LOCAL DEVELOPMENT FINANCE AUTHORITY
BOARD MEETING
MAY 19, 2003
MINUTES

A meeting of the Cadillac Local Development Finance Authority Board was called to order by Chair Stalker at 8:30 a.m. on Monday, May 19, 2003 Conference Room One of the Municipal Complex, 200 N. Lake Street, Cadillac, MI.

ROLL CALL

BOARD MEMBERS PRESENT:	Stalker, Brovont, Petersen, Tencza, Briggs (9 a.m.) Carroll (9 a.m.)
BOARD MEMBERS ABSENT:	Benson, Crooks, Frisbie
STAFF:	Larry Campbell, City of Cadillac Utilities Director

Since no quorum was in attendance, the Board moved to Item III on the agenda.

III. **Operations Update**. Utilities Director Larry Campbell led the Board through a comprehensive review of operations to date. Concentrations continue to decline, and annual testing shows that the system continues to operate appropriately.

IV. **SVE Closure Plan**. Campbell discussed the plan associated with the closure of the SVE system this year, and that process is underway.

V. **Michigan's Proposed NPDES Permit Fee Rule**. The proposed permit fees for NPDES permits were also highlighted for the Board's attention. The LDFA would see a fee of approximately $5000 per year, if the State legislature moves forward with this action.

Briggs and Carroll arrived at 9:00 a.m.

With a quorum of the Board, Chair Stalker returned to Item I, Approval of the Minutes of the September 18, 2002 meeting.

I. **Approval of the Minutes of September 18, 2002**. It was motioned by Carroll and supported by Briggs that the minutes of the September 18, 2002 meeting be approved as presented. All ayes.

II. **Fiscal 2003/2004 Budget /State Audit**. Stalker took the Board through a detailed review of the Operating Fund, Debt Service Fund, and Utility Fund for the LDFA. (See attached summary.) After much discussion and review of each budget, it was moved by Petersen and supported by Brovont to adopt the operating budget. All ayes.

It was moved by Carroll and supported by Briggs to adopt the Debt Service Fund. All ayes.

It was moved by Carroll and supported by Petersen to adopt the Utility Fund. All ayes.

VI. **Area Remediation Update**. The Board then discussed area wide remediation efforts and the potential impact of the Rexair situation on the LDFA. As was reported previously, the State and Rexair are engaged in litigation on this matter, and this is something that the LDFA Board will follow very closely as it develops.

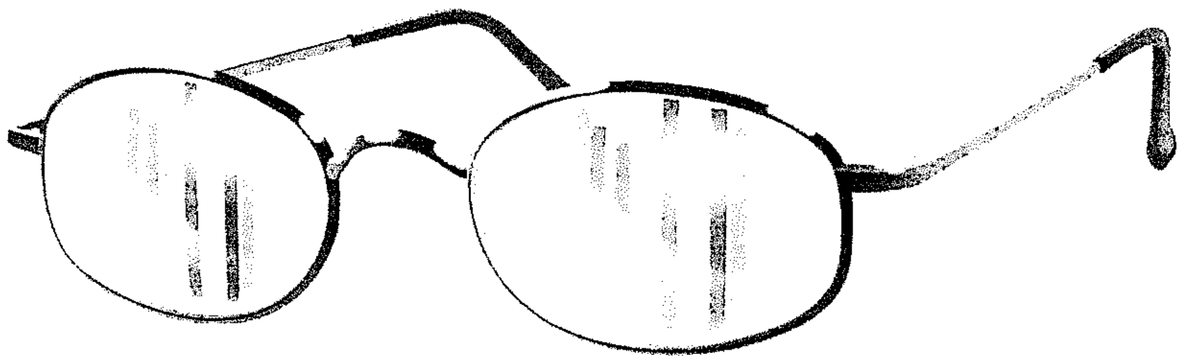
VII. **Appeal Update**. Stalker reminded the Board that the City had prevailed with the Ingraham litigation last year. However, the Ingrahams have asked for a "hardship" extension, and therefore foreclosure activities will not take place on the Ingraham property until fall 2004. In the meantime, a local manufacturer is desirous of procuring this property. They have offered to buy the land from the Ingrahams through the Industrial Fund for $50,000 with the understanding that the manufacturer will also have to pay a certain amount of the special assessments and property taxes that are in arrears on the property. Stalker further advised the Board that since technically there was still an appeal open on the Ingraham litigation, the City Council could settle the matter, and forgive up to $150,000 in taxes and back special assessments. This would mean that the new owner would need to pay the balance of $100,000 in taxes and special assessments plus the $50,000 to Ingrahams, for a total purchase price of $150,000. In addition, the new owner would also agree to pay future special assessments on the property moving forward. This "settlement" will be presented to City Council in the near future, and is one way for the City and the LDFA to recoup some of the back taxes, since it is clear that Ingrahams would let the property tax revert prior to making any payments.

Stalker then reported that the Loper litigation would be moving forward at the tax tribunal, most likely this summer. Mr. Loper is attempting to donate the land to various local charitable organizations; however, he has not been successful to date.

IX. **Adjournment**. There being no further business before the Board, the meeting was adjourned at 10:45 a.m.

Respectfully submitted,

Peter Stalker for Steve Frisbie
Secretary



Local Development Finance Authority

2003-2004 Annual Budget

Operating Fund

Debt Retirement Fund

Utilities Fund

CITY OF CADILLAC MICHIGAN

May 19, 2003

Memorandum

To: Local Development Finance Authority Board of Directors

From: Peter D. Stalker, City Manager

Re: 2003-2004 Annual Budget

Attached you will find the proposed budget for the Local Development Finance Authority for the fiscal year from July 1, 2003 through June 30, 2004. The three budgets-operating, debt retirement, and utilities, need your review and approval.

Areas of interest-

1. Operating
    a. Interest income is significantly lower due to the decline in the investment market.
    b. Tax revenues are increasing slightly as those protesting the tax are beginning to pay.
    c. Utilities is the largest expenditure line item accounting for 42% of activity. Salaries and fringes are for the utilities employee to monitor the system.
    d. In 2004 it is propose to close the Soil Vapor Extraction site.
2. Debt Retirement
    a. Property Taxes are reducing as the taxable value of the power plant declines with age.
    b. Over one million dollars is in reserve as we near the end of the life of the bond. It is designed to pay the bonds off early.
3. Utilities
    a. 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 Utilities Ordinance.
    b. Retained earnings are designed for additional well or replacement well equipment in the future.

Local Development Finance Authority Operating Fund

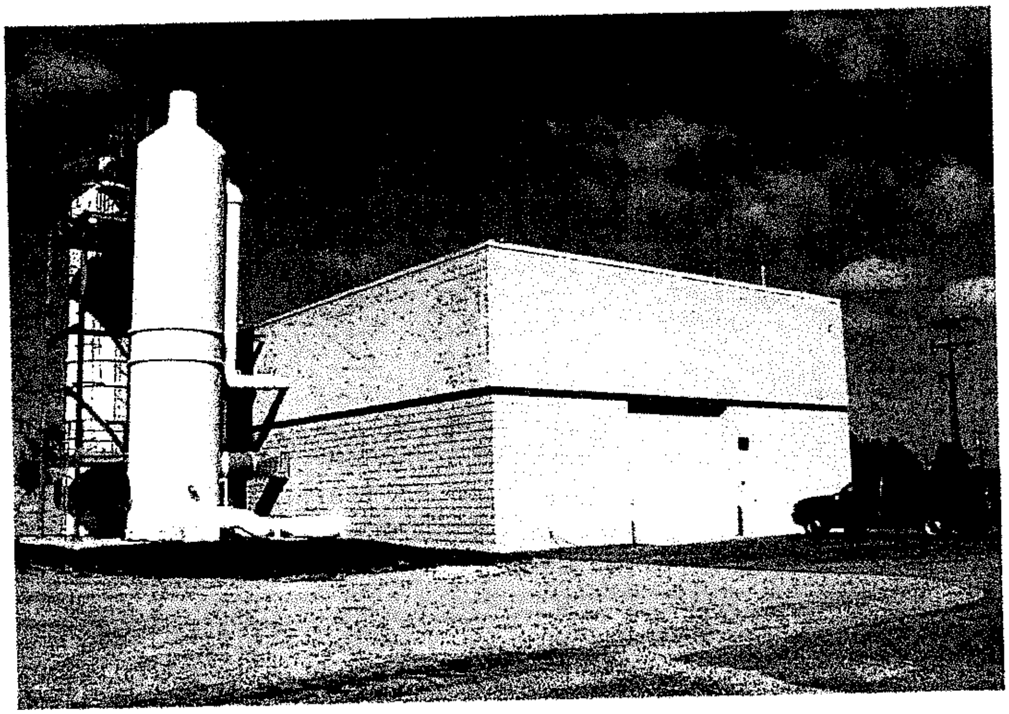
City of Cadillac

Operating Budget

2003-2004

Local Development Financing Authority Operating Fund

The Local Development Finance Authority (LDFA) established an operating fund which reflects the operational costs of the groundwater cleanup process in the industrial park. This fund has a sole source of revenue which is the special assessments paid by the industrial community within the contaminated area. In 2002 the City Council will be asked to approve the next multi-year assessment. The cleanup process of the groundwater is a benefit to the industrial park area and is not intended to identify any plant or organization as contaminating the groundwater but instead presents a positive solution to an existing challenge. The City Council approves the special assessment roll based on acreage owned by a property owner which establishes a corresponding percentage of the total operational costs to effectively monitor the clean-up. Fiscal year 2004 will be the eighth full year the plant has been in operation.



Board of Directors:

Peter D. Stalker - Chairperson	City Manager, City of Cadillac
David Crooks - Vice Chairperson	Attorney
Jack Benson	Retired Bank President
Dr. Fred Carroll	Superintendent, Cadillac Area Public Schools
Steve Frisbie	Owner, Frisco Management
Bill Tencza	President, Cadillac Area Chamber of Commerce
Dennis Brovont	Vice President, Michigan Rubber Products
Jim Petersen	Retired Bank President
Pat Briggs	Assistant Superintendent of Operations and Personnel, Cadillac Area Public Schools

	Fiscal Year Ending June 30,			
		Budget		
	AUDIT 2002	ESTIMATED 2003	CURRENT 2003	**PROPOSED 2004**
REVENUES				
Tax Revenue	$121,356	$160,000	$196,500	**$196,500**
Penalties & Interest	337	400	300	**400**
Interest Income	105,006	68,000	45,000	**48,500**
TOTAL REVENUES	**$226,698**	**$228,400**	**$241,800**	**$245,400**
EXPENDITURES				
Salaries and Wages - Regular	$12,035	$9,000	$9,000	**$11,500**
Fringes	5,712	3,100	3,100	**5,300**
Operating Supplies	11,165	9,000	10,000	**11,700**
Chemicals	0	9,000	3,000	**3,000**
Contractual Services	16,052	16,000	19,500	**18,000**
Legal Contractual Services	9,879	10,000	10,000	**10,000**
Audit	350	400	400	**400**
Contracted Lab Costs	55,837	29,000	31,000	**32,000**
Utilities	90,836	95,000	98,700	**102,000**
Carbon	0	7,000	5,000	**5,000**
Repair & Maintenance	9,234	9,000	6,800	**8,700**
Engineering Fees (1)	0	20,000	35,000	**35,000**
TOTAL EXPENDITURES	**$211,100**	**$216,500**	**$231,500**	**$242,600**
FUND BALANCE				
Excess (Deficiency) of Revenues Over Expenses	$15,599	$11,900	$10,300	**$2,800**
Fund Balance - Beginning of Year	1,600,543	1,616,142	1,628,042	**1,628,042**
FUND BALANCE AT YEAR END	**$1,616,142**	**$1,628,042**	**$1,638,342**	**$1,630,842**

(1) The Capitalized Interest included within the Local Development Finance Authority (L.D.F.A.) Operating Fund can be used to supplement shortfalls in Special Assessments, capital equipment and site closure costs. For 2002-2003, an estimated $35,000 will be used for closure plans and geotesting at the L.D.F.A. Soil Vapor Extraction Site. In 2004 propose to close the Soil Vapor Extraction site.

Uncollected Assessments

As of June 30, 2002, uncollected assessments exist in the amount of $241,107.

L.D.F.A. Groundwater Treatment Statistics:

Volume of groundwater pumped and treated:

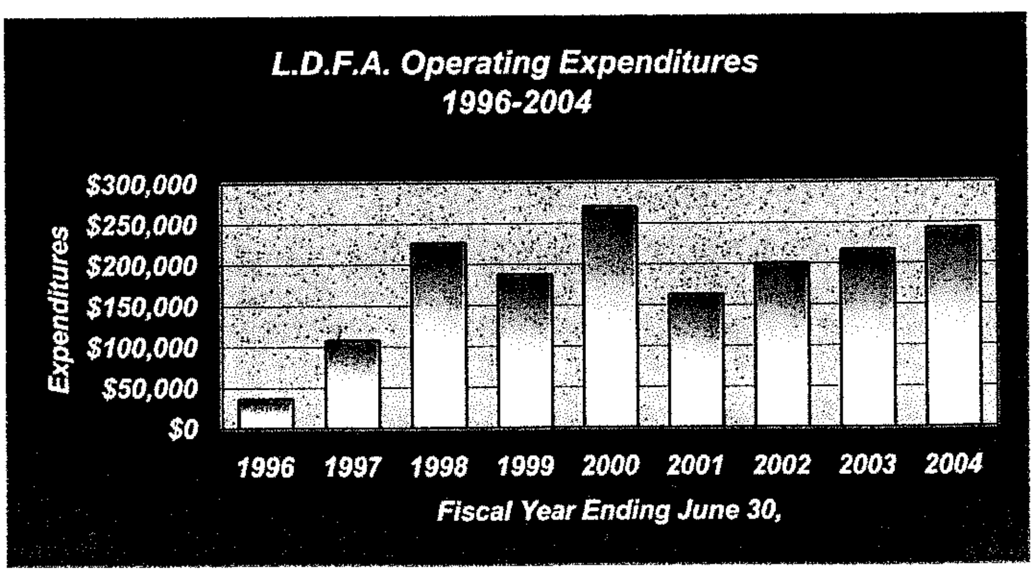
	Gallons per Year	Gallons per Day
1996	324,520,000	2,660,000
1997	967,100,000	2,650,000
1998	924,000,000	2,530,000
1999	889,330,000	2,436,500
2000	880,000,000	2,410,000
2001	870,180,000	2,384,000
2002	845,000,000	2,315,100

Estimated pounds of volatile organics stripped from the water:

1996	1,635 pounds at start up 9/1/96	1999	2,761 pounds per year
1997	4,840 pounds per year	2000	2,628 pounds per year
1998	3,466 pounds per year	2001	2,402 pounds per year
		2002	2322 pounds per year

Hours spent in operation and maintenance:

1996	323 hours for four months	1999	380 hours
1997	750 hours	2000	435 hours
1998	580 hours	2001	770 hours
		2002	890 hours



CITY OF CADILLAC
ANNUAL BUDGET WORKSHEET

L.D.F.A. OPERATING FUND

Activity:
Line Item: Current Property Tax
Account # 287-000-402.010

6/30/03 Budget	196,500
6/30/02 Audit	121,356
6/30/01 Audit	121,356

LINE ITEM DESCRIPTION
To record income from Special Assessment for the operation of LDFA Groundwater Treatment Plant and purge wells.

JUSTIFICATION
LDFA GWTP Finance Authority as approved by City Council.

LOCATION AND RELEVANT DETAILS
LDFA Special Assessment 5 year renewal March 2002 - 196,500

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
196,500	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity:
Line Item: Penalties & Interest
Account # 287-000-445.010

6/30/03 Budget	300
6/30/02 Audit	337
6/30/01 Audit	489

LINE ITEM DESCRIPTION
To record interest paid on bonds

JUSTIFICATION
Penalties paid by delinquent Special Assessment parties

LOCATION AND RELEVANT DETAILS
'01 Audit = 489
'02 Audit = 337
'03 5 month amount = 0
Fund at average = 400

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
400	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity:
Line Item: Interest Income
Account # 287-000-665.010

6/30/03 Budget	45,000
6/30/02 Audit	105,006
6/30/01 Audit	111,536

LINE ITEM DESCRIPTION
To record interest earned on idle funds

JUSTIFICATION
Record cash management of idle funds

LOCATION AND RELEVANT DETAILS
Past audits reflect higher market interest rates.
Fund balance at 1616000 @ 3% = 48500

Dale - not sure what interest rate you are using for next year?

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
	2/24/2003	pds
48,500		

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity: Wells & Well Fields
Line Item: Salaries & Wages - Regular
Account # 287-587-702.020

6/30/03 Budget	9,000
6/30/02 Audit	12,035
6/30/01 Audit	10,460

LINE ITEM DESCRIPTION
To record wages involved in operation & maintenance of GWTP by utilities personnel.

JUSTIFICATION
Provide manpower for LDFA operation

LOCATION AND RELEVANT DETAILS
'01 Audit = 10460
'02 Audit = 12035
'03 = 5167 @ 5 months

27662 @ 29 months = 11446/yr
Fund at 11500

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
11,500	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity: Wells & Well Fields
Line Item: Fringes
Account # 287-587-719.010

6/30/03 Budget	3,100
6/30/02 Audit	5,712
6/30/01 Audit	4,830

LINE ITEM DESCRIPTION
To record payment of fringe benefits

JUSTIFICATION
Required by contract, State and Federal law

LOCATION AND RELEVANT DETAILS
Fund at 46%
11500 @ .46 = 5290

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
5,300	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity: Wells & Well Fields
Line Item: Operating Supplies
Account # 287-587-740.010

6/30/03 Budget	10,000
6/30/02 Audit	11,165
6/30/01 Audit	13,690

LINE ITEM DESCRIPTION
Record cost for GWTP operating supplies. Oil, grease, paper, parts, etc.

JUSTIFICATION
To provide supplies and materials required for operation.

LOCATION AND RELEVANT DETAILS
'01 Audit = 13690
'02 Audit = 11165
'03 = 3268 @ 5 months

28123 @ 29 months = 11637/yr
Fund at 11700

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
11,700	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity: Wells & Well Fields
Line Item: Chemicals
Account # 287-587-745.010

6/30/03 Budget	3,000
6/30/02 Audit	0
6/30/01 Audit	0

LINE ITEM DESCRIPTION
Record cost for sulfuric acid, sodium hydroxide and carbon for GWTP.

JUSTIFICATION
Provide chemicals for treatment

LOCATION AND RELEVANT DETAILS
'01 Audit = 0
'02 Audit = 0
'03 @ 5 mos = 0

With low influent chromium concentrations, chemical treatment has not been required. We still need to fund for some chemicals if something changes.
Fund at same, 3000

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
3,000	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity: Wells & Well Fields
Line Item: Contractual Services
Account # 287-587-801.010

6/30/03 Budget	28,200
6/30/02 Audit	16,052
6/30/01 Audit	9,849

LINE ITEM DESCRIPTION
To record expense of attorneys, engineers, electrical and instrument technicians that are hired on a contractual basis.

JUSTIFICATION
Provide specialized equipment and manpower.

*Combined with Legal Contractual Services for 2002-2003 per Pete

LOCATION AND RELEVANT DETAILS
'01 Audit = 9849
'02 Audit = 16052
'03 5 mos = 0

Annual report is currently being completed. Tetratech's protected budget is 15,500. Need to fund at current level for attorney fees.

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
18,000	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity: Wells & Well Fields
Line Item: Legal Contractual Services
Account # 287-587-801.060

6/30/03 Budget	1,300
6/30/02 Audit	9,879
6/30/01 Audit	0

LINE ITEM DESCRIPTION
Record legal services

JUSTIFICATION

Break out from Contractual Services per Pete 2003-2004

LOCATION AND RELEVANT DETAILS

Anticipated legal resource

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
10,000	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity: Wells & Well Fields
Line Item: Audit
Account # 287-587-801.060

6/30/03 Budget	400
6/30/02 Audit	350
6/30/01 Audit	325

LINE ITEM DESCRIPTION
Record outside audit activity

JUSTIFICATION
Provide for Financial analysis

LOCATION AND RELEVANT DETAILS
'01 audit = 325
'02 audit = 350
'03 audit = 360

Fund at current level, 400

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
400	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity: Wells & Well Fields
Line Item: Contracted Lab Costs
Account # 287-587-801.180

6/30/03 Budget	31,000
6/30/02 Audit	55,837
6/30/01 Audit	30,591

LINE ITEM DESCRIPTION
To record cost for lab analysis of wells, groundwater treatment plant influent & effluent. Work done by contract lab.

JUSTIFICATION
Required by EPA and MDNR for operation.

LOCATION AND RELEVANT DETAILS
01 audit = 30591
'02 audit = 55837
'03 @ 5 mos = 14412

02 year was high due to two year billing by Longshore Environmental for field work. Use average of '01 and current for budget
45003 @ 17 mos = 31766/yr
Fund at 32000

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
32,000	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity: Wells & Well Fields
Line Item: Utilities
Account # 287-587-920.010

6/30/03 Budget	98,700
6/30/02 Audit	90,836
6/30/01 Audit	86,990

LINE ITEM DESCRIPTION
To record cost for electrical power to GWTP and purge wells. To record cost for natural gas to GWTP.

JUSTIFICATION
Required for heat and poweer operation of facility and wells.

LOCATION AND RELEVANT DETAILS
'01 audit = 86990
'02 audit = 90836
'03 @ 5 mos = 34856

212682 @ 29 mos = 88006/yr
Should continue to fund at current level: 102,000 with higher electric rates projected.

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
102,000	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity: Wells & Well Fields
Line Item: Repairs & Maintenance
Account # 287-587-930.010

6/30/03 Budget	6,800
6/30/02 Audit	9,234
6/30/01 Audit	5,938

LINE ITEM DESCRIPTION
To record expenditure of equipment repair by outside company.

JUSTIFICATION
Provide specialized repair services.

LOCATION AND RELEVANT DETAILS
'01 audit = 5938
'02 audit = 9234
'03 @ 5 mos = 5779

Avg = 20951 @ 29 mos = 8669/yr

Need to increase to reflect historical and current rates.

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
8,700	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity: Capitalized Interest
Line Item: Carbon
Account # 287-604-740.270

6/30/03 Budget	5,000
6/30/02 Audit	0
6/30/01 Audit	0

LINE ITEM DESCRIPTION
To record expenditure for carbon and chemicals as capitalized interest.

JUSTIFICATION
Provide contaminate removal.

LOCATION AND RELEVANT DETAILS
'01 audit = 0
'02 audit = 0
'03 @ 5 mos = 0

Fund at current level.

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
5,000	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. OPERATING FUND

Activity: Capitalized Interest
Line Item: Engineering Fees
Account # 287-604-801.020

6/30/03 Budget	
6/30/02 Audit	
6/30/01 Audit	

LINE ITEM DESCRIPTION
Record cost for Soil Vapor Extraction (SVE) system shut-down and closure.
Record cost for Engineering proposal and contractor to complete closure.

JUSTIFICATION
Site closure per MDEQ and EPA

LOCATION AND RELEVANT DETAILS

Proposal from Tetratech for closure plan at Soil Vapor Extraction (SVE) site. '02/'03 budget contains $35,000 for planning phase. Estimate for closure cost is $45,000, however we may be able to sell some of the equipment or carbon containers back to Envirotrol.
Fund at 35000

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
35,000	2/24/2003	pds

REASON FOR CHANGE

Local Development Finance Authority Debt Retirement Fund

City of Cadillac

Operating Budget

2003-2004

CITY OF CADILLAC

TITLE OF ISSUE ***2000 Local Development Finance Authority Local Development Refunding Bonds***

PURPOSE For the purpose of (i) advance refunding of the Authority's Tax Increment Revenue Refunding Bonds, Series 1994, dated October 1, 1994 and maturing in the years 2004 through 2010 on March 1, 2003 at 102% of par, (ii) defeasing the 1994 Bonds maturing in the years 2001, 2002, and 2003 as the same shall become due and (iii) paying certain expenses relating to the issuance of the Bonds.

DATE OF ISSUE October 10, 2000

AMOUNT OF ISSUE		$3,640,000
AMOUNT REDEEMED		
Prior to Current Period	$1,080,000	
During Current Period	$660,000	$1,740,000
BALANCE OUTSTANDING		$1,900,000

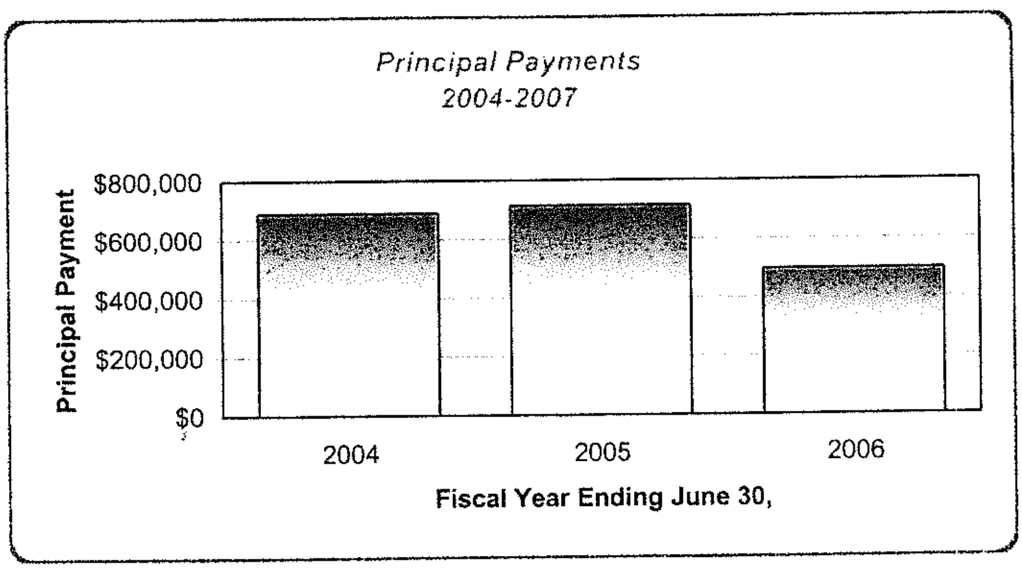
DUE DATES	**RATE**	**PRINCIPAL**	**INTEREST**	**TOTAL**
	REQUIREMENTS			
September 1, 2003			$44,084	$44,084
March 1, 2004	4.50%	$690,000	$44,084	$734,084
September 1, 2004			$28,559	$28,559
March 1, 2005	4.70%	$715,000	$28,559	$743,559
September 1, 2005			$11,757	$11,757
March 1, 2006	4.75%	$495,000	$11,756	$506,756
		$1,900,000	$168,799	$2,068,799

		Fiscal Year Ending June 30,		
		Budget		
	AUDIT 2002	ESTIMATED 2003	CURRENT 2003	**PROPOSED 2004**
REVENUES				
Property Taxes	$983,902	$780,000	$925,000	**$780,000**
Interest Income	38,594	40,000	50,000	**40,000**
TOTAL REVENUES	**$1,022,495**	**$820,000**	**$975,000**	**$820,000**
EXPENDITURES				
Audit	$900	$900	$600	**$900**
Bond Principal Paid	630,000	660,000	660,000	**690,000**
Interest Expense	148,408	117,538	120,600	**90,000**
TOTAL EXPENDITURES	**$779,308**	**$778,438**	**$781,200**	**$780,900**
FUND BALANCE				
Excess (Deficiency) of Revenues Over Expenses	$243,188	$41,562	$193,800	**$39,100**
Fund Balance - Beginning of Year	733,045	976,233	1,017,795	**1,017,795**
FUND BALANCE - END OF YEAR	$976,233	$1,017,795	$1,211,595	**$1,056,895**

Five Year Projections

	Fiscal Year Ending June 30,				
	2005	**2006**	**2007**	**2008**	**2009**
Revenues					
Property Taxes	$780,000	$780,000	$0	$0	$0
Interest Income	50,000	65,000	0	0	0
Surplus		1,130,395			
Total Revenues	$830,000	$1,975,395	$0	$0	$0
Expenditures					
Audit	$500	$500	$0	$0	$0
Principal Payment	715,000	495,000	0	0	0
Interest Expense	41,000	13,000	0	0	0
Transfer Out	0	1,466,895			
Total Expenditures	$756,500	$1,975,395	$0	$0	$0

Bond principal payment will be paid in full on March 1, 2006



CITY OF CADILLAC
ANNUAL BUDGET WORKSHEET

L.D.F.A. Debt Retirement Fund

Activity:
Line Item: Current Property Tax
Account # 391-000-402.010

6/30/03 Budget	925,000
6/30/02 Audit	983,902
6/30/01 Audit	946,023

LINE ITEM DESCRIPTION
Record taxes levied on power plant

JUSTIFICATION
LDFA Millage on taxable value of power plant

LOCATION AND RELEVANT DETAILS

Property values are declining so will anticipate less tax revenue

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
650,000	12/18/2002	pds

REASON FOR CHANGE

L.D.F.A. Debt Retirement Fund

Activity:
Line Item: Bond Revenue
Account # 391-000-607.200

6/30/03 Budget	0
6/30/02 Audit	0
6/30/01 Audit	3,603,600

LINE ITEM DESCRIPTION
Proceeds from Bond Sale

JUSTIFICATION

LOCATION AND RELEVANT DETAILS

None anticipated

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
0	12/18/2002	pds

REASON FOR CHANGE

L.D.F.A. Debt Retirement Fund

Activity:
Line Item: Interest Income
Account # 391-000-665.010

6/30/03 Budget	50,000
6/30/02 Audit	38,594
6/30/01 Audit	50,662

LINE ITEM DESCRIPTION
Record monies earned on idle investments

JUSTIFICATION
Return on idle monies

LOCATION AND RELEVANT DETAILS

Interest on investable funds by the paying agent.

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
40,000	12/18/2002	pds

REASON FOR CHANGE

L.D.F.A. Debt Retirement Fund

Activity:
Line Item: Surplus
Account # 391-000-699.020

6/30/03 Budget	0
6/30/02 Audit	0
6/30/01 Audit	0

LINE ITEM DESCRIPTION

JUSTIFICATION

LOCATION AND RELEVANT DETAILS

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
	12/18/2002	pds

REASON FOR CHANGE

L.D.F.A. Debt Retirement Fund

Activity: Administration
Line Item: Legal Contractual Services
Account # 391-482-801.030

6/30/03 Budget	0
6/30/02 Audit	0
6/30/01 Audit	0

LINE ITEM DESCRIPTION

JUSTIFICATION

LOCATION AND RELEVANT DETAILS

None anticipated

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
0	12/18/2002	pds

REASON FOR CHANGE

L.D.F.A. Debt Retirement Fund

Activity: Administration
Line Item: Audit
Account # 391-482-801.060

6/30/03 Budget	600
6/30/02 Audit	900
6/30/01 Audit	550

LINE ITEM DESCRIPTION
Record independent review of financial records

JUSTIFICATION
Review financial statements

LOCATION AND RELEVANT DETAILS
Baird Cotter and Bishop

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
900	12/18/2002	pds

REASON FOR CHANGE

L.D.F.A. Debt Retirement Fund

Activity: Administration
Line Item: Principal Payment
Account # 391-482-991.010

6/30/03 Budget	660,000
6/30/02 Audit	630,000
6/30/01 Audit	450,000

LINE ITEM DESCRIPTION
Record principal payments

JUSTIFICATION
Repayment of borrowed funds

2005	715,000
2006	495,000
Total	1,210,000

LOCATION AND RELEVANT DETAILS
03/01/04 690,000

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
690,000	12/18/2002	pds

REASON FOR CHANGE

L.D.F.A. Debt Retirement Fund

Activity: Administration
Line Item: Interest Expense
Account # 391-482-995.010

6/30/03 Budget	120,600
6/30/02 Audit	148,408
6/30/01 Audit	284,734

LINE ITEM DESCRIPTION
Record interest on loan

JUSTIFICATION

Cost of borrowed funds

LOCATION AND RELEVANT DETAILS

9/1/03	44,084
3/1/04	44,084
	88,168

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
90,000	12/18/2002	pds

REASON FOR CHANGE

Local Development Finance Authority Utilities Fund

City of Cadillac

Operating Budget

2003-2004

Local Development Financing Authority Utilities Fund

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.

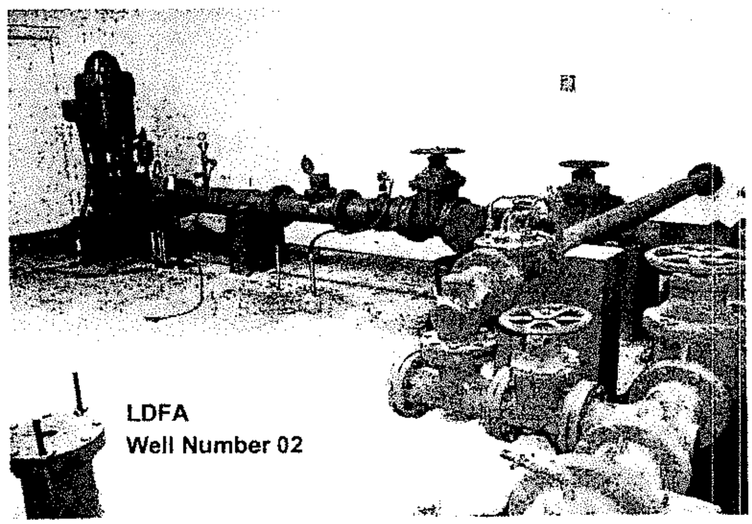
The LDFA contracts with the City Utilities Department to provide operational and maintenance expertise.

Volume of Water Pumped (Gallons)

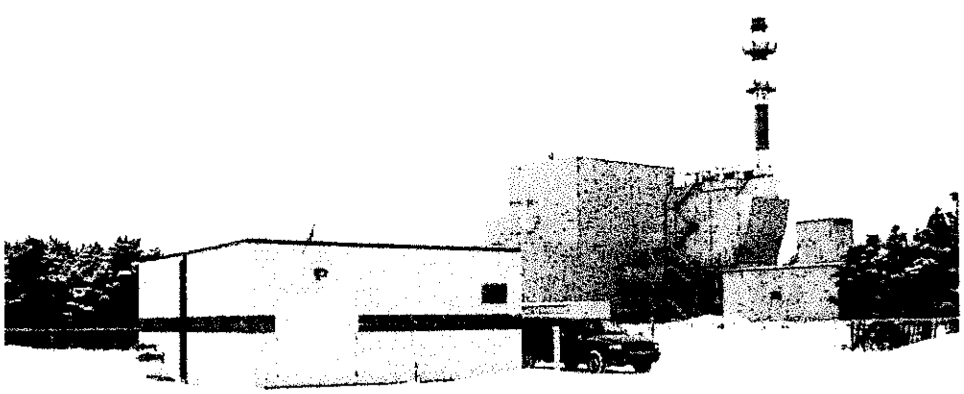
1996	Not on line
1997	163,720,000
1998	161,000,000
1999	158,620,100
2000	143,838,000
2001	152,795,000
2002	162,571,000

Hours spent in operation and maintenance

1996	Not on line
1997	160
1998	156
1999	168
2000	154
2001	148
2002	122

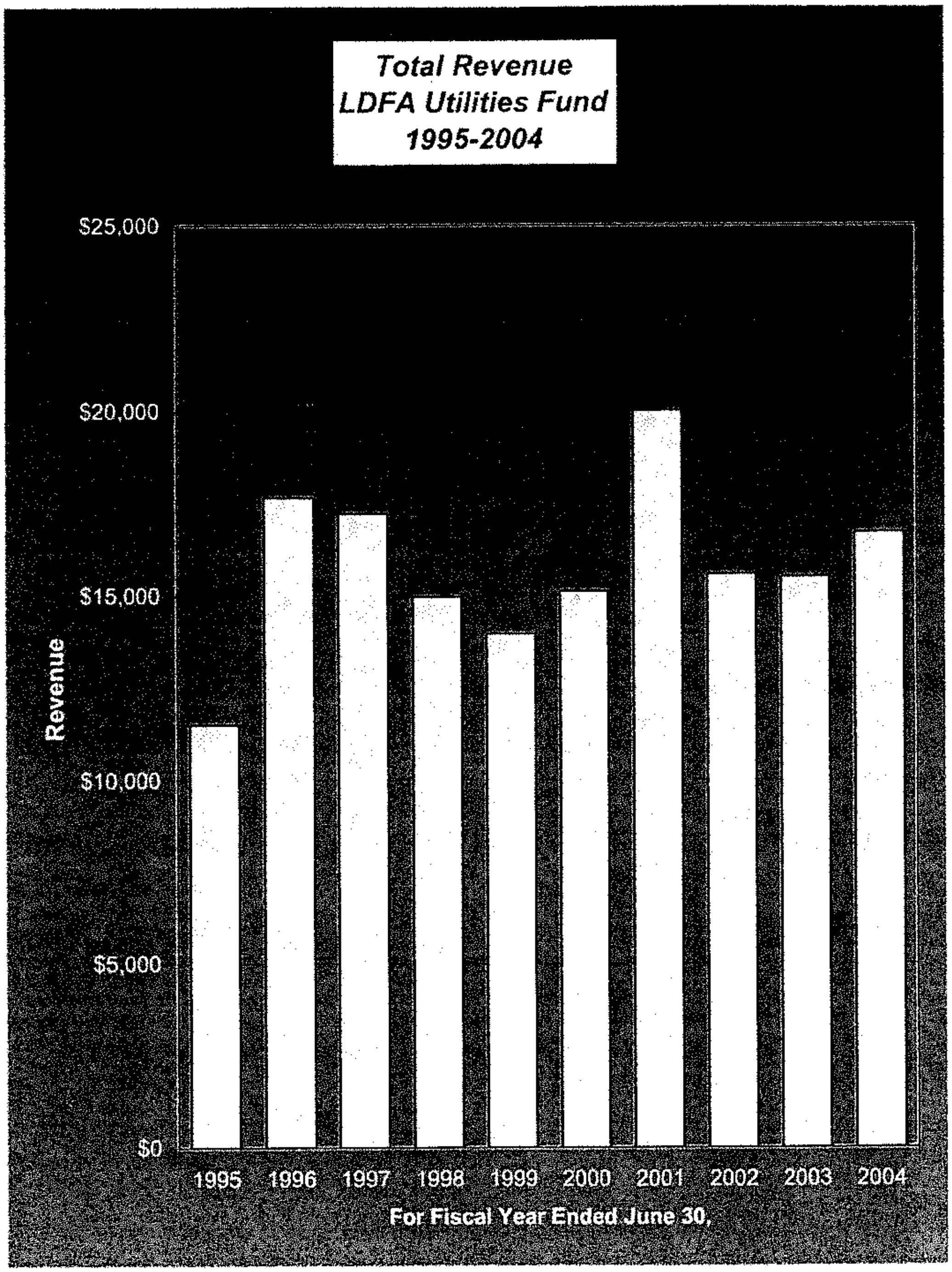


LDFA
Well Number 02



LDFA Wellhouse

	Fiscal Year Ending June 30,			
		Budget		
	AUDIT 2002	ESTIMATED 2003	CURRENT 2003	**PROPOSED 2004**
REVENUES				
Water Revenue	$13,516	$14,000	$15,300	**$14,500**
Interest Income	2,063	1,500	2,400	**2,200**
TOTAL REVENUES	**$15,579**	**$15,500**	**$17,700**	**$16,700**
EXPENDITURES				
Salaries and Wages - Regular	$1,933	$2,300	$3,500	**$2,100**
Fringes	925	1,000	1,200	**1,000**
Operating Supplies	0	200	500	**500**
Contractual Services	0	1,000	4,000	**4,000**
Audit	350	400	500	**400**
Depreciation	4,296	4,300	4,300	**4,300**
TOTAL EXPENDITURES	**$7,504**	**$9,200**	**$14,000**	**$12,300**
RETAINED EARNINGS AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	$8,075	$6,300	$3,700	**$4,400**
Retained Earnings - Beginning of Year	64,905	72,980	79,280	**79,280**
RETAINED EARNINGS AT YEAR END	**$72,980**	**$79,280**	**$82,980**	**$83,680**



Revenues have declined since the peak of 2001 as the customer water rate is tied to the electrical rate Consumers Energy pays for wholesale power, and declining pumpage. Only one customer is served, Cadillac Renewable Energy, and they provide the electrical energy for the well operation.

CITY OF CADILLAC
ANNUAL BUDGET WORKSHEET

L.D.F.A. UTILITIES FUND

Activity:
Line Item: Metered Rate - Water
Account # 594-000-642.010

6/30/03 Budget	15,300
6/30/02 Audit	13,516
6/30/01 Audit	15,576

LINE ITEM DESCRIPTION
To record sale of water from the LDFA well to Cadillac Renewable Energy power plant.

JUSTIFICATION
Provide funds for operation of LDFA well that supplies water to Cadillac Renewable Energy plant.

LOCATION AND RELEVANT DETAILS
'01 audit is 15,576
'02 audit is 13,516
'03 is 4714 @ 4 mos

33806 @ 28 mos = 14488/yr

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
14,500	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. UTILITIES FUND

Activity:
Line Item: Interest Income
Account # 594-000-665.010

6/30/03 Budget	2,400
6/30/02 Audit	2,063
6/30/01 Audit	4,445

LINE ITEM DESCRIPTION
To record interest earned on idle funds

JUSTIFICATION
Record cash management of idle funds

LOCATION AND RELEVANT DETAILS
Fund amount approximate $73,000 @ 3% = 2190

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
2,200	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. UTILITIES FUND

Activity: Administration
Line Item: Salaries & Wages - Regular
Account # 594-482-702.020

6/30/03 Budget	3,500
6/30/02 Audit	1,933
6/30/01 Audit	2,344

LINE ITEM DESCRIPTION
To record administrative salaries and wages for operation and maintenance of the LDFA well.

JUSTIFICATION
Provide manpower to operate well

LOCATION AND RELEVANT DETAILS
'01 Audit = 2344
'02 Audit = 1933
'03 = 657 @ 4 mos
28 month = 2115/yr

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
2,100	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. UTILITIES FUND

Activity: Administration
Line Item: Fringes
Account # 594-482-719.010

6/30/03 Budget	1,200
6/30/02 Audit	925
6/30/01 Audit	1,112

LINE ITEM DESCRIPTION
Record fringe benefit costs for administration

JUSTIFICATION
Required by contract, State and Federal law

LOCATION AND RELEVANT DETAILS
2100 @ 46% = 966

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
1,000	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. UTILITIES FUND

Activity: Administration
Line Item: Operating Supplies
Account # 594-482-740.010

6/30/03 Budget	500
6/30/02 Audit	0
6/30/01 Audit	228

LINE ITEM DESCRIPTION
To record various operating costs for administration

JUSTIFICATION
To provide parts and materials

LOCATION AND RELEVANT DETAILS
'01 Audit = 228
'02 Audit = 0
'03 = 0 @ 4 months

Fund at 500 for miscellanous items.

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
500	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. UTILITIES FUND

Activity: Administration
Line Item: Contractual Services
Account # 594-482-801.010

6/30/03 Budget	4,000
6/30/02 Audit	0
6/30/01 Audit	0

LINE ITEM DESCRIPTION
To record operating costs for administrative contractual services

JUSTIFICATION
Provide specialized equipment and personnel

LOCATION AND RELEVANT DETAILS
No consultants have been used. Should continue to fund for well consultant.
Continue to budget 4000.

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
4,000	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. UTILITIES FUND

Activity: Administration
Line Item: Audit
Account # 594-482-801.060

6/30/03 Budget	500
6/30/02 Audit	350
6/30/01 Audit	325

LINE ITEM DESCRIPTION
Record outside audit of financial activity

JUSTIFICATION
Provide financial analysis

LOCATION AND RELEVANT DETAILS
'01 Audit = 325
'02 Audit = 350
'03 amount = 360
Fund at 375 for next year

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
400	2/24/2003	pds

REASON FOR CHANGE

L.D.F.A. UTILITIES FUND

Activity: Administration
Line Item: Depreciation
Account # 594-482-968.010

6/30/03 Budget	4,300
6/30/02 Audit	4,296
6/30/01 Audit	4,296

LINE ITEM DESCRIPTION
To record depreciation of LDFA well

JUSTIFICATION
Provide for future replacement

LOCATION AND RELEVANT DETAILS
'01 Audit = 4296
'02 Audit = 4296
No additions to structures, fund at same 4300.

ESTIMATED EXPENDITURE OR REVENUE REQUESTED	Date Approved	By
4,300	2/24/2003	pds

REASON FOR CHANGE