

2023/2024 ANNUAL OPERATING BUDGET



For the Fiscal Year Beginning **July 1, 2023**
and Ending **June 30, 2024**

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



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

May 15, 2023

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, 2023 and ending June 30, 2024. 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 on the budget and I am confident that this document presents a realistic and achievable plan for the upcoming fiscal year.



I believe that it is an exciting time to be in Cadillac! This budget includes plans to provide vital public safety services, increase our impact on improving critical road and utilities infrastructure, enhance our beautiful system of parks, and continue to provide high impact, efficient, and effective governmental services we all expect. The budget will appropriate almost \$25 million for these important activities. The budget maintains important City reserves that protect our ability to make thoughtful and strategic decisions when faced with challenges and facilitates investments in the 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, the 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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2023-2024 BUDGET READER'S GUIDE

Welcome to the City of Cadillac's Annual Operating Budget for the fiscal year beginning July 1, 2023 and ending June 30, 2024. 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 but 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.

2023-2024 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.

2023-2024 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: \$4,700



Mayor Pro-Tem Antoinette Schippers

Councilmember from Ward 2
Occupation: Retired Teacher
Term Expires: December 31, 2025
Annual Salary: \$3,400



Councilmember Bryan Elenbaas

Councilmember from Ward 1
Occupation: Retired
Term Expires: December 31, 2023
Annual Salary: \$3,400



Councilmember Robert Engels

Councilmember from Ward 3
Occupation: Insurance Agent
Term Expires: December 31, 2023
Annual Salary: \$3,400



Councilmember Stephen King

Councilmember from Ward 4
Occupation: Attorney
Term Expires: December 31, 2025
Annual Salary: \$3,400

2023-2024 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: 33,552

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	2021	
< 18	2,624	2,554	2,180	
18-24 years	964	1,040	707	6.6%
25-34 year	1,333	1,435	1,600	9.5%
35-44 years	1,452	1,095	1,197	23.4%
45-64 years	1,959	2,459	2,566	18.1%
65 +	1,668	1,772	2,067	25.7%
Total	10,000	10,355	10,317	



Educational Attainment	Population-25 or older **	Poverty Rate	Median Earnings	% Unemployment
Less than high school graduate	744	38.2%	\$32,546	6.0%
High School/Equivalent	2,744	16.8%	\$28,892	12.6%
Some College/Associate's Degree	2,514	16.3%	\$29,469	2.8%
Bachelor's Degree	891	* 3.7%	\$37,597	* 2.4%
Graduate or Professional Degree	537		\$65,156	

* 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

Rubber Products

Medical Care

Vacuum Cleaner Manufacturer

Truck Parts/Commercial Freezers Manuf.

Automobile Parts Manufacturers

Iron Foundry

Military Hardware/Safety Equipment

Beverage Distributing

Tourism

Employment Data:

February, 2023 – 21,424 labor force in the Cadillac Micropolitan Statistical Area
 February, 2023 – 6.1% unemployment rate in Cadillac Micropolitan Statistical Area
 Annual, 2022 – 21,561 labor force in the Cadillac Micropolitan Statistical Area
 Annual, 2022 – 4.9% unemployment rate in Cadillac Micropolitan Statistical Area

Other:

- Class 5 fire department rating
- Three police agency headquarters, including City, Wexford County Sheriff and Michigan 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.

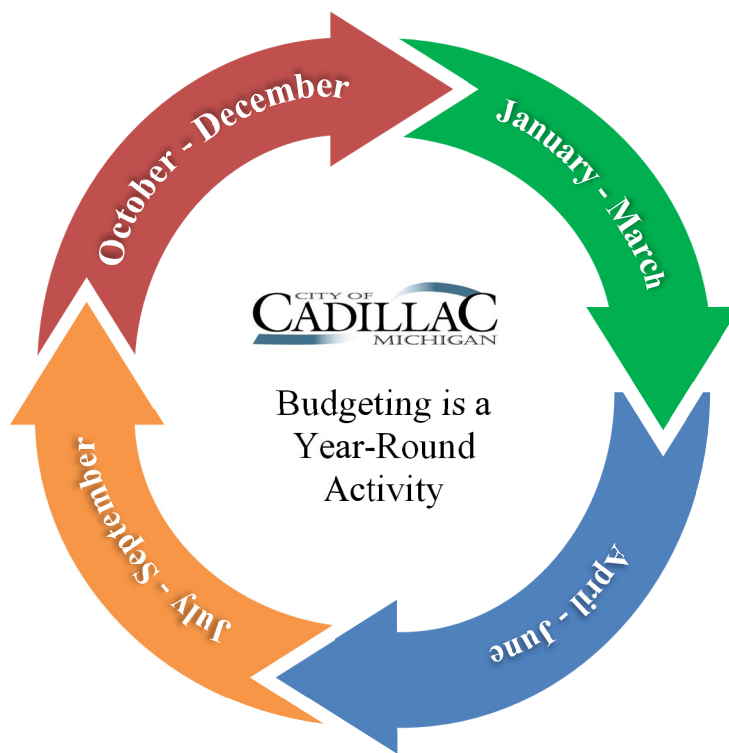
Average Winter Temperature	21.3° F
Average Summer Temperature	65.4° F
Average Annual Rainfall	34 Inches
Average Annual Snowfall	69 Inches
Average High in July	80° F
Average Low in January	11° F
Average Annual Days of Sun	168



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.

2023-2024 ANNUAL BUDGET CALENDAR**2022**

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.

**2023**

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 15 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 20 City Council holds work session to discuss City-wide goals and to review 6-Year Capital Improvement Program.

March 24 Finance review completed. Information on balanced budget submitted to the City Manager for review and approval.

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

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

April 3 City Council holds budget work session and sets Public Hearing for budget.

April 6 City Clerk makes public notice of public hearing on the budget.

April 17 Public hearing held on initial proposed budget. Public hearing and approval of 6-Year Capital Improvement Program.

May 15 Budget adoption and tax levy authorization.

June 23 City Treasurer completes 2023 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, 2022

Christopher P. Morrell

Executive Director

DISTINGUISHED BUDGET PRESENTATION AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Cadillac, Michigan for its annual budget for the fiscal year beginning July 1, 2022. 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 20, 2023.

Mission & Vision Statements

Mission Statement

It is the mission of the City of Cadillac to be a well-managed, environmentally conscious, 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 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

KEY PRIORITY PROGRAMS AND PROJECTS

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

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

Time Frame: Ongoing

Initiated: 2016

Project Leader: Owen Roberts

The Cadillac Community Center has several tenants in most of the facility. However, low rent levels and vacancies result in the facility not generating sufficient funds to make capital improvements and perform major repairs, so the City continues to be subsidize the operations.

Status: Ongoing – There are three tenants in the facility: Up North Arts, Wexford Genealogy Organization, and the Cadillac Senior Center. Options for redevelopment of the property have been informally discussed, but any change of use from what is stipulated by Charter would require a referendum of the people. Building maintenance and operational issues of the facility are a concern. In FY2021 there was a catastrophic failure of the boiler system which cost approximately \$20,000 to repair. Funds for the emergency repair were transferred from the General Fund to cover the expense. 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 proposed Capital Improvement Program includes this repair, as well as other smaller projects to repair the drill deck space with wall repairs and new paint, and to do some upgrades to the exterior of the facility including power washing and paint. This will complement upgrades that Up North Arts will be doing at the site using funds received from the Cadillac Rotary Club. 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 the City's portion of these projects. The proposed FY2024 budget will include a transfer from the General Fund to cover projects proposed in the upcoming year.

2. Update Lake Cadillac Invasive Species Management Program

Time Frame: Ongoing

Initiated: 2016

Project Leader: Marcus Peccia

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

Status: The spread of milfoil and other invasive species is under control. 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 is critical, but even more importantly a transition to a more holistic lake management approach is now the top priority.

2022 summary of events and proposed actions for 2023 are as follows:

- 2022 delivered mixed results for Lake Cadillac. The lake experienced another summer recreational period of reduced milfoil and curly leaf pondweed treatments and good water clarity. However, there was a late season milfoil seedbed germination and a couple sparse algal blooms.
- The USGS research buoy, for reasons unknown but probably funding, was never deployed on Lake Cadillac last summer as planned. USGS staff will be contacted this spring to determine the likelihood of this key lake monitoring device returning in 2023.
- Participated in the Canada Goose Nest/Egg Destruction in the spring of 2022. However, for the second time in the past three years, the capture and relocation of geese was not permitted by the DNR in 2022 and permits will not be issued again in 2023.

- Springtime storm water sampling, conducted by city staff to control cost and utilize existing skillsets, resumed in 2022. The results of the samples are unremarkable other than a couple sites exhibiting significant salt runoff. All sampling data is shared with the lake consultant.
- 2023 Request for Proposals (RFPs) have been released to secure new bids for Lake Consultant and Lake Treatment Applicator. The city has been satisfied with the performance of both firms and at the time of this update, Restorative Lake Sciences bid has been awarded and the Applicator bid is in process.
- Recommendations for 2023 will be forthcoming now that a consulting firm has been identified. In the meantime, RLS has provided recommendation as a part of their 2022 Lake Cadillac Report, which includes such items as goose control and storm water sampling, both of which the city presently performs on an annual basis. It is worth noting that RLS also recommends a new funding source (millage, special assessment) to expand lake management efforts.
- Present Funding: The General Fund is the current funding source for this program.

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 similar to the Downtown Development Authority and will be supported principally through tax increment financing once a plan has been established and approved.

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. The purpose of the 2019 acquisition was to rehabilitate and operate as new businesses while keeping the uses largely the same.

City Assistance: To assist the developer with the major undertaking of rehabilitating probably the largest privately held commercial property within the Cadillac West area, the City established both a Commercial Redevelopment and Commercial Rehabilitation District. The City granted the developer an exemption pursuant to the Commercial Rehabilitation District that will result in a partial property tax abatement for 10 years.

2019-2020 - A comprehensive remodel and rehabilitation of the hotel facility was undertaken and is now complete.

2020 – With direct assistance from AES, the City recruited and appointed a complete board for the CWCIA.

2021 – The CWCIA board held its initial meeting on March 4, 2021 at which they elected officers and established their operating by-laws. The board met again in May to begin discussion on preparing a development and tax increment financing plan. The board established a vision statement and goals and anticipates completing a tax increment financing and development plan as soon as possible.

2021 – The Lake Cadillac Resort stated their plans to continue redevelopment of the site under a mixed-use planned unit development. The owner also added a fueling station for boats near the dock.

2022 - The owner of the Pines Bowling Alley brought a conceptual plan to the Planning Commission to develop a self-storage facility focused on recreational storage behind the property. The Planning Commission referred it to the CWCIA board. The board was not in favor of the project, so the owner met with City staff to discuss an alternative idea to create unique short-term housing units on the site. Staff confirmed that this idea is consistent with the planning taking place for this business district. The owner has not yet submitted further plans for this type of development.

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 of 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 project redeveloped property adjacent to The Plaza that once contained a blighted commercial structure. This structure was razed using 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.

Status: Completed – The Market is complete. However, a significant failure in the windscreen system requires a new solution. The original concept of using an overhead door type system was not implemented due to cost. The fabric windscreen system that was installed has proven ineffective against the elements, and several windstorms have rendered it useless. Outside funding is being sought, specifically through place planning type grants, but utilization of the City's ARPA and/or available General Fund dollars may be necessary to acquire and install a permanent solution.

The Trailhead – Grant funding for the development of the White Pine Trail Downtown Bike Station, as recognized in the Recreation Plan, was received from the Michigan Department of Natural Resources (MDNR). The project was approved with the in-street trail extension, but the picnic shelter proposed on the site was removed to reduce cost. The project also involved retrofitting the clocktower to be used as the entryway for the trailhead. The Cadillac Area Community Foundation contributed a major portion of the added expense of installing the clocktower. Governor Whitmer attended the ribbon cutting ceremony and announced Cadillac as the newest "trail town" in the state.

Status: Completed – The Trailhead is substantially complete.

Additional Improvements – An upgrade to the public docking space adjacent to the Rotary Performing Arts Pavilion has been discussed for several years. This project could include a shoreline erosion restoration component, a new public pier, and a rear pedestrian pass through, and was partly a component of the original

place planning program. Implementation would most likely require significant outside funding, and the City continues to look for and apply to various grant programs as they become available. Construction of a picnic shelter at The Trailhead and new play areas may also be part of future grant and outside funding initiatives.

5. Complete Phase II of Well Field Relocation Project

Time Frame: Within 1-2 Years

Initiated: 2016

Project Leader: Jeff Dietlin

The City is nearing completion of the final phase of the relocation of the City's drinking water well system. Phase II involved purchasing a second site for three production wells, water main installation to connect the new well field to the system and create a full system loop, construction of a new water department headquarters facility, capping of all old wells in the former well field, and demolition of the old headquarters building.

Status: Ongoing – This Project is nearly complete and should be wrapped up by fall 2023. Remaining work is mostly punch list-type items and demolition of the 8th Street well field. A ribbon cutting in spring or summer 2023 will be planned.

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

Time Frame: Ongoing

Initiated: 2016

Project Leader: Owen Roberts

The City has a number of streets listed in poor condition. Updated street ratings will be used to schedule these streets for repair as part of the Capital Improvement Program. The Financial Services Department will assist with grant applications, bond issuance, and identification of other funding sources to improve these streets.

Status: Ongoing – The City utilized \$6 million in General Obligation bond financing to fund street reconstruction projects over the last seven years. Work must continue to identify future funding to complete the aggressive schedule of construction projects identified in the CIP. Updated street ratings will provide critical data that will inform ongoing decisions regarding timing of street replacements as well as identify other opportunities to extend the useful lives of existing streets. The proposed CIP includes over \$1.8 million in projects for next fiscal year. These projects would provide significant improvements to some of the worst streets in the City and include a combination of street reconstruction and other maintenance-type approaches like mill and overlay in order to stretch limited funds available for construction.

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 using existing and emerging technologies to communicate and conduct business. The City will identify, evaluate, and implement new technologies to improve communication with community members and offer electronic access to public services and documents.

Status: Ongoing – An overhaul of the City's website was completed in FY2019 giving the City's site a more modern look and feel. This platform provided additional functionality and enhanced the efficiency of content updates and additions. Use of Facebook as a means of communicating with the public has also increased. The ability to pay online for most City services has been implemented, including property taxes, utility bills, building permits, business licenses, rental registration fees, and miscellaneous receivable billing. In the near future, a new module will go live that will provide a fully functional Citizen Request Management system that will replace a more static incident reporting page on the City's website. This implementation will add electronic workflow, request tracking, and request monitoring functionality that will help ensure that issues are resolved in a complete and timely manner.

8. Maintain 2-3 Months Fund Balance Reserves in General Fund*Time Frame: Ongoing**Initiated: 2016**Project Leader: Owen Roberts*

Prudent financial management includes maintaining adequate reserves 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 – Maintenance of this important safety net of funds has been achieved for many years and is expected to continue. Updates to the City's Fund Balance Policy that will more specifically outline requirements for the amount of fund balance on-hand, fund balance categories, utilization of excess fund balance, and a process for restoring fund balance to policy levels if it falls below the required level will be introduced this year. This policy will help inform and justify a recommendation for investment of current excess fund balance into several important one-time capital projects in the upcoming budget year.

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 community stakeholders to identify strategies to share knowledge and resources in order to more effectively address community-wide issues and 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 place plans project now known as Cadillac Commons. This resulted in the development and/or upgrade of the Rotary Performing Arts Pavilion, The City Park, The Plaza, The Market, and The Trailhead.
- 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. A potential pilot program whereby pedestrian medians are installed in mid-block intersections is being explored as suggested by MDOT.
- Working with the Alliance for Economic Success as part of planning workshops regarding Cadillac West and Downtown Cadillac, in addition to other initiatives directly involving the City.
- Meeting with current and potential developers regarding various projects and ideas and introducing them to other agencies like the MEDC to help facilitate these development concepts.
- 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.
- Final graphics design and formatting of the draft zoning ordinance rewrite is currently in process. The ordinance has been reviewed by the State's RRC staff and they have found that it meets their requirements. Public outreach for comment on the ordinance will begin after formatting of the ordinance is complete. These revisions are designed to streamline the process for obtaining

development approvals. New zoning ordinance amendments have addressed mixed-use projects “by right” in the downtown, marijuana establishment regulations, and bicycle and sidewalk regulations. A complete zoning ordinance re-write is expected in 2023.

- The City was designated as a low-income community by the MEDC, pursuant to a study conducted on behalf of the City by Lake Superior State College. The survey indicated that the city has more than 51% of its population in the low/moderate income category, therefore the City qualifies for additional Community Development Block Grant (CDBG) funding.
- Created 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.
- Activated the Cadillac West Corridor Improvement Authority. Working on preparing development and tax increment financing plan for the district.
- Coordinating groundwork on planning for a future train depot in Cadillac for the Ann Arbor to Traverse City passenger rail.
- Established a more formal agreement with the Alliance for Economic Success as they are evolving into the 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.
 - After several years of working with owners of Northwood Hotel, the owners of the building sold the property to the owners of the Cadillac Pharmacy. Discussions with the prior owners included converting the former Northwood Hotel into a mixed-use commercial/residential development, which would likely have required a public-private partnership to address parking issues. Facilitated several meetings with the MEDC but ultimately the new owners are not proceeding with any significant projects at this time. Assistance has been offered to new owners and the City is eager to help with any interest in redevelopment of the site in the future.
 - Met with representatives of Cadillac Lofts to review and approve minor changes to Phase 2 of the project. Approved an increase in the number of residential units in Phase 2 of the project and a reduction in the amount of commercial space. Commercial space would be limited to the Mitchell Street frontage. Demolition of the old G&D store has taken place and construction of the Phase 2 building is expected to begin in 2023. 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 2023.
 - Remodeling of the Hermann’s restaurant and affiliated businesses in collaboration with new ownership.
 - 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 this building. MEDC staff toured the building and prepared existing floor plans and building elevations for the owner to use in the redevelopment efforts. The MEDC may make a loan or grant available depending on what uses the owner decides to put into the building.
 - Working with owner of an 18-acre parcel by Wright Street and Seneca Street; currently reviewing potential use and design options.
 - 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 working to get the project approved for zoning. Unfortunately, the project is not moving forward at this time due to delays at the State level in evaluating grant applications as well as unprecedented recent inflationary pressures.

- Worked with Cadillac Pharmacy on arrangements remove damaged canopy and restore the façade. This led to ownership deciding to reevaluate redevelopment of the upper floors of the building. Owner expressed an interest in considering development of a boutique hotel.
- Continued to work with developer of the Cobbs & Mitchell Building on rehabilitation of additional buildings, and evaluation of new residential projects in the City. Projects include the purchase of the former Never Down For the Count building and renovating it for an indoor storage facility. Building has been painted and shutters installed on the upper windows. Owner 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 with facilitating design and zoning approvals.
- Working with the owner of the former Long Road Distillers building at 412 S. Mitchell Street to assist with securing new tenants.
- Secured a \$5,000 grant from MEDC to assist in getting the new zoning ordinance prepared more quickly.
- Secured \$80,000 in grants from the MEDC through the Match on Main Grant Program for the Owl Eye Coffee Roasters, Simply Delightful, and Charming North to make internal improvements to their businesses. City staff also secured \$2,500 technology grants for After 26 and Charming North for technology equipment. New applications for Emmi's Closet in downtown and for an ice-cream shop on the west side were recently submitted.
- Staff is attending the quarterly meetings being held by the downtown businesses, and is also meeting with downtown stakeholders (DDA, Chamber, and Visitors Bureau) to discuss future improvements to downtown sidewalks, streetscape design, and improvements regarding public safety in the downtown. City staff is working on a strategy to fund sidewalk improvements, and based on preliminary feedback, it is possible that the downtown merchants and/or property owners would be supportive of a special assessment for that purpose.
- Updated the information related to the Downtown Parking Assessment Program (building sizes, private parking space inventory, and parking demand formulas). The five-year special assessment program was approved and recommended by the DDA but was ultimately not approved by City Council.
- Working with Inland Lakes Machine regarding a potential land purchase and creation of a public parking lot near the Clam River at Haynes Street. This is intended to allow Inland Lakes to expand their footprint on their site, as well as result in an enhanced recreational asset near the Clam River Greenway.
- Working with the MEDC and a Grand Rapids-based firm on site selection for a new 20,000 square-foot commercial space mixed-use development in the downtown.
- Worked with a developer on rezoning for the Cooley School site for a development project, but the project is currently not moving forward. It is likely that the updated zoning code will address the land-use matter at that location.
- Attended the Connecting Entrepreneurial Communities conference and petitioned for this group (Michigan State University) to hold their next conference in Cadillac, and currently the plan is for that to occur in the spring of 2024.

- Received a \$250,000 grant from Consumers Energy to create two micro-parks, establish a housing facade program and to combat blight throughout the City. Completed three housing façade projects in 2022 and with several more anticipated in 2023. Costs estimates have been prepared for the microparks and work is planned to occur as soon as possible.
- Developed plans for three snowmobile routes into downtown Cadillac pursuant to public and Council request for analysis. After Council consideration, routes ultimately were not approved.
- A downtown hotel feasibility study was performed by The Chesapeake Group. The study revealed that there is potential for a 40-to-50-unit condominium-style hotel in downtown Cadillac.

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 to better utilize current technology and/or new technology to improve service provision, encouraging participation in training when applicable and feasible, and reviewing, updating, and/or creating administrative policies and procedures as appropriate.

Status: Ongoing – A sample of initiatives that have been implemented and/or are currently underway include:

- Multi-department CPR training;
- Attendance at various Michigan Chapter of the American Public Works Association professional development events;
- Attendance/participation at various Michigan Government Finance Officers Association professional development events;
- Attendance 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 with ergonomically improved equipment/furnishings;
- Police and Fire Department leadership attendance at state, regional and national professional development events, including the Michigan Association of Chiefs of Police, International Association of Chiefs of Police, and the Northern Michigan Fire Chiefs Association;
- Police Department acquired software called Power DMS to increase the administrative efficiency of the Department by having the ability to create, track and manage official law enforcement policies and programs;
- Acquired and implemented BS&A Building Department Module which will allow for more efficient management of the rental certificate program, building permit processes, and planning and zoning applications and permits. In addition to improving work efficiency, it will allow for simplified reporting to the MEDC regarding Redevelopment Ready Communities auditing.

11. Outside Funding Initiative

Time Frame: Ongoing

Initiated: 2019

Project Leader: Marcus Peccia

The City 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 could attract private donations and significant grant funding will be developed.

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

- Received Michigan Department of Natural Resources Trust Fund Grant that funded about \$260,000 to use toward the construction of the White Pine trail extension and White Pine Trailhead.
- DDA continues to solicit and receive 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. Continue to seek out sponsors for the formal planting areas in the downtown.
- Received approximately \$800,000 of Community Development Block Grant (CDBG) funds for undertaking improvements to the Cadillac Lofts site for phase one demolition and construction abatement activities.
- Assisted developer in securing \$1,500,000 MEDC Community Redevelopment Program grant for Cadillac Lofts project.
- Received approximately \$750,000 State Brownfield grant/loan funds for undertaking eligible activities on the Cadillac Lofts Site.
- Received \$1,000,000+ State Brownfield grant/loan for Mitchell-Bentley clean-up.
- Seeking additional CDBG funds to facilitate public infrastructure projects (Phase II of the Cadillac Lofts project).
- Seeking additional MEDC grant funds to facilitate continued economic growth and expansion.
- Seeking additional Federal funds, such as Transportation Alternative Program grants to aid in creating new walkways.
- Investing portion of Public Act 51 funds to facilitate road improvements.
- The Chamber of Commerce Leadership Class received over \$90,000 in contributions and grant funds to replace the shelter over the Shay Locomotive and install a brick pathway. Grant funds were from the Cadillac Area Community Foundation and the Cadillac Rotary Club.
- Received \$50,000 from the USDA for The Market in 2020. These funds were for accessories to the primary structure such as the power screens, security cameras, and fans.
- Received \$100,000 grant from the MEDC in 2020 for the design of industrial streets in the Potvin Industrial Park.
- Awarded a \$250,000 Consumers Energy Prosperity Grant, which will be used to create two micro-parks, help eliminate blight throughout the City, conduct a residential façade improvement program, and add some cultural elements to City parks. Partnering with Habitat for Humanity to aid in implementation of the residential façade component of the program. Three homes have been renovated to date.
- Awarded a \$25,000 Match on Main grants on behalf of Owl Eye Coffee Roaster Company, Simply Delightful and Charming North in downtown Cadillac. Additional applications for Match on Main Grants have been submitted, and the City has partnered with the Chamber and Visitors Bureau to collaborate with the process. Recently submitted two new applications to the program for Emmi's Closet and Sundaes on the Lake ice cream shop in the city's West Side business district.
- Received \$2,500 technology grants for After 26 and Charming North in downtown Cadillac.
- Received additional \$27,500 for the White Pine Trailhead Project 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.
- Received \$4,000 in funding to undertake a hotel feasibility study for downtown Cadillac. Funds were from: Alliance for Economic Success, Cadillac Area Visitors Bureau, Cadillac Area Community Foundation and ownership of the Cadillac Family Pharmacy.
- Recently secured a \$33,000 grant from the state Blight Elimination Program to demolish the old water building on 8th Street.

- Received a generous contribution of \$100,000 from Cliff Sjogren for the construction of two pickleball courts in the Lakeside Park area near the Cadillac Community Center. Received two additional donations of \$5,000 for the project, one from Horizon Bank and the other from the Cadillac Area Community Foundation. The Community Foundation is assisting in additional fundraising for the project.

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 to recognized best practices and procedures in the law enforcement profession. The process requires evidence that these 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 an application, completion of relevant training, and acquisition of the accreditation software. The Department is currently at over 40% completion at this time. The former Deputy Chief was trained and sent to be the accreditation manager for the department. Due to his retirement and multiple vacancies in the department, this project was delayed. The department intends to train another member and continue this work as soon as possible.

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 types of 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 these amenities. Efforts will be made to highlight areas within the City budget that fund these activities, and creation of a new project for the Capital Improvement Program may occur 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, but the City Council did not approve this project due to maintenance concerns.

Collaboration between the City, Cadillac Area Public Schools and the State continues 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 local schools.

The Chestnut Street reconstruction project included enhanced in-street bicycle paths. Each year as part of any street repaving projects the city engineer reviews opportunities to add or improve bicycle path design or add sidewalks. As part of a site plan review, increased sidewalks were required at 403 E. North Street to aid a new day care center going into a former church building. This sidewalk has been installed.

It is anticipated that as a part of our updated CIP, new sidewalks will be installed by Franklin School. It is also expected that a new downtown sidewalk program will be explored.

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, enhancements to public parking opportunities are quickly becoming a priority. 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 are ongoing with other agencies and developers regarding funding and partnerships, specifically regarding automated facilities. It is possible that sometime within the next 1-2 years a new facility may be constructed as part of a 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 based on recommendations 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. Now that the City is once again eligible for CDBG funding because of the results of the low/moderate income survey, the City may be able to secure CDBG funds to partner with a developer to make meaningful parking enhancements.

15. Commuter Rail Depot

Time Frame: On-Going & No Changes

Initiated: 2019

Project Leader: John Wallace

An initiative has been underway for several years 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 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 for this project has yet to be determined, but it is expected to require a combination of outside funding in addition to the City funding the building activities. The City could construct the facility then use lease payments to pay down the debt service, similar to the construction and subsequent leasing of the DEQ building.

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

In 2022, the Cadillac Wexford Transit Authority was awarded a \$1.3 million grant for the second phase of a passenger rail service study. This study is needed to obtain additional funding toward repairs or construction work on the proposed rail line. The groundwork organization continues to raise funds for work on the rail lines that is needed to permit greater train speeds. However, aside from the pending study through the CWTA, no one has approached the city in the past year to continue to evaluate the design parameters for building a temporary or permanent train depot within the city. The city stands ready to assist when this project gets closer.

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. A primary objective is to support law enforcement professionals by providing them with the necessary resources and training to stay current on operating policies, procedures and training programs, all of which help reinforce the strong community trust currently enjoyed in Cadillac.

Program includes using technology such as social media and other services such as broadcast-type messaging applications where subscribers – with a free subscription - could receive a text and/or email whenever a message is sent by police or fire. More traditional “meet and greet” opportunities such as open house-type gatherings could also be part of this program.

Status Updates

- Implemented software at the Police Department to track and assign policies for the purposes of verifying that they conform with accredited general best practices.
- Implemented software at the Police Department to document and track required training and professional development programs.
- Wexford County Emergency Management has implemented the “Code Red” notification for the area, so this does not need to be a component of the City’s plan.

17. Hazardous Materials Response Initiative*Time Frame: 1-2 Years**Initiated: 2020**Project Leader: Adam Ottjepka*

Increase the level of hazardous materials response capabilities of the Cadillac Fire Department. This is important given the diversity of industries in Cadillac and the variety of freight moving through the community on roadways and rail lines. Opportunities for the City include entering into an intergovernmental agreement with a rated and equipped organization. Through mutual aid-type collaboration, Cadillac would then be the first responders responsible for command of the hazardous materials spill scene and decontamination of any victims, and this partner would be responsible for the subsequent clean-up.

Status: *Ongoing* - Discussions with regional agencies are underway, and it is anticipated that the program will be completed in 2024. Informal communication with local industrial stakeholders has taken place, and a draft of the program is in progress. A cost recovery mechanism must be developed and it is expected that a draft of this program could be available for City Council to consider sometime in 2023.

18. Asset Management Plan & Distribution System Materials Inventory*Time Frame: 3-years**Initiated: 2022**Project Leader: Jeff Dietlin*

This 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 a current total that exceeds 3,800. Work will include hydro-excavation 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 entered into the city’s geographic information system (GIS) database.

Status: *On-Going* - This project started in 2022, and it is anticipated that it will 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 received an allocation of nearly \$1.1 million. Based on the final guidance for spending these funds, the City exercised the \$10 million standard exemption option to consider all funds under the 'Revenue Loss' category which expanded 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 \$108,000 of these funds for a one-time COVID-19 payment for all full-time City employees. Also in FY2022, the City Council approved the transfer of \$110,000 to complete construction of The Trailhead at Cadillac Commons. Over \$920,000 in funds remain, and the City has until December 31, 2024 to obligate and until December 31, 2026 to spend them. It is expected that conversations regarding the FY2024 budgeting process will take place, and preliminary plans proposed throughout the remainder of FY2023.

20. Alternate Energy Usage in Utilities Department*Time Frame: 5-year**Initiated: 2023**Project Leader: Jeff Dietlin*

Explore the use of renewable energy in the Utilities Department. There are several projects that could be evaluated as part of this program. Construction of a facility or installation of equipment to capture digester gas to reuse for energy production and/or energy conservation is in the current CIP. This program could also include the installation of solar gardens on City property. These projects could involve partnering with CTC or other agencies to educate the students in practical, real world situations.

Status: New – The Project is anticipated to start in the summer of 2023.

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DEPARTMENTAL GOALS AND OBJECTIVES

City of Cadillac Departmental Structure

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

<u>Department</u>	<u>Department Director Title</u>
• Office of the City Manager	City Manager (Marcus Peccia)
• Financial Services	Director of Finance (Owen Roberts)
• Public Works	Director of Public Works (Owen Roberts)
• Community Development	Community Development Director (John Wallace)
• Police Department	Director of Public Safety (Adam Ottjepka)
• Fire Department	Director of Public Safety (Adam Ottjepka)
• Water and Sewer	Director of Utilities (Jeff Dietlin)

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

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

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

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



Department: Financial Services Department
Director: Owen Roberts
Performance Measures: Pages

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 17% of total annual General Fund expenditures. *(PP-8)*
 - d. Approve new Fund Balance Policy for the General Fund. *(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; 16)*
 - d. Implement new processes for electronic vendor payments for majority of payments. *(PP-7; 10)*



Department: Department of Public Works
Director: Owen Roberts
Performance Measures: Pages

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 50 trees annually in City right-of-way and public spaces.
 - b. Continue forestry practices that have helped achieve 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.
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 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

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 Community Development Block Grant (CDBG) funding. **(PP-11)**
 - b. 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.

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Department: Police Department

Director: Adam Ottjepka

Performance Measures: Pages

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.
 - 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.

Department: Fire Department

Director: Adam Ottjepka

Performance Measures: Pages

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; 11)**
 - 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

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. **(PP-20)**
- 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. **(PP-20)**
 - b. Evaluate green component of future purchases.
 - c. Maintain discharge levels below required NPDES permit levels.
 - d. Maintain an active Industrial Monitoring Program to limit amount of industrial waste that is discharged into the 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.

ORDINANCE NO. 2023-xx
ORDINANCE ESTABLISHING GENERAL APPROPRIATIONS ACT
FOR FISCAL YEAR 2024

THE CITY OF CADILLAC ORDAINS:

Section 1, Title.

This Ordinance shall be known as the City of Cadillac General Appropriations Act for Fiscal Year 2024.

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, 2023, and a public hearing on the proposed budget was held on April 17, 2023.

Section 3, Expenditures.

The City hereby appropriates the expenditures for the fiscal year commencing July 1, 2023 and ending June 30, 2024 on a departmental and activity total basis as follows:

General Fund Expenditures	
Legislative	\$57,500
Office of the City Manager	352,700
Financial Services	404,100
City Clerk/Treasurer Department	392,000
Election Services	28,000
Assessing Services	149,300
Legal Services	200,000
City Complex	475,900
Police Department	2,555,100
Code Enforcement	21,000
Fire Department	1,699,000
Public Works	1,216,100
Culture and Recreation	438,000
Economic Development and Assistance	345,500
Intergovernmental	99,200
Other	243,000
Total Expenditures	\$8,676,400

Section 4, Estimated Revenues.

The City estimates that revenues for the fiscal year commencing July 1, 2023 and ending June 30, 2024 will be as follows:

General Fund

Taxes	\$4,663,500
Licenses & Permits	130,000
Intergovernmental	2,320,000
Charges for Services	1,224,100
Fines & Forfeits	9,000
Miscellaneous	20,000
Interest and Rents	53,500

Total Revenues**\$8,420,100**Section 5, Budgets.

The City hereby approves budgets for the fiscal year commencing July 1, 2023 and ending June 30, 2024 for the following funds in the amounts set forth below:

	<u>Revenues</u>	<u>Expenses</u>
Governmental Funds		
Major Street Fund	\$1,380,000	\$2,241,200
Local Street Fund	785,000	1,706,900
Cemetery Operating Fund	190,500	190,500
Cadillac Development Fund	13,500	81,000
Building Inspection Fund	70,000	70,000
Naval Reserve Center Fund	60,500	60,500
Lake Treatment Fund	50,000	50,000
H.L. Green Operating Fund	500	0
2016 General Obligation Capital Improvement Bond	164,000	162,500
2020 General Obligation Capital Improvement Bond	317,500	317,500
Industrial Park Fund	5,000	50,500
Special Assessment Capital Projects Fund	3,200	25,500
Downtown Infrastructure Project	0	425,000
The Market at Cadillac Commons Fund	375,000	400,000
Cemetery Perpetual Care Fund	28,000	33,000
Capital Projects Fund	1,000	0

	<u>Revenues</u>	<u>Expenses</u>
Proprietary Funds		
Auto Parking Fund	\$102,500	\$102,500
Water & Sewer Fund	5,291,000	5,134,500
Capital		673,000
Principal Payments		905,000
Building Authority Operating Fund	195,000	162,000
Central Stores & Municipal Garage Fund	775,000	774,700
Capital		155,000
Principal Payments		50,000
Information Technology Fund	226,900	226,300
Capital		70,000
Self-Insurance Fund	1,629,000	1,627,000
Employee Safety Fund	12,000	12,000
Pension Trust Fund		
Police & Fire Retirement System	1,126,500	1,126,500
Component Units		
Local Development Finance Authority Operating Fund	292,100	292,100
Local Development Finance Authority Utility Fund	18,500	15,300
Local Development Finance Authority Capital Projects Fund	167,500	342,500
Downtown Development Authority Operating Fund	36,000	36,000
Downtown Development Authority Capital Projects Fund	137,000	136,800
Brownfield Redevelopment Authority Operating Fund	124,000	124,000

Section 6, Millage Levies.

(a) The City will levy a tax of 13.4992 mills for the period of July 1, 2023 through June 30, 2024, 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, 2023 through June 30, 2024, on all real and personal taxable property in the City, according to the valuation of the same. This tax is levied for the purpose of defraying the cost of supporting the retirement plan for personnel of the police and fire departments of the City pursuant to the provisions of Public Act 345 of 1937, as amended, as approved by a vote of the citizens of the City on November 8, 1977.

(c) The City further levies a tax of 1.8501 mills for the period of July 1, 2023 through June 30, 2024, 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, 2023.

Approved this 16th day of May 15, 2023.

Sandra Wasson, Clerk

Carla J. Filkins, Mayor



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 2023-2024 Annual Operating Budget
Date: April 1, 2023

INTRODUCTION

On behalf of the entire City of Cadillac staff, I am pleased to present to you the proposed FY2024 (July 1, 2023 - June 30, 2024) Annual Operating Budget that includes proposed expenditures totaling \$24.8 million.

OVERVIEW OF BUDGET

The proposed FY2024 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 increase of about 12.4% compared to the FY2024 budget. This increase in spending is primarily due to the timing of various infrastructure projects in the Major and Local Street Funds, capital spending across several 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. Overall, changes from the prior budget are summarized below:

	FY2024 Proposed	FY2023 Adopted	Change	% Change
Revenues	\$22,236,800	\$20,474,800	+\$1,762,000	8.61%
Expenditures	\$24,842,700	\$22,111,500	+\$2,731,200	12.35%
Revenue Over (Under) Expenditures	(\$2,605,900)	(\$1,636,700)		

Capital Expenditures

This budget plans for over \$4.2 million in capital spending. This is primarily targeted toward street, utilities, and other infrastructure and will upgrade several sections of City streets. In addition, several building improvement projects and equipment purchases are scheduled across various funds. Use of fund balance is discussed later in this document but is almost exclusively due to planned use of fund balance on hand in excess of policy levels to make important investments in various types of capital projects.

Types of projects included in this proposed budget include:

	General Fund	Other Funds	Total
Street, Utilities and Other Infrastructure		\$2,950,000	\$2,950,000
Building Improvements	160,000	318,000	478,000
Equipment, Technology, Vehicles	192,000	483,000	675,000
Recreation and Cemetery	87,500	35,000	122,500
	\$439,500	\$3,786,000	\$4,225,500

Further discussion on the capital budget for FY2024 can be found on pages 200-208 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.

Fortunately, Cadillac's finances are in a strong position, enabling these capital investments without utilizing any debt funding for this year. Conservative budgeting and financial planning, coupled with success in securing outside funding, have been key components of this success.

Revenues and Expenditures

Total budgeted revenues of City-wide operations are projected to be \$22.2 million while planned expenditures are \$24.8 million. Expenditures exceed revenues for the year by about \$2.6 million, almost exclusively due to the use of fund balance in excess of policy levels to make investments in infrastructure and capital. The City's property tax base is expected to increase by over 6% for the year. This is expected to provide an additional \$226,832 in property tax revenues. Due to the requirements of Michigan's Headlee amendment the City's operating millage has unfortunately been rolled back 4 times in the last 6 years, from 13.9473 to 13.4922 mills. This has restricted the increase in property tax revenues to fund core City services.

The American Rescue Plan Act (ARPA) provided just over \$1,000,000 in funding that can be used to subsidize any number of capital projects, such as any of the projects in our six-year capital improvement program. With over \$900,000 of these funds still on hand, the City has a unique opportunity to make additional high-impact investments into community assets.

The City continues 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. An important public safety mutual aid arrangement has been implemented between the City and several surrounding townships and Wexford County that formalizes reciprocal practices of assisting other agencies as needed during emergency situations. This program is run via the Wexford County Dispatch Center utilizing a mutual aid box alarm system. The contract with the Wexford County Equalization Department to provide assessing services to the City has been extended through the approval of a new agreement in March, 2022. 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.

This budget recommends an increase in user charges in the water and sewer system. The proposed increase is 5% for both water and sewer. A comprehensive rate study by an outside firm is nearing completion and is expected to reinforce the need to make systematic rate adjustments in the upcoming years. This will enable the department to continue to make important infrastructure and equipment investments to keep these systems functioning efficiently and safely. Over the last 15 years the City has passed rate increases averaging 2.8% for sewer, and 3.5% for water. The City's rates always compare very favorably to other regional utilities systems.

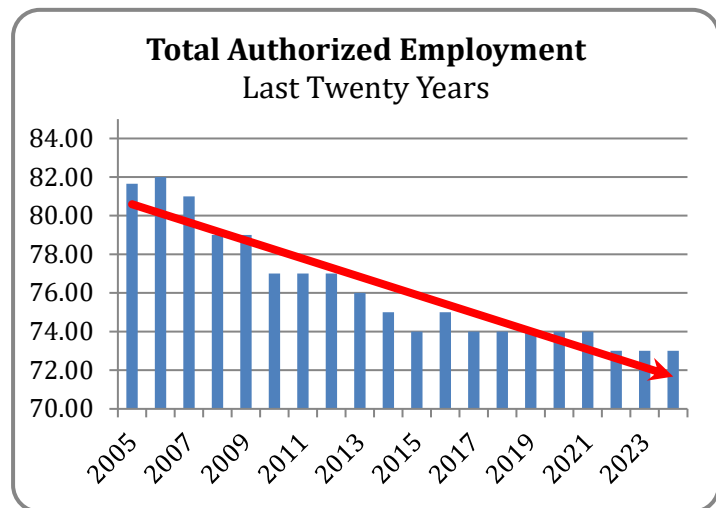
Residential trash collection and recycling rates are expected to rise based on inflationary adjustments. The contracts with the City's service providers - refuse removal with Republic Services and recycling with Ms. Green – were extended in 2022. Any inflationary increases are passed on to the hauler and the City retains no additional revenue from the increase.

Personnel

The City is primarily a service organization, and as such people are a fundamental and important asset of the organization. The proposed budget recommends a cost-of-living adjustment of 3-4% for all 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 the last couple years.

Overall, full-time staffing remains at 73, after dropping 1 full-time employee in FY2022. Turnover as experienced in the last

few years presents both challenges and opportunities. It can place an additional workload on remaining staff until a new employee is hired, and the competitive labor market can make it difficult to recruit and hire top talent. However, the City is able to closely analyze each opening to determine if there is justification to restructure in any way to achieve cost savings or efficiency gains while still providing high quality services. As such, some significant changes have been made in the staffing structure in the last decade, 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 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. Overall, the budget plans for City-wide reserves to decrease by \$2.6 million. The City will make significant strategic investments of prior funds on hand to fund various capital projects throughout the City's operations.

As of the FY2022 audit and year-end financial reports, the General Fund had total fund balance reserves of over 60%. This is well above minimum policy levels, therefore in FY2023 the City plans to transfer approximately \$1.5 million to the Major and Local Street Funds for street maintenance. The General Fund is proposed to use \$256,300 in FY2024 to help fund various capital projects. Even with this use, fund balance will remain well in excess of policy requirements.

The Major and Local Street Funds will utilize fund balance on hand as well as the General Fund transfers mentioned above to fund street improvement projects in the current year. Three capital projects funds will

also use reserves on hand for capital projects, including the Industrial Park Fund, The Market at Cadillac Commons Fund, 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 \$175,000 to fund the costs of groundwater treatment in the LDFA district. A special assessment formerly provided revenue to cover these costs but when the last assessment expired it was not renewed. This will need to be addressed during this year so that the treatment can continue.

ECONOMIC DEVELOPMENT

Over the last year, several significant development projects that were close to becoming a reality were unfortunately frozen due to changing economic circumstances. This was in part due to a temporary philosophical change that occurred at the State level regarding how incentive funds are allocated. However, ultimately the projects were cancelled or put on hold because of unprecedented inflationary increases in the costs of construction and borrowing which had a chilling effect on major new projects. There is still potential that the City may see one to three new projects over the next year through private development in partnership with governmental incentives. Additionally, the City will continue doing all it can do to promote new public places and seek to obtain as much outside funding as possible to further improve the ability to offer the best facilities and services that produce the optimal environment for economic development to flourish.

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 has been 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, The Market, and The Trailhead have been magnets that attract people into our City. In looking towards the future, the City would still like to attract additional outside funding to offset project expenses for constructing a new public dock and pathway system adjacent to The Pavilion, a picnic shelter for the Trailhead, and a new door system to replace the failed windscreens at The Market.

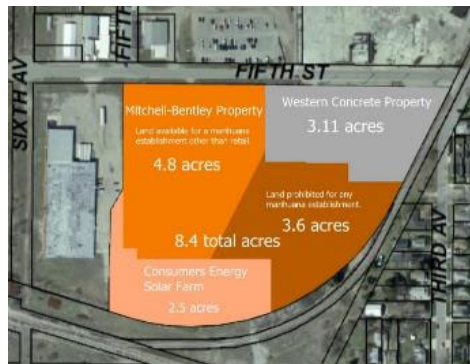
New Development

In 2019, the City finalized 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. The area has not yet seen any new development aside from the current quick-take restaurant, gas station and convenience store. However, there seems to be a renewed interest in the property and optimism that eventually new development activity will occur on the site. This agreement also included a provision to provide water and sewer utility services to Clam Lake's Downtown Development Authority area at their request and at their expense.

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 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. The first building is complete, but unfortunately construction of the second building was paused due to unprecedented inflation causing construction costs to be several million dollars higher than anticipated. The developer is actively pursuing outside funding opportunities and has affirmed that they are committed to completing the second building as soon as possible. The City remains a strong partner in this development by providing a variety of local incentives and making necessary on-street parking, sidewalk and other street and streetscape improvements. It is expected that the public-private partnership will continue throughout the next phase. Construction will be pending until the developer obtains additional funding resources, but it is possible that environmental clean-up activities will commence during 2023, and building construction could start in 2024.



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, approximately eight to twelve acres total including the former Western Concrete Property which is now owned by the Cadillac Industrial Fund.



The City's ongoing 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 U.S. Census population of Cadillac is 10,371, the true population 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 and related services, Cadillac is much different than outlying areas. By developing new, attractive, and fun spaces for people to gather, it will help drive the local economy, which could also lead to new private investment and new development in the community.

FUTURE OUTLOOK

As previously mentioned in this budget letter, the City is entering this new budget year in very stable condition. The City's financial condition is very strong, even on the heels of experiencing a Headlee rollback of the City's operating millage 4 times in 6 years.

Issues and challenges that continue to threaten the City's financial position are primarily due to factors that are completely out of local control. The State of Michigan has improved their appropriation of funds for State-shared revenue, but still has a significant gap to close. 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 is strongly represented in the effort being spearheaded by the Michigan Municipal League to work with legislators to create meaningful fiscal reform. Options to increase local revenue 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 revenue needed to provide core services in the manner the community expects. By continuing to support and facilitate local economic development with any and all tools still available, the City is "paying it forward", as the result of successful incentivized projects is a stable financial base in which current property values appreciate and new development is encouraged..



The last couple years have presented unprecedented challenges: a global pandemic, an all-time high stock market, extremely high inflation, challenging employment markets, political and social unrest, economic uncertainties, etc. These have all certainly been felt locally. Yet Cadillac remains poised to continue to grow and move forward. Achieving Redevelopment Ready Community certification 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 39 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, 2022. 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 37 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 their continued support working with staff to finalize a budget. Through input from a variety of sources, we are hopeful that this budget document identifies those services most needed and desired in the community. The time and effort 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 FY2024. It is a budget that does a superb job of continuing to serve the needs of our community through the utilization of scarce resources in the most efficient manner, especially considering the challenges presented to us by State and Federal mandates.

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 2024 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, 2023 and run through June 30, 2024.

FINAL THOUGHTS

The City of Cadillac organization - from its elected officials, appointed officials, professional staff and volunteers - invests a tremendous amount of time and effort to ensure our community that this is a highly functioning City organization. This solidifies the necessary foundation to create a place where people want to invest, work, live, and play!

We continue to strive to create a culture and atmosphere that attracts and retains a high-quality and knowledgeable workforce. Retention of top talent is critical, as is attraction, in this difficult and competitive global employment market, and investing in our people is an important part of this budget.

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,



Marcus A. Peccia
City Manager

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

<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.

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 FY2024 is a capital projects fund to account for the Downtown Infrastructure Project as well as a new fund to account for the use of proceeds from a grant from Consumers Energy. 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.

	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>						
Revenues and Other Sources:						
Taxes	\$4,664	0	0	0	0	\$0
Licenses and Permits	130		70			
Intergovernmental	2,320	0	1,795	0	0	\$0
Charges for Services	1,224	5,172	58			13
Fines and Forfeits	9	0	0	0	0	\$0
Miscellaneous	20	70	5			
Other Financing Sources	0	0	577	482	0	\$0
Local Funds					615	
Rental	0	24	23	0	0	\$0
Principal Payment					3	
Interest Income - Loan	0	0	8	0	0	\$0
Interest Income	53	25	16		5	16
Total	\$8,420	\$5,291	\$2,552	\$482	\$623	\$29
Expenditures:						
General Government	\$2,060	0	0	0	0	0
Public Safety	4,275					
Public Works	1,215	0	0	0	0	0
Culture and Recreation	438					
Economic Development	346	0	0	0	0	0
Intergovernmental	99					
Other Financing Uses	243	0	784	0	0	33
Operating		4,860	1,706	1	51	1
Capital Outlay	\$0	0	0	0	240	0
Construction			1,910		850	
Principal	\$0	0	0	382	0	0
Interest		275		97		
Non-Operating	\$0	0	0	0	0	0
Total	\$8,676	\$5,135	\$4,400	\$480	\$1,141	\$34
Excess (Deficiency) of Revenues over Expenditures (1)	(\$256)	\$156	(\$1,848)	\$2	(\$518)	(\$5)
Fund Balances - Beginning	\$4,221	\$16,803	\$2,539	\$3	\$1,110	\$754
Ending	\$3,965	\$16,959	\$691	\$5	\$592	\$749

(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 ➡

(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

FY2023/2024 Fund Balance/Net Position Details

	Beginning Fund Balance*	FY2024 Proposed Revenues	FY2024 Proposed Expenditures	Revenues Over (Under) Expenditures	Ending Fund Balance*
MAJOR FUNDS					
General Fund	\$4,220,674	\$8,420,100	\$8,676,400	(\$256,300)	\$3,964,374
Water and Sewer Funds	16,802,992	5,291,000	5,134,500	156,500	16,959,492
NONMAJOR FUNDS					
Special Revenue Funds					
Major Street Fund	865,244	1,380,000	2,241,200	(861,200)	4,044
Local Street Fund	972,331	785,000	1,706,900	(921,900)	50,431
Maple Hill Cemetery Fund	33,873	190,500	190,500	0	33,873
HL Green Operating Fund	50,217	500	0	500	50,717
Naval Reserve Center Fund	6,536	60,500	60,500	0	6,536
Cadillac Development Fund	568,463	13,500	81,000	(67,500)	500,963
Lake Treatment Fund	20,041	50,000	50,000	0	20,041
Building Inspection Fund	22,458	70,000	70,000	0	22,458
Debt Service Funds					
2016 GO Debt Service Fund	1,289	164,000	162,500	1,500	2,789
2020 GO Debt Service Fund	1,300	317,500	317,500	0	1,300
Capital Projects Funds					
Industrial Park Fund	579,199	5,000	50,500	(45,500)	533,699
Special Assessment Capital Projects Fund	45,661	3,200	25,500	(22,300)	23,361
Downtown Infrastructure Project Fund	446,824	0	425,000	(425,000)	21,824
Consumers Energy Prosperity Grant Fund	0	240,000	240,000	0	0
The Market at Cadillac Commons Fund	38,365	375,000	400,000	(25,000)	13,365
Permanent Funds					
Cemetery Perpetual Care Fund	622,478	28,000	33,000	(5,000)	617,478
Capital Projects Trust Fund	131,124	1,000	0	1,000	132,124
Proprietary Funds					
Enterprise Funds					
Auto Parking Fund	590,676	102,500	102,500	0	590,676
Building Authority Operating Fund	1,611,231	195,000	162,000	33,000	1,644,231
Internal Service Funds					
Stores and Garage Fund	792,595	775,000	774,700	300	792,895
Information Technology Fund	324,651	226,900	226,300	600	325,251
Self Insurance Fund	190,558	1,629,000	1,627,000	2,000	192,558
Safety Fund	3,502	12,000	12,000	0	3,502
Fiduciary Funds					
Police and Fire Retirement Fund	12,229,507	1,126,500	1,126,500	0	12,229,507
	\$41,171,789	\$21,461,700	\$23,896,000	(\$2,434,300)	\$38,737,489

Note: Fund Balance chart does not include Component Units

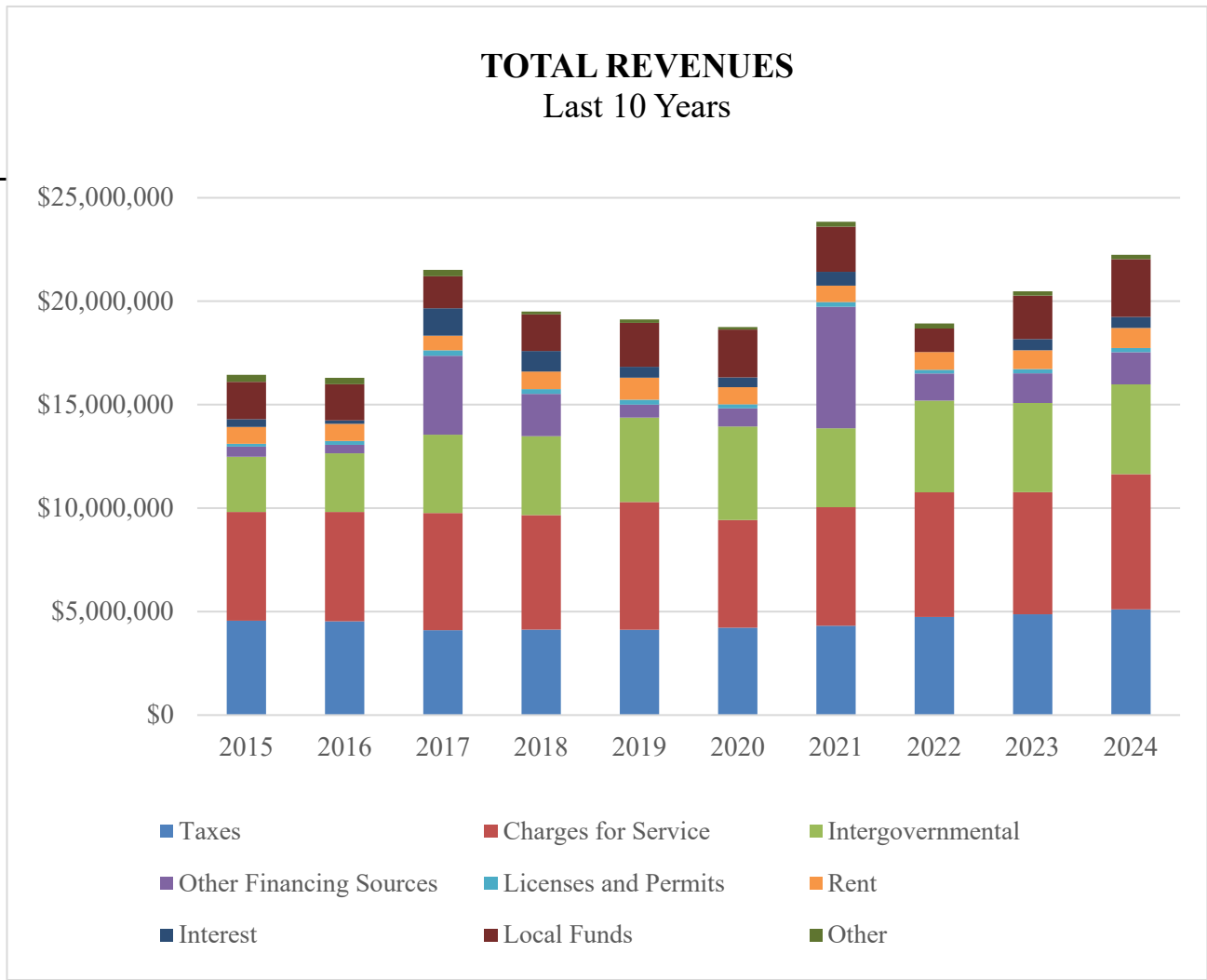
* 'Net Position' for Proprietary Funds and Fiduciary Funds

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. Fund Balance in the Special Assessment Capital Projects Fund can be used for engineering or funding special assessment capital projects during the year. A portion of fund balance in the General Fund will be used for capital projects.

FY2024 ANNUAL OPERATING BUDGET SUMMARY INFORMATION

2023-2024 BUDGET SUMMARY

The Budget Summary section is designed to give the reader a big-picture overview of the City of Cadillac's budget as a whole. The section offers this summary graphically, by the numbers in the following charts, and then textually in the last pages of the section, where some discussion is provided regarding the City's most significant sources of revenue.



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.

ANALYSIS OF PRINCIPAL REVENUE SOURCES

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

Revenue	Amount (Budget)	% of Total
Taxes	\$5,109	22.97%
Intergovernmental Revenues	4,340	19.52%
Charges for Services	6,529	29.36%
Interest Income	522	2.35%
Other Financing Sources	1,556	7.00%
Local Funds	2,796	12.57%
Rental Revenue	970	4.36%
Other Revenue	416	1.87%
Total	\$22,238	100.00%

PROPERTY TAXES

A primary source of revenue for FY2024 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,				
	2020	2021	2022	2023	2024
City Operating	13.9166	13.7774	13.6630	13.4922	13.4922
Police and Fire Retirement	2.6000	2.6000	2.6000	2.6000	2.6000
Total City Millage Rate	16.5166	16.3774	16.2630	16.0922	16.0922
TAX BASE (Taxable Value of City Property) <i>FY23 Projected</i>	\$229,304,412	\$238,992,545	\$254,024,937	\$270,904,206	\$285,000,000
Taxes Generated (Total)	\$3,794,369	\$3,954,681	\$4,131,208	\$4,359,445	\$4,586,277
Change from Prior Year	\$101,206	\$160,312	\$176,527	\$228,237	\$226,832

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 three times in the last four 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.

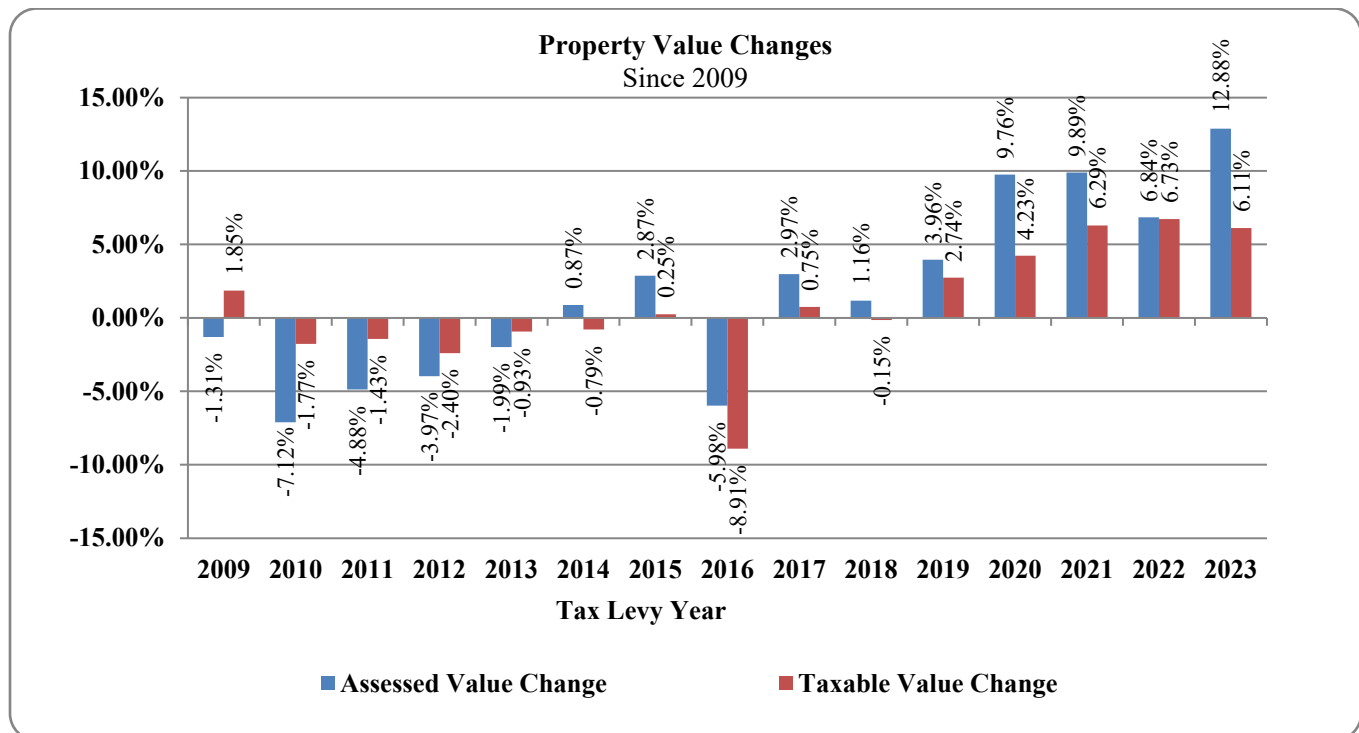
Property Tax Revenue Estimates Property tax estimates throughout the FY2024 budget are based on preliminary numbers provided by the Wexford County Equalization Department. Conservative revenue estimates are utilized to provide some margin in case of taxable value reductions through the Board of Review 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.

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 FY2024, these entities, along with the amounts of City taxes they will capture, are:

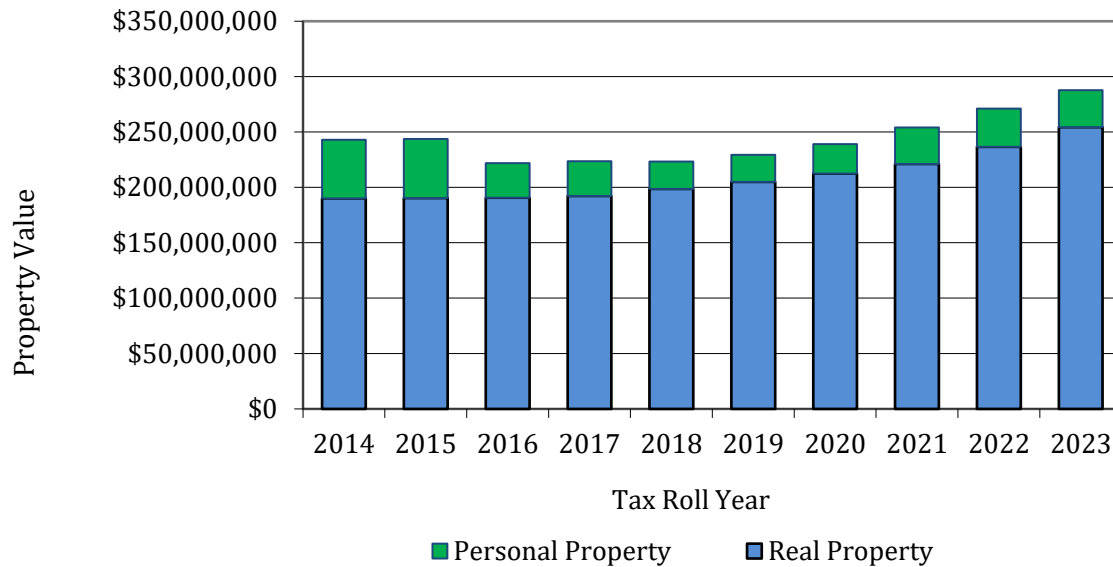
Authority	City Operating	Police and Fire Retirement	Total Capture
Downtown Development Authority (DDA)	\$57,937	\$11,165	\$69,102
Local Development Finance Authority (LDFA)	\$60,678	\$11,693	\$72,371
LDFA Industrial Facilities Tax Exemption Capture	\$15,665	\$3,019	\$18,684
Brownfield Redevelopment Authority	\$35,149	\$6,760	\$41,909
Total Capture	\$169,429	\$32,637	\$202,066

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 5-year trend for annual property value change has been positive; however, the City's taxable value declined in 7 out of the prior 10 years. While this drop was in part related to statutory tax reform at the State level, general economic pressures were a 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.



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			
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	235,068,706	35,835,500	\$270,904,206	4,924,151	15,824,624
2023	254,376,481	33,301,000	\$287,677,481	4,497,300	16,500,000

(1) Base value for LDFA is \$551,400. Taxes captured for FY2024 are anticipated to be \$60,678 from the operating millage levy, and \$11,693 from Police and Fire Retirement millage levy. The LDFA also captures \$2,322,033 in value from Industrial Facilities Tax Exemption certificates. This generates an additional capture of City taxes of \$15,665 from the operating levy, and \$3,019 from the Police and Fire Retirement levy.

(2) Base value for DDA is \$11,650,150. Taxes captured for FY2024 are anticipated to be \$57,937 from the operating millage levy, and \$11,165 from the Police and Fire Retirement millage levy.

Residential Taxable Values Residential class parcels comprise nearly 70% of the total parcels and 60% of the total taxable value of property within the City of Cadillac. Over the last five years, residential class parcels have experienced the following changes:

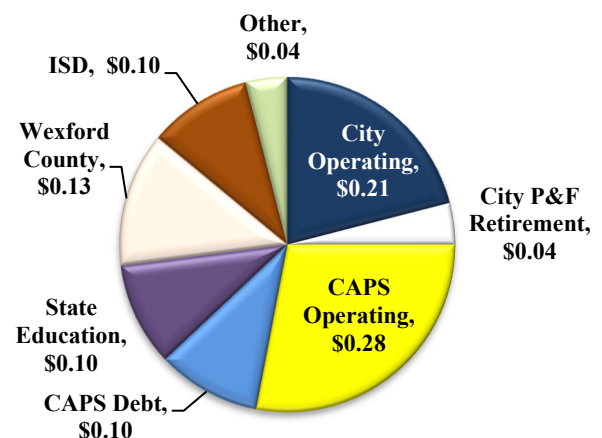
Tax Roll Year:	2019	2020	2021	2022	2023
Residential Class					
Assessed Value (AV)	\$161,411,300	\$181,422,100	\$197,052,700	\$209,376,100	\$245,153,100
Change from prior year	5.04%	12.40%	8.62%	6.14%	17.09%
Taxable Value (TV)	\$134,998,710	\$141,726,160	\$147,163,773	\$157,029,548	\$170,513,822
Change from prior year	3.46%	4.98%	3.84%	6.56%	8.59%
AV-TV Gap	\$26,412,590	\$39,695,940	\$49,888,927	\$52,346,552	\$74,639,278
Gap as % of TV	19.57%	28.01%	33.90%	33.34%	43.77%
TV/AV	83.64%	78.12%	74.68%	75.00%	69.55%

* 2023 Values are projected based on assessment numbers provided by Wexford County Equalization Department on 3/27/2023.

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 restricted due to the decrease in the City's millage rate because of the State of Michigan's Headlee amendment which controls annual growth in property taxes.

Tax Year	Average Home Taxable Value	City Millage	Average City Taxes Paid
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	16.0922	\$686.32
2023	\$43,107	16.0922	\$743.81

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 \$0.25 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.

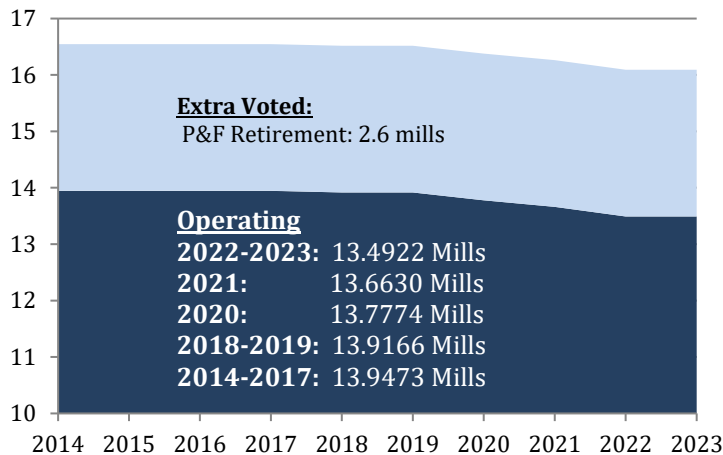


City Property Tax Rates

City of Cadillac Tax Rates

Last Ten Years

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



The operating millage for the City of Cadillac did not change for many years. Unfortunately, the Headlee Amendment required a rollback of the millage in four of the last six years. This reduction can only be restored by a city-wide vote to override Headlee. 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	Total City	Wexford County	Cadillac-Wexford Transit Authority	Council On Aging	Cadillac-Wexford Library	Cadillac Area Public Schools	Wexford Missaukee ISD	State Education Tax	
2013	13.9473	3.1000	17.0473	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9689
2014	13.9473	2.6000	16.5473	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.4689
2015	13.9473	2.6000	16.5473	8.0297	0.6000	1.0000	0.7500	20.9000	6.1604	6.0000	59.9874
2016	13.9473	2.6000	16.5473	8.1997	0.6000	1.0000	0.7500	20.9000	6.1604	6.0000	60.1574
2017	13.9473	2.6000	16.5473	8.1997	0.6000	1.0000	0.7500	20.9000	6.1604	6.0000	60.1574
2018	13.9166	2.6000	16.5166	8.1997	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	8.6881	0.5992	0.9987	0.7490	24.1500	6.1604	6.0000	63.7228
2021	13.6630	2.6000	16.2630	8.6272	0.5950	0.9917	0.7437	24.1500	6.1323	6.0000	63.5029
2022	13.4922	2.6000	16.0922	8.5475	0.5895	0.9825	0.7368	24.0600	6.1044	6.0000	63.1129

(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 expired as of 2014.

(2) Wexford County 2022 rate included allocated mills of 6.6615, 0.0981 mills for Veterans Relief, 1.4246 mills for Public Safety, 0.1964 mills for Animal Control, and .1669 mills for MSU-Extension Services.

(3) Cadillac Area Public Schools 2022 rate included 18 mills for operating and 6.06 mills for debt service.

Millage Rate Benchmarks

Property Tax Benchmark Communities	Total Millage	General Operating	Police & Fire	Other
Manistee	18.3943	17.2443	0.0000	1.1500
Big Rapids	17.4753	12.2334	4.2450	0.9969
Alpena	17.0330	16.0373	0.0000	0.9957
Traverse City	14.0888	11.7688	2.3200	0.0000
Sault Ste. Marie	23.6003	16.7298	6.2185	0.6520
Coldwater	13.8975	11.5642	0.0000	2.3333
Sturgis	13.4099	10.4623	0.0000	2.9476
Cadillac	16.0922	13.4922	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.

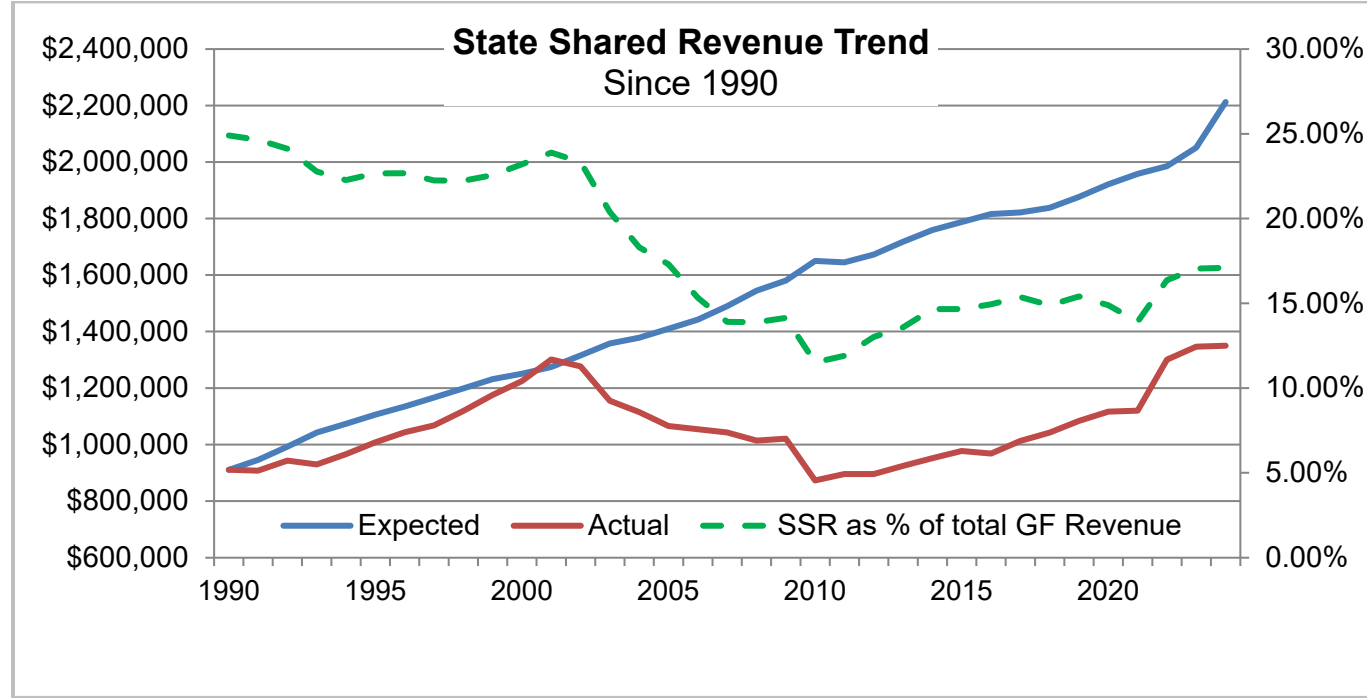
Taxing Unit	Millage Rate	Property Type and Total Taxes at average taxable value of \$50,000					
		Principal Residence		Non-Principal Residence		DDA	
City of Cadillac		Millage	Taxes	Millage	Taxes	Millage	Taxes
City Operating	13.4922	13.4922	\$674.61	13.4922	\$674.61	13.4922	\$674.61
Police & Fire Retirement	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	6.6615	6.6615	333.08	6.6615	333.08	6.6615	333.08
Public Safety	1.4246	1.4246	71.23	1.4246	71.23	1.4246	71.23
Animal Control	0.1964	0.1964	9.82	0.1964	9.82	0.1964	9.82
Veterans Relief	0.0981	0.0981	4.91	0.0981	4.91	0.0981	4.91
MSU Extension	0.1669	0.1669	8.35	0.1669	8.35	0.1669	8.35
Cadillac-Wexford Transit Authority	0.5895	0.5895	29.48	0.5895	29.48	0.5895	29.48
Cadillac-Wexford Public Library	0.7368	0.7368	36.84	0.7368	36.84	0.7368	36.84
Council on Aging	0.9825	0.9825	49.13	0.9825	49.13	0.9825	49.13
Cadillac Area Public Schools							
Operating	18.0000	<i>Exempt</i>	0.00	18.0000	900.00	18.0000	900.00
Debt	6.0600	6.0600	303.00	6.0600	303.00	6.0600	303.00
State Education Tax	6.0000	6.0000	300.00	6.0000	300.00	6.0000	300.00
Wexford-Missaukee ISD	6.1044	6.1044	305.22	6.1044	305.22	6.1044	305.22
Total	64.9630	45.1129	\$2,255.67	63.1129	\$3,155.67	64.9630	\$3,248.18

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. 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.

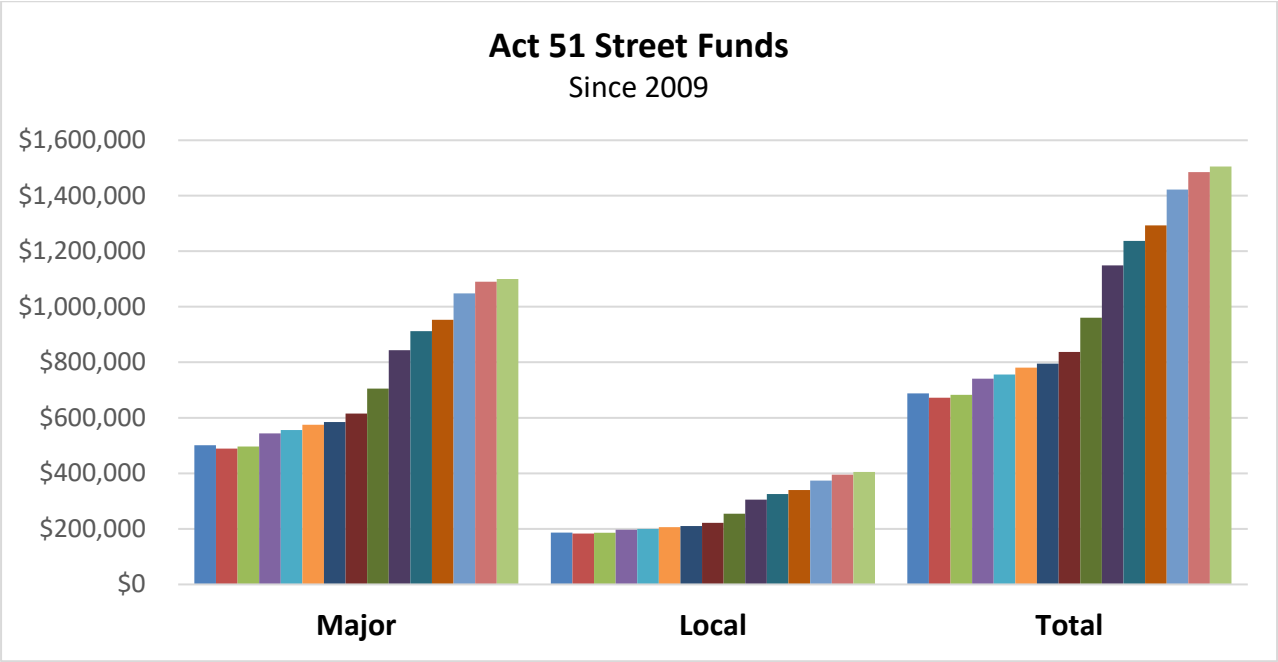
State Shared Revenue Outlook This revenue source experienced serious reductions between 2001 and 2010, but has been slowly recovering since. Projected revenue for FY2024 is nearly identical to what was received over twenty years ago in 2001! This has caused the City to rely to a greater and greater degree 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 2023. 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.

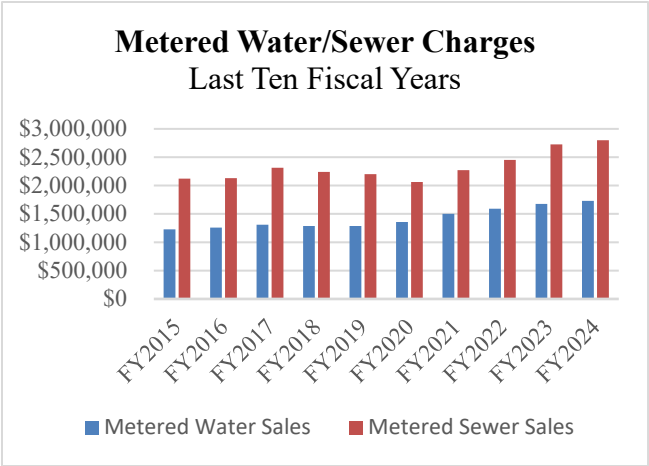
Michigan Transportation Fund Act 51 Payments The Michigan Transportation Fund (MTF) was created by Public Act 51 of 1951 as the main collection and distribution fund for state-generated revenue pursuant to Act 51. These funds are primarily from two sources: vehicle registration fees and motor fuel taxes. 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.



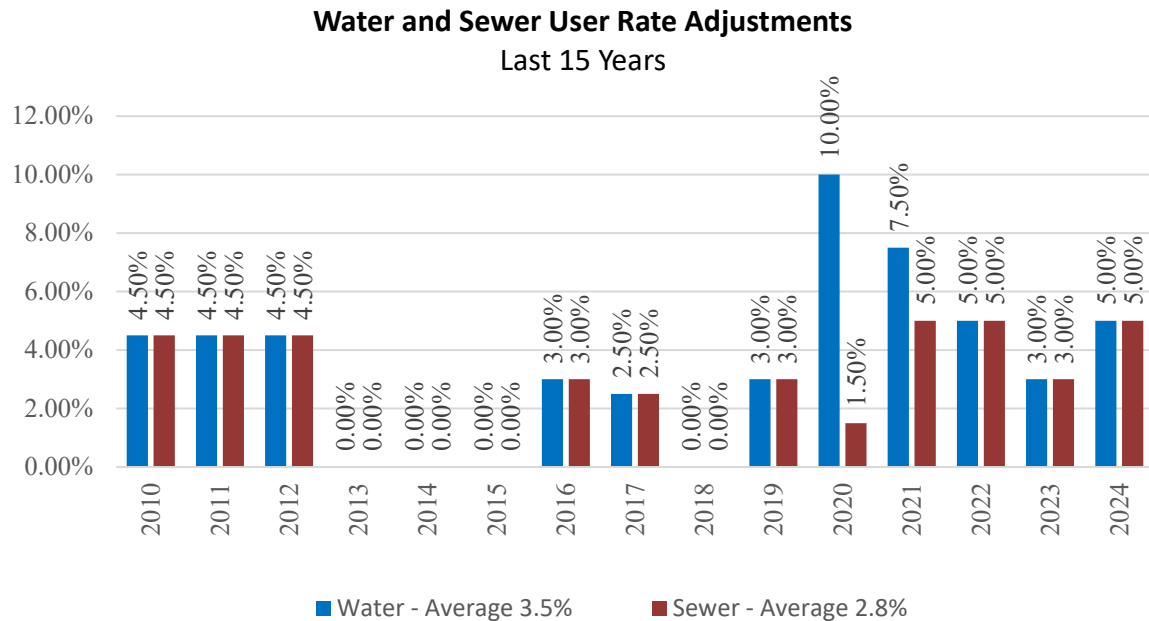
Projections from the State released in March 2023 are the latest numbers available and were used to develop the current budget and are typically a reliable indicator of what actual revenues will be, barring unforeseen events. The projections show that the City will receive approximately \$1,505,000 total. The current budget proposes revenues of \$1,560,000 (\$1,140,000 Major and \$420,000 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.



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 FY2024 based on the inflationary indexes included in the waste removal and recycling contracts. These increases are 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. Both solid waste and recycling contracts were renewed in 2022.

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 5% 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, 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.

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
	6/30/2019	6/30/2020	6/30/2021	6/30/2022	
Actuarially Accrued Liabilities	\$14,035,425	\$13,690,306	\$14,017,155	\$15,634,629	■
Actuarial Value of Assets	<u>\$11,705,358</u>	<u>\$11,895,703</u>	<u>\$12,701,878</u>	<u>\$12,970,887</u>	■
Unfunded Liabilities	\$2,330,067	\$1,794,603	\$1,315,277	\$2,663,742	■
% Funded	83%	87%	91%	83%	■
Average Pension	\$26,952	\$27,002	\$26,804	\$27,084	■
Required Actuarially Determined Contribution (ADC)	\$496,076	\$499,948	\$510,426	\$468,400	■
% of ADC Contributed	138%	135%	136%	133%	■

Municipal Employees Retirement System

	Valuation Date				Status
	12/31/2018	12/31/2019	12/31/2020	12/31/2021	
Actuarially Accrued Liabilities	\$13,453,578	\$14,185,453	\$15,256,270	\$16,206,252	■
Actuarial Value of Assets	<u>10,285,024</u>	<u>10,372,626</u>	<u>10,803,985</u>	<u>12,230,694</u>	■
Unfunded Liabilities	\$3,168,554	\$3,812,827	\$4,452,285	\$3,975,558	■
% Funded	76%	73%	71%	75%	■
Average Pension	\$13,639	\$13,745	\$13,776	\$13,765	■
Required Actuarially Determined Contribution	\$317,092	\$344,803	\$436,183	\$500,464	■
% of ADC Contributed	100%	100%	100%	100%	■

Other Post-Employment Benefits (OPEB)

	Valuation Date				Status
	6/30/2019	6/30/2020	6/30/2021	6/30/2022	
Actuarially Accrued Liabilities	\$4,463,659	\$4,254,742	\$4,273,997	\$4,350,938	
Actuarial Value of Assets	<u>3,391,986</u>	<u>3,324,417</u>	<u>4,252,014</u>	<u>3,894,487</u>	
Unfunded Liabilities	\$1,071,673	\$930,325	\$21,983	\$456,451	
% Funded	76%	78%	99%	90%	
Annual Costs	\$283,665	\$386,610	\$363,822	\$332,917	
% of Annual Costs Contributed	20%	64%	100%	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	\$1,315,277	\$2,663,742	83%	
Municipal Employees Retirement System	4,452,285	3,975,558	75%	
Other Post-Employment Benefits	<u>21,983</u>	<u>456,451</u>	90%	
Total Unfunded Liabilities	\$5,789,545	\$7,095,751		

Most of the increase in total unfunded liabilities for the current valuations can be attributed to assumption changes in the Act 345 Police & Fire Retirement System. This was at the recommendation of the actuary for the system and keeps the City consistent with best practices for actuarial valuations.

EMPLOYMENT AND PERSONNEL STRUCTURE**Employment Statistics – FTE by Activity for Last Ten Years**

	<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>2024</u>
<u>General Government</u>										
City Manager	2.20	2.20	2.25	2.25	2.75	2.75	2.25	2.25	2.25	2.25
Financial Services	2.25	2.25	2.25	2.25	2.15	2.15	2.90	2.90	2.90	2.90
Clerk/Treasurer	3.80	3.80	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
City Hall	1.00	1.00	1.00	1.00	1.50	1.50	1.00	1.00	1.00	1.00
City Engineer	1.80	1.80	1.80	1.80	0.80	0.80	0.80	0.80	0.80	0.80
Total General Government	11.05	11.05	11.05	11.05	10.95	10.95	10.70	10.70	10.70	10.70
<u>Public Safety</u>										
Police	16.95	16.95	16.95	16.95	16.95	16.95	16.75	16.75	16.75	16.75
Fire	11.00	11.00	11.00	11.00	11.50	11.50	11.50	11.50	11.50	11.50
Code Enforcement	0.50	0.50	0.50	0.50	0.00	0.00	0.25	0.25	0.25	0.25
Total Public Safety	28.45	28.45	28.45	28.45	28.45	28.45	28.50	28.50	28.50	28.50
<u>Other</u>										
Public Works	12.10	12.10	12.00	12.00	12.05	12.05	12.55	12.55	12.55	12.55
Data Processing	0.30	0.30	0.30	0.30	0.35	0.35	0.05	0.05	0.05	0.05
Auto Parking	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water/Sewer	19.00	20.00	20.00	20.00	20.00	20.00	20.00	19.00	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Other	34.50	35.50	34.50	34.50	34.60	34.60	34.80	33.80	33.80	33.80
Total FTE	74.00	75.00	74.00	74.00	74.00	74.00	74.00	73.00	73.00	73.00

Employment Analysis

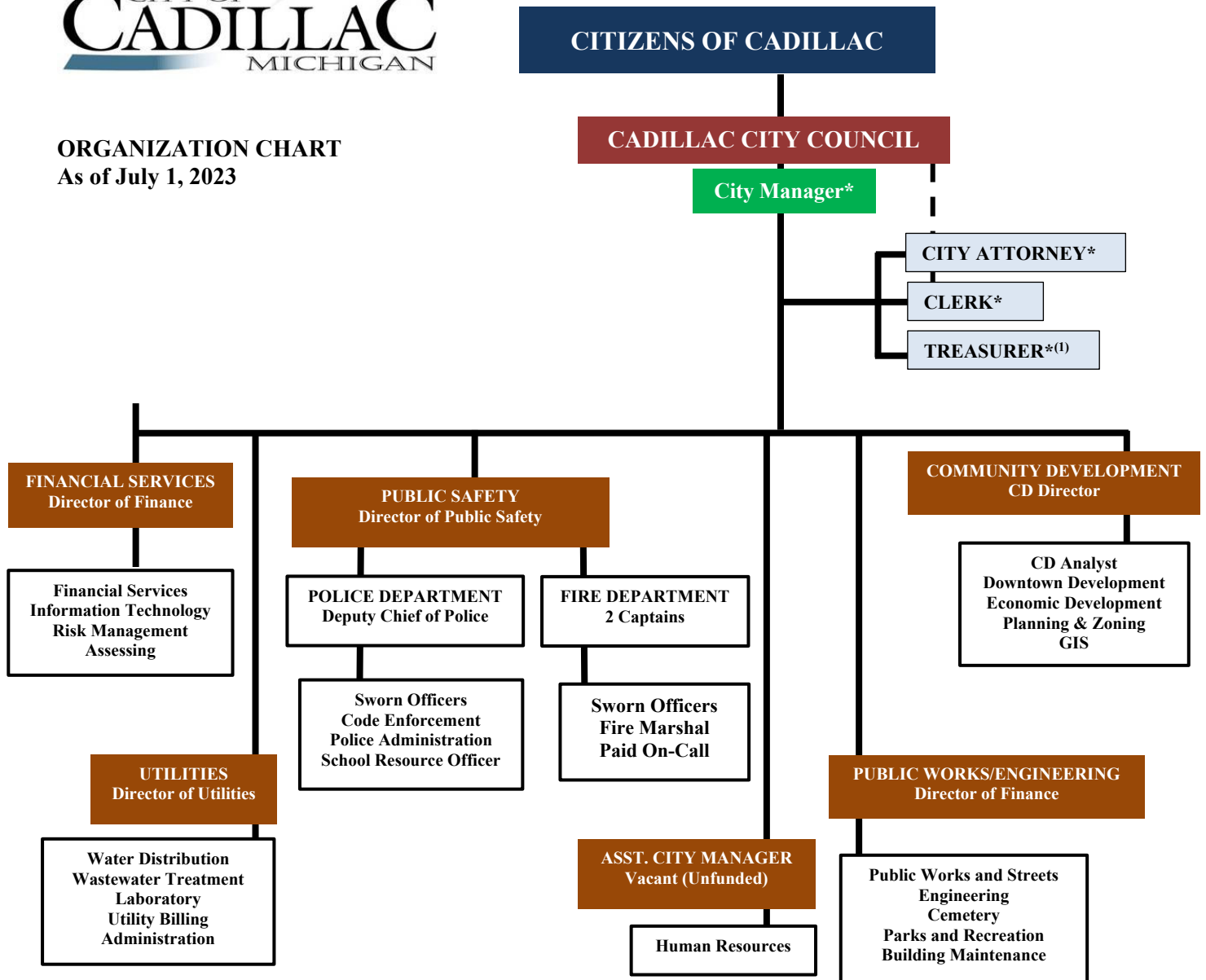
As the above chart illustrates, FTE levels have declined by 2 employees in the last 10 years. This was primarily accomplished through attrition and consolidation of duties. For FY2017, a vacancy in the Cemetery due to the retirement of the former superintendent was left unfilled. The City reduced overall 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.



ORGANIZATION CHART
As of July 1, 2023



* Positions appointed by the Cadillac City Council.

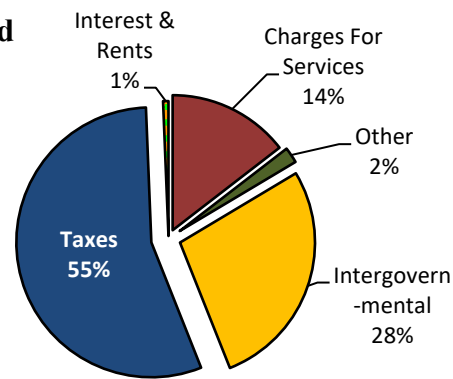
(1) Reports to Director of Finance

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. 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.

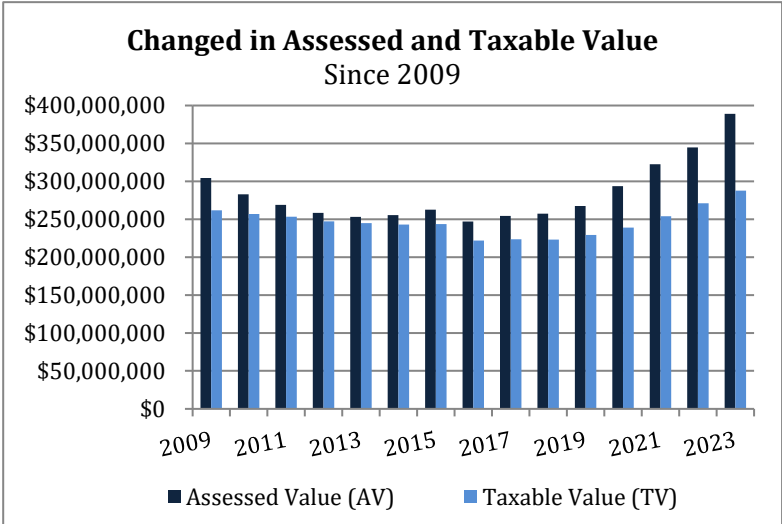
General Fund
Revenues
by Type
FY2024



REVENUE SUMMARY AND OUTLOOK

Property Taxes The General Fund’s primary revenue source is property taxes. Recent growth has been solid as local property values have increased which has naturally yielded positive gains for property tax revenues as well. 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. Growth in taxable value is restricted to the annual increase in the consumer price index as of September 30 of each year or 5%, whichever is lower. Since this inflation rate was 7.9%, the 5% cap was triggered and will be the inflation rate multiplier for the current tax roll. Growth in excess of 5% was the result of new construction. Tax revenue growth is further restricted by the State’s Headlee amendment. This amendment forced a “rollback” of the City’s operating millage rate 4 times since 2018, reducing the millage from 13.9473 mills to 13.4992 mills. These rollbacks have tempered the total growth in property tax revenues.

Tax reform also impacted the City’s tax roll. Effective with the 2016 tax roll, property taxes on eligible manufacturing personal property were phased out, and instead of paying 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 taken a conservative approach to projecting this revenue until multiple years of comparison and analysis can be made.



State Shared Revenue The second most significant source of revenue in the General Fund is from the State of Michigan in the form of State Shared Revenue (SSR). These revenues have finally returned to where they were in the early 2000s before dropping from \$1.3 million to \$873,000 from 2002-2010. They have grown slowly since 2010 and are projected to be at \$1,350,000 for FY2024. Projections are based on recent estimates produced by the Michigan Department of Treasury. The revenue is based primarily on sales tax revenues at the State level.

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.

Fund: General 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 \$3.3 million in wages and an additional \$2.1 million in benefits. Benefits are 65.5% 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 FY2024 and FY2023 represent budgeted amounts, while FY2020-2022 are actual audited amounts.

	FY2024	FY2023	FY2022	FY2021	FY2020
Wages	\$3,265,500	\$3,065,000	\$2,980,117	\$2,780,845	\$2,651,045
Benefits	2,139,600	1,999,000	1,851,233	1,789,160	1,779,810
Total	\$5,405,100	\$5,064,000	\$4,831,350	\$4,570,005	\$4,430,855
% of G.F. Expenditures	65.5%	65.2%	62.1%	64.6%	61.7%

Total employee compensation has increased by about 20% over the last five years, but overall 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. Organization wide, full-time staffing was reduced by one additional position in FY2022. 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.

New Budgetary Issues There are several issues in this year's budget that are either new or updated from prior years, including:

- Lake Treatment: This budget proposes a transfer of \$50,000 to support lake treatment activities. The General Fund is currently the sole source of funds for these activities.
- Parking Maintenance: After the parking maintenance special assessment was not passed in the current year, the General fund is now funding all parking maintenance activities. This increases parking lot maintenance expenditures from the General Fund to \$100,000 from \$15,000 in the prior year.
- Cadillac Community Center capital projects: The Cadillac Community Center is in need of several upgrade and maintenance projects. The current budget proposes to transfer \$33,000 to cover the first of these projects.

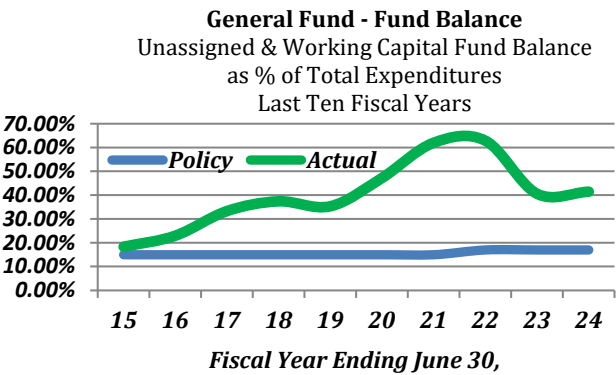
Capital Outlay The FY2024 budget includes appropriations for several capital purchases, including:

- Cadillac Municipal Complex: Entryway sidewalks will be replaced, along with the concrete approach to the Fire Department garage.
- Police Department: A car port will be installed to protect active shift patrol vehicles from the elements, a new patrol vehicle and detective vehicle will be purchased, and a couple of small equipment purchases will be made.
- Fire Department: The CFD will replace several sets of turnout gear and some large fans used at fire scenes.
- Parks and Recreation: New playground equipment and a new mower will be acquired, and pumps will be replaced at one of the bathroom facilities.

Capital projects are further discussed in the 'Capital Improvement' section of this budget document.

Fund: General Fund

Fund Balance Cadillac has established a policy that an amount equal to 17% 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 FY2024 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 41% of current General Fund expenditures.



The FY2024 budget proposes the use of \$256,300 reserve funds on hand. This will fund various capital projects and purchases and as the information below confirms this is not an indication that the City’s budget is structurally imbalanced. Rather, it is a strategic investment of prior funds on hand in excess of policy-level reserves for important one-time uses. The fund balance has increased in the last several years based on additional funds received to reimburse the loss of personal property taxes. The drop in Fund Balance in FY2023 in the chart above is due to a transfer of approximately \$1.4 million to the Major and Local Street Funds for street improvements.

General Fund Outlook and Structural Balance Analysis The City continues to structure its operations and make decisions that maintain long-term stability and sustainability, and actively manage ongoing costs in an effort to stay structurally balanced. The following table shows that the proposed budget is structurally balanced where ongoing revenues cover ongoing operational expenditures, but work will continue to ensure that the City can continue to make needed capital investments.

Total Revenues:		8,420,100
Less: One-Time Revenue		
Sale of Property	5,000	
Total One-Time Revenues		(5,000)
Net = Ongoing Revenue		\$8,415,100
 Total Expenditures		8,676,400
Less: One-Time Expenditures		
Capital Outlay		(439,500)
Net = Ongoing Expenditures		\$8,236,900
 Ongoing Revenues Over (Under) Ongoing Expenditures		\$178,200

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:

Fund: General Fund

5-Year Projection Data - General

As of FY2024 Budget Process

	Expected	Proposed	PROJECTED				
	2023	2024	2025	2026	2027	2028	2029
Revenue							
Taxes	4,521,400	4,663,500	4,745,750	4,829,558	4,914,953	5,001,967	5,090,631
Licenses	140,400	130,000	129,000	129,000	129,000	129,000	129,000
Intergovernmental	2,369,000	2,320,000	2,218,900	2,234,853	2,251,010	2,267,377	2,283,954
Charges for Services	1,193,000	1,224,100	1,231,100	1,233,140	1,235,221	1,237,343	1,239,508
Fines and Forfeits	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Miscellaneous	88,600	20,000	20,000	15,000	80,000	15,000	15,000
Interest and Rents	90,000	53,500	53,500	53,500	53,500	53,500	53,500
Other Financing Sources	0	0	0	0	0	0	0
	\$8,411,400	\$8,420,100	\$8,407,250	\$8,504,050	\$8,672,684	\$8,713,187	\$8,820,593
Expenditures							
Salaries and Wages	3,155,100	3,265,500	3,344,800	3,426,083	3,509,397	3,594,794	3,682,327
Employee Benefits	2,082,000	2,139,600	2,130,440	2,172,187	2,214,863	2,258,489	2,303,088
Office and Operating Supplies	217,000	227,100	229,371	231,665	233,981	236,321	238,684
Contractual Services	1,211,300	1,359,400	1,215,300	1,221,285	1,227,356	1,233,516	1,239,764
Repairs and Maintenance	147,500	154,500	156,045	157,605	159,182	160,773	162,381
Equipment Rental	195,200	174,700	176,375	178,067	179,775	181,501	183,244
Travel and Education	55,000	66,500	67,165	67,837	68,515	69,200	69,892
Utilities	228,400	238,200	242,964	247,823	252,780	257,835	262,992
Other Expenses	156,100	253,700	256,237	258,799	261,387	264,001	266,641
Local Support	87,800	114,700	111,300	111,300	111,300	111,300	111,300
Transfers to Other Funds	1,645,000	243,000	190,000	190,000	190,000	190,000	190,000
	\$9,180,400	\$8,236,900	\$8,119,997	\$8,262,651	\$8,408,536	\$8,557,731	\$8,710,314
Capital Outlay	\$342,000	\$439,500	\$292,500	\$2,523,000	\$441,000	\$85,500	\$750,000
Total Expenditures	\$9,522,400	\$8,676,400	\$8,412,497	\$10,785,651	\$8,849,536	\$8,643,231	\$9,460,314
Revenue Over (Under) Expenditures	(\$1,111,000)	(\$256,300)	(\$5,247)	(\$2,281,601)	(\$176,852)	\$69,956	(\$639,720)
Beginning Fund Balance	4,818,845	3,707,845	3,451,545	3,446,298	1,164,697	987,845	1,057,801
Ending Fund Balance	3,707,845	3,451,545	3,446,298	1,164,697	987,845	1,057,801	418,080
Policy Fund Balance	1,618,808	1,474,988	1,430,124	1,833,561	1,504,421	1,469,349	1,608,253
Balance Over (Under) Policy	2,089,037	1,976,557	2,016,174	(668,863)	(516,576)	(411,549)	(1,190,173)
Total Ongoing Revenue	8,411,400	8,420,100	8,407,250	8,504,050	8,672,684	8,713,187	8,820,593
Total Operating Expenditures	9,180,400	8,236,900	8,119,997	8,262,651	8,408,536	8,557,731	8,710,314
Structural Balance (Deficit)	(769,000)	178,200	287,253	241,399	264,148	155,456	110,280

Fund: General Fund

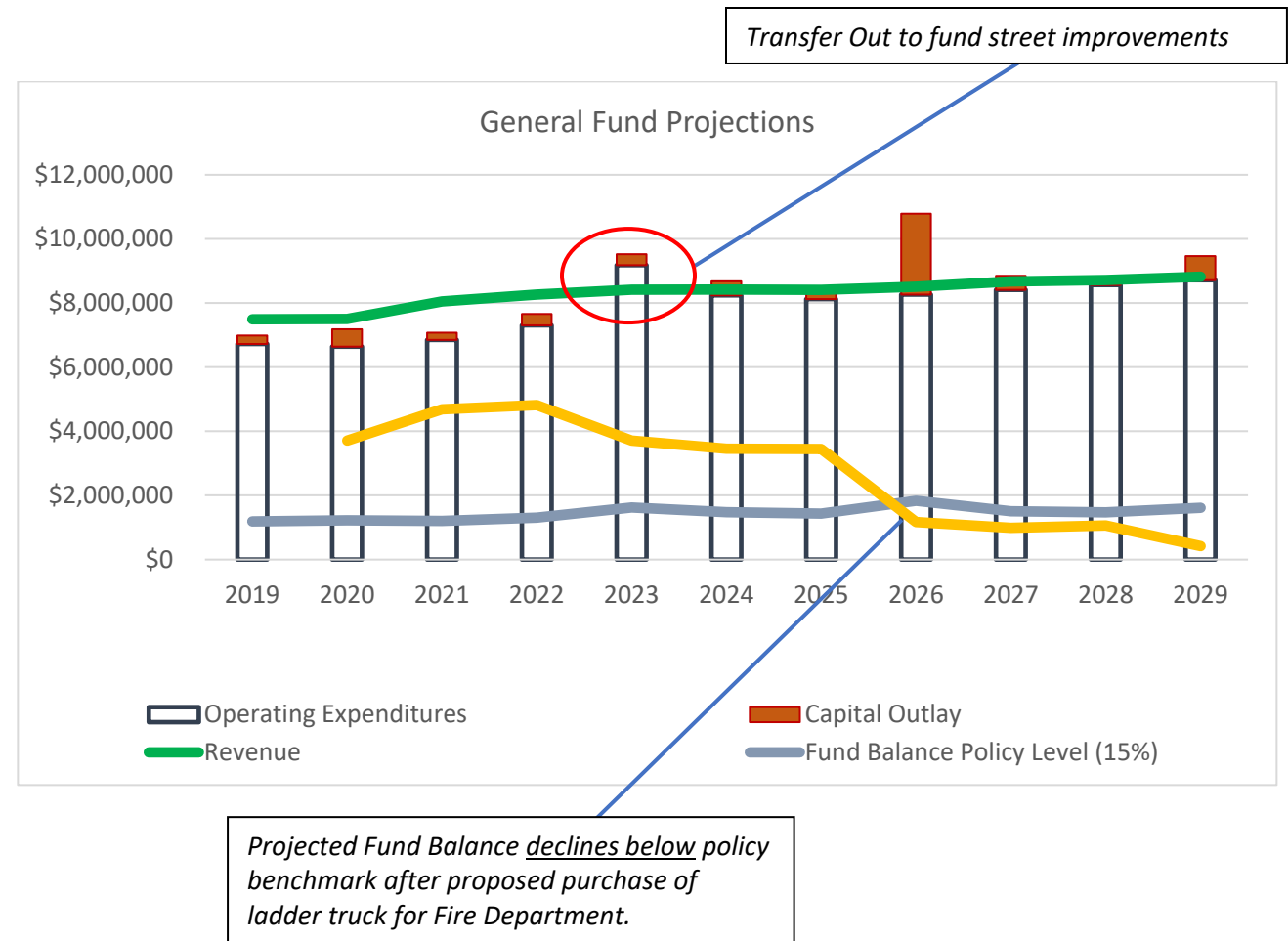
General Fund 5-Year Projections

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 2% per year. The other principal source of General Fund revenue, State Shared Revenue, is projected to grow at just 1% per year.

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 about 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 dip below the fund balance policy level of 17% of expenditures primarily due to the proposed replacement of the ladder truck in the Fire Department in FY2026. Outside funding or an installment purchase loan will be needed to fully fund this replacement. The City will need to continually analyze the spending structure and additional revenue opportunities in order to fully fund operations and capital investment in the future.



Fund: General Fund**Revenue Summary**

Fund Summary	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed	% Change
REVENUES AND OTHER SOURCES:					
Taxes	\$4,385,897	\$4,521,400	\$4,353,000	\$4,663,500	7.13%
Licenses	134,225	140,400	132,500	130,000	-1.89%
Intergovernmental	2,525,301	2,369,000	2,171,000	2,320,000	6.86%
Charges For Services	1,075,340	1,193,000	1,175,100	1,224,100	4.17%
Fines and Forfeits	8,488	9,000	10,000	9,000	-10.00%
Miscellaneous	116,006	88,600	20,000	20,000	0.00%
Interest and Rents	18,276	90,000	36,500	53,500	46.58%
Other Financing Sources	0	0	0	0	0.00%
Total Revenues	\$8,263,533	\$8,411,400	\$7,898,100	\$8,420,100	6.61%

General Fund Revenue Sources

	<i>Percentage of General Fund Revenues from 1980-Current</i>				
	Current	FY2010	FY2000	FY1990	FY1980
Taxes	55.40%	62.50%	53.54%	54.49%	44.58%
Intergovernmental	27.55%	18.63%	27.33%	29.10%	27.11%
Charges for Services	14.54%	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:	\$285,000,000	\$3,845,277	(Preliminary roll; budget reflects slightly lower.)
Prior Year Taxable Value:	\$270,904,206	\$3,655,094	
Increase (Decrease):	\$14,095,794	\$190,183	
% Change:	5.20%	5.20%	

Total Levy	Total Tax Levy	DDA Capture	LDFA Capture	Brownfield Capture	General Fund Taxes	Taxes Captured
General Operating	\$3,845,277	54,564	60,678	35,149	\$3,694,886	\$150,391
P&F Retirement	\$741,000	10,515	14,712	6,760	\$709,013	\$31,987
		65,079	75,390	41,909	\$4,403,899	\$182,378

Fund: General Fund

Fund Summary	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Taxes				
Current Property Tax	\$3,405,397	\$3,525,000	\$3,480,000	\$3,675,000
Industrial Facilities Tax	18,071	11,600	10,000	10,000
Property Tax - Police and Fire	652,130	680,000	670,000	700,000
Delinquent Tax Collections	3,665	200	1,000	1,000
Marihuana Tax	112,907	103,600	0	80,000
Administration Fees	140,162	147,000	130,000	140,000
Trailer Park Fees	2,398	2,000	2,000	2,500
Penalties and Interest	28,128	28,000	30,000	30,000
Payment in Lieu of Taxes				
Housing	23,039	24,000	30,000	25,000
Total Taxes	\$4,385,897	\$4,521,400	\$4,353,000	\$4,663,500
Licenses and Permits				
Cable Franchise Fees	\$128,736	\$125,000	\$130,000	\$124,000
Business Licenses	4,810	15,000	1,500	5,000
Permits	679	400	1,000	1,000
Total Licenses and Permits	\$134,225	\$140,400	\$132,500	\$130,000
Intergovernmental Revenues				
State Shared Revenues:				
Sales & Use Tax - Constitutional	\$1,094,863	\$1,130,000	\$1,000,000	\$1,125,000
Sales & Use Tax - Statutory	205,834	216,500	215,000	225,000
Revenue Sharing - Marihuana	0	0	50,000	0
Liquor Licenses	10,721	11,000	9,000	10,000
Local Community Stabilization Authority	801,098	700,000	600,000	650,000
Telecommunications Right of Way	47,829	47,500	44,000	48,000
Grants from Local Units:				
Fire Protection	200,133	212,000	200,000	210,000
Michigan Justice Training Grant	1,823	2,000	3,000	2,000
CAPS - School Officer	50,000	50,000	50,000	50,000
Federal Grants	108,000	0	0	0
State of Michigan Grants	5,000	0	0	0
Local Funds	0	0	0	0
Total Intergovernmental Revenues	\$2,525,301	\$2,369,000	\$2,171,000	\$2,320,000

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 \$113 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.

Refuse Collection

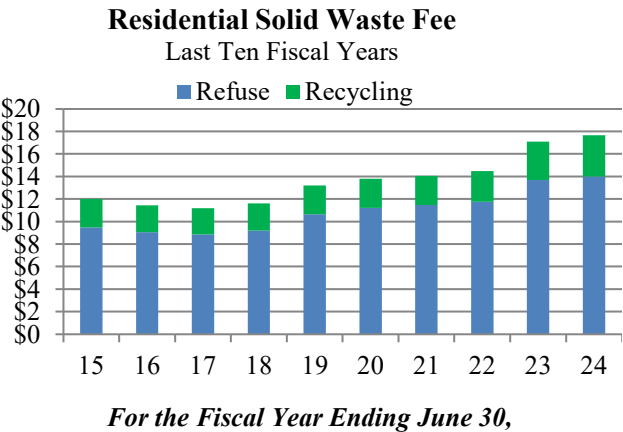
Average # of customers	3,300
Monthly Charge	\$14.00
Total Monthly Revenue	\$46,200
Annual Revenue	\$554,400

Recycling

Average # of customers	3,300
Monthly Charge	\$3.50
Total Monthly Revenue	\$11,550
Annual Revenue	\$138,600

Tidy Tote Garbage Cans

Average # of customers	2,600
Monthly Charge	\$2.10
Total Monthly Revenue	\$5,460
Annual Revenue	\$65,520



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.

Fund: General Fund

Fund Summary	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Charges For Services				
Zoning Fees	\$2,915	\$1,500	\$1,500	\$1,500
Exemption Certificate Fees	0	0	0	0
Northflight/MMR	84,606	100,500	77,000	100,000
Police Charges	3,052	2,500	4,000	4,000
Fire Department Charges	6,545	2,500	5,000	2,000
Engineering Fees	390	400	0	0
Solid Waste Collection	641,142	742,000	745,000	765,000
EGLE Management Fee	25,000	25,000	25,000	25,000
Rental Housing Ordinance Fee	7,120	8,000	7,000	7,000
Other	470	0	0	0
Administrative Charges				
Water and Sewer Fund	\$245,000	\$245,000	\$245,000	\$250,000
Stores & Garage Fund	20,000	20,000	20,000	24,000
Community Development Fund	12,000	12,000	12,000	12,000
Data Processing Fund	23,500	30,000	30,000	30,000
Building Inspection Fund	3,600	3,600	3,600	3,600
Total Charges For Services	\$1,075,340	\$1,193,000	\$1,175,100	\$1,224,100
Fines and Forfeits				
Violations Bureau	\$8,488	\$9,000	\$10,000	\$9,000
Total Fines and Forfeits	\$8,488	\$9,000	\$10,000	\$9,000
Miscellaneous				
Sale of Property	4,000	23,600	5,000	5,000
Contributions - Private Sources	65,736	0	5,000	5,000
Miscellaneous - Refunds and Rebates	46,270	65,000	10,000	10,000
Total Miscellaneous	\$116,006	\$88,600	\$20,000	\$20,000
Interest and Rents				
Interest Income	\$11,531	\$85,000	\$35,000	\$50,000
Land and Building Rental	6,745	5,000	1,500	3,500
Total Interest and Rents	18,276	90,000	36,500	53,500
Other Financing Sources				
Appropriated Fund Balance	0	0	0	0
Total Other Financing Sources	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$8,263,533	\$8,411,400	\$7,898,100	\$8,420,100

Fund: General Fund

Fund Summary	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed	Change
<u>EXPENDITURES</u>					
General Government					
Legislative	\$49,562	\$49,600	\$55,000	\$57,500	4.55%
Office of the City Manager	325,286	332,700	332,300	352,700	6.14%
Financial Services	369,084	380,800	378,100	404,100	6.88%
Clerk/Treasurer Department	355,015	371,800	363,000	392,000	7.99%
Election Services	16,000	25,500	16,000	28,000	75.00%
Assessing	139,277	142,000	144,000	149,300	3.68%
Legal Services	112,547	122,000	200,000	200,000	0.00%
City Hall	395,217	469,800	355,100	475,900	34.02%
Total General Government	\$1,761,988	\$1,894,200	\$1,843,500	\$2,059,500	11.72%
Public Safety					
Police Department	\$2,272,531	\$2,270,400	\$2,273,000	\$2,555,100	12.41%
Code Enforcement	18,489	19,000	19,000	21,000	10.53%
Fire Department	1,600,348	1,871,700	1,600,900	1,699,000	6.13%
Total Public Safety	\$3,891,368	\$4,161,100	\$3,892,900	\$4,275,100	9.82%
Public Works	\$1,034,714	\$1,120,600	\$1,106,300	\$1,216,100	9.92%
Culture and Recreation	327,697	326,000	307,000	438,000	42.67%
Economic Development and Assistance	312,889	302,500	303,000	345,500	14.03%
Intergovernmental Expenses	59,656	73,000	99,200	99,200	0.00%
Other Financing	270,000	1,645,000	170,000	243,000	42.94%
TOTAL EXPENDITURES	\$7,658,312	\$9,522,400	\$7,721,900	\$8,676,400	12.36%
FUND BALANCE AT YEAR END					
Net Change in Fund Balance	\$605,221	(\$1,111,000)	\$176,200	(\$256,300)	
Fund Balance - Beginning of Year	4,726,453	5,331,674	5,331,674	4,220,674	
FUND BALANCE AT YEAR END					
Nonspendable	48,531	50,000	50,000	50,000	
Restricted	68,729	20,748	16,248	12,748	
Committed	-	-	-	-	
Assigned	1,494,454	1,718,360	1,448,285	1,606,460	
Unassigned	3,719,960	2,431,566	3,993,341	2,295,166	
TOTAL FUND BALANCE	\$5,331,674	\$4,220,674	\$5,507,874	\$3,964,374	

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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Nonspendable				
Prepaid Expenditures	48,531	50,000	50,000	50,000
Restricted For:				
Veterans Memorial	1,855	1,855	1,855	1,855
Flags Forever	1,375	500	500	500
Youth Services	844	844	844	844
Drug Forfeiture	4,656	656	656	656
Mayor's Youth Council	262	262	262	262
Blackburn Skate Park	3,272	3,272	3,272	3,272
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	7,000	5,000	500	500
Cadillac Trail Signage	5,000	2,500	2,500	0
McKellop Walkway Plowing	3,621	2,000	2,000	1,000
Fire Safety House	0	1,000	1,000	1,000
Leadership Projects	25,200	0	0	0
Mayor Wedding Fees	100	0	0	0
CASA Field Use	2,520	0	0	0
Dog Park	662	500	500	500
CAMA Lighthouse	800	0	0	0
Total Restricted	68,729	20,748	16,248	12,748
Assigned For:				
Sick and Vacation Funding	274,880	285,000	285,000	300,000
Working Capital	1,098,885	1,428,360	1,158,285	1,301,460
Pistol Range	16,588	5,000	5,000	5,000
Police and Fire	104,101	-	-	-
Total Assigned	1,494,454	1,718,360	1,448,285	1,606,460
Unassigned	3,719,960	2,431,566	3,993,341	2,295,166
TOTAL FUND BALANCE	\$5,331,674	\$4,220,674	\$5,507,874	\$3,964,374

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>GENERAL GOVERNMENT</u>				
Legislative				
Salaries	\$18,215	\$18,000	\$18,000	\$20,000
Fringes	1,420	1,600	1,500	2,000
Office Supplies	166	500	1,500	1,500
Contractual Services	3,694	4,500	5,000	5,000
Data Processing	3,000	3,000	3,000	3,000
Dues & Publications	6,839	7,000	7,000	7,000
Travel and Education	5,999	7,000	8,000	8,000
Ordinances and Proceedings	10,229	8,000	11,000	11,000
Total Legislative	\$49,562	\$49,600	\$55,000	\$57,500

<i>CITY COUNCIL MEASURES</i>				
Full-Time Positions	0	0	0	0
Part-Time Positions	5	5	5	5
Cost Per Resident	\$4.79	\$4.79	\$5.31	\$5.55

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 are informed on the latest issues involving municipal government. Contractual Services reflects the ongoing codification of the city code utilizing a third-party to update and host the City Code online.

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.

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>GENERAL GOVERNMENT (Cont.)</u>				
Office of the City Manager				
Salaries	\$194,866	\$210,000	\$210,000	\$220,000
Fringes	101,612	90,000	90,000	100,000
Office Supplies	1,457	2,500	2,000	2,500
Data Processing	7,000	7,000	7,000	7,000
Dues & Publications	3,461	3,000	3,500	3,500
Telephone	2,670	4,000	4,000	4,000
Travel & Education	9,120	9,000	10,000	7,500
Vehicle Allowance	5,100	7,200	4,800	7,200
Suggestion Award	0	0	1,000	1,000
Total Office of the City Manager	\$325,286	\$332,700	\$332,300	\$352,700

<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	\$31.41	\$32.13	\$32.09	\$34.06

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.

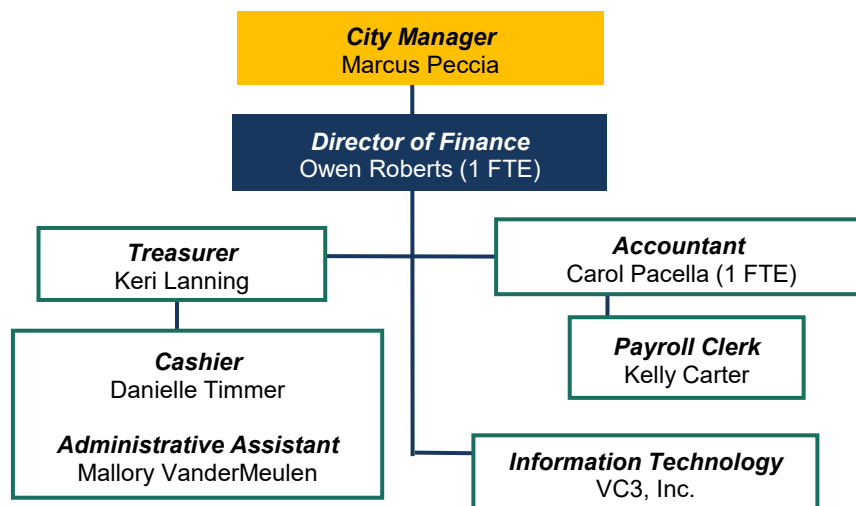
All human resource activities are overseen within the Office of the City Manager.

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

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
		2021	2022	2023	2024	
Received GFOA Budget/ACFR Awards		Yes	Yes	Yes	Yes	↔
General Fund Working Capital + Unassigned Fund Balance + Assigned to Subsequent Budget		\$4,387,578	\$4,818,845	\$3,859,926	\$3,596,626	↓
Total General Fund Expenditures		\$7,073,527	\$7,658,312	\$9,522,400	\$8,676,400	↑
Unreserved Fund Balance as % of General Fund Expenditures		47.97%	62.92%	40.54%	41.45%	↓
Fund Balance Policy Level (17%)		\$1,202,500	\$1,301,913	\$1,618,808	\$1,474,988	↑
Total Above (Below) Policy Benchmark *		\$3,185,078	\$3,516,932	\$2,241,118	\$2,121,638	↓
Unmodified Audit Opinion		Yes	Yes	Yes	Yes	↔

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
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GENERAL GOVERNMENT (Cont.)**Financial Services**

Salaries	\$204,765	\$212,000	\$205,000	\$220,000
Fringes	123,708	125,000	126,000	135,000
Office Supplies	1,672	4,000	5,000	5,000
Audit	9,240	9,200	10,000	10,000
Data Processing	22,000	22,000	22,000	24,000
Dues & Publications	1,625	1,500	1,500	1,500
Telephone	2,910	3,600	3,600	3,600
Travel & Education	3,164	3,500	5,000	5,000
Total Financial Services	\$369,084	\$380,800	\$378,100	\$404,100

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	\$35.64	\$36.77	\$36.51	\$39.02

**CAPITAL IMPROVEMENT
PROGRAM**

For the Six (6) Fiscal Years Ending
June 30, 2024 - 2029

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 \$29 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.

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
		2021	2022	2023	2024	
Total City-wide Assessed Value		\$293,238,353	\$322,622,100	\$344,453,700	\$389,102,000	↑
Total City-wide Taxable Value		\$238,992,545	\$254,024,937	\$270,904,206	\$287,677,481	↑
Taxable Value as % of Assessed Value		81.5%	78.7%	78.6%	73.9%	↓
Tax Bills Issued		9,943	9,983	9,962	10,000	↔
Total Number of Annual Receipts		39,987	39,415	40,000	40,000	↔
Total Number of Online Receipts		10,045	11,607	12,000	12,500	↑
Dollar Value of Annual Receipts		\$20,000,945	\$21,401,116	\$22,000,000	\$22,000,000	↑
Accounts Payable Checks Issued		2,226	1,776	1,700	1,600	↓
Accounts Payable Electronic Payments Issued		199	878	950	1,000	↑
Payroll Fund Checks Issued		126	115	110	100	↓
Payroll Direct Deposits		3,257	3,231	3,250	3,275	↑
Miscellaneous Billing Invoices Issued		919	811	810	810	↔
Total Registered Voters		8,149	8,149	8,150	8,150	↑
Number of Elections		3	2	2	2	↔
Total Cost of Elections		\$24,480	\$16,000	\$25,000	\$28,000	↑
Cost per Election		\$8,160	\$8,000	\$12,500	\$14,000	↑

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
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GENERAL GOVERNMENT (Cont.)**Clerk/Treasurer Department**

Salaries	\$180,719	\$190,000	\$180,000	\$200,000
Fringes	123,351	132,000	126,000	130,000
Office Supplies	4,084	3,000	3,000	3,000
Postage	15,914	14,000	15,000	15,000
Telephone	690	1,000	0	1,000
Data Processing	20,000	20,000	20,000	24,000
Dues & Publications	811	1,000	1,000	1,000
Travel & Education	1,004	2,500	3,000	3,000
Act 425 Disbursements	8,254	4,300	5,000	5,000
Bad Debt Expense (1)	188	4,000	10,000	10,000
Total Clerk/Treasurer Department	\$355,015	\$371,800	\$363,000	\$392,000

(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	\$34.28	\$35.91	\$35.06	\$37.86

Election Services

Salaries	\$6,353	\$16,000	11,000	\$18,000
Office Supplies	9,647	9,500	5,000	10,000
Contractual Services	0	0	0	0
Total Election Services	\$16,000	\$25,500	\$16,000	\$28,000

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	\$1.55	\$2.46	\$1.55	\$2.70
Registered Voters	7,214	7,304	7,300	7,300
Cost per registered voter	\$2.22	\$3.49	\$2.19	\$3.84

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
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GENERAL GOVERNMENT (Cont.)**Assessor**

Postage	\$2,798	\$3,000	\$3,000	\$3,000
Contractual Services	0	0	2,000	2,000
Wexford County Contract	124,791	127,500	128,000	130,000
Data Processing	10,000	10,000	10,000	12,000
Board of Review	1,688	1,500	1,000	2,300
Total Assessor	\$139,277	\$142,000	\$144,000	\$149,300

ASSESSING MEASURES

Full-Time Positions	0	0	0	0
Part-Time Positions	4	4	4	4
Cost Per Resident	\$13.45	\$13.71	\$13.91	\$14.42

City Assessor The function of the City Assessor has been contracted with the Wexford County Equalization Department. A new contract was approved by the City Council in March 2022 for an initial 5-year term with automatic 1-year extensions after the initial term. Payments to the County are made quarterly. The contractual arrangement has been beneficial for the City and provides very good service to property owners. The City is responsible for the board of review that is held periodically as required by the General Property Tax Act. Contractual Services activity includes professional fees and potential appraisal costs associated with justifying and defending the assessed property values. Joe Porterfield has been the Wexford County Equalization Director since 2009.

Annual costs of the assessing contract are as follows:

Service	Charge	# of Parcels	Annual Cost
Per Parcel assessing charge	\$19.46	6,200	\$120,652
Per Parcel assessment roll maintenance	\$1.35	6,200	\$8,370
Total Charges			\$129,022

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
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GENERAL GOVERNMENT (Cont.)**Legal Services**

Legal Services - General Counsel	\$45,321	40,000	\$65,000	\$65,000
Legal Services - Special	36,493	50,000	100,000	100,000
Legal Services - Prosecution	30,733	32,000	35,000	35,000
Total Legal Services	\$112,547	\$122,000	\$200,000	\$200,000

Cost Per Resident	\$10.87	\$11.78	\$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.

Costs for Legal Services General counsel services provided by Foster, Swift, Collins & Smith, PC will be billed at an hourly rate of \$210 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 \$210 and \$260 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>
		2020	2021	2022	2023	2024
City Attorney Hours Billed		710	966	538	500	825
City Attorney Costs		\$139,507	\$190,561	\$112,547	\$90,000	\$165,000
Prosecutor Costs		\$30,568	\$30,557	\$30,733	\$35,000	\$35,000

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

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
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GENERAL GOVERNMENT (Cont.)**City Hall**

Salaries	\$42,447	\$41,500	\$41,000	\$46,000
Fringes	34,941	35,000	35,000	35,000
Operating Supplies	16,478	15,000	15,000	15,000
Contractual Services	5,738	7,500	5,000	8,000
Service/Lease Contracts	2,047	2,000	2,000	2,000
Data Processing	1,600	1,600	1,600	2,400
Liability Insurance	85,758	95,000	90,000	95,000
Utilities	98,776	90,000	85,000	95,000
Repair and Maintenance	23,156	20,000	25,000	25,000
Equipment Rental	7,200	7,200	7,500	7,500
Parking Assessment	0	0	3,000	0
Capital Outlay	77,076	155,000	45,000	145,000
Total City Hall	\$395,217	\$469,800	\$355,100	\$475,900

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	\$38.17	\$45.37	\$34.29	\$45.96

TOTAL GENERAL GOVERNMENT

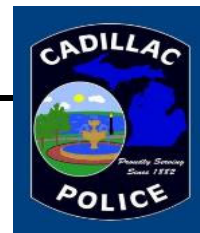
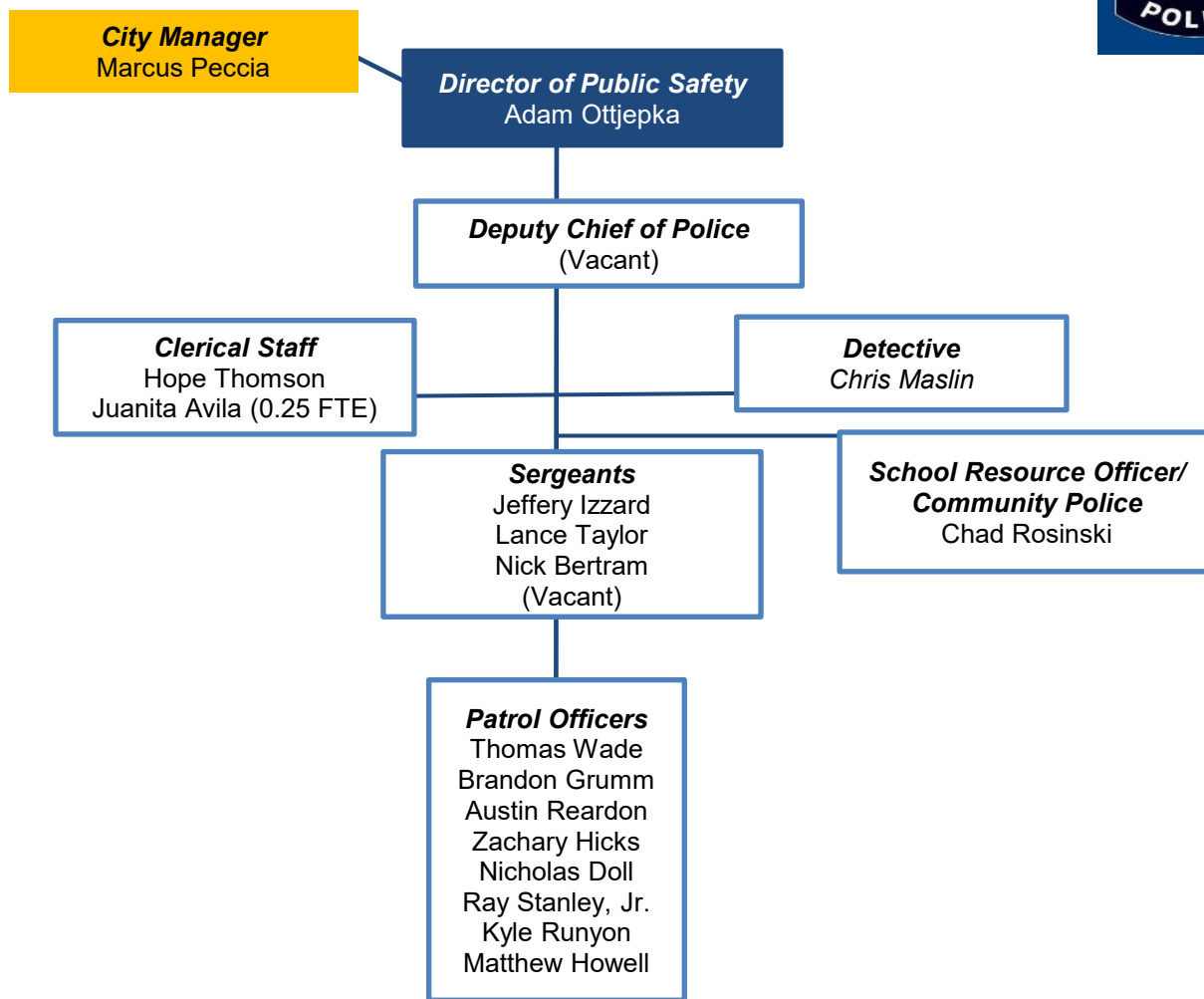
\$1,761,988	\$1,894,200	\$1,843,500	\$2,059,500
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TOTAL GENERAL GOVERNMENT MEASURES

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	\$170.16	\$182.93	\$178.03	\$198.89
% of General Fund Budget	23.01%	19.89%	23.87%	23.74%



Cadillac Municipal Complex The maintenance of the physical plant, which is occupied 24 hours per day, is anticipated to increase as the facility ages. To this point, the roof on the complex needed major maintenance in 2022 and was resurfaced at a cost of about \$145,000. No other 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.

Fund: General Fund**PERFORMANCE MEASURES - POLICE DEPARTMENT**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2021	2022	2023	2024	
Sworn Officers		15	15	15	15	↔
Police Reports Completed		3,650	3,786	3,500	3,500	↔
Police Reports per Sworn Officer		243	252	233	233	↔
Traffic Citations Issued		260	244	300	300	↔
Traffic Verbal Warnings Issued		2,146	1,773	1,500	1,500	↑
Criminal Investigations		1,708	1,999	2,100	2,100	↑
Freedom of Information Requests Fulfilled		153	186	160	160	↔
Handgun Registrations		335	253	350	350	↔
K-9 Unit Tracking Calls		3	4	5	5	↔
K-9 Unit Demonstrations		2	4	5	5	↑
K-9 Unit Searches		3	4	10	10	↑
Non-Criminal Investigations		2,325	2,290	2,300	2,300	↔
Total Calls for Service		8,337	7,537	7,500	7,500	↔
Total Arrests		672	661	670	670	↔
Average Mileage of Fleet		75,560	75,086	75,000	80,000	↑
Average Mileage of Patrol Vehicles		59,001	41,328	55,000	65,000	↑
Operating Cost per Sworn Officer		\$131,563	\$137,685	\$150,533	\$159,340	↑

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.



Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>PUBLIC SAFETY</u>				
Police Department				
Salaries - Full-Time Staff	\$1,075,516	\$1,082,000	\$1,132,000	\$1,215,000
Salaries - Overtime	89,590	95,000	85,000	85,000
Salaries - Crossing Guards	0	0	10,000	0
Salaries - Auxiliary	0	0	2,000	0
Fringes	713,569	885,000	845,000	905,000
Office Supplies	3,577	6,000	6,500	6,500
Operating Supplies	58,461	45,000	43,000	43,000
Operating Supplies - Community Service	633	500	1,100	1,100
Contractual Services	5,000	5,000	5,000	5,000
Uniform Cleaning	8,435	10,000	10,000	10,000
Data Processing	52,000	52,000	52,000	52,000
Dues & Publications	1,745	1,900	1,900	2,000
Radio & Equipment Maintenance	163	6,000	6,500	6,500
Telephone	4,782	6,000	6,500	6,500
Travel & Education	19,663	19,000	20,000	20,000
Vehicle Repair and Maintenance	23,123	19,000	19,000	20,000
Uniforms and Maintenance	9,015	12,000	12,500	12,500
Capital Outlay	207,259	26,000	15,000	165,000
Total Police Department	\$2,272,531	\$2,270,400	\$2,273,000	\$2,555,100

POLICE DEPARTMENT MEASURES

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	\$219.46	\$219.26	\$219.51	\$246.75

Code Enforcement

Salaries	\$10,293	\$10,500	\$10,500	\$11,000
Fringes	8,196	8,500	8,500	9,500
Supplies	0	0	0	500
Total Code Enforcement	\$18,489	\$19,000	\$19,000	\$21,000

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

CODE ENFORCEMENT MEASURES

Full-Time Positions	0.000	0.000	0.000	0.250
Part-Time Positions	0.000	0.000	0.000	0.000
Cost per Resident	\$1.79	\$1.83	\$1.83	\$2.03

Fund: General Fund

CADILLAC POLICE DEPARTMENT FLEET DETAILS			
#	Vehicle	Assignment	Miles
1	2021 Interceptor SUV	Sergeant Road Patrol	24,090
2	2015 Interceptor	School Resource Ofcr.	130,939
3	2021 Interceptor SUV	Primary Road Patrol	65,480
4	2019 Interceptor	Training Vehicle	111,686
5	2022 Interceptor SUV	Primary Road Patrol	32,744
10	2016 Interceptor	Training Vehicle	130,000
11	2015 Interceptor	Detective	120,009
12	2017 Interceptor SUV	Patrol/K9	42,987
13	2020 Dodge Ram	Deputy Chief of Police	17,840



Average Mileage all Vehicles 75,086
 Average Mileage Patrol Fleet 41,325

Public Safety Benchmarking

POLICE DEPARTMENT		FY2023 Police Budget	Number of Sworn Officers	Citizens Served Per Officer	Per Capita Costs	% of General Fund
Cities	Pop.					
Manistee	6,259	\$1,488,415	12	521.58	\$237.80	20.28%
Big Rapids	7,705	\$2,368,200	19	405.53	\$307.36	22.21%
Alpena	10,189	\$2,315,346	18	566.06	\$227.24	19.41%
Traverse City	15,279	\$4,754,700	28	545.68	\$311.19	23.35%
Sault Ste. Marie	13,288	\$3,333,200	24	553.67	\$250.84	24.37%
Coldwater	13,111	\$2,615,715	18	728.39	\$199.51	24.98%
Sturgis	11,082	\$3,244,998	19	583.26	\$292.82	27.17%
City of Cadillac	10,315	\$2,273,000	15	687.67	\$220.36	29.44%
<i>Average:</i>				573.98	\$255.89	23.90%

FIRE DEPARTMENT		FY2023 Fire Department Budget	Number of Full-Time Officers	Citizens Served Per Full-Time Officer	Per Capita Costs	% of General Fund
Cities	Pop.					
Manistee	6,259	\$1,252,875	7	894.14	\$200.17	17.07%
Big Rapids	7,705	\$1,096,500	9	856.11	\$142.31	10.28%
Alpena (Fire + EMS)	10,189	\$3,504,142	28	363.89	\$343.91	29.38%
Traverse City	15,279	\$3,531,500	25	611.16	\$231.13	17.35%
Sault Ste. Marie	13,288	\$1,792,000	18	738.22	\$134.86	13.10%
Coldwater	13,111	\$2,987,364	15	874.07	\$227.85	28.53%
Sturgis	11,082	\$1,666,224	13	852.46	\$150.35	13.95%
City of Cadillac	10,315	\$1,600,900	11	937.73	\$155.20	20.73%
<i>Average:</i>				765.97	\$198.22	18.80%

Fund: General Fund**Fire Department Information**

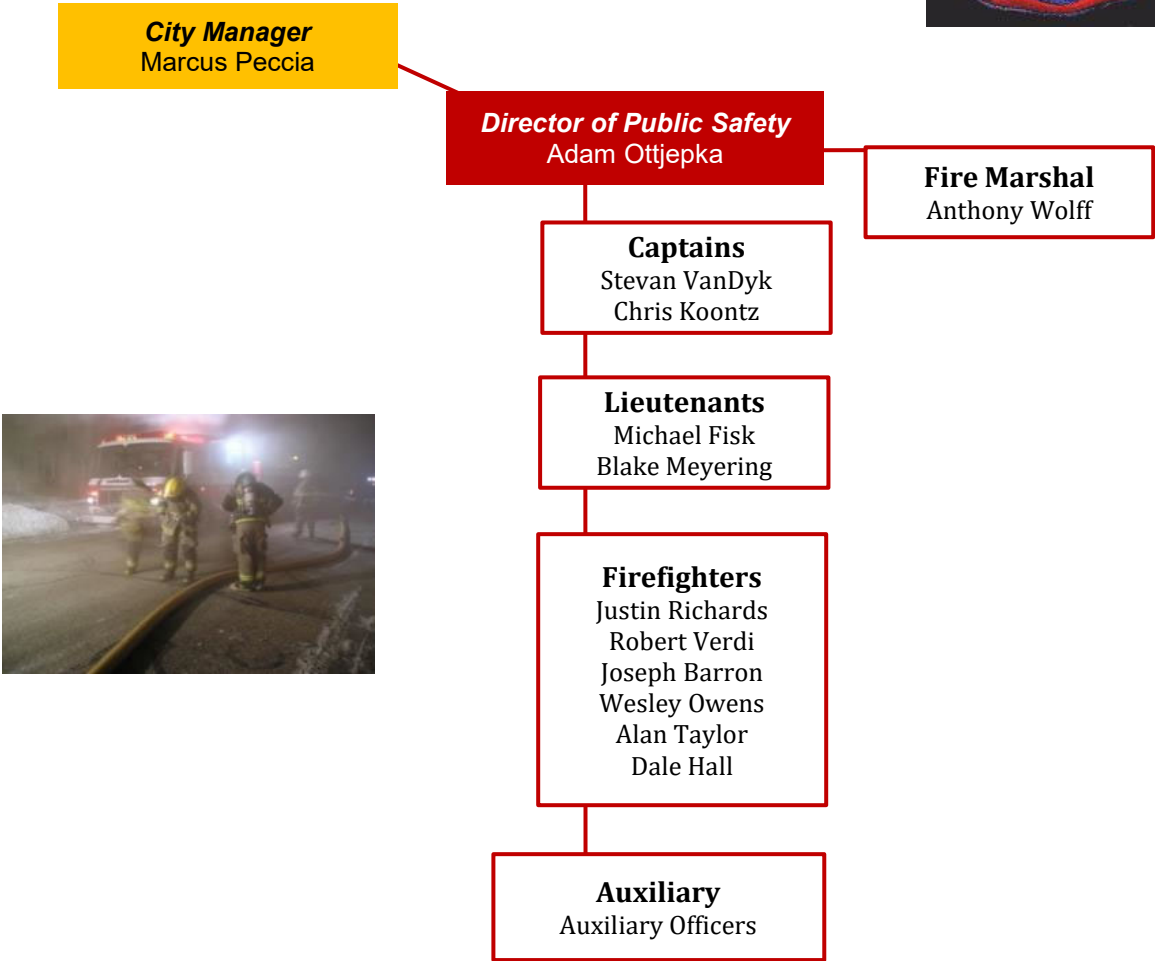
The Cadillac Fire Department uses a capable and well-trained staff of 11 full-time firefighters and 9 part-time firefighters to provide 24-hour fire protection to the City of Cadillac and Clam Lake Township. In addition to their fire fighting duties and in conjunction with the City's rental housing ordinance, 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
		2021	2022	2023	2024	
Total calls for service		2,619	2,567	2,550	2,550	↔
Number of Medical Emergency Responses		2,081	2,050	1,900	1,900	↓
Number of Fires reported		53	38	45	45	↔
Total Hours Spent in Training		1,851	1,900	2,000	2,000	↔
Fire Mutual Aid Responses Received		3	8	10	10	↔
Fire Mutual Aid Responses Given		2	6	5	5	↔
Average Fire Fighter turnout per Building Fire		7	7	8	8	↔
Number of Fire Inspections		195	563	200	200	↑
Ambulance Runs - In Service Area		1,375	1,420	1,200	1,200	↑
Ambulance Runs - Outside Service Area		338	383	400	400	↑
Operating Cost per Fire Fighter		\$130,289	\$140,000	\$155,973	\$144,173	↑

Fund: General Fund

FIRE DEPARTMENT CHART OF ORGANIZATION



Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>PUBLIC SAFETY (Cont.)</u>				
Fire Department				
Salaries - Full-Time Staff	\$655,402	\$637,000	\$665,000	\$705,000
Salaries - FLSA Overtime	41,607	42,000	42,000	45,000
Salaries - Overtime	112,532	240,000	91,500	95,000
Salaries - Volunteer	8,360	10,000	25,000	20,000
Fringes	559,980	625,000	595,000	625,000
Office Supplies	924	2,000	2,000	2,000
Operating Supplies	21,568	30,000	30,000	30,000
Operating Supplies-Community Service	0	1,000	1,000	1,000
Marshal Division Expenses	880	4,000	5,000	5,000
Fuel Costs	11,564	10,000	5,000	9,000
Uniform Cleaning	3,950	4,000	4,000	4,500
Subsistence Allowance	21,123	18,000	18,000	19,000
Data Processing	22,000	22,000	22,000	24,000
Dues & Publications	910	2,000	2,500	2,500
Radio & Equipment Maintenance	5,539	5,000	5,000	5,000
Telephone	1,137	1,500	1,200	1,300
Travel & Education	8,379	10,000	15,000	15,000
Vehicle Repair & Maintenance	59,036	27,000	30,000	30,000
Vehicle Preventive Maintenance	0	8,000	9,500	9,500
Uniforms & Maintenance	5,105	12,000	12,000	12,000
Employee Safety	0	5,200	5,200	5,200
Capital Outlay	60,352	156,000	15,000	34,000
Total Fire Department	\$1,600,348	\$1,871,700	\$1,600,900	\$1,699,000

FIRE DEPARTMENT MEASURES

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	\$154.55	\$180.75	\$154.60	\$164.08

TOTAL PUBLIC SAFETY

\$3,891,368	\$4,161,100	\$3,892,900	\$4,275,100
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TOTAL PUBLIC SAFETY MEASURES

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	\$375.80	\$401.84	\$375.94	\$412.85
% of General Fund Budget	50.81%	43.70%	50.41%	49.27%

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>PUBLIC WORKS</u>				
Engineering Services				
Salaries	\$32,849	\$0	\$0	\$0
Fringes	23,353	0	0	0
Office Supplies	0	0	0	0
Contractual Services	20,408	33,000	35,000	35,000
Data Processing	10,000	10,000	10,000	12,000
Total Engineering Services	\$86,610	\$43,000	\$45,000	\$47,000

<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	\$8.36	\$4.15	\$4.35	\$4.54

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.

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>PUBLIC WORKS (Cont.)</u>				
Public Works - Administration				
Salaries	\$49,912	\$50,000	\$40,500	\$45,000
Fringes	34,683	35,000	28,000	32,000
Operating Supplies	0	500	500	500
Travel and Education	0	0	0	3,000
Street Lighting	77,843	80,000	90,000	85,000
Telephone	1,140	1,300	1,300	1,300
Maintenance of Dam	6,027	3,500	4,000	4,000
Equipment Rental	3,626	8,000	0	0
Parking Lots	17,191	20,000	20,000	100,000
Hydrant Rental	23,750	24,000	24,000	24,000
Total Public Works - Administration	\$214,172	\$222,300	\$208,300	\$294,800

PUBLIC WORKS - ADMINISTRATION MEASURES

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	\$20.68	\$21.47	\$20.12	\$28.47

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.

**STREET LIGHTS**

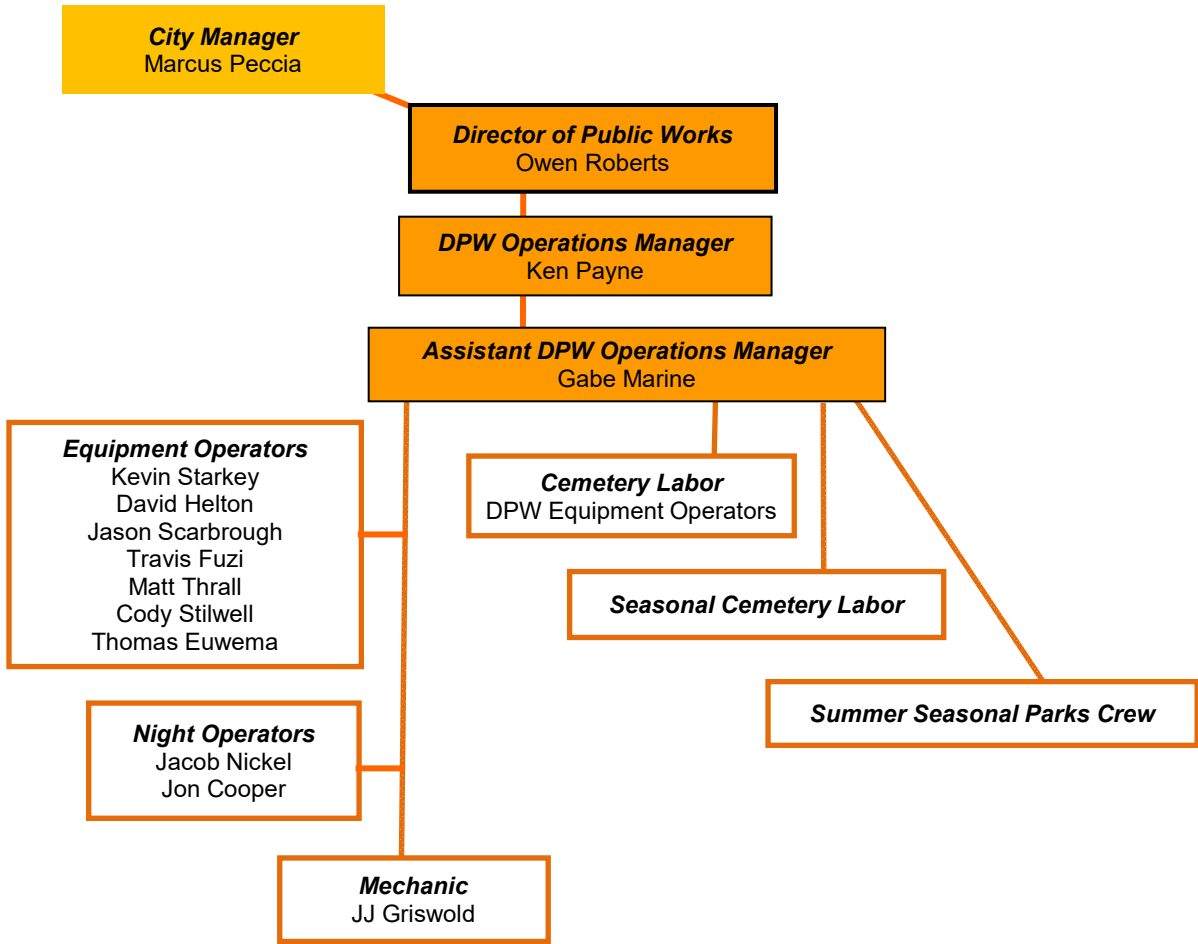
Number of Lights*	Size	Monthly Rate	Annual Cost
Sodium			
13	14000L	\$14.610	\$2,279
81	8500L	\$12.230	11,888
7	24000L	\$21.080	1,771
LED			
1	165-174W	\$18.330	220
339	45-54W	\$10.890	44,301
21	65-74W	\$12.130	3,057
11	85-94W	\$13.370	1,765
473			\$65,280

* As of February 2023 billing

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

Fund: General Fund

Public Works Department Structure and Organization



PERFORMANCE MEASURES - PUBLIC WORKS

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2021	2022	2023	2024	
Hours spent in leaf pickup		450	290	350	350	↔
Hours spent plowing sidewalks		250	314	300	300	↔
Miles of sidewalks maintained		53	53	53	53	↔

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>PUBLIC WORKS (Cont.)</u>				
Sidewalks and Alleys				
Salaries	\$7,807	\$12,000	\$10,000	\$10,000
Salaries - Part Time	0	0	0	0
Fringes	6,995	7,000	6,400	6,500
Operating Supplies	1,270	2,000	3,000	3,000
Equipment Rental	30,631	40,000	25,000	30,000
Total Sidewalks and Alleys	\$46,703	\$61,000	\$44,400	\$49,500
Leaves				
Salaries	\$5,466	\$7,500	10,000	\$10,000
Fringes	4,897	4,500	6,400	6,400
Equipment Rental	27,762	35,000	40,000	35,000
Total Leaves	\$38,125	\$47,000	\$56,400	\$51,400
Grass and Weed Control				
Salaries	\$9,162	\$7,500	\$9,000	\$8,000
Fringes	8,209	4,000	5,000	4,500
Equipment Rental	21,403	18,000	18,000	20,000
Total Grass and Weed Control	\$38,774	\$29,500	\$32,000	\$32,500
Composting				
Salaries	\$958	\$1,500	\$3,000	\$3,000
Fringes	858	1,000	1,900	1,900
Equipment Rental	3,449	3,800	4,000	4,000
Total Composting	\$5,265	\$6,300	\$8,900	\$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 soon.

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.

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>PUBLIC WORKS (Cont.)</u>				
Waste Removal				
Salaries	\$930	\$600	\$500	\$1,000
Fringes	536	400	300	500
Removal Contract	602,980	710,000	710,000	730,000
Equipment Rental	619	500	500	500
Total Waste Removal	\$605,065	\$711,500	\$711,300	\$732,000
TOTAL PUBLIC WORKS	\$1,034,714	\$1,120,600	\$1,106,300	\$1,216,100
Public Works per Resident Costs	\$99.92	\$108.22	\$106.84	\$117.44

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
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 (1)	\$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 (2)	\$13.02	\$3.42	\$16.44	19.74%
2024 (3)	\$13.35	\$3.50	\$16.85	2.49%

(1) The City approved a four-year extension for recycling and solid waste.

(2) Contracts extended 5 years.

(3) Projected; pending upcoming inflation indexes.

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 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.

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Parks				
Salaries	\$64,788	\$55,000	\$51,000	\$55,000
Salaries - Part Time	44,695	55,000	56,000	60,000
Fringes	45,419	40,000	38,000	43,000
Operating Supplies	8,428	22,000	25,000	25,000
Utilities	38,647	36,000	35,000	35,000
Repair and Maintenance	37,180	35,000	30,000	30,000
Equipment Rental	36,273	30,000	20,000	25,000
Contractual Services	3,432	11,000	5,000	32,500
Rental Building	1,500	1,500	1,500	1,500
Capital Outlay	11,835	5,000	10,000	95,500
Total Parks	\$292,197	\$290,500	\$271,500	\$402,500
TOTAL CULTURE AND RECREATION	\$327,697	\$326,000	\$307,000	\$438,000
Cost per Resident	\$31.65	\$31.48	\$29.65	\$42.30

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
		2021	2022	2022	2023	
Total Park Acres		117	117	117	117	↔
Total Parks Maintenance Costs		\$232,151	\$292,197	\$271,500	\$402,500	↑
Parks Maintenance Cost per Acre		\$1,984	\$2,497	\$2,321	\$3,440	↑
Parks Maintenance Cost per Resident		\$22	\$28	\$26	\$39	↑
Park Acres per 1,000 Population		11	11	11	11	↔
Seasonal Parks Maintenance Employees		10	10	10	10	↔

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
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ECONOMIC DEVELOPMENT AND ASSISTANCE**Community Development**

Salaries	\$103,171	\$137,000	\$140,000	\$150,000
Fringes	47,997	72,000	73,500	85,000
Office Supplies	1,777	3,000	4,000	4,000
Contractual Services	3,125	2,000	2,000	5,000
Data Processing	5,000	5,000	5,000	9,000
Dues & Publications	313	500	500	500
Telephone	1,820	2,500	2,500	2,500
Travel & Education	1,302	4,000	5,000	5,000
Publisher's Costs	2,291	1,500	2,000	2,000
Total Community Development	\$166,796	\$227,500	\$234,500	\$263,000

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	\$16.11	\$21.97	\$22.65	\$25.40

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.

Fund: General Fund

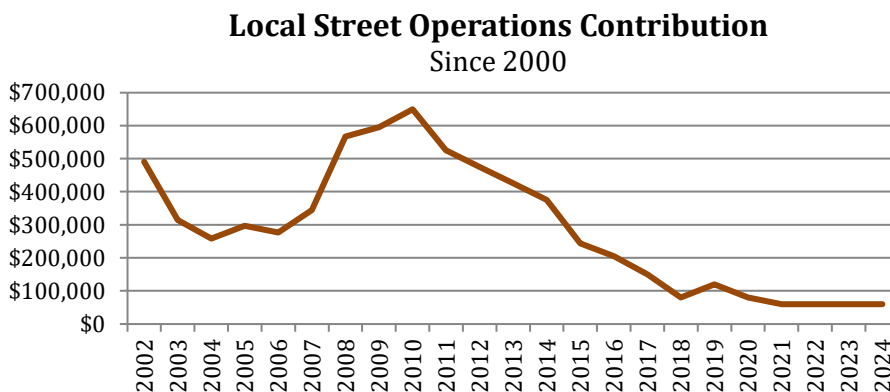
Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE (Continued)</u>				
Community Promotions				
Salaries	\$19,110	\$25,000	\$18,000	\$24,500
Fringes	11,248	16,000	11,500	15,000
Operating Supplies	7,494	7,500	8,000	8,000
Contractual Services	0	2,000	2,500	2,500
Utilities	954	2,500	3,000	3,000
Equipment Rental	17,129	20,000	16,000	20,000
Special Projects	0	0	2,500	2,500
Chamber of Commerce	2,000	2,000	2,000	2,000
Community Development	88,158	0	5,000	5,000
Total Community Promotions	\$146,093	\$75,000	\$68,500	\$82,500
TOTAL ECONOMIC DEVELOPMENT	\$312,889	\$302,500	\$303,000	\$345,500
<u>INTERGOVERNMENTAL EXPENDITURES</u>				
Airport	33,000	33,000	33,000	33,000
Recreation	26,656	40,000	66,200	66,200
Total Intergovernmental Expenditures	\$59,656	\$73,000	\$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.

Fund: General Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>OTHER FINANCING</u>				
Transfers to Other Funds:				
Local Street	\$60,000	\$710,000	\$60,000	\$60,000
Major Street	0	750,000	0	0
Cemetery Operating Fund	70,000	80,000	80,000	100,000
Transfer Out-Other	110,000	0	0	33,000
Transfer Out-Lake Treatment	30,000	105,000	30,000	50,000
Total Other Financing	\$270,000	\$1,645,000	\$170,000	\$243,000
TOTAL EXPENDITURES	\$7,658,312	\$9,522,400	\$7,721,900	\$8,676,400

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>2023 General Fund Budget</u>	<u>Per Capita Expenditures</u>
Manistee	6,259	\$7,340,415	\$1,172.78
Big Rapids	7,705	\$10,662,500	\$1,383.84
Alpena	10,189	\$11,925,944	\$1,170.47
Traverse City	15,279	\$20,359,600	\$1,332.52
Sault St. Marie	13,288	\$13,676,500	\$1,029.24
Coldwater	13,111	\$10,469,999	\$798.57
Sturgis	11,082	\$11,942,740	\$1,077.67
CADILLAC	10,315	\$7,721,900	\$748.61

Fund: General Fund**General Fund Capital Outlay****FY2024****City Hall**

Entry Sidewalk Repairs/Upgrades	\$35,000	
Fire Department Garage Approach	<u>110,000</u>	\$145,000

Police Department

Car Port	\$15,000	
Police Patrol Vehicle	62,000	
TruNarc Handheld Narcotics Analyzer	30,000	
Detective Vehicle	38,000	
In-Car Computer Systems Replacement	<u>20,000</u>	\$165,000

Fire Department

Ventilation Fans	\$18,000	
Turnout Gear	<u>16,000</u>	\$34,000

Parks and Recreation

Playground Equipment	\$50,000	
Riding Lawn Mower	8,000	
Shoreline Stabilization	7,500	
Grinder Pumps - Lakefront Bathrooms	<u>30,000</u>	\$95,500

Total	<u><u>\$439,500</u></u>	
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Source of Funds

General Governmental Revenues	\$439,500	
	<u><u>\$439,500</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

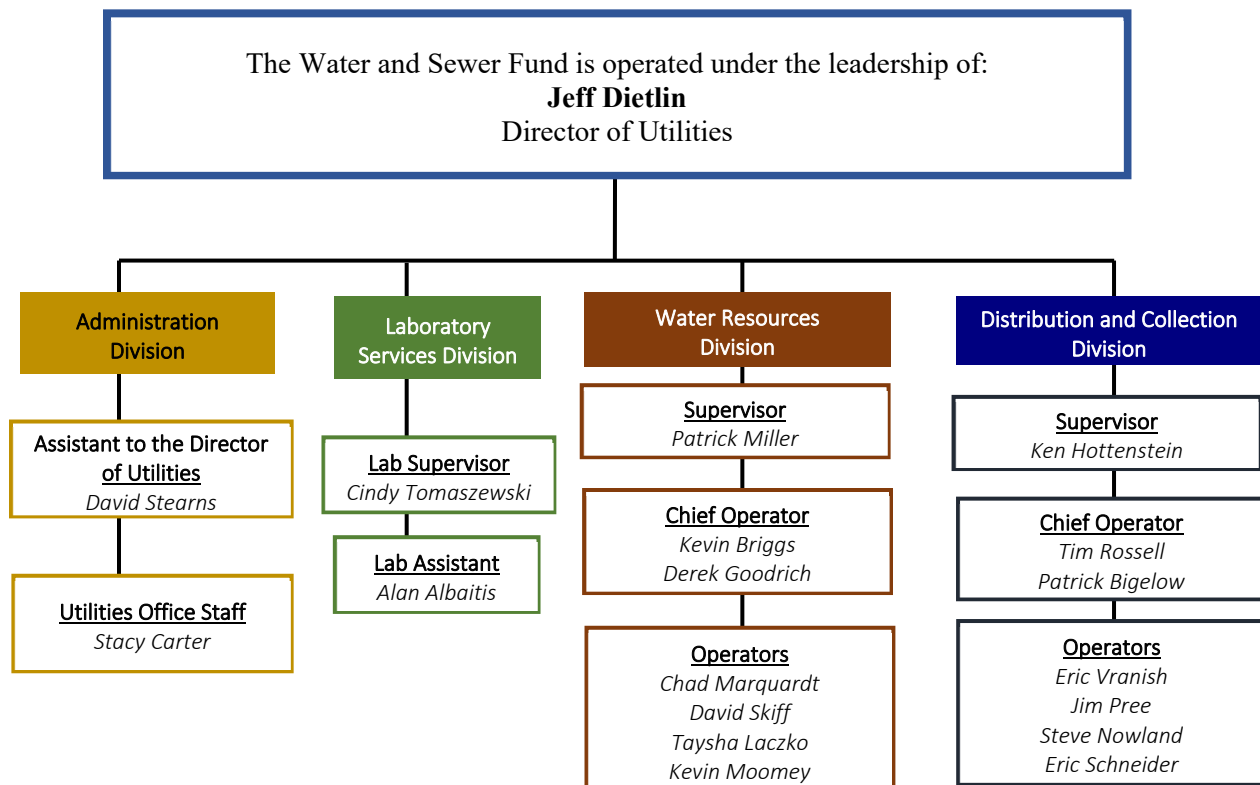
Oversight: Director of Utilities

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."

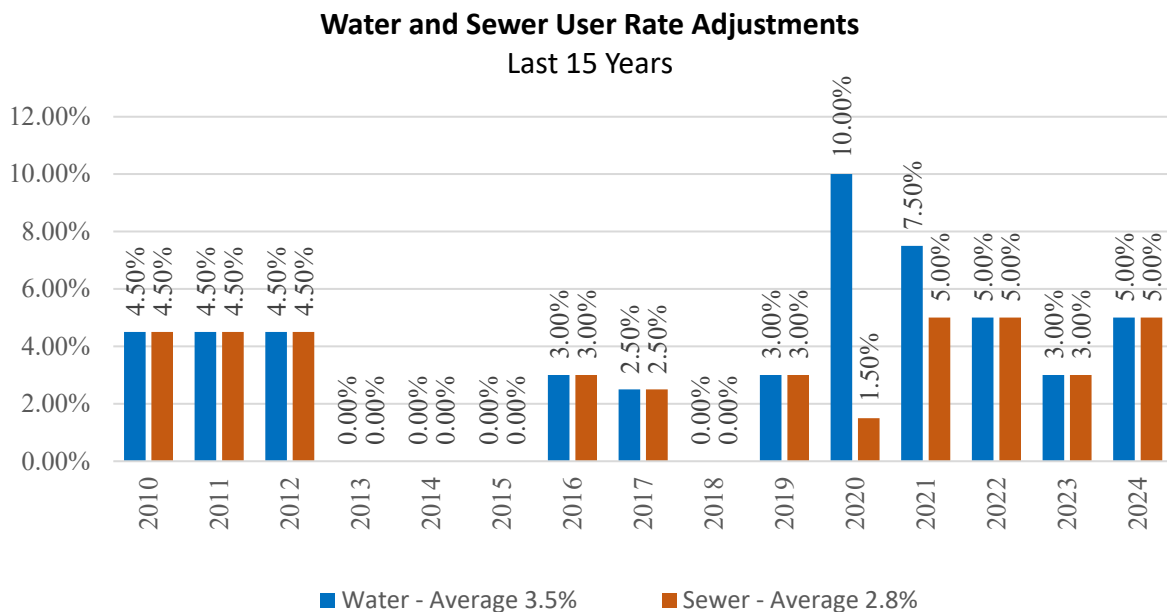
Utilities Department Structure There are four operating sections within the Utilities Departments. The structure of the department and these four distinct sections is as follows:



Fund: Water and Sewer Fund

User Rates and Charges Rates for water and wastewater treatment are recommended each year during the budget process. Many times, outside professionals are utilized to help provide data to confirm and justify recommended rate adjustments. The City is currently in the middle of a comprehensive rate study and early results indicate the need to continue with a consistent level of rate increases in order to keep up with required system maintenance and upgrades.

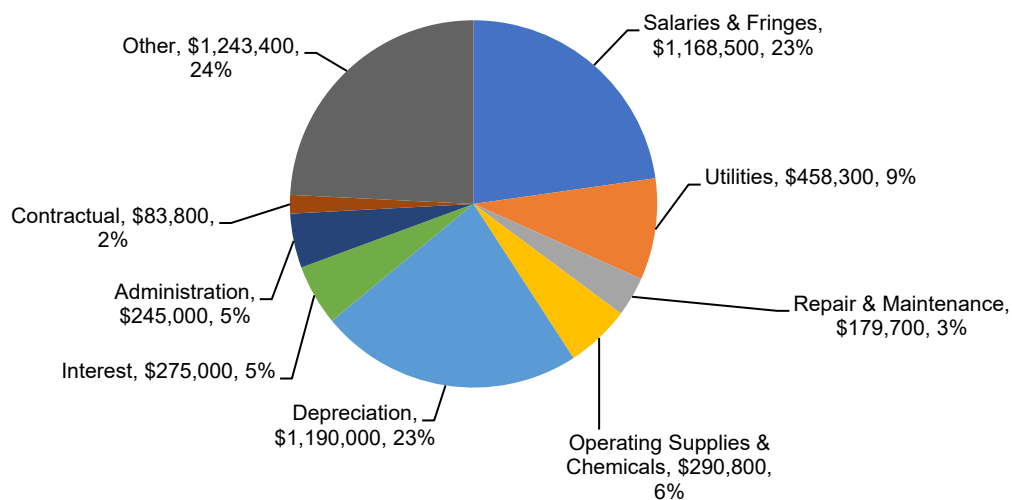
Rate changes must be made by an ordinance that is passed by the City Council. The process to pass an ordinance provides the opportunity for at least two public comment periods, including a formal public hearing at a City Council meeting. Once passed, the new rates typically go into effect on the first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



Note: FY2024 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 will be completed by the end of FY2023. As a result of the City utilizing a \$9.8 million loan through the State of Michigan for this project, total debt service has increased significantly. The City projects to spend about \$275,000 in Interest Expense in the current fiscal year on four outstanding revenue bond issues.

Fund: Water and Sewer Fund

5-Year Projections

Recommended Rate Adjustments

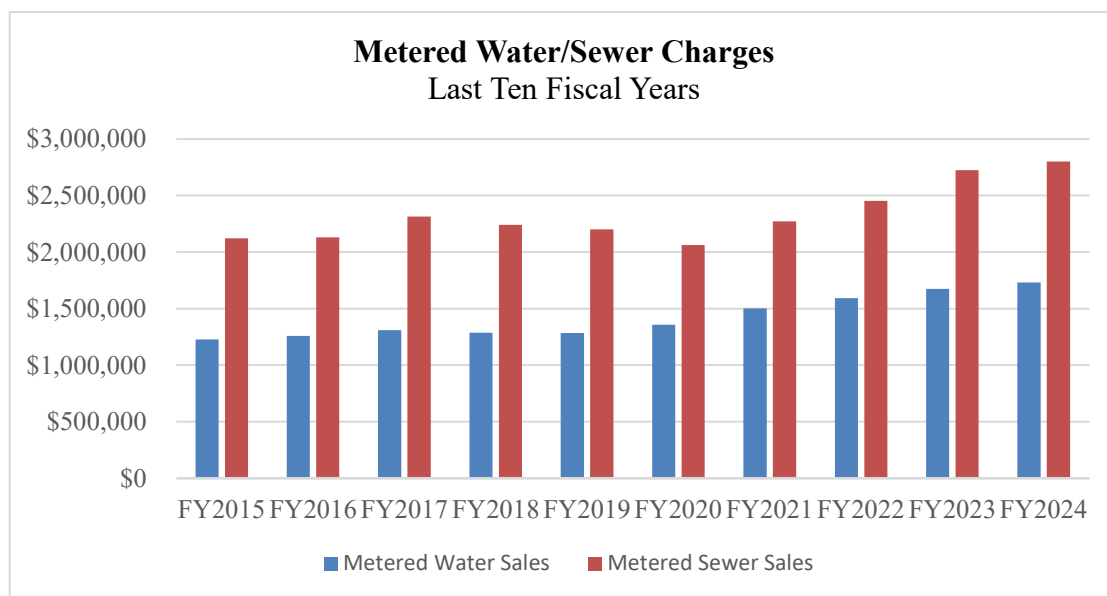
Water	3.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Sewer	3.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Fiscal Year	Expected	Proposed	PROJECTED				
	2023	2024	2025	2026	2027	2028	2029
Revenues							
Metered Water	1,675,000	1,760,000	1,848,000	1,940,400	2,037,420	2,139,291	2,246,256
Metered Sewer	2,725,000	2,840,000	2,982,000	3,131,100	3,287,655	3,452,038	3,624,640
Other Water	140,000	145,000	152,250	159,863	167,856	176,248	185,061
Other Sewer	270,000	272,000	285,000	298,650	312,983	328,032	343,833
Interest Income	20,000	25,000	25,000	25,000	25,000	25,000	25,000
Other Revenue	227,000	249,000	249,000	249,000	249,000	249,000	249,000
Total Revenue	5,057,000	5,291,000	5,541,250	5,804,013	6,079,913	6,369,609	6,673,789
Expenses							
Wages	1,058,900	1,168,500	1,196,913	1,226,035	1,255,886	1,286,483	1,317,845
Employee Benefits	678,000	709,600	730,888	752,815	775,399	798,661	822,621
Operating Supplies	235,700	240,800	240,800	240,800	240,800	240,800	240,800
Repairs and Maintenance	152,700	179,700	183,294	186,960	190,699	194,513	198,403
Utilities	474,200	458,300	467,466	476,815	486,352	496,079	506,000
Legal Fees	20,000	30,000	30,000	30,000	30,000	30,000	30,000
Interest Expense	280,000	275,000	300,000	282,000	263,000	240,000	217,000
Depreciation	1,050,000	1,190,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Other Expenses	878,900	882,600	876,050	877,014	877,992	878,984	879,990
Total Expenses	4,828,400	5,134,500	5,275,411	5,322,439	5,370,128	5,415,520	5,462,660
Cash Flow							
Results of Operations	228,600	156,500	265,840	481,574	709,786	954,089	1,211,129
Add: Depreciation Expense	1,050,000	1,190,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Add: Bond Revenue	2,400,000	0					
Less: Principal Payments	890,000	905,000	930,000	955,000	980,000	615,000	630,000
Less: Proposed Capital Projects	3,000,000	673,000	2,238,500	1,575,000	718,000	805,000	1,000,000
Net Cash Flow	(211,400)	(231,500)	(1,652,661)	(798,426)	261,786	784,089	831,129
Cash Reserves on Hand - Beginning of Year	1,021,840	810,440	578,940	(1,073,721)	(1,872,147)	(1,610,361)	(826,272)
Cash Reserves on Hand - End of Year	810,440	578,940	(1,073,721)	(1,872,147)	(1,610,361)	(826,272)	4,857
<i>Benchmark Reserve (4.5 months operating cash)</i>	<i>1,810,650</i>	<i>1,925,438</i>	<i>1,978,279</i>	<i>1,995,915</i>	<i>2,013,798</i>	<i>2,030,820</i>	<i>2,048,498</i>
<i>End of Year Cash on Hand Over (Under) Benchmark</i>	<i>(1,000,210)</i>	<i>(1,346,498)</i>	<i>(3,051,999)</i>	<i>(3,868,062)</i>	<i>(3,624,159)</i>	<i>(2,857,092)</i>	<i>(2,043,641)</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 closely analyze user charges and system costs in order to maintain important reserves while continuing to invest in infrastructure and equipment throughout the system. Additional revenue, coupled with cost savings will be needed to be able to fund the current level of proposed capital investments in the FY2024-2029 6-Year Capital Improvement Program.

Fund: Water and Sewer Fund

Fund Summary	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Water Sales	\$1,591,794	\$1,675,000	\$1,580,000	\$1,760,000
Sewer Sales - Flat Rate	50,543	50,000	50,000	50,000
Sewer Sales - Metered	2,451,427	2,725,000	2,470,000	2,840,000
Fire Protection	136,094	140,000	125,000	145,000
Hydrant Rental	23,750	24,000	24,000	24,000
Charges for Services	32,016	28,000	35,000	35,000
Services & Materials	29,518	29,000	30,000	30,000
Penalties	64,401	60,000	65,000	65,000
Interest Income	3,925	20,000	25,000	25,000
Sale of Surplus Material	0	5,000	5,000	5,000
Lake Mitchell Sewer Authority	204,071	205,000	210,000	210,000
Leachate	10,611	15,000	8,000	12,000
Laboratory Fees	84,067	80,000	85,000	85,000
Gain (Loss) on Sale of Assets	53	500	0	0
Other Income	3,528	500	5,000	5,000
Total Revenues	\$4,685,798	\$5,057,000	\$4,717,000	\$5,291,000



Fund: Water and Sewer Fund

Fund Summary	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Expenses				
Total Administration	\$1,170,829	\$1,201,600	\$1,243,500	\$1,333,000
Water Resources				
Preliminary Treatment	\$24,403	\$33,200	\$33,800	\$32,800
Primary Treatment	39,857	38,000	33,600	36,300
Secondary Treatment	110,525	113,500	116,000	116,800
Tertiary Treatment	98,154	88,500	92,000	93,700
Sludge Removal	211,088	149,000	142,800	144,900
Nutrient Removal	60,466	68,000	69,300	70,000
Effluent Disposal	59,018	63,000	68,500	70,000
Building & Grounds	309,943	302,000	272,500	300,300
Industrial Surveillance	22,631	87,000	27,500	32,600
Lift Station-Sanitary	100,997	118,500	113,200	114,100
Vehicles	23,890	31,300	28,000	39,500
Total Water Resources	\$1,060,972	\$1,092,000	\$997,200	\$1,051,000
Distribution and Collection				
Building & Water Tank	\$13,417	\$58,000	\$39,500	\$45,100
Pumping Station	251,671	269,500	243,700	271,300
Wells & Well Field	68,827	80,500	88,500	101,500
General Street Expense	32,952	35,600	25,600	36,700
Meter Reading & Delinquent Accounts	28,398	26,200	26,400	27,100
Meter Operations & Maintenance	385,527	295,000	245,700	260,200
Customer Service	18,878	16,500	29,300	30,100
Maintenance-Mains & Hydrants	129,873	142,000	113,500	142,400
New Water Service	25,239	12,800	21,600	21,800
Water Service Maintenance	20,745	17,000	17,100	17,500
Sanitary Sewer	84,340	77,000	144,700	146,600
Vehicles	36,144	49,700	45,200	50,900
Total Distribution and Collection	\$1,096,011	\$1,079,800	\$1,040,800	\$1,151,200
Laboratory Division				
General Laboratory	\$76,114	\$71,500	\$75,200	\$76,500
Contract Laboratory	48,461	53,500	56,900	57,800
Total Laboratory Division	\$124,575	\$125,000	\$132,100	\$134,300
Total Non-Operating	\$1,057,913	\$1,330,000	\$1,295,000	\$1,465,000
Total Expenses	\$4,510,300	\$4,828,400	\$4,708,600	\$5,134,500
NET POSITION AT YEAR END				
Change in Net Position	\$175,498	\$228,600	\$8,400	\$156,500
Total Net Position - Beginning of Year	16,398,894	16,574,392	16,574,392	16,802,992
Total Net Position at Year End	\$16,574,392	\$16,802,992	\$16,582,792	\$16,959,492

Fund: Water and Sewer Fund

Funding Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenses</u>				
Administration				
Salaries and Wages	\$419,941	\$400,000	\$435,000	\$470,000
Fringes	247,708	250,000	272,000	300,000
Office Supplies	10,484	11,000	12,500	12,500
Postage	18,560	22,000	22,000	24,000
Safety Supplies	3,785	3,500	4,000	4,000
Contractual Services	6,552	30,000	15,000	15,000
Engineering Fees	35,167	30,000	25,000	30,000
Audit	4,000	4,000	4,000	4,000
G.I.S. Contractual Services	0	3,000	5,000	5,000
Legal Fees	8,468	20,000	30,000	30,000
State Mandated Fees	20,211	23,000	24,000	24,000
Data Processing	48,000	48,000	48,000	48,000
Liability Insurance	47,317	49,000	35,000	52,000
Dues & Publications	5,190	5,000	5,500	5,500
Telephone	7,262	8,500	10,000	10,000
Alarm Systems	4,042	3,600	3,500	3,500
Travel & Education - Salary	2,963	6,000	6,500	6,500
Travel & Education - Hourly	3,664	6,000	8,000	8,000
Vehicle Repair & Maintenance	261	1,000	1,000	1,000
Employee Safety	0	5,000	5,000	5,000
Administration - City	245,000	245,000	245,000	245,000
Public Relations	32,254	28,000	27,500	30,000
Total Administration	\$1,170,829	\$1,201,600	\$1,243,500	\$1,333,000

Cost and Expense Analysis

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

Fund: Water and Sewer Fund**PERFORMANCE MEASURES - WATER RESOURCES DIVISION**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2021	2022	2023	2024	
Number of Customers - Sewer		3,612	3,606	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		516	515	514	514	↔
Millions of Gallons Treated per Day		1.719	1.719	1.750	1.750	↑
Industrial Monitoring and Pretreatment Discharge permits		20	20	20	20	↔
Rate Increase - Sewer		5.00%	5.00%	3.00%	4.00%	↑
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.

Fund: Water and Sewer Fund

Funding Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenses (Cont.)</u>				
Water Resources Division:				
Preliminary Treatment				
Salaries and Wages	\$18,186	\$18,000	\$17,000	\$18,200
Fringes	2,851	11,000	10,700	10,300
Operating Supplies	76	500	800	800
Utilities	3,037	3,200	3,300	3,300
Repair & Maintenance	253	500	2,000	200
Total	\$24,403	\$33,200	\$33,800	\$32,800
Primary Treatment				
Salaries and Wages	\$23,634	\$22,000	\$19,500	\$22,000
Fringes	14,945	15,000	12,300	12,500
Operating Supplies	639	500	800	800
Repair & Maintenance	639	500	1,000	1,000
Total	\$39,857	\$38,000	\$33,600	\$36,300
Secondary Treatment				
Salaries and Wages	\$20,679	\$20,000	\$19,500	\$20,800
Fringes	13,397	13,000	12,300	11,800
Operating Supplies	0	1,000	1,200	1,200
Utilities	75,936	79,000	80,000	80,000
Repair & Maintenance	513	500	3,000	3,000
Total	\$110,525	\$113,500	\$116,000	\$116,800

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.

Fund: Water and Sewer Fund

Funding Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenses (Cont.)</u>				
Water Resources Division (Cont.)				
Tertiary Treatment				
Salaries and Wages	\$20,050	\$19,000	\$18,000	\$20,300
Fringes	12,902	12,000	11,500	10,900
Operating Supplies	21,198	2,500	4,000	4,000
Utilities	40,443	48,000	50,000	50,000
Repair & Maintenance	3,561	7,000	8,500	8,500
Total	\$98,154	\$88,500	\$92,000	\$93,700
Sludge Treatment				
Salaries and Wages	\$25,551	\$25,000	\$25,000	\$26,700
Fringes	16,589	16,000	15,800	15,200
Operating Supplies	856	1,000	2,000	2,000
Laboratory	6,294	5,000	5,000	5,000
Injection Contract Cost	88,256	70,000	70,000	70,000
Utilities	19,727	22,000	20,000	21,000
Repair & Maintenance	53,815	10,000	5,000	5,000
Total	\$211,088	\$149,000	\$142,800	\$144,900
Nutrient Removal				
Salaries and Wages	\$15,725	\$16,000	\$16,000	\$17,100
Fringes	10,252	10,000	10,100	9,700
Operating Supplies	0	500	700	700
Chemicals	23,307	36,000	36,000	36,000
Repair & Maintenance	11,182	5,500	6,500	6,500
Total	\$60,466	\$68,000	\$69,300	\$70,000

Cost and Expense Analysis

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

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

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

<u>Customer</u>	2021 Usage and Billing				
	Cubic Feet		Gallons		Total Billing
	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</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

Fund: Water and Sewer Fund

Funding Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenses (Cont.)</u>				
Water Resources Division (Cont.)				
Effluent Disposal				
Salaries and Wages	\$13,265	\$12,500	\$14,000	\$15,000
Fringes	8,583	8,000	9,000	8,500
Operating Supplies	828	1,500	2,500	2,500
Plant Lab Supplies	8,400	7,500	7,500	8,500
Chemicals	3,537	500	500	500
Contracted Laboratory	7,356	14,000	16,000	16,000
Utilities	15,187	17,000	17,000	17,000
Repair & Maintenance	1,862	2,000	2,000	2,000
Total	\$59,018	\$63,000	\$68,500	\$70,000
Building & Grounds				
Salaries and Wages	\$132,408	\$124,000	\$125,000	\$135,300
Fringes	60,359	78,000	78,500	85,000
Operating Supplies	38,543	30,000	30,000	30,000
Utilities	49,564	50,000	25,000	32,000
Repair & Maintenance	29,069	20,000	14,000	18,000
Total	\$309,943	\$302,000	\$272,500	\$300,300
Industrial Surveillance				
Salaries and Wages	\$10,345	\$16,500	\$10,400	\$12,800
Fringes	6,434	10,000	6,600	7,300
Operating Supplies	1,884	5,000	6,000	6,000
Laboratory	2,099	55,000	3,500	5,500
Repair & Maintenance	1,869	500	1,000	1,000
Total	\$22,631	\$87,000	\$27,500	\$32,600

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.

Fund: Water and Sewer Fund

Funding Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenses (Cont.)</u>				
Water Resources Division (Cont.)				
Lift Station - Sanitary				
Salaries and Wages	\$18,256	\$20,000	\$20,200	\$21,600
Fringes	11,866	13,000	12,700	12,200
Operating Supplies	2,104	7,500	9,000	9,000
Disposal Fees	637	1,000	1,300	1,300
Utilities	58,561	55,000	50,000	50,000
Repair & Maintenance	9,573	22,000	20,000	20,000
Total	\$100,997	\$118,500	\$113,200	\$114,100
Vehicles				
Salaries and Wages	\$1,413	\$2,000	\$2,000	\$2,200
Fringes	833	1,300	1,300	1,300
Operating Supplies	1,158	4,500	5,000	5,000
Fuel Costs	15,630	16,000	10,700	22,000
Repair & Maintenance	4,856	7,500	9,000	9,000
Total	\$23,890	\$31,300	\$28,000	\$39,500
Total Water Resources Division	\$1,060,972	\$1,092,000	\$997,200	\$1,051,000

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.

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
		2021	2022	2023	2024	
Number of Customers - Water		3,578	3,580	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		511	511	511	511	↔
Millions of Gallons Pumped per Day		2.249	2.249	2.300	2.300	↔
Total Calls for Service		781	781	800	800	↔
Total Calls for Service Per FTE		112	112	114	114	↔
MISS-DIG Responses		877	877	900	900	↑
Meter Repairs		167	167	160	160	↑
New Meter Installations		14	14	15	15	↑
Feet of Sanitary Sewers Cleaned		36,988	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.

Fund: Water and Sewer Fund

Funding Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenses (Cont.)</u>				
Distribution & Collection Division				
Building & Water Tank				
Salaries and Wages	\$4,113	\$20,000	\$10,000	\$12,800
Fringes	2,171	15,000	6,500	7,300
Operating Supplies	5,117	21,000	21,000	23,000
Repair & Maintenance	2,016	2,000	2,000	2,000
Total	\$13,417	\$58,000	\$39,500	\$45,100
Pumping Station				
Salaries and Wages	\$3,874	\$5,000	\$5,200	\$5,600
Fringes	2,094	3,500	0	3,200
Operating Supplies	9,229	22,000	12,000	14,000
Chemicals	24,419	25,000	25,500	25,500
Laboratory Control	8,896	12,000	14,000	16,000
Utilities	201,585	200,000	185,000	205,000
Repair & Maintenance	1,574	2,000	2,000	2,000
Total	\$251,671	\$269,500	\$243,700	\$271,300
Wells & Well Field				
Salaries and Wages	\$9,335	\$18,000	\$11,000	\$15,000
Fringes	5,802	10,000	7,000	8,500
Operating Supplies	3,021	4,000	4,500	4,500
Wellhead Protection	7,707	8,500	7,500	15,000
Contractual Services	5,114	20,000	25,000	25,000
Repair & Maintenance	37,848	20,000	33,500	33,500
Total	\$68,827	\$80,500	\$88,500	\$101,500

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.

Fund: Water and Sewer Fund

Funding Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenses (Cont.)</u>				
Distribution & Collection Division (Cont.)				
General Street Expense				
Salaries and Wages	\$27	\$1,000	\$1,000	\$1,100
Fringes	7	600	600	600
Operating Supplies	7,824	9,000	9,000	10,000
Contractual Services	25,094	25,000	15,000	25,000
Total	\$32,952	\$35,600	\$25,600	\$36,700
Meter Reading & Delinquent Accounts				
Salaries and Wages	\$16,989	\$16,000	\$16,000	\$17,100
Fringes	11,089	10,000	10,100	9,700
Operating Supplies	320	200	300	300
Total	\$28,398	\$26,200	\$26,400	\$27,100
Meter Operations & Maintenance				
Salaries and Wages	\$168,062	\$150,000	\$125,000	\$133,200
Fringes	113,502	105,000	78,700	85,000
Operating Supplies	103,963	40,000	42,000	42,000
Total	\$385,527	\$295,000	\$245,700	\$260,200
Customer Service				
Salaries and Wages	\$11,402	\$10,000	\$18,000	\$19,200
Fringes	7,476	6,500	11,300	10,900
Total	\$18,878	\$16,500	\$29,300	\$30,100
Maintenance - Mains & Hydrants				
Salaries and Wages	\$48,168	\$60,000	\$40,000	\$62,400
Fringes	23,029	38,000	25,000	31,500
Operating Supplies	19,895	19,000	20,000	20,000
Contractual Services	7,305	7,000	7,500	7,500
Repairs and Maintenance	31,476	18,000	21,000	21,000
Total	\$129,873	\$142,000	\$113,500	\$142,400

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.

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
2021				
2022				

(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.

Fund: Water and Sewer Fund

Funding Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenses (Cont.)</u>				
Distribution & Collection Division (Cont.)				
New Water Service				
Salaries and Wages	\$7,105	\$2,500	\$6,000	\$6,400
Fringes	4,477	1,800	3,800	3,600
Operating Supplies	9,965	7,500	10,000	10,000
Contractual Services	3,692	1,000	1,800	1,800
Total	\$25,239	\$12,800	\$21,600	\$21,800
Water Service Maintenance				
Salaries and Wages	\$8,881	\$8,000	\$8,000	\$8,600
Fringes	5,258	5,000	5,100	4,900
Operating Supplies	2,348	3,500	3,500	3,500
Repair & Maintenance	4,258	500	500	500
Total	\$20,745	\$17,000	\$17,100	\$17,500
Sanitary Sewer				
Salaries and Wages	\$33,017	\$20,000	\$45,500	\$48,500
Fringes	22,830	12,000	28,700	27,600
Operating Supplies	9,914	12,000	10,000	10,000
Contractual Services	1,115	8,000	9,500	9,500
Damage Contractual Services	16,885	15,000	26,000	26,000
Repair & Maintenance	579	10,000	25,000	25,000
Total	\$84,340	\$77,000	\$144,700	\$146,600
Vehicles				
Salaries and Wages	\$652	\$2,400	\$1,000	\$2,200
Fringes	433	1,300	700	1,200
Operating Supplies	2,432	7,000	7,500	7,500
Fuel & Oil	15,630	18,000	18,000	22,000
Repair & Maintenance	16,997	21,000	18,000	18,000
Total	\$36,144	\$49,700	\$45,200	\$50,900
Total Distribution and Collection	\$1,096,011	\$1,079,800	\$1,040,800	\$1,151,200

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.

Fund: Water and Sewer Fund

Funding Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenses (Cont.)</u>				
Laboratory Division				
General Laboratory				
Salaries and Wages	\$30,381	\$30,000	\$30,000	\$32,000
Fringes	21,622	19,000	18,900	18,200
Operating Supplies	22,133	20,000	22,500	22,500
Repair & Maintenance	1,078	1,200	1,500	1,500
Equipment Rental	0	300	500	500
Research & Development	900	1,000	1,800	1,800
Total	\$76,114	\$71,500	\$75,200	\$76,500
Contract Laboratory				
Salaries and Wages	\$18,827	\$21,000	\$21,000	\$22,400
Fringes	13,644	13,000	13,200	12,700
Operating Supplies	14,855	16,000	19,000	19,000
Repair & Maintenance	0	2,000	2,000	2,000
Equipment Rental	235	300	500	500
Research & Development	900	1,200	1,200	1,200
Total	\$48,461	\$53,500	\$56,900	\$57,800
Total Laboratory Division	124,575	125,000	132,100	134,300
Non-Operating				
Interest Expense	\$163,619	\$280,000	\$295,000	\$275,000
Depreciation	894,294	1,050,000	1,000,000	1,190,000
Total	\$1,057,913	\$1,330,000	\$1,295,000	\$1,465,000
TOTAL EXPENSES	\$4,510,300	\$4,828,400	\$4,708,600	\$5,134,500

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.

Fund: Water and Sewer Fund**PERFORMANCE MEASURES - LABORATORY DIVISION**

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2021	2022	2023	2024	
Number of Laboratory Analyses Performed		32,265	32,151	32,500	32,500	↔
Charges for Services - Laboratory		\$84,586	\$84,067	\$80,000	\$80,000	↓
Number of Laboratory FTE		2	2	2	2	↔
Analyses Performed per FTE		16,133	16,076	16,250	16,250	↔

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:	2017	2018	2019	2020	2021	2022
Lead and Copper	163	207	216	127	158	137
Metals	6,757	6,743	5,863	4,908	3,424	3,260
Volatile Organic	60	60	60	60	60	60
Bacterial Testing	1,730	2,082	2,181	2,140	2,123	2,194
Wet Chemistry	25,000	25,000	26,250	26,500	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.



Fund: Water and Sewer Fund

Source and Use of Funds For Capital Improvements

FY2024

Source of Funds

Funds on Hand - Unrestricted	673,000	
		\$673,000

Total Source of Funds

Use of Funds

Anticipated Capital Investment

Lester Street (Stimson to James)	160,000
Major Building Exterior Repairs	175,000
Visitor/Client Entrance - WWTP	95,000
1/2 Ton Service Truck	50,000
Piston Pump Replacement	40,000
Backhoe	123,000
Leeson Avenue Lift Station Pump	15,000
Leisure Street Lift Station Pump	15,000

Total Use of Funds	\$673,000
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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.

Fund: Water and Sewer Fund

Cash Flow Analysis

FY2024

Additions

Net Income from Operations	\$156,500	
Depreciation	1,190,000	
Total Additions		1,346,500

Deductions

Principal Payments (1)	\$905,000	
Capital Improvements	673,000	
Total Deductions		1,578,000

Net Increase (Decrease) of Available Cash	(\$231,500)
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Footnotes:

(1) Principal payments include:

2013 Revenue Refunding Bond

September 1, 2023 (2.70%)	340,000	19,305
March 1, 2024 (2.70%)		14,715

2007 State of Michigan SRF Loan

October 1, 2023 (1.625%)	205,000	10,483
April 1, 2024 (1.625%)		8,817

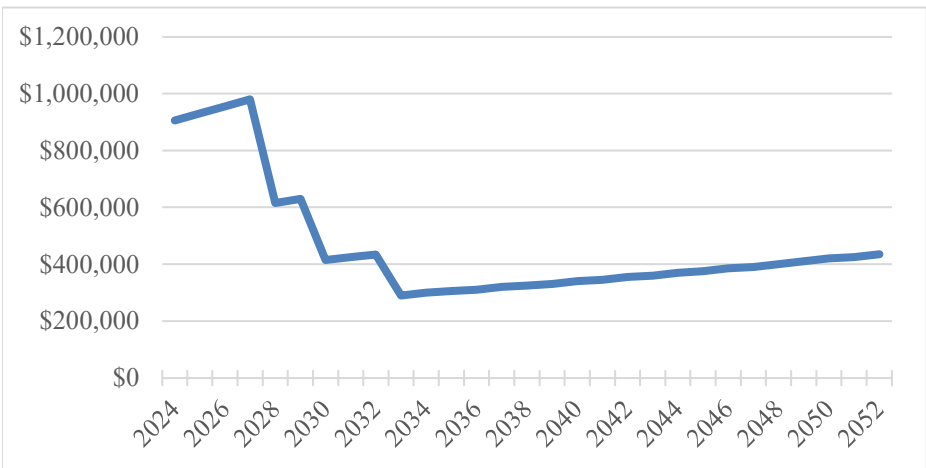
2011 State of Michigan DWRF Loan

October 1, 2023 (2.50%)		14,923
April 1, 2024 (2.50%)	120,000	14,923

2021 State of Michigan DWRF Loan

October 1, 2023 (2.125%)		96,266
April 1, 2024 (2.125%)	240,000	95,963

Total Debt Payments	\$905,000	\$275,395	\$1,180,395
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Water and Sewer System
Future Debt Principal Payments

Fund: Water and Sewer Fund

Water and Sewer Rates

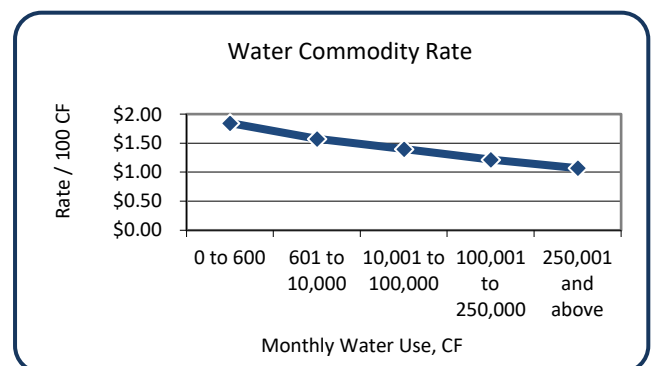
Rates and Charges proposed as of July 1, 2023 - The user rates of the water and sewer systems must be set in a manner sufficient to cover the costs of providing the services while also providing capital funds to pay for infrastructure maintenance and upgrades. For the current year, the City is awaiting the results of a comprehensive professional rate study and the current recommendation for rate increases is 5% for both water and sewer.

Ready to serve charge

<u>Meter Size</u>	<u>Water</u>	<u>Wastewater</u>
5/8"	8.84	12.84
3/4"	13.00	19.31
1"	21.66	32.14
1-1/2"	43.41	64.27
2"	69.24	102.87
3"	151.63	225.20
4"	259.96	385.81
6"	541.63	803.92
8"	779.93	1,157.60

Commodity Charge

<u>Volume (Cubic Feet - CF)</u>	<u>Water</u>	<u>Wastewater</u>
0 to 600	\$1.85	
601 to 10,000	\$1.58	
10,001 to 100,000	\$1.40	
100,001 to 250,000	\$1.22	
250,001 and above	\$1.07	
Per 100 cubic feet per month		\$2.97



Unmetered Users (Flat Rate)

1. Monthly room charge (Living, Dining, Bedroom and Kitchens)	
1 to 3 rooms	\$11.12
4 to 6 rooms	\$12.45
7 to 8 rooms	\$14.70
Each additional room	\$2.05
2. Additional for each bathtub and shower	\$5.32
3. Additional for each toilet	\$5.86

Fund: Water and Sewer Fund**Continuing Disclosure Information****Revenue as Billed By Meter Classification**

Fiscal Year Ended June 30, 2022

Meter Classification	Water Supply		Wastewater Treatment	
	Revenue	Percent of Total	Revenue	Percent of Total
Unmetered	\$106	0.01%	\$51,335	2.07%
5/8"	672,264	43.67%	929,384	37.42%
3/4"	3,423	0.22%	5,722	0.23%
1"	79,067	5.14%	103,117	4.15%
1-1/2"	104,477	6.79%	147,917	5.96%
2"	238,559	15.50%	568,040	22.87%
3"	53,249	3.46%	97,585	3.93%
4"	212,437	13.80%	325,151	13.09%
6"	153,782	9.99%	255,579	10.28%
8"	21,924	1.42%		0.00%
	<u>\$1,539,288</u>	<u>100.00%</u>	<u>\$2,483,830</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"
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	12.23	18.39	30.61	61.21	97.97	214.48	367.44	765.64	1,102.48
2024 (Proposed)	12.84	19.31	32.14	64.27	102.87	225.20	385.81	803.92	1,157.60

Fund: Water and Sewer Fund**Continuing Disclosure Information (Continued)****Monthly Ready-To-Serve Charge For Fire Protection**Fiscal Year Ended June 30, 2023 and 2024 *(Proposed)*

<u>Line Size</u>	Current 2023	Proposed 2024	Change
3/4"	\$3.01	\$3.16	\$0.15
1"	\$5.15	\$5.41	\$0.26
1-1/2"	\$10.23	\$10.74	\$0.51
2"	\$16.51	\$17.34	\$0.83
3"	\$35.85	\$37.64	\$1.79
4"	\$61.67	\$64.75	\$3.08
6"	\$128.69	\$135.12	\$6.43
8"	\$185.43	\$194.70	\$9.27
10"	\$298.67	\$313.60	\$14.93
12"	\$442.70	\$464.84	\$22.14

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"
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	8.42	12.38	20.63	41.34	65.94	144.41	247.58	515.84	742.79
2024 <i>(Proposed)</i>	8.84	13.00	21.66	43.41	69.24	151.63	259.96	541.63	779.93

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
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
2022	3,580	0.06	3,606	(0.17)

Average Number of Water Supply and Wastewater Treatment Customers By Meter Classification
Fiscal Year Ended June 30, 2022

Meter Classification	Average Customers	
	Water Supply	Wastewater Treatment
Unmetered	2	129
5/8"	3,255	3,194
3/4"	8	9
1"	128	107
1-1/2"	84	76
2"	76	68
3"	10	10
4"	12	10
6"	4	3
8"	1	0
	<u>3,580</u>	<u>3,606</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.

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
		2021	2022	2023	2024	
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		\$16,231	\$18,223	\$18,430	\$19,461	↑
Operating Expenditures per Resident		\$34	\$38	\$38	\$40	↑
Hours Spent in Major Street Maintenance		3,862	3,595	4,343	4,562	↑
Cost per Hour of Major Street Maintenance		\$91	\$100	\$92	\$92	↔
Total Winter Maintenance Expenditures		\$133,594	\$189,444	\$142,500	\$145,000	↑
Hours Spent in Winter Maintenance		978	940	929	900	↔
Cost per Hour of Winter Maintenance		\$137	\$202	\$153	\$161	↔
Winter Maintenance Expenditures per Mile		\$6,075	\$8,615	\$6,480	\$6,594	↔
Winter Maintenance Expenditures per Resident		\$13	\$18	\$14	\$14	↔
State Trunk Line Maintenance Expenditures		\$216,026	\$268,303	\$261,700	\$235,000	↔
State Trunk Line Maintenance Exp. Per Mile		\$27,696	\$34,398	\$33,551	\$30,128	↔
Total Hours of State Trunk Line Maintenance		2,362	2,950	2,700	2,700	↔

Fund: Major Street Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Motor Vehicle Highway Fund	\$1,109,533	\$1,110,000	\$1,100,000	\$1,140,000
State Trunkline Maintenance	268,303	261,700	235,000	235,000
State of Michigan Grant	0	0	187,500	0
Other Contributions	2,480	2,000	0	0
Interest Income	2,653	10,000	5,000	5,000
General Fund	0	750,000	0	0
Surplus	0	0	0	861,200
Total	\$1,382,969	\$2,133,700	\$1,527,500	\$2,241,200
Expenditures				
Construction	\$486,756	\$330,000	\$800,000	\$970,000
Surface Maintenance	46,625	49,500	55,500	54,000
Sweeping and Flushing	26,571	88,000	32,500	51,500
Forestry	74,563	65,000	66,000	66,000
Catch Basin	6,718	36,000	27,500	34,500
Drainage	11,576	12,600	12,600	12,500
Traffic Services	36,840	53,000	60,200	55,500
Winter Maintenance	189,444	168,000	142,500	145,000
Administration	78,123	78,500	72,500	76,500
State Trunkline	250,238	261,700	235,000	233,700
Transfers Out and Other Financing Uses	539,000	540,000	540,000	542,000
Total	\$1,746,454	\$1,682,300	\$2,044,300	\$2,241,200
Fund Balance				
Net Change in Fund Balance	(\$363,485)	\$451,400	(\$516,800)	(\$861,200)
Fund Balance - Beginning of Year	777,329	413,844	413,844	865,244
FUND BALANCE AT YEAR END	\$413,844	\$865,244	(\$102,956)	\$4,044

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.

Fund: Major Street Fund

Funding Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Expenditures				
Construction				
Construction	\$486,756	\$330,000	\$800,000	\$970,000
Surface Maintenance				
Salaries and Wages	\$15,284	\$17,000	\$18,000	\$18,000
Fringes	13,695	12,500	11,500	12,000
Operating Supplies	5,306	9,000	15,000	12,000
Equipment Rental	12,340	11,000	11,000	12,000
Total Surface Maintenance	\$46,625	\$49,500	\$55,500	\$54,000
Sweeping and Flushing				
Salaries and Wages	\$3,370	\$13,000	\$7,000	\$10,000
Fringes	3,020	10,000	4,500	6,500
Equipment Rental	20,181	65,000	21,000	35,000
Total Sweeping and Flushing	\$26,571	\$88,000	\$32,500	\$51,500
Forestry				
Salaries and Wages	\$12,950	15,000	\$17,000	\$17,000
Fringes	11,604	11,000	11,000	11,000
Operating Supplies	3,829	4,000	8,000	8,000
Contractual Services	21,550	15,000	8,000	8,000
Repair and Maintenance	0	0	0	0
Equipment Rental	24,630	20,000	22,000	22,000
Total Forestry	\$74,563	\$65,000	\$66,000	\$66,000
Catch Basin				
Salaries & Wages	\$1,381	\$8,000	\$9,500	\$13,000
Fringes	1,183	6,000	6,000	8,000
Operating Supplies	3,190	7,000	2,000	3,500
Equipment Rental	964	15,000	10,000	10,000
Total Catch Basin	\$6,718	\$36,000	\$27,500	\$34,500
Drainage				
Salaries and Wages	\$2,886	\$4,000	\$4,000	\$4,000
Fringes	2,586	2,600	2,600	2,500
Contractual Services	3,887	2,000	2,000	2,000
Equipment Rental	2,217	4,000	4,000	4,000
Total Drainage	\$11,576	\$12,600	\$12,600	\$12,500

Fund: Major Street Fund

Funding Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenditures (Continued)</u>				
Traffic Services				
Salaries and Wages	\$7,503	\$11,000	\$12,500	\$12,500
Fringes	6,723	9,000	7,700	8,000
Operating Supplies	5,833	8,000	8,000	8,000
Contractual	11,448	15,000	20,000	15,000
Equipment Rental	5,333	10,000	12,000	12,000
Total Traffic Services	\$36,840	\$53,000	\$60,200	\$55,500
Winter Maintenance				
Salaries and Wages	\$25,477	\$22,000	\$18,500	\$20,000
Fringes	22,827	18,000	12,000	13,000
Operating Supplies	41,369	38,000	37,000	37,000
Equipment Rental	99,771	90,000	75,000	75,000
Total Winter Maintenance	\$189,444	\$168,000	\$142,500	\$145,000
Administration				
Salaries and Wages	\$40,362	\$40,000	\$40,000	\$43,000
Fringes	29,312	30,000	24,000	25,000
Audit	1,000	1,000	1,000	1,000
Equipment Rental	7,449	7,500	7,500	7,500
Total Administration	\$78,123	\$78,500	\$72,500	\$76,500
Transfer Out and Other Financing Uses				
Contribution - Local Street	300,000	300,000	300,000	300,000
Transfers Out	239,000	240,000	240,000	242,000
Total Transfers Out and Other	539,000	540,000	540,000	\$542,000
State Trunkline				
Surface Maintenance				
Salaries and Wages	\$122	\$3,500	\$4,000	\$4,000
Fringes	169	2,600	2,600	2,500
Operating Supplies	7,167	1,000	1,000	1,000
Equipment Rental	284	4,000	5,000	5,000
Total Surface Maintenance	\$7,742	\$11,100	\$12,600	\$12,500
Sweeping & Flushing				
Salaries and Wages	\$1,489	\$2,000	\$2,000	\$2,000
Fringes	1,334	1,500	1,300	1,300
Equipment Rental	8,466	6,000	3,000	3,000
Total Sweeping & Flushing	\$11,289	\$9,500	\$6,300	\$6,300

Fund: Major Street Fund

Funding Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Expenditures (Cont.)				
State Trunkline (Cont.)				
Shoulder Maintenance				
Salaries and Wages	\$19	\$800	\$1,000	\$1,000
Fringes	17	600	600	600
Operating Supplies	0	0	0	0
Equipment Rental	74	800	800	800
Total Shoulder Maintenance	\$110	\$2,200	\$2,400	\$2,400
Traffic Signs				
Utilities	\$476	\$800	\$2,000	\$1,000
Total Traffic Signs	\$476	\$800	\$2,000	\$1,000
Trees and Shrubs				
Salaries and Wages	\$1,346	\$3,000	\$3,500	\$3,500
Fringes	1,206	2,000	2,200	2,100
Operating Supplies	7,100	0	0	0
Equipment Rental	1,694	2,500	2,500	2,500
Total Trees and Shrubs	\$11,346	\$7,500	\$8,200	\$8,100
Drainage				
Salaries and Wages	\$96	\$4,500	\$6,500	\$6,500
Fringes	204	3,100	4,100	4,000
Equipment Rental	233	1,500	0	500
Total Drainage	\$533	\$9,100	\$10,600	\$11,000
Winter Maintenance				
Salaries and Wages	\$26,590	\$30,000	\$28,500	\$28,000
Fringes	23,824	23,000	18,000	18,000
Operating Supplies	65,306	50,000	45,000	45,000
Equipment Rental	83,564	80,000	65,000	65,000
Total Winter Maintenance	\$199,284	\$183,000	\$156,500	\$156,000
Snow Hauling				
Salaries and Wages	\$4,668	\$11,000	\$10,000	\$10,000
Fringes	4,182	7,500	6,400	6,400
Equipment Rental	10,608	20,000	20,000	20,000
Total Snow Hauling	\$19,458	\$38,500	\$36,400	\$36,400
Total State Trunkline	\$250,238	\$261,700	\$235,000	\$233,700
Total Expenditures	\$1,207,454	\$1,142,300	\$1,504,300	\$2,241,200

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

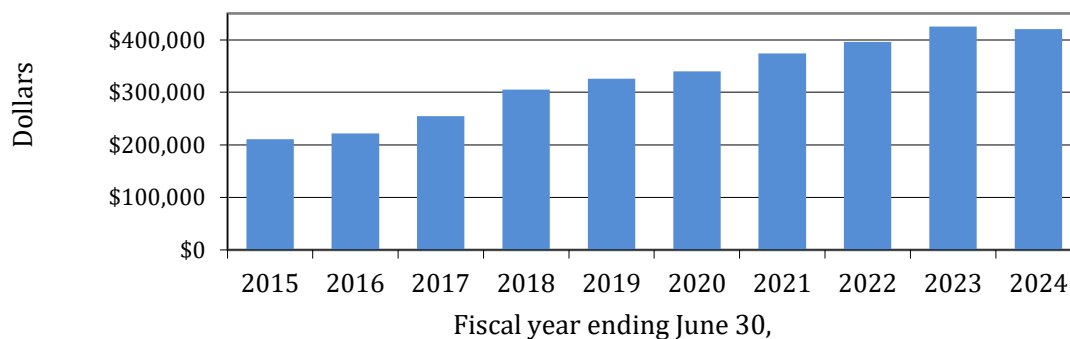
MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2021	2022	2023	2024	
Miles of Local Streets		41.72	41.72	41.72	41.72	↔
Operating Expenditures per Road Mile		\$8,961	\$8,386	\$10,153	\$10,460	↑
Operating Expenditures per Resident		\$36	\$34	\$41	\$42	↑
Hours Spent in Local Street Maintenance		4,160	3,597	4,800	4,900	↑
Cost per Hour of Local Street Maintenance		\$90	\$97	\$90	\$90	↔
Total Winter Maintenance Expenditures		\$104,580	\$129,334	\$129,000	\$122,000	↔
Hours Spent in Winter Maintenance		786	818	1,104	1,062	↑
Cost per Hour of Winter Maintenance		\$133	\$158	\$117	\$115	↓
Winter Maintenance Expenditures per Mile		\$2,507	\$3,100	\$3,092	\$2,924	↔
Winter Maintenance Expenditures per Resident		\$10	\$12	\$12	\$12	↔
% of Local Streets remaining Unpaved		4.38%	4.38%	4.38%	4.38%	↔

Fund: Local Street Fund

Fund Summary	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Motor Vehicle Highway Fund	\$395,865	\$415,000	\$405,000	\$420,000
Interest Income	3,268	16,000	1,000	5,000
Other Revenue	1,520	1,500	0	0
General Fund	60,000	710,000	60,000	60,000
Major Street Fund	300,000	300,000	300,000	300,000
Surplus	0	524,700	583,600	921,900
Total	\$760,653	\$1,967,200	\$1,349,600	\$1,706,900
Expenditures				
Construction	\$637,783	\$1,200,000	\$600,000	\$940,000
Surface Maintenance	69,255	64,500	76,100	71,000
Sweeping and Flushing	34,000	87,500	61,500	73,000
Forestry	76,106	77,000	78,000	80,500
Catch Basin	17,841	33,200	34,100	38,000
Drainage	7,968	7,500	7,400	7,400
Traffic Services	15,357	40,500	50,500	44,500
Winter Maintenance	129,334	129,000	116,000	122,000
Administration	93,116	88,000	86,000	88,500
Transfers Out and Other Uses	236,500	240,000	240,000	242,000
TOTAL EXPENDITURES	\$1,317,260	\$1,967,200	\$1,349,600	\$1,706,900
Fund Balance				
Net Change in Fund Balance	(\$556,607)	(\$524,700)	(\$583,600)	(\$921,900)
Fund Balance - Beginning of Year	2,053,638	1,497,031	1,497,031	972,331
Ending Fund Balance	\$1,497,031	\$972,331	\$913,431	\$50,431

Fund Analysis**Motor Vehicle Highway Funds**

Last Ten Fiscal Years



Fund: Local Street Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenditures</u>				
Construction				
Construction	\$637,783	\$1,200,000	\$600,000	\$940,000
Surface Maintenance				
Salaries and Wages	\$18,851	\$18,500	\$19,000	\$19,000
Fringes	16,891	12,000	12,100	12,000
Operating Supplies	5,026	7,000	15,000	10,000
Equipment Rental	28,487	27,000	30,000	30,000
Total Surface Maintenance	\$69,255	\$64,500	\$76,100	\$71,000
Sweeping and Flushing				
Salaries and Wages	\$4,452	\$15,000	\$10,000	\$14,000
Fringes	4,462	10,000	6,500	9,000
Equipment Rental	25,086	62,500	45,000	50,000
Total Sweeping and Flushing	\$34,000	\$87,500	\$61,500	\$73,000
Forestry				
Salaries and Wages	\$16,013	\$18,000	\$18,500	\$18,500
Fringes	14,347	14,000	11,500	12,000
Operating Supplies	3,798	5,000	9,000	9,000
Contractual Services	11,800	10,000	9,000	9,000
Equipment Rental	30,148	30,000	30,000	32,000
Total Forestry	\$76,106	\$77,000	\$78,000	\$80,500
Catch Basin				
Salaries and Wages	\$6,623	\$9,500	\$12,000	\$15,000
Fringes	5,934	7,000	7,600	9,500
Operating Supplies	121	1,000	2,000	1,000
Utilities	2,855	2,500	2,500	2,500
Repairs and Maintenance	0	1,200	0	0
Equipment Rental	2,308	12,000	10,000	10,000
Total Catch Basin	\$17,841	\$33,200	\$34,100	\$38,000
Drainage				
Salaries and Wages	\$3,047	\$3,000	\$3,000	\$3,000
Fringes	2,730	2,000	1,900	1,900
Equipment Rental	2,191	2,500	2,500	2,500
Total Drainage	\$7,968	\$7,500	\$7,400	\$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.

Fund: Local Street Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenditures (Cont'd)</u>				
Traffic Services				
Salaries and Wages	\$4,239	\$10,000	\$11,000	\$11,000
Fringes	3,798	7,000	7,000	7,000
Operating Supplies	4,573	10,000	16,000	10,000
Contractual Services	0	5,000	6,500	6,500
Equipment Rental	2,747	8,500	10,000	10,000
Total Traffic Services	\$15,357	\$40,500	\$50,500	\$44,500
Winter Maintenance				
Salaries and Wages	\$15,656	\$20,000	\$22,000	\$22,000
Fringes	14,028	15,000	14,000	14,000
Operating Supplies	27,138	21,000	20,000	21,000
Equipment Rental	72,512	73,000	60,000	65,000
Total Winter Maintenance	\$129,334	\$129,000	\$116,000	\$122,000
Administration				
Salaries and Wages	\$48,840	\$47,500	\$47,500	\$50,000
Fringes	35,827	32,000	30,000	30,000
Audit	1,000	1,000	1,000	1,000
Equipment Rental	7,449	7,500	7,500	7,500
Total Administration	\$93,116	\$88,000	\$86,000	\$88,500
Transfers Out and Other Uses				
Transfers Out - Debt Service	236,500	240,000	240,000	242,000
TOTAL EXPENDITURES	\$1,317,260	\$1,967,200	\$1,349,600	\$1,706,900

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
		2021	2022	2023	2024	
Number of Lots Sold		40	40	25	25	↔
Number of Burials		21	21	40	40	↔
Number of Cremains		39	39	30	30	↔
Total Generated Revenue		\$49,862	\$69,238	\$57,000	\$58,000	↑
General Fund Contribution		\$70,000	\$70,000	\$80,000	\$100,000	↑
G.F. Contribution as % of Expenditures		46%	49%	51%	52%	↑

Fund: Cemetery Operating Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenue				
Charges For Services:				
Sale of Lots & Burial Rites	\$14,150	\$15,000	\$12,000	\$13,000
Grave Openings & Storage	41,750	30,000	35,000	35,000
Foundations & Miscellaneous	13,338	13,000	10,000	10,000
Miscellaneous:				
Transfer In - Perpetual Care	0	15,000	15,000	32,500
Transfer In - General Fund	70,000	80,000	80,000	100,000
Contribution from Private Sources	7,089	0	0	0
Surplus	0	3,000	8,000	0
Total	\$146,327	\$156,000	\$160,000	\$190,500
Expenditures				
Salaries - Regular	\$29,053	\$29,000	\$30,000	\$40,000
Salaries - Part Time	25,420	29,000	30,000	27,000
Fringes	21,388	19,000	20,000	29,000
Liability Insurance	333	500	500	500
Operating Supplies	24,503	15,000	15,000	15,000
Audit	500	500	500	500
Utilities	3,939	9,000	10,000	8,500
Contractual Services	0	4,000	5,000	5,000
Equipment Rental	30,897	24,000	20,000	20,000
Repair and Maintenance	2,142	6,000	6,000	10,000
Capital Outlay	4,676	20,000	23,000	35,000
Total	\$142,851	\$156,000	\$160,000	\$190,500
Fund Balance				
Net Change in Fund Balance	3,476	(3,000)	(8,000)	0
Fund Balance - Beginning of Year	33,397	36,873	36,873	33,873
Ending Fund Balance	\$36,873	\$33,873	\$28,873	\$33,873

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.

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	2021/22 Actual	2021/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Interest Income	\$4,540	\$4,000	\$6,000	\$6,000
Interest Income - Loans	0	7,000	7,500	7,500
Other Income	3,000	0	0	0
Surplus	0	73,800	77,000	67,500
Total	\$7,540	\$84,800	\$90,500	\$81,000
Expenditures				
Urban Redevelopment and Housing Administration	\$20,442	\$34,500	\$37,000	\$22,000
Community Development Director	53,170	54,000	53,500	59,000
	\$73,612	\$88,500	\$90,500	\$81,000
Fund Balance				
Net Change in Fund Balance	(\$66,072)	(\$77,500)	(\$77,000)	(\$67,500)
Fund Balance - Beginning of Year	712,035	645,963	645,963	568,463
Ending Fund Balance	\$645,963	\$568,463	\$568,963	\$500,963

Fund: Cadillac Development Fund

Fund Details	2021/22 Actual	2021/23 Estimated	2022/23 Adopted	2023/24 Proposed
Expenditures				
Urban Redevelopment and Housing Administration				
Administration	\$12,000	\$12,000	\$12,000	\$12,000
Contractual Services	8,442	7,500	10,000	10,000
Transfer Out - Other	0	15,000	15,000	0
Total Administration	\$20,442	\$34,500	\$37,000	\$22,000
Community Development Director				
Salaries	\$35,171	\$36,500	\$36,000	\$40,000
Fringes	16,799	17,500	17,500	19,000
Contractual Services	1,200	0	0	0
Total Community Development Director	\$53,170	\$54,000	\$53,500	\$59,000
Total Expenditures	\$73,612	\$88,500	\$90,500	\$81,000

Cadillac Development Fund Goals:

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

Community Development Director

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

Interest Income - Loans

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

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
		2019	2020	2021	2022	2023	
Building Permit Revenue		\$99,182	\$63,105	\$70,928	\$45,525	\$55,000	↓
Total Permits Issued:		462	420	390	354	350	↓
Building		157	105	110	89	80	↓
Electrical		160	175	116	101	100	↓
Mechanical		83	84	110	79	85	↓
Plumbing		56	56	44	25	35	↓
Other		6	0	10	60	50	↔

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenue				
Charges For Services:				
Building Permits	\$45,525	\$55,000	\$70,000	\$70,000
Contribution from General Fund	0	0	0	0
Total	\$45,525	\$55,000	\$70,000	\$70,000
Expenditures				
Contractual Services	42,005	52,000	67,000	67,000
Administration	3,600	3,000	3,000	3,000
Total	\$45,605	\$55,000	\$70,000	\$70,000
Fund Balance				
Net Change in Fund Balance	(80)	0	0	0
Fund Balance - Beginning of Year	22,538	22,458	22,458	22,458
Ending Fund Balance	\$22,458	\$22,458	\$22,458	\$22,458

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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Rental Income:				
City of Cadillac Parks Division	1,500	1,500	1,500	1,500
Senior Citizens Center	8,056	8,200	7,800	8,500
Other Rent	6,000	0	0	0
Up North Arts, Inc	6,000	7,000	9,000	9,000
Wexford Genealogical Society	2,938	3,400	3,500	3,500
Miscellaneous	0	5,000	4,000	5,000
Transfer In	0	0	0	33,000
Surplus	0	0	0	0
Total	\$24,494	\$25,100	\$25,800	\$60,500
Expenditures				
Building Maintenance	\$5,358	\$6,000	\$7,500	\$7,500
Liability Insurance	1,109	3,700	1,200	2,500
Utilities	18,707	17,000	17,000	17,500
Capital Outlay	0	0	0	33,000
Total	\$25,174	\$26,700	\$25,700	\$60,500
Fund Balance				
Net Change in Fund Balance	(\$680)	(\$1,600)	\$100	\$0
Fund Balance - Beginning of Year	8,816	8,136	8,136	6,536
Ending Fund Balance	\$8,136	\$6,536	\$8,236	\$6,536

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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Transfer In	30,000	95,000	105,000	50,000
Surplus	0	0	0	0
Total	\$30,000	\$95,000	\$105,000	\$50,000
Expenditures				
Contractual Services	\$16,169	\$95,000	\$105,000	\$50,000
Total	\$16,169	\$95,000	\$105,000	\$50,000
Fund Balance				
Net Change in Fund Balance	\$13,831	\$0	\$0	\$0
Fund Balance - Beginning of Year	6,210	20,041	20,041	20,041
Ending Fund Balance	\$20,041	\$20,041	\$20,041	\$20,041

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 but can spike from time to time depending on actual bloom across the lake as they did in FY2023.

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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Interest Income	7	1,000	500	500
Total	\$7	\$1,000	\$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	\$7	\$1,000	\$500	\$500
Fund Balance - Beginning of Year	49,210	49,217	49,217	50,217
Ending Fund Balance	\$49,217	\$50,217	\$49,717	\$50,717

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

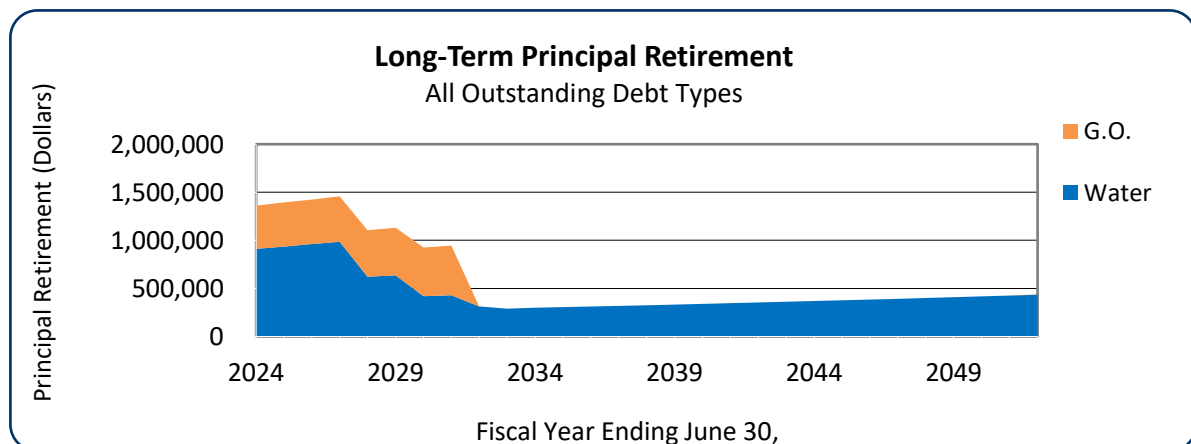
2020 GO Capital Improvement Bonds Debt Service Fund

LEGAL DEBT MARGIN - JUNE 30, 2022 (amounts expressed in thousands)

Taxable Valuation		<u>\$254,209</u>
Statutory Debt Limit - 10% of Assessed Valuation		\$25,421
Amount of Debt Applicable to Limit:		
Gross Bonded Debt	\$10,984	
Less		
Assets Available for Debt Service	0	
Bond Debt Not Subject To Limit:		
Special Assessment Bonds		
Revenue Bonds	6,189	
Other Debt	<u>6,189</u>	
Total Amount of Debt Applicable to Debt Limit		<u>4,795</u>
LEGAL DEBT MARGIN		<u><u>\$20,626</u></u>

Principal Retirement Schedule

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



Debt Service Summary - Fiscal Year Ending June 30, 2024

<u>Description of Debt</u>	<u>Fund Servicing Debt</u>	<u>Debt Outstanding July 1, 2023</u>	July 1, 2023 - June 30, 2024 Debt Service Payments	
			<u>Principal</u>	<u>Interest</u>
Revenue Bonds				
2007	State of Michigan SRF	1,290,205	205,000	19,300
2011	State of Michigan DWRP	1,193,856	120,000	29,846
2013	Revenue Refunding	1,430,000	340,000	34,020
2021	State of Michigan DWRP	9,560,000	240,000	191,925
General Obligation Bonds				
2016	Major/Local Streets/DDA	1,750,000	205,000	33,837
2020	Major/Local Streets/Tax	3,295,000	245,000	71,502
Total Debt		<u>\$18,519,061</u>	<u>\$1,355,000</u>	<u>\$380,430</u>

Other Debt Statistics

<u>Fiscal Year Ending June 30,</u>	<u>Total Debt Per Capita Total Debt Per Capita (inclusive of all funds) 2010 Census - 10,355</u>	<u>Rate of Principal Retirement</u>
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%
2024	1,788.42	7.32%

Notes: 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, in FY2023 the City began to draw proceeds from \$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.

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	2021/22 Actual	2023/22 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Transfer In from Local Street Fund	\$80,000	\$80,000	\$80,000	\$82,000
Transfer In from Major Street Fund	82,500	80,000	80,000	82,000
Total	\$162,500	\$160,000	\$160,000	\$164,000
Expenditures				
Bond Principal Paid	\$130,000	\$133,500	\$133,500	\$137,000
Interest Expense	31,767	26,000	26,000	25,000
Audit	500	500	500	500
Total	\$162,267	\$160,000	\$160,000	\$162,500
Fund Balance				
Net Change in Fund Balance	\$233	\$0	\$0	\$1,500
Fund Balance - Beginning of Year	1,056	1,289	1,289	1,289
Ending Fund Balance	\$1,289	\$1,289	\$1,289	\$2,789

Debt Service Requirements - Remaining Amortization of Bonds

Fiscal Year	Major Street Fund		Local Street Fund		DDA	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	68,400	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	71,600	6,643	71,700	6,643	71,700	6,643
2028	73,400	5,037	73,300	5,037	73,300	5,037
2029	75,000	3,395	75,000	3,395	75,000	3,395
2030	76,600	1,716	76,700	1,716	76,700	1,716
2031	78,400	0	78,300	0	78,300	0
	\$583,400	\$46,029	\$583,300	\$46,029	\$583,300	\$46,029

Total Outstanding Bonds: \$1,750,000
Total Remaining Interest Costs: \$138,087

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	2021/22 Actual	2023/22 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Transfers In	\$313,000	\$317,500	\$317,500	\$317,500
Bond Proceeds	0	0	0	0
Total	\$313,000	\$317,500	\$317,500	\$317,500
Expenditures				
Bond Principal Paid	230,000	240,000	240,000	245,000
Interest Expense	81,700	77,000	77,000	72,000
Audit	0	500	500	500
Total	\$311,700	\$317,500	\$317,500	\$317,500
Fund Balance				
Net Change in Fund Balance	\$1,300	\$0	\$0	\$0
Fund Balance - Beginning of Year	0	1,300	1,300	1,300
Ending Fund Balance	\$1,300	\$1,300	\$1,300	\$1,300

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	\$465,000	\$240,000	\$3,295,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
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
		\$3,295,000	\$482,612	\$3,777,612

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. Phase I of the project is complete, while Phase II is expected to begin in 2023 or 2024.

Consumers Energy Prosperity Grant Fund - Temporary fund to account for the use of grant funds from Consumers Energy to construct two microparks within the City and conduct blight remediation activities.

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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Sale of Property	\$13,915	\$0	\$0	\$0
State of Michigan Grant	8,601	0	0	0
Interest Income	(498)	5,000	5,000	5,000
Surplus	0	0	45,500	45,500
Total	\$22,018	\$5,000	\$50,500	\$50,500
Expenditures				
Audit	\$500	\$500	\$500	\$500
Contractual Services	12,829	5,000	50,000	50,000
Fees and Commissions	0	0	0	0
Total	\$13,329	\$5,500	\$50,500	\$50,500
Fund Balance				
Net Change in Fund Balance	\$8,689	(\$500)	(\$45,500)	(\$45,500)
Fund Balance - Beginning of Year	571,010	579,699	579,699	579,199
Ending Fund Balance	\$579,699	\$579,199	\$534,199	\$533,699

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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Interest Income - Special Assessment	\$192	\$500	\$500	\$200
Special Assessment	2,769	3,000	3,000	3,000
Surplus	0	22,000	22,200	22,300
Total Revenue	\$2,961	\$25,500	\$25,700	\$25,500
Expenditures				
Audit	\$500	\$500	\$500	\$500
Construction	1,995	25,000	25,000	25,000
Total Expenditures	\$2,495	\$25,500	\$25,500	\$25,500
Fund Balance				
Net Change in Fund Balance	\$466	(\$22,000)	(\$22,000)	(\$22,300)
Fund Balance - Beginning of Year	67,195	67,661	67,661	45,661
FUND BALANCE AT YEAR END	\$67,661	\$45,661	\$45,661	\$23,361

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 2023 or 2024. 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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Bond Revenue	\$0	\$0	\$0	\$0
Interest Income	599	1,500	0	0
Total	\$599	\$1,500	\$0	\$0
Expenditures				
Construction	\$13,056	\$0	\$455,000	\$425,000
Total	\$13,056	\$0	\$455,000	\$425,000
Fund Balance				
Net Change in Fund Balance	(\$12,457)	\$1,500	(\$455,000)	(\$425,000)
Fund Balance - Beginning of Year	457,781	445,324	445,324	446,824
Ending Fund Balance	\$445,324	\$446,824	(\$9,676)	\$21,824

Fund: Consumers Energy Prosperity Grant Fund

Type: Capital Project Fund

Oversight: Community Development Director

Nature and Purpose:

This temporary fund was created to account for the use of proceeds from a private grant from Consumers Energy. The City received \$250,000 which will be used for several purposes, including addressing blight throughout the community, construction of a couple of microparks within the City, and assistance to homeowners with exterior improvements on their homes.

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Local Funds	0	10,000	0	240,000
Total	\$0	\$10,000	\$0	\$240,000
Expenditures				
Construction	\$0	\$10,000	\$0	\$240,000
Total	\$0	\$10,000	\$0	\$240,000
Fund Balance				
Net Change in Fund Balance	\$0	\$0	\$0	\$0
Fund Balance - Beginning of Year	0	0	0	0
Ending Fund Balance	\$0	\$0	\$0	\$0

Fund: The Market at Cadillac Commons Fund**Type:** Capital Project Fund**Oversight:** Community Development Director**Nature and Purpose:**

This temporary fund was created to account for construction of The Market at Cadillac Commons project. This construction was completed a couple years ago, but there are some residual funds remaining. At this point the sides of the building need to be replaced with a more permanent solution after the wind screens failed.

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Local Funds	0	0	0	375,000
Private Contributions	5,000	0	0	0
Surplus	0	0	0	0
Total	<u>\$5,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$375,000</u>
Expenditures				
Construction	\$4,863	\$0	\$0	\$400,000
Total	<u>\$4,863</u>	<u>\$0</u>	<u>\$0</u>	<u>\$400,000</u>
Fund Balance				
Net Change in Fund Balance	\$137	\$0	\$0	(\$25,000)
Fund Balance - Beginning of Year	38,228	38,365	38,365	38,365
Ending Fund Balance	<u>\$38,365</u>	<u>\$38,365</u>	<u>\$38,365</u>	<u>\$13,365</u>

PERMANENT FUNDS DESCRIPTION

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

The City appropriates resources for the following Permanent Funds:

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

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

Fund: Cemetery Perpetual Care Fund**Type:** Permanent Fund**Oversight:** Director of Finance**Nature and Purpose:**

The Cemetery Perpetual Care Fund is a permanent fund established to maintain the operation of the cemetery. With assets of \$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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Perpetual Care of Lots	\$14,150	\$12,000	\$9,500	\$13,000
Interest Income	5,270	11,000	6,000	15,000
Surplus	0	0	0	5,000
TOTAL REVENUES	\$19,420	\$23,000	\$15,500	\$33,000
Expenditures				
Audit	\$500	\$500	\$500	\$500
Transfer out - Cemetery Operating	0	15,000	15,000	32,500
Total	\$500	\$15,500	\$15,500	\$33,000
Fund Balance				
Net Change in Fund Balance	\$18,920	\$7,500	\$0	(\$5,000)
Fund Balance - Beginning of Year	596,058	614,978	614,978	622,478
Ending Fund Balance	\$614,978	\$622,478	\$614,978	\$617,478

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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Interest Income	\$315	\$600	\$1,500	\$1,000
Surplus	0	0	0	0
Total	\$315	\$600	\$1,500	\$1,000
Expenditures				
Audit	\$500	\$500	\$500	\$0
Contribution - Public Infrastructure	0	0	0	0
Total	\$500	\$500	\$500	\$0
Fund Balance				
Net Change in Fund Balance	(\$185)	\$100	\$1,000	\$1,000
Fund Balance - Beginning of Year	131,209	131,024	131,024	131,124
Ending Fund Balance	\$131,024	\$131,124	\$132,024	\$132,124

Past Public Infrastructure Projects

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

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.

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 was typically approved for a 5-year period.

In the fall of 2023, the parking assessment was not passed and so future funding of parking maintenance is to be determined and will be funded by the General Fund unless and until a more permanent funding source is identified.

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Parking Violations	\$72	\$100	\$500	\$500
Parking Permit Fees	2,124	1,900	1,500	1,500
Interest Income	1,115	900	2,500	500
Special Assessment	55,037	0	55,000	0
Local Funds	15,000	35,000	35,000	100,000
Total	\$73,348	\$37,900	\$94,500	\$102,500
Expenses				
Operation	\$15,911	\$16,100	\$17,500	\$16,500
Lot Repair	12,761	16,200	16,100	29,500
Snow Plowing	21,905	25,000	29,200	30,000
Snow Hauling	20,750	21,000	26,500	26,500
Total	\$71,327	\$78,300	\$89,300	\$102,500
Net Position				
Change in Net Position	\$2,021	(\$40,400)	\$5,200	\$0
Net Position - Beginning of Year	629,055	631,076	631,076	590,676
TOTAL NET POSITION - END OF YEAR				
Invested in Capital Assets	\$398,640	\$383,240	\$381,840	\$367,740
Unrestricted	232,436	207,436	254,436	222,936
TOTAL NET POSITION	\$631,076	\$590,676	\$636,276	\$590,676

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>EXPENSES</u>				
Operations				
Salaries - Enforcement	\$0	\$0	\$0	\$0
Fringes	27	0	0	0
Audit	500	500	500	500
Operating Supplies	0	200	200	500
Depreciation	15,384	15,400	16,800	15,500
Total Operations	\$15,911	\$16,100	\$17,500	\$16,500
Lot Repair				
Salaries	\$978	\$3,000	\$6,000	\$8,000
Fringes	525	2,000	3,900	5,000
Operating Supplies	9,752	10,000	3,000	13,000
Equipment Rental	1,506	1,200	3,200	3,500
Total Lot Repair	\$12,761	\$16,200	\$16,100	\$29,500
Snow Plowing				
Salaries	\$4,206	\$5,000	\$8,000	\$8,000
Fringes	2,713	3,000	5,200	5,000
Operating Supplies	596	1,000	1,000	1,000
Equipment Rental	14,390	16,000	15,000	16,000
Total Snow Plowing	\$21,905	\$25,000	\$29,200	\$30,000
Snow Hauling				
Salaries	\$5,185	\$5,500	\$7,000	\$7,000
Fringes	2,806	3,500	4,500	4,500
Equipment Rental	12,759	12,000	15,000	15,000
Total Snow Hauling	\$20,750	\$21,000	\$26,500	\$26,500
TOTAL EXPENSES	\$71,327	\$78,300	\$89,300	\$102,500

Salaries and Equipment Rental

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



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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Rental Income	\$159,971	\$193,000	\$193,000	\$193,000
Interest Income	59,663	1,200	1,500	2,000
Total	\$219,634	\$194,200	\$194,500	\$195,000
Expenditures				
Building Maintenance	37,703	35,000	40,000	40,000
Contractual Services	8,382	15,000	20,000	20,000
Audit	500	500	500	500
Liability Insurance	1,071	1,500	1,000	2,000
Utilities	3,464	4,000	4,000	4,500
Administration	25,000	25,000	25,000	25,000
Depreciation	48,292	49,000	70,000	70,000
Total	\$124,412	\$130,000	\$160,500	\$162,000
Net Position				
Change in Net Position	\$95,222	\$64,200	\$34,000	\$33,000
Total Net Position - Beginning of Year	1,451,809	1,547,031	1,547,031	1,611,231
TOTAL NET POSITION - END OF YEAR				
Invested in Capital Assets	1,221,505	1,172,505	1,172,505	1,102,505
Unrestricted	325,526	438,726	408,526	541,726
TOTAL NET POSITION	\$1,547,031	\$1,611,231	\$1,581,031	\$1,644,231

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.

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. About 80 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
		2021	2022	2023	2024	
Number of Vehicles/Equipment Maintained		72	77	80	80	↔
Total Fuel Costs		\$38,402	\$58,114	\$74,000	\$70,000	↑
Gallons of Diesel Used		12,082	11,051	12,400	12,000	↔
Gallons of Unleaded Fuel Used		5,303	5,881	5,200	5,300	↔
Average Cost per Gallon - Diesel		\$1.94	\$3.11	\$3.91	\$3.90	↑
Average Cost per Gallon - Unleaded		\$1.74	\$2.88	\$3.13	\$3.10	↑
Total Annual Cost of Road Salt		\$147,203	\$90,259	\$135,160	\$172,500	↔
Tons of Road Salt Purchased		1,993	1,300	2,000	2,300	↔
Cost per Ton - Road Salt		\$73.86	\$69.43	\$67.58	\$75.00	↔
Total Capital Investment		\$387,094	\$134,859	\$95,000	\$155,000	↓

Fund: Stores and Garage Fund

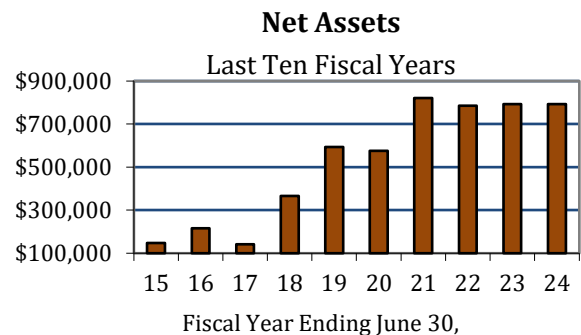
Fund Summary	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Charges for Services:				
Services & Materials	\$11,351	\$20,000	\$35,000	\$35,000
Equipment Rental	662,925	715,000	665,000	730,000
Miscellaneous				
Sale of Surplus Material/Equipment	665	7,000	10,000	10,000
Other	0	0	0	0
Total	\$674,941	\$742,000	\$710,000	\$775,000
Expenses				
Administration				
Salaries and Wages	\$122,234	\$128,000	\$129,000	\$131,000
Fringes	105,468	82,000	81,100	83,000
Operating Supplies	33,740	38,000	40,000	40,000
Fuel Costs	58,114	74,000	45,000	70,000
Audit	500	500	500	500
Data Processing	6,000	6,000	6,000	6,000
Travel & Education	3,809	1,400	1,500	1,000
Insurance	27,071	24,400	30,000	28,000
Utilities	25,217	27,000	21,000	21,000
Employee Safety	80	4,000	4,000	4,000
General Administrative Charges	20,000	20,000	20,000	20,000
Depreciation	174,942	188,000	160,000	200,000
Equipment Maintenance	77,689	74,000	75,000	75,000
Equipment Rental	36,677	36,500	36,000	36,000
Interest Expense	0	5,000	5,000	5,000
Total Administration	\$691,541	\$708,800	\$654,100	\$720,500
Outside Work				
Salaries and Wages	\$1,772	\$2,000	\$8,000	\$8,000
Fringes	1,280	1,300	5,100	5,100
Supplies	4,498	3,500	5,000	5,000
Equipment Rental	3,608	4,000	10,000	10,000
Total Outside Work	\$11,158	\$10,800	\$28,100	\$28,100

Fund: Stores and Garage Fund

Fund Summary	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
<u>Expenses (Continued)</u>				
Building & Grounds				
Salaries and Wages	\$1,247	\$2,500	\$8,500	\$8,500
Fringes	720	1,500	5,100	5,100
Operating Supplies	376	2,000	6,000	6,000
Contractual Services	0	0	0	0
Repair and Maintenance	6,055	7,500	6,000	6,000
Equipment Rental	748	1,000	500	500
Total Building & Grounds	\$9,146	\$14,500	\$26,100	\$26,100
Total Expenses	\$711,845	\$734,100	\$708,300	\$774,700
Net Position				
Change in Net Position	(\$36,904)	\$7,900	\$1,700	\$300
Total Net Position - Beginning of Year	821,599	784,695	784,695	792,595
Total Net Position - End of Year	\$784,695	\$792,595	\$786,395	\$792,895

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.



Fund: Stores and Garage Fund

Source and Use of Funds For Capital Improvements

FY2024

Source of Funds:

Operating Funds on Hand	\$155,000
Total Source of Funds	<u>\$155,000</u>

Use of Funds:

Equipment:

Oil Separator and Drain	\$15,000
Leaf Vacuum Trailer	140,000
Total Use of Funds	<u>\$155,000</u>

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

FY2024

ADDITIONS:

Depreciation	\$200,000	
Net Income (Loss)	<u>300</u>	
TOTAL ADDITIONS		\$200,300

DEDUCTIONS:

Principal Payment - Internal Loan	\$50,000	
Capital Items	<u>155,000</u>	
TOTAL DEDUCTIONS		<u>\$205,000</u>
NET INCREASE (DECREASE) OF AVAILABLE CASH		<u>(\$4,700)</u>

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
		2021	2022	2023	2024	
Number of Workstations		65	65	65	65	↔
Operating Cost per Workstation		\$2,642	\$2,642	\$2,725	\$2,725	↔
Number of Workstations Replaced		0	9	10	10	↔
Total Capital Investment		\$79,562	\$23,595	\$20,000	\$70,000	↔

Fund: Information Technology Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 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	9,000
Finance	22,000	22,000	22,000	24,000
Assessor	10,000	10,000	10,000	12,000
Treasurer	20,000	20,000	20,000	24,000
Municipal Complex	1,600	1,600	1,600	2,400
Police	52,000	52,000	52,000	52,000
Fire	22,000	22,000	22,000	24,000
Engineering	10,000	10,000	10,000	12,000
Community Development	5,000	5,000	5,000	9,000
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	225,400
Interest Income	120	1,000	1,500	1,500
Sale of Property	0	0	0	0
Total Revenue	\$206,720	\$207,600	\$208,100	\$226,900
Expenses				
Salaries	\$3,000	\$3,000	\$3,000	\$3,000
Fringes	876	1,300	1,300	1,300
Office Supplies	(1,220)	6,000	6,000	6,000
Audit	500	500	500	500
Contractual Services	45,693	36,000	36,000	36,000
Hardware and Accessories	21,452	19,000	20,000	20,000
Software and Programming	65,444	69,000	70,000	80,000
Liability Insurance	1,020	900	800	10,000
Telephone	8,085	7,400	7,500	7,500
Repair and Maintenance	0	1,000	2,000	2,000
Depreciation	35,676	30,000	30,000	30,000
Administration	23,500	30,000	30,000	30,000
Total Expenses	\$204,026	\$204,100	\$207,100	\$226,300
Net Position				
Change in Net Position	\$2,694	\$3,500	\$1,000	\$600
Total Net Position - Beginning of Year	318,457	321,151	321,151	324,651
Total Net Position - End of Year	\$321,151	\$324,651	\$322,151	\$325,251

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.

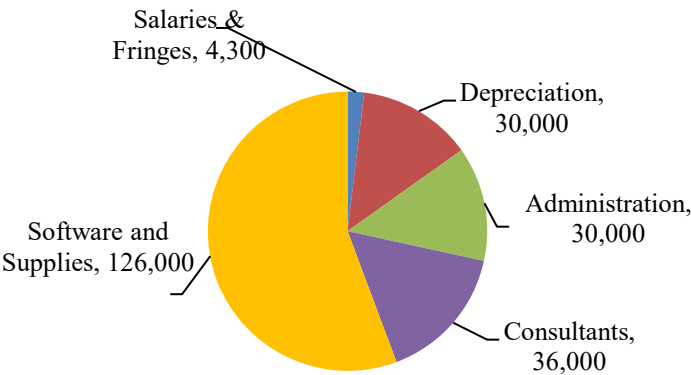
Software and Programming

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. VC3, Inc. is now serving as the City's contracted IT department.

Expenses by Type
Current Budget Request



Fund: Information Technology Fund**Other Financial Analysis****Source and Use of Funds For Capital Improvements****FY2024****Source of Funds:**

Revenues:

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

Use of Funds

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

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

Cash Flow Analysis**FY2024****Additions**

Depreciation	\$30,000	
Net Income (Loss)	600	
Total Additions		\$30,600

Deductions

Capital Items	70,000	
Total Deductions		\$70,000

Net Increase (Decrease) in Available Cash	(\$39,400)
Projected Cash on Hand - Beginning of Year	\$150,000
Projected Cash on Hand - End of Year	\$110,600

Budget staff has confirmed that there will be sufficient cash on hand to handle the projected cash flow needs for FY2024.

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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Employer Contributions	\$1,145,010	\$1,200,000	\$1,250,000	\$1,250,000
Employer Contributions-Dental	80,460	82,500	83,000	83,000
Employer Contributions-Optical	20,670	21,500	25,000	20,000
Employer Contributions-Life	7,307	7,600	8,000	8,000
Employee Contribution	73,387	60,000	66,000	60,000
Interest Income	(955)	500	3,000	3,000
Reimbursement from OPEB Trust	0	300,000	200,000	205,000
Surplus	0	0	0	0
Total	\$1,325,879	\$1,672,100	\$1,635,000	\$1,629,000
Expenses				
Reinsurance Premiums	\$1,031,964	\$1,150,000	\$1,175,000	\$1,175,000
Administration	45,346	40,000	40,000	40,000
Benefit Payments				
Health Insurance	375,855	350,000	400,000	400,000
Life Insurance	10,187	15,000	20,000	12,000
Total	\$1,463,352	\$1,555,000	\$1,635,000	\$1,627,000
Net Position				
Change in Net Position	(\$137,473)	\$117,100	\$0	\$2,000
Total Net Position - Beginning of Year	210,931	73,458	73,458	190,558
Total Net Position - End of Year	\$73,458	\$190,558	\$73,458	\$192,558

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

Plan Type	Annual Costs			Total	Employee Co-Pay	Co-Pay as % of Total Costs	# of Participants
	Medical	Dental	Vision				
Blue Cross Blue Shield PPO							
Single	\$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.

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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Interest Income	\$0	\$0	\$0	\$0
General Fund	0	4,000	4,000	4,000
Water and Sewer Fund	0	4,000	4,000	4,000
Stores & Garage Fund	0	4,000	4,000	4,000
Surplus	0	0	0	0
Total	\$0	\$12,000	\$12,000	\$12,000
Expenditures				
Salaries and Wages	\$3,000	\$3,000	\$3,000	\$3,000
Fringes	1,748	2,000	2,000	2,000
Operating Supplies	2,804	4,000	4,000	4,000
Audit	500	500	500	500
Dues and Publications	425	500	500	500
Travel and Education	0	1,500	2,000	2,000
Total	\$8,477	\$11,500	\$12,000	\$12,000
Net Position				
Change in Net Position	(\$8,477)	\$500	\$0	\$0
Total Net Position - Beginning of Year	11,479	3,002	3,002	3,502
Total Net Position - End of Year	\$3,002	\$3,502	\$3,002	\$3,502

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	2019	2020	2021	2022
Deaths	0	0	0	0
Number of cases with days away from work	1	2	1	2
Number of cases with job transfer/restriction	1	2	21	2
Other recordable cases	0	0	1	5
Days				
Total days away from work	180	181	3	143
Total days of job transfer/restriction	6	19	14	144
Total hours worked - all employees	165,568	160,330	153,668	162,859

GOALS**FY2024**

1. Offer driver safety training to all departments.
2. Make on-line safety trainings available to all departments, monthly.
3. Update City safety manual.
4. Safety committee to review accident investigations on quarterly basis.

2023 Safety Committee Highlights:

- ~ Safety Messaging banners permitted and publically displayed at City Departments.
- ~ Offered First-Aid / CPR training, City-wide.
- ~ Safety Orientation Training for seasonal and new full-time employees.
- ~ Conducted department safety walk-throughs and updated evacuation plans.

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

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

The financial objective is to establish and receive contributions, expressed as a percent of active payroll, which will remain approximately level from year to year and will not be increased for future generations. The system is supported by a City-wide millage, investment income from the retirement assets, and an employee contribution of 3% of salary. To fund the system, the City contributes 31.04% of the police member salaries and 34.40% of the fire members' salaries. The system is meeting its annual funding requirements. The system is 83% funded, down from 91% on the previous valuation due to investment experience and assumption changes due to a recent experience study. 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
	2019	2020	2021	2022	
Actuarially Accrued Pension Liabilities	\$14,035,425	\$13,690,326	\$14,017,155	\$15,634,629	↑
Funding Value of Accrued Assets	\$11,705,358	\$11,895,703	\$12,701,878	\$12,970,887	↑
Unfunded Actuarially Accrued Liabilities	\$2,330,067	\$1,794,623	\$1,315,277	\$2,663,742	↑
Funded Ratio (Assets/Liabilities)	83.40%	86.89%	90.62%	82.96%	↓
Total Pension Payments	\$1,078,093	\$1,080,073	\$1,060,208	\$1,098,793	↑
Number of Retirees	40	40	39	40	↑
Average Annual Pension	\$26,952	\$27,002	\$27,185	\$27,470	↑
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	\$499,948	\$510,426	\$468,400	\$469,383	↔
Number of Active Members	26	26	26	26	↔
Average Annual Salary	\$60,886	\$63,261	\$61,859	\$68,495	↑

Fund: Police and Fire Retirement Fund

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Additions				
Contributions - Employer	\$624,807	\$700,000	\$700,000	\$720,000
Contributions - Employee	23,740	\$23,000	\$20,000	24,000
Interest and Dividend Income	0	0	\$0	0
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	(1,158,085)	419,000	422,500	412,500
Investment Expenses	(25,243)	(30,000)	(30,000)	(30,000)
Total Additions	(\$534,781)	\$1,112,000	\$1,112,500	\$1,126,500
Deductions				
Benefit Payments				
Retirement	\$1,075,137	\$1,100,000	\$1,100,000	\$1,114,000
Administrative Expenses				
Audit	2,500	2,500	2,500	2,500
Contractual Services	14,550	9,500	10,000	10,000
Total Deductions	\$1,092,187	\$1,112,000	\$1,112,500	\$1,126,500
Net Change in Net Position	(\$1,626,968)	\$0	\$0	\$0
Net Position				
Beginning of Year	\$13,856,475	\$12,229,507	\$12,229,507	\$12,229,507
End of Year	\$12,229,507	\$12,229,507	\$12,229,507	\$12,229,507

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.

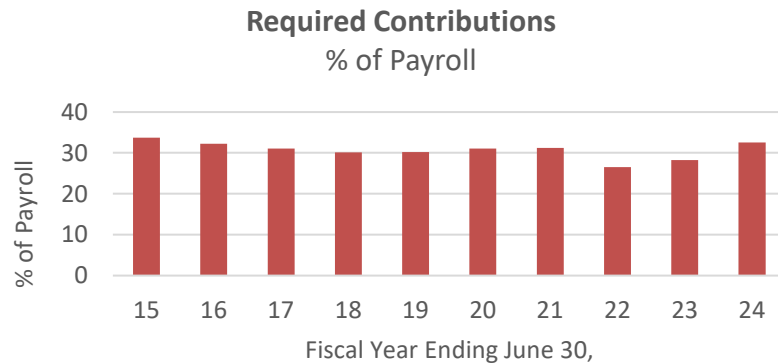
Retirement Board

Jay Thiebaut, *Chairperson* - Citizen Member
Keri Lanning, *Secretary/Treasurer* - City Treasurer
Chris Shankland, Citizen Member
Blake Meyering, Fire Fighter Member
Chad Rosinski, 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.

Fund: Police and Fire Retirement Fund

Plan Financial Details



Required Contribution

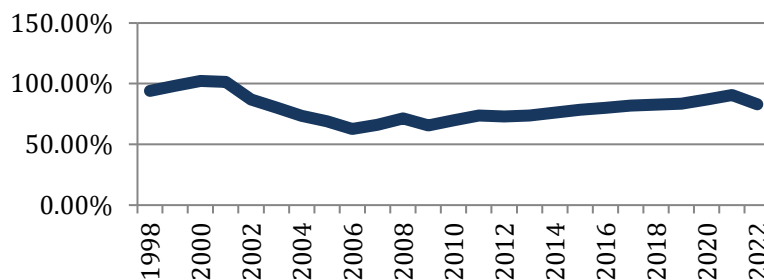
Contribution rates have trended upward as a result of a declining stock market, low interest rates, and additional benefits. The annual required contribution as a percentage of payroll increased to 32.96% in FY2024 from 28.27% in FY2023 due primarily to the smoothing of annual returns on the assets of the system as well as changes in some of the assumptions used for annual actuarial valuations.

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).

Act 345 Police and Fire Retirement System % Funded - Since 1998



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, 2022 the plan is now 83% funded.

Summary of Actuarial Methods and Assumptions

Last Valuation Date	June 30, 2022
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	9
Remaining Amortization - Benefit Increase	9
Asset Valuation Method	5-year smoothed market

Assumptions:

Investment Rate of Return	7.3%
Assumed Rate of Payroll Growth	3.8%
Assumed Rate of Membership Growth	0.0%

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.

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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Special Assessment Revenue	\$0	\$0	\$0	\$0
Interest Income	697	0	0	100
Transfer In	246,514	253,700	275,000	292,000
Surplus	0	0	0	0
Total	\$247,211	\$253,700	\$275,000	\$292,100
Expenditures				
Salaries and Wages - Regular	\$20,539	\$20,000	20,400	20,400
Fringes	13,049	12,000	12,800	12,400
Operating Supplies	1,581	3,000	9,000	9,000
Chemicals	0	100	200	200
Contractual Services	11,019	11,000	6,500	9,000
Legal Contractual Services	0	0	6,500	6,500
Audit	600	600	600	600
Contracted Lab Costs	19,378	20,000	45,000	45,000
Utilities	172,302	173,000	160,000	175,000
Repair & Maintenance	8,743	14,000	14,000	14,000
Total	\$247,211	\$253,700	\$275,000	\$292,100
Fund Balance				
Net Change in Fund Balance	\$0	\$0	\$0	\$0
Fund Balance - Beginning of Year	38,004	38,004	38,004	38,004
Ending Fund Balance	\$38,004	\$38,004	\$38,004	\$38,004

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
Michael Bush	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.

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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Water Revenue	\$15,999	\$14,000	\$18,000	\$15,000
Interest Income	119	3,000	3,000	3,500
Total	\$16,118	\$17,000	\$21,000	\$18,500
Expenditures				
Salaries and Wages	\$2,061	\$3,000	\$3,000	\$3,000
Fringes	1,283	1,900	1,800	1,800
Operating Supplies	0	0	500	500
Contractual Services	0	1,000	4,500	4,500
Audit	500	500	500	500
Depreciation	4,535	4,600	5,000	5,000
Total	\$8,379	\$11,000	\$15,300	\$15,300
Net Position				
Change in Net Position	\$7,739	\$6,000	\$5,700	\$3,200
Net Position - Beginning of Year	385,590	393,329	393,329	399,329
NET POSITION - END OF YEAR	\$393,329	\$399,329	\$399,029	\$402,529

Fund Highlights**Net Assets**

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

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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Tax Increment Financing Revenue	\$142,083	\$162,000	\$146,000	\$152,500
Interest Income	15,020	15,000	15,000	15,000
Surplus	0	103,500	164,500	175,000
Total	\$157,103	\$280,500	\$325,500	\$342,500
Expenditures				
Audit	\$500	\$500	\$500	\$500
Contractual Services	8,205	20,000	50,000	50,000
Transfer Out	246,514	260,000	275,000	292,000
Total	\$255,219	\$280,500	\$325,500	\$342,500
Fund Balance				
Net Change in Fund Balance	(\$98,116)	(\$103,500)	(\$164,500)	(\$175,000)
Fund Balance - Beginning of Year	1,390,973	1,292,857	1,292,857	1,189,357
Ending Fund Balance	\$1,292,857	\$1,189,357	\$1,128,357	\$1,014,357

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.

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	\$5,048,700	\$2,322,033	\$7,370,733
Base Value	(551,400)	0	(551,400)
Captured Value	\$4,497,300	\$2,322,033	\$6,819,333

	<u>Millage</u>	<u>Capture</u>		
		<u>Ad Valorem</u>	<u>IFT</u>	<u>Total</u>
Taxes Captured:				
City Operating	13.49220	\$60,678	\$15,665	\$76,343
Police and Fire Retirement (City)	2.60000	11,693	3,019	14,712
Wexford County Allocated	6.66150	29,959	7,734	37,693
Wexford County - Animal Control	0.19640	883	228	1,111
Wexford County - Public Safety	1.42460	6,407	1,654	8,061
Wexford County - MSU Extension	0.16690	751	194	944
Wexford County - Veterans	0.09810	441	114	555
CWTA	0.58950	2,651	684	3,336
Cadillac-Wexford Public Library	0.73680	3,314	855	4,169
Council on Aging	0.98250	4,419	1,141	5,559
Total Taxes Captured	26.94850	\$121,195	\$31,288	\$152,483

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 \$285,000,000. The LDFA captures about 1.6% of the ad valorem tax roll, and 64.8% of the IFT tax levy.

Fund: Downtown Development Authority Operating Fund**Type:** Component Unit - Special Revenue Fund**Oversight:** DDA Director**Nature and Purpose:**

The volunteer board members of the Cadillac Downtown Development Authority (DDA) are charged with the responsibility of encouraging economic development and halting declining property values in the Downtown Development District, for the benefit of the Downtown District's businesses and the community at large, as prescribed according to the provisions of Public Act 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	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Tax Revenue	\$28,678	\$30,000	\$29,000	\$31,000
Contributions From Private Sources	7,220	5,000	5,000	5,000
Interest Income	150	0	0	0
Total	\$36,048	\$35,000	\$34,000	\$36,000
Expenditures				
Salaries and Wages - Regular	\$13,905	\$13,000	\$13,700	\$14,000
Salaries and Wages - Part Time	0	1,500	2,500	2,500
Fringes	6,740	6,200	6,800	7,000
Office Supplies	0	200	200	200
Postage	0	0	100	100
Contractual Services	11,462	12,000	8,500	10,000
Audit	500	500	500	500
Travel and Education	0	200	0	0
Publisher's Costs	1,079	500	500	500
Downtown Marketing	0	500	1,200	1,200
Total	\$33,686	\$34,600	\$34,000	\$36,000
Fund Balance				
Change in Fund Balance	\$2,362	\$400	\$0	\$0
Fund Balance - Beginning of Year	8,991	11,353	11,353	11,753
Ending Fund Balance	\$11,353	\$11,753	\$11,353	\$11,753

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 \$31,000 in property tax revenue from the DDA's two mill levy, which averages about \$78 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			
<i>Name</i>		<i>Business</i>	<i>Occupation</i>
Steve Barnes	Chairperson	Simply Delightful	Owner
Marcus A. Peccia	Secretary/Treasurer	City of Cadillac	City Manager
Miranda Grunow	Vice-Chairperson		
Tim Coffey	Member	Coffey Insurance Agency	Owner
Curtis Schultz	Member	Markur Consulting	Consultant
Chris Huckle	Member	Cadillac News	Owner/Publisher
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

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
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	\$15,833,798	1.8501	\$29,277	6.01%
2024	\$16,500,000	1.8501	\$30,527	4.27%

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 purpose of Cadillac's DDA Capital Projects Fund is to receive these TIF revenues and track their expenditures on Development Plan projects.

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Tax Revenue	\$68,671	\$93,000	\$113,000	\$115,000
Local Community Stabilization Payment	23,107	22,700	22,000	22,000
Interest Income	0	0	0	0
Total	\$91,778	\$115,700	\$135,000	\$137,000
Expenditures				
Audit	\$0	\$0	\$300	\$500
Contractual Services	5,200	30,000	50,000	56,000
Construction	0	0	0	0
Debt Service	80,884	79,700	79,700	80,300
Total	\$86,084	\$109,700	\$130,000	\$136,800
Fund Balance				
Net Change in Fund Balance	\$5,694	\$6,000	\$5,000	\$200
Fund Balance - Beginning of Year	6,969	12,663	12,663	18,663
Ending Fund Balance	\$12,663	\$18,663	\$17,663	\$18,863

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	Less: Brownfield	Net Capture
Total DDA District Taxable Value	\$16,500,000		
1996 Base Value	(11,650,150)		
Captured Value	\$4,849,850		
Taxes Captured:	Millage	Capture	
City Operating	13.49220	\$65,435	(\$7,498) \$57,937
Police and Fire Retirement (City)	2.60000	12,610	(1,445) \$11,165
Wexford County - Allocated	6.66150	32,307	(3,702) \$28,605
Wexford County - Veterans	0.09810	476	(55) \$421
Wexford County - Animal Control	0.19640	953	(109) \$844
Wexford County - Public Safety	1.42460	6,909	(792) \$6,117
Wexford County - MSU Extension	0.16690	809	(93) \$716
CWTA	0.58950	2,859	(328) \$2,531
Cadillac-Wexford Public Library	0.73680	3,573	(409) \$3,164
Council on Aging	0.98250	4,765	(546) \$4,219
Total Taxes Captured	26.94850	\$130,696	(\$14,977) \$115,719

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 \$283,500,000. The DDA captures about 1.6% of the ad valorem tax roll.

Fund: Brownfield Redevelopment Fund**Type:** Component Unit - Special Revenue Fund**Oversight:** Community Development Director**Nature and Purpose:**

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

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

Fund Details	2021/22 Actual	2022/23 Estimated	2022/23 Adopted	2023/24 Proposed
Revenues				
Current Property Taxes	\$62,767	\$116,000	\$149,000	\$124,000
State Grants	54,057	0	0	0
Interest Income	0	0	0	0
Miscellaneous	3,185	0	0	0
Surplus	0	0	0	0
Total	\$116,824	\$116,000	\$149,000	\$124,000
Expenditures				
Contractual Services	\$96,976	\$116,000	\$149,000	\$124,000
Principal Payment	0	0	0	0
Audit	0	0	0	0
Total	\$96,976	\$116,000	\$149,000	\$124,000
Fund Balance				
Net Change in Fund Balance	\$19,848	\$0	\$0	\$0
Fund Balance - Beginning of Year	146,247	166,095	166,095	166,095
Ending Fund Balance	\$166,095	\$166,095	\$166,095	\$166,095

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 FY2024 are as follows:

Total Brownfield Taxable Value	\$4,856,197
Base Value	1,115,537
Captured Value	\$3,740,660
Captured Taxes	
City Operating	\$35,149
Police and Fire Retirement (City)	6,760
Wexford County	17,320
CWTA	1,535
Other	9,390
CAPS Operating	26,524
State Education Tax	9,597
Wexford-Missaukee ISD	17,305
Total Taxes Captured	\$123,580

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.

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 - FY2024	Year 2 - FY2025	Year 3 - FY2026	Year 4 - FY2027	Year 5 - FY2028	Year 6 - FY2029	Grand Total
General Fund							
Municipal Complex and Administration	145,000	105,000	175,000	300,000			725,000
Parks	95,500	122,500	33,000	40,000	15,500		306,500
Police Department	165,000	65,000	65,000	101,000	70,000	70,000	536,000
Fire Department	34,000		2,250,000			750,000	3,034,000
General Fund Total	439,500	292,500	2,523,000	441,000	85,500	820,000	4,601,500
Major Street Fund	900,000	620,000	500,000	800,000			2,820,000
Local Street Fund	940,000	1,125,000	600,000		60,000		2,725,000
Cemetery Operating Fund	35,000	108,000	58,000		8,000		209,000
Water and Sewer Fund	673,000	2,238,500	1,575,000	718,000	805,000	1,000,000	7,009,500
Stores and Garage Fund	165,000	90,000	55,000		60,000		370,000
Information Technology Fund	90,000	70,000	40,000	20,000	40,000	20,000	280,000
Industrial Park Fund	50,000		600,000				650,000
Community Development	900,000	750,000	700,000	8,000,000			10,350,000
Naval Reserve Fund	33,000		100,000				133,000
Grand Total	4,225,500	5,294,000	6,751,000	9,979,000	1,058,500	1,840,000	29,148,000

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 - FY2024	Year 2 - FY2025	Year 3 - FY2026	Year 4 - FY2027	Year 5 - FY2028	Year 6 - FY2029	Total
General Governmental Revenues	622,500	567,500	3,548,000	395,000	85,500	820,000	6,038,500
Other Funds	80,000	300,000	75,000	1,040,000	0	0	1,495,000
Operating Revenues	963,000	2,506,500	1,678,000	738,000	913,000	1,020,000	7,818,500
MVHF	1,840,000	1,745,000	1,100,000	425,000	60,000	0	5,170,000
Bond/Loan Proceeds	400,000	0	0	3,500,000	0	0	3,900,000
Grants	320,000	175,000	350,000	3,881,000	0	0	4,726,000
	4,225,500	5,294,000	6,751,000	9,979,000	1,058,500	1,840,000	29,148,000

2023-2024 Capital Budget

The following projects have been planned and proposed for funding in FY2024. Included in the chart is an estimate of the impact that the project will have on the annual operating budget.

Year 1 - FY2024		Cost	Budget Impact
General Fund			
Municipal Complex and Administration	Sidewalk Repairs/Upgrades	35,000	0
	Fire Department Garage Approach	110,000	0
Police Department	Police Patrol Vehicle	62,000	1,000
	Car Port	15,000	0
	TruNarc Handheld Narcotics Analyzer	30,000	(500)
	Detective Vehicle	38,000	1,000
Fire Department	In-Car Computer Systems Replacement	20,000	500
	Ventilation Fans	18,000	500
	Turnout Gear	16,000	1,500
Parks	Playground Equipment	50,000	0
	Riding Lawn Mower	8,000	500
	Shoreline Stabilization	7,500	0
General Fund Total	Grinder Pumps - Lakefront Bathrooms	30,000	1,500
		439,500	6,000
Major Street Fund			
Major Street	Carmel Street (Cobbs to Stimson)	195,000	2,000
	North Boulevard (M-115 to Rose Street)	175,000	2,500
	Repaving Project (Various Sections)	230,000	2,500
	Leeson Avenue (RR Tracks to 13th)	300,000	2,500
Major Street Fund Total		900,000	9,500
Local Street Fund			
Local Street	Repaving Project (Various Sections)	140,000	5,000
	Lester Street (Stimson to James)	800,000	1,000
Local Street Fund Total		940,000	6,000
Cemetery Operating Fund			
Maple Hill Cemetery	Exterior Fence Painting	15,000	0
	Utility Vehicle	20,000	500
Cemetery Operating Fund Total		35,000	500
Water and Sewer Fund			
Water and Wastewater	1/2 Ton Service Truck	50,000	1,500
	Backhoe	123,000	5,000
	Major Building Exterior Repairs	175,000	0
	Piston Pump Replacement	40,000	500
	Visitor/Client Entrance - WWTP	95,000	0
	Lester Street (Stimson to James)	160,000	1,000
	Leeson Avenue Lift Station Pump	15,000	500
	Leisure Street Lift Station Pump	15,000	500
Water and Sewer Fund Total		673,000	9,000

Stores and Garage Fund			
Department of Public Works	Leaf Vacuum Trailer	150,000	5,000
	Oil Separator and Drain	15,000	500
Stores and Garage Fund Total		165,000	5,500
Information Technology Fund			
Information Technology	Computer Replacement	20,000	0
	IT Infrastructure	20,000	0
	Wireless Project	50,000	2,000
Information Technology Fund Total		90,000	2,000
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
	Screens at The Market	400,000	2,500
	Downtown Sidewalks	100,000	2,500
Community Development Total		900,000	6,000
Naval Reserve Fund			
Cadillac Community Center	Drill Deck Renovation	15,000	0
	Exterior Cleaning and Painting	18,000	0
Naval Reserve Fund Total		33,000	0
Year 1 - FY2024 Total		4,225,500	45,000

General Fund Projects General governmental revenues, like property taxes and revenue from the State of Michigan are utilized to fund General Fund projects. For FY2024 the City will perform some driveway and sidewalk repairs at the Cadillac Municipal Complex. The Police Department is scheduled to purchase two cars in order to keep the fleet safe and operable, replace the technology found in the patrol cars, and purchase a drug detection device designed to eliminate the need for officers to handle drugs when completing field tests. This will be a great enhancement to officer safety. The Cadillac Fire Department needs to replace several aging sets of turnout gear as well as some exhaust fans to use at emergency scenes. In the Parks Department, a mower will be replaced, several areas of playground will be updated, and pumps in downtown restroom facilities will be upgraded in order to ensure operability. The current pumps have experienced several significant maintenance issues which increased costs and decreased usability for local park users. This project should positively impact the maintenance budget and the experience of the users.

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. Excess fund balance in the General Fund will be targeted as the primary funding source for this year's projects. Several sections of streets in need of immediate attention will be repaved via a new program of mill and overlaying of certain sections where utilities beneath the road are in acceptable condition or no utilities infrastructure exists. This will stretch limited available funds and positively impact overall street conditions. This will positively impact the street maintenance budgets as the number of potholes and cracks that

need fixed will be reduced. 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 \$673,000 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 wastewater 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. Updating equipment and facilities will positively impact maintenance budgets throughout the utilities system.

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 adding a new piece of equipment to the fleet, a leaf vacuum trailer. This equipment will have a significant positive impact on spring and fall leaf cleanup, which consumes hundreds of hours of crew time each year. The trailer operates faster than a street sweeper, is specifically designed for cleanup, and has more capacity than a dump truck to haul leaves. This will positively impact the leaf cleanup budget in the General Fund. In addition, a small upgrade to the oil separation and drain system in the City Garage is proposed which will keep this system operating safely and efficiently.

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.

Community Development The Community Development section of the program contains several important projects for the year. First, it is anticipated that construction of Phase II of a significant downtown development will take place, and as part of this construction the City will upgrade a couple of streets and some parking infrastructure in the area at the same time. The screen system at The Market at Cadillac Commons is also scheduled for replacement. The original screens could not hold up to local weather conditions and needs to be completely replaced. This replacement will benefit the DPW maintenance budget, as this crew had to manage the failing screen system for a couple of years. Lastly, the City will partner with downtown merchants and the Downtown Development Authority to begin to address sidewalk issues that have been plaguing in the downtown area for a number of years.

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 FY2025-2029 fiscal years are summarized below:

Year 2 - FY2025		
Municipal Complex and Administration	Backup Generator	60,000
	Administration Vehicle	45,000
Police Department	Police Patrol Vehicle	65,000
Parks	Kenwood Parking Lot	60,000
	Parking Lot Upgrades - Lake and Chestnut St.	35,000
	Shoreline Stabilization	7,500
	Skate Park Lighting and Cameras	20,000
Major Street	Linden Street (W. Division to Arthur)	400,000
	Leeson Avenue (W. Division to RR Tracks)	220,000

Local Street	Aldrich Street (Bond to Linden)	335,000
	Burlingame Street (13th to Ford)	400,000
	Crestview Street	75,000
	Evert Street	65,000
	Blodgett Street (Lincoln to Washington)	100,000
	Wheeler Street (Ayer to Smith)	150,000
Maple Hill Cemetery	Riding Lawn Mower	8,000
	Road Repairs	100,000
Water and Wastewater	Aldrich Street (Bond to Linden)	111,000
	Burlingame Street (13th to Ford)	190,000
	Blodgett Street (Lincoln to Washington)	75,000
	Wheeler Street (Ayer to Smith)	60,000
	Linden Street	160,000
	Two (2) Service Trucks	90,000
	Type 1 Water System	15,000
	Gas Storage and Energy Production	600,000
	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	55,000
	Four Post Column Lift	35,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	50,000
Community Development	Sidewalk Construction	350,000
	Neighborhood Park	400,000
Year 2 - FY2025 Total		5,294,000
Year 3 - FY2026		
Municipal Complex and Administration	Heating and Cooling Renovation	100,000
	Upgrade Municipal Complex Restrooms	50,000
	Municipal Complex Updates	25,000
Police Department	Police Patrol Vehicle	65,000
Fire Department	Aerial Ladder Truck	2,250,000
Parks	Riding Lawn Mower	8,000
	Walkway Bridge Deck Upgrades	25,000
Major Street	W. Division Street (Colfax to Leeson)	500,000
Local Street	Crippen Street (Mitchell to Hemlock)	500,000
	Elmer Street (Waldo to Linden)	100,000
Maple Hill Cemetery	Entrance Pillars	50,000
	Riding Lawn Mower	8,000
Water and Wastewater	Crippen Street (Mitchell to Hemlock)	300,000
	Elmer Street (Waldo to Linden)	110,000
	W. Division Street (Colfax to Leeson)	100,000
	Analytical Lab Balance	10,000
	Wastewater/Lab Fume Hoods	35,000

	Transformer Replacement	20,000
	Main Building Roof Replacement	50,000
	Ultraviolet System Upgrade	110,000
	Compact Tractor	30,000
	Two (2) 1/2-Ton Service Trucks	100,000
	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	55,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	20,000
Industrial Parks	James E. Potvin Industrial Park Expansion	600,000
Cadillac Community Center	Roof Repair	100,000
Community Development	City Dock and Grounds Upgrades	700,000
Year 3 - FY2026 Total		6,751,000
Year 4 - FY2027		
Municipal Complex and Administration	Fire Garage Expansion	300,000
Police Department	Police Patrol Vehicle	68,000
	Active Shooter Shields	21,000
	Bulletproof Vests	12,000
Parks	Skate Park Equipment	40,000
Major Street	North Boulevard (M-115 to Rose Street)	800,000
Water and Wastewater	Two (2) Service Trucks	100,000
	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
Community Development	Diggins Hill Improvements/Expansion	1,000,000
	Kenwood Park Development	1,000,000
	Mitchell Street Corridor Vision/Streetscape	6,000,000
Year 4 - FY2027 Total		9,979,000
Year 5 - FY2028		
Police Department	Police Patrol Vehicle	70,000
Parks	Riding Lawn Mower	8,000
	Shoreline Stabilization	7,500
Local Street	Warbler Lane (Paluster to Cardinal)	30,000
	Cardinal Drive (Warbler to Crosby)	30,000
Maple Hill Cemetery	Riding Lawn Mower	8,000
Water and Wastewater	1/2 Ton Service Truck	55,000
	Automated Screen and Screw Conveyor	400,000
	Grit Collection Equipment	350,000

Department of Public Works	Alley Plow Truck	60,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	20,000
Year 5 - FY2028 Total		1,058,500
Year 6 - FY2029		
Police Department	Police Patrol Vehicle	70,000
Fire Department	Fire Truck	750,000
Water and Wastewater	Revolution Blower	280,000
	Plant Tile Floors	75,000
	Aqua Disk Filter Cloths	40,000
	Sewer Combo Unit	550,000
	1/2-Ton Service Truck	55,000
Information Technology	Computer Replacement	20,000
Year 6 - FY2029 Total		1,840,000
Grand Total		29,148,000

A full copy of the 2024-2029 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.

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, 2025

Membership: 23

6 Water Division Members

6 Sewer Division Members

1 Laboratory Division Member

10 Street Division Members

** Negotiations beginning Spring 2023*

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
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
2022	221,321,737	32,887,200	254,208,937	645,626,400	39.37%	16.2630

Source: City of Cadillac Treasurer's Office

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

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

Taxpayer	2022			2013		
	Taxable Value	Rank	Percentage of Total City Taxable Value ^a	Taxable Value	Rank	Percentage of Total City Taxable Value ^b
Cadillac Renewable Energy ^c	\$13,216,177	1	5.20%	\$13,946,500	1	5.64%
Consumers Energy	11,010,009	2	4.33%	6,342,144	4	2.57%
Avon Protection System	5,739,100	3	2.26%	6,318,375	5	2.56%
AAR Cadillac Manufacturing	5,296,432	4	2.08%	5,051,500	6	2.04%
FEDEX Ground Package	3,376,300	5	1.33%			0.00%
Piranha Hose Products Inc.	3,310,504	6	1.30%	4,573,726	9	1.85%
925 Frisbie Street LLC ^c	3,075,915	7	1.21%			0.00%
Store Capital Acquisitions LLC	2,672,599	8	1.05%			0.00%
Hutchinson Antivibration System	2,121,927	9	0.83%			0.00%
Rexair, Inc.	1,914,979	10	0.75%	4,729,809	8	1.91%
Cadillac Casting ^d				10,559,900	2	4.27%
Paulstra CRC Corporation				6,873,039	3	2.78%
Avon Automotive				4,899,200	7	1.98%
FIAMM Technologies, Inc.				3,887,200	10	1.57%
Totals	<u>\$51,733,942</u>		<u>20.35%</u>	<u>\$67,181,393</u>		<u>27.18%</u>

Source: City of Cadillac Treasurer's Office

^a Based on total taxable value of \$254,208,937

^b Based on total taxable value of \$247,209,699

^c Formerly Beaver MI Associates LTD Partnership.

^d Formerly CMI Cast Parts.

^e Formerly Four Winn's Boats, LLC.

Property Tax Levies and Collections
Last Ten (10) Fiscal Years

Fiscal Year Ended June 30,	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				
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%
2022	4,184,156	4,060,183	97.04%	123,973	4,184,156	100.00%

Source: City of Cadillac Treasurer's Office

^a In 1977 the Wexford County Treasurer began pooling all delinquent taxes together and financing delinquencies through bond sales. The proceeds from the bond sale are paid to the City giving the effect of 100% tax collection in a given year. The responsibility for the collection of the delinquent tax is shifted to the county treasurer.

Demographic and Economic Statistics
Last Ten (10) Calendar Years

Fiscal		Personal	Per		Local	State	Civilian
Year	Population¹	Income (amounts expressed in thousands)	Capita Personal Income²	School Enrollment³	Unemployment Percentage Rate⁴	Unemployment Percentage Rate⁴	Labor Force⁴
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	459,358	44,361	3,477	4.2	6.3	21,956
2022	10,315	N/A	N/A	3,552	4.3	4.1	21,763

Data Sources:¹ Bureau of the Census² Bureau of Economic Analysis³ School Districts⁴ Michigan Department of Technology, Management & Budget (Local unemployment and civilian labor force based on Wexford-Missaukee Labor Market Area; Personal and Per Capita income based on Cadillac Micropolitan Statistical Area)

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

Principal Employers
Current Year and Nine (9) Years Ago

		<u>2022</u>	<u>2013</u>
<u>Employer</u>	<u>Industry Description</u>	<u>Employees</u>	<u>Employees</u>
Cadillac Area Public Schools	Elementary and Secondary Schools	500-999	250-499
Hutchinson Antivibration Systems Inc ³	Other Rubber Product Manufacturing	500-999	250-499
Akwel ⁴	Other Motor Vehicle Parts Manufacturing	250-499	250-499
Avon Protection Systems Inc	Coating, Engraving & Heat Treating Metal	250-499	100-249
Cadillac Casting Inc	Ferrous Metal Foundries	250-499	250-499
Four Winn's/Glastron/Wellcraft/Rec Boat	Ship and Boat Building	250-499	250-499
Munson Healthcare Cadillac Hospital ¹	General Medical and Surgical Hospitals	250-499	250-499
Rexair	Vacuum Cleaners-Houshold Dealers	250-499	100-249
AAR Mobility Systems	Rapid deployment mobile equipment mfg	100-249	500-999
BorgWarner Cadillac	Other Motor Vehicle Parts Manufacturing	100-249	
Fiamm Technologies	Other Motor Vehicle Parts Manufacturing	100-249	100-249
Michigan Rubber Products Inc	Other Rubber Product Manufacturing	100-249	
Piranha Hose Products Inc	Rubber and Plastic Hoses and Tubing	100-249	100-249
Samaritas Senior Care ²	Residential Care Homes	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.

BUDGET Under the Michigan Uniform Budgeting and Accounting Act (MCL 141.421 et.seq.), budget means a plan of financial operation for a given period of time, including an estimate of all proposed expenditures from the funds of a local unit and the proposed means of financing the expenditures. It does not include a fund for which the local unit acts as a trustee or agent, an intragovernmental service fund, an enterprise fund, a public improvement or building fund or a special assessment fund.

BUDGET CALENDAR The schedule of key dates or milestones which the City departments follow in the preparation, adoption, and administration of the budget.

CAPPED VALUE The capped value will be the previous year's final SEV minus losses increased by the consumer price index or 5%, whichever is less, plus additions. Loss is a component of property which is physically removed, for example the removal of a garage. Addition is a component of property which is physically added such as a family room or finishing a basement.

CAPITAL EXENDITURES Tangible capital-type items should be capitalized if they have an estimated useful life of at least two years following the date of acquisition. Capitalization thresholds are best applied to individual items rather than to groups of similar items. Threshold is \$5,000 or greater of any individual item. Infrastructure assets are treated separately from other capital assets for purposes of establishing capitalization thresholds. As a general rule, capitalization thresholds for non-infrastructure items should be designed to encompass approximately 80 percent of a government's total non-infrastructure tangible capital-type items.

CAPITAL IMPROVEMENT PROGRAM The first year of the CIP is the Capital Improvements Budget and funding for the improvements identified therein is contained in the proposed annual budget. The remaining four years of the CIP lists the capital projects identified for implementation and its estimated cost. Through placement in a year, the priority is indicated and each year, the list of projects is reviewed for need, cost and priority.

CAPITAL PROJECTS FUND Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds and trust funds).

CAPITAL OUTLAY Expenditures relating to the purchase of equipment, facility modifications, land, and other fixed assets.

CEMETERY OPERATING FUND This fund records the financial activities of running the cemetery. Revenues from endowment funds supplement charges for services to finance these activities.

COUNCIL A legislative, executive, advisory or administrative governmental body, such as a city council or a citizen's advisory council, whose elected or appointed members are assigned certain duties and responsibilities by law.

CURRENT TAX COLLECTIONS The City functions as the collection agent for the schools and county.

DEBT SERVICE FUNDS Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The accounting for this group of funds is the modified accrual method.

DEPRECIATION The process of estimating and recording the expired useful life of a fixed asset which is distributed over its revenue-producing years.

DOWNTOWN DEVELOPMENT AUTHORITY (DDA) An authority that is created pursuant to state statute that is designed to assist in the economic growth of the central business district from parking plans to mall development. A tax levy of two mills maximum can be levied by the board when needed.

ENTERPRISE FUNDS Enterprise funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supported by user charges. The significant characteristic of Enterprise Funds is that the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprises. Thus, the reports of enterprise funds are self-contained and creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as they can the performance of investor-owned enterprises in the same industry.

FIDUCIARY FUND Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

FISCAL YEAR The twelve month period designated as the operating year for an entity. The fiscal year for the City of Cadillac is July 1 – June 30.

FUND An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other financial resources, together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE The excess of the assets of an expendable fund, or of a nonexpendable trust fund, over its liabilities.

GENERAL FUND The General Fund is the general operating fund of the City. It is used to account for the resources devoted to finance the services traditionally associated with local government, except those activities that are required to be accounted for in another fund. Transactions are recorded on the modified accrual basis.

GENERAL OBLIGATION BONDS Bonds that finance a variety of public improvement projects which pledges the full faith and credit of the City.

GOVERNMENTAL FUND A fund generally used to account for tax-supported activities.

HOME RULE The authority of local government to frame, adopt or change their own charter and to manage their own affairs with minimal state interference.

INFRASTRUCTURE The basic physical framework or foundation of the City, referring to its buildings, roads, bridges, sidewalks, water and sewer systems.

INVENTORY A detailed listing of property currently held by the government.

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

LOCAL STREET FUND Receives all local street money paid to the cities by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA) Financing authority used to capture taxes within a specific district. The board of directors is appointed by the City Council. The LDFA has the ability to bond for construction related projects and oversee the district.

LEGAL LEVEL OF CONTROL The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions which alter the total expenditures of any fund or the transfer of funds between departments must be approved by the City Council.

MAJOR FUND Governmental or Enterprise Fund reported as a separate column in the basic fund financial statements.

MAJOR STREET FUND Used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and the maintenance contract of the state trunklines.

MILL A taxation unit equal to one dollar of tax obligation for every \$1,000 of assessed valuation of property.

MILLAGE The total tax obligation per \$1,000 of assessed valuation of property.

MODIFIED ACCRUAL ACCOUNTING A basis of accounting in which expenditures are accrued but revenues are accounted for when they become measurable and available.

NONMAJOR FUND Any fund not meeting the requirements to be reported as a Major Fund in the basic financial statements.

NPDES National Pollutant Discharge Elimination System. A permit issued by the State of Michigan for the wastewater treatment plant to discharge treated effluent in the State's waters.

OBJECTIVE Objectives are the methods by which goals are to be obtained. More refined definition to the goal and a focused effort.

OPEB Other Post-Employment Benefits.

PERMANENT FUNDS Governmental fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government of its citizenry).

POLICEMAN AND FIREMAN RETIREMENT SYSTEM Maintained under the State of Michigan Act 345 of 1937. This retirement fund is for police and fire personnel of the City.

PROPOSED BUDGET City's revenue and expenditure plan for the fiscal year as prepared and recommended by the City Manager for the Mayor and the City Council's consideration.

PROPERTY TAX A tax based on the assessed value of property, either real or personal. Tax liability falls on the owner of record as of tax day. Real property includes all lands, buildings and fixtures on the land. Personal property is generally movable and not affixed to land. It includes equipment, furniture, electric and gas transmission and distribution equipment and the like.

RISK MANAGEMENT An organized attempt to protect a government's assets against accidental loss in the most economical method.

RESERVE Funds designated to be allocated in order to meet potential liabilities during the fiscal year.

RESOLUTION Official action of a legislative body, primarily administrative or ministerial in nature.

REVENUE BOND INDEBTEDNESS Bonds of the City which are supported by the revenue generating capacity of the water and wastewater system.

SPECIAL REVENUE FUNDS Special Revenue Funds are used to account for the proceeds of specified revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

STATE EQUALIZED VALUATION (SEV) The assessed valuation of property in the City as determined by the local assessor and then reviewed and adjusted, if necessary, by the county and state, to assure that it equals 50% of market value, as required by the State of Michigan.

STRUCTURALLY BALANCED BUDGET A budget where recurring revenues equal or exceed recurring expenditures.

SURPLUS Prior years' earnings used to balance the current operating budget. An excess of the assets of a fund over its liabilities and reserves.

TAXABLE VALUE Taxable value is simply the lesser of the assessed value or capped value. Property tax revenues are derived by multiplying the taxable value by the applicable tax rate.

TAX BASE The total value of taxable property in the City.

TAX INCREMENT FINANCING A tax incentive designed to attract business investment by the dedication of property tax revenue from the redevelopment of an area (tax increment district) to finance development related costs in that district. Tax increment financing divides tax revenue from the area into two categories: 1. taxes on the predevelopment value of the tax base that are kept by each taxing body; and 2. taxes from increased property values resulting from redevelopment that are deposited by some taxing entities in a tax increment fund and are used to finance public improvements in the redevelopment area. In Michigan, there are four different types of authorities with tax increment financing powers:

1. Tax increment finance authority (no longer an option for a new authority),
2. Downtown development authority,

3. Local development financing authority, and
4. Brownfield redevelopment authority.

TAX RATE An amount levied on assessed property value, real and personal, within the City of Cadillac. The City Council establishes the tax rate each year at budget time in order to finance various funds.

TRANSFER OF FUNDS A procedure established by the city charter used to revise a budgeted amount after the budget has been adopted by the city council.

UDAG Initials for federal grant program issued by the U.S. Department of Housing and Urban Development. The funding of this program no longer exists at the federal level. Urban Development Action Grant (UDAG).

VARIANCE Authorization for the construction of a structure or for the establishment of a use which is prohibited by a zoning ordinance. Generally, a variance may not be granted unless the literal enforcement of the zoning ordinance would cause a property owner “practical difficulties or unnecessary hardship.”

WATER AND WASTEWATER DISPOSAL SYSTEM FUND The customers of the City’s tertiary treatment plant have the revenues and expenses of the system accounted for in this fund as well as the financial activity of the seven well water systems which provide water to the City.

WORKING CAPITAL Working capital is generally defined as current assets minus current liabilities. Working capital measures how much in liquid assets less short-term obligations is available to be used for budgeted expenditures.

WWTP Initials for Wastewater Treatment Plant.

ZONING Division of a municipality into districts; the regulation of structures according to their construction, nature, and extent of use and the regulation of land according to nature and use.



2023/2024 ANNUAL OPERATING BUDGET