200	\$3,892,900	3.01%
Public Works	\$1,054,447	\$1,032,000	\$1,020,600	\$1,106,300	8.40%
Culture and Recreation	287,643	336,000	321,500	307,000	-4.51%
Economic Development and Assistance	247,944	314,700	232,500	303,000	30.32%
Intergovernmental Expenses	59,273	99,200	99,200	99,200	0.00%
Other Financing	160,000	160,000	160,000	170,000	6.25%
TOTAL EXPENDITURES	\$7,073,509	\$7,513,300	\$7,325,900	\$7,721,900	5.41%
FUND BALANCE AT YEAR END					
Net Change in Fund Balance	\$972,994	\$435,400	\$7,200	\$176,200	
Fund Balance - Beginning of Year	3,753,497	4,726,491	4,726,491	5,161,891	
FUND BALANCE AT YEAR END					
Nonspendable	1,203	50,000	50,000	50,000	
Restricted	41,957	27,910	27,910	22,910	
Committed	-	-	-	-	
Assigned	1,451,083	1,449,122	1,421,012	1,490,412	
Unassigned	2,259,269	3,634,859	3,234,769	3,774,769	
TOTAL FUND BALANCE	\$4,726,491	\$5,161,891	\$4,733,691	\$5,338,091	

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

FUND BALANCE

Fund balance information is presented below. Some of the fund balance remaining at the end of the fiscal year is either reserved or has been assigned for a specific purpose. Specific classifications of fund balance are as follows:

Fund Balance Information	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Nonspendable				
Prepaid Expenditures	1,530	50,000	50,000	50,000
Restricted For:				
Veterans Memorial	1,855	1,855	1,855	1,855
Youth Services	844	844	844	844
Drug Forfeiture	4,656	3,977	3,977	3,977
Mayor's Youth Council	262	0	0	0
Fire Safety House	0	1,859	1,859	1,859
Blackburn Skate Park	3,272	2,996	2,996	2,996
White Pine Trail	1,859	1,859	1,859	1,859
Diggins Hill Park	7,578	500	500	500
Sound Garden Sundial Project	2,125	0	0	0
Bike Routes	2,000	1,500	1,500	500
Cadillac Trail Signage	5,000	2,500	2,500	0
McKellop Walkway Plowing	3,621	2,500	2,500	1,000
Bike Cadillac	5,000	5,000	5,000	5,000
Mayor Wedding Fees	100	0	0	0
CASA Field Use	2,520	2,520	2,520	2,520
Dog Park	662	0	0	0
CAMA Lighthouse	800	0	0	0
Total Restricted	42,154	27,910	27,910	22,910
Assigned For:				
Sick and Vacation Funding	283,899	320,000	320,000	330,000
Working Capital	1,098,885	1,126,995	1,098,885	1,158,285
Pistol Range	11,288	2,127	2,127	2,127
Appropriated to Budget	-	-	-	-
Total Assigned	1,394,072	1,449,122	1,421,012	1,490,412
Unassigned	3,288,693	3,634,859	3,234,769	3,774,769
TOTAL FUND BALANCE	\$4,726,449	\$5,161,891	\$4,733,691	\$5,338,091

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
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GENERAL GOVERNMENT

Legislative

Salaries	\$15,739	\$17,000	\$17,000	\$18,000
Fringes	1,233	1,400	1,500	1,500
Office Supplies	0	500	1,500	1,500
Contractual Services	3,460	4,000	5,000	5,000
Data Processing	3,000	3,000	3,000	3,000
Dues & Publications	6,910	6,800	7,000	7,000
Travel and Education	0	6,000	8,000	8,000
Ordinances and Proceedings	12,102	10,000	11,000	11,000
Total Legislative	\$42,444	\$48,700	\$54,000	\$55,000

CITY COUNCIL MEASURES

Full-Time Positions	0	0	0	0
Part-Time Positions	5	5	5	5
Cost Per Resident	\$4.10	\$4.70	\$5.21	\$5.31

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

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

Goals The City Council sets the overarching strategy and goals for the direction of the City. These goals can be found in an earlier section of this budget document.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>GENERAL GOVERNMENT (Cont.)</u>				
Office of the City Manager				
Salaries	\$178,725	\$191,000	\$197,000	\$210,000
Fringes	88,478	95,000	84,000	90,000
Office Supplies	4,141	1,500	2,000	2,000
Data Processing	7,000	7,000	7,000	7,000
Dues & Publications	2,573	3,000	3,000	3,500
Telephone	3,695	2,700	2,800	4,000
Travel & Education	2,296	8,500	10,000	10,000
Vehicle Allowance	4,800	4,800	4,800	4,800
Suggestion Award	0	0	1,000	1,000
Total Office of the City Manager	\$291,708	\$313,500	\$311,600	\$332,300

<i>CITY MANAGER MEASURES</i>				
Full-Time Positions	2.75	2.25	2.25	2.25
Part-Time Positions	0.50	0.50	0.00	0.00
Cost Per Resident	\$28.17	\$30.28	\$30.09	\$32.09

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

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

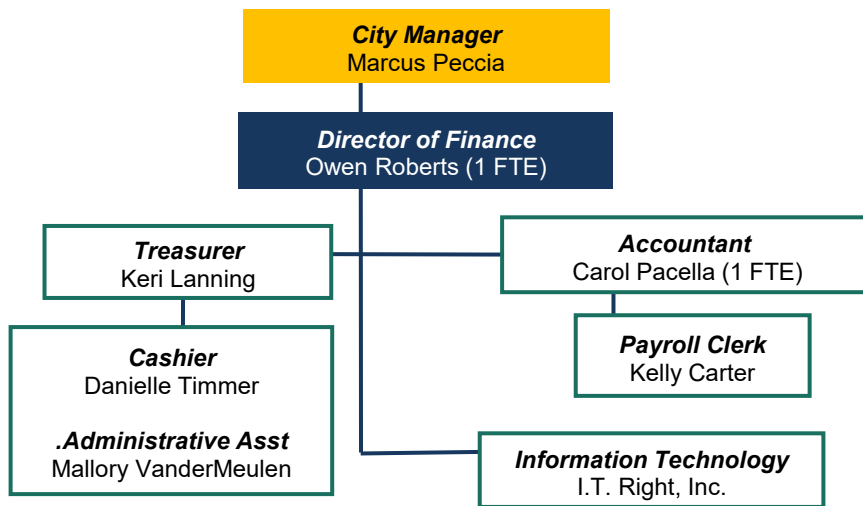
The City Manager discusses the issues facing the City of Cadillac in the transmittal letter found at the beginning of this budget document.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

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

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



PERFORMANCE MEASURES - FINANCIAL SERVICES

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2020	2021	2022	2023	
Received GFOA Budget/CAFR Awards		Yes	Yes	Yes	Yes	↔
General Fund Working Capital + Unassigned Fund Balance + Assigned to Subsequent Budget		\$3,392,984	\$4,387,578	\$4,761,854	\$4,933,054	↔
Total General Fund Expenditures		\$7,179,609	\$7,073,509	\$7,513,300	\$7,721,900	↑
Unreserved Fund Balance as % of General Fund Expenditures		47.97%	62.03%	63.38%	63.88%	↓
Fund Balance Policy Level (15%)		\$1,076,941	\$1,061,026	\$1,126,995	\$1,158,285	↑
Total Above (Below) Policy Benchmark *		\$2,316,043	\$3,326,552	\$3,634,859	\$3,774,769	↓
Unmodified Audit Opinion		Yes	Yes	Yes	Yes	↔

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
GENERAL GOVERNMENT (Cont.)				
Financial Services				
Salaries	\$185,516	\$199,000	\$191,000	\$205,000
Fringes	109,836	125,000	118,000	126,000
Office Supplies	3,532	3,000	5,000	5,000
Audit	8,740	9,300	10,000	10,000
Data Processing	22,000	22,000	22,000	22,000
Dues & Publications	2,423	1,400	1,500	1,500
Telephone	2,220	2,600	2,200	3,600
Travel & Education	2,016	4,000	5,000	5,000
Total Financial Services	\$336,283	\$366,300	\$354,700	\$378,100

FINANCIAL SERVICES DEPARTMENT MEASURES				
Full-Time Positions	2.15	2.9	2.9	2.9
Part-Time Positions	0.00	0.00	0.00	0.00
Cost Per Resident	\$32.48	\$35.37	\$34.25	\$36.51



**CAPITAL IMPROVEMENT
PROGRAM**

For the Six (6) Fiscal Years Ending
June 30, 2023 - 2028



Capital Improvement Planning One of the important responsibilities of the Financial Services Department is developing the annual 6-Year Capital Improvement Program for all City activities. This program is completed prior to the budget process each year. As funds are available, the projects included in the program are scheduled into the Annual Operating Budget. The program identifies over \$17.2 million in capital projects in the next six years. The picture to the left is the cover of the most recent program document. The program is summarized in the 'Capital Improvement' section of this budget document, and is available for review on the City's website.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Departmental Highlights

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

PERFORMANCE MEASURES - CITY TREASURER/CLERK

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2020	2021	2022	2023	
Total City-wide Assessed Value		\$267,483,800	\$293,238,353	\$322,622,100	\$344,691,800	↑
Total City-wide Taxable Value		\$229,304,412	\$239,081,305	\$254,024,937	\$271,111,142	↑
Taxable Value as % of Assessed Value		85.7%	81.5%	78.7%	78.7%	↑
Tax Bills Issued		10,060	9,943	9,983	10,000	↔
Total Number of Annual Receipts		42,145	39,987	41,000	41,000	↔
Total Number of Online Receipts		6,850	10,045	7,000	7,000	↑
Dollar Value of Annual Receipts		\$19,497,386	\$20,000,945	\$20,000,000	\$20,000,000	↔
Accounts Payable Checks Issued		2,552	2,226	1,900	1,800	↓
Accounts Payable Electronic Payments Issued		0	199	750	850	↑
Payroll Fund Checks Issued		149	126	120	80	↓
Payroll Direct Deposits		3,299	3,257	3,360	3,400	↑
Miscellaneous Billing Invoices Issued		905	919	900	900	↔
Total Registered Voters		7,875	8,149	8,150	8,150	↑
Number of Elections		3	3	2	2	↔
Total Cost of Elections		\$18,988	\$24,480	\$16,000	\$16,000	↑
Cost per Election		\$6,329	\$8,160	\$8,000	\$8,000	↑

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
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GENERAL GOVERNMENT (Cont.)

Clerk/Treasurer Department

Salaries	\$173,038	\$174,000	\$166,000	\$180,000
Fringes	97,850	120,000	101,000	126,000
Office Supplies	4,917	3,500	3,000	3,000
Postage	16,032	13,000	15,000	15,000
Data Processing	20,000	20,000	20,000	20,000
Dues & Publications	623	800	1,000	1,000
Travel & Education	(298)	1,500	3,000	3,000
Act 425 Disbursements	16	4,100	4,000	5,000
Bad Debt Expense (1)	1,883	5,000	10,000	10,000
Total Clerk/Treasurer Department	\$314,061	\$341,900	\$323,000	\$363,000

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

CLERK/TREASURER MEASURES

Full-Time Positions	3.750	3.750	3.750	3.750
Part-Time Positions	0.000	0.000	0.000	0.000
Cost Per Resident	\$30.33	\$33.02	\$31.19	\$35.06

Election Services

Salaries	\$17,590	\$9,000	11,000	\$11,000
Office Supplies	6,890	6,000	5,000	5,000
Contractual Services	0	0	0	0
Total Election Services	\$24,480	\$15,000	\$16,000	\$16,000

ELECTIONS MEASURES

Full-Time Positions	0.000	0.000	0.000	0.000
Part-Time Positions	15.000	15.000	15.000	15.000
Cost Per Resident	\$2.36	\$1.45	\$1.55	\$1.55
Registered Voters	7,214	7,304	7,300	7,300
Cost per registered voter	\$3.39	\$2.05	\$2.19	\$2.19

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
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GENERAL GOVERNMENT (Cont.)

Assessor

Postage	\$2,837	\$3,000	\$3,000	\$3,000
Contractual Services	235	1,000	2,000	2,000
Wexford County Contract	123,390	125,000	125,000	128,000
Data Processing	10,000	10,000	10,000	10,000
Board of Review	754	1,600	1,000	1,000
Total Assessor	\$137,216	\$140,600	\$141,000	\$144,000

ASSESSING MEASURES

Full-Time Positions	0	0	0	0
Part-Time Positions	4	4	4	4
Cost Per Resident	\$13.25	\$13.58	\$13.62	\$13.91

City Assessor The function of the City Assessor has been contracted with the Wexford County Equalization Department. A new contract has been approved by the City for an initial 5-year term and automatic 1-year extensions after the initial 5-year term. 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. Contractual Services activity includes professional fees and potential appraisal costs associated with justifying and defending the assessed property values. Mr. Joe Porterfield was appointed the County's Equalization Director in 2009.

Annual costs of the assessing contract are as follows:

Service	Charge	# of Parcels	Annual Cost
Per Parcel assessing charge	\$19.08	6,200	\$118,296
Per Parcel assessment roll maintenance	\$1.35	6,200	\$8,370
Total Charges			\$126,666

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
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GENERAL GOVERNMENT (Cont.)

Legal Services

Legal Services - General Counsel	\$56,053	50,000	\$65,000	\$65,000
Legal Services - Special	98,795	70,000	100,000	100,000
Legal Services - Prosecution	30,678	32,000	35,000	35,000
Total Legal Services	\$185,526	\$152,000	\$200,000	\$200,000

Cost Per Resident	\$17.92	\$14.68	\$19.31	\$19.31
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City Attorney Legal Services Mr. Michael Homier of Foster, Swift, Collins & Smith, PC's Grand Rapids office has been the chief counsel for the City of Cadillac since 2010. Several other attorneys from the firm provide counsel in specific areas of expertise.



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

Costs for Legal Services General counsel services provided by Foster, Swift, Collins & Smith, PC will be billed at an hourly rate of \$200 per hour. There is no annual maximum included in the agreement. The Wexford County Prosecutor's Office will handle all general prosecution-related cases for an annual cost of \$30,240. Other special legal services include environmental, labor, property tax, and other special kinds of legal work. These are typically billed between \$200 and \$250 per hour, depending on the specific work being done. The vast majority of these special services are performed by the City Attorney.

MEASURE	Fiscal Year:	<i>Actual</i>			<i>Projected</i>	<i>Budget</i>
		2019	2020	2021	2022	2023
City Attorney Hours Billed		1,064	710	966	825	825
City Attorney Costs		\$232,680	\$139,507	\$190,561	\$165,000	\$165,000
Prosecutor Costs		\$30,590	\$30,568	\$30,557	\$35,000	\$35,000

* A portion of City Attorney charges are accounted for in other funds based on the nature of the work.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
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GENERAL GOVERNMENT (Cont.)

City Hall

Salaries	\$35,675	\$40,000	\$37,000	\$41,000
Fringes	32,298	35,000	32,500	35,000
Operating Supplies	17,403	14,000	15,000	15,000
Contractual Services	4,601	6,500	5,000	5,000
Service/Lease Contracts	2,433	1,500	2,000	2,000
Data Processing	1,600	1,600	1,600	1,600
Liability Insurance	80,463	85,000	80,000	90,000
Utilities	91,149	85,000	80,000	85,000
Repair and Maintenance	22,952	20,000	25,000	25,000
Equipment Rental	7,200	7,200	7,500	7,500
Parking Assessment	3,071	3,100	0	3,000
Capital Outlay	0	25,000	27,000	45,000
Total City Hall	\$298,845	\$323,900	\$312,600	\$355,100

CITY HALL MEASURES

Full-Time Positions	1.50	1.00	1.00	1.00
Part-Time Positions	0.50	0.50	0.00	0.00
Cost per Resident	\$28.86	\$31.28	\$30.19	\$34.29

TOTAL GENERAL GOVERNMENT

\$1,630,563	\$1,701,900	\$1,712,900	\$1,843,500
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TOTAL GENERAL GOVERNMENT MEASURES

Full-Time Positions	10.950	10.700	10.700	10.700
Part-Time Positions	25.000	25.000	24.000	24.000
Cost per Resident	\$157.47	\$164.36	\$165.42	\$178.03
% of General Fund Budget	23.05%	22.65%	23.38%	23.87%



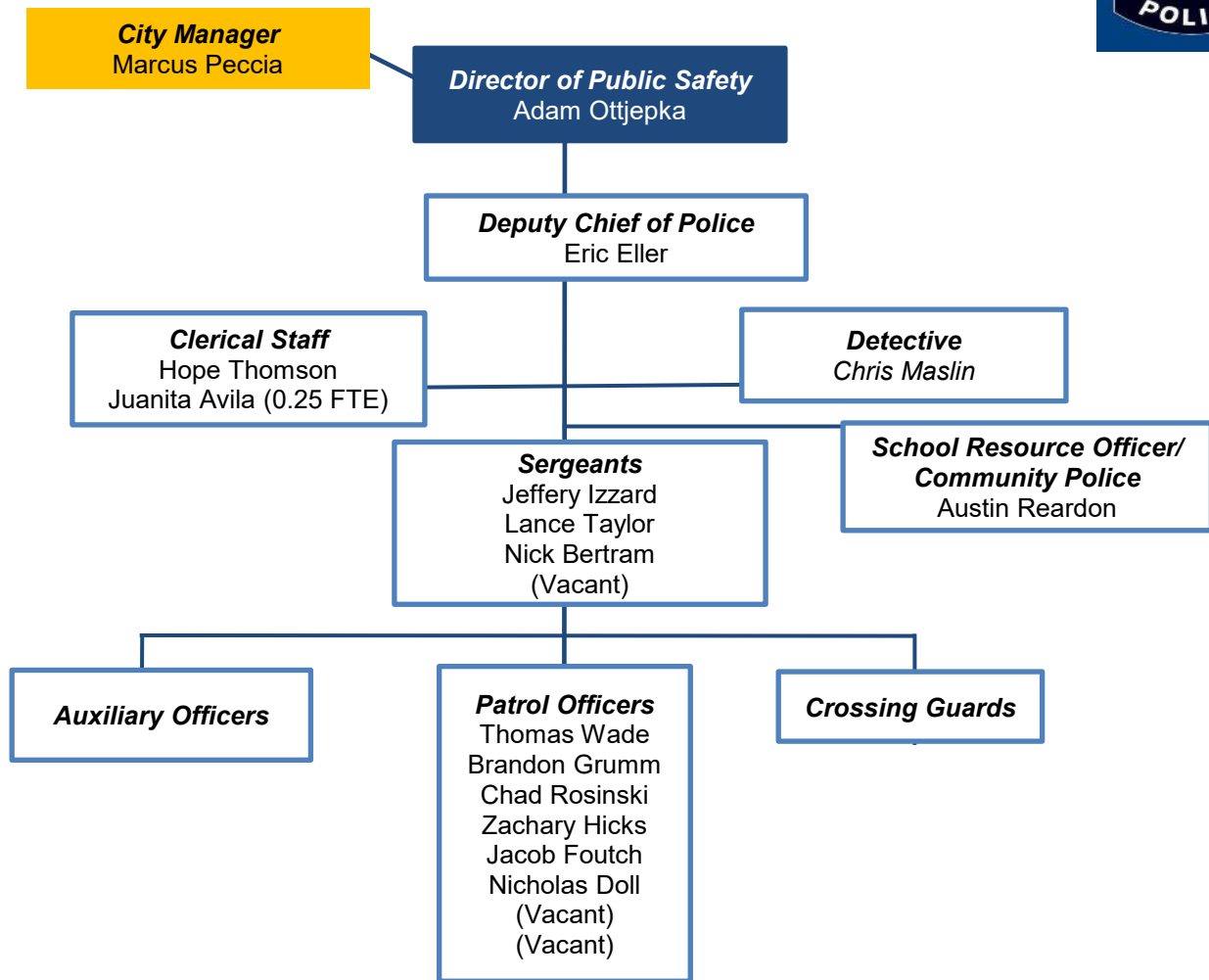
Cadillac Municipal Complex The maintenance of the physical plant, which is occupied 24 hours per day, is anticipated to increase as the facility ages. No major upgrades have been done on the complex in the last decade, and several proposed capital improvements to the municipal complex have been postponed as a result of funding constraints.

Fund: General Fund

POLICE DEPARTMENT



CHART OF ORGANIZATION



Values Statement

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

Mission Statement:

It is the mission of the Cadillac Police Department to:

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

**CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET**

Fund: General Fund

PERFORMANCE MEASURES - POLICE DEPARTMENT

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2020	2021	2022	2023	
Sworn Officers		15	15	15	15	↔
Police Reports Completed		3,295	3,650	3,500	3,500	↔
Police Reports per Sworn Officer		220	243	233	233	↔
Traffic Citations Issued		170	260	300	300	↔
Traffic Verbal Warnings Issued		834	2,146	1,500	1,500	↑
Criminal Investigations		1,746	1,708	2,100	2,100	↑
Freedom of Information Requests Fulfilled		104	153	160	160	↔
Handgun Registrations		361	335	350	350	↔
K-9 Unit Tracking Calls		4	3	5	5	↔
K-9 Unit Demonstrations		3	2	5	5	↑
K-9 Unit Searches		5	3	10	10	↑
Non-Criminal Investigations		2,040	2,325	2,000	2,000	↔
Total Calls for Service		6,272	8,337	7,000	7,000	↔
Total Arrests		759	672	700	700	↔
Average Mileage of Fleet		77,825	75,560	75,000	70,000	↓
Average Mileage of Patrol Vehicles		86,821	59,001	65,000	65,000	↔
Operating Cost per Sworn Officer		\$123,769	\$131,563	\$144,333	\$150,533	↑

Cadillac Police Community Partnership Community partnership is a crime prevention and community policing initiative for the Cadillac Police Department. The initiative consists of four focus areas: **Neighborhoods, Schools, Businesses, and Rental Housing**. The initiative includes such things as neighborhood watch, citizens academies, clean-up days, ride-a-long programs, junior police, retail fraud training and education, and crime-free leasing addendums, to name a few. To the right is an image of the signs that are appearing throughout the community to raise awareness of the efforts. The community has given great response to this initiative.



CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>PUBLIC SAFETY</u>				
Police Department				
Salaries - Full-Time Staff	\$1,022,769	\$1,040,000	\$1,091,000	\$1,132,000
Salaries - Overtime	58,845	90,000	80,000	85,000
Salaries - Crossing Guards	0	0	10,000	10,000
Salaries - Auxiliary	0	0	2,000	2,000
Fringes	727,475	790,000	800,000	845,000
Office Supplies	3,430	6,000	6,500	6,500
Operating Supplies	33,697	42,000	42,500	43,000
Operating Supplies - Community Service	1,008	500	1,100	1,100
Contractual Services	6,517	5,000	5,000	5,000
Uniform Cleaning	9,162	9,500	8,500	10,000
Data Processing	52,000	52,000	52,000	52,000
Dues & Publications	1,590	1,500	1,900	1,900
Radio & Equipment Maintenance	3,034	5,000	6,500	6,500
Telephone	3,544	6,000	6,500	6,500
Travel & Education	18,332	17,000	20,000	20,000
Vehicle Repair and Maintenance	24,180	24,000	19,000	19,000
Uniforms and Maintenance	7,861	10,500	12,500	12,500
Capital Outlay	29,432	180,000	62,000	15,000
Total Police Department	\$2,002,876	\$2,279,000	\$2,227,000	\$2,273,000

<u>POLICE DEPARTMENT MEASURES</u>				
Full-Time Positions	16.950	16.950	16.950	16.750
Part-Time Positions	16.000	16.000	16.000	16.000
Cost per Resident	\$193.42	\$220.09	\$215.07	\$219.51

Code Enforcement				
Salaries	\$9,251	\$9,800	\$9,500	\$10,500
Fringes	7,409	7,700	8,000	8,500
Supplies	0	0	0	0
Total Code Enforcement	\$16,660	\$17,500	\$17,500	\$19,000

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

<u>CODE ENFORCEMENT MEASURES</u>				
Full-Time Positions	0.000	0.000	0.000	0.250
Part-Time Positions	0.000	0.000	0.000	0.000
Cost per Resident	\$1.61	\$1.69	\$1.69	\$1.83

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

CADILLAC POLICE DEPARTMENT FLEET DETAILS			
#	Vehicle	Assignment	Miles
1	2021 Interceptor SUV	Sergeant Road Patrol	6,442
2	2015 Interceptor	Back Up Patrol	124,246
3	2021 Interceptor SUV	Primary Road Patrol	22,093
4	2019 Interceptor	Primary Road Patrol	106,630
6	2013 Interceptor	Training Vehicle	136,817
10	2016 Interceptor	School Resource Ofcr.	126,676
11	2015 Interceptor	Detective	110,188
12	2017 Interceptor SUV	Patrol/K9	35,594
13	2020 Dodge Ram	Deputy Chief of Police	11,357



Average Mileage all Vehicles 75,560
Average Mileage Patrol Fleet 59,001

Public Safety Benchmarking

POLICE DEPARTMENT						
Cities	Pop.	FY2022 Police Budget	Number of Sworn Officers	Citizens Served Per Officer	Per Capita Costs	% of General Fund
Manistee	6,226	\$1,440,871	13	478.92	\$231.43	20.91%
Big Rapids	7,727	\$2,464,800	21	367.95	\$318.99	24.59%
Alpena	10,197	\$2,389,366	17	599.82	\$234.32	22.20%
Traverse City	15,678	\$4,309,100	28	559.93	\$274.85	21.79%
Sault Ste. Marie	13,337	\$3,197,100	24	555.71	\$239.72	24.96%
Coldwater	10,945	\$2,570,069	19	576.05	\$234.82	25.44%
Sturgis	10,994	\$3,092,266	19	578.63	\$281.27	30.22%
City of Cadillac	10,355	\$2,227,000	15	690.33	\$215.07	30.40%
<i>Average:</i>				550.92	\$253.81	25.06%

FIRE DEPARTMENT						
Cities	Pop.	FY2022 Fire Department Budget	Number of Full-Time Officers	Citizens Served Per Full-Time Officer	Per Capita Costs	% of General Fund
Manistee	6,226	\$1,208,084	8	778.25	\$194.04	17.53%
Big Rapids	7,727	\$1,718,000	9	858.56	\$222.34	17.14%
Alpena (Fire + EMS)	10,197	\$3,997,483	27	377.67	\$392.03	37.13%
Traverse City	15,678	\$3,500,000	25	627.12	\$223.24	17.70%
Sault Ste. Marie	13,337	\$1,725,100	15	889.13	\$129.35	13.47%
Coldwater	10,945	\$2,067,451	15	729.67	\$188.89	20.47%
Sturgis	10,994	\$1,635,486	13	845.69	\$148.76	15.98%
City of Cadillac	10,355	\$1,534,700	11	941.36	\$148.21	20.95%
<i>Average:</i>				755.93	\$205.86	20.05%

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fire Department Information

The Cadillac Fire Department uses a capable and well-trained staff of 11 full-time firefighters and 9 part-time firefighters to provide 24-hour fire protection to the City of Cadillac and Clam Lake Township. In addition to their fire fighting duties and in conjunction with the City's rental housing ordinance, the firefighters conduct periodic rental housing inspections designed to help prevent fires. The rental program requires that all rental property be inspected for building, electrical, mechanical, and housekeeping deficiencies and must have their rental certificate renewed every three years through a passing inspection.

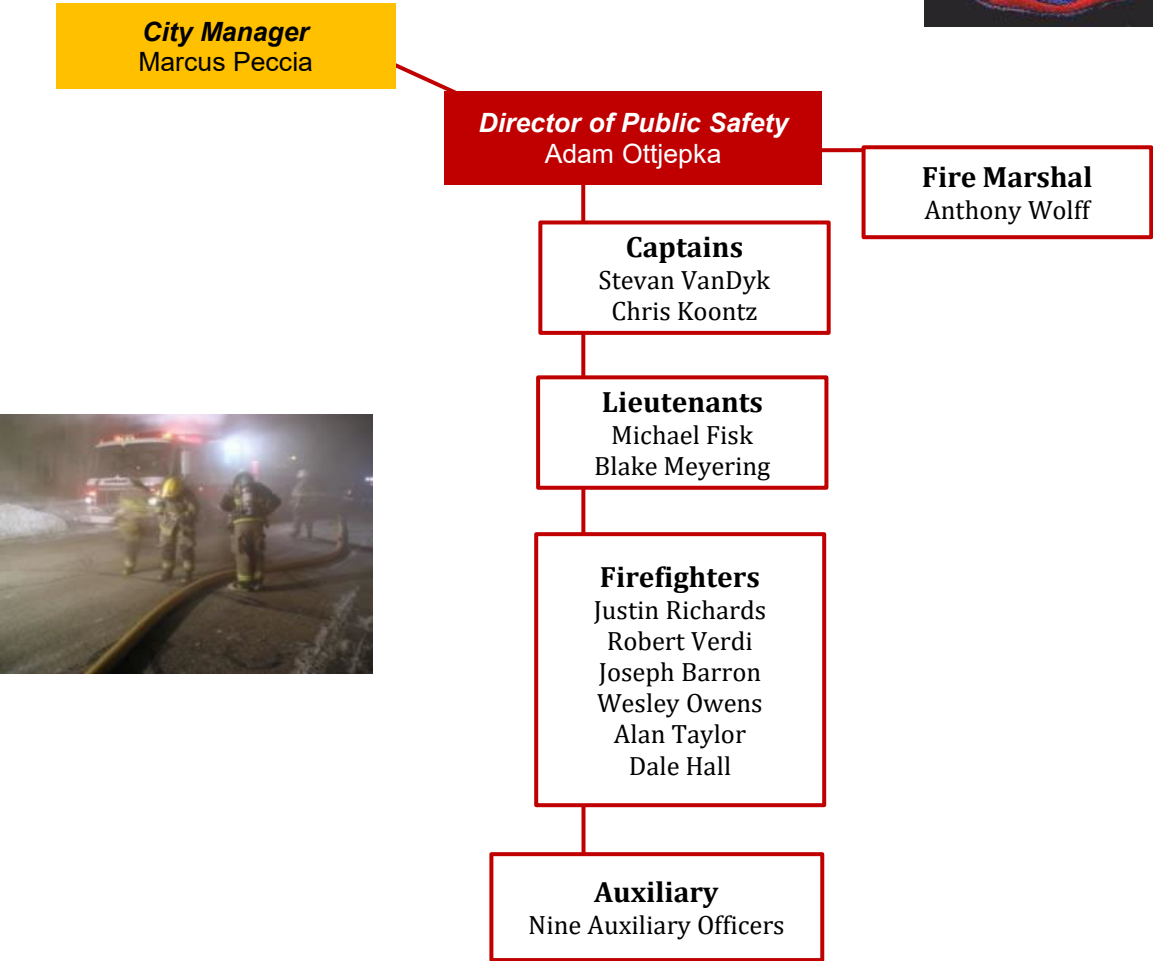
PERFORMANCE MEASURES - FIRE DEPARTMENT

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2020	2021	2022	2023	
Total calls for service		2,338	2,619	2,400	2,400	↔
Number of Medical Emergency Responses		1,895	2,081	1,900	1,900	↔
Number of Fires reported		45	53	45	45	↔
Total Hours Spent in Training		2,046	1,851	2,000	2,000	↔
Fire Mutual Aid Responses Received		12	3	10	10	↔
Fire Mutual Aid Responses Given		6	2	5	5	↔
Average Fire Fighter turnout per Building Fire		7	7	8	8	↔
Number of Fire Inspections		0	195	200	200	↑
Ambulance Runs - In Service Area*		N/A	1,375	1,200	1,200	↑
Ambulance Runs - Outside Service Area*		N/A	338	400	400	↑
Operating Cost per Fire Fighter		\$130,289	\$130,289	\$139,364	\$139,518	↑

* New measures beginning FY2021

Fund: General Fund

FIRE DEPARTMENT CHART OF ORGANIZATION



CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>PUBLIC SAFETY (Cont.)</u>				
Fire Department				
Salaries - Full-Time Staff	\$614,993	\$653,000	\$642,000	\$665,000
Salaries - FLSA Overtime	41,635	42,000	40,000	42,000
Salaries - Overtime	74,036	95,000	90,000	91,500
Salaries - Volunteer	16,730	10,000	25,000	25,000
Fringes	557,064	580,000	580,000	595,000
Office Supplies	449	1,800	2,000	2,000
Operating Supplies	30,075	28,000	30,000	30,000
Operating Supplies-Community Service	0	500	1,000	1,000
Marshal Division Expenses	1,878	4,500	5,000	5,000
Fuel Costs	5,094	7,000	5,000	5,000
Uniform Cleaning	3,940	3,500	2,800	4,000
Subsistence Allowance	19,210	20,000	18,000	18,000
Data Processing	25,929	22,000	22,000	22,000
Dues & Publications	1,065	2,000	2,500	2,500
Radio & Equipment Maintenance	5,694	3,500	2,500	5,000
Telephone	941	1,200	1,200	1,200
Travel & Education	8,344	10,000	15,000	15,000
Vehicle Repair & Maintenance	12,773	30,000	24,000	30,000
Vehicle Preventive Maintenance	0	5,000	9,500	9,500
Uniforms & Maintenance	12,146	10,000	12,000	12,000
Employee Safety	4,000	4,000	5,200	5,200
Capital Outlay	178,107	40,000	0	15,000
Total Fire Department	\$1,614,103	\$1,573,000	\$1,534,700	\$1,600,900

<i>FIRE DEPARTMENT MEASURES</i>				
Full-Time Positions	11.500	11.500	11.500	11.500
Part-Time Positions	17.000	18.000	18.000	18.000
Cost per Resident	\$155.88	\$151.91	\$148.21	\$154.60

TOTAL PUBLIC SAFETY	\$3,633,639	\$3,869,500	\$3,779,200	\$3,892,900
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<i>TOTAL PUBLIC SAFETY MEASURES</i>				
Full-Time Positions	28.450	28.450	28.450	28.500
Part-Time Positions	33.000	34.000	34.000	34.000
Cost per Resident	\$350.91	\$373.68	\$364.96	\$375.94
% of General Fund Budget	51.37%	51.50%	51.59%	50.41%

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>PUBLIC WORKS</u>				
Engineering Services				
Salaries	\$45,422	\$30,500	\$30,500	\$0
Fringes	20,058	21,500	21,000	0
Office Supplies	124	0	500	0
Contractual Services	28,305	25,000	25,000	35,000
Data Processing	10,000	10,000	10,000	10,000
Total Engineering Services	\$103,909	\$87,000	\$87,000	\$45,000

<i>ENGINEERING SERVICES DEPARTMENT MEASURES</i>				
Full-Time Positions	0.80	0.80	0.80	0.80
Part-Time Positions	0	0	0	0
Cost per Resident	\$10.03	\$8.40	\$8.40	\$4.35

Engineering Services The engineering department, which operates under the direction of the City Manager, is responsible for the planning, design, inspection and testing of the City street construction projects and any other related construction jobs. Beginning in FY2018 when the former City Engineer retired, the City is utilizing a private engineering firm to provide City Engineering services. Funds for this arrangement are budgeted in Contractual Services, and are also included in total project costs for various City street construction projects.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>PUBLIC WORKS (Cont.)</u>				
Public Works - Administration				
Salaries	\$47,128	\$50,000	\$37,000	\$40,500
Fringes	34,046	35,000	26,000	28,000
Operating Supplies	180	400	500	500
Street Lighting	78,852	85,000	90,000	90,000
Telephone	1,080	1,200	1,200	1,300
Maintenance of Dam	3,393	3,200	2,500	4,000
Equipment Rental	15,451	0	0	0
Parking Lots	15,000	15,000	15,000	20,000
Hydrant Rental	23,750	24,000	24,000	24,000
Total Public Works - Administration	\$218,880	\$213,800	\$196,200	\$208,300

<u>PUBLIC WORKS - ADMINISTRATION MEASURES</u>				
Full-Time Positions	1.10	1.10	1.10	1.80
Part-Time Positions	0.00	0.00	0.00	0.00
Cost per Resident	\$21.14	\$20.65	\$18.95	\$20.12

Public Works - Miscellaneous Street Lighting is the cost paid to Consumers Energy for the 473 street lights in the City. Hydrant Rental by ordinance is \$50 per hydrant paid to the Utilities Department for the readiness to serve charge for fire protection. There are currently 475 hydrants within the City.



<u>STREET LIGHTS</u>			
Number of Lights*	Size	Monthly Rate	Annual Cost
Sodium			
13	14000L	\$14.610	\$2,279
92	8500L	\$12.230	13,502
7	24000L	\$21.080	1,771
LED			
1	165-174W	\$21.180	254
328	45-54W	\$11.160	43,926
21	65-74W	\$12.840	3,236
10	85-94W	\$14.500	1,740
472			\$66,707

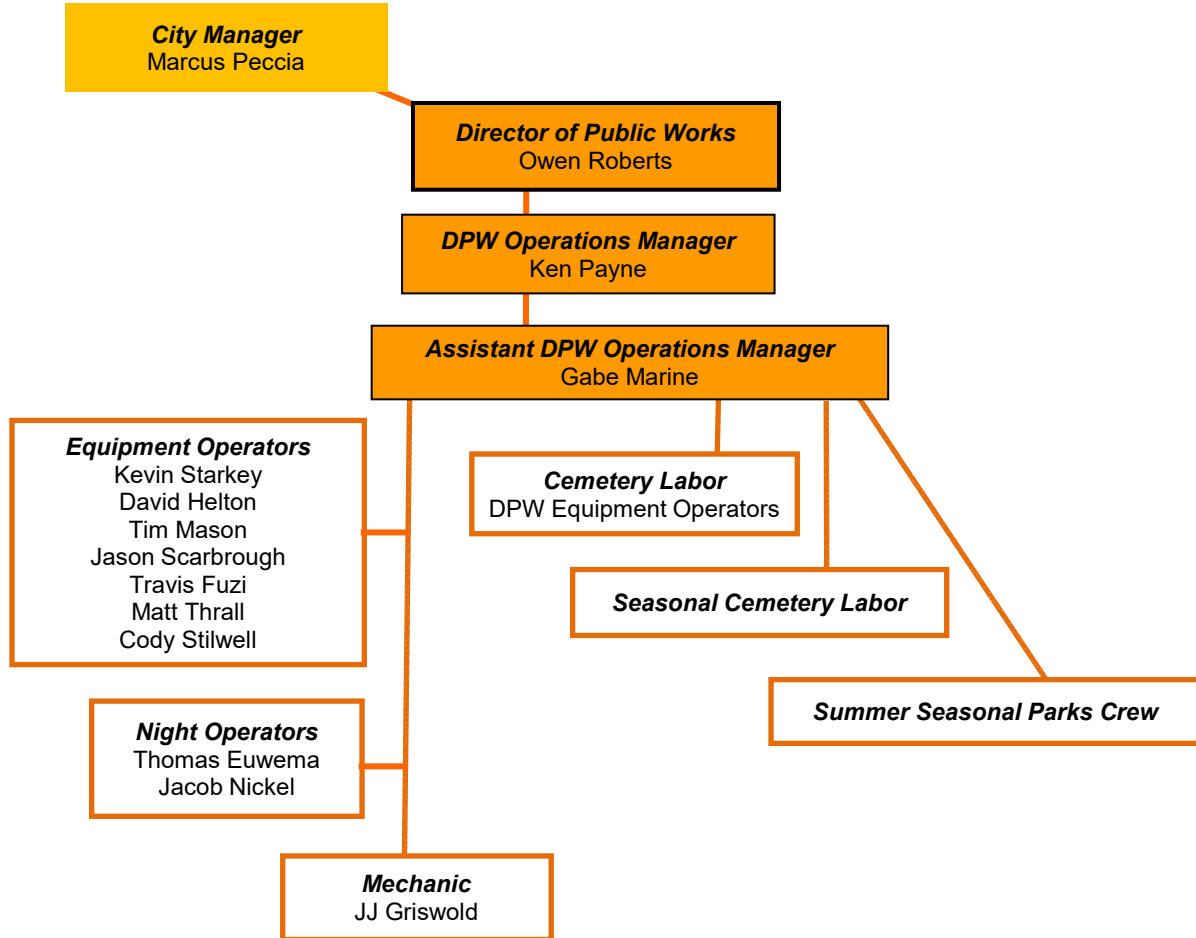
* As of February 2022 billing

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Public Works Department Structure and Organization



PERFORMANCE MEASURES - PUBLIC WORKS

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2020	2021	2022	2023	
Hours spent in leaf pickup		298	450	400	400	↔
Hours spent plowing sidewalks		325	250	300	300	↔
Miles of sidewalks maintained		53	53	53	53	↔

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>PUBLIC WORKS (Cont.)</u>				
Sidewalks and Alleys				
Salaries	\$8,792	\$11,000	\$11,000	\$10,000
Salaries - Part Time	77	500	1,500	0
Fringes	5,897	5,500	7,100	6,400
Operating Supplies	4,136	2,000	3,000	3,000
Equipment Rental	33,277	34,000	20,000	25,000
Total Sidewalks and Alleys	\$52,179	\$53,000	\$42,600	\$44,400
Leaves				
Salaries	\$8,743	\$8,000	10,000	\$10,000
Fringes	6,302	5,500	6,500	6,400
Equipment Rental	41,406	32,000	40,000	40,000
Total Leaves	\$56,451	\$45,500	\$56,500	\$56,400
Grass and Weed Control				
Salaries	\$7,733	\$7,500	\$9,000	\$9,000
Fringes	3,525	3,400	3,900	5,000
Equipment Rental	19,772	16,000	17,000	18,000
Total Grass and Weed Control	\$31,030	\$26,900	\$29,900	\$32,000
Composting				
Salaries	\$1,315	\$1,500	\$4,500	\$3,000
Fringes	959	900	2,900	1,900
Equipment Rental	4,814	1,500	5,000	4,000
Total Composting	\$7,088	\$3,900	\$12,400	\$8,900

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

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

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>PUBLIC WORKS (Cont.)</u>				
Waste Removal				
Salaries	\$741	\$800	\$500	\$500
Fringes	411	500	300	300
Removal Contract	582,574	600,000	595,000	710,000
Equipment Rental	1,184	600	200	500
Total Waste Removal	\$584,910	\$601,900	\$596,000	\$711,300
TOTAL PUBLIC WORKS	\$1,054,447	\$1,032,000	\$1,020,600	\$1,106,300
Public Works per Resident Costs	\$101.83	\$99.66	\$98.56	\$106.84

Waste Removal This group of accounts reflects the solid waste contract. The current contract is with Republic Services. The contractor serves approximately 3,300 customers weekly with curbside pickup. The City also contracts with Ms. Green to provide bi-weekly recycling services. The City does the billing and collects from the customers and reimburses the contractor. In addition the contractor offers a Tidy Tote garbage can for a fee of \$2.10 per month of which the City gets \$0.45 for a collection fee. About 2,400 customers take advantage of this on a monthly basis. Rate adjustments are finalized in April based on inflationary indexes and effective on the first day of the new fiscal year.

MONTHLY CONTRACT FEES				
Fiscal Year	Refuse	Recycling	Total	Increase
2014 (1)	\$8.73	\$2.50	\$11.23	-4.18%
2015	\$8.83	\$2.53	\$11.36	1.16%
2016	\$8.40	\$2.39	\$10.79	-5.02%
2017	\$8.20	\$2.32	\$10.52	-2.50%
2018	\$8.54	\$2.40	\$10.94	3.99%
2019 (2)	\$10.00	\$2.53	\$12.62	15.36%
2020	\$10.55	\$2.58	\$13.13	4.04%
2021	\$10.82	\$2.55	\$13.36	1.75%
2022	\$11.10	\$2.71	\$13.73	2.77%
2023 (3)	\$13.50	\$3.00	\$16.50	20.17%

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>CULTURE AND RECREATION</u>				
Arts Council	\$10,500	\$10,500	\$10,500	\$10,500
Cadillac Community Television (CCTV)				
Contractual Services	25,000	25,000	25,000	25,000
Total CCTV	\$25,000	\$25,000	\$25,000	\$25,000

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

Cadillac Community Television (CCTV) Beginning July 1, 2010 the City assumed responsibility for the operation of the local PEG channels. These operations were formerly overseen by Cadillac Area Public Schools (CAPS). The Wexford-Missaukee Intermediate School District has played an important role by providing educational classes in production and other TV-related fields.

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Parks				
Salaries	\$49,195	\$57,000	\$46,000	\$51,000
Salaries - Part Time	43,167	45,000	55,000	56,000
Fringes	36,593	41,000	36,000	38,000
Operating Supplies	7,888	25,000	25,000	25,000
Utilities	32,596	38,000	35,000	35,000
Repair and Maintenance	30,890	30,000	25,000	30,000
Equipment Rental	19,660	28,000	15,000	20,000
Contractual Services	10,662	5,000	5,000	5,000
Rental Building	1,500	1,500	1,500	1,500
Capital Outlay	19,992	30,000	42,500	10,000
Total Parks	\$252,143	\$300,500	\$286,000	\$271,500
TOTAL CULTURE AND RECREATION	\$287,643	\$336,000	\$321,500	\$307,000
Cost per Resident	\$27.78	\$32.45	\$31.05	\$29.65

Municipal Parks The Department of Public Works is responsible for maintaining four City Parks, totaling 117 acres. This work is performed by approximately nine summer students, and DPW 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.

PERFORMANCE MEASURES - PARKS AND RECREATION

MEASURE	Fiscal Year:	<i>Actual</i>		<i>Projected</i>	<i>Budgeted</i>	Trend
		2020	2021	2022	2023	
Total Park Acres		117	117	117	117	↔
Total Parks Maintenance Costs		\$273,902	\$232,151	\$286,000	\$271,500	↔
Parks Maintenance Cost per Acre		\$2,341	\$1,984	\$2,444	\$2,321	↔
Parks Maintenance Cost per Resident		\$26	\$22	\$28	\$26	↔
Park Acres per 1,000 Population		11	11	11	11	↔
Seasonal Parks Maintenance Employees		10	10	10	10	↔

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
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ECONOMIC DEVELOPMENT AND ASSISTANCE

Community Development

Salaries	\$102,295	\$104,000	\$104,000	\$140,000
Fringes	44,539	49,000	47,500	73,500
Office Supplies	3,874	2,000	4,000	4,000
Contractual Services	0	4,000	2,000	2,000
Data Processing	5,000	5,000	5,000	5,000
Dues & Publications	795	500	500	500
Telephone	2,200	1,700	1,000	2,500
Travel & Education	2,128	2,500	3,500	5,000
Publisher's Costs	4,193	2,000	2,000	2,000
Total Community Development	\$165,024	\$170,700	\$169,500	\$234,500

COMMUNITY DEVELOPMENT MEASURES

Full-Time Positions	1.650	1.650	1.650	1.650
Part-Time Positions	0.500	0.000	0.000	0.000
Cost Per Resident	\$15.94	\$16.48	\$16.37	\$22.65

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

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE (Continued)</u>				
Community Promotions				
Salaries	\$21,584	\$17,000	\$17,000	\$18,000
Fringes	14,569	11,000	11,000	11,500
Operating Supplies	8,119	7,500	6,000	8,000
Contractual Services	0	1,000	2,500	2,500
Utilities	1,387	2,500	3,000	3,000
Equipment Rental	17,020	13,000	14,000	16,000
Special Projects	0	0	2,500	2,500
Chamber of Commerce	2,000	2,000	2,000	2,000
Community Development	18,241	90,000	5,000	5,000
Total Community Promotions	\$82,920	\$144,000	\$63,000	\$68,500
TOTAL ECONOMIC DEVELOPMENT	\$247,944	\$314,700	\$232,500	\$303,000
<u>INTERGOVERNMENTAL EXPENDITURES</u>				
Airport	33,000	33,000	33,000	33,000
Recreation	26,273	66,200	66,200	66,200
Total Intergovernmental Expenditures	\$59,273	\$99,200	\$99,200	\$99,200

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

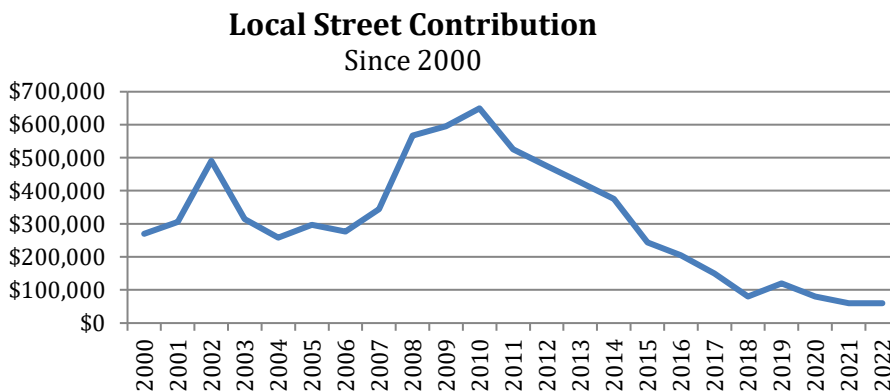
Intergovernmental Expenditures Funds are transferred to the Wexford County Airport, which is a joint effort with Wexford County. The County funds 60% and the City funds the remaining 40% of costs after the operational revenues are considered. Recreation is a joint program with the Cadillac Community School system which provides many opportunities for all age groups.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>OTHER FINANCING</u>				
Transfers to Other Funds:				
Local Street	\$60,000	\$60,000	\$60,000	\$60,000
Cemetery Operating Fund	70,000	70,000	70,000	80,000
Transfer Out-Other	20,000	0	0	0
Transfer Out-Lake Treatment	10,000	30,000	30,000	30,000
Total Other Financing	\$160,000	\$160,000	\$160,000	\$170,000
TOTAL EXPENDITURES	\$7,073,509	\$7,513,300	\$7,325,900	\$7,721,900

Local Street Contribution



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

<u>Cities</u>	<u>Population</u>	<u>2022 General Fund Budget</u>	<u>Per Capita Expenditures</u>
Manistee	6,226	\$6,889,610	\$1,106.59
Big Rapids	7,727	\$10,021,600	\$1,296.96
Alpena	10,197	\$10,764,877	\$1,055.69
Traverse City	15,678	\$19,771,600	\$1,261.10
Sault St. Marie	13,337	\$12,808,600	\$960.38
Coldwater	10,945	\$10,101,247	\$922.91
Sturgis	10,994	\$10,233,828	\$930.86
CADILLAC	10,355	\$7,325,900	\$707.47

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: General Fund

General Fund Capital Outlay

FY2023

City Hall

Municipal Complex Entry Doors	\$20,000	
Municipal Complex Updates	<u>25,000</u>	\$45,000

Police Department

K-9 Officer	<u>\$15,000</u>	\$15,000
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Fire Department

Extrication Equipment	<u>\$15,000</u>	\$15,000
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Parks and Recreation

Lakefront Lighting	<u>\$10,000</u>	\$10,000
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Total	<u><u>\$85,000</u></u>	
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Source of Funds

General Governmental Revenues	\$85,000	
	<u><u>\$85,000</u></u>	

Footnotes:

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

Fund: Water and Sewer Fund

Type: Enterprise Fund

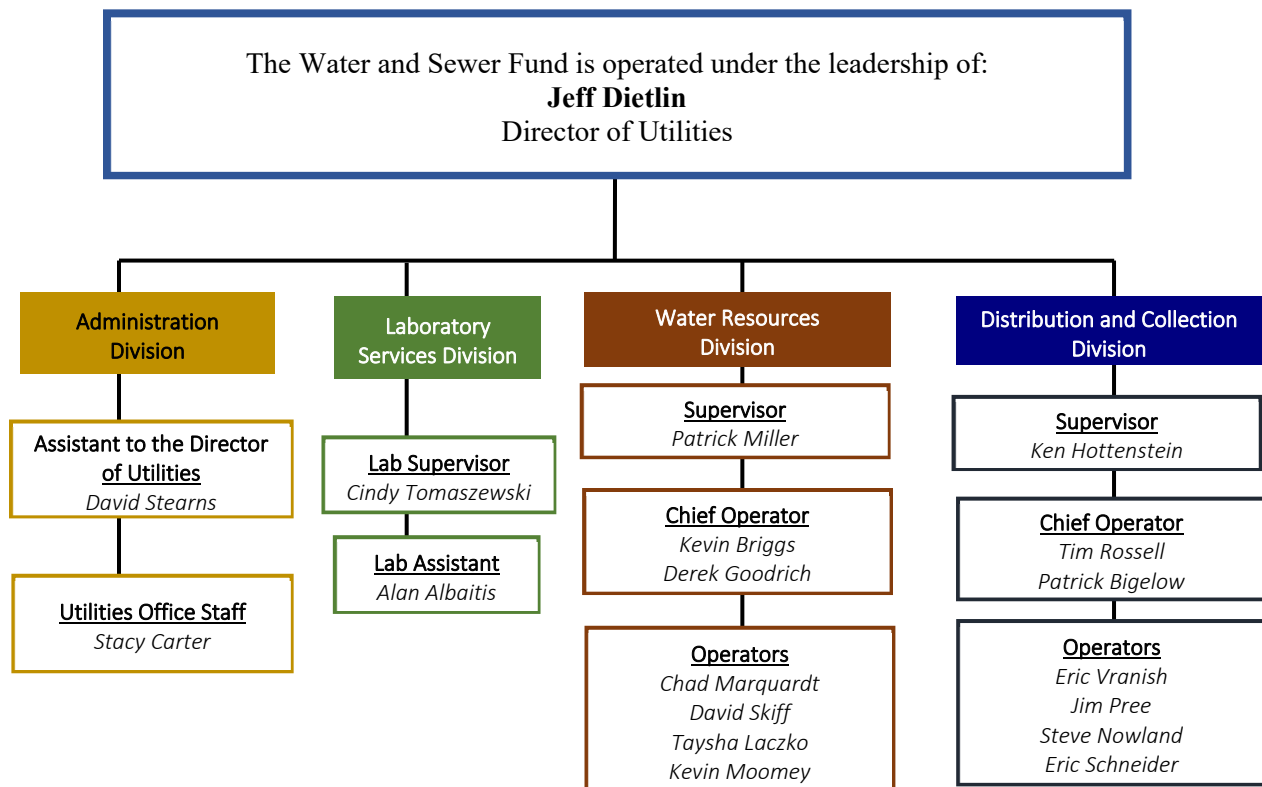
Oversight: Director of Utilities

Nature and Purpose:

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

Section 16.4 of the City Charter states, "The Council shall have the power to fix from time to time, such just and reasonable rates and other charges as may be deemed advisable for supplying the inhabitants of the city and others with such public utility services as the city may provide. The rates and charges of any municipal public utility for the furnishing of public utility services shall be so fixed as to at least meet all the costs of such utilities. There shall be no discrimination in such rates within any classification of users thereof, nor shall free service be permitted, but higher rates may be charged for service outside the city limits."

Utilities Department Structure There are four operating sections within the Utilities Departments. The structure of the department and these four distinct sections is as follows:

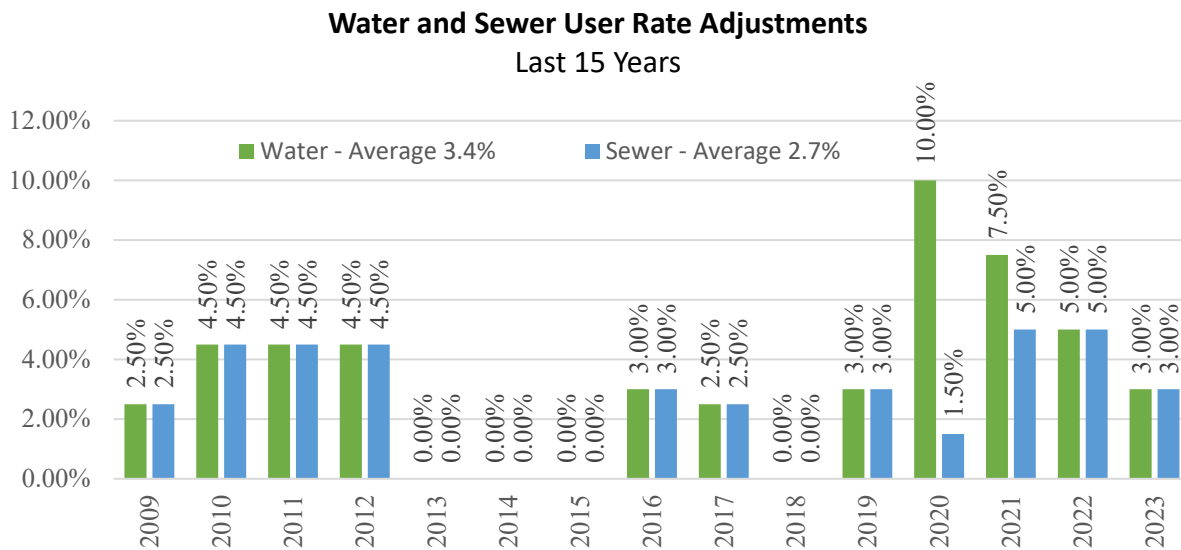


CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Rate Adjustments Rates for water and wastewater treatment are annualized each year during the budget process. Many times, outside professionals are utilized to help provide concrete data to recommend and justify recommended rate adjustments.

Rate changes must be made by an ordinance that is passed by the City Council. The process to pass an ordinance provides the opportunity for at least two public comment periods, including a formal public hearing at a City Council meeting. Once passed, the new rates typically go into effect on the first day of a new fiscal year – July 1. A 15-year history of rate adjustments is presented below.



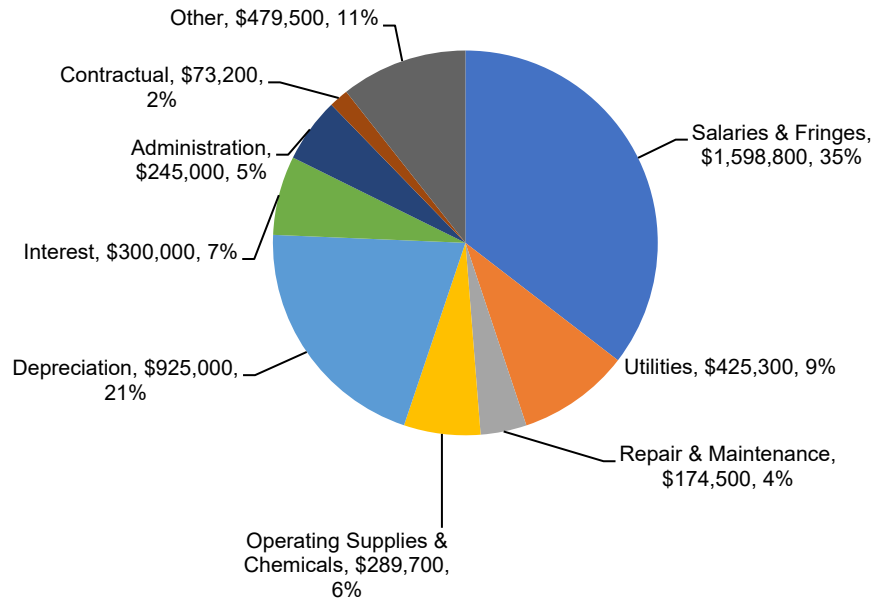
Note: FY2023 increase is proposed and must be approved by City Council.

Rate Comparisons The City pays close attention to a regional rate comparison study updated every few years by a private engineering firm. The 2021 version of the study by Gosling Czubak Engineering Sciences, Inc is used as a tool to compare Cadillac's rates versus systems in the region. The study was based on nearly 60 communities in Cadillac's general region – the northern lower and eastern upper peninsulas of the state. The study reported that the typical monthly water bill was \$32.05, and the typical monthly sewer bill was \$41.70 for a total of \$73.75 per month. By contrast, the typical monthly water bill in Cadillac is just \$17.59, and the typical monthly sewer bill in Cadillac is \$27.13 per month for a total of \$44.72 which is \$29.03 – or 39% - below the typical bill reported in the study.

Cadillac's typical bill was **6th lowest** out of 47 water system respondents to the survey, and **11th lowest** out of 48 sewer system respondents.

Fund: Water and Sewer Fund

Water & Sewer Fund - Expenses by Type



Staffing Change Because of the increase in fund expenses from the loan for the new well field and to address other challenges within the fund, the City had to reduce overall departmental staffing by one full-time employee in FY2022. This reduction was accomplished through attrition, with the full-time employee transferring to another department to fill an available opening. It is hoped that this will be a short-term fix and full staffing can be restored in the next year.

Loan Funding/Interest Expense - Well Field Phase II The construction phase of the well field relocation project commenced in 2021 and will continue throughout 2022. As a result of the City utilizing a \$9.8 million loan through the State of Michigan for this project, total debt service will increase significantly. The City projects to spend about \$295,000 in Interest Expense in the current fiscal year on four outstanding revenue bond issues.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

5-Year Projections

Recommended Rate Adjustments

Water	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Sewer	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

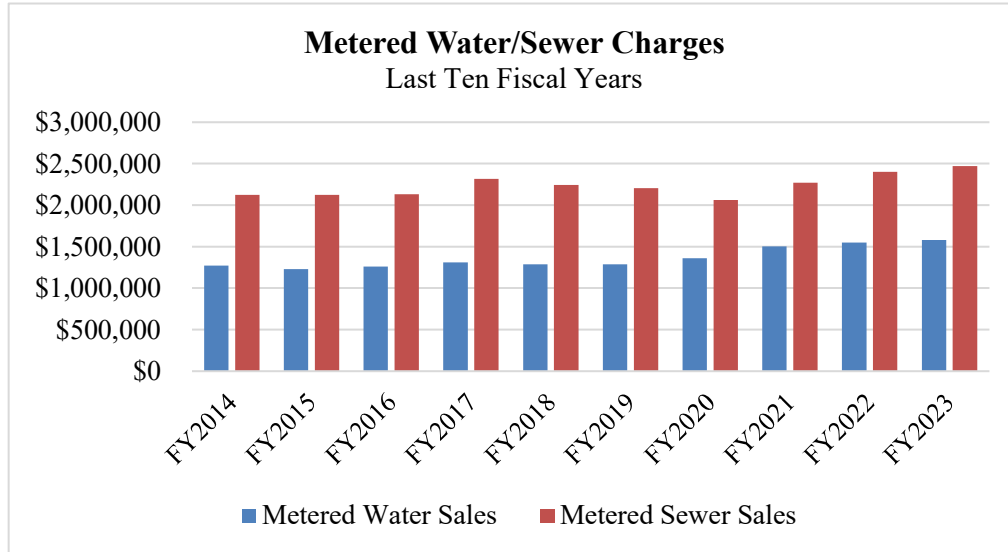
Fiscal Year	BUDGET		PROJECTED				
	2022	2023	2024	2025	2026	2027	2028
Revenues							
Metered Water	1,510,000	1,580,000	1,627,400	1,676,222	1,726,509	1,778,304	1,831,653
Metered Sewer	2,320,000	2,470,000	2,544,100	2,620,423	2,699,036	2,780,007	2,863,407
Other Water	120,000	125,000	128,750	132,613	136,591	140,689	144,909
Other Sewer	292,000	268,000	275,800	283,834	292,109	300,632	309,411
Interest Income	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Other Revenue	249,000	249,000	249,000	249,000	249,000	249,000	249,000
Total Revenue	4,516,000	4,717,000	4,850,050	4,987,092	5,128,244	5,273,632	5,423,381
Expenses							
Wages	992,300	1,059,300	1,155,083	1,183,260	1,212,141	1,241,745	1,272,088
Employee Benefits	606,500	662,400	682,272	702,740	723,822	745,537	767,903
Operating Supplies	227,700	238,800	238,800	238,800	238,800	238,800	238,800
Repairs and Maintenance	174,500	174,500	177,990	181,550	185,181	188,884	192,662
Utilities	425,300	430,300	438,906	447,684	456,638	465,771	475,086
Legal Fees	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Interest Expense	300,000	295,000	300,000	282,000	263,000	240,000	217,000
Depreciation	925,000	1,000,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Other Expenses	829,700	818,300	811,540	812,291	813,054	813,829	814,615
Total Expenses	4,511,000	4,708,600	4,934,591	4,978,325	5,022,636	5,064,565	5,108,154
Cash Flow							
Results of Operations	5,000	8,400	(84,541)	8,767	105,608	209,066	315,226
Add: Depreciation Expense	925,000	1,000,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Add: Bond Revenue	9,500,000						
Less: Principal Payments	635,000	890,000	905,000	930,000	955,000	980,000	615,000
Less: Proposed Capital Projects	10,042,000	918,500	1,380,500	1,400,500	1,145,000	698,000	800,000
Net Cash Flow	(247,000)	(800,100)	(1,270,041)	(1,221,733)	(894,392)	(368,934)	226
Cash Reserves on Hand - Beginning of Year	1,305,796	1,058,796	258,696	(1,011,345)	(2,233,078)	(3,127,470)	(3,496,403)
Cash Reserves on Hand - End of Year	1,058,796	258,696	(1,011,345)	(2,233,078)	(3,127,470)	(3,496,403)	(3,496,177)
<i>Benchmark Reserve (4.5 months operating cash)</i>	<i>1,691,625</i>	<i>1,765,725</i>	<i>1,850,471</i>	<i>1,866,872</i>	<i>1,883,489</i>	<i>1,899,212</i>	<i>1,915,558</i>
<i>End of Year Cash on Hand Over (Under) Benchmark</i>	<i>(632,829)</i>	<i>(1,507,029)</i>	<i>(2,861,816)</i>	<i>(4,099,950)</i>	<i>(5,010,958)</i>	<i>(5,395,615)</i>	<i>(5,411,735)</i>

Water and Sewer Fund – 5 Year Projections Projections for the current fiscal year, current proposed budget, and the next 5 years are presented above. These projections highlight the need to remain vigilant on rates as well as looking for cost efficiencies with the annual budget. In addition, other outside funding will be required to fully invest in the City's 6-year Capital Improvement Program.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Fund Summary	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Water Sales	\$1,502,497	\$1,580,000	\$1,510,000	\$1,580,000
Sewer Sales - Flat Rate	49,274	50,000	50,000	50,000
Sewer Sales - Metered	2,271,147	2,410,000	2,320,000	2,470,000
Fire Protection	126,562	127,000	120,000	125,000
Hydrant Rental	23,750	24,000	24,000	24,000
Charges for Services	13,705	28,000	35,000	35,000
Services & Materials	35,469	29,000	30,000	30,000
Penalties	7,053	60,000	65,000	65,000
Interest Income	13,346	15,000	25,000	25,000
Sale of Surplus Material	0	5,000	5,000	5,000
Lake Mitchell Sewer Authority	192,748	195,000	240,000	210,000
Leachate	4,134	8,000	2,000	8,000
Laboratory Fees	84,586	80,000	85,000	85,000
Gain (Loss) on Sale of Assets	7,426	500	0	0
Other Income	0	500	5,000	5,000
Total Revenues	\$4,331,697	\$4,612,000	\$4,516,000	\$4,717,000



Though the City has regularly adjusted rates to continue to invest in the system, projected total metered revenue as of the end of FY2023 has increased less than 2% per year.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Fund Summary	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Expenses				
Total Administration	\$1,093,537	\$1,138,800	\$1,132,500	\$1,243,500
Water Resources				
Preliminary Treatment	\$32,056	\$32,900	\$31,900	\$33,800
Primary Treatment	33,205	35,500	32,300	33,600
Secondary Treatment	108,649	113,500	113,200	116,000
Tertiary Treatment	72,765	82,500	91,500	92,000
Sludge Removal	136,945	181,500	141,800	142,800
Nutrient Removal	58,536	72,000	69,000	69,300
Effluent Disposal	64,016	61,600	67,600	68,500
Building & Grounds	269,370	307,000	270,300	272,500
Industrial Surveillance	20,983	29,100	27,300	27,500
Lift Station-Sanitary	91,796	128,100	112,900	113,200
Vehicles	15,539	27,200	28,000	28,000
Total Water Resources	\$903,860	\$1,070,900	\$985,800	\$997,200
Distribution and Collection				
Building & Water Tank	\$27,227	\$25,000	\$29,100	\$29,500
Pumping Station	217,134	240,200	246,900	243,700
Wells & Well Field	42,360	83,500	88,300	88,500
General Street Expense	34,447	26,300	25,700	25,600
Meter Reading & Delinquent Accounts	17,549	23,300	26,100	26,400
Meter Operations & Maintenance	199,806	295,000	256,300	258,700
Customer Service	19,555	20,000	29,000	29,300
Maintenance-Mains & Hydrants	84,609	104,000	112,900	113,500
New Water Service	10,457	31,000	20,900	21,600
Water Service Maintenance	15,528	19,300	16,900	17,100
Sanitary Sewer	121,501	117,100	143,800	144,700
Vehicles	32,544	33,500	42,200	42,200
Total Distribution and Collection	\$822,717	\$1,018,200	\$1,038,100	\$1,040,800
Laboratory Division				
General Laboratory	\$68,252	\$76,400	\$73,300	\$75,200
Contract Laboratory	49,529	53,600	56,300	56,900
Total Laboratory Division	\$117,781	\$130,000	\$129,600	\$132,100
Total Non-Operating	\$1,112,987	\$1,175,000	\$1,225,000	\$1,295,000
Total Expenses	\$4,050,882	\$4,532,900	\$4,511,000	\$4,708,600
NET POSITION AT YEAR END				
Change in Net Position	\$280,815	\$79,100	\$5,000	\$8,400
Total Net Position - Beginning of Year	16,398,894	16,679,709	16,679,709	16,758,809
Total Net Position at Year End	\$16,679,709	\$16,758,809	\$16,684,709	\$16,767,209

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Funding Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenses</u>				
Administration				
Salaries and Wages	\$395,380	\$400,000	\$371,000	\$435,000
Fringes	206,460	240,000	226,500	272,000
Office Supplies	13,303	12,000	12,500	12,500
Postage	20,484	22,000	22,000	22,000
Safety Supplies	1,608	4,000	4,000	4,000
Contractual Services	1,973	10,000	15,000	15,000
Engineering Fees	2,778	10,000	25,000	25,000
Audit	4,000	4,000	4,000	4,000
G.I.S. Contractual Services	250	3,500	5,000	5,000
Legal Fees	23,434	20,000	30,000	30,000
State Mandated Fees	19,660	22,000	24,000	24,000
Data Processing	48,000	48,000	48,000	48,000
Liability Insurance	42,232	40,000	35,000	35,000
Dues & Publications	3,406	5,500	5,500	5,500
Telephone	7,347	9,000	10,000	10,000
Alarm Systems	5,224	4,000	3,500	3,500
Travel & Education - Salary	2,437	4,000	6,500	6,500
Travel & Education - Hourly	1,780	4,000	8,000	8,000
Vehicle Repair & Maintenance	0	800	1,000	1,000
Employee Safety	4,752	5,000	5,000	5,000
Groundwater Cleanup	0	0	6,000	0
Administration - City	260,000	245,000	245,000	245,000
Public Relations	29,029	26,000	20,000	27,500
Total Administration	\$1,093,537	\$1,138,800	\$1,132,500	\$1,243,500

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.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

PERFORMANCE MEASURES - WATER RESOURCES DIVISION

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2020	2021	2022	2023	
Number of Customers - Sewer		3,599	3,612	3,600	3,600	↔
Miles of Sewer Main		51	51	51	51	↔
Number of Water Resources FTE		7	7	7	7	↔
Water Resources service connections per FTE		514	516	514	514	↔
Millions of Gallons Treated per Day		1.690	1.719	1.750	1.750	↑
Industrial Monitoring and Pretreatment Discharge permits		21	20	20	20	↔
Rate Increase - Sewer		1.50%	5.00%	5.00%	3.00%	↑
Number of NPDES Permit Violations		12	12	0	0	↓

Water Resources Division Responsibilities:

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

Objective:

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Funding Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenses (Cont.)</u>				
Water Resources Division:				
Preliminary Treatment				
Salaries and Wages	\$16,836	\$17,000	\$16,000	\$17,000
Fringes	11,327	11,000	9,800	10,700
Operating Supplies	166	500	800	800
Utilities	2,960	3,200	3,300	3,300
Repair & Maintenance	767	1,200	2,000	2,000
Total	\$32,056	\$32,900	\$31,900	\$33,800
Primary Treatment				
Salaries and Wages	\$19,434	\$21,000	\$19,000	\$19,500
Fringes	12,782	13,000	11,600	12,300
Operating Supplies	772	500	700	800
Repair & Maintenance	217	1,000	1,000	1,000
Total	\$33,205	\$35,500	\$32,300	\$33,600
Secondary Treatment				
Salaries and Wages	\$19,351	\$20,000	\$18,000	\$19,500
Fringes	12,866	13,000	11,000	12,300
Operating Supplies	1,078	500	1,200	1,200
Utilities	73,993	78,000	80,000	80,000
Repair & Maintenance	1,361	2,000	3,000	3,000
Total	\$108,649	\$113,500	\$113,200	\$116,000

Cost and Expense Analysis

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

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

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Funding Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenses (Cont.)</u>				
Water Resources Division (Cont.)				
Tertiary Treatment				
Salaries and Wages	\$17,497	\$18,000	\$18,000	\$18,000
Fringes	11,828	11,500	11,000	11,500
Operating Supplies	2,368	3,000	4,000	4,000
Utilities	37,774	45,000	50,000	50,000
Repair & Maintenance	3,298	5,000	8,500	8,500
Total	\$72,765	\$82,500	\$91,500	\$92,000
Sludge Treatment				
Salaries and Wages	\$23,793	\$25,000	\$25,000	\$25,000
Fringes	15,791	16,000	15,300	15,800
Operating Supplies	2,095	1,500	2,000	2,000
Laboratory	4,010	4,000	4,500	5,000
Injection Contract Cost	69,411	70,000	70,000	70,000
Utilities	17,106	20,000	20,000	20,000
Repair & Maintenance	4,739	45,000	5,000	5,000
Total	\$136,945	\$181,500	\$141,800	\$142,800
Nutrient Removal				
Salaries and Wages	\$14,464	\$15,500	\$16,000	\$16,000
Fringes	9,858	10,000	9,800	10,100
Operating Supplies	105	500	700	700
Chemicals	28,147	35,000	36,000	36,000
Repair & Maintenance	5,962	11,000	6,500	6,500
Total	\$58,536	\$72,000	\$69,000	\$69,300

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.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Cost and Expense Analysis

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

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



Wastewater Treatment Facility

Water and Sewer System - 15 Largest Users

	2021 Usage and Billing				
	Cubic Feet		Gallons		Total
	Water	Sewer	Water	Sewer	
<u>Customer</u>					<u>Billing</u>
Avon Rubber & Plastics	11,784,500	8,340,800	88,148,060	62,389,184	\$436,744
Cadillac Castings	12,740,900	5,853,500	95,301,932	43,784,180	\$408,683
AAR Cadillac Manufacturing	10,018,400	4,920,300	74,937,632	36,803,844	\$258,209
Piranha Hose	3,193,600	3,193,600	23,888,128	23,888,128	\$124,919
Cadillac Renewable Energy	463,500	2,235,200	3,466,980	16,719,296	\$74,705
Four Winns	479,000	479,000	3,582,920	3,582,920	\$64,475
Munson Healthcare	1,069,000	1,069,000	7,996,120	7,996,120	\$64,216
Pheasant Ridge	1,063,100	1,063,100	7,951,988	7,951,988	\$51,619
Country Acres	1,250,100	1,250,100	9,350,748	9,350,748	\$51,523
Borg-Warner	1,021,300	1,021,300	7,639,324	7,639,324	\$29,418
Lakeside Auto Wash	669,000	669,000	5,004,120	5,004,120	\$27,671
Hutchinson Antivibration	317,800	317,800	2,377,144	2,377,144	\$18,372
Michigan Rubber Products	348,100	348,100	2,603,788	2,603,788	\$17,904
Leisure Park	413,500	413,500	3,092,980	3,092,980	\$17,656
Superclean Car Wash	282,500	282,500	2,113,100	2,113,100	\$13,187
	45,114,300	31,456,800	337,454,964	235,296,864	\$1,659,302

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Funding Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenses (Cont.)</u>				
Water Resources Division (Cont.)				
Effluent Disposal				
Salaries and Wages	\$11,567	\$13,000	\$14,000	\$14,000
Fringes	7,755	8,600	8,600	9,000
Operating Supplies	901	2,000	2,500	2,500
Plant Lab Supplies	8,369	7,500	7,000	7,500
Chemicals	0	500	500	500
Contracted Laboratory	18,476	12,000	16,000	16,000
Utilities	14,799	16,000	17,000	17,000
Repair & Maintenance	2,149	2,000	2,000	2,000
Total	\$64,016	\$61,600	\$67,600	\$68,500
Building & Grounds				
Salaries and Wages	\$118,939	\$130,000	\$125,000	\$125,000
Fringes	81,597	86,000	76,300	78,500
Operating Supplies	22,273	36,000	35,000	30,000
Utilities	33,362	40,000	20,000	25,000
Repair & Maintenance	13,199	15,000	14,000	14,000
Total	\$269,370	\$307,000	\$270,300	\$272,500
Industrial Surveillance				
Salaries and Wages	\$7,228	\$10,500	\$10,400	\$10,400
Fringes	2,872	6,600	6,400	6,600
Operating Supplies	1,698	5,500	6,000	6,000
Laboratory	9,185	3,500	3,500	3,500
Repair & Maintenance	0	3,000	1,000	1,000
Total	\$20,983	\$29,100	\$27,300	\$27,500

Cost and Expense Analysis

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



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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Funding Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenses (Cont.)</u>				
Water Resources Division (Cont.)				
Lift Station - Sanitary				
Salaries and Wages	\$15,030	\$18,500	\$20,200	\$20,200
Fringes	9,115	12,400	12,400	12,700
Operating Supplies	6,502	8,000	9,000	9,000
Disposal Fees	855	1,200	1,300	1,300
Utilities	49,872	70,000	50,000	50,000
Repair & Maintenance	10,422	18,000	20,000	20,000
Total	\$91,796	\$128,100	\$112,900	\$113,200
Vehicles				
Salaries and Wages	\$918	\$1,700	\$2,000	\$2,000
Fringes	658	1,000	1,300	1,300
Operating Supplies	73	4,500	5,000	5,000
Fuel Costs	10,756	11,000	10,700	10,700
Repair & Maintenance	3,134	9,000	9,000	9,000
Total	\$15,539	\$27,200	\$28,000	\$28,000
Total Water Resources Division	\$903,860	\$1,070,900	\$985,800	\$997,200

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.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

PERFORMANCE MEASURES - WATER DISTRIBUTION AND COLLECTION DIVISION

MEASURE	Fiscal Year:	<i>Actual</i>		<i>Projected</i>	<i>Budgeted</i>	Trend
		2020	2021	2022	2023	
Number of Customers - Water		3,598	3,578	3,580	3,580	↔
Miles of Water Main		74	74	74	74	↔
Number of Distribution and Collection FTE		7	7	7	7	↔
Water Service Connections per FTE		514	511	511	511	↔
Millions of Gallons Pumped per Day		2.249	2.249	2.300	2.300	↔
Total Calls for Service		900	781	800	800	↔
Total Calls for Service Per FTE		129	112	114	114	↔
MISS-DIG Responses		798	877	900	900	↑
Meter Repairs		109	167	160	160	↑
New Meter Installations		10	14	15	15	↑
Feet of Sanitary Sewers Cleaned		33,931	36,988	37,000	37,000	↑

Distribution and Collection Division Purpose:

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

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Funding Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenses (Cont.)</u>				
Distribution & Collection Division				
Building & Water Tank				
Salaries and Wages	\$11,896	\$8,000	\$10,000	\$10,000
Fringes	8,381	5,000	6,100	6,500
Operating Supplies	4,965	10,000	11,000	11,000
Repair & Maintenance	1,985	2,000	2,000	2,000
Total	\$27,227	\$25,000	\$29,100	\$29,500
Pumping Station				
Salaries and Wages	\$5,012	\$5,000	\$5,200	\$5,200
Fringes	3,437	3,200	3,200	0
Operating Supplies	6,764	11,000	12,000	12,000
Chemicals	18,362	25,000	25,500	25,500
Laboratory Control	9,812	12,000	14,000	14,000
Utilities	172,527	182,000	185,000	185,000
Repair & Maintenance	1,220	2,000	2,000	2,000
Total	\$217,134	\$240,200	\$246,900	\$243,700
Wells & Well Field				
Salaries and Wages	\$15,365	\$10,500	\$11,000	\$11,000
Fringes	8,546	6,500	6,800	7,000
Operating Supplies	2,066	4,000	4,500	4,500
Wellhead Protection	0	7,500	7,500	7,500
Contractual Services	11,225	25,000	25,000	25,000
Repair & Maintenance	5,158	30,000	33,500	33,500
Total	\$42,360	\$83,500	\$88,300	\$88,500

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 meters and chlorinates in excess of 770 million gallons of water per year. This can fluctuate from year to year due to various circumstances. Vacant homes and idle businesses use little or no water, thereby decreasing total flow in the City's system. The costs of chemicals and utilities are the pumping stations' major costs.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Funding Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenses (Cont.)</u>				
Distribution & Collection Division (Cont.)				
General Street Expense				
Salaries and Wages	\$239	\$500	\$1,000	\$1,000
Fringes	165	300	700	600
Operating Supplies	6,061	9,500	9,000	9,000
Contractual Services	27,982	16,000	15,000	15,000
Total	\$34,447	\$26,300	\$25,700	\$25,600
Meter Reading & Delinquent Accounts				
Salaries and Wages	\$10,541	\$14,000	\$16,000	\$16,000
Fringes	6,877	9,000	9,800	10,100
Operating Supplies	131	300	300	300
Total	\$17,549	\$23,300	\$26,100	\$26,400
Meter Operations & Maintenance				
Salaries and Wages	\$104,276	\$140,000	\$125,000	\$125,000
Fringes	85,804	95,000	76,300	78,700
Operating Supplies	9,726	60,000	55,000	55,000
Total	\$199,806	\$295,000	\$256,300	\$258,700
Customer Service				
Salaries and Wages	\$12,179	\$12,000	\$18,000	\$18,000
Fringes	7,376	8,000	11,000	11,300
Total	\$19,555	\$20,000	\$29,000	\$29,300
Maintenance - Mains & Hydrants				
Salaries and Wages	\$37,996	\$39,000	\$40,000	\$40,000
Fringes	18,984	20,000	24,400	25,000
Operating Supplies	9,203	20,000	20,000	20,000
Contractual Services	1,115	7,000	7,500	7,500
Repairs and Maintenance	17,311	18,000	21,000	21,000
Total	\$84,609	\$104,000	\$112,900	\$113,500

Cost and Expense Analysis

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

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Cost and Expense Analysis

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

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

Water Supply Statistics				
	Gallons Pumped	Gallons Sold	% Lost (1)	Customers
2011	731,875,000	665,734,212	9.04	3,497
2012	770,493,000	695,207,656	9.80	3,551
2013	740,691,000	676,170,000	8.70	3,553
2014	767,889,000	675,151,000	12.10	3,578
2015	731,917,100	669,126,392	8.60	3,554
2016	745,539,000	668,599,052	10.00	3,549
2017	708,698,000	629,246,772	11.00	3,567
2018	770,586,600	736,644,000	4.50	3,589
2019	770,586,600	736,644,000	4.50	3,574
2020	TBD			3,560

(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 is typically 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.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Funding Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenses (Cont.)</u>				
Distribution & Collection Division (Cont.)				
New Water Service				
Salaries and Wages	\$4,571	\$10,000	\$6,000	\$6,000
Fringes	3,290	6,000	3,700	3,800
Operating Supplies	1,396	11,000	10,000	10,000
Contractual Services	1,200	4,000	1,200	1,800
Total	\$10,457	\$31,000	\$20,900	\$21,600
Water Service Maintenance				
Salaries and Wages	\$6,525	\$7,000	\$8,000	\$8,000
Fringes	4,692	4,300	4,900	5,100
Operating Supplies	3,984	3,000	3,500	3,500
Repair & Maintenance	327	5,000	500	500
Total	\$15,528	\$19,300	\$16,900	\$17,100
Sanitary Sewer				
Salaries and Wages	\$49,912	\$35,000	\$45,500	\$45,500
Fringes	30,381	24,600	27,800	28,700
Operating Supplies	8,613	10,000	10,000	10,000
Contractual Services	2,866	7,500	9,500	9,500
Damage Contractual Services	5,111	20,000	26,000	26,000
Repair & Maintenance	24,618	20,000	25,000	25,000
Total	\$121,501	\$117,100	\$143,800	\$144,700
Vehicles				
Salaries and Wages	\$1,110	\$600	\$1,000	\$1,000
Fringes	778	400	700	700
Operating Supplies	2,286	6,500	7,500	7,500
Fuel & Oil	10,756	13,000	18,000	18,000
Repair & Maintenance	17,614	13,000	15,000	15,000
Total	\$32,544	\$33,500	\$42,200	\$42,200
Total Distribution and Collection	\$822,717	\$1,018,200	\$1,038,100	\$1,040,800

Cost and Expense Analysis

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Funding Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenses (Cont.)</u>				
Laboratory Division				
General Laboratory				
Salaries and Wages	\$27,475	\$31,000	\$30,000	\$30,000
Fringes	18,873	22,500	18,300	18,900
Operating Supplies	19,845	14,000	21,500	22,500
Repair & Maintenance	1,778	7,500	1,500	1,500
Equipment Rental	281	200	500	500
Research & Development	0	1,200	1,500	1,800
Total	\$68,252	\$76,400	\$73,300	\$75,200
Contract Laboratory				
Salaries and Wages	\$17,173	\$19,000	\$21,000	\$21,000
Fringes	12,009	13,600	12,800	13,200
Operating Supplies	17,696	18,000	19,000	19,000
Repair & Maintenance	2,191	1,500	2,000	2,000
Equipment Rental	460	500	500	500
Research & Development	0	1,000	1,000	1,200
Total	\$49,529	\$53,600	\$56,300	\$56,900
Total Laboratory Division	117,781	130,000	129,600	132,100
Non-Operating				
Interest Expense	\$215,964	\$275,000	\$300,000	\$295,000
Depreciation	897,023	900,000	925,000	1,000,000
Total	\$1,112,987	\$1,175,000	\$1,225,000	\$1,295,000
TOTAL EXPENSES	\$4,050,882	\$4,532,900	\$4,511,000	\$4,708,600

Non-Operating

Four revenue bond issues comprise the interest activity. Specific information on these debt issues is provided in the footnote on the page entitled Cash Flow Analysis.

Depreciation has increased based on recent capital investments. It is calculated based on annual depreciation schedules using the straight-line method of depreciation.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

PERFORMANCE MEASURES - LABORATORY DIVISION

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2020	2021	2022	2023	
Number of Laboratory Analyses Performed		33,735	32,265	33,000	33,000	↔
Charges for Services - Laboratory		\$106,019	\$81,712	\$80,000	\$80,000	↓
Number of Laboratory FTE		2	2	2	2	↔
Analyses Performed per FTE		16,868	16,133	16,500	16,500	↔

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:	2016	2017	2018	2019	2020	2021
Lead and Copper	157	163	207	216	127	158
Metals	7,816	6,757	6,743	5,863	4,908	3,424
Volatile Organic	60	60	60	60	60	60
Bacterial Testing	2,455	1,730	2,082	2,181	2,140	2,123
Wet Chemistry	25,000	25,000	25,000	26,250	26,500	26,500

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.



CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Source and Use of Funds For Capital Improvements

FY2023

Source of Funds

Funds on Hand - Unrestricted	918,500	
		<u>\$918,500</u>

Total Source of Funds

Use of Funds

Anticipated Capital Investment

Lester Street (Cobbs to Howard)	115,000
Ayer Street	10,000
Simons Street (Pine to Bremer)	40,000
W. Division Street	54,000
Analytical Lab Balance	8,000
1/2 Ton Service Truck	35,000
Influent Screw Pump	140,000
Lab Counter Replacement	15,000
Portable Generator	60,000
LIMS/WIMS Software	90,000
Exterior Door/Window Replacement-WWTP	115,000
Kubota Tractor	25,000
Submersible Hydraulic Pump	90,000
New Control Panel	100,000
Push Sewer Camera	13,500
2 Sets of Certified Weights	8,000

Total Use of Funds	<u><u>\$918,500</u></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.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Cash Flow Analysis

FY2023

Additions

Net Income from Operations	\$8,400	
Depreciation	1,000,000	
Total Additions		1,008,400

Deductions

Principal Payments (1)	\$890,000	
Capital Improvements	918,500	
Total Deductions		1,808,500

Net Increase (Decrease) of Available Cash	<u><u>(\$800,100)</u></u>
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Footnotes:

(1) Principal payments include:

2013 Revenue Refunding Bond

September 1, 2022 (2.70%)	335,000	23,828
March 1, 2023 (2.70%)		19,305

2007 State of Michigan SRF Loan

October 1, 2022 (1.625%)	205,000	12,149
April 1, 2023 (1.625%)		10,483

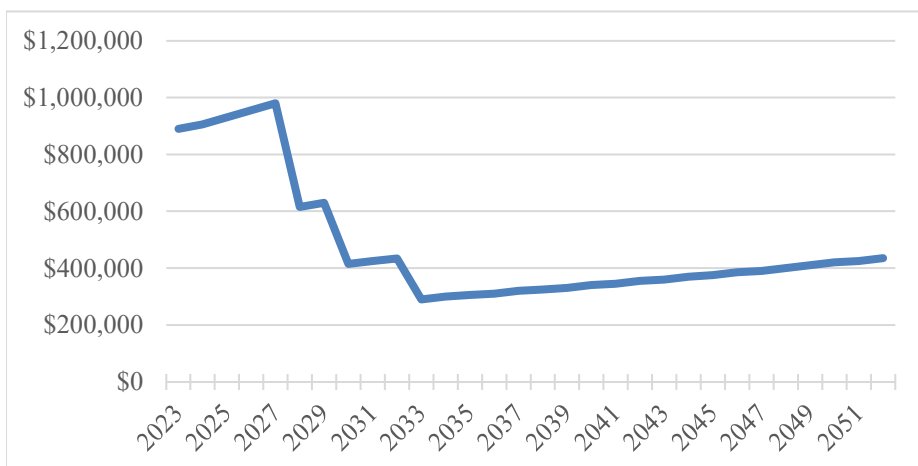
2011 State of Michigan DWRF Loan

October 1, 2022 (2.50%)		16,361
April 1, 2023 (2.50%)	115,000	16,361

2021 State of Michigan DWRF Loan (New)

October 1, 2022 (2.125%)		
April 1, 2023 (2.125%)	235,000	195,000

Total Debt Payments	<u><u>\$890,000</u></u>	<u><u>\$293,487</u></u>	<u><u>\$1,183,487</u></u>
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Water and Sewer System
Future Debt Principal Payments

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Water and Sewer Rates

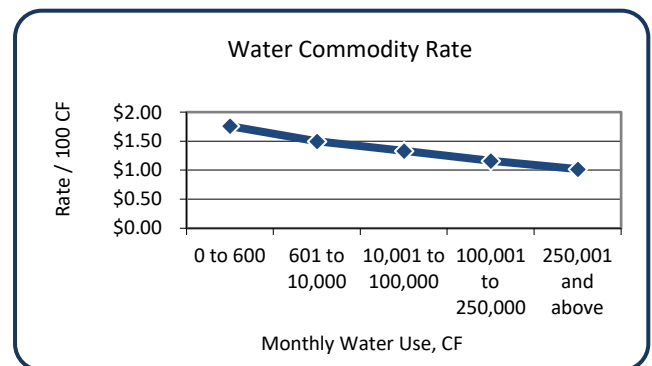
Rates and Charges proposed as of July 1, 2022 - The user rates of the water and sewer systems must be set in a manner sufficient to cover the costs of providing the services while also providing capital funds to pay for infrastructure maintenance and upgrades. The City is preparing to complete Phase II of the well field relocation and an independent rate analysis indicated the need for a couple higher-than-average rate increases through FY2022. For the current year, proposed rate increases for the water system are in accordance with the professional study and are 3% for both water and sewer.

Ready to serve charge

<u>Meter Size</u>	<u>Water</u>	<u>Wastewater</u>
5/8"	8.42	12.23
3/4"	12.38	18.39
1"	20.63	30.61
1-1/2"	41.34	61.21
2"	65.94	97.97
3"	144.41	214.48
4"	247.58	367.44
6"	515.84	765.64
8"	742.79	1,102.48

Commodity Charge

<u>Volume (Cubic Feet - CF)</u>	<u>Water</u>	<u>Wastewater</u>
0 to 600	\$1.76	
601 to 10,000	\$1.50	
10,001 to 100,000	\$1.33	
100,001 to 250,000	\$1.16	
250,001 and above	\$1.02	
Per 100 cubic feet per month		\$2.83



Unmetered Users (Flat Rate)

1. Monthly room charge (Living, Dining, Bedroom and Kitchens)	
1 to 3 rooms	\$10.59
4 to 6 rooms	\$11.86
7 to 8 rooms	\$14.00
Each additional room	\$1.95
2. Additional for each bathtub and shower	\$5.07
3. Additional for each toilet	\$5.58

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Continuing Disclosure Information

Revenue as Billed By Meter Classification
Fiscal Year Ended June 30, 2021

Meter Classification	Water Supply		Wastewater Treatment	
	Revenue	Percent of Total	Revenue	Percent of Total
Unmetered	\$105	0.01	\$51,267	2.21
5/8"	652,407	44.89	893,914	38.59
3/4"	2,677	0.18	4,505	0.19
1"	73,157	5.03	95,277	4.11
1-1/2"	91,075	6.27	126,170	5.45
2"	213,943	14.72	480,864	20.76
3"	47,405	3.26	85,803	3.70
4"	195,421	13.45	317,889	13.72
6"	156,696	10.78	261,017	11.27
8"	20,318	1.40		0.00
	<u>\$1,453,205</u>	<u>99.99</u>	<u>\$2,316,707</u>	<u>100.00</u>

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

Fiscal Year	Meter Classification								
	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	6"	8"
2013	9.76	14.66	24.42	48.84	78.17	171.12	293.17	610.87	879.61
2014	9.76	14.66	24.42	48.84	78.17	171.12	293.17	610.87	879.61
2015	9.76	14.66	24.42	48.84	78.17	171.12	293.17	610.87	879.61
2016	10.05	15.10	25.15	50.31	80.51	176.25	301.96	629.19	906.00
2017	10.30	15.48	25.78	51.56	82.53	180.66	309.51	644.92	928.65
2018	10.30	15.48	25.78	51.56	82.53	180.66	309.51	644.92	928.65
2019	10.61	15.95	26.56	53.11	85.00	186.08	318.79	664.27	956.51
2020	10.77	16.19	26.96	53.91	86.28	188.87	323.57	674.23	970.86
2021	11.31	17.00	28.31	56.60	90.59	198.31	339.75	707.95	1,019.40
2022	11.87	17.85	29.72	59.43	95.12	208.23	356.74	743.34	1,070.37
2023 (Proposed)	12.23	18.39	30.61	61.21	97.97	214.48	367.44	765.64	1,102.48

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Continuing Disclosure Information (Continued)

Monthly Ready-To-Serve Charge For Fire Protection
Fiscal Year Ended June 30, 2023 *(Proposed)*

<u>Line Size</u>	Current	Proposed	Change
3/4"	\$2.92	\$3.01	\$0.09
1"	\$5.00	\$5.15	\$0.15
1-1/2"	\$9.93	\$10.23	\$0.30
2"	\$16.03	\$16.51	\$0.48
3"	\$34.81	\$35.85	\$1.04
4"	\$59.87	\$61.67	\$1.80
6"	\$124.94	\$128.69	\$3.75
8"	\$180.03	\$185.43	\$5.40
10"	\$289.97	\$298.67	\$8.70
12"	\$429.81	\$442.70	\$12.89

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

Fiscal Year	Meter Classification								
	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	6"	8"
2013	6.05	8.90	14.84	29.73	47.42	103.85	178.02	370.94	534.12
2014	6.05	8.90	14.84	29.73	47.42	103.85	178.02	370.94	534.12
2015	6.05	8.90	14.84	29.73	47.42	103.85	178.02	370.94	534.12
2016	6.23	9.17	15.28	30.62	48.84	106.96	183.36	382.06	550.15
2017	6.39	9.40	15.66	31.38	50.06	109.64	187.95	391.62	563.90
2018	6.39	9.40	15.66	31.38	50.06	109.64	187.95	391.62	563.90
2019	6.58	9.68	16.13	32.33	51.56	112.92	193.59	403.36	580.82
2020	7.24	10.65	17.74	35.56	56.72	124.21	212.95	443.70	638.90
2021	7.78	11.45	19.07	38.23	60.97	133.53	228.92	476.97	686.82
2022	8.17	12.02	20.03	40.14	64.02	140.20	240.37	500.82	721.16
2023 <i>(Proposed)</i>	8.42	12.38	20.63	41.34	65.94	144.41	247.58	515.84	742.79

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Continuing Disclosure Information (Continued)

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

Fiscal Year	Water Supply Customers		Wastewater Treatment Customers	
	Number	Percent of Change	Number	Percent of Change
2012	3,551	1.54	3,582	1.13
2013	3,553	0.06	3,581	(0.03)
2014	3,578	0.70	3,604	0.64
2015	3,554	(0.67)	3,576	(0.78)
2016	3,549	(0.14)	3,569	(0.20)
2017	3,567	0.51	3,608	1.09
2018	3,589	0.62	3,623	0.42
2019	3,574	(0.42)	3,610	(0.36)
2020	3,559	(0.42)	3,598	(0.33)
2021	3,578	0.53	3,612	0.39

Average Number of Water Supply and Wastewater Treatment Customers By Meter Classification
Fiscal Year Ended June 30, 2021

Meter Classification	Average Customers	
	Water Supply	Wastewater Treatment
Unmetered	2	136
5/8"	3,257	3,198
3/4"	8	9
1"	127	106
1-1/2"	81	73
2"	76	67
3"	10	10
4"	12	10
6"	4	3
8"	1	0
	<u>3,578</u>	<u>3,612</u>

SPECIAL REVENUE FUNDS DESCRIPTION

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

Special Revenue Funds in the City of Cadillac include:

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

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

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

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

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

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

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

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Major Street Fund

Type: Special Revenue Fund

Oversight: Director of Public Works

Nature and Purpose:

Each Michigan city is required to establish a major street fund in compliance with Act 51 of the Public Acts of 1951. The Major Street Fund is designed to support the operation and maintenance of the 21.99 miles of roadway as well as the 7.80 miles of State Trunklines in the City. 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. This fund technically has no employees but utilizes the Department of Public Works, the Water and Sewer Fund and the General Fund to furnish staffing, supplies and equipment.

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 and for State trunkline maintenance.
3. Receive money reimbursed to the City by the State for trunkline maintenance.

PERFORMANCE MEASURES - MAJOR STREET SYSTEM

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2020	2021	2022	2023	
Miles of Major Streets		21.99	21.99	21.99	21.99	↔
Miles of State Trunk Line		7.80	7.80	7.80	7.80	↔
Operating Expenditures per Road Mile		\$18,103	\$16,231	\$18,509	\$18,430	↔
Operating Expenditures per Resident		\$38	\$34	\$38	\$38	↔
Hours Spent in Major Street Maintenance		4,022	3,862	4,700	4,364	↑
Cost per Hour of Major Street Maintenance		\$97	\$91	\$85	\$91	↓
Total Winter Maintenance Expenditures		\$163,779	\$133,594	\$141,700	\$142,500	↓
Hours Spent in Winter Maintenance		1,196	978	940	935	↓
Cost per Hour of Winter Maintenance		\$137	\$137	\$151	\$152	↑
Winter Maintenance Expenditures per Mile		\$7,448	\$6,075	\$6,444	\$6,480	↓
Winter Maintenance Expenditures per Resident		\$16	\$13	\$14	\$14	↓
State Trunk Line Maintenance Expenditures		\$228,712	\$216,026	\$229,800	\$235,000	↔
State Trunk Line Maintenance Exp. Per Mile		\$29,322	\$27,696	\$29,462	\$30,128	↔
Total Hours of State Trunk Line Maintenance		1,947	2,362	2,950	2,800	↑

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Major Street Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Motor Vehicle Highway Fund	\$1,048,114	\$1,090,000	\$1,025,000	\$1,100,000
State Trunkline Maintenance	217,156	234,600	229,800	235,000
State of Michigan Grant	0	600,000	600,000	187,500
Other Contributions	0	40,000	0	0
Interest Income	6,168	2,000	5,000	5,000
Bond Revenue	858,000	0	1,750,000	0
Surplus	0	0	0	0
Total	\$2,129,438	\$1,966,600	\$3,609,800	\$1,527,500
Expenditures				
Construction	\$1,166,135	\$1,000,000	\$1,200,000	\$800,000
Surface Maintenance	35,922	39,500	57,300	55,500
Sweeping and Flushing	48,171	32,500	29,500	32,500
Forestry	58,223	66,000	66,000	66,000
Catch Basin	17,484	19,500	32,000	27,500
Drainage	3,055	10,000	14,200	12,600
Traffic Services	52,995	53,000	57,800	60,200
Winter Maintenance	133,594	161,500	141,700	142,500
Administration	71,922	77,500	67,500	72,500
State Trunkline	216,026	234,600	229,800	235,000
Transfers Out and Other Financing Uses	332,000	496,500	536,500	540,000
Total	\$2,135,527	\$2,190,600	\$2,432,300	\$2,044,300
Fund Balance				
Net Change in Fund Balance	(\$6,089)	(\$224,000)	\$1,177,500	(\$516,800)
Fund Balance - Beginning of Year	754,447	748,358	748,358	524,358
FUND BALANCE AT YEAR END	\$748,358	\$524,358	\$1,925,858	\$7,558

Revenue Details

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Major Street Fund

Funding Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenditures</u>				
Construction				
Construction	\$1,166,135	\$1,000,000	\$1,200,000	\$800,000
Surface Maintenance				
Salaries and Wages	\$11,449	\$13,000	\$19,000	\$18,000
Fringes	7,438	8,000	12,300	11,500
Operating Supplies	6,626	7,500	15,000	15,000
Equipment Rental	10,409	11,000	11,000	11,000
Total Surface Maintenance	\$35,922	\$39,500	\$57,300	\$55,500
Sweeping and Flushing				
Salaries and Wages	\$6,875	\$7,000	\$7,000	\$7,000
Fringes	4,123	4,500	4,500	4,500
Equipment Rental	37,173	21,000	18,000	21,000
Total Sweeping and Flushing	\$48,171	\$32,500	\$29,500	\$32,500
Forestry				
Salaries and Wages	\$14,713	15,000	\$17,000	\$17,000
Fringes	8,975	10,000	11,000	11,000
Operating Supplies	5,207	4,000	8,000	8,000
Contractual Services	1,850	15,000	8,000	8,000
Repair and Maintenance	0	0	0	0
Equipment Rental	27,478	22,000	22,000	22,000
Total Forestry	\$58,223	\$66,000	\$66,000	\$66,000
Catch Basin				
Salaries & Wages	\$4,784	\$4,500	\$11,500	\$9,500
Fringes	3,437	3,000	7,000	6,000
Operating Supplies	1,861	4,000	1,500	2,000
Equipment Rental	7,402	8,000	12,000	10,000
Total Catch Basin	\$17,484	\$19,500	\$32,000	\$27,500
Drainage				
Salaries and Wages	\$1,147	\$3,000	\$5,000	\$4,000
Fringes	738	2,000	3,200	2,600
Contractual Services	0	1,000	2,000	2,000
Equipment Rental	1,170	4,000	4,000	4,000
Total Drainage	\$3,055	\$10,000	\$14,200	\$12,600

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Major Street Fund

Funding Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenditures (Continued)</u>				
Traffic Services				
Salaries and Wages	\$14,640	\$11,000	\$12,500	\$12,500
Fringes	7,949	6,500	7,800	7,700
Operating Supplies	8,675	6,000	7,500	8,000
Contractual	7,398	20,000	20,000	20,000
Equipment Rental	14,333	9,500	10,000	12,000
Total Traffic Services	\$52,995	\$53,000	\$57,800	\$60,200
Winter Maintenance				
Salaries and Wages	\$18,178	\$24,000	\$18,000	\$18,500
Fringes	10,499	15,000	11,700	12,000
Operating Supplies	27,401	40,000	37,000	37,000
Equipment Rental	77,516	82,500	75,000	75,000
Total Winter Maintenance	\$133,594	\$161,500	\$141,700	\$142,500
Administration				
Salaries and Wages	\$36,445	\$40,000	\$37,000	\$40,000
Fringes	27,028	29,000	22,000	24,000
Audit	1,000	1,000	1,000	1,000
Equipment Rental	7,449	7,500	7,500	7,500
Total Administration	\$71,922	\$77,500	\$67,500	\$72,500
Transfer Out and Other Financing Uses				
Contribution - Local Street	250,000	300,000	300,000	300,000
Transfers Out	82,000	196,500	236,500	240,000
Total Transfers Out and Other	332,000	496,500	536,500	\$540,000
State Trunkline				
Surface Maintenance				
Salaries and Wages	\$8,282	\$4,000	\$4,000	\$4,000
Fringes	5,608	2,600	2,600	2,600
Operating Supplies	4,788	7,500	1,000	1,000
Equipment Rental	5,735	5,000	5,000	5,000
Total Surface Maintenance	\$24,413	\$19,100	\$12,600	\$12,600
Sweeping & Flushing				
Salaries and Wages	\$681	\$2,000	\$2,000	\$2,000
Fringes	504	1,300	1,300	1,300
Equipment Rental	2,088	6,000	3,000	3,000
Total Sweeping & Flushing	\$3,273	\$9,300	\$6,300	\$6,300

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Major Street Fund

Funding Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenditures (Cont.)</u>				
State Trunkline (Cont.)				
Shoulder Maintenance				
Salaries and Wages	\$0	\$500	\$1,500	\$1,000
Fringes	0	300	1,000	600
Operating Supplies	0	0	0	0
Equipment Rental	0	500	800	800
Total Shoulder Maintenance	\$0	\$1,300	\$3,300	\$2,400
Traffic Signs				
Utilities	\$1,316	\$1,500	\$2,300	\$2,000
Total Traffic Signs	\$1,316	\$1,500	\$2,300	\$2,000
Trees and Shrubs				
Salaries and Wages	\$1,749	\$1,800	\$2,000	\$3,500
Fringes	1,285	1,200	1,300	2,200
Equipment Rental	2,904	3,000	2,500	2,500
Total Trees and Shrubs	\$5,938	\$6,000	\$5,800	\$8,200
Drainage				
Salaries and Wages	\$398	\$1,000	\$7,000	\$6,500
Fringes	135	600	3,500	4,100
Equipment Rental	258	300	0	0
Total Drainage	\$791	\$1,900	\$10,500	\$10,600
Winter Maintenance				
Salaries and Wages	\$20,716	\$27,000	\$30,000	\$28,500
Fringes	12,136	16,000	19,500	18,000
Operating Supplies	38,555	57,000	45,000	45,000
Equipment Rental	60,886	63,000	60,000	65,000
Total Winter Maintenance	\$132,293	\$163,000	\$154,500	\$156,500
Snow Hauling				
Salaries and Wages	\$12,089	\$10,000	\$10,000	\$10,000
Fringes	6,254	6,500	6,500	6,400
Equipment Rental	29,659	16,000	18,000	20,000
Total Snow Hauling	\$48,002	\$32,500	\$34,500	\$36,400
Total State Trunkline	\$216,026	\$234,600	\$229,800	\$235,000
Total Expenditures	\$1,803,527	\$1,694,100	\$1,895,800	\$2,044,300

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Local Street Fund

Type: Special Revenue Fund

Oversight: Director of Public Works

Nature and Purpose:

Each Michigan city is required to establish this fund to comply with Act 51 of the Public Acts of 1951. The Local Street system has 41.72 miles of roadway, and 1.83 miles, or 4.4% of the streets are unpaved. The local streets represent 66% of all the roads within the City. This fund technically has no employees but utilizes the Department of Public Works, the Water and Sewer Fund and the General Fund to furnish staffing, supplies and equipment. 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 the Major Street Fund and the General Fund contributions for local street maintenance.

PERFORMANCE MEASURES - LOCAL STREET SYSTEM

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2020	2021	2022	2023	
Miles of Local Streets		41.72	41.72	41.72	41.72	↔
Operating Expenditures per Road Mile		\$8,970	\$8,961	\$10,139	\$10,153	↑
Operating Expenditures per Resident		\$36	\$36	\$41	\$41	↑
Hours Spent in Local Street Maintenance		3,692	4,160	5,352	4,818	↑
Cost per Hour of Local Street Maintenance		\$101	\$90	\$79	\$88	↔
Total Winter Maintenance Expenditures		\$117,621	\$104,580	\$114,300	\$116,000	↔
Hours Spent in Winter Maintenance		736	786	1,149	1,110	↑
Cost per Hour of Winter Maintenance		\$160	\$133	\$99	\$105	↓
Winter Maintenance Expenditures per Mile		\$2,819	\$2,507	\$2,740	\$2,780	↓
Winter Maintenance Expenditures per Resident		\$11	\$10	\$11	\$11	↔
% of Local Streets remaining Unpaved		4.38%	4.38%	4.38%	4.38%	↔

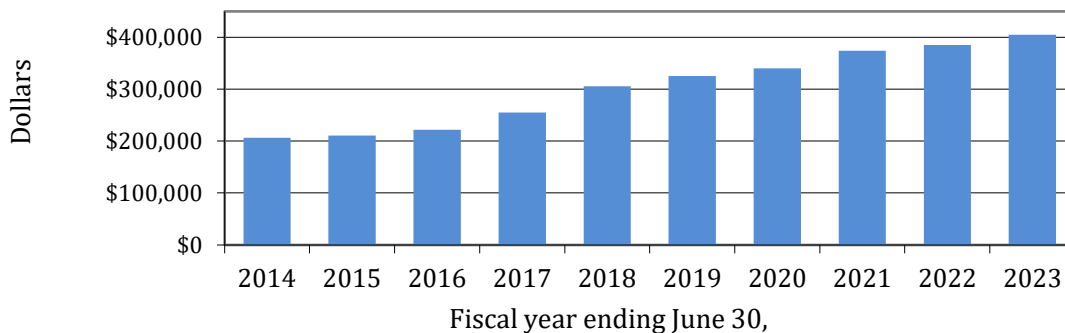
CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Local Street Fund

Fund Summary	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Motor Vehicle Highway Fund	\$373,931	\$395,000	\$377,500	\$405,000
Interest Income	316	500	1,000	1,000
Other Revenue	0	1,500	0	0
General Fund	60,000	60,000	60,000	60,000
Major Street Fund	250,000	250,000	300,000	300,000
Bond Reveue	1,858,000	0	0	0
Surplus	0	0	0	0
Total	\$2,542,247	\$707,000	\$738,500	\$766,000
Expenditures				
Construction	\$276,365	\$1,500,000	\$1,500,000	\$600,000
Surface Maintenance	66,950	70,500	76,400	76,100
Sweeping and Flushing	59,840	55,000	51,500	61,500
Forestry	97,687	75,000	76,500	78,000
Catch Basin	29,531	35,500	39,800	34,100
Drainage	1,588	7,500	12,200	7,400
Traffic Services	13,672	36,000	52,300	50,500
Winter Maintenance	104,580	116,000	114,300	116,000
Administration	85,446	94,000	79,000	86,000
Transfers Out and Other Uses	80,000	236,500	236,500	240,000
TOTAL EXPENDITURES	\$815,659	\$2,226,000	\$2,238,500	\$1,349,600
Fund Balance				
Net Change in Fund Balance	\$1,726,588	(\$1,519,000)	(\$1,500,000)	(\$583,600)
Fund Balance - Beginning of Year	393,325	2,119,913	2,119,913	600,913
Ending Fund Balance	\$2,119,913	\$600,913	\$619,913	\$17,313

Fund Analysis

Motor Vehicle Highway Funds
Last Ten Fiscal Years



CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Local Street Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenditures</u>				
Construction				
Construction	\$276,365	\$1,500,000	\$1,500,000	\$600,000
Surface Maintenance				
Salaries and Wages	\$17,309	\$18,500	\$19,000	\$19,000
Fringes	11,272	12,000	12,400	12,100
Operating Supplies	4,478	10,000	15,000	15,000
Equipment Rental	33,891	30,000	30,000	30,000
Total Surface Maintenance	\$66,950	\$70,500	\$76,400	\$76,100
Sweeping and Flushing				
Salaries and Wages	\$8,176	\$9,000	\$10,000	\$10,000
Fringes	5,741	6,000	6,500	6,500
Equipment Rental	45,923	40,000	35,000	45,000
Total Sweeping and Flushing	\$59,840	\$55,000	\$51,500	\$61,500
Forestry				
Salaries and Wages	\$23,767	\$20,000	\$20,500	\$18,500
Fringes	16,361	13,000	13,000	11,500
Operating Supplies	14,174	8,000	9,000	9,000
Contractual Services	3,500	9,000	9,000	9,000
Equipment Rental	39,885	25,000	25,000	30,000
Total Forestry	\$97,687	\$75,000	\$76,500	\$78,000
Catch Basin				
Salaries and Wages	\$8,919	\$12,000	\$14,000	\$12,000
Fringes	5,717	8,000	5,800	7,600
Operating Supplies	922	1,000	2,000	2,000
Utilities	1,783	2,500	2,000	2,500
Repairs and Maintenance	0	0	0	0
Equipment Rental	12,190	12,000	16,000	10,000
Total Catch Basin	\$29,531	\$35,500	\$39,800	\$34,100
Drainage				
Salaries and Wages	\$804	\$2,500	\$5,000	\$3,000
Fringes	425	1,500	3,200	1,900
Equipment Rental	359	3,500	4,000	2,500
Total Drainage	\$1,588	\$7,500	\$12,200	\$7,400

Construction Several years of construction projects have been funded through the issuance of bonds in 2020. The current capital improvement project should reconstruct about a half mile of local roads in FY2023. Estimated costs of this construction are \$600,000. Details of the street projects for FY2023 can be found in the 'Capital Improvement Program' section of the budget document.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Local Street Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>Expenditures (Cont'd)</u>				
Traffic Services				
Salaries and Wages	\$3,764	\$8,000	\$12,000	\$11,000
Fringes	2,552	5,000	7,800	7,000
Operating Supplies	3,224	10,000	16,000	16,000
Contractual Services	0	5,000	6,500	6,500
Equipment Rental	4,132	8,000	10,000	10,000
Total Traffic Services	\$13,672	\$36,000	\$52,300	\$50,500
Winter Maintenance				
Salaries and Wages	\$14,604	\$19,000	\$22,000	\$22,000
Fringes	8,678	13,000	14,300	14,000
Operating Supplies	18,166	24,000	20,000	20,000
Equipment Rental	63,132	60,000	58,000	60,000
Total Winter Maintenance	\$104,580	\$116,000	\$114,300	\$116,000
Administration				
Salaries and Wages	\$44,109	\$48,500	\$44,000	\$47,500
Fringes	32,888	37,000	26,500	30,000
Audit	1,000	1,000	1,000	1,000
Equipment Rental	7,449	7,500	7,500	7,500
Total Administration	\$85,446	\$94,000	\$79,000	\$86,000
Transfers Out and Other Uses				
Transfers Out - Debt Service	80,000	236,500	236,500	240,000
TOTAL EXPENDITURES	\$815,659	\$2,226,000	\$2,238,500	\$1,349,600

Remaining Unpaved Streets

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Cemetery Operating Fund

Type: Special Revenue Fund

Oversight: Director of Finance/DPW

Nature and Purpose:

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

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

Advisory Board & Cemetery Management

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

Advisory Board

Charles LaBar, *Member*

Bryan Elenbaas, *Member*

Thomas Olmsted, *Member*

Keri Lanning, *Secretary*

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

PERFORMANCE MEASURES - MAPLE HILL CEMETERY

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2020	2021	2022	2023	
Number of Lots Sold		19	40	25	25	↔
Number of Burials		52	21	40	40	↔
Number of Cremains		29	39	30	30	↔
Total Generated Revenue		\$39,730	\$49,862	\$47,500	\$56,000	↑
General Fund Contribution		\$60,000	\$70,000	\$75,000	\$80,000	↑
G.F. Contribution as % of Expenditures		55%	46%	56%	56%	↑

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Cemetery Operating Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenue				
Charges For Services:				
Sale of Lots & Burial Rites	\$12,900	\$12,000	\$10,000	\$12,000
Grave Openings & Storage	28,200	37,000	35,000	35,000
Foundations & Miscellaneous	8,762	10,000	10,000	10,000
Miscellaneous:				
Transfer In - Perpetual Care	0	5,000	0	15,000
Transfer In - General Fund	70,000	75,000	70,000	80,000
Interest Income	0	0	0	0
Contribution from Private Sources	3,000	7,100	0	0
Surplus	0	0	0	0
Total	\$122,862	\$146,100	\$125,000	\$152,000
Expenditures				
Salaries - Regular	\$29,689	\$30,000	\$25,000	\$30,000
Salaries - Part Time	29,200	28,000	30,000	30,000
Fringes	21,328	20,000	18,200	20,000
Liability Insurance	310	400	500	500
Operating Supplies	14,004	22,000	15,000	15,000
Audit	500	500	500	500
Utilities	8,239	6,000	10,000	10,000
Contractual Services	7,250	5,000	5,000	5,000
Equipment Rental	35,917	25,000	15,000	20,000
Repair and Maintenance	499	5,000	5,000	6,000
Capital Outlay	6,066	5,000	0	23,000
Total	\$153,002	\$146,900	\$124,200	\$160,000
Fund Balance				
Net Change in Fund Balance	(30,140)	(800)	800	(8,000)
Fund Balance - Beginning of Year	63,539	33,399	33,399	32,599
Ending Fund Balance	\$33,399	\$32,599	\$34,199	\$24,599

Cemetery Staffing

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Cadillac Development Fund

Type: Special Revenue Fund

Oversight: Community Development Director

Nature and Purpose:

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

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

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

Fund Summary	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Interest Income	\$4,987	\$4,000	\$6,000	\$6,000
Interest Income - Loans	5,160	8,200	11,000	7,500
Surplus	0	73,800	69,000	77,000
Total	\$10,147	\$86,000	\$86,000	\$90,500
Expenditures				
Urban Redevelopment and Housing Administration	\$47,731	\$34,500	\$37,000	\$37,000
Community Development Director	47,463	51,500	49,000	53,500
	\$95,194	\$86,000	\$86,000	\$90,500
Fund Balance				
Net Change in Fund Balance	(\$85,047)	(\$73,800)	(\$69,000)	(\$77,000)
Fund Balance - Beginning of Year	797,083	712,036	712,036	638,236
Ending Fund Balance	\$712,036	\$638,236	\$643,036	\$561,236

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Cadillac Development Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Expenditures				
Urban Redevelopment and Housing Administration				
Administration	\$12,000	\$12,000	\$12,000	\$12,000
Contractual Services	15,731	7,500	10,000	10,000
Transfer Out - Other	20,000	15,000	15,000	15,000
Total Administration	\$47,731	\$34,500	\$37,000	\$37,000
Community Development Director				
Salaries	\$32,161	\$34,500	\$33,000	\$36,000
Fringes	15,302	17,000	16,000	17,500
Total Community Development Director	\$47,463	\$51,500	\$49,000	\$53,500
Total Expenditures	\$95,194	\$86,000	\$86,000	\$90,500

Cadillac Development Fund Goals:

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

Community Development Director

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

Interest Income - Loans

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Building Inspection Fund

Type: Special Revenue Fund

Oversight: Community Development Director

Nature and Purpose:

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

PERFORMANCE MEASURES - BUILDING PERMIT ACTIVITIES

MEASURE	Fiscal Year:	Actual				Projected	Trend
		2018	2019	2020	2021	2022	
Building Permit Revenue		\$90,655	\$99,182	\$63,105	\$70,928	\$70,000	↓
Total Permits Issued:		482	462	420	390	350	↓
Building		119	157	105	110	100	↓
Electrical		151	160	175	116	100	↓
Mechanical		143	83	84	110	90	↓
Plumbing		63	56	56	44	50	↓
Other		6	6	0	10	10	↔

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenue				
Charges For Services:				
Building Permits	\$70,928	\$65,000	\$70,000	\$70,000
Contribution from General Fund	0	0	0	0
Total	\$70,928	\$65,000	\$70,000	\$70,000
Expenditures				
Contractual Services	67,293	62,000	67,000	67,000
Administration	0	3,000	4,000	3,000
Total	\$67,293	\$65,000	\$71,000	\$70,000
Fund Balance				
Net Change in Fund Balance	3,635	0	(1,000)	0
Fund Balance - Beginning of Year	18,903	22,538	22,538	22,538
Ending Fund Balance	\$22,538	\$22,538	\$21,538	\$22,538

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Naval Reserve Center Fund

Type: Special Revenue Fund

Oversight: Director of Finance

Nature and Purpose:

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



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

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Rental Income:				
City of Cadillac Parks Division	1,500	1,500	1,500	1,500
Senior Citizens Center	7,673	7,800	7,500	7,800
Other Rent	4,500	0	0	0
Up North Arts, Inc	6,000	8,000	8,000	9,000
Wexford Genealogical Society	3,075	3,000	3,000	3,500
Miscellaneous	0	3,000	4,000	4,000
Interest Income	21	0	0	0
Transfer In	20,000	0	0	0
Surplus	0	0	0	0
Total	\$42,769	\$23,300	\$24,000	\$25,800
Expenditures				
Building Maintenance	\$21,322	\$5,500	\$6,000	\$7,500
Liability Insurance	1,033	1,100	1,000	1,000
Utilities	13,643	16,000	17,000	17,000
Total	\$35,998	\$22,600	\$24,000	\$25,500
Fund Balance				
Net Change in Fund Balance	\$6,771	\$700	\$0	\$300
Fund Balance - Beginning of Year	0	6,771	6,771	7,471
Ending Fund Balance	\$6,771	\$7,471	\$6,771	\$7,771

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Lake Treatment Fund

Type: Special Revenue Fund

Oversight: City Manager

Nature and Purpose:

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

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

Funds raised from the millage were dedicated to the implementation of measures oriented to the control of these undesirable plants and animals. These funds were used to retain a qualified freshwater aquatic consultant to assist on matters of invasive species management and for lake treatment programs, public education, and related activities. As of FY2021, these residual millage funds have been spent, and costs will be funded by a transfer from the General Fund.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Transfer In	10,000	30,000	30,000	30,000
Surplus	0	0	0	0
Total	\$10,000	\$30,000	\$30,000	\$30,000
Expenditures				
Contractual Services	\$14,430	\$30,000	\$30,000	\$30,000
Total	\$14,430	\$30,000	\$30,000	\$30,000
Fund Balance				
Net Change in Fund Balance	(\$4,430)	\$0	\$0	\$0
Fund Balance - Beginning of Year	10,640	6,210	6,210	6,210
Ending Fund Balance	\$6,210	\$6,210	\$6,210	\$6,210

Contractual Services The principal use of funding provided by the millage is for engineering and treatment services provided contractually by outside vendors. These services are typically \$20,000 to \$30,000 per year.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: H.L. Green Operating Fund

Type: Special Revenue Fund

Oversight: Director of Finance

Nature and Purpose:

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

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

Revenues

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

Expenditures

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

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Interest Income	708	200	500	500
Total	\$708	\$200	\$500	\$500
Expenditures				
Audit	\$0	\$0	\$0	\$0
Operating Supplies	0	0	0	0
Transfer Out	0	0	0	0
Total	\$0	\$0	\$0	\$0
Fund Balance				
Net Change in Fund Balance	\$708	\$200	\$500	\$500
Fund Balance - Beginning of Year	48,484	49,192	49,192	49,392
Ending Fund Balance	\$49,192	\$49,392	\$49,692	\$49,892

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Debt Management Policy

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

When incurred, the City's long-term general obligation and special assessment debt is handled through a debt service fund. The revenue bond requirements are handled through the Enterprise Fund. By virtue of the State of Michigan, local government can not issue debt in excess of 10% of the assessed valuation of the taxable property.

The City has two Debt Service Fund currently for debt issues used to fund infrastructure projects:

2016 GO Capital Improvement Bonds Debt Service Fund

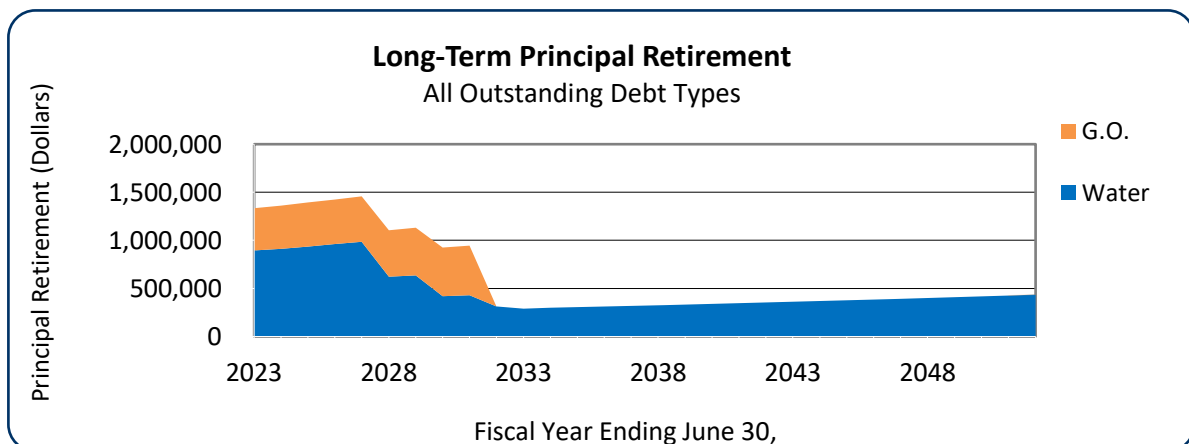
2020 GO Capital Improvement Bonds Debt Service Fund

LEGAL DEBT MARGIN - JUNE 30, 2021 (amounts expressed in thousands)

Taxable Valuation		<u>\$238,809</u>
Statutory Debt Limit - 10% of Assessed Valuation		\$23,881
Amount of Debt Applicable to Limit:		
Gross Bonded Debt	\$11,984	
Less		
Assets Available for Debt Service	0	
Bond Debt Not Subject To Limit:		
Special Assessment Bonds		
Revenue Bonds	6,829	
Other Debt	<u>6,829</u>	
Total Amount of Debt Applicable to Debt Limit		<u>5,155</u>
LEGAL DEBT MARGIN		<u><u>\$18,726</u></u>

Principal Retirement Schedule

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



CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Debt Service Summary - Fiscal Year Ending June 30, 2023

			July 1, 2022 - June 30, 2023 Debt Service Payments	
<u>Description of Debt</u>	<u>Fund Servicing Debt</u>	<u>Debt Outstanding June 30, 2022</u>	<u>Principal</u>	<u>Interest</u>
Revenue Bonds				
2007	State of Michigan SRF	1,495,205	205,000	22,632
2011	State of Michigan DWRF	1,308,856	115,000	32,722
2013	Revenue Refunding	1,765,000	335,000	43,133
2021	State of Michigan DWRF *	9,700,000	235,000	195,000
* Total Loan: \$9,795,000; unclear how much will be drawn down at 6/30/22; principal payments begin in FY2023.				
General Obligation Bonds				
2016	Major/Local Streets/DDA	1,950,000	200,000	38,325
2020	Major/Local Streets/Tax	3,535,000	240,000	76,710
Total Debt		<u>\$19,754,061</u>	<u>\$1,330,000</u>	<u>\$408,522</u>

Other Debt Statistics

<u>Fiscal Year Ending June 30,</u>	<u>Total Debt Per Capita (inclusive of all funds) 2010 Census - 10,355</u>	<u>Rate of Principal Retirement</u>
2014	1,029.25	6.76%
2015	958.27	7.46%
2016	890.78	8.24%
2017	817.39	7.50%
2018	1,029.71	7.83%
2019	938.10	7.82%
2020	864.71	8.82%
2021	1,174.70	8.59%
2022	1,133.66	8.90%
2023	1,907.68	6.73%

Note: New debt was issued in FY2017 to fund street reconstruction and The Plaza at Cadillac Commons. The City issued bonds in July 2020 to fund \$4 million in street improvements. Additionally, FY2022 will see the City begin to draw down approximately \$9.8 million in debt secured by revenues of the Water and Sewer System that will be used to fund the final phase of the well field relocation project.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

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

Type: Debt Service Fund

Oversight: Director of Finance

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

DATE OF ISSUE: August 3, 2016

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

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Transfer In from Local Street Fund	\$80,000	\$80,000	\$80,000	\$80,000
Transfer In from Major Street Fund	82,000	80,000	80,000	80,000
Total	\$162,000	\$160,000	\$160,000	\$160,000
Expenditures				
Bond Principal Paid	\$126,700	\$130,000	\$130,000	\$133,500
Interest Expense	34,640	28,470	29,500	26,000
Audit	500	500	500	500
Total	\$161,840	\$158,970	\$160,000	\$160,000
Fund Balance				
Net Change in Fund Balance	\$160	\$1,030	\$0	\$0
Fund Balance - Beginning of Year	896	1,056	1,056	2,086
Ending Fund Balance	\$1,056	\$2,086	\$1,056	\$2,086

Debt Service Requirements - Remaining Amortization of Bonds

Fiscal Year	Major Street Fund		Local Street Fund		DDA	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	66,700	12,775	66,700	12,775	66,700	12,775
2024	68,300	11,279	68,300	11,279	68,300	11,279
2025	70,000	9,746	70,000	9,746	70,000	9,746
2026	70,000	8,213	70,000	8,213	70,000	8,213
2027	71,700	6,643	71,700	6,643	71,700	6,643
2028	73,300	5,037	73,300	5,037	73,300	5,037
2029	75,000	3,395	75,000	3,395	75,000	3,395
2030	76,700	1,716	76,700	1,716	76,700	1,716
2031	78,300	0	78,300	0	78,300	0
	\$650,000	\$58,804	\$650,000	\$58,804	\$650,000	\$58,804

Total Outstanding Bonds: \$1,950,000
Total Remaining Interest Costs: \$176,412

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: 2020 G.O. Capital Improvement Bonds Debt Retirement Fund

Type: Debt Service Fund

Oversight: Director of Finance

TITLE OF ISSUE: *General Obligation Limited Tax Bonds, Series 2020*

DATE OF ISSUE: July 14, 2020

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.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Transfers In	\$0	\$313,000	\$313,000	\$317,500
Bond Proceeds	351,011	0	0	0
Total	\$351,011	\$313,000	\$313,000	\$317,500
Expenditures				
Bond Principal Paid	235,000	230,000	230,000	240,000
Interest Expense	116,011	81,700	82,500	77,000
Audit	0	500	500	500
Total	\$351,011	\$312,200	\$313,000	\$317,500
Fund Balance				
Net Change in Fund Balance	\$0	\$800	\$0	\$0
Fund Balance - Beginning of Year	0	0	0	800
Ending Fund Balance	\$0	\$800	\$0	\$800

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: 2020 G.O. Capital Improvement Bonds Debt Retirement Fund

DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
	\$4,000,000	\$235,000	\$230,000	\$3,535,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
11/1/2022	2.17%		\$38,355	\$38,355
5/1/2023	2.17%	\$240,000	\$38,355	\$278,355
11/1/2023	2.17%		\$35,751	\$35,751
5/1/2024	2.17%	\$245,000	\$35,751	\$280,751
11/1/2024	2.17%		\$33,093	\$33,093
5/1/2025	2.17%	\$250,000	\$33,093	\$283,093
11/1/2025	2.17%		\$30,380	\$30,380
5/1/2026	2.17%	\$255,000	\$30,380	\$285,380
11/1/2026	2.17%		\$27,613	\$27,613
5/1/2027	2.17%	\$260,000	\$27,613	\$287,613
11/1/2027	2.17%		\$24,792	\$24,792
5/1/2028	2.17%	\$265,000	\$24,792	\$289,792
11/1/2028	2.17%		\$21,917	\$21,917
5/1/2029	2.17%	\$270,000	\$21,917	\$291,917
11/1/2029	2.17%		\$18,988	\$18,988
5/1/2030	2.17%	\$275,000	\$18,988	\$293,988
11/1/2030	2.17%		\$16,004	\$16,004
5/1/2031	2.17%	\$280,000	\$16,004	\$296,004
11/1/2031	2.17%		\$12,966	\$12,966
5/1/2032	2.17%	\$290,000	\$12,966	\$302,966
11/1/2032	2.17%		\$9,819	\$9,819
5/1/2033	2.17%	\$295,000	\$9,819	\$304,819
11/1/2033	2.17%		\$6,619	\$6,619
5/1/2034	2.17%	\$300,000	\$6,619	\$306,619
11/1/2034	2.17%		\$3,364	\$3,364
5/1/2035	2.17%	\$310,000	\$3,364	\$313,364
		\$3,535,000	\$559,322	\$4,094,322

CAPITAL PROJECTS FUNDS DESCRIPTION

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

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

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

Downtown Infrastructure Project Fund - Accounts for a capital project in the Downtown Cadillac area that will reconstruct a portion of streets, sidewalks, and on-street parking. Project is expected to begin in the fall of 2020 and could carry into multiple fiscal years.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Industrial Park Fund

Type: Capital Project Fund

Oversight: Community Development Director

Nature and Purpose:

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

Cadillac Industrial Park

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

Harry VanderJagt Industrial Park

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

James E. Potvin Industrial Park

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

Fund Summary	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Sale of Property	\$0	\$14,000	\$0	\$0
State of Michigan Grant	22,029	8,600	50,000	0
Interest Income	5,425	5,000	5,000	5,000
Surplus	0	0	0	45,500
Total	\$27,454	\$27,600	\$55,000	\$50,500
Expenditures				
Groundwater Cleanup	\$0	\$0	\$2,000	\$0
Audit	500	500	500	500
Transfer Out	23,450	0	0	0
Contractual Services	25,462	15,000	50,000	50,000
Fees and Commissions	0	1,500	0	0
Total	\$49,412	\$17,000	\$52,500	\$50,500
Fund Balance				
Net Change in Fund Balance	(\$21,958)	\$10,600	\$2,500	(\$45,500)
Fund Balance - Beginning of Year	592,966	571,008	571,008	581,608
Ending Fund Balance	\$571,008	\$581,608	\$573,508	\$536,108

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Special Assessment Capital Projects Fund

Type: Capital Project Fund

Oversight: Director of Finance

Nature and Purpose:

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

Excess funds must be used for capital projects.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Interest Income - Special Assessment	\$457	\$500	\$500	\$300
State of Michigan	0	0	0	0
Special Assessment	8,529	3,000	3,000	3,000
Interest Income	66	0	0	0
Surplus	0	22,000	22,200	22,200
Total Revenue	\$9,052	\$25,500	\$25,700	\$25,500
Expenditures				
Audit	\$500	\$500	\$500	\$500
Construction	23,873	25,000	25,000	25,000
Total Expenditures	\$24,373	\$25,500	\$25,500	\$25,500
Fund Balance				
Net Change in Fund Balance	(\$15,321)	(\$22,000)	(\$22,000)	(\$22,200)
Fund Balance - Beginning of Year	82,516	67,195	67,195	45,195
FUND BALANCE AT YEAR END	\$67,195	\$45,195	\$45,195	\$22,995

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Downtown Infrastructure Project Fund

Type: Capital Project Fund
Oversight: Community Development Director

Nature and Purpose:

This temporary fund was created to account for the project costs related to downtown public infrastructure on Cass, Mitchell, Shelby and Chapin Streets. This project began in July 2020 and is expected to be completed in phases over approximately three fiscal years depending on the timing of significant private development in the project area. Phase 1 is complete, and Phase 2 is expected to take place in 2022 or 2023. Ideally grant dollars will be secured to assist with Phase 2 funding. The City will also explore use of Brownfield incentives and grant funding to facilitate the construction of public infrastructure.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Bond Revenue	\$932,989	\$0	\$0	\$0
Total	\$932,989	\$0	\$0	\$0
Expenditures				
Construction	\$475,207	\$0	\$455,000	\$455,000
Total	\$475,207	\$0	\$455,000	\$455,000
Fund Balance				
Net Change in Fund Balance	\$457,782	\$0	(\$455,000)	(\$455,000)
Fund Balance - Beginning of Year	0	457,782	457,782	457,782
Ending Fund Balance	\$457,782	\$457,782	\$2,782	\$2,782

PERMANENT FUNDS DESCRIPTION

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

The City appropriates resources for the following Permanent Funds:

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

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Cemetery Perpetual Care Fund

Type: Permanent Fund

Oversight: Director of Finance

Nature and Purpose:

The Cemetery Perpetual Care Fund is a permanent fund established to maintain the operation of the cemetery. With assets of \$600,000, the generation of interest income from the funds is used for the primary purpose of maintaining the cemetery and helps offset normal operating costs. This fund is accounted for on a modified accrual basis. Revenue projections for the investments are based on the estimated investment climate, while the sale of cemetery lots which generate perpetual care income is based on a historical trend. All of the interest income is transferred to the Cemetery Operating Fund to assist in the daily operation of the cemetery.

Perpetual Care of Lots

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

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Perpetual Care of Lots	\$12,900	\$12,000	\$9,500	\$9,500
Interest Income	7,583	7,000	6,000	6,000
Surplus	0	0	0	0
TOTAL REVENUES	\$20,483	\$19,000	\$15,500	\$15,500
Expenditures				
Audit	\$500	\$500	\$500	\$500
Transfer out - Cemetery Operating	0	0	0	15,000
Total	\$500	\$500	\$500	\$15,500
Fund Balance				
Net Change in Fund Balance	\$19,983	\$18,500	\$15,000	\$0
Fund Balance - Beginning of Year	576,075	596,058	596,058	614,558
Ending Fund Balance	\$596,058	\$614,558	\$611,058	\$614,558

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Capital Projects Trust Fund

Type: Permanent Fund

Oversight: Director of Finance

Nature and Purpose:

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

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

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Interest Income	\$1,298	\$700	\$1,500	\$1,500
Surplus	0	0	0	0
Total	\$1,298	\$700	\$1,500	\$1,500
Expenditures				
Audit	\$500	\$500	\$500	\$500
Contribution - Public Infrastructure	0	0	0	0
Total	\$500	\$500	\$500	\$500
Fund Balance				
Net Change in Fund Balance	\$798	\$200	\$1,000	\$1,000
Fund Balance - Beginning of Year	130,411	131,209	131,209	131,409
Ending Fund Balance	\$131,209	\$131,409	\$132,209	\$132,409

Past Public Infrastructure Projects

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

ENTERPRISE FUNDS DESCRIPTION

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

The City appropriates resources for the following Enterprise Funds:

Major Enterprise Fund (Reported in Major Fund Section):

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

Nonmajor Enterprise Funds:

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

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Auto Parking Fund

Type: Enterprise Fund

Oversight: Community Development Director

Nature and Purpose:

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

The Auto Parking Fund has undergone significant change in the last thirty years. For many years and up to 1989, parking was funded by parking meters. From 1990 to 1994 it was funded through a voluntary contract system. Given the difficulties with non-payment, when the contract system expired on June 30, 1995, a special assessment was adopted as prescribed in the Shopping Area Redevelopment Act, P.A. 120 of 1961 (as amended) for a five year period. Except for FY2011, an assessment has been in place every year since. The assessment is typically passed for a 5-year period. This assessment is now expired and will need to be renewed by November 2022 at the latest in order to provide revenue for FY2023.

The parking assessment funds approximately 60% of the costs of parking lot maintenance. Other funds must be raised locally, from parking enforcement activities and from transfers from other City resources.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Parking Violations	\$725	\$1,000	\$500	\$500
Parking Permit Fees	1,221	1,200	1,500	1,500
Interest Income	1,669	1,100	2,500	2,500
Special Assessment	54,278	55,000	55,000	55,000
Local Funds	35,000	30,000	30,000	35,000
Total	\$92,893	\$88,300	\$89,500	\$94,500
Expenses				
Operation	\$16,127	\$16,700	\$17,500	\$17,500
Lot Repair	13,819	21,200	16,100	19,300
Snow Plowing	15,066	19,700	29,200	29,100
Snow Hauling	26,866	27,500	26,500	26,500
Total	\$71,878	\$85,100	\$89,300	\$92,400
Net Position				
Change in Net Position	\$21,015	\$3,200	\$200	\$2,100
Net Position - Beginning of Year	608,040	629,055	629,055	632,255
TOTAL NET POSITION - END OF YEAR				
Invested in Capital Assets	\$414,024	\$398,024	\$397,224	\$381,224
Unrestricted	215,031	234,231	232,031	253,131
TOTAL NET POSITION	\$629,055	\$632,255	\$629,255	\$634,355

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
<u>EXPENSES</u>				
Operations				
Salaries - Enforcement	\$0	\$0	\$0	\$0
Fringes	30	0	0	0
Audit	500	500	500	500
Operating Supplies	213	200	200	200
Depreciation	15,384	16,000	16,800	16,800
Total Operations	\$16,127	\$16,700	\$17,500	\$17,500
Lot Repair				
Salaries	\$664	\$3,000	\$6,000	\$8,000
Fringes	1,194	2,000	3,900	5,100
Operating Supplies	11,035	15,000	3,000	3,000
Equipment Rental	926	1,200	3,200	3,200
Total Lot Repair	\$13,819	\$21,200	\$16,100	\$19,300
Snow Plowing				
Salaries	\$2,655	\$5,000	\$8,000	\$8,000
Fringes	1,620	2,700	5,200	5,100
Operating Supplies	652	1,000	1,000	1,000
Equipment Rental	10,139	11,000	15,000	15,000
Total Snow Plowing	\$15,066	\$19,700	\$29,200	\$29,100
Snow Hauling				
Salaries	\$5,750	\$6,500	\$7,000	\$7,000
Fringes	3,027	4,000	4,500	4,500
Equipment Rental	18,089	17,000	15,000	15,000
Total Snow Hauling	\$26,866	\$27,500	\$26,500	\$26,500
TOTAL EXPENSES	\$71,878	\$85,100	\$89,300	\$92,400

Salaries and Equipment Rental

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



CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Building Authority Operating Fund

Type: Enterprise Fund

Oversight: Director of Finance

Nature and Purpose:

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



Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Rental Income	\$164,141	\$154,400	\$193,000	\$193,000
Interest Income	1,565	2,000	1,500	1,500
Total	\$165,706	\$156,400	\$194,500	\$194,500
Expenditures				
Building Maintenance	14,514	35,000	40,000	40,000
Contractual Services	932	15,000	20,000	20,000
Audit	500	500	500	500
Liability Insurance	998	1,000	1,000	1,000
Utilities	3,785	4,000	4,000	4,000
Administration	25,000	25,000	25,000	25,000
Depreciation	48,942	49,000	50,000	70,000
Total	\$94,671	\$129,500	\$140,500	\$160,500
Net Position				
Change in Net Position	\$71,035	\$26,900	\$54,000	\$34,000
Total Net Position - Beginning of Year	1,380,774	1,451,809	1,451,809	1,478,709
TOTAL NET POSITION - END OF YEAR				
Invested in Capital Assets	1,045,440	996,440	996,440	926,440
Unrestricted	335,334	482,269	509,369	586,269
TOTAL NET POSITION	\$1,451,809	\$1,478,709	\$1,505,809	\$1,512,709

Fund: Building Authority Operating Fund

Fund Highlights

Revenues

The City of Cadillac rents the building to the State of Michigan and the rent is based on the operating expenses as well as the debt payments on the bond. The lease with the State of Michigan has been extended through March 31, 2036. Interest Income is earned by investing cash reserves and idle funds in accordance with the City's investment policy.

Expenditures

Building Maintenance costs cover the air conditioning, elevator, heating, electrical and other related items that are contracted for to maintain the facility. The contractual services reflect the contracts for landscaping, fire suppression system, and snow removal. Administration is the fee paid for management oversight of the facility. A number of windows need to be replaced during the current fiscal year, and other maintenance items are increasing slightly as the building ages.

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

Chairperson:

Marcus Peccia
City Manager
City of Cadillac

Vice-Chairperson:

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

Secretary - Treasurer:

Owen Roberts
Director of Finance
City of Cadillac

INTERNAL SERVICE FUNDS DESCRIPTION

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

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

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

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

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

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Stores and Garage Fund

Type: Internal Service Fund

Oversight: Director of Public Works

Nature and Purpose:

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

Equipment Rental is responsible for 92% of the revenues for FY2022. About 70 pieces of equipment are maintained by this fund ranging from plow trucks to trailers to mowers and loaders. 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 road maintenance supplies used on a regular basis.

PERFORMANCE MEASURES - STORES AND GARAGE FUND

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2020	2021	2022	2023	
Number of Vehicles/Equipment Maintained		67	67	67	67	↔
Total Fuel Costs		\$36,914	\$38,402	\$35,000	\$46,000	↑
Gallons of Diesel Used		12,020	12,082	12,000	12,000	↔
Gallons of Unleaded Fuel Used		5,338	5,303	5,200	5,300	↔
Average Cost per Gallon - Diesel		\$1.99	\$1.94	\$2.00	\$2.75	↑
Average Cost per Gallon - Unleaded		\$1.65	\$1.74	\$1.75	\$2.50	↑
Total Annual Cost of Road Salt		\$153,880	\$147,171	\$90,672	\$150,000	↔
Tons of Road Salt Purchased		2,000	1,993	1,306	2,000	↔
Cost per Ton - Road Salt		\$76.94	\$73.86	\$69.43	\$75.00	↔
Total Capital Investment		\$308,111	\$387,094	\$200,000	\$95,000	↓

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Stores and Garage Fund

Fund Summary	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Charges for Services:				
Services & Materials	\$17,199	\$20,000	\$35,000	\$35,000
Equipment Rental	720,312	680,000	645,000	665,000
Miscellaneous				
Sale of Surplus Material/Equipment	69,133	10,000	20,000	10,000
Other	16	0	0	0
Total	\$806,660	\$710,000	\$700,000	\$710,000
Expenses				
Administration				
Salaries and Wages	\$122,392	\$121,000	\$121,000	\$129,000
Fringes	15,821	75,000	77,900	81,100
Operating Supplies	31,770	40,000	40,000	40,000
Fuel Costs	38,402	45,000	45,000	45,000
Audit	500	500	500	500
Data Processing	6,000	6,000	6,000	6,000
Travel & Education	940	1,400	1,500	1,500
Insurance	26,242	28,000	27,000	30,000
Utilities	19,512	20,000	21,000	21,000
Employee Safety	4,000	4,000	4,000	4,000
General Administrative Charges	20,000	20,000	20,000	20,000
Depreciation	156,064	155,000	155,000	160,000
Equipment Maintenance	55,752	70,000	75,000	75,000
Equipment Rental	35,824	35,000	35,000	36,000
Interest Expense	5,160	5,000	10,000	5,000
Total Administration	\$538,379	\$625,900	\$638,900	\$654,100
Outside Work				
Salaries and Wages	\$1,699	\$5,000	\$8,000	\$8,000
Fringes	1,212	3,000	5,200	5,100
Supplies	8,219	4,000	5,000	5,000
Equipment Rental	2,378	9,000	15,000	10,000
Total Outside Work	\$13,508	\$21,000	\$33,200	\$28,100

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

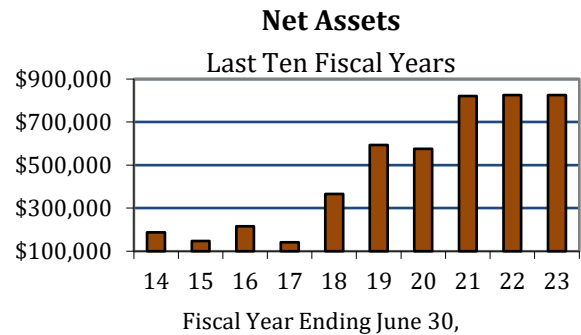
Fund: Stores and Garage Fund

Fund Summary	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Expenses (Continued)				
Building & Grounds				
Salaries and Wages	\$2,462	\$6,000	\$8,500	\$8,500
Fringes	1,593	4,000	5,200	5,100
Operating Supplies	2,554	5,000	6,000	6,000
Contractual Services	0	0	0	0
Repair and Maintenance	2,194	6,000	7,000	6,000
Equipment Rental	323	1,000	500	500
Total Building & Grounds	\$9,126	\$22,000	\$27,200	\$26,100
Total Expenses	\$561,013	\$668,900	\$699,300	\$708,300
Net Position				
Change in Net Position	\$245,647	\$41,100	\$700	\$1,700
Total Net Position - Beginning of Year	575,952	821,599	821,599	862,699
Total Net Position - End of Year	\$821,599	\$862,699	\$822,299	\$864,399

Financial Highlight

Net Assets

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



CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Stores and Garage Fund

Source and Use of Funds For Capital Improvements

FY2023

Source of Funds:

Operating Funds	\$95,000
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Total Source of Funds	\$95,000
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Use of Funds:

Equipment:

Service Trucks	\$35,000
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Wood Chipper	30,000
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Snow Removal Equipment	30,000
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Total Use of Funds	\$95,000
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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

FY2023

ADDITIONS:

Depreciation	\$160,000
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Internal Loan	0
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Net Income (Loss)	1,700
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TOTAL ADDITIONS	\$161,700
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DEDUCTIONS:

Principal Payment - Internal Loan	\$50,000
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Capital Items	95,000
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TOTAL DEDUCTIONS	\$145,000
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NET INCREASE (DECREASE) OF AVAILABLE CASH	\$16,700
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CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Information Technology Fund

Type: Internal Service Fund

Oversight: Director of Finance

Nature and Purpose:

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

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

Currently the IT Department equipment list includes the following:

- > Approximately 65 workstations including desktop and notebook computers;
- > Multiple file servers including Application, Storage, and Security servers;
- > Numerous printers, tablets, scanners, and other related equipment and software.
- > Management of an increasing number of software-as-a-service platforms for email, police reporting, fire reporting, etc.

PERFORMANCE MEASURES - INFORMATION TECHNOLOGY

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2020	2021	2022	2023	
Number of Workstations		65	65	65	65	↔
Operating Cost per Workstation		\$2,950	\$2,642	\$2,725	\$2,725	↔
Number of Workstations Replaced		24	0	15	15	↔
Total Capital Investment		\$25,000	\$79,562	\$20,000	\$70,000	↔

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Information Technology Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Charges for Services - Intergovernmental				
General Fund				
City Council	\$3,000	\$3,000	\$3,000	\$3,000
City Manager	7,000	7,000	7,000	7,000
Finance	22,000	22,000	22,000	22,000
Assessor	10,000	10,000	10,000	10,000
Treasurer	20,000	20,000	20,000	20,000
Municipal Complex	1,600	1,600	1,600	1,600
Police	52,000	52,000	52,000	52,000
Fire	22,000	22,000	22,000	22,000
Engineering	10,000	10,000	10,000	10,000
Community Development	5,000	5,000	5,000	5,000
Water & Sewer	48,000	48,000	48,000	48,000
Stores and Garage	6,000	6,000	6,000	6,000
Total Intergovernmental Services	206,600	206,600	206,600	206,600
Interest Income	2,591	1,000	1,500	1,500
Sale of Property	0	0	0	0
Total Revenue	\$209,191	\$207,600	\$208,100	\$208,100
Expenses				
Salaries	\$2,998	\$3,000	\$3,000	\$3,000
Fringes	1,183	1,300	1,300	1,300
Office Supplies	2,659	6,000	6,000	6,000
Audit	500	500	500	500
Contractual Services	36,000	36,000	36,000	36,000
Hardware and Accessories	16,006	19,000	20,000	20,000
Software and Programming	67,958	69,000	70,000	70,000
Liability Insurance	950	900	800	800
Telephone	7,500	7,400	7,500	7,500
Repair and Maintenance	0	1,200	2,000	2,000
Depreciation	35,334	30,000	30,000	30,000
Administration	36,000	30,000	30,000	30,000
Total Expenses	\$207,088	\$204,300	\$207,100	\$207,100
Net Position				
Change in Net Position	\$2,103	\$3,300	\$1,000	\$1,000
Total Net Position - Beginning of Year	316,356	318,459	318,459	321,759
Total Net Position - End of Year	\$318,459	\$321,759	\$319,459	\$322,759

Fund: Information Technology Fund

Expense Descriptions

Salaries and Fringes

The Accounting Manager for the City is the primary internal IT point of contact. A portion of the salary for the position is allocated to this fund.

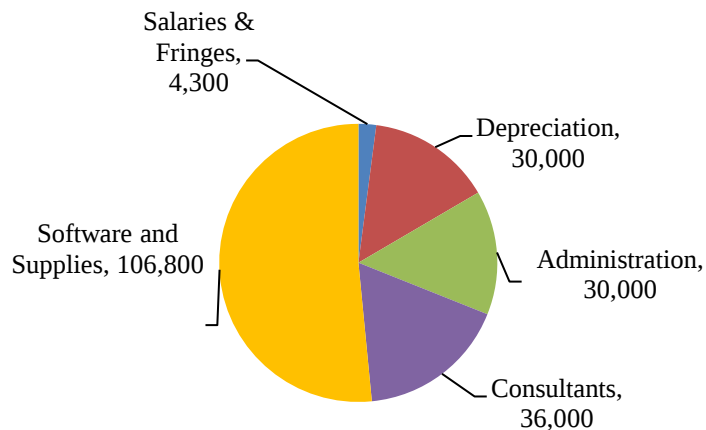
Software and Programming

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 cost of the data line that provides internet access to the municipal complex is allocated to this line item as well, as are other services such as programming and maintenance of the phone system in the municipal complex.

Contractual Services

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

Expenses by Type
Current Budget Request



CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Information Technology Fund

Other Financial Analysis

Source and Use of Funds For Capital Improvements

FY2023

Source of Funds:

Revenues:

Operating Revenues/Reserves	70,000	
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Total Source of Funds		\$70,000
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Use of Funds

IT Infrastructure	\$20,000	
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Wireless Project	50,000	
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Total Use of Funds		\$70,000
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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

FY2023

Additions

Depreciation	\$30,000	
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Net Income (Loss)	1,000	
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Total Additions		\$31,000
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Deductions

Capital Items	70,000	
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Total Deductions		\$70,000
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Net Increase (Decrease) in Available Cash		(\$39,000)
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Projected Cash on Hand - Beginning of Year		\$100,000
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Projected Cash on Hand - End of Year		\$61,000
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Budget staff has confirmed that there will be sufficient cash on hand to handle the projected cash flow needs for FY2023.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Self Insurance Fund

Type: Internal Service Fund

Oversight: City Manager

Nature and Purpose:

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

Basic and Master Medical

The employer contribution rate has held fairly consistent for several years and has provided the fund with solid reserves to help mitigate the risk of higher-than-normal claims years. City staff continues to actively manage the health care plans to ensure that cost increases are held as low as possible. Employee contributions are periodically increased to help offset the rise in costs. The overall management of the health care plan is vital to containing health care costs and ensuring that the City will be able to provide health care benefits to its employees in the future.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Employer Contributions	\$1,160,793	\$1,200,000	\$1,250,000	\$1,250,000
Employer Contributions-Dental	82,130	82,500	83,000	83,000
Employer Contributions-Optical	21,025	21,500	25,000	25,000
Employer Contributions-Life	7,510	7,600	8,000	8,000
Employee Contribution	73,047	71,000	66,000	66,000
Interest Income	2,753	2,600	3,000	3,000
Reimbursement from OPEB Trust	0	200,000	200,000	200,000
Surplus	0	0	0	0
Total	\$1,347,258	\$1,585,200	\$1,635,000	\$1,635,000
Expenses				
Reinsurance Premiums	\$1,071,903	\$1,150,000	\$1,175,000	\$1,175,000
Administration	28,989	36,000	40,000	40,000
Benefit Payments				
Health Insurance	376,325	350,000	400,000	400,000
Life Insurance	9,343	15,000	20,000	20,000
Total	\$1,486,560	\$1,551,000	\$1,635,000	\$1,635,000
Net Position				
Change in Net Position	(\$139,302)	\$34,200	\$0	\$0
Total Net Position - Beginning of Year	350,232	210,930	210,930	245,130
Total Net Position - End of Year	\$210,930	\$245,130	\$210,930	\$245,130

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

System Benefits Highlights

Health Insurance

The City provides a health maintenance organization (HMO) plan for eligible City employees and retirees. This plan, currently offered through Blue Care Network, was initiated in 2014. This plan reduced overall insurance costs and as of January 1, 2017 the former PPO plan is closed to new enrollments.

Life Insurance

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

Health Insurance Retiree Benefit Payments

This fund continues to cover retiree health premiums partially on a "pay-as-you-go" basis and partially from the trust account established to prefund these benefits. No new hires are eligible for this benefit in retirement.

Plan Cost Summaries

	Annual Costs			Total	Employee Co-Pay	Co-Pay as % of Total Costs	# of Participants
	Medical	Dental	Vision				
Plan Type							
Blue Cross Blue Shield PPO							
Single	\$9,031	\$426	\$106	\$9,563	\$1,456	15.22%	1
Two-Person	\$21,572	\$787	\$202	\$22,561	\$3,494	15.49%	1
							2
Blue Care Network HMO							
Single	\$7,125	\$426	\$106	\$7,657	\$300	3.92%	12
Two-Person	\$16,125	\$787	\$202	\$17,114	\$660	3.86%	20
Family	\$20,250	\$1,389	\$297	\$21,936	\$900	4.10%	49
							81

** An additional 6 employees/retirees that are eligible for health care participate in the City's opt-out program. The City provides opt-out payments of up to \$4,000 per year for electing other available coverage. Savings from the opt-out program vary between \$3,000 up to \$15,000 per employee that opts out, so it is estimated that the program saves the City around \$80,000 per year in medical insurance costs.*

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Safety Fund

Type: Internal Service Fund

Oversight: Safety Coordinator

Nature and Purpose:

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

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

The Safety Coordinator also provides resources to ensure 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.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Interest Income	\$0	\$0	\$0	\$0
General Fund	4,000	4,000	4,000	4,000
Water and Sewer Fund	4,000	4,000	4,000	4,000
Stores & Garage Fund	4,000	4,000	4,000	4,000
Surplus	0	0	0	0
Total	\$12,000	\$12,000	\$12,000	\$12,000
Expenditures				
Salaries and Wages	\$3,000	\$3,000	\$3,000	\$3,000
Fringes	1,767	2,000	0	2,000
Operating Supplies	2,661	4,000	4,000	4,000
Audit	500	500	500	500
Dues and Publications	425	500	500	500
Travel and Education	0	1,000	2,000	2,000
Total	\$8,353	\$11,000	\$10,000	\$12,000
Net Position				
Change in Net Position	\$3,647	\$1,000	\$2,000	\$0
Total Net Position - Beginning of Year	7,832	11,479	11,479	12,479
Total Net Position - End of Year	\$11,479	\$12,479	\$13,479	\$12,479

Fund: Safety Fund

Safety Program Highlights

Safety Committee

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

Safety Statistics				
Cases	2018	2019	2020	2021
Deaths	0	0	0	0
Number of cases with days away from work	2	1	2	1
Number of cases with job transfer/restriction	2	1	2	21
Other reported cases	0	0	0	1
Days				
Total days away from work	58	180	181	3
Total days of job transfer/restriction	258	6	19	14
Total hours worked - all employees	168,380	165,568	160,330	153,668

GOALS

FY2023

1. Offer first aid/CPR training to all departments (assuming COVID restrictions allow).
2. Conduct basic electrical, confined space, and driver safety training.
3. Update department/building evacuation plans.
4. Have safety committee do accident investigations on quarterly basis.

2021 Safety Committee Highlights:

- ~ Safety Messaging banners purchased, permitted, and publically displayed at City Departments
- ~ Safety Orientation and COVID Training for seasonal and new full-time employees
- ~ City-wide replacement of AED batteries and pads

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Police and Fire Retirement Fund

Type: Pension Trust Fund

Oversight: Director of Finance

Nature and Purpose:

This fund was established to administer the police and fire retirement system authorized by a vote of the Citizens of Cadillac in 1977 when they agreed to an added millage to cover the costs of the retirement system for the police and fire employees. Michigan Public Act 345 of 1937 governs the activities of the system. The board of directors have the responsibility of administering the system and maintaining an actuarially sound fund.

The financial objective is to establish and receive contributions, expressed as a percent of active payroll, which will remain approximately level from year to year and will not be increased for future generations. The system is supported by a City-wide millage, investment income from the retirement assets, and an employee contribution of 3% of salary. To fund the system, the City contributes 21.89% of the police member salaries and 33.25% of the fire members' salaries. The system is meeting its annual funding requirements. The system is 90.6% funded, slightly up from 86.89% on the previous valuation. In 2001 the police officers and the fire officers agreed to an employee deduction to cover the actuarial costs of increasing the retirement factor from 2.0 to 2.5. The members agreed to make contributions to cover the additional benefit, which was subsequently capped at 3% of salary, requiring the City to make up any difference.

PERFORMANCE MEASURES - POLICE AND FIRE RETIREMENT SYSTEM

MEASURE	Actuarial Valuation Date: June 30,				Trend
	2018	2019	2020	2021	
Actuarially Accrued Pension Liabilities	\$13,806,343	\$14,035,425	\$13,690,326	\$14,017,155	↔
Funding Value of Accrued Assets	\$11,414,620	\$11,705,358	\$11,895,703	\$12,701,878	↑
Unfunded Actuarially Accrued Liabilities	\$2,391,723	\$2,330,067	\$1,794,623	\$1,315,277	↓
Funded Ratio (Assets/Liabilities)	82.68%	83.40%	86.89%	90.62%	↑
Total Pension Payments	\$955,887	\$1,078,093	\$1,080,073	\$1,060,208	↑
Number of Retirees	37	40	40	39	↑
Average Annual Pension	\$25,835	\$26,952	\$27,002	\$27,185	↑
Contribution Required (% of payroll) - Police	29.93%	31.76%	29.54%	21.89%	↔
Contribution Required (% of payroll) - Fire	30.56%	30.14%	33.55%	33.25%	↑
Total Contribution Required	\$496,076	\$499,948	\$510,426	\$468,400	↔
Number of Active Members	26	26	26	26	↔
Average Annual Salary	\$62,446	\$60,886	\$63,261	\$61,859	↑

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Police and Fire Retirement Fund

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Additions				
Contributions - Employer	\$695,833	\$600,000	\$680,000	\$700,000
Contributions - Employee	28,800	\$20,000	\$15,000	20,000
Interest and Dividend Income	0	0	\$0	0
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	3,092,876	500,000	427,500	422,500
Investment Expenses	(22,749)	(30,000)	(30,000)	(30,000)
Total Additions	\$3,794,760	\$1,090,000	\$1,092,500	\$1,112,500
Deductions				
Benefit Payments				
Retirement	\$1,071,653	\$1,078,000	\$1,080,000	\$1,100,000
Administrative Expenses				
Audit	2,500	2,500	2,500	2,500
Contractual Services	9,150	9,500	10,000	10,000
Total Deductions	\$1,083,303	\$1,090,000	\$1,092,500	\$1,112,500
Net Change in Net Position	\$2,711,457	\$0	\$0	\$0
Net Position				
Beginning of Year	\$11,289,869	\$14,001,326	\$14,001,326	\$14,001,326
End of Year	\$14,001,326	\$14,001,326	\$14,001,326	\$14,001,326

Plan and Membership Information

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

Retirement Board

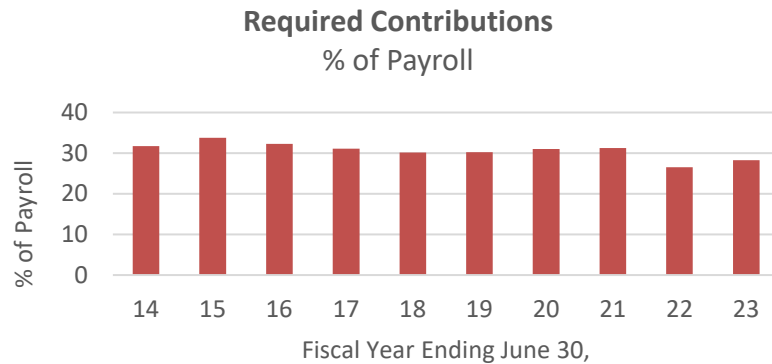
Jay Thiebaut, Chairperson - Citizen Member
Keri Lanning, Secretary/Treasurer - City Treasurer
Chris Shankland, Citizen Member
Blake Meyering, Fire Fighter Member
Tom Wade, Police Member

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Police and Fire Retirement Fund

Plan Financial Details



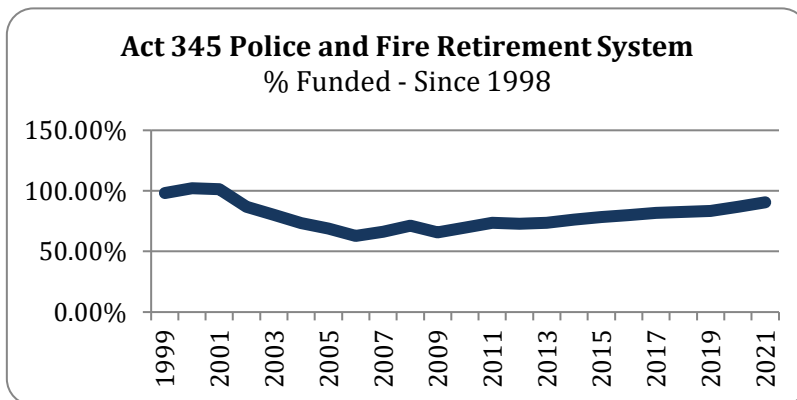
Required Contribution

Contribution rates have trended upward as a result of a declining stock market, low interest rates, and additional benefits. The annual required contribution as a percentage of payroll increased slightly to 31.20% in FY2021 from 31.03% in FY2020 due primarily the smoothing of annual returns on the assets of the system.

Contribution Rates

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

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



Funded Status

Enhanced retirement benefits in the early 2000's had a detrimental impact on the overall funded status of the plan. System assets have been recovering, and as of the last valuation dated June 30, 2021 the plan is now 91% funded.

Summary of Actuarial Methods and Assumptions

Last Valuation Date	June 30, 2021
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	10
Remaining Amortization - Benefit Increase	10
Asset Valuation Method	5-year smoothed market

Assumptions:

Investment Rate of Return	7.5%
Projected Salary Increases	4.7%
Assumed Rate of Payroll Growth	4.0%
Assumed Rate of Membership Growth	0.0%

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Police and Fire Retirement Fund

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 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, AFC 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.

COMPONENT UNIT FUNDS DESCRIPTION

Component Units

This section contains the discretely presented component units, which are reported separately to indicate their legal separation from the City, but which are financially accountable to the City as a reporting entity.

Local Development Finance Authority (LDFA) - The LDFA was created by the City Council pursuant to the provisions of Act 251, Public Acts of 1986 (now consolidated under PA57 of 2018). The members of the board of the LDFA are appointed by the City Council. The LDFA has a stated purpose to provide for the acquisition, construction and financing of a groundwater treatment facility, which will consist of a complex of wells and pumps installed on property where contaminated groundwater is located, piping sufficient to carry the contaminated groundwater to the cleaning facility, and the cleaning facility itself. The LDFA has also indicated that, if funds are available, they will construct roads, water and sewer lines within the VanderJagt Industrial Park. Money to finance these projects will come from tax increments attributed to increases in the value of real and personal property resulting from new construction, and property value increases within the industrial park.

Local Development Finance Authority Utilities Fund - This fund was established to provide water utility services to the cogeneration plant located within the boundaries of the LDFA.

Local Development Finance Authority Capital Projects Fund - This fund was established to account for the receipt of captured taxes after all debt service obligations had been met. These tax increment financing revenues are restricted for capital projects.

Downtown Development Authority (DDA) - The DDA was established through City Ordinance under Act 197 of the Public Acts of Michigan of 1975 (now consolidated under PA57 of 2018). 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.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Local Development Finance Authority Operating Fund

Type: Component Unit - Special Revenue Fund

Oversight: Director of Utilities

Nature and Purpose:

The Local Development Finance Authority (LDFA) established an operating fund which reflects the operational costs of the groundwater cleanup process in the industrial park. This fund has a sole source of revenue which is the special assessments paid by the industrial community within the contaminated area. Since the last assessment expired in FY2014, efforts have been underway to study the current status of the treatment and determine the best plan of action for future operations.

The cleanup process of the groundwater is a benefit to the industrial park area and is not intended to identify any plant or organization as contaminating the groundwater but instead presents a positive solution to an existing challenge. The City Council approves the special assessment roll based on acreage owned by a property owner which establishes a corresponding percentage of the total operational costs to effectively monitor the clean-up. Fiscal year 2023 will mark 26 years that the plant has been in operation.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Special Assessment Revenue	\$0	\$0	\$0	\$0
Interest Income	697	0	0	0
Transfer In	275,000	260,000	275,000	275,000
Surplus	0	0	0	0
Total	\$275,697	\$260,000	\$275,000	\$275,000
Expenditures				
Salaries and Wages - Regular	\$19,822	\$20,000	20,400	20,400
Fringes	13,053	12,000	12,300	12,800
Operating Supplies	1,622	3,000	9,000	9,000
Chemicals	0	0	200	200
Contractual Services	9,907	11,000	5,000	6,500
Legal Contractual Services	3,650	2,500	8,500	6,500
Audit	600	600	600	600
Contracted Lab Costs	41,301	35,000	45,000	45,000
Utilities	160,293	160,500	160,000	160,000
Repair & Maintenance	13,229	14,000	14,000	14,000
Total	\$263,477	\$258,600	\$275,000	\$275,000
Fund Balance				
Net Change in Fund Balance	\$12,220	\$1,400	\$0	\$0
Fund Balance - Beginning of Year	25,785	38,005	38,005	39,405
Ending Fund Balance	\$38,005	\$39,405	\$38,005	\$39,405

Fund: Local Development Finance Authority Operating Fund

System Information

The purge and treat system was constructed during 1995 and 1996 with start-up in September of 1996. System design includes a chromium removal process and dual stage air stripping for volatile organic chemical (VOC) removal. Maximum design flow for the treatment system is 3.2 million gallons per day (MGD). Treated groundwater is discharged to the Clam River near the old Lake Cadillac dam.

Groundwater is pumped from 18 purge wells located in two defined water bearing formations referred to as the upper and intermediate aquifers. In 1996, influent VOC concentrations exceeded 600 parts per billion (ppb). Last year, influent VOC concentrations were just below 200 ppb. (One part per billion is approximately equal to one second in 32 years.) Chromium concentrations have been reduced to clean-up criteria and the Environmental Protection Agency (USEPA) has been petitioned for closure of the chromium treatment process.

Board of Directors:

Marcus A. Peccia - Chairperson	City Manager, City of Cadillac
Jennifer Brown	Superintendent, Cadillac Area Public Schools
Emily Kearney	Chief Financial Officer, Cadillac Area Public Schools
Mike Hamner	Site Leader, Avon Protection
Jim Petersen	Retired Bank President
Mike Bengelink	Wexford County Commissioner
Vacancy	N/A
Vacancy	N/A
Vacancy	N/A
Vacancy	N/A

Fund Financial Highlights

Fund Balance

Fund Balance is reserved for capitalized interest and assessment shortfalls. Formerly a Special Assessment provided most of the funding to cover all operating costs, including all of the above except Contractual Services, Legal Contractual Services, Carbon, and Engineering Fees. At this point, reserves are being utilized to cover the operating costs of the treatment plant. Work is underway to identify the future needs of the system, including how to fund ongoing treatment.

Engineering Fees

The Soil Vapor Extraction site was closed in FY2016 in accordance with USEPA clearance. Currently a comprehensive study is taking place regarding the current status of the groundwater cleanup process and the future needs for the facility.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Local Development Finance Authority Utilities Fund

Type: Component Unit - Enterprise Fund

Oversight: Director of Utilities

Nature and Purpose:

The Local Development Finance Authority (LDFA) developed a deep well to provide cooling water for the Power Plant. This water is untreated and can be used only for industrial purposes. Water is also available from the LDFA Groundwater Treatment Plant for the same purposes. Revenue from the sale of water is used to pay for the cost of providing the water. The rates are established by the LDFA and are not part of the City's Utilities Ordinance. The LDFA contracts with the City Utilities Department to provide operational and maintenance expertise.

In accordance with the original agreement, this well has been approved for transfer to the power company. The timing of the final transfer is unknown but may be before this budget year begins. The budget for this fund is appropriated with the understanding that it may not be needed.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Water Revenue	\$12,915	\$14,000	\$18,000	\$18,000
Interest Income	2,601	500	3,000	3,000
Total	\$15,516	\$14,500	\$21,000	\$21,000
Expenditures				
Salaries and Wages	\$1,849	\$3,000	\$3,000	\$3,000
Fringes	1,257	1,900	1,900	1,800
Operating Supplies	95	400	500	500
Contractual Services	0	2,500	4,500	4,500
Audit	500	500	500	500
Depreciation	4,535	4,600	5,000	5,000
Total	\$8,236	\$12,900	\$15,400	\$15,300
Net Position				
Change in Net Position	\$7,280	\$1,600	\$5,600	\$5,700
Net Position - Beginning of Year	385,590	392,870	392,870	394,470
NET POSITION - END OF YEAR	\$392,870	\$394,470	\$398,470	\$400,170

Fund Highlights

Net Assets

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

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Local Development Finance Authority Capital Projects Fund

Type: Component Unit - Capital Project Fund

Oversight: Director of Utilities

Nature and Purpose:

This fund accounts for tax increment finance revenues (TIF) collected on behalf of the LDFA after debt service requirements have been met. The TIF revenues are restricted for capital investments, and this fund will help ensure that the restricted funds are used only for allowable purposes.

The debt service for the groundwater treatment infrastructure in the LDFA district was paid in full in FY2006. For the next couple of years, the TIF revenues were deposited in the operating fund of the Local Development Finance Authority. Because of the restrictions on the use of the funds, it was determined that establishing this fund would be the best way to account for them.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Tax Increment Financing Revenue	\$142,309	\$143,000	\$140,000	\$146,000
Interest Income	19,155	15,000	10,000	15,000
Surplus	0	125,500	175,500	164,500
Total	\$161,464	\$283,500	\$325,500	\$325,500
Expenditures				
Audit	\$500	\$500	\$500	\$500
Contractual Services	9,174	20,000	50,000	50,000
Transfer Out	275,000	260,000	275,000	275,000
Total	\$284,674	\$280,500	\$325,500	\$325,500
Fund Balance				
Net Change in Fund Balance	(\$123,210)	(\$122,500)	(\$175,500)	(\$164,500)
Fund Balance - Beginning of Year	1,514,182	1,390,972	1,390,972	1,268,472
Ending Fund Balance	\$1,390,972	\$1,268,472	\$1,215,472	\$1,103,972

Tax Increment Finance Revenues

Tax increment finance (TIF) revenues collected by Cadillac's LDFA are restricted in their use by the TIF plan. 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 purposes that comply with the TIF plan. Details of the TIF capture are presented on the next page.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Local Development Finance Authority Capital Projects Fund

LDFA Groundwater Treatment System

Transfer Out

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



LDFA Treatment Facility

Constructed in 1995 and 1996, the groundwater treatment system started up in September 1996, and has since treated over 16 billion gallons of groundwater.

LDFA Operating Fund

All operations of the treatment facility are covered by a special assessment. This activity is accounted for in the LDFA Operating Fund.

Source of Tax Increment Financing Revenue

The Local Development Finance Authority captures taxes in the LDFA District as follows:

	<u>Ad Valorem</u>	<u>IFT</u>	<u>Total</u>
Total LDFA District Taxable Value	\$4,924,151	\$2,190,424	\$7,114,575
Base Value	(551,400)	0	(551,400)
Captured Value	\$4,372,751	\$2,190,424	\$6,563,175

		<u>Capture</u>		
	<u>Millage</u>	<u>Ad Valorem</u>	<u>IFT</u>	<u>Total</u>
Taxes Captured:				
City Operating	13.66300	\$59,745	\$14,964	\$74,709
Police and Fire Retirement (City)	2.60000	11,369	2,848	14,217
Wexford County Allocated	6.77970	29,646	7,425	37,071
Wexford County - Recreation	0.25000	1,093	274	1,367
Wexford County - Animal Control	0.25000	1,093	274	1,367
Wexford County - Road Patrol	0.95000	4,154	1,040	5,195
CWTA	0.60000	2,624	657	3,281
Cadillac-Wexford Public Library	0.75000	3,280	821	4,101
Council on Aging	0.99760	4,362	1,093	5,455
Total Taxes Captured	26.84030	\$117,366	\$29,396	\$146,762

***Note:** Captured taxes are calculated by multiplying the millage rate by the captured value. The millage rate must first be divided by 1000, as one mill is equal to \$1 in taxes per \$1,000 in taxable value. IFT parcels receive exemptions of 50% of taxes. Total City-wide taxable value is \$271,000,000. The LDFA captures about 1.6% of the ad valorem tax roll, and an additional 29.5% of the IFT tax levy.*

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Downtown Development Authority Operating Fund

Type: Component Unit - Special Revenue Fund

Oversight: DDA Director

Nature and Purpose:

The volunteer board members of the Cadillac Downtown Development Authority (DDA) are charged with the responsibility of encouraging economic development and halting declining property values in the Downtown Development District, for the benefit of the Downtown District's businesses and the community at large, as prescribed according to the provisions of Public Act 57 of 2018 (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.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Tax Revenue	\$26,726	\$27,000	\$27,500	\$29,000
Contributions From Private Sources	6,645	5,000	5,000	5,000
Interest Income	0	0	0	0
Total	\$33,371	\$32,000	\$32,500	\$34,000
Expenditures				
Salaries and Wages - Regular	\$12,060	\$13,000	\$12,500	\$13,700
Salaries and Wages - Part Time	33	1,500	4,000	2,500
Fringes	5,740	6,200	6,000	6,800
Office Supplies	0	200	200	200
Postage	0	0	100	100
Contractual Services	12,923	12,000	7,500	8,500
Audit	500	500	500	500
Travel and Education	0	200	0	0
Publisher's Costs	427	500	500	500
Downtown Marketing	0	500	1,200	1,200
Total	\$31,683	\$34,600	\$32,500	\$34,000
Fund Balance				
Change in Fund Balance	\$1,688	(\$2,600)	\$0	\$0
Fund Balance - Beginning of Year	7,305	8,993	8,993	6,393
Ending Fund Balance	\$8,993	\$6,393	\$8,993	\$6,393

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Downtown Development Authority Operating Fund

Fund Structure and Staffing

There are approximately 400 taxable parcels of property within the Downtown Development District (including real and personal property). These parcels are anticipated to generate \$29,000 in property tax revenue from the DDA's two mill levy, which averages about \$68 per parcel of property taxes paid per year in the district.

DDA Staff

The City's Community Development Director is also the director of the DDA. Approximately 15% of the CD Director's time is committed to the DDA. In addition, during the summer months a part-time summer employee is hired to clean and monitor the downtown area to enhance the image of our community.

Cadillac DDA Board of Directors			
Name		Business	Occupation
Robert Levand	Chairperson	N/A	DDA District Resident
Marcus A. Peccia	Secretary/Treasurer	City of Cadillac	City Manager
Chris Huckle	Member	Cadillac News	Owner/Publisher
Tim Coffey	Member	Coffey Insurance Agency	Owner
Curtis Schultz	Member	Markur Consulting	Consultant
Steve Barnes	Member		DDA District Resident
Chris Crawley	Member	New Hope Shelter	Executive Director
Lisa Swanson	Member	Mercantile Bank	Banking
Brian Kelsey	Member	Horizon Bank	Banking
Robert Munger	Member	Building Owner	Owner
Mrianda Grunow	Member		

Fund Financial Highlights

Tax Revenue

The tax revenues of the DDA are based on a millage levied on properties within the district for operating purposes. Over the last ten years, there has not been significant growth in the district-wide taxable value, which has restricted the growth in revenues available for operating purposes.

Fiscal Year	Taxable Value	Millage	Taxes	Change
2014	\$15,478,515	1.9548	\$30,257	-0.84%
2015	\$14,552,873	1.9548	\$28,448	-5.98%
2016	\$14,602,325	1.9548	\$28,545	0.34%
2017	\$13,749,669	1.9548	\$26,878	-5.84%
2018	\$13,604,610	1.9548	\$26,594	-1.05%
2019	\$13,701,055	1.9548	\$26,783	0.71%
2020	\$13,838,572	1.9548	\$27,052	1.00%
2021	\$13,866,620	1.9387	\$26,883	-0.62%
2022	\$14,404,136	1.9173	\$27,617	2.73%
2023	\$15,824,624	1.8501	\$29,277	6.01%

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Downtown Development Authority Capital Projects Fund

Type: Component Unit - Capital Project Fund

Oversight: DDA Director

Nature and Purpose:

In November, 1992 the Cadillac Downtown Development Authority (DDA) and the Cadillac City Council approved the DDA's Development and Tax Increment Financing (TIF) plans. The purpose of these plans is to provide a source of revenue for the DDA to undertake various capital and public infrastructure improvements within the DDA Development District. It is anticipated that this public investment will in turn enhance the Development District and initiate spin-off private investment, resulting in an overall increase in downtown economic development and the elimination of declining property taxes.

While the plans were established in 1992, the first TIF capture was not realized until FY1997. In order for a TIF capture to be realized, the base property value for the entire DDA Development District must be exceeded by future years property values. From 1993 to 1995, property values in the DDA Development District continued to show an overall net decline. It was not until 1996 that the district's overall property values exceeded the 1992 base value (\$11,650,150), producing the first DDA TIF revenue capture of \$13,000. The taxable value of the district grew to over \$15,000,000, but has remained relatively flat over the last ten years. The purpose of Cadillac's DDA Capital Projects Fund is to receive these TIF revenues and track their expenditures on Development Plan projects.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Tax Revenue	\$57,976	\$59,000	\$70,000	\$113,000
Local Community Stabilization Payment	24,752	24,700	22,000	22,000
Interest Income	0	0	0	0
Surplus	0	0	0	0
Total	\$82,728	\$83,700	\$92,000	\$135,000
Expenditures				
Audit	\$0	\$0	\$0	\$300
Contractual Services	380	1,500	12,500	50,000
Construction	0	0	0	0
Debt Service	80,620	79,000	79,500	79,700
Total	\$81,000	\$80,500	\$92,000	\$130,000
Fund Balance				
Net Change in Fund Balance	\$1,728	\$3,200	\$0	\$5,000
Fund Balance - Beginning of Year	5,241	6,969	6,969	10,169
Ending Fund Balance	\$6,969	\$10,169	\$6,969	\$15,169

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Downtown Development Authority Capital Projects Fund

Other Fund Information

In accordance with the Michigan Public Act 57 of 2018 (recodified from Public Act 197 of 1975), as amended (the DDA Act), the Cadillac DDA must spend its TIF revenues only as prescribed by law and only on projects listed in its Development Plan. Typically, these projects are of a public infrastructure nature, but can include overall district marketing efforts and some operational expenditures, as directly related to the DDA office and staff. The Cadillac DDA has detailed a number of such public improvements in its Development Plan, including additional sidewalks and lighting improvements along downtown side streets, parking lot improvements, public water and sewer improvements associated with private developments, and building acquisitions/demolitions, to name a few. In 2016 the DDA utilized bond financing in conjunction with City of Cadillac bond issuance to finance the costs of reconstructing a core downtown parking area that is now known as The Plaza at Cadillac Commons. Budgeted debt service expenditures are to cover this debt.

Source of Tax Increment Financing Revenue

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

	Ad Valorem	Special Acts	Less: Brownfield	Net Capture
Total DDA District Taxable Value	\$15,824,624	\$1,356,172		
1996 Base Value	(11,650,150)	0		
Captured Value	\$4,174,474	\$1,356,172		
Taxes Captured:	Millage	Capture		
City Operating	13.49220	\$56,323	\$8,279	(\$7,920) \$56,682
Police and Fire Retirement (City)	2.60000	10,854	1,583	(1,513) 10,923
Wexford County - Allocated	6.72340	28,067	4,092	(3,914) 28,246
Wexford County - Veterans	0.09910	414	60	(58) 417
Wexford County - Animal Control	0.19830	828	121	(116) 833
Wexford County - Public Safety	1.43790	6,002	877	(839) 6,040
Wexford County - MSU Extension	0.16850	703	103	(98) 707
CWTA	0.59500	2,484	363	(347) 2,500
Cadillac-Wexford Public Library	0.74370	3,105	454	(434) 3,125
Council on Aging	0.99170	4,140	605	(579) 4,166
Total Taxes Captured	27.04980	\$112,920	\$16,536	(\$15,817) \$113,639

Note: Captured taxes are calculated by multiplying the millage rate by the captured value. The millage rate must first be divided by 1000, as one mill is equal to \$1 in taxes per \$1,000 in taxable value. Total City-wide taxable value is projected to be \$271,000,000. The DDA captures about 1.5% of the ad valorem tax roll.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund: Brownfield Redevelopment Fund

Type: Component Unit - Special Revenue Fund

Oversight: Community Development Director

Nature and Purpose:

The Cadillac Brownfield Redevelopment Authority (BRA) was established on December 6, 1996. It was the first Authority established in the State of Michigan under Michigan Public Act 381 of 1996. The BRA is charged with the redevelopment of brownfield sites throughout the City of Cadillac. A "brownfield" is defined as a previously developed property that is either perceived or known to have environmental contamination. Due to the increased risks and costs associated with brownfield sites, prior to P.A. 381, many developers consistently opted to invest in "greenfields", or previously undeveloped parcels. The rapid development of greenfields is known statewide to have contributed to the growing problem of urban sprawl and the costly, unwarranted extension of public utilities (i.e., water and sewer).

After creating the Cadillac BRA, efforts were undertaken by this board to establish a Brownfield Redevelopment Authority Plan. The Plan was first approved on August 4, 1997 which has since been amended and re-approved to add additional sites and accomodate additional projects. The Brownfield Redevelopment Plan identifies brownfields throughout the City of Cadillac, and defines "eligible activities" (i.e., environmental assessment, environmental remediation) that will be undertaken by the BRA to reduce or eliminate known contamination, so that it is economically feasible for the private sector to redevelop these properties. Eligible activities are funded through the capture of tax dollars via tax increment financing, which is enabled by the private redevelopment of brownfield sites.

Fund Details	2020/21 Actual	2021/22 Estimated	2021/22 Adopted	2022/23 Proposed
Revenues				
Current Property Taxes	\$53,432	\$62,800	\$60,000	\$149,000
State Grants	31,893	0	0	0
Interest Income	0	0	0	0
Surplus	0	0	0	0
Total	\$85,325	\$62,800	\$60,000	\$149,000
Expenditures				
Contractual Services	\$65,231	\$62,800	\$60,000	\$149,000
Principal Payment	30,842	0	0	0
Audit	500	500	0	0
Total	\$96,573	\$63,300	\$60,000	\$149,000
Fund Balance				
Net Change in Fund Balance	(\$11,248)	(\$500)	\$0	\$0
Fund Balance - Beginning of Year	157,495	146,247	146,247	145,747
Ending Fund Balance	\$146,247	\$145,747	\$146,247	\$145,747

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Fund Highlights

Brownfield Redevelopment Authority Board of Directors:	
Carla Filkins	Regan O'Neill
Mike Figliomeni	Marcus A. Peccia, Chair
Brian Warner	

Fund Financial Information

Captured Taxes

Currently, there are taxes being captured on seven projects. Several additional projects are in the planning phase and are expected to be added to the Brownfield TIF capture roll within the next couple of years. Projected tax captures for FY2023 are as follows:

Total Brownfield Taxable Value	\$4,794,766
Base Value	<u>\$1,115,537</u>
Captured Value	\$3,679,229
Captured Taxes	
City Operating	\$33,445
Police and Fire Retirement (City)	6,364
Wexford County	16,458
CWTA	1,457
Other	8,913
CAPS Operating	48,675
State Education Tax	16,935
Wexford-Missaukee ISD	<u>16,346</u>
Total Taxes Captured	\$148,593

Each project is captured differently, and the specific taxes which each project can capture will also vary.

6-Year Capital Improvement Program

What is the 6-Year Capital Improvement Program?

An important part of the City's annual financial planning process is the development of the 6-Year Capital Improvement Program. In it, projects are identified that need to be addressed over the next six fiscal years. The program serves as a crucial planning component within the City's overall operational management structure. Since its inception, the majority of projects undertaken within the City have come through this planning document. The program provides important information that aids in maintaining the City's critical infrastructure as well as the equipment needed to carry out the delivery of services to the community.

What is a Capital Project?

For the purposes of the Capital Improvement Program, a capital project has been identified by the city as any project that exceeds the City Council purchasing threshold of \$7,500 and has an estimated useful life of greater than one year. This includes items like police cars, fire trucks, streets and other construction projects, parks maintenance equipment, snow plows, street sweepers, etc. This program identifies those projects that meet the criteria above that will be addressed in the next six years.



Project Types:

- All projects requiring debt or borrowing;
- Any acquisition or leasing of land;
- Purchase of major equipment and vehicles valued in excess of \$7,500 with an estimated useful life of greater than one year;
- Construction of new buildings or facilities including engineering design and pre-construction costs;
- Major building improvements costing in excess of \$7,500 that are not routine expenses and that substantially enhance the value of the structure;
- Major equipment or furnishing valued in excess of \$7,500 and required to furnish new buildings or other projects; and
- Major studies costing in excess of \$7,500 and requiring the use of outside professional consultants.

How is the program developed?

The program is developed in the Financial Services Department using project information submitted by each department within the City. Once all project requests have been received, the requests are reviewed and added to the program where appropriate. Projects identified in previous programs remain in the current program unless a different priority or strategy makes it unnecessary to do so. Once a final proposed document has been completed, the program is distributed to the City Council and is also made available for the public to review. The Council holds work sessions to discuss the program, and citizen input is sought through both the work session and through a public hearing process. Once the public hearing has been completed, the program is finalized and approved by Council.

6-Year Capital Improvement Program

How are project priorities determined?

A wide range and variety of capital improvements could be included in the Capital Improvement Program. Listed below are several criteria that help determine the selection of projects:

- Relationship to overall community needs;
- Relationship to other projects;
- Distribution of projects throughout the City;
- Required to fulfill any federal or state judicial or administrative requirements;
- Impact on annual operating and maintenance costs;
- Relationship to other community plans;
- Relationship to source and availability of funds;
- Relationship to overall fiscal policy and capabilities; and
- Project's readiness for implementation.

Capital Budget vs. Capital Improvement Program

While the Capital Improvement Program looks out multiple years for capital projects, the first year of the Capital Improvement Program is integrated into the annual Capital Budget. The Capital Budget shows project priorities, cost estimates, financing methods, tax schedules, and estimated annual operating and maintenance costs. This Capital Budget is subsequently incorporated into the annual operating budget for appropriation of funds to carry out the project.

What are the advantages of a Capital Improvement Program?

An effective and ongoing Capital Improvement Program provides significant benefits to elected officials, staff, and the taxpayers within the City of Cadillac. Some of these benefits are:

- Coordination of the community's physical planning with its fiscal planning activities;
- Ensuring that public improvements are undertaken in the most desirable order of priority;
- Assisting in stabilization of the tax rate over a period of years;
- Producing savings in total project costs by promoting a "pay as you go" policy of capital financing, thereby eliminating additional interest and other financing charges;
- Providing adequate time for planning and engineering of proposed projects;
- Ensuring the maximum benefit of the monies expended for public improvements; and
- Permitting municipal construction activities to be coordinated with those of other public agencies within the community.

These are important benefits for the Cadillac community. Capital improvement programming and capital budgeting allow officials and citizens to set priorities for capital investment and accrue maximum physical benefit with a minimum of capital expenditures through an orderly process of project development, selection, scheduling, and implementation.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

6-Year Capital Improvement Program

Program Summary

On a departmental basis, the 6-Year Capital Improvement Program includes the following request levels, presented by fiscal year:

Fund	Year 1 - FY2023	Year 2 - FY2024	Year 3 - FY2025	Year 4 - FY2026	Year 5 - FY2027	Year 6 - FY2028	Grand Total
General Fund							
Municipal Complex and Administration	45,000	50,000	130,000	258,000			483,000
Parks	10,000	65,500	95,000	8,000	65,000	8,000	251,500
Police Department	15,000	80,000	60,000	60,000	60,000	60,000	335,000
Fire Department	15,000	450,000			600,000		1,065,000
General Fund Total	85,000	645,500	285,000	326,000	725,000	68,000	2,134,500
Major Street Fund	850,000	300,000	600,000	800,000			2,550,000
Local Street Fund	1,335,000	1,210,000	1,440,000	128,000			4,113,000
Cemetery Operating Fund	23,000		100,000	58,000			181,000
Water and Sewer Fund	918,500	1,380,500	1,400,500	1,145,000	698,000	800,000	6,342,500
Stores and Garage Fund	95,000	140,000	40,000	40,000			315,000
Information Technology Fund	70,000	40,000	70,000	40,000	20,000	20,000	260,000
Industrial Park Fund	50,000		600,000				650,000
Community Development	400,000		350,000				750,000
Grand Total	3,826,500	3,716,000	4,885,500	2,537,000	1,443,000	888,000	17,296,000

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 6-year program, the following sources of funding have been identified by fiscal year:

Source of Funds	Year 1 - FY2023	Year 2 - FY2024	Year 3 - FY2025	Year 4 - FY2026	Year 5 - FY2027	Year 6 - FY2028	Total
General Governmental Revenues	535,000	645,500	1,060,000	326,000	660,000	68,000	3,294,500
Future Donations	0	0	0	50,000	65,000	0	115,000
Operating Revenues	1,106,500	1,560,500	1,610,500	1,233,000	718,000	820,000	7,048,500
MVHF	1,997,500	1,510,000	2,040,000	553,000	0	0	6,100,500
Grants	187,500	0	175,000	375,000	0	0	737,500
	3,826,500	3,716,000	4,885,500	2,537,000	1,443,000	888,000	17,296,000

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

2022-2023 Capital Budget

The following projects have been planned and proposed for funding in FY2023. Included in the chart is an estimate of the impact that the project will have on the annual operating budget.

Year 1 - FY2023			
General Fund			
Municipal Complex and Administration	New Municipal Complex Entry Doors	20,000	500
	Municipal Complex Updates	25,000	0
Police Department	K-9 Officer	15,000	(500)
Fire Department	Extrication Equipment	15,000	500
Parks	Lakefront Lighting	10,000	500
General Fund Total		\$85,000	\$1,000
Major Street Fund			
Major Street	Carmel Street (Cobbs to Stimson)	300,000	1,000
	W. Division Street (Linden to Colfax)	550,000	1,000
Major Street Fund Total		\$850,000	\$2,000
Local Street Fund			
Local Street	Simons Street (Pine to Bremer)	250,000	1,000
	Lester Street (Hobart to Howard)	675,000	1,000
	Ayer Street (Wheeler to Plett)	410,000	1,000
Local Street Fund Total		\$1,335,000	\$3,000
Cemetery Operating Fund			
Maple Hill Cemetery	Riding Lawn Mower	8,000	500
	Sprinkler System Upgrade	15,000	2,500
Cemetery Operating Fund Total		\$23,000	\$3,000
Water and Sewer Fund			
Water and Wastewater	1/2 Ton Service Truck	35,000	1,500
	Analytical Lab Balance	8,000	500
	Ayer Street	10,000	1,000
	Exterior Door/Window Replacement-WWTP	115,000	2,500
	Influent Screw Pump	140,000	500
	Kubota Tractor	25,000	500
	Lab Counter Replacement	15,000	500
	LIMS/WIMS Software	90,000	1,000
	New Control Panel	100,000	500
	Portable Generator	60,000	500
	Push Sewer Camera	13,500	(500)
	Simons Street (Pine to Bremer)	40,000	500
	Submersible Hydraulic Pump	90,000	1,000
	W. Division Street	54,000	1,000
	Lester Street (Cobbs to Howard)	115,000	500
	2 Sets of Certified Weights	8,000	0
Water and Sewer Fund Total		\$918,500	\$11,500

CITY OF CADILLAC, MICHIGAN
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Stores and Garage Fund			
Department of Public Works	3/4-Ton 4X4 Pickup Truck	35,000	1,500
	Wood Chipper	30,000	500
	Sidewalk Snow Removal Equipment	30,000	500
Stores and Garage Fund Total		\$95,000	\$2,500
Information Technology Fund			
Information Technology	Computer Replacement	20,000	1,000
	Wireless Project	50,000	2,000
Information Technology Fund Total		\$70,000	\$3,000
Industrial Park Fund			
Industrial Parks	Entrance Signs	50,000	500
Industrial Park Fund Total		\$50,000	\$500
Community Development			
Community Development	Cass/Mitchell/Chapin Upgrades	400,000	1,000
Community Development Total		\$400,000	\$1,000
Year 1 - FY2023 Total		\$3,826,500	\$27,500

General Fund Projects General governmental revenues, like property taxes and revenue from the State of Michigan are utilized to fund General Fund projects. For FY2023 the City will install new entry doors in the municipal complex and make several upgrades to help maintain the facility. In addition, the K-9 officer in the Cadillac Police Department is nearing retirement and as a result, plans need to be made to purchase a new dog and complete the extensive training required to deploy this officer into the CPD operations. This will slightly increase costs in the operating budget as this initial training takes place. The Cadillac Fire Department needs to replace an aging set of extrication equipment to eliminate any downtime or malfunction that could impact the department's ability to perform critical life-saving operations. In the Parks Department, lighting along the Lake Cadillac lakefront will be upgraded to LED. This project should provide long-term electricity savings.

Major and Local Street Fund Projects Several streets in both major and local systems are scheduled for reconstruction in the budget based on the schedule provided in the 6-Year CIP. When completed, these reconstruction/resurfacing projects reduce the amount of maintenance that low-rated streets require, including patching, striping and painting, crack sealing, etc. The City issued \$4 million in capital improvement bonds in 2020 to fund the construction projects that are scheduled. The remainder of the bond proceeds will provide the funds for the FY2023 road replacement schedule, in addition to a grant through the State of Michigan to fund a portion of the W. Division Street construction. Funding challenges will limit the final amount of construction that can be undertaken, and efforts are underway to identify projects that could be completed with less costly methods.

Water and Sewer Projects The Water and Sewer Fund is planning nearly \$1 million in projects for this fiscal year. Underground water and sewer infrastructure is scheduled for replacement during street reconstruction projects. This coordination is important so that this replacement can be done while the street is already torn up. Replacing old infrastructure reduces maintenance costs associated with aging pipes. In addition, several pieces of equipment will be upgraded/replaced this year as part of the normal schedule of replacement. This helps ensure that both the water distribution and the waste water collection and treatment systems operate at optimal levels and is a tool to help minimize repair and maintenance costs as well as down time. Several buildings throughout the operation are scheduled for minor upgrades as well.

CITY OF CADILLAC, MICHIGAN
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It is also expected that FY2022 will see final construction activity related to Phase II of the well field relocation project that has been ongoing for several years. Once this project is complete, it may increase operating costs due to the larger buildings and heated storage, but these increases will be almost completely offset by the reduction of maintenance costs required in the current well field, which is 50 years old.

Stores and Garage Fund This fund provides the fleet of equipment that maintains all the City's streets and other public works infrastructure. The City plans on replacing a service truck in FY2023. The department typically gets 10 or more years of useful life from service truck. New sidewalk snow removal equipment will be purchased, in addition to the replacement of a wood chipper used in forestry operations. These replacements will help improve productivity and efficiency of the operations and reduce equipment downtime. This should have a positive impact on the operating budget by minimalizing repair costs that are typically higher on older equipment.

Information Technology (IT) Fund Leveraging technology to enhance the efficiency of operations continues to be a critical management tool as the trend of staffing reductions continues. The current year provides funding to continue the regular replacement of computers and the replacement and upgrade of various other IT infrastructure as needed. This will help reduce annual maintenance costs and downtime associated with outdated technology. In addition, the City will undertake a wireless project to connect all ancillary facilities to the City's primary network. This will enhance data security and backup and eliminate the need for an internet service connection at each facility.

Summary of Other Upcoming Projects The projects above are scheduled for the current fiscal year. Other projects identified in the 6-year Capital Improvement Program for the FY2023-2028 fiscal years are summarized below:

Year 2 - FY2024		
Municipal Complex and Administration	Backup Generator	50,000
Police Department	Car Port	25,000
	Police Patrol Vehicle	55,000
Fire Department	Overhaul Aerial Ladder Truck	450,000
Parks	Playground Equipment	50,000
	Riding Lawn Mower	8,000
	Shoreline Stabilization	7,500
Major Street	Linden Street (W. Division to Arthur)	300,000
Local Street	Aldrich Street (Bond to Linden)	335,000
	Crippen Street (Mitchell to Hemlock)	450,000
	Hemlock Street (Pine to Washington)	100,000
	Lincoln Street (Hemlock to May)	75,000
	Simons Street (Mason to Cass)	250,000
Water and Wastewater	Aldrich Street (Bond to Linden)	111,000
	Crippen Street (Mitchell to Hemlock)	130,000
	Linden Street	44,000
	N. Simons Street	37,500
	Major Building Exterior Repairs	175,000
	Visitor/Client Entrance - WWTP	95,000
	1/2 Ton Service Truck	40,000
	Gas Storage and Energy Production	600,000
	Piston Pump Replacement	25,000
	Backhoe	123,000

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Department of Public Works	1-Ton Dump Truck	70,000
	Four Post Column Lift	35,000
	3/4-Ton 4X4 Pickup Truck	35,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	20,000
Year 2 - FY2024 Total		3,716,000
Year 3 - FY2025		
Municipal Complex and Administration	Heating and Cooling Renovation	100,000
	Upgrade Municipal Complex Restrooms	30,000
Police Department	Police Patrol Vehicle	60,000
Parks	Kenwood Parking Lot	60,000
	Parking Lot Upgrades - Lake and Chestnut St.	35,000
Major Street	W. Division Street (Colfax to Leeson)	600,000
Local Street	Burlingame Street (13th to Ford)	325,000
	Crestview Street	140,000
	Evert Street	220,000
	Blodgett Street (Lincoln to Washington)	90,000
	Delmar Street (Chapin to E. Division)	125,000
	Elmer Street (Waldo to Linden)	400,000
	Wheeler Street (Ayer to Smith)	140,000
Maple Hill Cemetery	Maintenance Garage	100,000
Water and Wastewater	Burlingame Street (13th to Ford)	148,000
	Crestview Street	64,000
	Evert Street	80,000
	Elmer Street	76,000
	Two (2) Service Trucks	80,000
	Type 1 Water System	15,000
	Anaerobic Digester Cleaning	75,000
	Televised Inspection Trailer	225,000
	Two (2) Riding Lawn Mowers	30,000
	Construction/Job Cargo Trailer	7,500
	Sewer Lining	500,000
	WWTP Handrail Replacement	100,000
Department of Public Works	3/4-Ton 4X4 Pickup Truck	40,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	50,000
Community Development	Sidewalk Construction	350,000
Industrial Parks	James E. Potvin Industrial Park Expansion	600,000
Year 3 - FY2025 Total		4,885,500

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Year 4 - FY2026

Municipal Complex and Administration	Fire Garage Expansion	258,000
Police Department	Police Patrol Vehicle	60,000
Parks	Riding Lawn Mower	8,000
Major Street	North Boulevard (M-115 to Rose Street)	800,000
Local Street	Warbler Lane (Paluster to Cardinal)	67,000
	Cardinal Drive (Warbler to Crosby)	61,000
Maple Hill Cemetery	Entrance Pillars	50,000
	Riding Lawn Mower	8,000
Water and Wastewater	Analytical Lab Balance	10,000
	Wastewater/Lab Fume Hoods	35,000
	Transformer Replacement	20,000
	Aqua Disk Upgrade	55,000
	Channel Monster Replacement	45,000
	Main Building Roof Replacement	50,000
	Ultraviolet System Upgrade	110,000
	Compact Tractor	30,000
	Two (2) 1/2-Ton Service Trucks	80,000
	Sewer Lining	500,000
	Lake, Leeson, Leisure Street Pumps	125,000
	Lift Station Exteriors and Doors	85,000
Department of Public Works	3/4-Ton 4X4 Pickup Truck	40,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	20,000
Year 4 - FY2026 Total		2,537,000

Year 5 - FY2027

Police Department	Police Patrol Vehicle	60,000
Fire Department	Fire Truck	600,000
Parks	Skate Park Equipment	40,000
	Walkway Bridge Gazebo	25,000
Water and Wastewater	Two (2) Service Trucks	80,000
	Sewer Lining	500,000
	Handheld Radio Meter Reader	10,000
	Muffle Furnace/Drying Oven	8,000
	Lift Station Pumps	60,000
	Muffin Monster Cutter Stack	16,000
	Diffuser Head Replacement	24,000
Information Technology	Computer Replacement	20,000
Year 5 - FY2027 Total		1,443,000

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Year 6 - FY2028		
Police Department	Police Patrol Vehicle	60,000
Parks	Riding Lawn Mower	8,000
Water and Wastewater	1/2 Ton Service Truck	50,000
	Automated Screen and Screw Conveyor	400,000
	Grit Collection Equipment	350,000
Information Technology	Computer Replacement	20,000
Year 6 - FY2028 Total		888,000
Grand Total		17,296,000

A full copy of the 2023-2028 6-Year Capital Improvement Program can be found on the City's website at www.cadillac-mi.net.

FINANCIAL POLICIES

BUDGETARY POLICIES

1. The annual operating budget including proposed expenditures and the means of financing them, must be presented by the City Manager to the City Council on or before April 1st 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.

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes.

The **Debt Service Funds** account for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

Permanent Funds account for assets of which the principal may not be spent.

B. **Proprietary Funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable Financial Accounting Standards Board pronouncements in accounting and reporting for the proprietary operations. Proprietary funds include the following fund types:

The **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

C. **Fiduciary Funds** account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

The **Pension Trust Funds** are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the government's public safety employees' pension plan.

Fund Balance Policies

Fund balances will vary by each fund and fund type but as a general rule the State of Michigan has indicated in Public Act 2 the fund balance shall not be negative. In the General Fund, the Cadillac City Council has established a policy of striving to keep the reserve for working capital at 15% of the operating budget. This reserve is for unexpected decreases in revenues or increases in expenditures. A reserve account records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure. The City Council has identified several reserved accounts in the General Fund. These funds typically can be turned quickly into liquid assets. Fund balances are shown in all funds with the exception of proprietary funds which involves retained earnings. Retained earnings are not as liquid since often the assets are equipment or water lines or some other form of illiquid asset.

Basis of Budgeting

The City of Cadillac does not distinguish between Basis of Budgeting and Basis of Accounting. The principles set forth as the Basis of Accounting are strictly observed in the budgeting process. A fund's Basis of Budgeting and Basis of Accounting determines when a transaction or event is recognized within a fund's operating statement. The State of Michigan has indicated in Public Act 2 the fund balance shall not be negative.

• Governmental Funds	Modified Accrual
• Proprietary Funds	Full Accrual
• Internal Service Funds	Full Accrual
• Pension Trust Funds	Modified Accrual

Policy: General Finance

Administrative Policy A-10

Dated: November 5, 1993

PURPOSE: Many financial policies may already exist in practice by need to be put in written form in a central location. This will allow City Council and management to view the present approach to financial management from an overall, long-range vantage point.

POLICY:

- 1) Generally Accepted Accounting Principles (GAAP) – The City of Cadillac will establish and maintain a high standard of accounting practices. Accounting standards will conform to generally accepted accounting principles as promulgated by the Government Accounting Standards Board.
- 2) Audit
 - a) An annual audit will be conducted by a properly licensed independent public accounting firm.
 - b) All general purpose, combined and individual fund and account group statements and schedules shall be subject to full scope audit.
 - c) Any employee will be prosecuted to the extent of the law in any instance where the employee is proven to have committed any illegal act such as theft.
- 3) Financial Statements
 - a) The finance office will prepare monthly financial reports for internal management purposes. These reports will be combined on or before ten (10) days following the end of the month.
 - b) Annually, the finance office will prepare a comprehensive annual financial report. This report shall be made available to the elected officials, bond rating agencies, creditors and citizens.
 - c) Annually, the City will submit its comprehensive annual financial reports to the GFOA to determine its eligibility to receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- 4) Budgets
 - a) The fund balance in the General Fund shall have a reserve set aside entitled Working Capital. The amount is equivalent to three months of capital needed to operate or 15% of the General Fund expenditures.
 - b) Format and balancing of budgets will be in accordance with the State of Michigan Public Act 2 of 1968.

Policy: Debt Management

Administrative Policy B-13

Dated: March 29, 1994

Reviewed: January 22, 2004

PURPOSE: Because of its conservative basis of accounting for tax revenues, the City of Cadillac is not required to borrow money for operations. When incurred, the City's long term general obligation and special assessment debt is handled through a debt service fund. The revenue bond requirements are handled through an Enterprise Fund. The following objectives are employed by the City of Cadillac in managing its debt:

POLICY:

- 1) Long term debt will be confined to capital improvements that cannot be financed from current revenues.
- 2) The payback period of the debt will not exceed the expected useful life of the project.
- 3) The total general obligation debt will not exceed ten percent of the assessed valuation to the taxable property.
- 4) Long term debt will not be used for operations.
- 5) The City of Cadillac will maintain good communications with the bond rating agencies about its financial condition and will follow a policy of full disclosure on every financial report and bond prospectus.

Finance Provisions of the Cadillac City Charter – ARTICLE 10

GENERAL FINANCE

Section (10.1) **Fiscal Year**. The Fiscal Year of the city shall begin on the first day of July of each year and end on the thirtieth day of June of the following year.

Section (10.2) **Budget Procedures**. On or before the first day of April in each year, the City Clerk and the City Manager, acting upon recommendations submitted by the various department heads and the City Council, shall draw up the ensuing fiscal year, specifying in detail all proposed expenditures for the support of the various departments, and for every other purpose for which any money will be required to be paid from any of the several general funds of the city during the year; and also the estimated amount of revenue from all sources other than tax levy. The estimate thus made shall be called "The Annual City Budget" and filed with the City Clerk.

Section (10.3) **Budget Hearing**. A public hearing on the proposed budget shall be held before its final adoption, in the second half of the month of April as the City Council shall direct.

Notice of such public hearing, a summary of the proposed budget and notice that the proposed budget is on file in the office of the Clerk shall be published at least ten (10) days in advance of the hearing. The complete proposed budget shall be on file for public inspection during office hours at such office for a period of not less than ten (10) days prior to such public hearing.

Section (10.4) **Adoption of Budget**. Not before the 10th day of May, nor later than the last day in May in each year, the City Council shall by ordinance adopt a budget for the next fiscal year, shall appropriate the money needed for municipal purposes during the next fiscal year of the city and shall provide for a levy of the amount necessary to be raised by taxes upon real and personal property for municipal purposes, subject to the limitations contained in Section 1 (11).

Section (10.5) **Budget Control**. Except for expenditures which are to be financed by the issuance of bonds or by special assessment, or for other expenditures not chargeable to a budget appropriation, no money shall be drawn from the treasury of the city except in accordance with an appropriation thereof for such specific purposes, nor shall any obligation for the expenditure on money be incurred without an appropriation covering all payments which will be due under such obligation in the current fiscal year. The City Council by resolution may transfer any unencumbered appropriation balance or any portion thereof, from one account, department, fund, or agency to another.

The City Council may make additional appropriations during the fiscal year for unanticipated expenditures required of the city, but such additional appropriations shall not exceed the amount by which actual and anticipated revenues of the year are exceeding the revenues as estimated in the budget unless the appropriations are necessary to relieve an emergency endangering the public health, peace or safety. No expenditure may be charged directly to the contingency fund. Instead, the necessary part of the appropriation for the contingency fund or similar other fund shall be transferred to the appropriate account and the expenditure thus charged to such account.

At the beginning of each quarterly period during the fiscal year, and more often if required by the City Council, the City Treasurer shall submit to the City Council data showing the relationship between the estimated and actual revenues and expenditures to date; and if it shall appear that the revenues are less than anticipated, the City Council may reduce appropriations, except amounts required for debt and interest charges, to such a degree as may be necessary to keep expenditures within the revenues. Along with such reports, the City Treasurer shall report operating revenues and disbursements of cemetery funds with a copy furnished the Cemetery Board.

Section (10.6) **Depository**. The City Council shall designate the depository or depositories for the city funds, and shall provide for the regular deposit of all city monies.

Section (10.7) **Independent Audit**: An independent audit shall be made of all accounts including special and trust funds of the city government at least annually. Such audit shall be made as soon after the close of the fiscal year as possible by certified public accountants selected by the City Council.

COLLECTIVE BARGAINING AGREEMENTS

Command Officers Association of Michigan – Cadillac Command Officers Association

Contract Expiration Date: June 30, 2023

Membership: 5

4 Sergeants
1 Detective

Fraternal Order of Police Labor Council - Cadillac Police Officers Association

Contract Expiration Date: June 30, 2023

Membership: 9

8 Patrol Officers
1 School Resource Officer

International Association of Firefighters Local 704

Contract Expiration Date: June 30, 2024

Membership: 11

1 Fire Marshal
2 Captains
2 Lieutenants
6 Fire Fighters

United Steelworkers of America Local 14317

Contract Expiration Date: June 30, 2022 (*Negotiations beginning April 2022*)

Membership: 23

6 Water Division Members
6 Sewer Division Members
1 Laboratory Division Member
10 Street Division Members

** Each union contract is designed as a three-year agreement.*

CITY OF CADILLAC, MICHIGAN
FY2022/23 ANNUAL OPERATING BUDGET

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

Fiscal Year Ended June 30,	Real Property Valuation	Personal Property Valuation	Total Taxable Valuation	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
2012	202,455,519	50,840,200	253,295,719	537,969,400	47.08%	17.0473
2013	196,431,899	50,777,800	247,209,699	516,593,200	47.85%	17.0473
2014	191,926,234	52,972,480	244,898,714	506,343,018	48.37%	17.0473
2015	190,071,183	52,897,700	242,968,883	510,726,600	47.57%	16.5473
2016	190,288,151	53,285,900	243,574,051	525,383,000	46.36%	16.5473
2017	190,631,321	31,243,800	221,875,121	493,984,600	44.92%	16.5473
2018	192,217,626	31,297,400	223,515,026	508,651,200	43.94%	16.5473
2019	198,547,361	24,640,400	223,187,761	514,587,200	43.37%	16.5166
2020	206,299,451	24,379,900	230,679,351	539,083,200	42.79%	16.5166
2021	212,531,605	26,549,700	239,081,305	586,476,706	40.77%	16.3774

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.

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

Taxpayer	2021			2012		
	Taxable Value	Rank	Percentage of Total City Taxable Value ^a	Taxable Value	Rank	Percentage of Total City Taxable Value ^b
Consumers Energy	\$10,109,895	1	4.23%	\$6,117,949	4	2.42%
Cadillac Renewable Energy ^c	9,831,635	2	4.11%	12,971,767	1	5.12%
Hutchinson Antivibration System	5,769,040	3	2.41%			
AAR Cadillac Manufacturing	4,656,954	4	1.95%	5,009,448	6	1.98%
925 Frisbie Street LLC ^e	2,849,006	5	1.19%	3,703,662	9	1.46%
Store Capital Acquisitions LLC	2,635,700	6	1.10%			
Piranha Hose Products Inc.	3,449,869	7	1.44%			
Rexair, Inc.	1,888,540	8	0.79%	5,074,061	5	2.00%
FHC ONE LDHA	1,489,347	9	0.62%			
DTE Gas Company	1,285,859	10	0.54%			
Cadillac Casting ^d				10,760,600	2	4.25%
Paulstra CRC Corporation				6,423,506	3	2.54%
Avon Automotive				4,481,800	7	1.77%
FIAMM Technologies, Inc.				4,110,884	8	1.62%
Borgwarner Inc				3,443,000	10	1.36%
Totals	\$43,965,845		18.39%	\$62,096,677		24.52%

Source: City of Cadillac Treasurer's Office

^a Based on total taxable value of \$239,081,305

^b Based on total taxable value of \$253,295,719

^c Formerly Beaver MI Associates LTD Partnership.

^d Formerly CMI Cast Parts.

^e Formerly Four Winn's Boats, LLC.

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Property Tax Levies and Collections
Last Ten (10) Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date ^a	
		Fiscal year of Levy	Percentage of Levy		Amount	Percentage of Levy
		Amount				
2012	4,487,315	4,273,383	95.23%	213,931	4,487,315	100.00%
2013	4,409,413	4,190,778	95.04%	218,635	4,409,413	100.00%
2014	4,300,632	4,128,524	96.00%	172,108	4,300,632	100.00%
2015	4,148,351	3,992,785	96.25%	155,566	4,148,351	100.00%
2016	4,165,174	4,015,955	96.42%	149,219	4,165,174	100.00%
2017	3,739,341	3,615,423	96.69%	123,918	3,739,341	100.00%
2018	3,782,234	3,643,714	96.34%	138,521	3,782,234	100.00%
2019	3,749,906	3,612,489	96.34%	137,418	3,749,906	100.00%
2020	3,840,060	3,706,106	96.51%	133,954	3,840,060	100.00%
2021	3,963,594	3,803,814	95.97%	159,780	3,963,594	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.

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Demographic and Economic Statistics
Last Ten (10) Calendar Years

Fiscal		Personal	Per		Local	State	Civilian
Year	Population¹	Income	Capita	School	Unemployment	Unemployment	Labor
		(amounts	Personal	Enrollment³	Percentage	Percentage	Force⁴
		in thousands)	Income²		Rate⁴	Rate⁴	
2012	10,355	300,647	29,034	3,262	9.8	9.3	18,960
2013	10,355	301,652	29,131	3,378	11.7	9.0	19,399
2014	10,355	310,018	29,939	3,371	7.6	7.2	19,491
2015	10,355	325,903	31,473	3,388	5.1	5.0	21,481
2016	10,355	341,228	32,953	3,616	4.4	4.6	21,206
2017	10,355	352,981	34,088	3,459	5.1	4.3	21,605
2018	10,355	372,708	35,993	3,414	3.9	4.0	21,622
2019	10,355	384,595	37,141	3,533	4.2	4.2	22,513
2020	10,355	426,191	41,158	3,490	6.8	8.6	22,994
2021	10,355	N/A	N/A	3,477	4.2	6.3	21,956

Data Sources:

¹ Bureau of the Census

² Bureau of Economic Analysis

³ School Districts

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

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

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Principal Employers
Current Year and Nine (9) Years Ago

		<u>2021</u>	<u>2012</u>
<u>Employer</u>	<u>Industry Description</u>	<u>Employees</u>	<u>Employees</u>
Akwel ⁴	Other Motor Vehicle Parts Manufacturing	500-999	250-499
Cadillac Area Public Schools	Elementary and Secondary Schools	500-999	250-500
Four Winn's/Glastron/Wellcraft/Rec Boat	Ship and Boat Building	250-499	250-500
Avon Protection Systems Inc	Coating, Engraving & Heat Treating Metal	250-499	250-500
Cadillac Casting Inc	Ferrous Metal Foundries	250-499	250-500
Munson Healthcare Cadillac Hospital ¹	General Medical and Surgical Hospitals	250-499	500-999
Rexair	Vacuum Cleaners-Houshold Dealers	250-499	100-249
AAR Mobility Systems	Rapid deployment mobile equipment mfg	100-249	500-999
Michigan Rubber Products Inc	Other Rubber Product Manufacturing	10-19?	100-249
Fiamm Technologies	Other Motor Vehicle Parts Manufacturing	100-249	100-249
Samaritas Senior Care ²	Residential Care Homes	100-249	
BorgWarner Cadillac	Other Motor Vehicle Parts Manufacturing	100-249	
Hutchinson Antivibration Systems Inc ³	Other Rubber Product Manufacturing	100-249	
Piranha Hose Products Inc	Rubber and Plastic Hoses and Tubing	100-249	

Note: Data is representative of the City of Cadillac.

¹ Formerly Mercy Hospital Cadillac

² Formerly Lakeview Lutheran Manor

³ Formerly Paulstra CRC

⁴ Formerly Avon Automotive

Sources: Michigan Department of Technology, Management & Budget, Labor Market Information

GLOSSARY OF TERMS USED IN BUDGET

The Annual Budget contains specialized and technical terminology unique to public finance and budgeting. To assist the reader of the Annual Budget document in understanding these terms, a budget glossary has been included in the document.

ACCRUAL ACCOUNTING A basis of accounting in which revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they are incurred.

AGENCY FUND A fund used to account for assets held by the city as an agent for individuals, private organizations, other governments and/or other funds.

ANNEXATION The incorporation of a land area into an existing city or village with a resulting change in the boundaries of that unit of local government.

APPROPRIATION A legal authorization made by the City Council which permits the City to incur obligations and to make expenditures for specific purposes.

APPROVED BUDGET The revenue and expenditure plan for the City for the fiscal year as reviewed and given final approval by the City Council.

ASSESSED VALUATION The taxable value placed upon property as a basis for levying taxes, equal to 50% of market value, as required by state law.

AUTOMOBILE PARKING SYSTEM FUND This fund accounts for Operations of the on-street and off-street parking facilities within the City.

AUDIT A comprehensive review of the manner in which the government's resources were actually utilized. The main purpose of an audit is to issue an opinion over the presentation of financial statements and to test the controls over the safekeeping of assets while making any recommendations for improvements where necessary.

BALANCED BUDGET A balanced budget is where the revenues and other financing sources match the expenditures and other financing uses or expenses.

BOND A certificate or instrument certifying the existence of a debt. Local units of government only have those powers to borrow monies expressly granted by law. Municipal obligations are generally classified as either general obligation or special obligation bonds. A special obligation bond is payable from a specially identified source; general obligation bond is payable without reference to a specific source.

BONDED DEBT That portion of indebtedness represented by outstanding bonds.

BUDGET ADJUSTMENT Adjustments 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.

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BUDGET Under the Michigan Uniform Budgeting and Accounting Act (MCL 141.421 et.seq.), budget means a plan of financial operation for a given period of time, including an estimate of all proposed expenditures from the funds of a local unit and the proposed means of financing the expenditures. It does not include a fund for which the local unit acts as a trustee or agent, an intragovernmental service fund, an enterprise fund, a public improvement or building fund or a special assessment fund.

BUDGET CALENDAR The schedule of key dates or milestones which the City departments follow in the preparation, adoption, and administration of the budget.

CAPPED VALUE The capped value will be the previous year's final SEV minus losses increased by the consumer price index or 5%, whichever is less, plus additions. Loss is a component of property which is physically removed, for example the removal of a garage. Addition is a component of property which is physically added such as a family room or finishing a basement.

CAPITAL EXENDITURES Tangible capital-type items should be capitalized if they have an estimated useful life of at least two years following the date of acquisition. Capitalization thresholds are best applied to individual items rather than to groups of similar items. Threshold is \$5,000 or greater of any individual item. Infrastructure assets are treated separately from other capital assets for purposes of establishing capitalization thresholds. As a general rule, capitalization thresholds for non-infrastructure items should be designed to encompass approximately 80 percent of a government's total non-infrastructure tangible capital-type items.

CAPITAL IMPROVEMENT PROGRAM The first year of the CIP is the Capital Improvements Budget and funding for the improvements identified therein is contained in the proposed annual budget. The remaining four years of the CIP lists the capital projects identified for implementation and its estimated cost. Through placement in a year, the priority is indicated and each year, the list of projects is reviewed for need, cost and priority.

CAPITAL PROJECTS FUND Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds and trust funds).

CAPITAL OUTLAY Expenditures relating to the purchase of equipment, facility modifications, land, and other fixed assets.

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

COUNCIL A legislative, executive, advisory or administrative governmental body, such as a city council or a citizen's advisory council, whose elected or appointed members are assigned certain duties and responsibilities by law.

CURRENT TAX COLLECTIONS The City functions as the collection agent for the schools and county.

DEBT SERVICE FUNDS Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The accounting for this group of funds is the modified accrual method.

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DEPRECIATION The process of estimating and recording the expired useful life of a fixed asset which is distributed over its revenue-producing years.

DOWNTOWN DEVELOPMENT AUTHORITY (DDA) An authority that is created pursuant to state statute that is designed to assist in the economic growth of the central business district from parking plans to mall development. A tax levy of two mills maximum can be levied by the board when needed.

ENTERPRISE FUNDS Enterprise funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supported by user charges. The significant characteristic of Enterprise Funds is that the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprises. Thus, the reports of enterprise funds are self-contained and creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as they can the performance of investor-owned enterprises in the same industry.

FIDUCIARY FUND Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

FISCAL YEAR The twelve month period designated as the operating year for an entity. The fiscal year for the City of Cadillac is July 1 – June 30.

FUND An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other financial resources, together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE The excess of the assets of an expendable fund, or of a nonexpendable trust fund, over its liabilities.

GENERAL FUND The General Fund is the general operating fund of the City. It is used to account for the resources devoted to finance the services traditionally associated with local government, except those activities that are required to be accounted for in another fund. Transactions are recorded on the modified accrual basis.

GENERAL OBLIGATION BONDS Bonds that finance a variety of public improvement projects which pledges the full faith and credit of the City.

GOVERNMENTAL FUND A fund generally used to account for tax-supported activities.

HOME RULE The authority of local government to frame, adopt or change their own charter and to manage their own affairs with minimal state interference.

INFRASTRUCTURE The basic physical framework or foundation of the City, referring to its buildings, roads, bridges, sidewalks, water and sewer systems.

INVENTORY A detailed listing of property currently held by the government.

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

LOCAL STREET FUND Receives all local street money paid to the cities by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA) Financing authority used to capture taxes within a specific district. The board of directors is appointed by the City Council. The LDFA has the ability to bond for construction related projects and oversee the district.

LEGAL LEVEL OF CONTROL The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions which alter the total expenditures of any fund or the transfer of funds between departments must be approved by the City Council.

MAJOR FUND Governmental or Enterprise Fund reported as a separate column in the basic fund financial statements.

MAJOR STREET FUND Used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and the maintenance contract of the state trunklines.

MILL A taxation unit equal to one dollar of tax obligation for every \$1,000 of assessed valuation of property.

MILLAGE The total tax obligation per \$1,000 of assessed valuation of property.

MODIFIED ACCRUAL ACCOUNTING A basis of accounting in which expenditures are accrued but revenues are accounted for when they become measurable and available.

NONMAJOR FUND Any fund not meeting the requirements to be reported as a Major Fund in the basic financial statements.

NPDES National Pollutant Discharge Elimination System. A permit issued by the State of Michigan for the wastewater treatment plant to discharge treated effluent in the State's waters.

OBJECTIVE Objectives are the methods by which goals are to be obtained. More refined definition to the goal and a focused effort.

OPEB Other Post-Employment Benefits.

PERMANENT FUNDS Governmental fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government of its citizenry).

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POLICEMAN AND FIREMAN RETIREMENT SYSTEM Maintained under the State of Michigan Act 345 of 1937. This retirement fund is for police and fire personnel of the City.

PROPOSED BUDGET City's revenue and expenditure plan for the fiscal year as prepared and recommended by the City Manager for the Mayor and the City Council's consideration.

PROPERTY TAX A tax based on the assessed value of property, either real or personal. Tax liability falls on the owner of record as of tax day. Real property includes all lands, buildings and fixtures on the land. Personal property is generally movable and not affixed to land. It includes equipment, furniture, electric and gas transmission and distribution equipment and the like.

RISK MANAGEMENT An organized attempt to protect a government's assets against accidental loss in the most economical method.

RESERVE Funds designated to be allocated in order to meet potential liabilities during the fiscal year.

RESOLUTION Official action of a legislative body, primarily administrative or ministerial in nature.

REVENUE BOND INDEBTEDNESS Bonds of the City which are supported by the revenue generating capacity of the water and wastewater system.

SPECIAL REVENUE FUNDS Special Revenue Funds are used to account for the proceeds of specified revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

STATE EQUALIZED VALUATION (SEV) The assessed valuation of property in the City as determined by the local assessor and then reviewed and adjusted, if necessary, by the county and state, to assure that it equals 50% of market value, as required by the State of Michigan.

STRUCTURALLY BALANCED BUDGET A budget where recurring revenues equal or exceed recurring expenditures.

SURPLUS Prior years' earnings used to balance the current operating budget. An excess of the assets of a fund over its liabilities and reserves.

TAXABLE VALUE Taxable value is simply the lesser of the assessed value or capped value. Property tax revenues are derived by multiplying the taxable value by the applicable tax rate.

TAX BASE The total value of taxable property in the City.

TAX INCREMENT FINANCING A tax incentive designed to attract business investment by the dedication of property tax revenue from the redevelopment of an area (tax increment district) to finance development related costs in that district. Tax increment financing divides tax revenue from the area into two categories: 1. taxes on the predevelopment value of the tax base that are kept by each taxing body; and 2. taxes from increased property values resulting from redevelopment that are deposited by some taxing entities in a tax increment fund and are used to finance public improvements in the redevelopment area. In Michigan, there are four different types of authorities with tax increment financing powers:

1. Tax increment finance authority (no longer an option for a new authority),
2. Downtown development authority,

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3. Local development financing authority, and
4. Brownfield redevelopment authority.

TAX RATE An amount levied on assessed property value, real and personal, within the City of Cadillac. The City Council establishes the tax rate each year at budget time in order to finance various funds.

TRANSFER OF FUNDS A procedure established by the city charter used to revise a budgeted amount after the budget has been adopted by the city council.

UDAG Initials for federal grant program issued by the U.S. Department of Housing and Urban Development. The funding of this program no longer exists at the federal level. Urban Development Action Grant (UDAG).

VARIANCE Authorization for the construction of a structure or for the establishment of a use which is prohibited by a zoning ordinance. Generally, a variance may not be granted unless the literal enforcement of the zoning ordinance would cause a property owner “practical difficulties or unnecessary hardship.”

WATER AND WASTEWATER DISPOSAL SYSTEM FUND The customers of the City’s tertiary treatment plant have the revenues and expenses of the system accounted for in this fund as well as the financial activity of the seven well water systems which provide water to the City.

WORKING CAPITAL Working capital is generally defined as current assets minus current liabilities. Working capital measures how much in liquid assets less short-term obligations is available to be used for budgeted expenditures.

WWTP Initials for Wastewater Treatment Plant.

ZONING Division of a municipality into districts; the regulation of structures according to their construction, nature, and extent of use and the regulation of land according to nature and use.



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