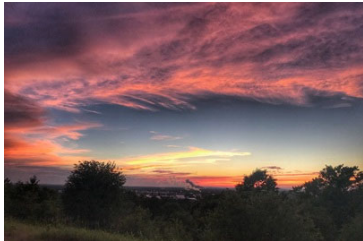


2025/2026 ANNUAL OPERATING BUDGET



For the Fiscal Year Beginning **July 1, 2025**
and Ending **June 30, 2026**

CITY COUNCIL

Antoinette Schippers, Mayor

At Large

Bryan Elenbaas, Councilmember

First Ward

Scott Hopkins, Councilmember

Second Ward

Robert Engels, Mayor Pro-Tem

Third Ward

Ruthann French, 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 19, 2025

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, 2025 and ending June 30, 2026. This budget represents the culmination of many hours of work beginning over three 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.



Together, we promise to continue to provide high impact, efficient, and effective governmental services we all expect. This budget makes investments in the things that matter to us - critical public safety services, vital road infrastructure, our beautiful parks, and utilities infrastructure that protects the quality and safety of our municipal water supply. The budget appropriates \$25.7 million for these important investments, while also maintaining important financial reserves that protect our ability to make thoughtful and strategic decisions when challenging issues arise.

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 9 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.

While I have been in this role for just a short time, I am grateful for the opportunity to serve in this capacity. I know that together we will rise up to face the challenging issues that have recently come upon us and as always, our great community will work together and overcome our differences as we move towards resolutions that benefit the greater good of the Cadillac community. I believe this budget helps provide funding that will help accomplish these important goals.

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 alongside our hard-working City staff, and I look forward to hearing from you and interacting with you as we commit together to making this City a community of continuing success.

Sincerely,

Antoinette Schippers, Mayor

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2025-2026 BUDGET READER'S GUIDE

Welcome to the City of Cadillac's Annual Operating Budget for the fiscal year beginning July 1, 2025 and ending June 30, 2026. 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.

2025-2026 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.

2025-2026 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 Antoinette Schippers

Councilmember from City at Large
Occupation: Retired
Term Expires: December 31, 2025
Annual Salary: \$5,000



Councilmember Bryan Elenbaas

Councilmember from Ward 1
Occupation: Retired
Term Expires: December 31, 2027
Annual Salary: \$3,500

Councilmember Scott Hopkins

Councilmember from Ward 2
Occupation:
Term Expires: December 31, 2025
Annual Salary: \$3,500
Appointed March 17, 2025 to fill vacancy



Councilmember and Mayor Pro-Tem Robert Engels

Councilmember from Ward 3
Occupation: Insurance Agent
Term Expires: December 31, 2027
Annual Salary: \$3,500

Councilmember Ruthann French

Councilmember from Ward 4
Occupation: Retired
Term Expires: December 31, 2025
Annual Salary: \$3,500
Appointed March 17, 2025 to fill vacancy

2025-2026 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





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

MEMORANDUM

To: Honorable Mayor Antoinette Schippers and Cadillac City Council
From: Marcus A. Peccia, City Manager
Subject: Transmittal of 2025-2026 Annual Operating Budget
Date: April 1, 2025

INTRODUCTION

On behalf of the entire City of Cadillac staff, I am pleased to present to you the proposed FY2026 (July 1, 2025 - June 30, 2026) Annual Operating Budget that includes proposed expenditures totaling \$25.7 million.

OVERVIEW OF BUDGET

The proposed FY2026 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. Spending for all funds and activities proposes a spending increase of about 1.72% compared to the prior 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:

	FY2026 Proposed	FY2025 Adopted	Change	% Change
Revenues	\$24,342,800	\$23,907,500	\$435,300	1.82%
Expenditures	\$25,669,500	\$25,235,600	\$433,900	1.72%
Revenue Over (Under) Expenditures	(\$1,326,700)	(\$1,328,100)		

Capital Expenditures

This budget plans for over \$2.7 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.

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.

Types of projects included in this proposed budget include:

	General Fund	Water and Sewer Fund	Other Funds	Total
Street Infrastructure			\$912,500	\$912,500
Utilities Infrastructure		\$486,000		486,000
Public Safety	\$140,000			140,000
Buildings, Property		85,000	670,000	755,000
Equipment, Technology, Vehicles	8,000	140,000	150,000	298,000
Recreation and Cemetery	25,000		75,000	100,000
	\$173,000	\$711,000	\$1,807,500	\$2,691,500

Further discussion on the capital budget for FY2026 can be found in the Capital Improvement Program section towards the end 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.

Revenues and Expenditures

Total budgeted revenues of City-wide operations are projected to be \$23.9 million while planned expenditures are \$25.2 million. Expenditures exceed revenues for the year by about \$1.3 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 3.1% for the year. This is expected to provide an additional \$153,365 in total property tax revenues. Due to the requirements of Michigan's Headlee amendment the City's operating millage has unfortunately been *rolled back 5 times since 2017*, from 13.9473 to 13.3397 mills. This has restricted the increase in property tax revenues to fund core City services.

The City continues to partner with neighboring governments in order to help provide public services with the highest level of efficiency and cooperation. The contract to provide fire protection to Clam Lake Township was renewed in December 2020, which automatically extended through December 31, 2028. 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 appropriates funds for a second School Resource Officer. This position is 50% funded through a federal grant, while the remaining 50% is split evenly by the City and the schools.

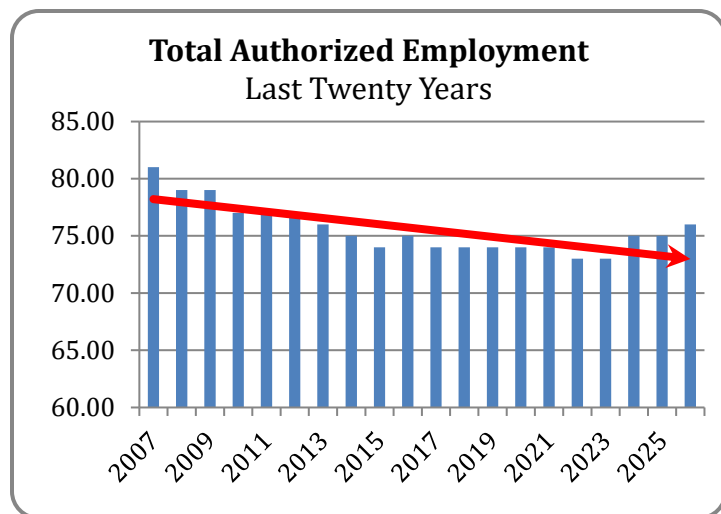
This budget recommends an increase in user charges in the water and sewer system. The proposed increase is 4.5% for water and 8% for sewer. A comprehensive rate study by an outside firm was recently updated for the current budget and reinforced the need to make systematic rate adjustments in the upcoming years. In fact, rate recommendations – including for this budget - will include the need for several higher-than-normal increases in the upcoming years. Staff is working to insure that these rate adjustments can smooth out in later years. These new rates will enable the department to continue to make critical infrastructure and equipment investments to keep these systems functioning efficiently and safely. Over the last 15 years the City has passed rate increases averaging 2.7% for sewer, and 3.2% for water, and local water and sewer rates always compare very favorably to other municipal utility systems in the region.

Residential trash collection and recycling rates are expected to rise by less than \$0.40 per month 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, so 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.

Overall, full-time staffing is now at 76, after adding a second School Resource Officer to the Police Department, restoring an administrative position in the Utilities Department, and - new for FY2026 - the DDA has committed funding for a new position to serve as the DDA Director and Main Street Program Manager, which is a newly adopted program of the DDA.



A number of positions have turned over in the last few years, which presents both challenges and opportunities to the organization. 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 can use the transition period to closely analyze each opening and 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 15 years, 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.

- **Consolidation of Positions:** In the past several years several key positions have 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 utilized to perform key job functions while the positions were either left unfilled or restructured to save costs. A brief history of actions taken to maximize efficiency 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 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 efficiency.
 - **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.

City Reserves

The City enters the year 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 \$1.3 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 FY2024 audit and year-end financial reports, the General Fund had total fund balance reserves of about 60% of fund expenditures. This is well above the minimum policy level of 15%. The General Fund is proposed to use \$566,000 in FY2026 to help fund various capital projects. Even with this use, fund balance will remain well above policy requirements.

The Major and Local Street Funds will utilize remaining fund balances on hand to fund small street improvement projects in the current year. Two capital projects funds will also use reserves on hand for capital projects, including the Industrial Park 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. A permanent fund – the Cemetery Perpetual Care Fund – will utilize a small amount of fund balance to help improve roads in the Maple Hill Cemetery. These are funds that are available from earnings on the principal of perpetual care funds.

Finally, one of the City's component units - the Local Development Finance Authority (LDFA) - will use reserves 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, and the board of the authority is working to fill this funding hole.

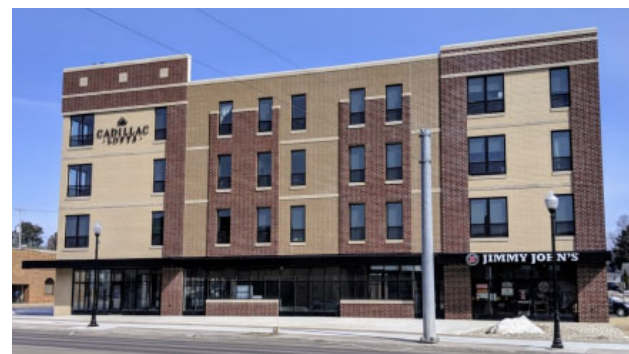
ECONOMIC DEVELOPMENT UPDATE & NEW ACTIVITIES

Redevelopment of the former Cooley School site is still in the works and closer now to becoming a reality after obtaining a several hundred-thousand-dollar grant from the State Land Bank Authority last fall in addition to the multi-million-dollar grant previously received from the State. This project, like all of our economic development projects that utilize State and/or Federal funding, is an excellent example of public/private collaboration with the City. Construction activities should commence this fiscal year, and the conceptual site plan provides a general overview.



Lake Street Flats was recently approved and construction is expected to take place this fiscal year. The development is two 3-story, 24-unit apartment buildings along Lake Street, approximately one block north of City Hall. Interestingly, the project would not be possible but for the introduction of a Grand Rapids area developer to the City by the Michigan Economic Development Corporation. The City facilitated this introduction with a developer that had control over this property, and now a new partnership is underway. The development received Brownfield Authority and State funding that makes it financially viable, and the renderings show the concept that was approved.

Phase II of Cadillac Lofts has been the benefactor of a special federal appropriation that will help the non-profit developer, Michigan Community Capital, significantly reduce their multi-million-dollar financial gap. Phase II has been on hold for several years, but recently received grant funding from the State and construction should begin soon. The project will look very similar to Phase 1 (Building 1) but will have less first-floor commercial space given there will be residential units located off the side street. There will be a total of 52 residential units in the development. Additionally, a fitness center will be built that will be available for tenants in both buildings. The project requires the City to complete public street/sidewalk

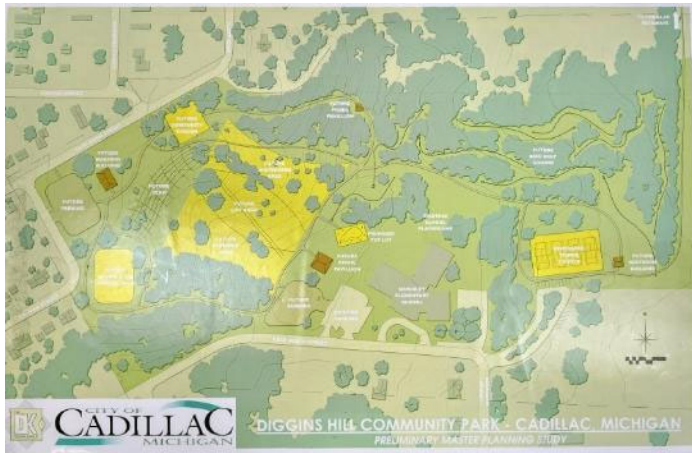


improvements, and funds are appropriated in this budget for this project. Because of infrastructure cost increases, additional funds may be needed once final bids are received.

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 is 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 the City’s core downtown area. Construction has just started on an exciting project of just over \$1 million that will dramatically improve The Market at Cadillac Commons and the public spaces east of Lake Street. Key project elements include an overhead door system to the facility, electric vehicle charging station, and permanent, public bathrooms! Construction should be finished in the current fiscal year but could extend into FY2026 pending unforeseen issues. One issue currently being analyzed is the potential need for environmental remediation activities at both the Market facility itself and the new bathroom facility. Another project in the same area that will need to be addressed is improvements to the public dock system. The downtown docks need attention, and an analysis is planned to determine just how much repair or replacement activities will be necessary.



A very exciting new local initiative is the Diggins Hill restoration project. Diggins Hill is located just a few blocks east of downtown, adjacent to a vacated elementary school site, with tennis/pickleball courts that need a full replacement. Access to the Cadillac Pathways trail system is a great feature from the top of the hill. The hill itself has an 18-hole disc golf course and is used in the winter by many for sledding. The base of the hill is somewhat open, with an abandoned baseball field in the northwest corner with a lot of potential for reuse. The area itself is partially forested and spans many acres, especially combined with

the vacant school site. The image above is from the current master plan for the site. This plan is included in the combined City of Cadillac and Cadillac Area Public Schools 5-Year Recreation Plan which was recently adopted.

The Cadillac Area Rotary Club identified Diggins Hill as their project for fundraising efforts in 2024 and raised approximately \$100,000 which will be used to fund a new playground in the next couple months. The Club is once again focusing their 2025 auction on this project. Future elements could include a ski rope, natural ice rink, and even indoor public recreational spaces. Another concept is a potential partnership with Cadillac Area Public Schools to seek a residential developer for the vacant school site to add much needed housing but also to create an opportunity to possibly fund new public amenities.

FUTURE OUTLOOK

As previously mentioned in this budget letter, the City's financial condition is very strong, even with Headlee rollbacks reducing the City's operating millage 5 times since 2017. The rollback is evidence of the fast growth the City continues to enjoy!

Issues and challenges that continue to threaten the City's financial position are primarily due to factors 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, 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.



Perhaps the most significant financial challenge currently facing the City is our municipal water and sewer systems. The recommended rate adjustments for FY2025 were not approved. Coupled with the loss of revenues from the implementation of water-saving technologies by local users, especially large users, the Water and Sewer Fund is struggling. Another new and potentially significant cost, especially if outside funding is not available or attainable, would be regarding the City's PFAS response. It remains to be seen what kind of impact the City's required response to this situation may have on the finances of the system, but with consideration for additional infrastructure, connections to homes that have issues with their private wells, and other factors, the costs could be significant. An updated financial analysis is underway with our rate consultant. Recommendations will be made to possibly adjust the discounted, tiered system to help resolve the financial gap along with a multi-year rate adjustment across all user groups.

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 the future.

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 40 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, 2024. 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 40 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 the 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 FY2026. 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 2026 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, 2025 and run through June 30, 2026.

FINAL THOUGHTS

We are a service oriented operation and 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, the City of Cadillac, from its elected officials, appointed officials, professional staff and volunteers - invests a tremendous amount of time and effort to ensure our community is a place where people want to invest, work, live, and play! I acknowledge the efforts of our elected and appointed officials and staff and thank them for their genuine dedication. Regardless of what at times can be a negative environment, we all focus on providing excellent services, and doing our best for the entire community, which can be difficult from time to time. I must also recognize and acknowledge the tremendous efforts of my executive team and especially 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

Cadillac, Michigan

Population:

City of Cadillac Estimated Population: 10,404 (31% of County)
Wexford County Estimated Population: 33,673

Area within the City:

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

Other Population Statistics:

Age Range	Population			% Bachelor Degree +
	2000	2010	2023	
< 19	2,624	2,554	2,421	
20-24 years	964	1,040	578	11.2%
25-34 year	1,333	1,435	1,657	18.7%
35-44 years	1,452	1,095	1,156	27.2%
45-64 years	1,959	2,459	2,433	17.1%
65 +	1,668	1,772	2,159	27.6%
Total	10,000	10,355	10,404	



Educational Attainment	Population-25 or older *	Poverty Rate	Median Earnings	% Unemployment
Less than high school graduate	849	41.1%	\$19,625	0.0%
High School/Equivalent	2,725	14.1%	\$34,429	11.1%
Some College/Associate's Degree	2,194	17.1%	\$31,620	2.5%
Bachelor's Degree	967	* 4.0%	\$42,050	* 0.0%
Graduate or Professional Degree	670		\$74,036	

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

Source: US Census Bureau American Community Survey 2023 5-Year Estimates

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 (16 Sworn Officers) and Fire Department (11 Fire Fighters/EMTs)

63.71 miles of Streets (41.72 Local, 21.99 Major)

53 Miles of Sidewalks

51 Miles of Sewer Mains

74 Miles of Water Mains

Major Industries:

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

Employment Data:

January, 2025 – 22,934 labor force in the Cadillac Micropolitan Statistical Area
January, 2025 – 21,258 employed labor force in the Cadillac Micropolitan Statistical Area
January, 2025 – 7.3% unemployment rate in Cadillac Micropolitan Statistical Area
Annual, 2024 – 23,038 labor force in the Cadillac Micropolitan Statistical Area
Annual, 2024 – 5.6% unemployment rate in Cadillac Micropolitan Statistical Area

Other:

- Class 5 fire department rating
- Three police agency headquarters: Cadillac PD, Wexford County Sheriff and Michigan State Police.
- Cadillac is the County seat of Wexford County, so 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.

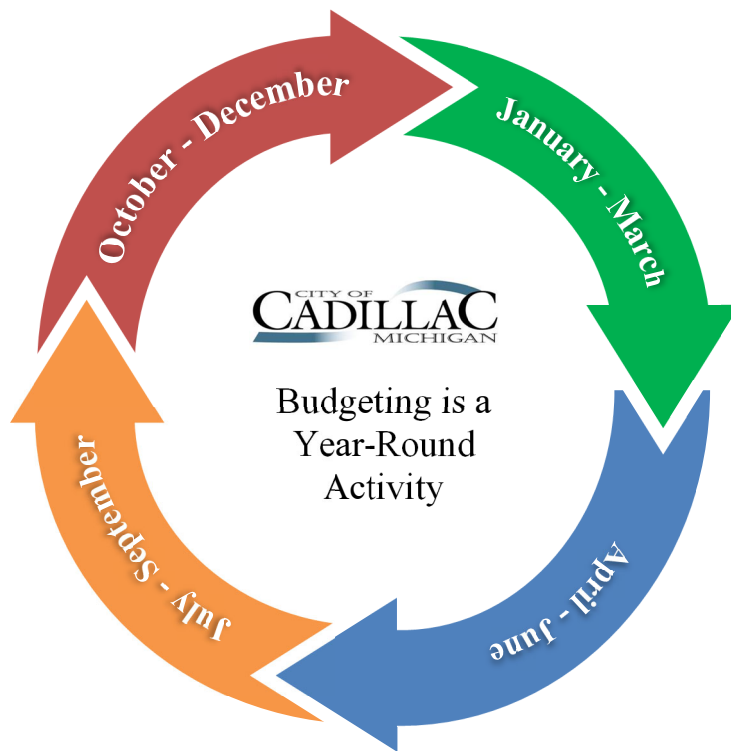
Average Winter Temperature	21.3° F
Average Summer Temperature	65.4° F
Average Annual Rainfall	34 Inches
Average Annual Snowfall	69 Inches
Average High in July	80° F
Average Low in January	11° F
Average Annual Days of Sun	168



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 between activities.

2025-2026 ANNUAL BUDGET CALENDAR

2024

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.



2025

January 8 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 7 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 17 City Council holds work session to discuss City-wide goals and to review 6-Year Capital Improvement Program.

March 25 Finance review completed. Information on balanced budget submitted to the City Manager for review and approval.

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

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

April 1 City Council holds budget work session and sets Public Hearing for budget.

April 10 City Clerk makes public notice of public hearing on the budget.

April 21 Public hearing held on initial proposed budget. Public hearing and approval of 6-Year Capital Improvement Program.

May 19 Budget adoption and tax levy authorization.

June 20 City Treasurer completes 2025 tax roll.

June 28 Tax bills mailed.

July 1 2025-2026 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, 2024

Christopher P. Morill

Executive Director

DISTINGUISHED BUDGET PRESENTATION AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Cadillac, Michigan for its annual budget for the fiscal year beginning July 1, 2024. 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.

FY2026 Mission, Vision, and Priority Programs

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 17, 2025.

The Mission and Vision Statements and the City Council goals were originally developed by City Council in partnership with City staff and public input. These are reviewed each year and amended as necessary. Priority programs are also reviewed each year. Progress is updated, completed programs are removed, and new priority programs are added based on the issues that are important to City Council and the community each year.

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 and improve use of technology
3. Review and 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 subsidize the operations.

Status: Ongoing – There are three tenants in the facility: Up North Arts, Wexford Genealogy Organization, and the Cadillac Senior Center. Redevelopment options have been discussed informally, 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. Since 2019 the General Fund has contributed about \$57,000 to fund major maintenance projects, including replacement of a boiler, interior and exterior painting, and tree removal. 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. The facility does not generate sufficient rental revenue to cover capital expenditures, so other sources of funds will need to be identified to pay for the City's portion of these projects. The City has recently had to have discussions with Up North Arts to help determine a viable lease strategy for the future, as funding has not increased for the organization as hoped.

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.

Current summary of events and proposed actions are as follows:

- Lake Cadillac conditions improved in 2023.
 - Residual control from a late season treatment in 2022 is believed to have reduced the presence of milfoil in Lake Cadillac for 2023. Comparatively, 50 acres of milfoil was treated in 2023, versus 160 acres in 2022.
 - An atypically hot and dry spring was likely the catalyst for a moderately toxic algal bloom in mid-June. However, blooms were otherwise non-existent over the remainder of the season.
 - Water clarity was slightly less clear than previous years.
 - Despite the increased presence of geese, E-coli levels were within the public safety threshold and all beaches remained open.
- City Staff participated in the Canada Goose Nest/Egg Destruction in the spring of 2023 and will do so again during the spring of 2025. However, for the third time in the past four years, the capture and relocation of geese was not permitted by the DNR in 2024 and is not clear if permits will be issued in 2025.
- Springtime storm water sampling did not occur in 2023 due to a lack of run-off after a mild winter and early spring. Sampling will resume in 2024 pending weather conditions.
- Request for Proposals (RFPs) were released in 2023 to secure new bids for Lake Consultant and Lake Treatment Applicator. The bids were awarded to Restorative Lake Sciences and PLM Lake & Land Management.
- Restorative Lake Sciences (RLS) has provided recommendations as a part of their 2024 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 continues to recommend 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.

2023 – Staff has started to prepare the development portion of the tax increment and development plan for the West Side Corridor Improvement Area and have met with west-side businesses as part of a group meeting, where vision and goals were presented. Edits to the vision and goals were made based on input received at the meeting, and it is anticipated that the development section should be completed in 2024. Additionally, using a summer intern, design guidelines for this district were prepared. The focus of these guidelines is to encourage a more rustic “up north” building style for buildings being renovated or constructed in the district.

The City secured a \$25,000 dollar Match on Main Grant for the ice cream shop at the Lake Cadillac Resort. Staff worked with Dawn Casey who facilitated the grant application, who was working with one of the owners of the property. Unfortunately, the owners of the property could not agree on how to move the project forward, and the grant had to be declined.

A new draft of an access easement that will service Walraven's, Sun & Snow Motel, Lakeside Charlies, and the shopping mall is under development. Staff met with three of the four businesses, and they all support the new design. Staff has to meet with Lakeside Charlies to ensure all are in agreement with the plan. If so, grants will be sought to facilitate the new access road and other easement improvements which may include a new storm drainage design.

2024- Staff have completed a new driveway design that will service Walraven's, Sun & Snow Motel, Lakeside Charlies restaurant, and the Pointe West shopping plaza. These businesses are anticipated to approve the concept design in spring/summer 2025, and grants will be sought to accomplish this new joint access drive, also including new utility lines. MDOT has a copy of the plan so they may include it in their planning for M-115.

A draft of the West Side Corridor Improvement Area Tax Increment Financing and Development Plan is nearly completed and expected to be sent to City council for consideration of approval in spring/summer 2025.

Community Development staff was successful in getting a \$25,000 dollar Match on Main grant from the MEDC for Walraven's to assist them in getting new equipment for their building.

Staff, including our engineering consultant, have developed a multiphase plan to implement decorative light poles along the M-115 and M-55 corridors. The first phase will include four decorative light poles along M-55, and funding has been sought by applying for a grant.

Staff and the City's engineering consultant is seeking funds from the MDNR to construct a fishing pier along the M-115 Causeway. This fishing pier is outlined in the Recreation Plan and would push forward the vision and goals for the corridor.

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 City was successful in securing a \$750,000 CDBG grant for upgrades to the Market. (Total project including required match, is \$850k). Improvements will include installing overhead doors, public bathrooms, and other ancillary accessories. These improvements should be completed in 2025.

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.

A student in the Architecture/Planning program at the University of Michigan is undertaking a class project to develop a concept design for a new dock in downtown Cadillac. This concept plan will be forwarded to Engineering for review and possible implementation. Engineering and Public Works are coordinating research into the current docks to determine viability of utilizing current dock foundations or if new foundations are needed.

Community Development staff have assisted with grant writing efforts to install a shelter at the White Pine Trailhead.

5. 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 has invested over \$8 million in street improvements since 2015. Work must continue to identify future funding to complete the aggressive schedule of construction projects identified in the CIP. Regularly 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 6-Year CIP includes over \$3 million in projects. 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. Funding for upcoming projects is becoming increasingly difficult as the cost of projects has increased dramatically. Staff is currently developing an asset management plan to help guide street improvement decision-making and help identify alternative maintenance options and additional funding sources.

6. 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 FY2023 a new module went live to provide a fully functional Citizen Request Management system that replaced a more static incident reporting page on the City's website. This implementation added electronic workflow, request tracking, and request monitoring functionality to help ensure that issues are resolved in a complete and timely manner. The City is eligible for a website refresh from the company that hosts the site. This project is anticipated to begin in the summer or fall of 2025.

7. 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 – This objective 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 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 in the spring of 2024. 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. Because of positive financial results over a period of years, City Council was able to redirect a portion of excess fund balance to provide the Major and Local Street Funds over \$1.4 million in FY2023 for street improvement projects.

8. 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 their activities.
- Working with the Wayfinding Subcommittee of the Downtown Development Authority to explore the 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 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, marihuana 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 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.

- Continued efforts regarding housing initiatives, the City is participating in a housing task force with the Alliance for Economic Success, our county EDC, and other local partners. A “Housing Readiness Coordinator” position or role is under consideration, and it is possible that a joint funding request will be proposed.
- In 2023 and 2024 the City has been working with several development teams on three housing projects. One project involves 48 proposed apartment units on Lake Street just north of Pine Street. The second is the Cooley School renovation project that will result in possibly 18 to 20 units. The third project is off of Kentucky Avenue and may include up to 60 site condominium units. All three projects could be started in 2024.
- City staff met with the Teri-Dee developers to discuss progress with their mixed-use planned unit development. The spec building which was built several years ago gained two tenants in 2023 including a Biggby Coffee franchise and office use for an Autistic organization. A meeting with the Alliance for Economic Success will also take place to offer additional resources to the development company. Additionally, discussions on zoning for the property, including the property acquired south of the original Cadillac Junction site, are underway.
- The City has been working with the Chamber of Commerce, AES, Visitors Bureau and Michigan State University staff for several months on planning for hosting the Connecting Entrepreneurial Communities Conference in Cadillac in the spring of 2024. This conference will bring 100+ people from around the state interested in downtown development and entrepreneurial success.
- The City worked with the development team for the “Speeds Lofts” project throughout much of 2023. Unfortunately, financing/grants with the MEDC didn’t work out, and the redevelopment of the site into a residential/commercial mixed-use project was cancelled. However, the site has been updated, and now has a first-floor tenant, Michigan Works.
- Staff has worked with the Downtown Development Authority (DDA) for several months on evaluating the condition of downtown sidewalks and formulating options and cost estimates for improvements to be done using a special assessment process, a process suggested by the DDA and downtown merchants/property owners. The DDA opted to pause this project while they seek more input from property and business owners. Analysis and discussion will continue throughout 2024.

2024

- Community Development staff have been working with the Downtown Development Authority (DDA) on becoming part of the Mainstreet Program operated by the Michigan Economic Development Corporation. DDA members and staff have completed initial training for this program, and the DDA has established an official Main Street District. Currently, the City has advertised hiring a full-time Main Street Manager/DDA Director, and this position should be filled by the summer of 2025.
- Community Development staff have continued to attend Michigan Downtown Association seminars and have purchased some of their training videos to aid in continued professional development.
- The City hosted the Connecting Entrepreneurial Communities (Michigan State University) Conference which brought in officials from communities across the state.
- Staff has been assisting with getting several housing projects approved, including Phase 2 of the Cadillac Lofts, North Lake Street Flats, Cooley School Apartments, duplexes on Mark Lane, and Mosser Street Apartment Project.
- Staff has been writing grants to fund the completion of the City’s new Zoning Ordinance and Master Plan update and successfully obtained a \$39,600 grant from MSHDA to complete the Zoning Ordinance and is seeking \$40,000 from the MEDC for the Master Plan.
- Community Development staff set up meetings with the MEDC to have their staff meet with ownership from Serendipity and Charming North to assess future development options for their buildings.
- Staff continue to meet with the area Housing Committee hosted by Alliance for Economic Success to look for options to increase the number of housing units in the Cadillac area.
- Staff continue to meet with downtown businesses at their roundup meetings.
- Staff have been working with the Cadillac Area Visitors Bureau to get murals painted on several buildings downtown, including the Northwoods building, the Cadillac Printing building, and more. This has included looking for grant opportunities.

9. 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;
- Attendance at Planning and Zoning, Housing, and Community Development events such as Main Street America, ZBA conferences for certifications and training, and more;
- 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.

10. 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 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 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.
- Received \$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.
- Received \$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 Sundae's 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.
- Received 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 assisted in additional fundraising for the project.
- Received a \$750,000 CDBG grant to make improvements to the Market at Cadillac Commons. Improvements to include overhead doors and public bathrooms.
- Received over \$570,000 from the State Land Bank Authority to remove blight at the former Western Concrete Property
- Received \$39,600 from MSDHA to fund the completion of the new draft of the City's Zoning Ordinance.
- Received a \$25,000 grant from the MEDC Match on Main program for Walraven's on Cadillac's west side. This grant was to add new equipment for their business.
- Received \$200,000 grant from MDOT Share Streets and Spaces to improve mobility infrastructures including improving safety for vulnerable road users by adding pavement markings and signage for bicycle shoulders and pedestrian crossings, wayfinding signage, shade picnic shelters at White Pine Trailhead and Haynes St. Micro-park, adding tables and chairs to The Market.

11. Police Department Accreditation Program

Time Frame: Ongoing

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.

12. 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 for 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 are 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. New sidewalks were installed by Franklin School as part of the Lester Street project. It is also expected that a new downtown sidewalk program will be explored.

City staff met with MDOT staff in 2023 to discuss safety issues both for the downtown and the West Side Business District. Staff supplied MDOT with a list of safety issues which have occurred in both districts in the last few years, and MDOT has offered to undertake a safety audit for both districts which could be conducted in 2024.

New sidewalks and bicycle paths and replacement sidewalks and bicycle paths were completed as part of the 2023 street program. A summary of the improvements include:

1. New Sidewalk – 705 feet
 - a. 145 feet at pickleball courts
 - b. 560 feet on Lester Street

2. Replacement Sidewalk – 340 feet
 - a. 240 feet at pickleball courts
 - b. 100 feet on Lester Street
3. # of ADA Ramps Replaced – 26
 - a. 4 (Division St. at Boon St. & Selma St. intersections)
 - b. 22 (Lester St. – James St. to Howard St.)
4. Bicycle Lanes – 1,000 feet on both sides of street
 - a. Division Street – Colfax St. to Linden Street)

Upon City request MDOT has undertaken safety audits for Mitchell Street downtown and M-115 as it passes through the city on the West Side.

MDOT has applied for an additional grant to study Mitchell Street in the downtown. Staff wrote a letter of support for this grant. These studies will be identifying safety issues and potential improvements that can be made to address safety concerns.

Staff secured a Share Streets and Spaces Grant from MDOT to improve safety and signage for pedestrians and bicycle users.

A summary of 2024 projects include:

Leeson Avenue – railroad to 13th Street

2959' project length.

5' bike lanes were constructed on both sides of the road. No concrete sidewalk was constructed.

Burlingame Street – Ford Street to 13th Street

1245' project length.

Existing concrete sidewalk on both sides of the street were not touched. Sidewalk ramps were reconstructed at intersections.

13. 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.

2024-The parking lot behind the Cadillac Lofts (east side of Shelby St.) was rebuilt and upgraded. This parking lot is intended primarily to serve Cadillac Lofts customers. There are also four spaces allocated to the hair salon which is next to the lot.

14. 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 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 further 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.

The Cadillac Wexford Transit Authority released an RFP in February of 2024 to conduct the next phase of the rail study.

In January of 2025, a regional meeting took place discussing the hiring of a national company to progress the project and to discuss governance options of the future railway.

15. 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. The State of Michigan requested we verify about 400 additional service line materials. This will include doing 14 hydro-excavations. The State extended the time frame for the Grant until May of 2025.

Status: On-Going – This project started in 2022 and currently is 90% completed.

16. 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 FY2022, City Council authorized the use of \$108,000 of these funds for a one-time COVID-19 payment for all full-time City employees, and the transfer of \$110,000 to complete construction of The Trailhead at Cadillac Commons. An additional \$112,000 was appropriated to fund the grant match for improvements at The Market. Over \$772,000 in funds remain available. Discussions with Council have included use of the funds to aid in grant matching and closing gaps for special projects, such as for the Rotary Playground at Diggins Hill and other initiatives that otherwise would not have a funding source.

17. 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: The project is anticipated to start in the summer of 2023 and is still being evaluated for viability. Several meetings have occurred with 3rd parties, including DTE, and it is anticipated that analyses will be done by the end of 2024. Currently, grants are being sought to obtain behind-the-meter solar for the LDFA. Staff is also exploring solar for the Wastewater Treatment Plant and Water Facilities.

18. Public Infrastructure Asset Management Plan

Time Frame: 1-2-years

Initiated: 2024

Project Leader: Owen Roberts

The purpose of this program is to create a publicly available plan that details how the most public-facing infrastructure is being managed in terms of both maintenance and replacement. Examples may include any of the items that qualify as capital projects (\$7,500 in value or higher), but would primarily be focused on the following:

- Parks and park facilities including playground equipment, landscaping features, shelters and/or pavilions.
- Street features such as pavement markings for bikes/trails, signage (electronic or non-electronic).
- Bridge/pathway assets, specifically the McKellop Walkway and surrounding areas, the City Dock, and the Clam River Greenway.

Status: *On-Going* Initial development is underway.

19. Diggins Hill Redevelopment

Time Frame: 3-5years

Initiated: 2024

Project Leader: Marcus Peccia

The combined Recreation Plan between the City and the Cadillac Area Public Schools is currently getting updated, and the conceptual master plan for Diggins Hill will be updated as a part of this process. Additionally, the Cadillac Area Rotary Club has determined to focus upcoming fundraising efforts on improving the property by raising funds to install a new playground at the base of the hill, as a first step of many to help in the overall redevelopment of Diggins Hill. Current concepts being discussed include a community recreation center, partnering with CAPS to try and redevelop the vacant school site, adding new recreational opportunities such as a ski rope, natural ice rink, and other features.

Status: *On-Going*

20. Redevelopment of 8th Street Well Field Property

Time Frame: 1-3 years

Initiated: 2024

Project Leader: Marcus Peccia

Located off 8th Street between 4th Avenue and 6th Avenue, the former well field has been vacated by the City's Utilities Department of all operational elements other than a small storage barn. The property - approximately 20 acres - is probably the largest contiguous area within one of the City's oldest industrial areas and would be ideal for redevelopment into industrial property for private use.

Prior to finding private parties interested in acquiring the property for industrial development purposes, the City needs to determine the process for selling it. Partnering with the Cadillac Industrial Fund, Chamber of Commerce, and Alliance for Economic Success will be important as there will undoubtedly be complexities and issues that will need to be overcome. Potential relocation of the dog park, utilities, and other matters will need to be reviewed and addressed.

Status: *On-Going*

21. PFAS initiative

Time Frame: On-Going

Initiated: 2025

Project Leader: Jeff Dietlin

The goal of this initiative would be to get all citizens of Cadillac access to a PFAS-free water supply. Currently there are approximately 224 parcels that don't have access to City water. Some of the parcels have adjacent water mains that can be accessed, while others do not. This project would entail finding funding sources for any water system equipment that could off-set the cost of installing mains as well as the private connection expenses. The City would need to determine its policy position on costs, including potential cost sharing, establishment of special assessment districts, and ordinances that may require connections, all in the interests of public health.

Status: The project has started. Bids were solicited for the Marathon Drive and various grant funding opportunities are being pursued.

22. Update and Enhance City Codes

Time Frame: 2-year

Initiated: 2024

Project Leader: Adam Ottjepka

With the State of Michigan's planned enactment of the 2021 building code, the City has been preparing to update its Property Maintenance and Fire Codes to remain consistent with the State. This process has included a thorough staff review of how the current codes are aligning with the City's overall objective of improving the health, safety, and welfare of the community. After engaging the public on topics such as rental housing, vacation rentals, and neighborhood vitality, staff have reviewed current operations and codes for effectiveness and efficiency. This continued effort will result in a comprehensive suggested action plan bringing with it revised codes targeting community needs, streamlined procedures based upon current staffing levels, and a sustainable code enforcement model that addresses today's concerns while implementing tools for the future. This effort will require support from multiple departments and City officials.

**CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET**

 FY2026 Strategic Priority Programs				Community Development and Enhancement Economic Health and Development Public Safety Service and Organizational Enhancement																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
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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:

Department

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

Department Director Title

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

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

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

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

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

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

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-7)**
 - b. Measure and fully fund annual pension and other post-employment benefits liabilities. **(PP-7)**
 - c. Maintain General Fund Working Capital fund balance assignment of at least 17% of total annual General Fund expenditures. **(PP-7)**
 - d. Approve new Fund Balance Policy for the General Fund. **(PP-7)**
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-6)**
 - b. Annual Operating Budget, Comprehensive Annual Financial Report, and 6-Year Capital Improvement Program available on the City's website. **(PP-6)**
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-6; 9)**
 - 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-6)**
 - d. Implement new processes for electronic vendor payments for majority of payments. **(PP-7; 9)**

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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-18)**

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-10)**
 - 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. Continue to market, publicize and manage current system to track citizen requests and complaints to measure response times and satisfactory resolutions. **(PP-6)**
 - b. Enhance online submission venue for citizen concerns, comments and complaints. **(PP-6)**
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-5)**
 - b. Review and rank utility infrastructure needs below the streets. **(PP-5)**
 - c. Review and update Capital Improvement Program projects. **(PP-5)**
 - d. Develop Public Asset Management Plan for proactive maintenance of recreational assets. **(PP-18)**
 - e. Aggressively and consistently seek outside funding to offset costs of infrastructure projects. **(PP-10)**
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-12)**
 - 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-9; 12)**
 - d. Optimize ice and snow control activities on State trunk lines, major and local streets and residential sidewalks.

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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. Prepare the Cadillac West Corridor Improvement District Tax Increment Financing and Development Plan. **(PP-8)**
 - b. Update Zoning Ordinance. **(PP-8)**
 - c. Update the City Master Plan. **(PP-8)**
 - d. Research the Michigan Main Street Program and participate as appropriate. **(PP-8)**
 - e. Work with the Michigan Department of Transportation on the future design and function of Mitchell Street in the downtown and M-115 in Cadillac West. **(PP-8)**
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-10)**
 - b. Complete applications for additional funding currently available. **(PP-10)**

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-8)**
 - c. Include design standards as appropriate for City programs and licensing processes. **(PP-8)**
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-8)**
 - b. Hold public meetings on major changes to the zoning ordinance and master plan. **(PP-8)**
 - c. Maintain current information on the city's website regarding planning and zoning matters of interest to the public. **(PP-6; 8)**
5. Promote the **City's environmental well-being** by instituting programs designed to protect the City's natural resources. Identified tasks for achieving this objective include:
 - a. Continue getting grants for street tree planting throughout the city. **(PP-10)**
 - 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.
 - 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-11)**
 - c. Build community trust by offering professional, competent, respectful, and helpful service to the community. **(PP-11)**
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-12)**
 - 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-6)**
- 4. 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-9; 10)**
 - b. Promote sharing of specialized equipment with other local agencies to eliminate duplication in the acquisition of costly equipment.
 - c. Continued support of joint specialty teams.

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Department: Fire Department
Director: Adam Ottjepka
Performance Measures: Pages

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-9)**
 - b. Maintain safe, efficient, and updated equipment and fire apparatus.
 - c. Develop and maintain pre-incident action plans for high-risk occupancies. **(PP-9)**
 - d. Minimize fire losses through prevention, investigation, and personnel development. **(PP-9)**
 - e. Develop and maintain company inspection program that focuses on Fire Code compliance in the Downtown District.
- 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-9; 10)**
 - d. Enhance county-wide purchasing partnerships.
 - e. Maximize Wexford Fire Training Committee funds from the State of Michigan. **(PP-9; 10)**
 - f. Fully utilize any available cost-free training opportunities from FEMA and other federal agencies. **(PP-9; 10)**
- 3. Promote a **strong community spirit of trust and broad-based citizen involvement** through community fire prevention and safety education, especially to “at-risk” groups like the very young and elderly. Identified tasks to help achieve this objective are:
 - a. Increase educational programs within local school systems, senior housing facilities, and other community-based organizations.
 - b. Develop closer relationships with community stakeholders to improve efficiency and effectiveness of code enforcement activities.

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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 and practicing prudent decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate staff to maximize potential workloads. **(PP-9)**
 - 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. Regularly update results of water quality tests on the City website. **(PP-6)**

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-17)**
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-17)**
 - 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 employees. **(PP-9)**
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-9)**
 - 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. 2025-07
ORDINANCE ESTABLISHING GENERAL APPROPRIATIONS ACT
FOR FISCAL YEAR 2026**

THE CITY OF CADILLAC ORDAINS:

Section 1, Title.

This Ordinance shall be known as the City of Cadillac General Appropriations Act for Fiscal Year 2026.

Section 2, Public Hearing on the Budget.

Pursuant to MCL 141.412 and Section 10.3 of the City Charter, notice of a public hearing on the proposed budget was published in a newspaper of general circulation on April xx, 2025, and a public hearing on the proposed budget was held on April 21, 2025.

Section 3, Expenditures.

The City hereby appropriates the expenditures for the fiscal year commencing July 1, 2025 and ending June 30, 2026 on a departmental and activity total basis as follows:

General Fund Expenditures

Legislative	\$64,500
Office of the City Manager	364,600
Financial Services	486,200
City Clerk/Treasurer Department	408,700
Election Services	41,000
Assessing Services	153,300
Legal Services	200,000
City Complex	380,500
Police Department	2,846,200
Fire Department	1,890,000
Public Works	1,274,800
Culture and Recreation	433,300
Economic Development and Assistance	529,700
Intergovernmental	99,200
Other	571,000
Total Expenditures	\$9,743,000

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Section 4, Estimated Revenues.

The City estimates that revenues for the fiscal year commencing July 1, 2025 and ending June 30, 2026 will be as follows:

General Fund	
Taxes	\$5,147,500
Licenses & Permits	125,000
Intergovernmental	2,453,000
Charges for Services	1,269,000
Fines & Forfeits	9,000
Miscellaneous	20,000
Interest and Rents	153,500
Total Revenues	\$9,177,000

Section 5, Budgets.

The City hereby approves budgets for the fiscal year commencing July 1, 2025 and ending June 30, 2026 for the following funds in the amounts set forth below:

	<u>Revenues</u>	<u>Expenses</u>
Governmental Funds		
Major Street Fund	\$1,492,400	\$1,539,100
Local Street Fund	1,302,000	1,336,800
Cemetery Operating Fund	208,000	229,500
Cadillac Development Fund	12,500	73,500
Building Inspection Fund	70,000	70,000
Naval Reserve Center Fund	34,500	34,500
Lake Treatment Fund	65,000	65,000
H.L. Green Operating Fund	500	0
2016 General Obligation Capital Improvement Bond	164,000	161,500
2020 General Obligation Capital Improvement Bond	318,000	318,000
Industrial Park Fund	605,000	650,500
Special Assessment Capital Projects Fund	3,000	25,500
Downtown Infrastructure Project	0	465,000
Cemetery Perpetual Care Fund	30,000	50,500
Capital Projects Fund	2,000	0

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

	<u>Revenues</u>	<u>Expenses</u>
Proprietary Funds		
Water & Sewer Fund	5,331,000	5,328,600
Capital		747,500
Principal Payments		930,000
Building Authority Operating Fund	201,000	163,000
Central Stores & Municipal Garage Fund	830,000	827,300
Capital		130,000
Principal Payments		50,000
Information Technology Fund	309,400	309,300
Capital		40,000
Self-Insurance Fund	1,974,000	1,972,000
Employee Safety Fund	12,000	12,000
Pension Trust Fund		
Police & Fire Retirement System	1,116,500	1,115,000
Component Units		
Local Development Finance Authority Operating Fund	297,000	297,000
Local Development Finance Authority Capital Projects Fund	199,000	347,500
Downtown Development Authority Operating Fund	130,000	130,000
Downtown Development Authority Capital Projects Fund	186,000	186,000
Brownfield Redevelopment Authority Operating Fund	135,000	160,000

Section 6, Millage Levies.

(a) The City will levy a tax of 13.3397 mills for the period of July 1, 2025 through June 30, 2026, 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, 2025 through June 30, 2026, 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 1.8081 mills for the period of July 1, 2025 through June 30, 2026, 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 2026 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, 2025.

Approved this 19th day of May, 2025.

Sandra Wasson, Clerk

Antoinette Schippers, Mayor

FUNDS FORMATION

The financial structure of the City consists of various funds, which operate just like separate businesses within the organization and have their own set of balanced books. 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
Cadillac West Corridor Improvement Fund			✓	Comm. Dev. Director
Consumers Energy Prosperity Grant 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

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

<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. Budgeted funds include: Industrial Park Fund and the Special Assessments Capital Projects Fund. Also included in FY2026 is a capital projects fund to account for the Downtown Infrastructure. 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 is the City's only nonmajor proprietary funds, which is budgeted and accounted for on a full accrual basis.

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

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

Component Units Component units are legally separate organizations for which the City is financially accountable. A component unit can be another organization for which the nature and significance of its relationship is such that exclusion would cause the City's financial statements to be misleading or incomplete. Organizations presented in this budget document that represent component units of the City are the Downtown Development Authority Fund, Downtown Development Authority Capital Projects Fund, Local Development Finance Authority Operating Fund, Local Development Finance Authority Capital Projects Fund, and the Brownfield Redevelopment Authority Fund. These 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.

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

	Major Funds		Nonmajor Governmental Funds			
	General Fund	Water and Sewer Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
<i>(All numbers in thousands)</i>						
<u>Revenues and Other Sources:</u>						
Taxes	\$5,148	0	0	0	0	\$0
Licenses and Permits	125		70			
Intergovernmental	2,453	0	1,979	0	600	\$0
Charges for Services	1,269	5,405	58			10
Fines and Forfeits	9	0	0	0	0	\$0
Miscellaneous	20	10	7			
Other Financing Sources	0	0	1,022	482	0	\$0
Local Funds						
Rental	4	24	24	0	0	\$0
Principal Payment					2	
Interest Income - Loan	0	0	8	0	0	\$0
Interest Income	149	30	18		7	22
Total	\$9,177	\$5,469	\$3,186	\$482	\$609	\$32
<u>Expenditures:</u>						
General Government	\$2,099	0	0	0	0	0
Public Safety	4,736					
Public Works	1,274	0	0	0	0	0
Culture and Recreation	433					
Economic Development	530	0	0	0	0	0
Intergovernmental	99					
Other Financing Uses	571	0	864	0	0	50
Operating		5,130	1,849	1	651	1
Capital Outlay	\$0	0	0	0	0	0
Construction			635		490	
Principal	\$0	0	0	395	0	0
Interest		240		84		
Non-Operating	\$0	0	0	0	0	0
Total	\$9,742	\$5,370	\$3,348	\$480	\$1,141	\$51
Excess (Deficiency) of Revenues over Expenditures (1)	(\$565)	\$99	(\$162)	\$2	(\$532)	(\$19)
Fund Balances - Beginning	\$6,002	\$16,749	\$728	\$74	\$865	\$829
Ending	\$5,437	\$16,848	\$566	\$76	\$333	\$810

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

Continued on following page ➡

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

				COMPARISON		
				FY2026	FY2025	FY2024
				Budget	Amended	Actual
				Total	Budget	Totals
					Totals	Totals
<i>(All numbers in thousands)</i>						
Revenues and Other Sources:						
Taxes	\$0	0	\$520	\$5,668	\$5,472	\$5,231
Licenses and Permits				195	202	190
Intergovernmental	305	0	0	5,337	5,364	4,356
Charges For Services	42			6,784	6,615	6,620
Fines and Forfeits	0	0	0	9	9	9
Miscellaneous	112	30	20	199	170	328
Other Financing Sources	160	0	372	2,036	1,734	1,542
Local Funds	1,708	815		2,523	2,808	2,550
Rental	983	0	0	1,035	1,023	912
Principal Payment				2	3	0
Interest Income - Loan	0	0	0	8	8	0
Interest Income	15	272	35	548	499	1,857
Total	\$3,325	\$1,117	\$947	\$24,344	\$23,907	\$23,595
Expenditures:						
General Government	0	0	0	\$2,099	\$2,110	1,820
Public Safety				4,736	4,523	4,410
Public Works	0	0	0	1,274	1,212	1,162
Culture and Recreation				433	393	521
Economic Development	0	0	0	530	464	854
Intergovernmental				99	99	0
Other Financing Uses	0	0	358	1,843	1,585	1,337
Operating	3,296	1,115	682	12,725	11,889	12,029
Capital Outlay	0	0	0	0	195	0
Construction				1,125	1,945	0
Principal	0	0	70	465	458	450
Interest	6		10	340	363	381
Non-Operating	0	0	0	0	0	0
Total	\$3,302	\$1,115	\$1,120	\$25,669	\$25,236	\$22,964
Excess (Deficiency) of						
Revenues over Expenditures (1)	\$23	\$2	(\$173)	(\$1,325)	(\$1,329)	\$631
Fund Balances - Beginning	\$3,212	\$13,763	\$1,500	\$43,722	\$44,967	\$44,336
Ending	\$3,235	\$13,765	\$1,327	\$42,397	\$43,638	\$44,967

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

(2) Includes Nonmajor Enterprise Funds and Internal Service Funds

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

FY2025/2026 Fund Balance/Net Position Details

	Beginning Fund Balance*	FY2026 Proposed Revenues	FY2026 Proposed Expenditures	Revenues Over (Under) Expenditures	Ending Fund Balance*
MAJOR FUNDS					
General Fund	\$6,001,692	\$9,177,000	\$9,743,000	(\$566,000)	\$5,435,692
Water and Sewer Funds	16,748,712	5,469,000	5,369,700	99,300	16,848,012
NONMAJOR FUNDS					
Special Revenue Funds					
Major Street Fund	58,131	1,492,400	1,539,100	(46,700)	11,431
Local Street Fund	113,092	1,302,000	1,336,800	(34,800)	78,292
Maple Hill Cemetery Fund	23,731	208,000	229,500	(21,500)	2,231
HL Green Operating Fund	54,709	500	0	500	55,209
Naval Reserve Center Fund	2,889	34,500	34,500	0	2,889
Cadillac Development Fund	444,122	12,500	73,500	(61,000)	383,122
Lake Treatment Fund	10,590	65,000	65,000	0	10,590
Building Inspection Fund	20,564	70,000	70,000	0	20,564
Debt Service Funds					
2016 GO Debt Service Fund	3,366	164,000	161,500	2,500	5,866
2020 GO Debt Service Fund	70,668	318,000	318,000	0	70,668
Capital Projects Funds					
Industrial Park Fund	330,272	605,000	650,500	(45,500)	284,772
Special Assessment Capital Projects Fund	68,898	3,000	25,500	(22,500)	46,398
Downtown Infrastructure Project Fund	465,531	0	465,000	(465,000)	531
Permanent Funds					
Cemetery Perpetual Care Fund	692,655	30,000	50,500	(20,500)	672,155
Capital Projects Trust Fund	135,906	2,000	0	2,000	137,906
Proprietary Funds					
Enterprise Funds					
Building Authority Operating Fund	1,794,107	201,000	181,000	20,000	1,814,107
Internal Service Funds					
Stores and Garage Fund	887,349	830,000	827,800	2,200	889,549
Information Technology Fund	304,460	309,400	309,300	100	304,560
Self Insurance Fund	217,177	1,974,000	1,972,000	2,000	219,177
Safety Fund	9,337	12,000	12,000	0	9,337
Fiduciary Funds					
Police and Fire Retirement Fund	13,762,928	1,116,500	1,115,000	1,500	13,764,428
	\$42,220,886	\$23,395,800	\$24,549,200	(\$1,153,400)	\$41,067,486

Note: Fund Balance chart does not include Component Units

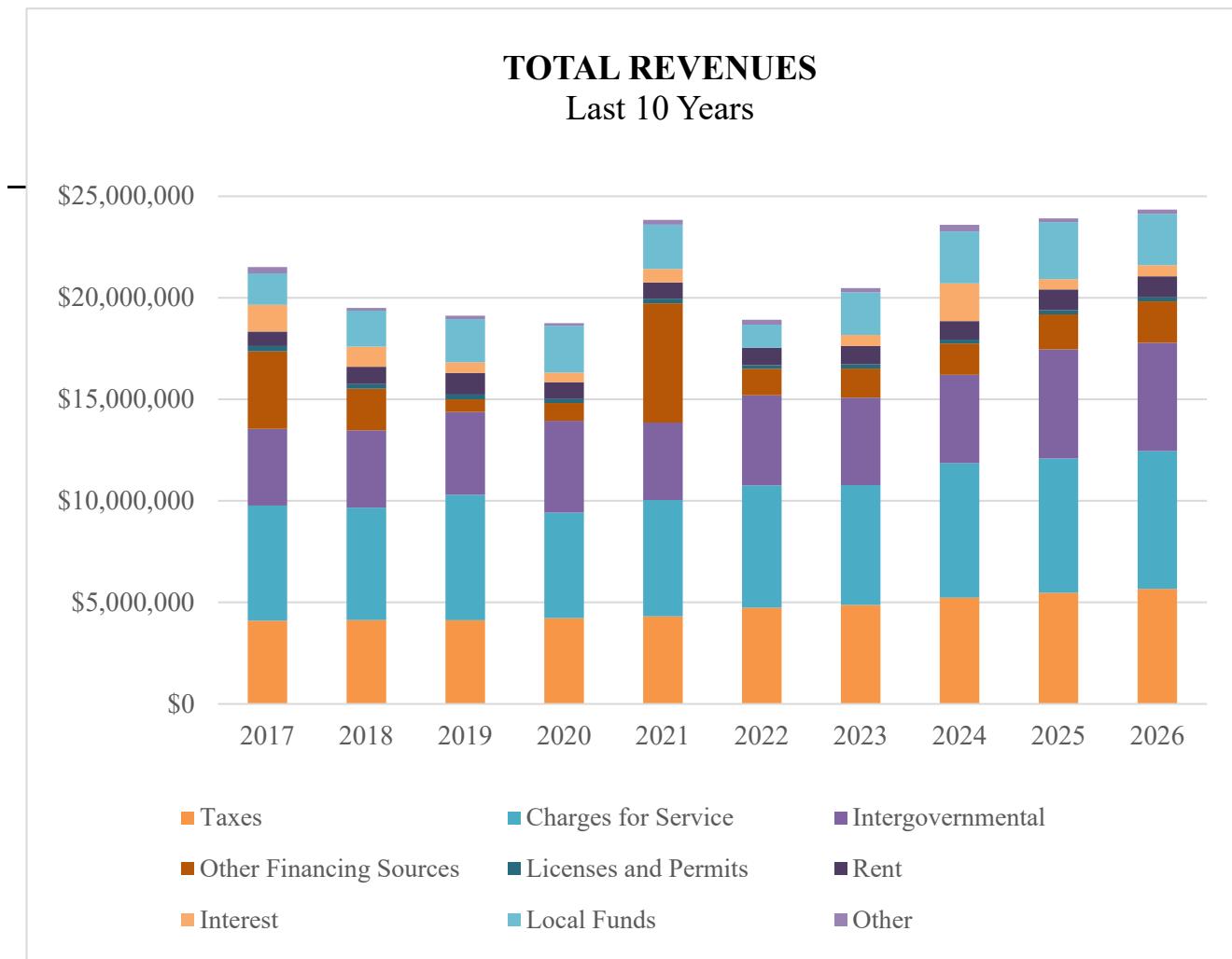
** 'Net Position' for Proprietary Funds and Fiduciary Funds*

Use of Fund Balance The General Fund will utilize fund balance reserves on hand for one-time capital projects, including a transfer to the Local Street Fund for Aldrich Street, and several other capital purchases. Fund Balance in the Major Street Fund, Local Street Fund, Maple Hill Cemetery Fund and the Downtown Infrastructure Project Fund are all projected to decrease due to the spending down of reserves on hand to fund capital projects. 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. The Downtown Infrastructure Project Fund is utilizing bond proceeds from a prior year to fund current year construction.

FY2026 ANNUAL OPERATING BUDGET SUMMARY INFORMATION

2025-2026 BUDGET SUMMARY

The Budget Summary section, as its name implies, is designed to give the reader a big-picture overview of the City of Cadillac's budget as a whole. The section offers this summary 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 were 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) (Thousands)	% of Total
Taxes	\$5,668	23.29%
Intergovernmental Revenues	5,337	21.92%
Charges for Services	6,784	27.87%
Interest Income	548	2.25%
Other Financing Sources	2,036	8.36%
Local Funds	2,523	10.36%
Rental Revenue	1,035	4.25%
Other Revenue	413	1.70%
Total	\$24,344	100.00%

PROPERTY TAXES

A primary source of revenue for FY2026 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,				
	2022	2023	2024	2025	2026
City Operating	13.6630	13.4922	13.4922	13.3397	13.3397
Police and Fire Retirement	2.6000	2.6000	2.6000	2.6000	2.6000
Total City Millage Rate	16.2630	16.0922	16.0922	15.9397	15.9397
TAX BASE (Taxable Value of City Property) <i>FY26 Projected</i>	\$254,024,937	\$270,904,206	\$287,021,418	\$306,680,708	\$316,302,282
Taxes Generated (Total)	\$4,131,208	\$4,359,445	\$4,618,806	\$4,888,398	\$5,041,763
Change from Prior Year	\$176,527	\$228,237	\$259,361	\$269,592	\$153,365

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 now been **rolled back five times** since 2017 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.

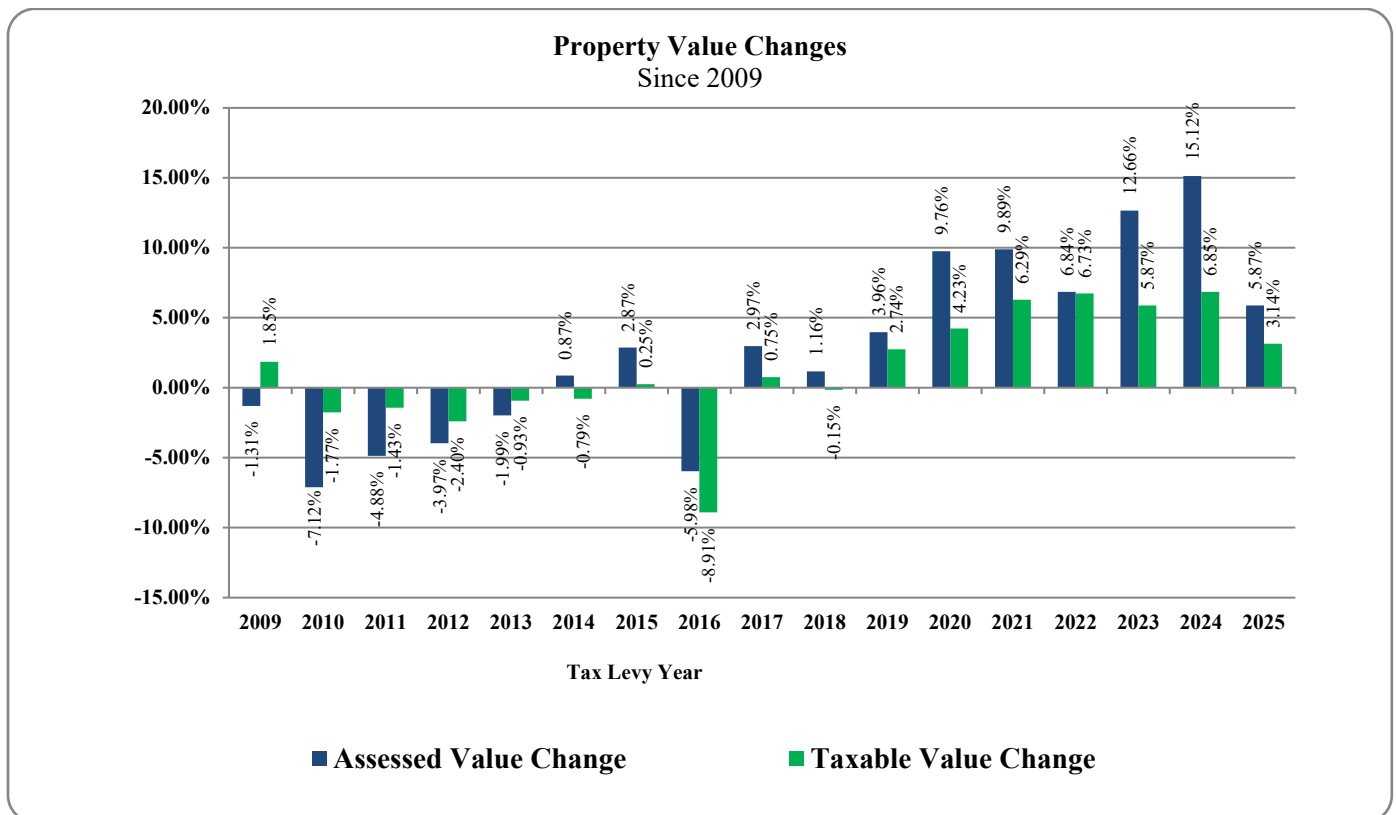
Property Tax Revenue Estimates Property tax estimates throughout the FY2026 budget are based on preliminary numbers provided by the Wexford County Equalization Department in March. Conservative revenue estimates are utilized to provide some margin in case of taxable value reductions through the Board 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 FY2026, 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)	\$93,158	\$18,157	\$111,315
Local Development Finance Authority (LDFA)	\$71,050	\$13,848	\$84,898
LDFA Industrial Facilities Tax Exemption Capture	\$12,222	\$2,382	\$14,604
Brownfield Redevelopment Authority	\$37,263	\$7,263	\$44,526
Total Capture	\$213,693	\$41,650	\$255,343

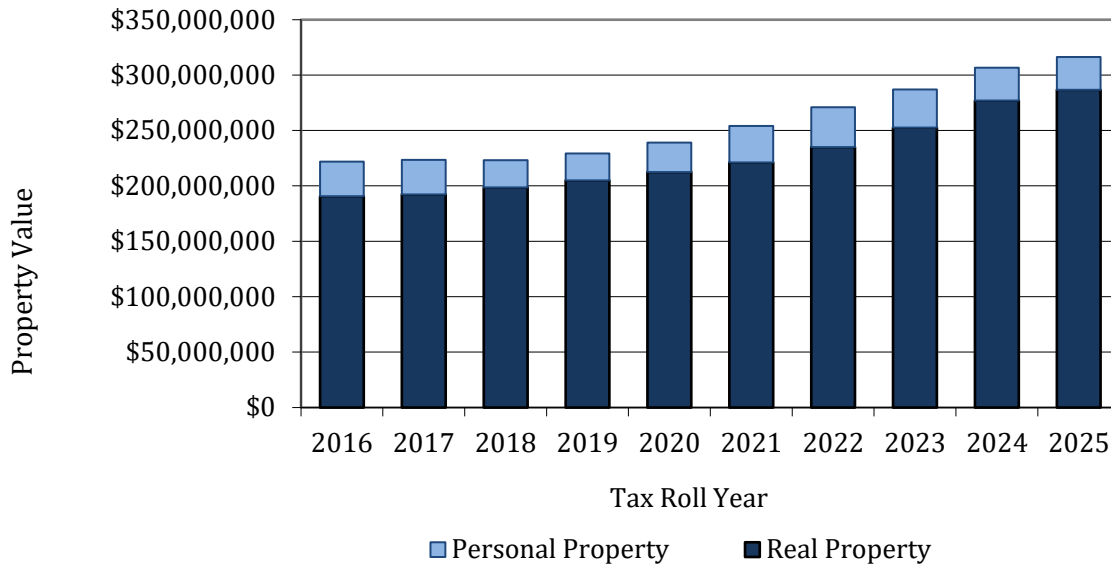
Additionally, properties that are located within the DDA district pay an additional 1.8501 mills which provides funds for activities that target development within the DDA area.

Property Tax Outlook The recent 6-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 the significant drop in 2016 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.



**CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET**

Taxable Value – Last 10 Tax Rolls



Tax Levy Year	Ad Valorem		Total Taxable Value	L.D.F.A. (1)	D.D.A. (2)
	Real	Personal			
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	252,616,758	34,404,660	\$287,021,418	4,497,300	10,057,806
2024	277,030,308	29,650,400	\$306,680,708	5,737,770	18,612,296
2025	286,674,982	29,627,300	\$316,302,282	5,326,212	19,150,000

(1) Base value for LDFA is \$551,400. Taxes captured for FY2026 are anticipated to be \$71,050 from the operating millage levy, and \$13,848 from Police and Fire Retirement millage levy. The LDFA also captures \$1,832,482 in value from Industrial Facilities Tax Exemption certificates. This generates an additional capture of City taxes of \$12,222 from the operating levy, and \$2,382 from the Police and Fire Retirement levy.

(2) Base value for DDA is \$11,650,150. Taxes captured for FY2026 are anticipated to be \$93,158 from the operating millage levy, and \$18,157 from the Police and Fire Retirement millage levy.

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

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:

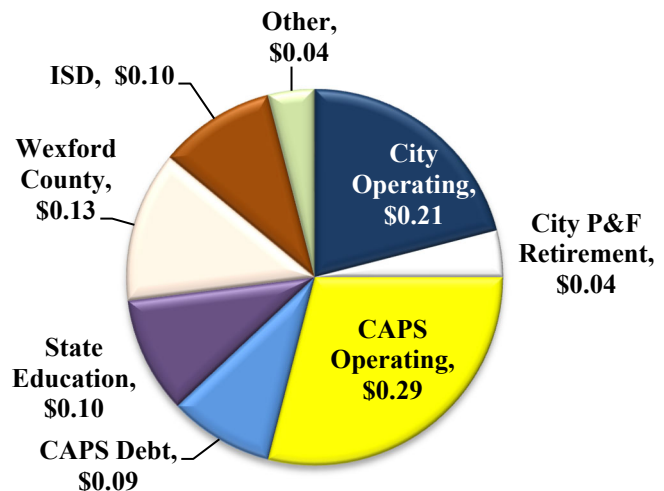
Tax Roll Year:	2021	2022	2023	2024	2025
Residential Class					
Assessed Value (AV)	\$197,052,700	\$209,376,100	\$245,153,100	\$288,438,700	\$312,695,650
Change from prior year	8.62%	6.14%	17.09%	17.66%	8.41%
Taxable Value (TV)	\$147,163,773	\$157,029,548	\$170,513,822	\$186,236,148	\$194,779,897
Change from prior year	3.84%	6.56%	8.59%	9.22%	4.59%
AV-TV Gap	\$49,888,927	\$52,346,552	\$74,639,278	\$102,202,552	\$117,915,753
Gap as % of TV	33.90%	33.34%	43.77%	54.88%	60.54%
TV/AV	74.68%	75.00%	69.55%	64.57%	62.29%

* 2025 Values are projected based on assessment numbers provided by Wexford County Equalization Department in March 2025.

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. The average taxable value has increased by about \$17,000 but 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. This amendment has resulted in rollback of the operating millage 5 times since 2017.

Tax Year	Average Home Taxable Value	City Millage	Average <u>City</u> Taxes Paid
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	\$46,086	16.0922	\$741.63
2024	\$50,461	15.9397	\$804.33
2025	\$53,184	15.9397	\$847.74

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.



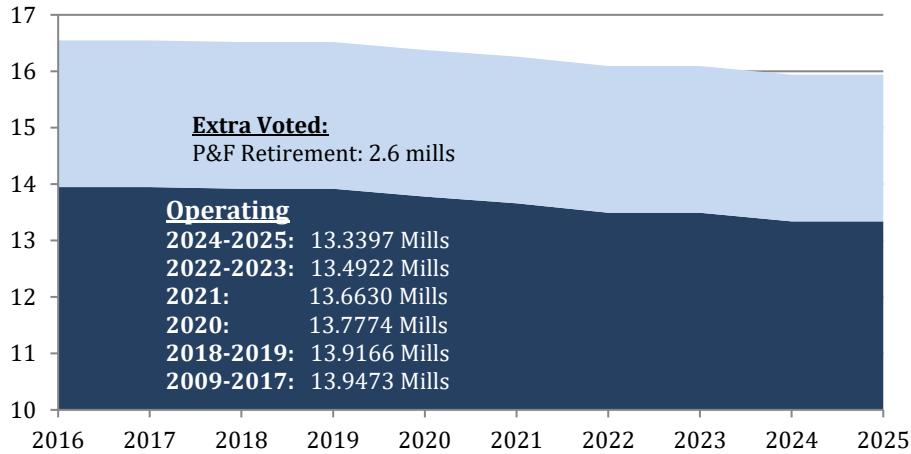
CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

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 five times since 2017. 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	General	Extra Voted	Total City	Wexford County	Cadillac-Transit Authority	Council On Aging	Cadillac-Wexford Library	Cadillac Area Public Schools	Wexford Missaukee ISD	State Education Tax	
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
2023	13.4922	2.6000	16.0922	8.5475	0.5895	0.9825	0.7368	24.0600	6.1044	6.0000	63.1129
2024	13.3397	2.6000	15.9397	8.4489	0.5827	0.9712	0.7283	23.6000	6.0602	6.0000	62.3310

(1) Extra voted millage for City Taxes includes 2.6 mills for Act 345 Police and Fire Retirement.

(2) Wexford County 2024 rate included county allocated mills of 6.5848, 0.0969 mills for Veterans Relief, 1.4082 mills for Public Safety, 0.1941 mills for Animal Control, and .1649 mills for MSU-Extension Services.

(3) Cadillac Area Public Schools 2024 rate included 18 mills for operating and 5.6 mills for debt service.

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Millage Rate Benchmarks

Property Tax Benchmark Communities	Total Millage	General Operating	Police & Fire	Other
Manistee	18.1081	16.9581	0.0000	1.1500
Big Rapids	17.4753	12.2334	4.2450	0.9969
Alpena	16.9159	15.9236	0.0000	0.9923
Traverse City	13.9522	11.6322	2.3200	0.0000
Sault Ste. Marie	23.6131	16.7130	6.2481	0.6520
Coldwater	13.8975	11.5642	0.0000	2.3333
Sturgis	14.0467	11.0800	0.0000	2.9667
Cadillac	15.9397	13.3397	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 2024 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 to fund downtown development activities.

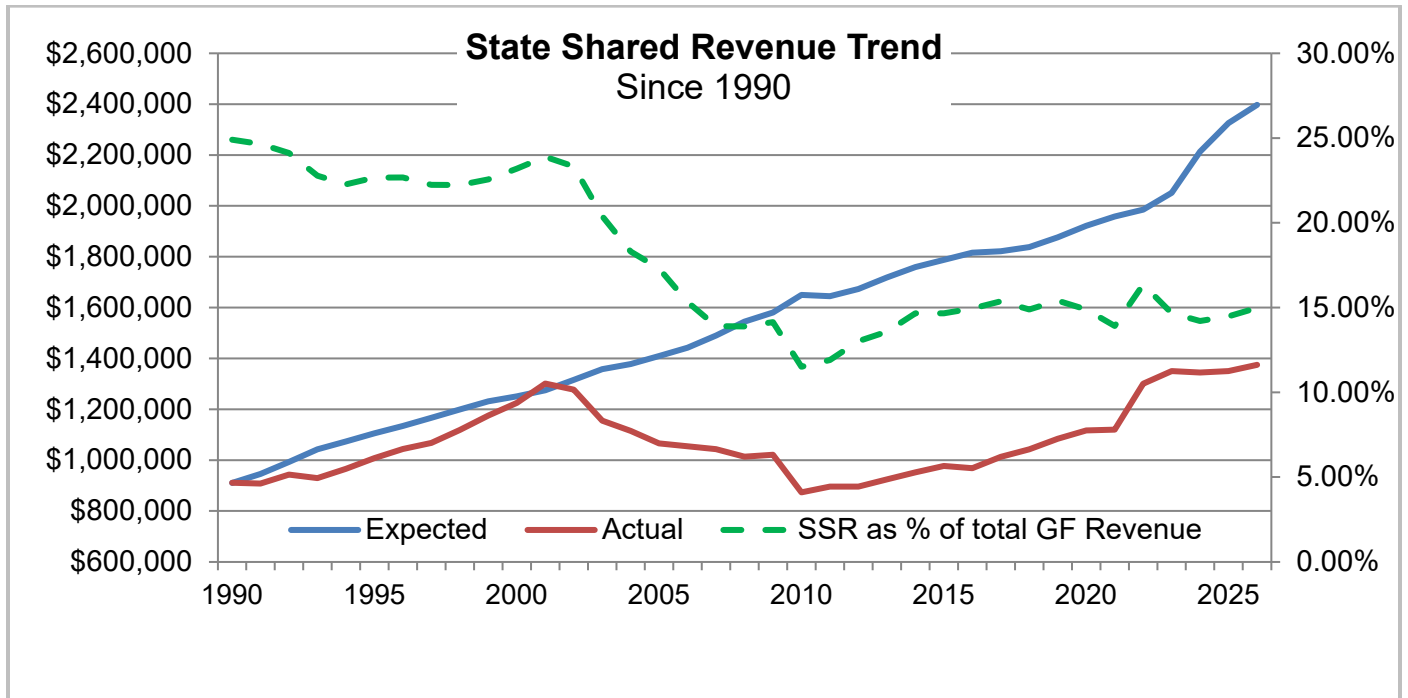
		Property Type and Total Taxes at average <u>taxable value</u> of \$75,000 (estimated home value of \$150,000)					
Taxing Unit	Millage Rate	Principal Residence		Non-Principal Residence		DDA	
City of Cadillac		Millage	Taxes	Millage	Taxes	Millage	Taxes
City Operating	13.3397	13.3397	\$1,000.48	13.3397	\$1,000.48	13.3397	\$1,000.48
Police & Fire Retirement	2.6000	2.6000	195.00	2.6000	195.00	2.6000	195.00
Downtown Development Authority	1.8081		0.00		0.00	1.8081	135.61
Wexford County							
Allocated	6.5848	6.5848	493.86	6.5848	493.86	6.5848	493.86
Public Safety	1.4082	1.4082	105.62	1.4082	105.62	1.4082	105.62
Animal Control	0.1941	0.1941	14.56	0.1941	14.56	0.1941	14.56
Veterans Relief	0.0969	0.0969	7.27	0.0969	7.27	0.0969	7.27
MSU Extension	0.1649	0.1649	12.37	0.1649	12.37	0.1649	12.37
Cadillac-Wexford Transit Authority	0.5827	0.5827	43.70	0.5827	43.70	0.5827	43.70
Cadillac-Wexford Public Library	0.7283	0.7283	54.62	0.7283	54.62	0.7283	54.62
Council on Aging	0.9712	0.9712	72.84	0.9712	72.84	0.9712	72.84
Cadillac Area Public Schools							
Operating	18.0000	<i>Exempt</i>	0.00	18.0000	1,350.00	18.0000	1,350.00
Debt	5.6000	5.6000	420.00	5.6000	420.00	5.6000	420.00
State Education Tax	6.0000	6.0000	450.00	6.0000	450.00	6.0000	450.00
Wexford-Missaukee ISD	6.0602	6.0602	454.52	6.0602	454.52	6.0602	454.52
Total	64.1391	44.3310	\$3,324.84	62.3310	\$4,674.84	64.1391	\$4,810.45

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.

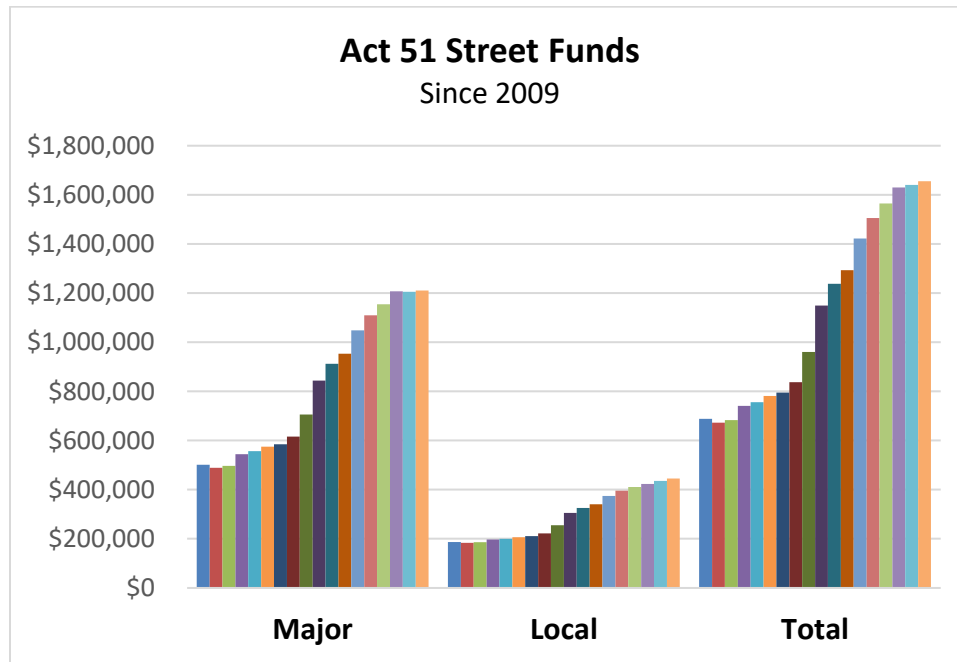
State Shared Revenue Outlook State shared revenue declined significantly between 2001 and 2010, but has been slowly recovering since. Projected revenue for FY2026 is just slightly more than what was received nearly twenty-five years ago in 2001! This has caused the City to rely to a greater and greater degree on revenues that are derived from local sources – principally property taxes. The City Manager further discusses this funding gap in his transmittal letter.



The SSR revenue estimates provided by the state of Michigan were updated in February 2025. 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.

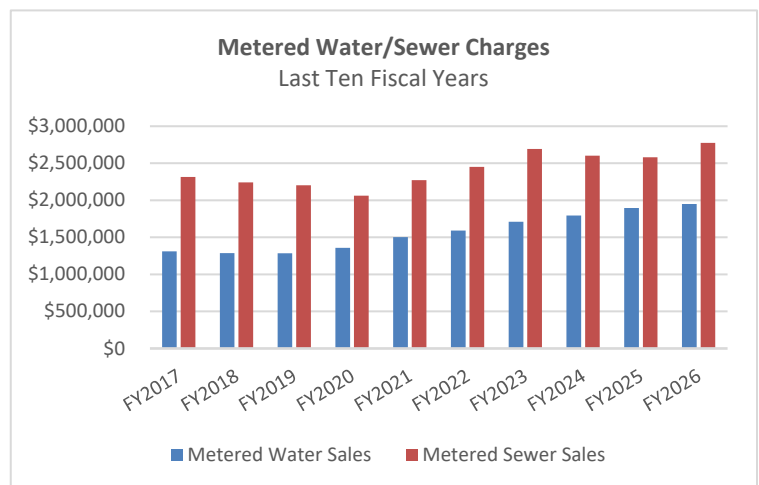
Michigan Transportation Fund Act 51 Payments The Michigan Transportation Fund (MTF) was created by Public Act 51 of 1951 as the main collection and distribution fund for state-generated revenue pursuant to Act 51. These funds are primarily from two sources: vehicle registration fees and motor fuel taxes. 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 February 2025 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 \$1,656,000 total. The current budget proposes revenues of \$1,655,000 (\$1,210,000 Major and \$445,000 Local).

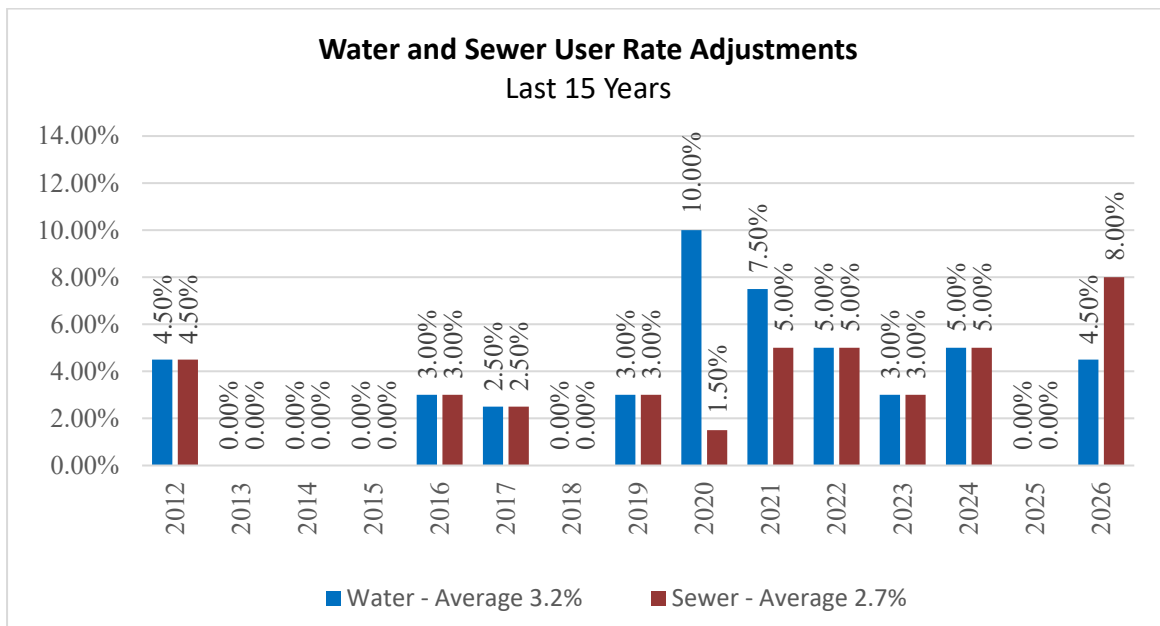
Charges for Services Charges for Services represent a significant revenue source for the City. These revenues are primarily derived from user charges within the City's Water and Sewer systems. Rates within the systems are reviewed each year and are set at a level that will provide adequate funding to meet the City's debt covenants and provide for the maintenance and operational costs of the systems. With moderate declines in usage over 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 about \$0.37 per month in FY2026 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 4.5% for water and 8.0% for 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 complete and other important infrastructure and equipment investments that need to be made, regular annual increases are expected, some of which may be above normal increases due to the level of capital investment needed. The Water and Sewer Fund budget assumes the adoption of rate increases recommended by an outside rate consultant after a detailed 5-year rate analysis confirmed the need 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
	6/30/2021	6/30/2022	6/30/2023	6/30/2024	
Actuarially Accrued Liabilities	\$14,017,155	\$15,634,629	\$16,246,536	\$16,498,488	
Actuarial Value of Assets	<u>\$12,701,878</u>	<u>\$12,970,887</u>	<u>\$13,319,401</u>	<u>13,833,830</u>	
Unfunded Liabilities	\$1,315,277	\$2,663,742	\$2,950,744	\$2,664,658	
% Funded	91%	83%	82%	84%	
Average Pension	\$26,804	\$27,084	\$27,094	\$27,407	
Required Actuarially Determined Contribution (ADC)	\$510,426	\$468,400	\$434,410	\$573,038	
% of ADC Contributed	136%	133%	133%	121%	

Municipal Employees Retirement System

	Valuation Date				Status
	12/31/2020	12/31/2021	12/31/2022	12/31/2023	
Actuarially Accrued Liabilities	\$15,256,270	\$16,206,252	\$16,732,091	\$17,394,373	
Actuarial Value of Assets	<u>10,803,985</u>	<u>12,230,694</u>	<u>12,244,538</u>	<u>12,482,108</u>	
Unfunded Liabilities	\$4,452,285	\$3,975,558	\$4,487,553	\$4,912,265	
% Funded	71%	75%	73%	72%	
Average Pension	\$13,776	\$13,765	\$14,089	\$14,954	
Required Actuarially Determined Contribution	\$436,183	\$500,464	\$559,363	\$567,130	
% of ADC Contributed	100%	100%	100%	100%	

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Other Post-Employment Benefits (OPEB)

	Valuation Date				Status
	6/30/2021	6/30/2022	6/30/2023	6/30/2024	
Actuarially Accrued Liabilities	\$4,273,997	\$4,350,938	\$4,535,019	\$4,889,590	
Actuarial Value of Assets	<u>4,252,014</u>	<u>3,894,487</u>	<u>3,768,415</u>	<u>3,942,097</u>	
Unfunded Liabilities	\$21,983	\$456,451	\$766,604	\$947,493	
% Funded	99%	90%	83%	81%	
Annual Costs	\$363,822	\$332,917	\$226,527	\$175,967	
% of Annual Costs Contributed	100%	100%	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	\$2,950,744	\$2,664,658	84%	
Municipal Employees Retirement System	4,487,553	4,912,265	72%	
Other Post-Employment Benefits	<u>766,604</u>	<u>947,493</u>	81%	
Total Unfunded Liabilities	\$8,204,901	\$8,524,416		

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 in accordance with 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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
<u>General Government</u>										
City Manager	2.25	2.25	2.75	2.75	2.25	2.25	2.25	2.25	2.25	2.25
Financial Services	2.25	2.25	2.15	2.15	2.90	2.90	2.90	2.90	2.95	2.95
Clerk/Treasurer	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
City Hall	1.00	1.00	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00
City Engineer	1.80	1.80	0.80	0.80	0.80	0.80	0.80	0.80	0.00	0.00
Total General Government	11.05	11.05	10.95	10.95	10.70	10.70	10.70	10.70	9.95	9.95
<u>Public Safety</u>										
Police	16.95	16.95	16.95	16.95	16.75	16.75	16.75	17.75	17.70	17.70
Fire	11.00	11.00	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50
Code Enforcement	0.50	0.50	0.00	0.00	0.25	0.25	0.25	0.25	0.80	0.80
Total Public Safety	28.45	28.45	28.45	28.45	28.50	28.50	28.50	29.50	30.00	30.00
<u>Other</u>										
Public Works	12.00	12.00	12.05	12.05	12.55	12.55	12.55	12.55	12.05	12.05
Data Processing	0.30	0.30	0.35	0.35	0.05	0.05	0.05	0.05	0.00	0.00
Auto Parking	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water/Sewer	20.00	20.00	20.00	20.00	20.00	19.00	19.00	20.00	20.00	20.00
Community Dev.	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	3.00	2.90
DDA/Main Street	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.10
Total Other	34.50	34.50	34.60	34.60	34.80	33.80	33.80	34.80	35.05	37.05
Total FTE	74.00	74.00	74.00	74.00	74.00	73.00	73.00	75.00	75.00	76.00

Employment Analysis

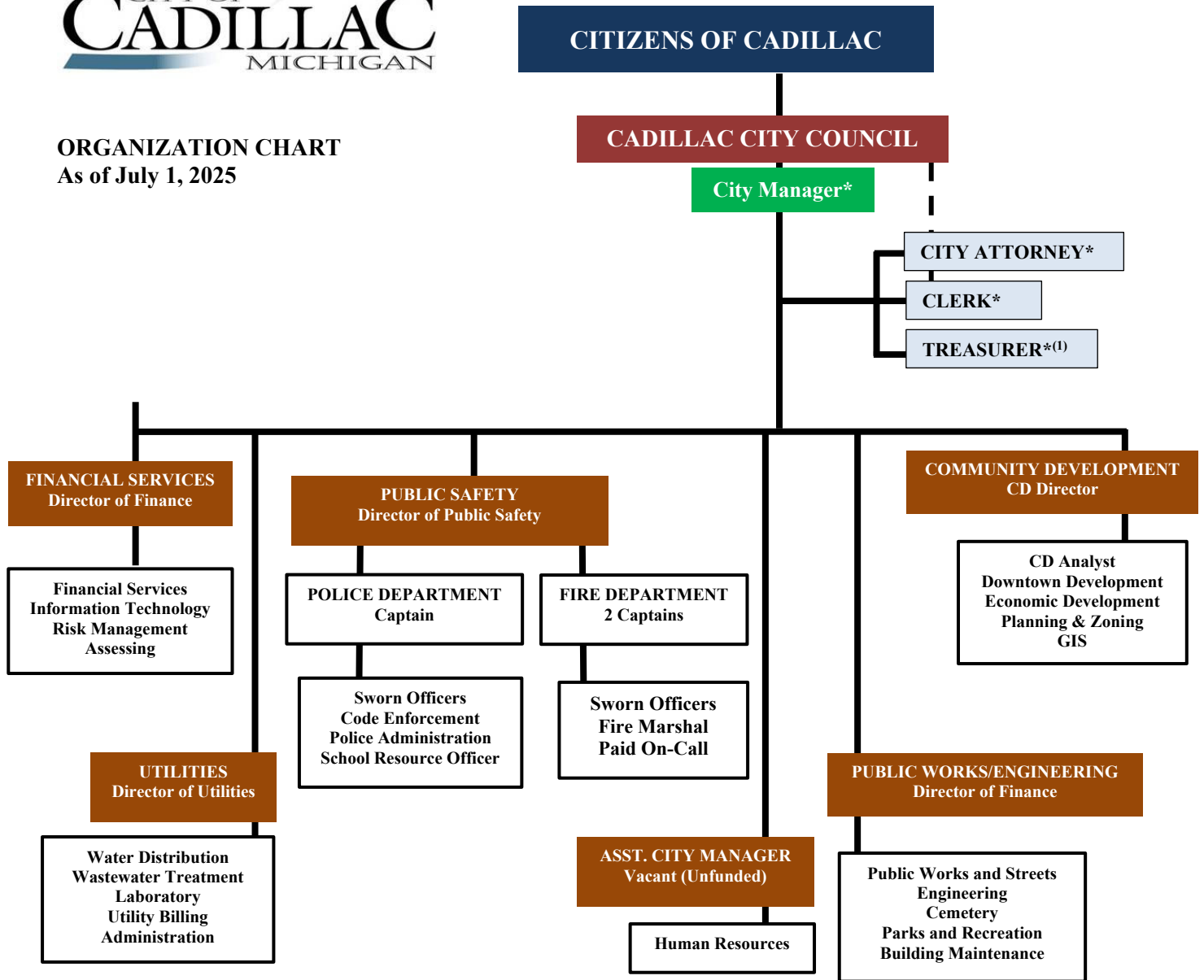
In FY2024, an administrative position in the Water and Sewer Department that was previously unfilled for budgetary purposes was once again filled based on the administrative needs of the department and the City also added a School Resource Officer in the Police Department. This second SRO is funded 75% by outside sources and 25% by the City. In FY2026, a new position related to the Main Street Program has been added, which will be funded primarily by the Downtown Development Authority.

Employment Benchmark Communities	<i>Population</i>	<i>FTE</i>	<i>FTE/Capita Ratio</i>	<i>FTE per 1000 residents</i>
Manistee	6,259	59	1:106	9.43
Big Rapids	7,705	85	1:91	11.03
Alpena	10,189	74	1:138	7.26
Traverse City	15,279	167	1:91	10.93
Sault Ste Marie	13,288	114	1:117	8.58
Coldwater	13,111	131	1:100	9.99
Sturgis	11,082	113	1:98	10.20
Cadillac	10,371	76	1:136	7.33

Cadillac has 1 FTE per 136 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 16% decline since the 1993 peak. The chart to the left compares City staffing levels with several other similar-sized units of local government in Michigan.



ORGANIZATION CHART
As of July 1, 2025



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

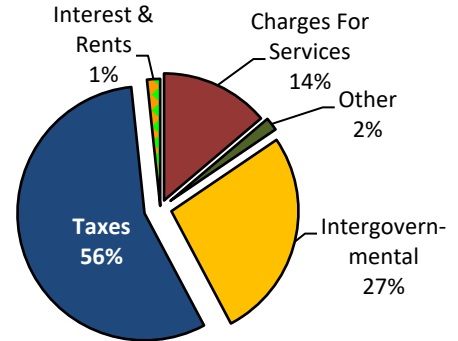
Fund: General Fund

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 56% of the cost of municipal services, while the remaining 44% is derived from other sources, which help to fully fund services to Cadillac residents and businesses. The graphic to the right summarizes the revenue sources for the General Fund.

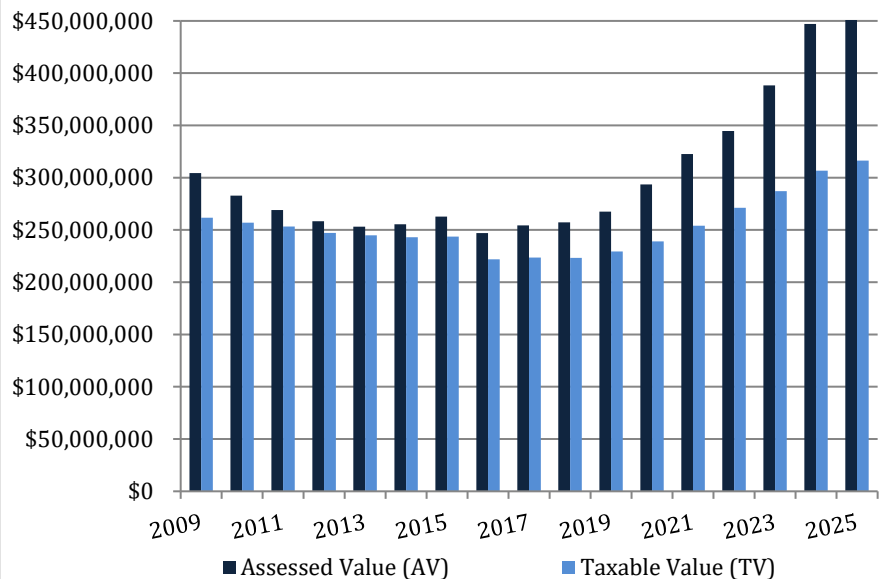
**General Fund
Revenues
by Type
FY2026**



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. This inflation rate was 3.1% for the current tax roll and will be the inflation rate multiplier for the current tax roll. Total property tax revenue growth is further restricted by the Headlee amendment. This amendment has forced a "rollback" of the City's operating millage rate 5 times since 2017, reducing the millage from 13.9473 mills to 13.3397 mills. These rollbacks have tempered the total growth in property tax revenues.

**Changed in Assessed and Taxable Value
Since 2009**



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 are derived primarily from sales taxes and include a constitutionally protected portion and an additional payment that is subject to annual State appropriation. SSR has finally returned to the level received in the early 2000s. The City received \$1.3 million in 2001, but then SSR payments steadily dropped over the next decade to a low of \$873,412 in 2010. Total SSR payments to the City have grown very slowly since 2010 with the exception of a couple of small dips, and are projected to be at \$1,375,000 for FY2026. Projections are based on recent estimates produced by the Michigan Department of Treasury.

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 \$3.6 million in wages and an additional \$2.5 million in benefits. Benefits are 63.0% 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 FY2026 and FY2025 represent budgeted amounts, while FY2022-2024 are actual audited amounts.

	FY2026	FY2025	FY2024	FY2023	FY2022
Wages	\$3,628,500	\$3,443,500	\$3,265,500	\$3,096,487	\$2,980,117
Benefits	2,509,600	2,411,900	2,139,600	1,977,366	1,851,233
Total	\$6,138,100	\$5,855,400	\$5,405,100	\$5,073,853	\$4,831,350
% of G.F. Expenditures	63.0%	63.7%	62.3%	53.9%	63.1%

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 an increased transfer of \$65,000 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 a year ago, the General fund is now funding all parking maintenance activities. This increases parking lot maintenance expenditures from the General Fund to \$91,000, while the assessment was funding nearly all parking maintenance in the past.
- School Resource Officer: The City has partnered with the Cadillac Area Public Schools to add a second SRO. This position is funded 50% by a federal grant, while the City and the Schools are splitting the remaining costs.
- Code Enforcement: Additional appropriations were added to provide resources to bolster code enforcement activities.
- Local Street Fund Contribution: In order to complete a street reconstruction project, the General Fund needed to make an increased contribution to the Local Street Fund. The contribution is \$400,000 for FY2026 versus \$245,000 in the prior fiscal year.

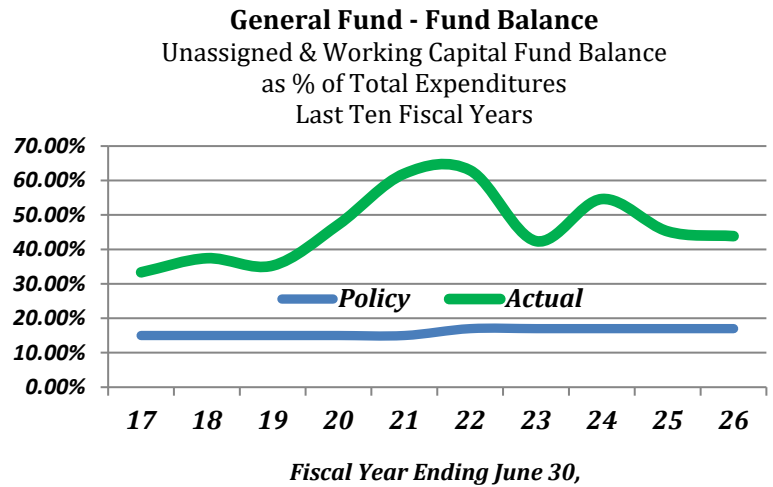
Capital Outlay The FY2026 budget includes appropriations for several capital purchases, including:

- Police Department: Replace a frontline patrol vehicle.
- Fire Department: Replace truck assigned to Fire Marshal.
- Parks and Recreation: Purchase and install replacement playground equipment and replace a riding mower.

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

Fund: General Fund

Fund Balance Cadillac has a longstanding policy that a portion of the General Fund's total expenditures will be set aside in a reserve entitled Working Capital. This policy is currently at 15% but will be proposed to be increased to 17% to reflect a best practice of 2-3 months of reserves. The City has complied with this policy for many years and the proposed FY2026 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 44% of current General Fund expenditures.



The FY2026 budget proposes the use of \$566,000 reserve funds on hand. This will fund various capital projects and purchases. The chart below confirms that this use of fund balance 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 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:	9,177,000
Less: One-Time Revenue	
Sale of Property	5,000
Total One-Time Revenues	(5,000)
Net = Ongoing Revenue	\$9,172,000
Total Expenditures	9,743,000
Less: One-Time Expenditures	
Capital Outlay	(173,000)
Additional Local Street contribution	(400,000)
Net = Ongoing Expenditures	\$9,170,000
Ongoing Revenues Over (Under) Ongoing Expenditures	\$2,000

While achieving structural balance is significant, more work needs to be done to identify additional funds for needed capital investments and ongoing service needs of the community. Projection data for the next five years is as follows:

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

5-Year Projection Data - General

As of FY2026 Budget Process

	Projected	Proposed	PROJECTED				
	2025	2026	2027	2028	2029	2030	2031
Revenue							
Taxes	5,017,800	5,147,500	5,296,850	5,450,674	5,609,107	5,772,286	5,940,355
Licenses	130,000	125,000	124,000	124,000	124,000	124,000	124,000
Intergovernmental	2,465,000	2,453,000	2,572,900	2,393,068	2,388,508	2,409,224	2,430,220
Charges for Services	1,269,000	1,269,000	1,295,450	1,322,674	1,350,693	1,379,533	1,409,216
Fines and Forfeits	10,000	9,000	9,000	9,000	9,000	9,000	9,000
Miscellaneous	105,000	20,000	15,000	50,000	15,000	15,000	15,000
Interest and Rents	244,500	153,500	154,500	104,500	104,500	104,500	104,500
Other Financing Sources	80,000	0	0	0	0	0	0
	<u>\$9,321,300</u>	<u>\$9,177,000</u>	<u>\$9,467,700</u>	<u>\$9,453,916</u>	<u>\$9,600,808</u>	<u>\$9,813,543</u>	<u>\$10,032,291</u>
Expenditures							
Salaries and Wages	3,389,200	3,628,500	3,734,250	3,843,173	3,955,363	4,070,919	4,189,941
Employee Benefits	2,395,500	2,509,600	2,555,578	2,630,745	2,708,168	2,787,913	2,870,050
Office and Operating Supplies	237,200	268,000	270,680	273,387	276,121	278,882	281,671
Contractual Services	1,445,700	1,531,300	1,561,141	1,591,776	1,623,228	1,655,519	1,688,674
Repairs and Maintenance	157,000	183,500	185,335	187,188	189,060	190,951	192,860
Equipment Rental	285,700	234,700	236,975	239,273	241,593	243,937	246,305
Travel and Education	65,000	67,500	68,175	68,857	69,545	70,241	70,943
Utilities	235,300	261,500	266,730	272,065	277,506	283,056	288,717
Other Expenses	373,300	199,700	201,697	203,714	205,751	207,809	209,887
Local Support	98,200	114,700	114,700	114,700	114,700	114,700	114,700
Transfers to Other Funds	296,000	571,000	200,000	200,000	200,000	200,000	200,000
	<u>\$8,978,100</u>	<u>\$9,570,000</u>	<u>\$9,395,261</u>	<u>\$9,624,877</u>	<u>\$9,861,035</u>	<u>\$10,103,926</u>	<u>\$10,353,748</u>
Capital Outlay	\$278,500	\$173,000	\$2,883,000	\$447,500	\$1,142,000	\$92,000	\$85,000
Total Expenditures	<u>\$9,256,600</u>	<u>\$9,743,000</u>	<u>\$12,278,261</u>	<u>\$10,072,377</u>	<u>\$11,003,035</u>	<u>\$10,195,926</u>	<u>\$10,438,748</u>
Revenue Over (Under) Expenditures	\$64,700	(\$566,000)	(\$2,810,561)	(\$618,461)	(\$1,402,226)	(\$382,382)	(\$406,456)
Beginning Fund Balance	5,956,997	6,021,697	6,021,697	3,211,136	2,592,675	1,190,449	808,066
Ending Fund Balance	6,021,697	5,455,697	3,211,136	2,592,675	1,190,449	808,066	401,610
Policy Fund Balance	1,388,490	1,461,450	1,841,739	1,510,857	1,650,455	1,529,389	1,565,812
Balance Over (Under) Policy	4,633,207	3,994,247	1,369,397	1,081,818	(460,007)	(721,323)	(1,164,202)
Total Ongoing Revenue	9,321,300	9,177,000	9,467,700	9,453,916	9,600,808	9,813,543	10,032,291
Total Operating Expenditures	8,978,100	9,570,000	9,395,261	9,624,877	9,861,035	10,103,926	10,353,748
Structural Balance (Deficit)	338,200	(398,000)	72,439	(170,961)	(260,226)	(290,382)	(321,456)

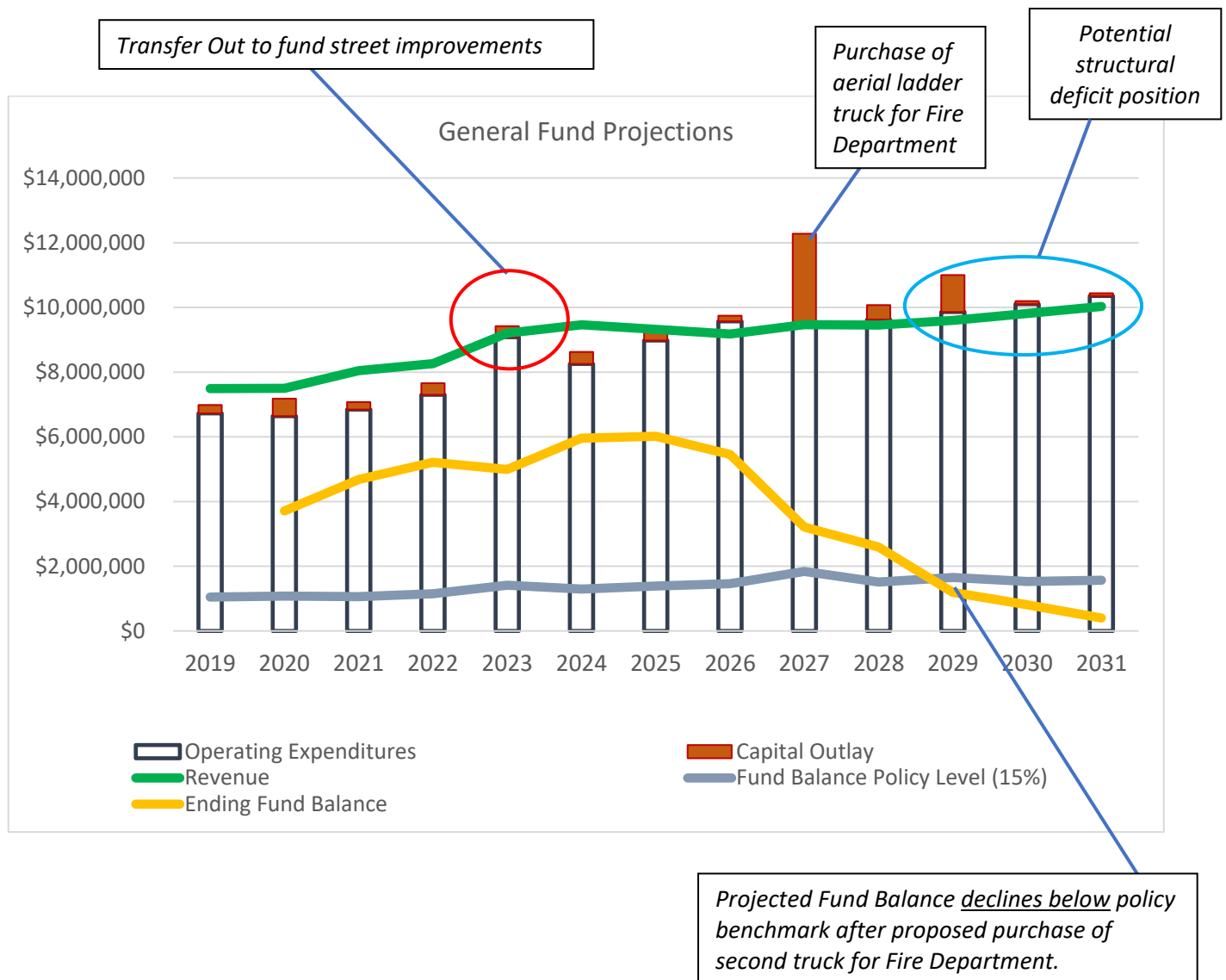
Fund: General Fund

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 3% 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 and benefits are expected to increase 3% per year, while other operational costs like Operating Supplies, Utilities, and Repairs and Maintenance are projected to increase 1-2% per year. Capital Outlay expenditures are based on the City's 6-Year Capital Improvement Program.

The projections highlight that the General Fund complies with current fund balance policy level of 15% of expenditures for the next three years but then dips into a structural deficit position that will need to be analyzed and resolved. The proposed replacement of the ladder truck in the Fire Department in FY2027 will reduce total fund balance significantly, so outside funding or an installment purchase loan may be needed to fully fund this replacement. The City will need to continually monitor the spending structure and additional revenue opportunities to fully fund operations and capital investment in the future.



CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Revenue Summary

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed	% Change
REVENUES AND OTHER SOURCES:					
Taxes	\$4,802,913	\$5,017,800	\$4,977,500	\$5,147,500	3.42%
Licenses	130,475	130,000	131,000	125,000	-4.58%
Intergovernmental	2,838,420	2,465,000	2,443,500	2,453,000	0.39%
Charges For Services	1,218,172	1,249,000	1,233,000	1,269,000	2.92%
Fines and Forfeits	8,673	10,000	9,000	9,000	0.00%
Miscellaneous	223,915	125,000	20,000	20,000	0.00%
Interest and Rents	241,100	244,500	103,500	153,500	48.31%
Other Financing Sources	0	80,000	0	0	0.00%
Total Revenues	\$9,463,668	\$9,321,300	\$8,917,500	\$9,177,000	2.91%

General Fund Revenue Sources

	Percentage of General Fund Revenues from 1980-Current				
	Current	FY2010	FY2000	FY1990	FY1980
Taxes	56.10%	62.50%	53.54%	54.49%	44.58%
Intergovernmental	26.73%	18.63%	27.33%	29.10%	27.11%
Charges for Services	13.83%	12.97%	13.00%	6.74%	6.76%
Other	3.35%	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 13.3397 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:	\$316,400,000	\$4,220,681	* Projected based on preliminary tax roll.
Prior Year Taxable Value:	\$306,680,708	\$4,091,029	
Increase (Decrease):	\$9,719,292	\$129,652	
% Change:	3.17%	3.17%	

Total Levy	Total Tax Levy	DDA Capture	LDFA Capture	Brownfield Capture	General Fund Taxes	Taxes Captured
General Operating	\$4,220,681	93,158	71,050	37,263	\$4,019,210	\$201,471
P&F Retirement	\$822,640	18,157	13,848	7,263	\$783,372	\$39,268
		111,315	84,898	44,526	\$4,802,582	\$240,739

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Taxes				
Current Property Tax	\$3,736,904	\$3,900,000	\$3,895,000	\$4,020,000
Industrial Facilities Tax	10,265	8,000	9,000	6,000
Property Tax - Police and Fire	721,563	760,500	755,000	783,000
Delinquent Tax Collections	3,459	1,000	1,000	1,000
Marihuana Tax	118,173	116,000	110,000	115,000
Administration Fees	154,705	160,000	150,000	165,000
Trailer Park Fees	2,228	2,300	2,500	2,500
Penalties and Interest	32,891	35,000	30,000	30,000
Payment in Lieu of Taxes				
Housing	22,725	35,000	25,000	25,000
Total Taxes	\$4,802,913	\$5,017,800	\$4,977,500	\$5,147,500
Licenses and Permits				
Cable Franchise Fees	\$110,879	\$110,000	\$115,000	\$108,000
Business Licenses	19,536	20,000	15,000	16,000
Permits	60	0	1,000	1,000
Total Licenses and Permits	\$130,475	\$130,000	\$131,000	\$125,000
Intergovernmental Revenues				
State Shared Revenues:				
Sales & Use Tax - Constitutional	\$1,114,439	\$1,100,000	\$1,130,000	\$1,120,000
Sales & Use Tax - Statutory	229,818	250,000	225,000	255,000
Liquor Licenses	14,857	10,000	11,000	10,000
Local Community Stabilization Authority	738,048	700,000	675,000	700,000
Telecommunications Right of Way	48,629	0	50,000	0
Grants from Local Units:				
Fire Protection	227,487	227,000	225,000	240,000
Michigan Justice Training Grant	4,985	3,000	2,500	3,000
CAPS - School Officer	113,846	125,000	125,000	125,000
Federal Grants	268,534	0	0	0
State of Michigan Grants	77,777	50,000	0	0
Local Funds	0	0	0	0
Total Intergovernmental Revenues	\$2,838,420	\$2,465,000	\$2,443,500	\$2,453,000

Fund: General Fund

Revenue Highlights

Industrial Facilities Tax This tax abatement program has been significantly less active 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 taxable value of about \$2.6 million. The Local Development Finance Authority captures about 2/3 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 runs through December 31, 2028.

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

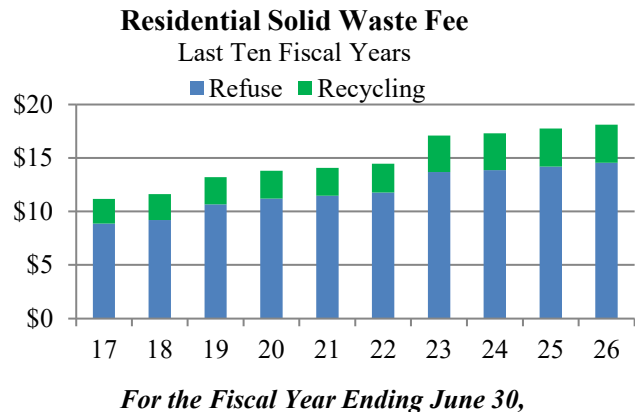
Average # of customers	3,400
Monthly Charge	\$14.54
Total Monthly Revenue	\$49,436
Annual Revenue	\$593,232

Recycling

Average # of customers	3,400
Monthly Charge	\$3.55
Total Monthly Revenue	\$12,070
Annual Revenue	\$144,840

Tidy Tote Garbage Cans

Average # of customers	3,000
Monthly Charge	\$2.10
Total Monthly Revenue	\$6,300
Annual Revenue	\$75,600



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

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Charges For Services				
Zoning Fees	\$3,370	\$3,500	\$2,000	\$2,000
Exemption Certificate Fees	0	0	0	0
Northflight/MMR	100,600	100,000	100,000	100,000
Police Charges	2,146	2,500	3,000	3,000
Fire Department Charges	1,564	4,000	2,000	2,000
Engineering Fees	395	500	0	0
Solid Waste Collection	756,237	786,000	780,000	815,000
EGLE Management Fee	25,000	25,000	25,000	25,000
Rental Housing Ordinance Fee	8,680	13,500	7,000	8,000
Other	580	0	0	0
Administrative Charges				
Water and Sewer Fund	\$250,000	\$245,000	\$245,000	\$245,000
Stores & Garage Fund	24,000	24,000	24,000	24,000
Community Development Fund	12,000	12,000	12,000	12,000
Data Processing Fund	30,000	30,000	30,000	30,000
Building Inspection Fund	3,600	3,000	3,000	3,000
Total Charges For Services	\$1,218,172	\$1,249,000	\$1,233,000	\$1,269,000
Fines and Forfeits				
Violations Bureau	\$8,673	\$10,000	\$9,000	\$9,000
Total Fines and Forfeits	\$8,673	\$10,000	\$9,000	\$9,000
Miscellaneous				
Sale of Property	0	0	5,000	5,000
Opioid Settlement Funds	56,623	20,000	0	0
Contributions - Private Sources	161,502	95,000	5,000	5,000
Miscellaneous - Refunds and Rebates	5,790	10,000	10,000	10,000
Total Miscellaneous	\$223,915	\$125,000	\$20,000	\$20,000
Interest and Rents				
Interest Income	\$235,880	\$240,000	\$100,000	\$150,000
Land and Building Rental	5,220	4,500	3,500	3,500
Total Interest and Rents	241,100	244,500	103,500	153,500
Other Financing Sources				
Insurance Proceeds	0	80,000	0	0
Appropriated Fund Balance	0	0	0	0
Total Other Financing Sources	\$0	\$80,000	\$0	\$0
TOTAL REVENUES	\$9,463,668	\$9,321,300	\$8,917,500	\$9,177,000

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed	Change
EXPENDITURES					
General Government					
Legislative	\$45,582	\$60,700	\$66,200	\$64,500	-2.57%
Office of the City Manager	342,842	347,400	365,900	364,600	-0.36%
Financial Services	395,403	462,400	455,900	486,200	6.65%
Clerk/Treasurer Department	358,571	388,200	410,500	408,700	-0.44%
Election Services	28,300	33,500	41,000	41,000	0.00%
Assessing	149,001	146,200	146,900	153,300	4.36%
Legal Services	146,219	207,000	200,000	200,000	0.00%
City Hall	353,725	480,800	423,100	380,500	-10.07%
Total General Government	\$1,819,643	\$2,126,200	\$2,109,500	\$2,098,800	-0.51%
Public Safety					
Police Department	\$2,551,164	\$2,740,800	\$2,738,800	\$2,846,200	3.92%
Fire Department	1,840,692	1,808,500	1,784,200	1,890,000	5.93%
Total Public Safety	\$4,391,856	\$4,549,300	\$4,523,000	\$4,736,200	4.71%
Public Works	\$1,098,660	\$1,239,600	\$1,211,600	\$1,274,800	5.22%
Culture and Recreation	502,470	384,200	393,200	433,300	10.20%
Economic Development and Assistance	415,864	578,300	463,700	529,700	14.23%
Intergovernmental Expenses	51,682	83,000	99,200	99,200	0.00%
Other Financing	343,000	296,000	395,000	571,000	44.56%
TOTAL EXPENDITURES	\$8,623,175	\$9,256,600	\$9,195,200	\$9,743,000	5.96%
FUND BALANCE AT YEAR END					
Net Change in Fund Balance	\$840,493	\$64,700	(\$277,700)	(\$566,000)	
Fund Balance - Beginning of Year	5,116,499	5,956,992	5,956,992	6,021,692	
FUND BALANCE AT YEAR END					
Nonspendable	261,516	50,000	50,000	50,000	
Restricted	48,673	20,748	16,248	12,748	
Committed	-	-	-	-	
Assigned	2,591,407	3,150,207	3,140,997	2,581,666	
Unassigned	3,055,396	2,800,737	2,472,047	2,811,278	
TOTAL FUND BALANCE	\$5,956,992	\$6,021,692	\$5,679,292	\$5,455,692	

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

FUND BALANCE

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

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Nonspendable				
Prepaid Expenditures	261,516	50,000	50,000	50,000
Restricted For:				
Veterans Memorial	1,855	1,855	1,855	1,855
Flags Forever	0	500	500	500
Youth Services	844	844	844	844
Drug Forfeiture	4,656	656	656	656
Mayor's Youth Council	318	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	6,413	0	0	0
Mayor Wedding Fees	150	0	0	0
CASA Field Use	2,520	0	0	0
Dog Park	662	500	500	500
Opioid Settlement Funds	0	0	0	0
CAMA Lighthouse	800	0	0	0
Total Restricted	48,673	20,748	16,248	12,748
Assigned For:				
Sick and Vacation Funding	288,669	290,000	290,000	300,000
Working Capital	1,656,980	1,388,490	1,379,280	1,461,450
Pistol Range	20,588	5,000	5,000	5,000
Subsequent Year Budget	0	547,400	547,400	0
ARPA Funds	521,069	772,616	772,616	772,616
DNR Grant Match - Sensory Playground	0	42,600	42,600	42,600
Police and Fire Retirement	104,101	104,101	104,101	-
Total Assigned	2,591,407	3,150,207	3,140,997	2,581,666
Unassigned	3,055,396	2,800,737	2,472,047	2,811,278
TOTAL FUND BALANCE	\$5,956,992	\$6,021,692	\$5,679,292	\$5,455,692

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
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GENERAL GOVERNMENT

Legislative

Salaries	\$18,650	\$19,000	\$20,000	\$20,000
Fringes	1,445	1,800	2,000	2,000
Office Supplies	0	200	1,500	1,000
Contractual Services	3,261	500	5,000	3,000
Data Processing	3,000	12,200	12,200	13,000
Dues & Publications	6,965	7,000	7,500	7,500
Travel and Education	6,047	14,000	8,000	8,000
Ordinances and Proceedings	6,214	6,000	10,000	10,000
Total Legislative	\$45,582	\$60,700	\$66,200	\$64,500

CITY COUNCIL MEASURES				
Full-Time Positions	0	0	0	0
Part-Time Positions	5	5	5	5
Cost Per Resident	\$4.40	\$5.86	\$6.39	\$6.23

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.

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
GENERAL GOVERNMENT (Cont.)				
Office of the City Manager				
Salaries	\$203,769	\$210,000	\$222,000	\$218,000
Fringes	107,300	105,000	108,000	111,000
Office Supplies	1,925	2,000	2,500	2,500
Data Processing	9,000	10,200	10,200	10,900
Dues & Publications	3,424	3,500	3,500	3,500
Telephone	3,000	3,500	4,000	4,000
Travel & Education	7,224	6,000	7,500	7,500
Vehicle Allowance	7,200	7,200	7,200	7,200
Suggestion Award	0	0	1,000	0
Total Office of the City Manager	\$342,842	\$347,400	\$365,900	\$364,600

CITY MANAGER MEASURES				
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	\$33.11	\$33.55	\$35.34	\$35.21

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.

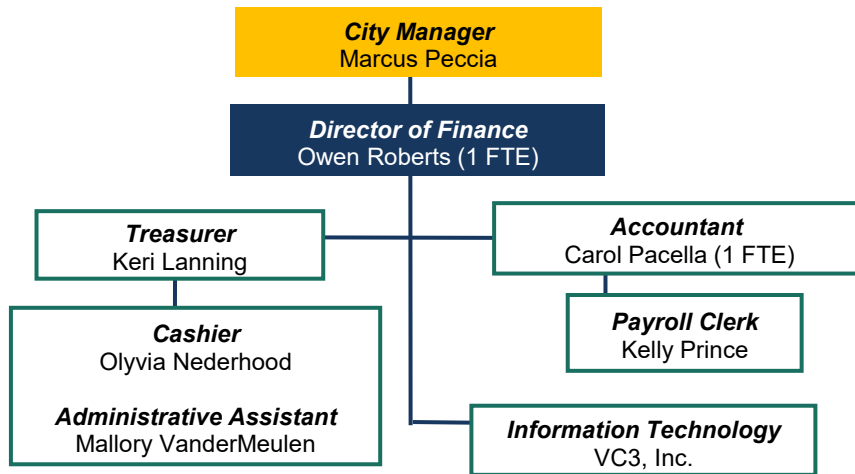
All human resource activities are overseen within the Office of the City Manager.

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
		2023	2024	2025	2026	
Received GFOA Budget/ACFR Awards		Yes	Yes	Yes	Yes	↔
General Fund Working Capital + Unassigned Fund Balance + Assigned to Subsequent Budget		\$3,994,357	\$4,712,376	\$4,736,627	\$4,272,728	↓
Total General Fund Expenditures		\$9,419,171	\$8,623,175	\$9,256,600	\$9,743,000	↑
Unreserved Fund Balance as % of General Fund Expenditures		47.97%	54.65%	51.17%	43.85%	↓
Fund Balance Policy Level (17%)		\$1,601,259	\$1,465,940	\$1,573,622	\$1,656,310	↑
Total Above (Below) Policy Benchmark		\$2,393,098	\$3,246,436	\$3,163,005	\$2,616,418	↓
Unmodified Audit Opinion		Yes	Yes	Yes	Yes	↔

Fund: General Fund

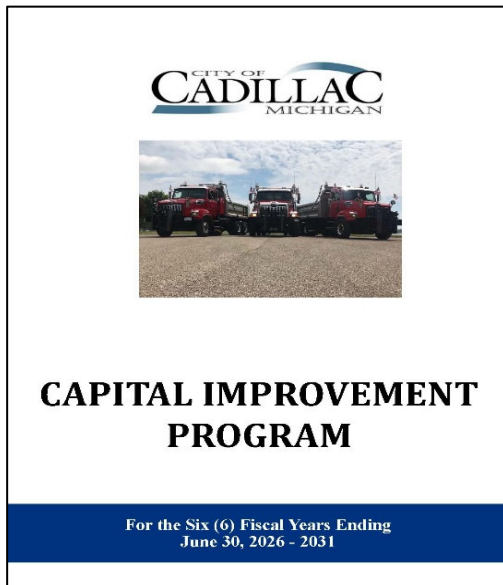
Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
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GENERAL GOVERNMENT (Cont.)

Financial Services

Salaries	\$219,446	\$226,500	\$225,000	\$237,000
Fringes	130,476	158,000	155,000	162,000
Office Supplies	3,585	4,500	5,000	5,000
Audit	8,940	19,500	15,000	23,600
Data Processing	24,000	44,900	44,900	47,600
Dues & Publications	1,656	1,500	2,000	2,000
Telephone	3,600	4,000	4,000	4,000
Travel & Education	3,700	3,500	5,000	5,000
Total Financial Services	\$395,403	\$462,400	\$455,900	\$486,200

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	\$38.18	\$44.65	\$44.03	\$46.95



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 \$30 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
		2023	2024	2025	2026	
Total City-wide Assessed Value (ad valorem)		\$322,622,100	\$388,333,064	\$447,054,400	\$473,291,250	↑
Total City-wide Taxable Value (ad valorem)		\$254,024,937	\$287,021,418	\$306,680,708	\$316,302,282	↑
Taxable Value as % of Assessed Value		78.7%	73.9%	68.6%	66.8%	↓
Tax Bills Issued		9,962	9,857	9,861	9,900	↔
Total Number of Annual Receipts		38,497	39,076	39,000	39,000	↔
Total Number of Online Receipts		12,940	14,173	14,500	15,000	↑
Dollar Value of Annual Receipts		\$22,507,554	\$23,528,554	\$24,000,000	\$24,500,000	↑
Accounts Payable Checks Issued		1,735	1,675	1,625	1,600	↓
Accounts Payable Electronic Payments Issued		1,153	1,142	1,200	1,250	↑
Payroll Fund Checks Issued		114	109	110	110	↔
Payroll Direct Deposits		3,401	3,352	3,400	3,400	↔
Miscellaneous Billing Invoices Issued		804	776	800	800	↔
Total Registered Voters		8,510	8,624	8,625	8,625	↑
Number of Elections		2	2	2	2	↔
Total Cost of Elections		\$24,732	\$28,300	\$33,500	\$41,000	↑
Cost per Election		\$12,366	\$14,150	\$16,750	\$20,500	↑

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
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GENERAL GOVERNMENT (Cont.)

Clerk/Treasurer Department

Salaries	\$185,900	\$203,000	\$212,000	\$207,500
Fringes	116,718	125,000	128,000	127,000
Office Supplies	5,816	5,500	5,000	6,000
Postage	18,936	17,000	17,000	18,000
Telephone	1,380	1,800	2,000	2,000
Data Processing	24,000	27,500	27,500	29,200
Dues & Publications	820	1,000	1,000	1,000
Travel & Education	596	2,200	3,000	3,000
Act 425 Disbursements	4,356	4,700	5,000	5,000
Bad Debt Expense (1)	49	500	10,000	10,000
Total Clerk/Treasurer Department	\$358,571	\$388,200	\$410,500	\$408,700

(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	\$34.63	\$37.49	\$39.64	\$39.47

Election Services

Salaries	\$17,460	\$22,500	26,000	\$26,000
Office Supplies	10,840	11,000	15,000	15,000
Contractual Services	0	0	0	0
Total Election Services	\$28,300	\$33,500	\$41,000	\$41,000

ELECTIONS MEASURES				
Full-Time Positions	0.000	0.000	0.000	0.000
Part-Time Positions	15.000	15.000	15.000	15.000
Cost Per Resident	\$2.73	\$3.24	\$3.96	\$3.96
Registered Voters	7,214	7,304	7,300	7,300
Cost per registered voter	\$3.92	\$4.59	\$5.62	\$5.62

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
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GENERAL GOVERNMENT (Cont.)

Assessor

Postage	\$665	\$2,000	\$3,000	\$3,000
Contractual Services	8,191	1,000	2,000	3,000
Wexford County Contract	127,061	135,000	133,000	138,000
Data Processing	12,000	6,600	6,600	7,000
Board of Review	1,084	1,600	2,300	2,300
Total Assessor	\$149,001	\$146,200	\$146,900	\$153,300

ASSESSING MEASURES				
Full-Time Positions	0	0	0	0
Part-Time Positions	4	4	4	4
Cost Per Resident	\$14.39	\$14.12	\$14.19	\$14.80

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 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	\$20.45	6,300	\$128,835
Per Parcel assessment roll maintenance	\$1.35	6,300	\$8,505
Total Charges			\$137,340

**CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET**

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
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GENERAL GOVERNMENT (Cont.)

Legal Services

Legal Services - General Counsel	\$66,646	75,000	\$65,000	\$65,000
Legal Services - Special	48,939	100,000	100,000	100,000
Legal Services - Prosecution	30,634	32,000	35,000	35,000
Total Legal Services	\$146,219	\$207,000	\$200,000	\$200,000

Cost Per Resident	\$14.12	\$19.99	\$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 are currently billed at an hourly rate of \$224.50 per hour. There is no annual maximum included in the agreement, and the rate increases in accordance with the CPI each year. 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 \$225 and \$275 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:	Actual			Projected	Budget
		2022	2023	2024	2025	2026
City Attorney Hours Billed		538	427	645	850	720
City Attorney Costs		\$112,547	\$93,307	\$141,246	\$195,000	\$165,000
Prosecutor Costs		\$30,733	\$30,931	\$30,634	\$32,500	\$35,000

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

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
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GENERAL GOVERNMENT (Cont.)

City Hall

Salaries	\$41,364	\$44,500	\$46,000	\$45,000
Fringes	31,440	38,000	38,000	38,000
Operating Supplies	19,516	16,000	15,000	15,000
Contractual Services	2,988	7,000	8,000	6,000
Service/Lease Contracts	2,433	1,700	2,000	2,000
Data Processing	2,400	6,600	6,600	2,000
Liability Insurance	135,819	135,000	115,000	140,000
Utilities	82,796	85,000	100,000	100,000
Repair and Maintenance	18,569	22,000	25,000	25,000
Equipment Rental	7,200	75,000	7,500	7,500
Parking Assessment	0	0	0	0
Capital Outlay	9,200	50,000	60,000	0
Total City Hall	\$353,725	\$480,800	\$423,100	\$380,500

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	\$34.16	\$46.43	\$40.86	\$36.75

TOTAL GENERAL GOVERNMENT	\$1,819,643	\$2,126,200	\$2,109,500	\$2,098,800
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TOTAL GENERAL GOVERNMENT MEASURES				
Full-Time Positions	10.150	9.900	9.900	9.900
Part-Time Positions	25.000	25.000	24.000	24.000
Cost per Resident	\$175.73	\$205.33	\$203.72	\$202.68
% of General Fund Budget	21.10%	22.97%	22.94%	21.54%



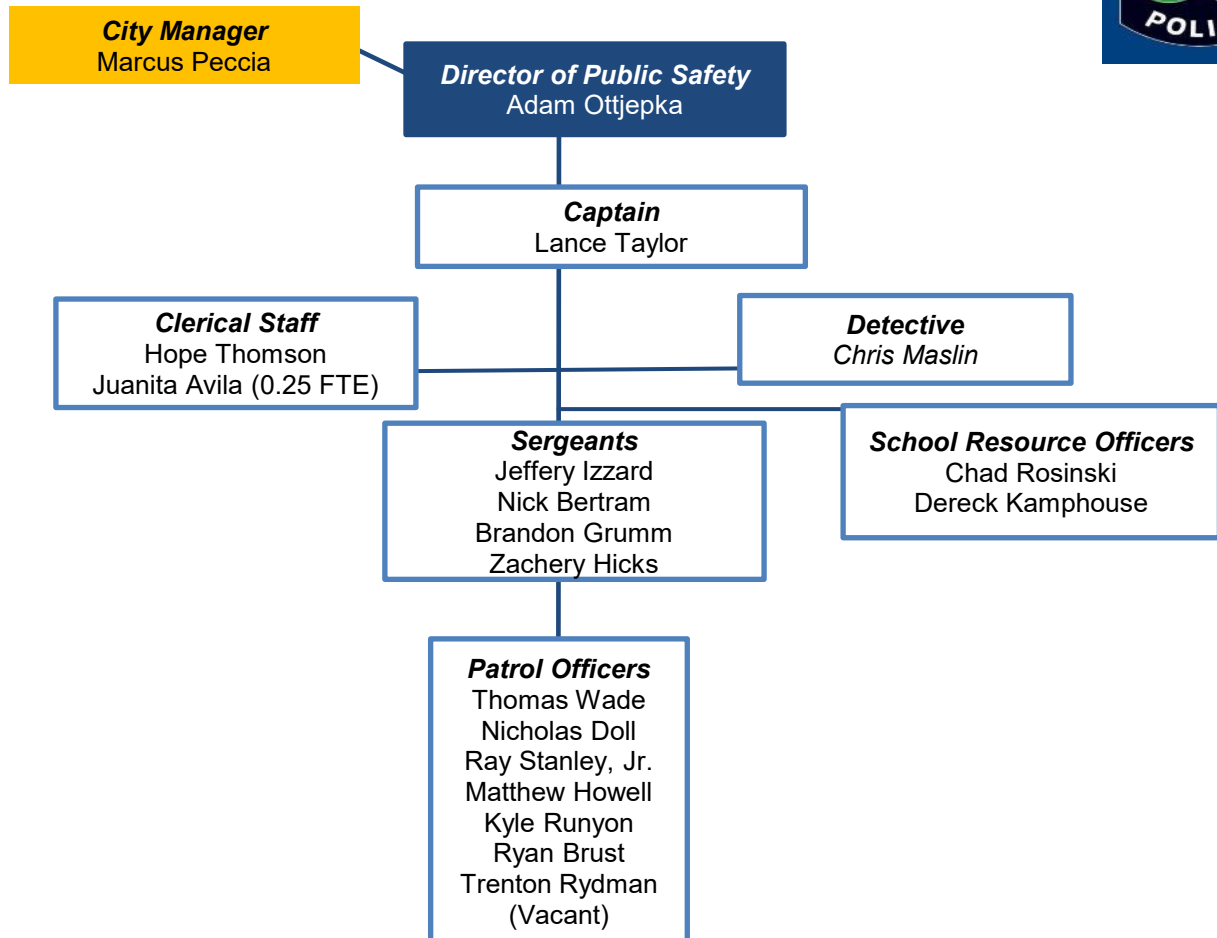
Cadillac Municipal Complex The maintenance of the physical plant, which is occupied 24 hours per day, is anticipated to increase as the facility ages. To this point, the roof on the complex needed major maintenance in 2022 and was resurfaced at a cost of about \$145,000. No other major upgrades have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

**CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET**

Fund: General Fund

PERFORMANCE MEASURES - POLICE DEPARTMENT

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2023	2024	2025	2026	
Sworn Officers		16	17	17	17	↑
Police Reports Completed		3,607	3,966	3,600	3,600	↔
Police Reports per Sworn Officer		225	233	212	212	↔
Traffic Citations Issued		274	214	260	260	↔
Traffic Verbal Warnings Issued		1,323	1,140	1,300	1,300	↔
Criminal Investigations		1,739	2,487	2,100	2,100	↔
Freedom of Information Requests Fulfilled		199	188	200	200	↔
Handgun Registrations		252	139	200	200	↔
K-9 Unit Tracking Calls		5	2	5	5	↔
K-9 Unit Demonstrations		5	13	10	10	↑
K-9 Unit Searches		15	8	15	15	↔
Non-Criminal Investigations		2,216	1,863	2,000	2,000	↔
Total Calls for Service		7,932	8,777	8,500	8,500	↑
Total Arrests		620	578	600	600	↔
Average Mileage of Fleet		74,539	67,050	60,000	70,000	↔
Average Mileage of Patrol Vehicles		66,412	35,757	35,000	45,000	↔
Operating Cost per Sworn Officer		\$130,374	\$135,907	\$156,400	\$162,718	↑

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



CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
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PUBLIC SAFETY

Police Department

Salaries - Full-Time Staff	\$1,112,234	\$1,215,000	\$1,275,500	\$1,360,000
Salaries - Overtime	107,264	95,000	100,000	102,000
Fringes	855,407	1,062,000	1,071,000	1,075,000
Office Supplies	4,639	5,000	7,000	7,000
Operating Supplies	39,508	30,000	20,000	30,000
Fuel Costs	29,582	30,000	32,000	30,000
Operating Supplies - Community Service	1,379	1,000	1,000	1,000
Contractual Services	5,000	5,000	5,000	5,000
Uniform Cleaning	8,407	10,000	12,000	12,000
Data Processing	52,000	64,300	64,300	68,200
Dues & Publications	2,384	2,500	2,500	2,500
Radio & Equipment Maintenance	1,710	6,000	6,500	6,500
Telephone	5,554	7,000	7,000	8,000
Travel & Education	49,651	19,000	20,000	20,000
Vehicle Repair and Maintenance	21,170	18,000	20,000	24,000
Uniforms and Maintenance	14,535	11,000	15,000	15,000
Capital Outlay	240,740	160,000	80,000	80,000
Total Police Department	\$2,551,164	\$2,740,800	\$2,738,800	\$2,846,200

<u>POLICE DEPARTMENT MEASURES</u>				
Full-Time Positions	16.950	16.950	16.950	16.750
Part-Time Positions	16.000	16.000	16.000	16.000
Cost per Resident	\$246.37	\$264.68	\$264.49	\$274.86

**CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET**

Fund: General Fund

CADILLAC POLICE DEPARTMENT FLEET DETAILS			
#	Vehicle	Assignment	Miles
1	2021 Interceptor SUV	Sergeant Road Patrol	66,691
2	2015 Interceptor	School Resource Ofcr.	141,237
3	2021 Interceptor SUV	School Resource Ofcr.	119,072
4	2019 Interceptor	School/Training	124,215
10	2023 Dodge Durango	Primary Road Patrol	10,762
11	2023 Dodge Durango	Primary Road Patrol	20,938
12	2017 Interceptor SUV	Patrol/K9	72,172
13	2020 Dodge Ram	Detective	40,139
14	2023 Chevrolet Tahoe	K9	8,224



Average Mileage all Vehicles 67,050
Average Mileage Patrol Fleet 35,757

Public Safety Benchmarking

POLICE DEPARTMENT						
Cities	Pop.	FY2025 Police Budget	Number of Sworn Officers	Citizens Served Per Officer	Per Capita Costs	% of General Fund
Manistee	6,259	\$1,683,506	12	521.58	\$268.97	20.82%
Big Rapids	7,705	\$2,373,100	18	428.06	\$307.99	18.42%
Alpena	10,189	\$2,334,961	20	509.45	\$229.16	17.05%
Traverse City	15,279	\$5,600,600	29	526.86	\$366.56	22.62%
Sault Ste. Marie	13,288	\$3,942,300	24	553.67	\$296.68	25.90%
Coldwater	13,111	\$3,053,485	18	728.39	\$232.89	23.55%
Sturgis	11,082	\$3,694,600	19	583.26	\$333.39	32.63%
City of Cadillac	10,315	\$2,738,800	16	644.69	\$265.52	29.79%
Average:				562.00	\$287.65	23.85%

FIRE DEPARTMENT						
Cities	Pop.	FY2025 Fire Department Budget	Number of Full-Time Officers	Citizens Served Per Full-Time Officer	Per Capita Costs	% of General Fund
Manistee	6,259	\$1,435,105	8	782.38	\$229.29	17.74%
Big Rapids	7,705	\$1,439,300	9	856.11	\$186.80	11.17%
Alpena (Fire + EMS)	10,189	\$3,848,061	26	391.88	\$377.67	28.10%
Traverse City	15,279	\$4,309,800	25	611.16	\$282.07	17.41%
Sault Ste. Marie	13,288	\$1,961,000	18	738.22	\$147.58	12.88%
Coldwater	13,111	\$2,503,947	13	1,008.54	\$190.98	19.31%
Sturgis	11,082	\$1,992,998	14	791.57	\$179.84	17.60%
City of Cadillac	10,315	\$1,784,200	11	937.73	\$172.97	19.40%
Average:				764.70	\$220.90	17.95%

Fund: General Fund

Fire Department Information

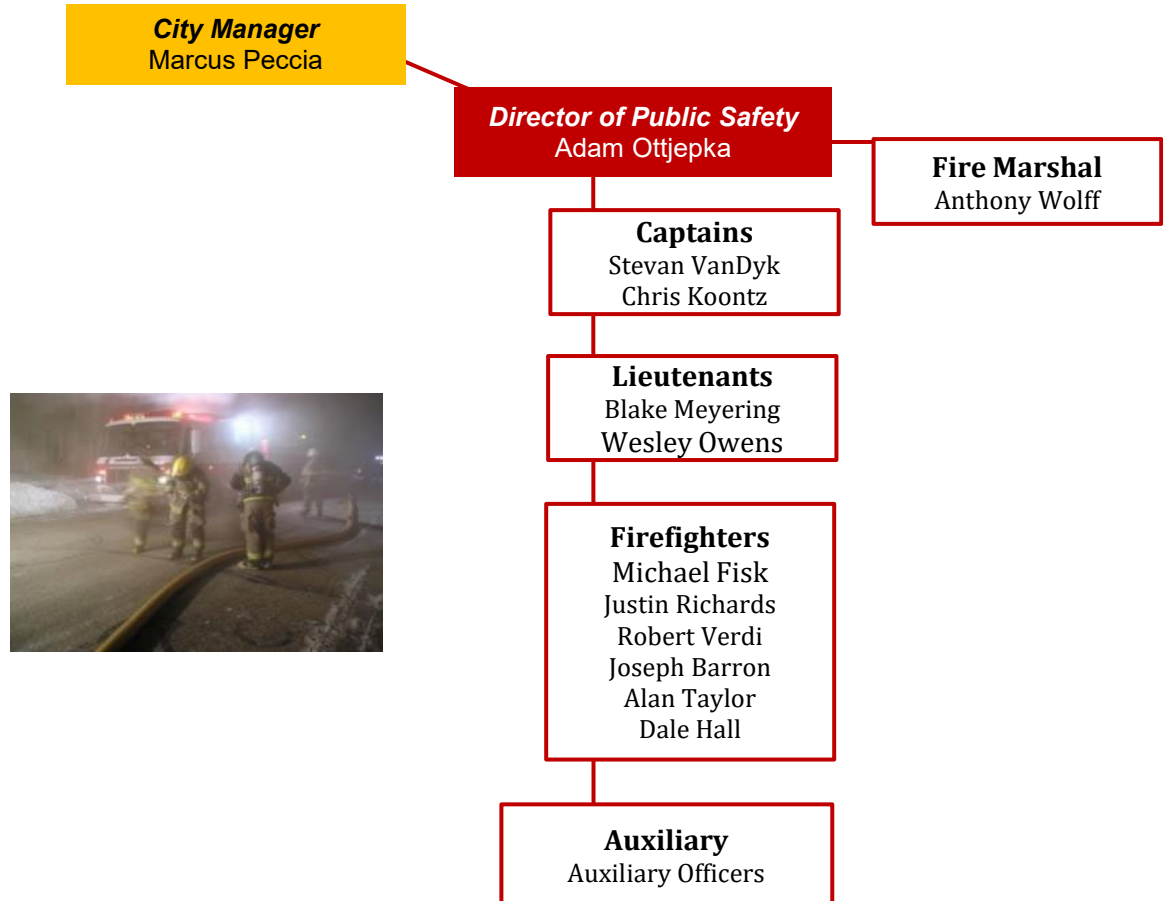
The Cadillac Fire Department uses a capable and well-trained staff of 11 full-time firefighters and 9 part-time firefighters to provide 24-hour fire protection to the City of Cadillac and Clam Lake Township. In addition to their fire fighting duties and in conjunction with the City's rental housing ordinance, 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
		2023	2024	2025	2026	
Total calls for service		2,462	2,500	2,500	2,500	↔
Number of Medical Emergency Responses		1,954	1,950	1,900	1,900	↓
Number of Fires reported		37	37	40	40	↔
Total Hours Spent in Training		1,757	1,936	2,000	2,000	↔
Fire Mutual Aid Responses Received		2	1	5	5	↔
Fire Mutual Aid Responses Given		8	10	10	10	↔
Average Fire Fighter turnout per Building Fire		5	5	8	8	↔
Number of Fire Inspections		458	337	400	400	↔
Ambulance Runs - In Service Area		1,588	1,673	1,500	1,500	↔
Ambulance Runs - Outside Service Area		366	258	250	250	↓
Operating Cost per Fire Fighter		\$158,270	\$164,636	\$159,773	\$160,745	↔

Fund: General Fund

FIRE DEPARTMENT CHART OF ORGANIZATION



CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
<u>PUBLIC SAFETY (Cont.)</u>				
Fire Department				
Salaries - Full-Time Staff	\$704,486	\$715,000	\$730,000	\$765,000
Salaries - FLSA Overtime	46,733	46,000	46,000	48,000
Salaries - Overtime	203,430	155,000	125,000	125,000
Salaries - Volunteer	7,154	14,000	15,000	15,000
Fringes	677,174	658,000	663,000	680,000
Office Supplies	818	1,000	2,000	2,000
Operating Supplies	18,040	25,000	30,000	30,000
Operating Supplies-Community Service	464	500	1,000	1,000
Marshal Division Expenses	1,523	3,500	5,000	5,000
Fuel Costs	8,927	10,000	11,000	11,000
Uniform Cleaning	4,642	5,000	5,000	5,000
Subsistence Allowance	26,623	20,000	20,000	20,000
Data Processing	29,636	28,500	28,500	30,300
Dues & Publications	555	2,000	2,500	2,500
Radio & Equipment Maintenance	6,796	6,000	6,000	6,000
Telephone	1,495	2,000	2,000	2,000
Travel & Education	8,418	12,000	15,000	15,000
Vehicle Repair & Maintenance	49,446	30,000	35,000	40,000
Vehicle Preventive Maintenance	2,729	9,000	9,000	10,000
Uniforms & Maintenance	7,877	11,000	12,000	12,000
Employee Safety	4,000	4,000	5,200	5,200
Capital Outlay	29,726	51,000	16,000	60,000
Total Fire Department	\$1,840,692	\$1,808,500	\$1,784,200	\$1,890,000

<u>FIRE DEPARTMENT MEASURES</u>				
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	\$177.76	\$174.65	\$172.30	\$182.52

TOTAL PUBLIC SAFETY	\$4,391,856	\$4,549,300	\$4,523,000	\$4,736,200
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<u>TOTAL PUBLIC SAFETY MEASURES</u>				
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	\$424.13	\$439.33	\$436.79	\$457.38
% of General Fund Budget	50.93%	49.15%	49.19%	48.61%

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
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PUBLIC WORKS

Engineering Services

Contractual Services	\$34,852	\$50,000	\$40,000	\$50,000
Data Processing	12,000	0	0	0
Total Engineering Services	\$46,852	\$50,000	\$40,000	\$50,000

<i>ENGINEERING SERVICES DEPARTMENT MEASURES</i>				
Full-Time Positions	0.00	0.00	0.00	0.00
Part-Time Positions	0	0	0	0
Cost per Resident	\$4.52	\$4.83	\$3.86	\$4.83

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 contracts with a private engineering firm to provide City Engineering services. Funds for this arrangement are budgeted in Contractual Services, and are also included in total project costs for various City street construction projects.

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
PUBLIC WORKS (Cont.)				
Public Works - Administration				
Salaries	\$53,279	\$41,000	\$25,000	\$25,000
Fringes	36,136	30,000	18,000	18,000
Operating Supplies	9	500	500	500
Travel and Education	0	1,500	3,000	3,000
Street Lighting	87,022	85,000	85,000	85,000
Telephone	1,200	1,500	1,500	1,500
Maintenance of Dam	3,153	4,000	5,000	5,000
Equipment Rental	3,065	12,000	2,000	2,000
Parking Lots	0	60,000	100,000	0
Data Processing	0	7,800	7,800	18,400
Hydrant Rental	23,750	24,000	24,000	24,000
Total Public Works - Administration	\$207,614	\$267,300	\$271,800	\$182,400

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	\$20.05	\$25.81	\$26.25	\$17.61

Parking Lots - The General Fund began funding 100% of downtown parking lot maintenance operations in FY2024 after the former parking lot assessment that was in place for many years was not renewed. These costs were formerly accounted for in an Enterprise Fund, but will be appropriated in the General Fund moving forward.

Parking Lot Maintenance

Salaries	\$0	\$0	\$0	\$8,000
Fringes	0	0	0	6,000
Contractual Services	0	0	0	15,000
Equipment Rental	0	0	0	5,000
	0	0	0	34,000

Parking Lot Snow Removal

Salaries	0	0	0	8,000
Fringes	0	0	0	6,000
Operating Supplies	0	0	0	1,500
Equipment Rental	0	0	0	16,000
	0	0	0	31,500

Parking Lot Snow Hauling

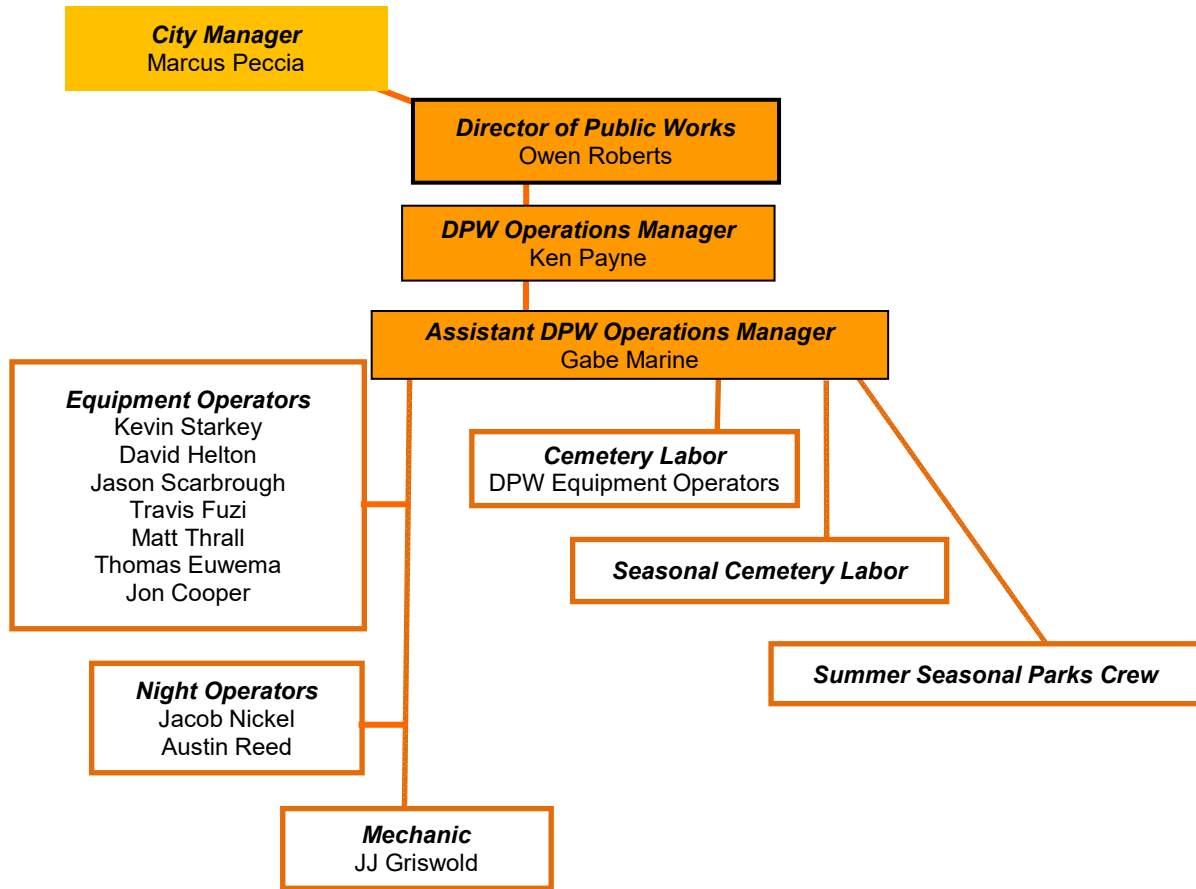
Salaries	0	0	0	6,000
Fringes	0	0	0	4,500
Equipment Rental	0	0	0	15,000
	0	0	0	25,500

Total Parking Lots

	\$0	\$0	\$0	\$91,000
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Fund: General Fund

Public Works Department Structure and Organization



PERFORMANCE MEASURES - PUBLIC WORKS

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2023	2024	2025	2026	
Hours spent on Community Promotions		1,434	1,633	1,650	1,700	↑
Hours spent plowing sidewalks		367	232	320	300	↔
Miles of sidewalks maintained		53	53	53	53	↔

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
<u>PUBLIC WORKS (Cont.)</u>				
Sidewalks and Alleys				
Salaries	\$6,735	\$11,000	\$10,000	\$15,000
Salaries - Part Time	0	0	0	0
Fringes	3,604	8,000	7,000	11,200
Operating Supplies	385	2,000	3,000	3,000
Equipment Rental	27,565	38,000	32,000	35,000
Total Sidewalks and Alleys	\$38,289	\$59,000	\$52,000	\$64,200
Leaves				
Salaries	\$5,397	\$15,000	11,000	\$14,000
Fringes	3,308	10,000	7,500	10,400
Equipment Rental	27,133	42,000	35,000	35,000
Total Leaves	\$35,838	\$67,000	\$53,500	\$59,400
Grass and Weed Control				
Salaries	\$10,178	\$9,000	\$8,000	\$8,500
Fringes	6,281	5,500	5,100	6,000
Equipment Rental	25,656	23,000	20,000	22,000
Total Grass and Weed Control	\$42,115	\$37,500	\$33,100	\$36,500
Composting				
Salaries	\$1,216	\$2,000	\$3,000	\$3,000
Fringes	763	1,200	2,100	2,200
Equipment Rental	3,787	3,500	4,000	4,000
Total Composting	\$5,766	\$6,700	\$9,100	\$9,200

Sidewalks This account reflects the maintenance costs for the City-owned sidewalks and the plowing of alleys. In 1998, the city began a special assessment sidewalk replacement project to upgrade severely deteriorated sidewalks throughout the city. This program was 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.

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
<u>PUBLIC WORKS (Cont.)</u>				
Waste Removal				
Salaries	\$872	\$1,000	\$1,000	\$1,000
Fringes	357	600	600	600
Removal Contract	720,523	750,000	750,000	780,000
Equipment Rental	434	500	500	500
Total Waste Removal	\$722,186	\$752,100	\$752,100	\$782,100
TOTAL PUBLIC WORKS	\$1,098,660	\$1,239,600	\$1,211,600	\$1,274,800
Public Works per Resident Costs	\$106.10	\$119.71	\$117.01	\$123.11

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. Up to 3,000 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
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	\$13.20	\$3.43	\$16.63	1.16%
2025	\$13.54	\$3.52	\$17.06	2.59%
2026 (3)	\$13.89	\$3.54	\$17.43	2.17%

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

(2) Contracts extended 5 years.

(3) Projected; pending final inflation indexes.

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 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	30,000
Telephone and Internet	0		0	8,000
Total CCTV	\$25,000	\$25,000	\$25,000	\$38,000

Arts Council The City contributes funds to the local Arts Council to assist in programming. They support a number of different organizations. 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 of the remaining balance. The Arts Council is established by a City Ordinance, but operates independently with its own board.

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

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

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Parks				
Salaries	\$71,395	\$58,000	\$58,000	\$57,000
Salaries - Part Time	74,799	68,000	67,500	70,000
Fringes	56,190	47,500	47,000	57,000
Operating Supplies	16,484	22,000	25,000	25,000
Utilities	36,051	40,000	40,000	40,000
Repair and Maintenance	67,600	40,000	40,000	40,000
Equipment Rental	51,771	35,000	35,000	35,000
Data Processing	0	1,200	1,200	1,300
Contractual Services	3,256	18,000	25,000	25,000
Rental Building	1,500	1,500	1,500	1,500
Capital Outlay	87,924	17,500	17,500	33,000
Total Parks	\$466,970	\$348,700	\$357,700	\$384,800
TOTAL CULTURE AND RECREATION	\$502,470	\$384,200	\$393,200	\$433,300
Cost per Resident	\$48.52	\$37.10	\$37.97	\$41.84

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
		2023	2024	2025	2026	
Total Park Acres		117	117	117	117	↔
Total Parks Maintenance Costs		\$289,324	\$379,046	\$340,200	\$351,800	↑
Parks Maintenance Cost per Acre		\$2,473	\$3,240	\$2,908	\$3,007	↑
Parks Maintenance Cost per Resident		\$28	\$37	\$33	\$34	↑
Park Acres per 1,000 Population		11	11	11	11	↔
Seasonal Parks Maintenance Employees		15	15	15	15	↔

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
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ECONOMIC DEVELOPMENT AND ASSISTANCE

Community Development

Salaries	165,182	150,000	155,000	175,000
Fringes	95,815	95,000	110,000	138,000
Office Supplies	2,926	4,000	5,000	5,000
Contractual Services	0	0	5,000	5,000
Data Processing	9,000	15,400	15,400	17,300
Dues & Publications	806	1,000	1,000	1,000
Telephone	1,800	3,000	3,000	4,000
Travel & Education	6,250	6,800	5,000	6,000
Publisher's Costs	3,037	3,600	3,000	3,000
Total Community Development	\$284,816	\$278,800	\$302,400	\$354,300

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	\$27.51	\$26.92	\$29.20	\$34.22

Code Enforcement

Salaries	\$10,278	\$42,000	\$38,000	\$41,000
Fringes	8,048	28,500	27,500	31,000
Supplies	40	500	1,500	1,500
Total Code Enforcement	\$18,366	\$71,000	\$67,000	\$73,500

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	\$1.77	\$6.86	\$6.47	\$7.10

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.

Code Enforcement Code enforcement provides funds for enforcing various ordinances related to blight and zoning issues. In FY2025, additional resources will be allocated to increase enforcement activities.

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE (Continued)</u>				
Community Promotions				
Salaries	\$30,841	\$28,000	\$26,500	\$30,500
Fringes	18,126	18,500	17,800	19,400
Operating Supplies	11,230	9,000	10,000	12,000
Contractual Services	0	2,500	2,500	2,500
Utilities	929	2,500	3,000	3,000
Equipment Rental	26,494	24,000	25,000	25,000
Special Projects	600	2,000	2,500	2,500
Chamber of Commerce	0	2,000	2,000	2,000
Community Development	24,462	140,000	5,000	5,000
Total Community Promotions	\$112,682	\$228,500	\$94,300	\$101,900
TOTAL ECONOMIC DEVELOPMENT	\$415,864	\$578,300	\$463,700	\$529,700
<u>INTERGOVERNMENTAL EXPENDITURES</u>				
Airport	33,000	33,000	33,000	33,000
Recreation	18,682	50,000	66,200	66,200
Total Intergovernmental Expenditures	\$51,682	\$83,000	\$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.

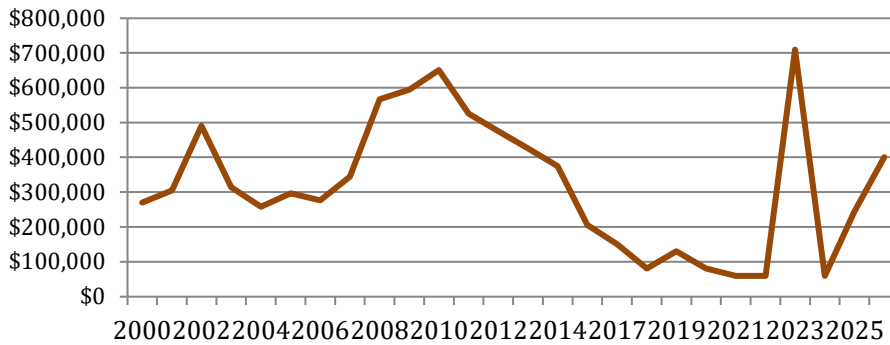
CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: General Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
<u>OTHER FINANCING</u>				
Transfers to Other Funds:				
Local Street	\$60,000	\$245,000	\$245,000	\$400,000
Cemetery Operating Fund	100,000	1,000	100,000	100,000
Transfer Out-Other	133,000	0	0	6,000
Transfer Out-Lake Treatment	50,000	50,000	50,000	65,000
Total Other Financing	\$343,000	\$296,000	\$395,000	\$571,000
TOTAL EXPENDITURES	\$8,623,175	\$9,256,600	\$9,195,200	\$9,743,000

Local Street Contribution

Local Street Operations Contribution
Since 2000



The transfer from the General Fund to the Local Street Fund to help fund local street maintenance steadily declined 2010-2021 as a result of increases in vehicle registration fees, gas taxes, and two debt issues by the City to fund street construction projects. However, dramatic increases in construction costs are putting new pressure on the General Fund. A special appropriation was made in FY2023 to transfer additional funds for major construction projects.

<u>Cities</u>	<u>Population</u>	<u>2024 General Fund Budget</u>	<u>Per Capita Expenditures</u>
Manistee	6,259	\$8,087,452	\$1,292.13
Big Rapids	7,705	\$12,883,000	\$1,672.03
Alpena	10,189	\$13,692,524	\$1,343.85
Traverse City	15,279	\$24,759,600	\$1,620.50
Sault St. Marie	13,288	\$15,222,500	\$1,145.58
Coldwater	13,111	\$12,963,941	\$988.78
Sturgis	11,082	\$11,322,327	\$1,021.69
CADILLAC	10,315	\$9,195,200	\$891.44

Fund: General Fund

General Fund Capital Outlay

FY2026

City Hall

*No projects scheduled	<u>\$0</u>	\$0
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Police Department

Police Patrol Vehicle	<u>\$80,000</u>	\$80,000
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Fire Department

Fire Marshal Truck	<u>\$60,000</u>	\$60,000
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Parks and Recreation

Playground Equipment	\$25,000	
Riding Mower	<u>8,000</u>	
		\$33,000

Total	<u><u>\$173,000</u></u>	
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Source of Funds

General Governmental Reserves	\$173,000	
		<u><u>\$173,000</u></u>

Footnotes:

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

Fund: Water and Sewer Fund

Type: Enterprise Fund

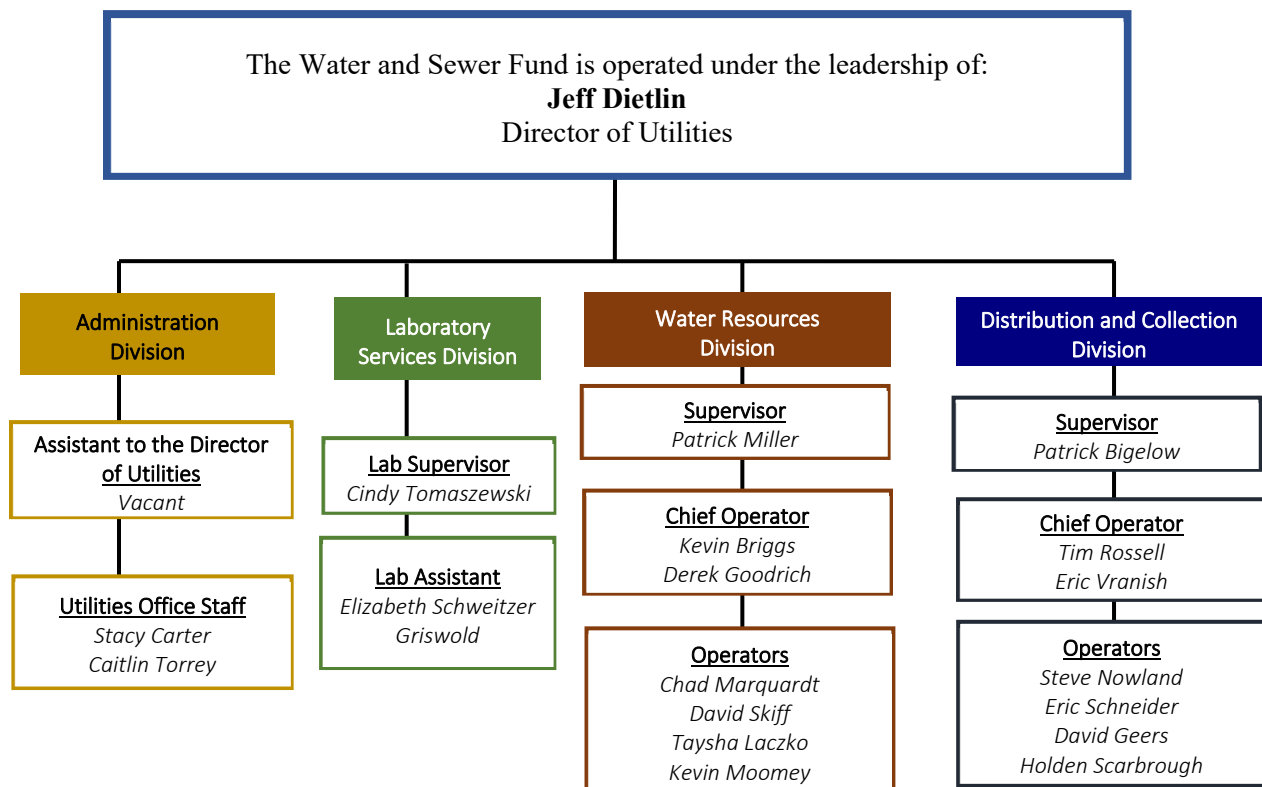
Oversight: Director of Utilities

Nature and Purpose:

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

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

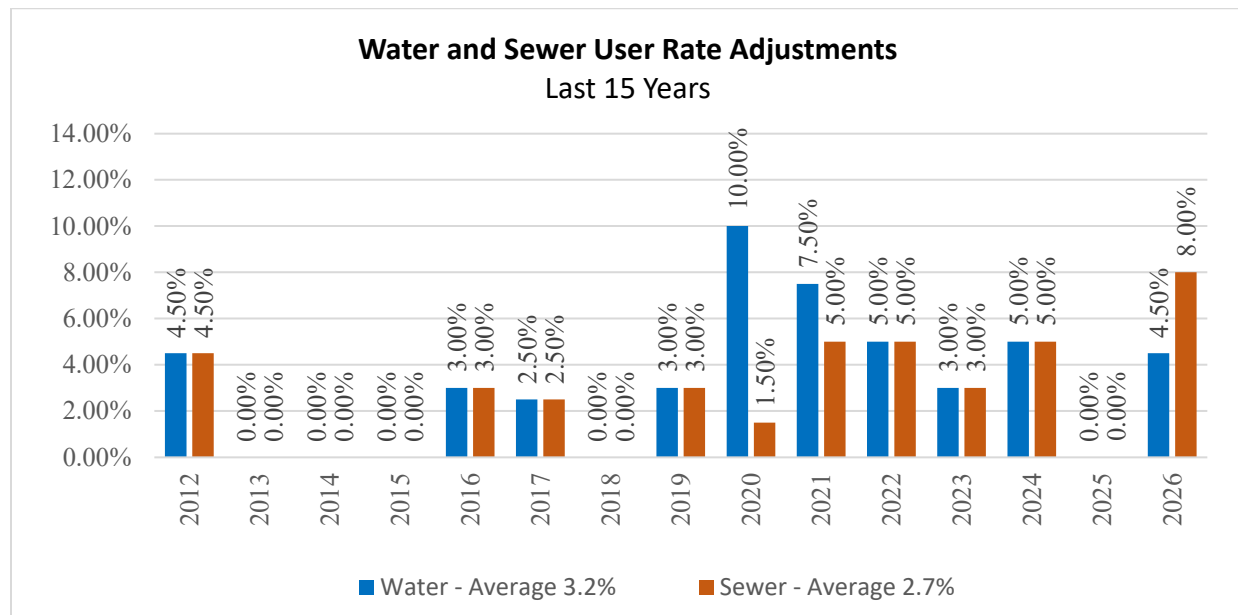
Utilities Department Structure There are four operating sections within the Utilities Department. The structure of the department and these four distinct sections is as follows:



Fund: Water and Sewer Fund

User Rates and Charges Rates for water and wastewater treatment are recommended each year during the budget process. An outside professional is currently assisting City staff with a thorough analysis of rates. Because of cost increases outside of the City's control, and another fiscal year with no rate increases, this outside analysis confirmed the need for a series of above-normal increases in sewer rates, and consistent level of water rate increases to keep up with required system maintenance and upgrades. Rate increases are recommended in partnership with close analyses of system costs.

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.



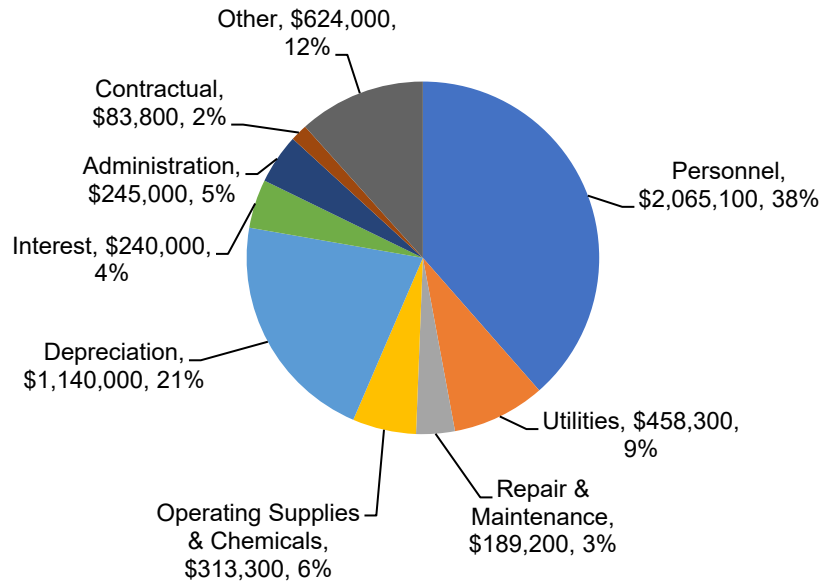
Note: FY2026 increase is proposed and must be approved by City Council.

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 was just \$17.59, and the typical monthly sewer bill in Cadillac is \$27.13 per month for a total of \$44.72 which was \$29.03 – or 39% - below the typical bill reported in the study.

At the time of 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



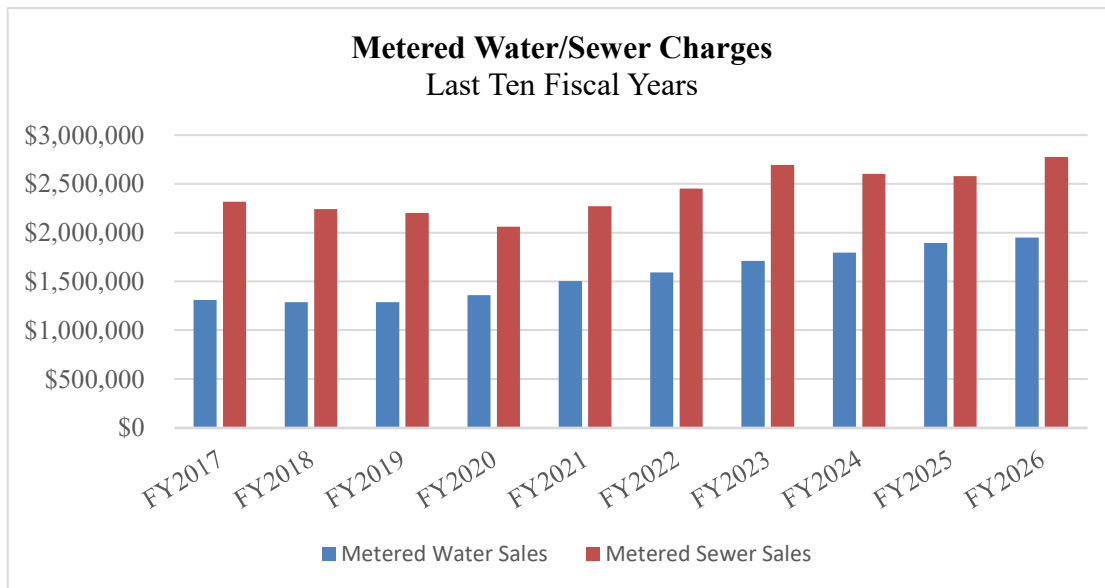
Staffing The Utilities Department has 22 full-time employees and employs up to 5 seasonal employees in the summer months. Many of these employees are required to carry licenses issued by the State of Michigan. These licenses require rigorous testing and the City is fortunate to have licensed staff throughout the department. In order to sign various permits and other documents, the department must have at least one employee with the highest level of State licensing to manage the systems. Utilities Director Jeff Dietlin has these required licenses.

Loan Funding/Interest Expense - Debt Service requirements increased in the last several years due to the City using bond financing to fund the final phase of the well field relocation project. All debt issued in this fund is for the purpose of upgrading water and sewer equipment and infrastructure. There are four outstanding debt issues with balances and debt service requirements of the following:

Issue	Outstanding	Current Principal	Current Interest
2007 State of Michigan (Sewer)	875,205	215,000	9,000
2011 State of Michigan DWRF (Water)	953,856	125,000	23,100
2013 Revenue Refunding (Combined)	735,000	365,000	11,600
2021 State of Michigan DWRF (Water)	8,618,027	250,000	188,900
	11,182,088	955,000	232,600

Fund: Water and Sewer Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Water Sales	\$1,794,788	\$1,895,000	\$1,875,000	\$1,950,000
Sewer Sales - Flat Rate	53,185	49,000	55,000	50,000
Sewer Sales - Metered	2,602,845	2,580,000	2,725,000	2,775,000
Fire Protection	148,668	148,600	150,000	150,000
Hydrant Rental	23,750	23,700	24,000	24,000
Charges for Services	32,093	27,000	35,000	35,000
Services & Materials	37,271	20,000	30,000	30,000
Penalties	77,036	75,000	65,000	65,000
Interest Income	36,881	36,000	35,000	30,000
Sale of Surplus Material	0	0	5,000	5,000
Lake Mitchell Sewer Authority	239,178	245,000	225,000	250,000
Leachate	16,709	13,000	12,000	15,000
Laboratory Fees	88,297	85,000	85,000	85,000
Gain (Loss) on Sale of Assets	1,442	0	0	0
Other Income	32,427	426,500	10,000	5,000
Total Revenues	\$5,184,570	\$5,623,800	\$5,331,000	\$5,469,000



CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Expenses				
Total Administration	\$1,486,352	\$1,546,800	\$1,402,800	\$1,462,400
Water Resources				
Preliminary Treatment	\$62,967	\$52,300	\$47,200	\$49,600
Primary Treatment	39,495	48,000	39,000	39,300
Secondary Treatment	124,787	120,500	120,400	119,700
Tertiary Treatment	90,840	91,000	96,800	96,200
Sludge Removal	163,629	177,000	173,100	172,300
Nutrient Removal	75,205	106,500	76,100	85,600
Effluent Disposal	71,381	80,500	82,900	82,400
Building & Grounds	296,611	319,000	319,200	319,200
Industrial Surveillance	49,461	42,500	38,700	39,300
Lift Station-Sanitary	109,953	130,500	116,300	121,000
Vehicles	27,791	31,200	39,700	39,700
Total Water Resources	\$1,112,120	\$1,199,000	\$1,149,400	\$1,164,300
Distribution and Collection				
Building & Water Tank	\$50,071	\$54,000	\$49,500	\$49,100
Pumping Station	242,564	265,000	272,600	272,500
Wells & Well Field	112,950	74,000	105,000	104,600
General Street Expense	15,932	22,700	36,900	36,900
Meter Reading & Delinquent Accounts	17,882	28,600	29,200	28,700
Meter Operations & Maintenance	293,831	260,000	284,600	280,500
Customer Service	72,896	51,000	32,400	41,500
Maintenance-Mains & Hydrants	116,008	145,000	156,900	156,100
New Water Service	12,806	20,000	23,600	23,400
Water Service Maintenance	25,178	25,500	20,200	21,600
Sanitary Sewer	113,534	115,000	152,500	151,000
Vehicles	38,664	45,200	51,200	51,200
Total Distribution and Collection	\$1,112,316	\$1,106,000	\$1,214,600	\$1,217,100
Laboratory Division				
General Laboratory	\$91,074	\$93,400	\$85,300	\$86,000
Contract Laboratory	39,255	55,600	60,500	59,900
Total Laboratory Division	\$130,329	\$149,000	\$145,800	\$145,900
Total Non-Operating	\$1,463,558	\$1,425,000	\$1,435,000	\$1,380,000
Total Expenses	\$5,304,675	\$5,425,800	\$5,347,600	\$5,369,700
NET POSITION AT YEAR END				
Change in Net Position	(\$120,105)	\$198,000	(\$16,600)	\$99,300
Total Net Position - Beginning of Year	16,670,817	16,550,712	16,550,712	16,748,712
Total Net Position at Year End	\$16,550,712	\$16,748,712	\$16,534,112	\$16,848,012

Fund: Water and Sewer Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
<u>Expenses</u>				
Administration				
Salaries and Wages	\$445,295	\$482,000	\$487,500	\$487,500
Fringes	463,459	345,000	337,000	363,200
Office Supplies	16,522	12,000	12,500	12,500
Postage	24,262	26,000	25,000	25,000
Safety Supplies	9,076	5,000	5,000	5,000
Contractual Services	42,364	160,000	15,000	15,000
Engineering Fees	38,080	40,000	30,000	30,000
Audit	4,000	4,000	4,000	5,000
G.I.S. Contractual Services	500	5,000	5,000	5,000
Legal Fees	9,376	15,000	30,000	30,000
State Mandated Fees	20,590	20,000	24,000	24,000
Data Processing	48,000	56,800	56,800	60,200
Liability Insurance	52,000	52,000	52,000	75,000
Dues & Publications	4,280	5,000	5,500	5,500
Telephone	10,703	10,000	10,000	10,000
Alarm Systems	4,706	4,500	4,500	4,500
Travel & Education - Salary	5,729	8,000	8,500	8,500
Travel & Education - Hourly	6,654	6,000	10,500	10,500
Vehicle Repair & Maintenance	194	500	0	1,000
Employee Safety	4,056	5,000	5,000	5,000
Administration - City	250,000	245,000	245,000	245,000
Public Relations	26,506	40,000	30,000	35,000
Total Administration	\$1,486,352	\$1,546,800	\$1,402,800	\$1,462,400

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
		2023	2024	2025	2026	
Number of Customers - Sewer		3,620	3,620	3,610	3,610	↔
Miles of Sewer Main		51	51	51	51	↔
Number of Water Resources FTE		7	7	7	7	↔
Water Resources service connections per FTE		517	517	516	516	↔
Millions of Gallons Treated per Day		1.759	1.759	1.770	1.770	↑
Industrial Monitoring and Pretreatment Discharge permits		20	20	20	20	↔
Rate Increase - Sewer		3.00%	3.00%	0.00%	8.00%	↔
Number of NPDES Permit Violations		3	3	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

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
<u>Expenses (Cont.)</u>				
Water Resources Division:				
Preliminary Treatment				
Salaries and Wages	\$19,067	\$19,000	\$18,200	\$18,200
Fringes	33,775	13,000	12,600	12,000
Operating Supplies	1,343	1,000	800	800
Utilities	3,596	3,300	3,300	3,300
Disposal Costs	0	13,000	9,000	12,000
Repair & Maintenance	5,186	3,000	3,300	3,300
Total	\$62,967	\$52,300	\$47,200	\$49,600
Primary Treatment				
Salaries and Wages	\$21,902	\$22,000	\$22,000	\$22,000
Fringes	13,977	15,000	15,200	14,500
Operating Supplies	2,344	8,000	800	800
Repair & Maintenance	1,272	3,000	1,000	2,000
Total	\$39,495	\$48,000	\$39,000	\$39,300
Secondary Treatment				
Salaries and Wages	\$20,238	\$22,000	\$20,800	\$20,800
Fringes	13,043	15,000	14,400	13,700
Operating Supplies	2,200	1,000	1,200	1,200
Utilities	86,308	80,000	80,000	80,000
Repair & Maintenance	2,998	2,500	4,000	4,000
Total	\$124,787	\$120,500	\$120,400	\$119,700

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

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Expenses (Cont.)				
Water Resources Division (Cont.)				
Tertiary Treatment				
Salaries and Wages	\$20,837	\$21,000	\$20,300	\$20,300
Fringes	13,396	15,000	14,000	13,400
Operating Supplies	4,100	2,000	4,000	4,000
Utilities	44,009	46,000	50,000	50,000
Repair & Maintenance	8,498	7,000	8,500	8,500
Total	\$90,840	\$91,000	\$96,800	\$96,200
Sludge Treatment				
Salaries and Wages	\$26,902	\$28,000	\$26,700	\$26,700
Fringes	17,116	20,000	18,400	17,600
Operating Supplies	3,547	2,000	2,000	2,000
Laboratory	7,205	8,000	10,000	10,000
Injection Contract Cost	78,299	90,000	90,000	90,000
Utilities	21,139	21,000	21,000	21,000
Repair & Maintenance	9,421	8,000	5,000	5,000
Total	\$163,629	\$177,000	\$173,100	\$172,300
Nutrient Removal				
Salaries and Wages	\$17,052	\$18,000	\$17,100	\$17,100
Fringes	11,077	13,000	11,800	11,300
Operating Supplies	741	500	700	700
Chemicals	39,836	70,000	40,000	50,000
Repair & Maintenance	6,499	5,000	6,500	6,500
Total	\$75,205	\$106,500	\$76,100	\$85,600

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

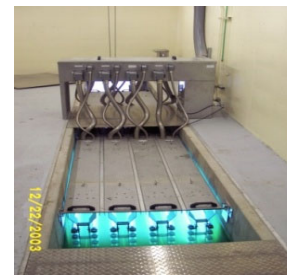
Customer	2024 Usage and Billing				
	Cubic Feet		Gallons		Total Billing
	Water	Sewer	Water	Sewer	
Cadillac Castings	7,234,000	6,094,200	54,110,320	45,584,616	\$462,652
Avon Rubber & Plastics	11,004,200	10,029,700	82,311,416	75,022,156	\$430,729
AAR Cadillac Manufacturing	17,428,300	7,693,100	130,363,684	57,544,388	\$363,569
Piranha Hose	3,346,000	3,346,000	25,028,080	25,028,080	\$140,955
Cadillac Renewable Energy	2,944,500	2,403,300	22,024,860	17,976,684	\$119,058
Munson Healthcare	1,258,300	1,258,300	9,412,084	9,412,084	\$81,496
Country Acres	1,296,400	1,296,400	9,697,072	9,697,072	\$64,134
Pheasant Ridge	1,056,000	1,056,000	7,898,880	7,898,880	\$55,477
Borg-Warner	964,100	964,100	7,211,468	7,211,468	\$46,552
Lakeside Auto Wash	750,400	750,400	5,612,992	5,612,992	\$33,431
Four Winns	365,300	365,300	2,732,444	2,732,444	\$26,033
Hutchinson Antivibration	326,400	326,400	2,441,472	2,441,472	\$23,803
Leisure Park	357,700	357,700	2,675,596	2,675,596	\$17,624
Superclean Car Wash	248,800	248,800	1,861,024	1,861,024	\$12,794
Rexair, Inc.	92,300	92,300	690,404	690,404	\$11,680
	48,672,700	36,282,000	364,071,796	271,389,360	\$1,889,987

Fund: Water and Sewer Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Expenses (Cont.)				
Water Resources Division (Cont.)				
Effluent Disposal				
Salaries and Wages	\$12,374	\$13,000	\$15,000	\$15,000
Fringes	8,229	9,000	10,400	9,900
Operating Supplies	4,049	2,000	2,500	2,500
Plant Lab Supplies	10,847	9,500	9,500	9,500
Chemicals	0	500	500	500
Contracted Laboratory	16,282	28,000	26,000	26,000
Utilities	17,199	17,000	17,000	17,000
Repair & Maintenance	2,401	1,500	2,000	2,000
Total	\$71,381	\$80,500	\$82,900	\$82,400
Building & Grounds				
Salaries and Wages	\$134,310	\$142,000	\$141,000	\$144,000
Fringes	75,602	90,000	98,000	95,000
Operating Supplies	28,901	29,000	31,000	31,000
Utilities	41,023	38,000	32,000	32,000
Repair & Maintenance	16,775	20,000	17,200	17,200
Total	\$296,611	\$319,000	\$319,200	\$319,200
Industrial Surveillance				
Salaries and Wages	\$22,096	\$12,000	\$14,000	\$14,000
Fringes	13,709	8,500	9,700	9,300
Operating Supplies	6,005	3,000	6,000	6,000
Laboratory	6,676	18,000	8,000	9,000
Repair & Maintenance	975	1,000	1,000	1,000
Total	\$49,461	\$42,500	\$38,700	\$39,300

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

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Expenses (Cont.)				
Water Resources Division (Cont.)				
Lift Station - Sanitary				
Salaries and Wages	\$14,050	\$24,000	\$21,600	\$23,600
Fringes	8,363	16,000	14,900	15,600
Operating Supplies	9,498	8,000	9,000	9,000
Disposal Fees	1,378	1,500	1,300	1,300
Utilities	54,608	56,000	50,000	50,000
Repair & Maintenance	22,056	25,000	19,500	21,500
Total	\$109,953	\$130,500	\$116,300	\$121,000
Vehicles				
Salaries and Wages	\$2,380	\$2,200	\$2,200	\$2,200
Fringes	1,552	1,500	1,500	1,500
Operating Supplies	2,963	3,500	5,000	5,000
Fuel Costs	14,024	16,000	22,000	22,000
Repair & Maintenance	6,872	8,000	9,000	9,000
Total	\$27,791	\$31,200	\$39,700	\$39,700
Total Water Resources Division	\$1,112,120	\$1,199,000	\$1,149,400	\$1,164,300

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:	Actual		Projected	Budgeted	Trend
		2023	2024	2025	2026	
Number of Customers - Water		3,591	3,591	3,590	3,590	↔
Miles of Water Main		74	74	74	74	↔
Number of Distribution and Collection FTE		7	7	7	7	↔
Water Service Connections per FTE		513	513	513	513	↔
Millions of Gallons Pumped per Day		1.950	1.950	2.000	2.000	↔
Total Calls for Service		726	726	775	775	↔
Total Calls for Service Per FTE		104	104	111	111	↔
MISS-DIG Responses		596	596	600	600	↔
Meter Repairs		59	59	100	100	↑
New Meter Installations		12	12	15	15	↑
Feet of Sanitary Sewers Cleaned		30,573	30,573	37,000	37,000	↔
Rate Increase - Water		3.00%	3.00%	0.00%	4.50%	↑

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

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Expenses (Cont.)				
Distribution & Collection Division				
Building & Water Tank				
Salaries and Wages	\$17,367	\$17,000	\$14,500	\$14,500
Fringes	9,854	12,000	10,000	9,600
Operating Supplies	20,834	23,000	23,000	23,000
Repair & Maintenance	2,016	2,000	2,000	2,000
Total	\$50,071	\$54,000	\$49,500	\$49,100
Pumping Station				
Salaries and Wages	\$3,764	\$7,000	\$6,000	\$6,000
Fringes	2,352	4,500	4,100	4,000
Operating Supplies	13,970	12,000	14,000	14,000
Chemicals	25,085	25,000	25,500	25,500
Laboratory Control	9,186	20,000	16,000	16,000
Utilities	188,028	195,000	205,000	205,000
Repair & Maintenance	179	1,500	2,000	2,000
Total	\$242,564	\$265,000	\$272,600	\$272,500
Wells & Well Field				
Salaries and Wages	\$13,866	\$20,000	\$16,000	\$16,000
Fringes	8,319	15,000	11,000	10,600
Operating Supplies	2,629	4,000	4,500	4,500
Wellhead Protection	3,578	0	15,000	15,000
Contractual Services	31,654	20,000	25,000	25,000
Repair & Maintenance	52,904	15,000	33,500	33,500
Total	\$112,950	\$74,000	\$105,000	\$104,600

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

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Expenses (Cont.)				
Distribution & Collection Division (Cont.)				
General Street Expense				
Salaries and Wages	\$168	\$1,000	\$1,100	\$1,100
Fringes	141	700	800	800
Operating Supplies	0	6,000	10,000	10,000
Contractual Services	15,623	15,000	25,000	25,000
Total	\$15,932	\$22,700	\$36,900	\$36,900
Meter Reading & Delinquent Accounts				
Salaries and Wages	\$10,765	\$17,000	\$17,100	\$17,100
Fringes	7,100	11,500	11,800	11,300
Operating Supplies	17	100	300	300
Total	\$17,882	\$28,600	\$29,200	\$28,700
Meter Operations & Maintenance				
Salaries and Wages	\$132,823	\$130,000	\$140,000	\$140,000
Fringes	81,285	90,000	96,600	92,500
Operating Supplies	79,723	40,000	48,000	48,000
Total	\$293,831	\$260,000	\$284,600	\$280,500
Customer Service				
Salaries and Wages	\$43,704	\$30,000	\$19,200	\$25,000
Fringes	29,192	21,000	13,200	16,500
Total	\$72,896	\$51,000	\$32,400	\$41,500
Maintenance - Mains & Hydrants				
Salaries and Wages	\$60,756	\$62,000	\$62,400	\$63,000
Fringes	23,577	40,000	43,000	41,600
Operating Supplies	12,476	18,000	20,000	20,000
Contractual Services	108	5,000	7,500	7,500
Repairs and Maintenance	19,091	20,000	24,000	24,000
Total	\$116,008	\$145,000	\$156,900	\$156,100

Cost and Expense Analysis

General Street Expense Repairs or maintenance under the City streets are done through the City DPW or other local contractors to replace the street surfaces.

Meter Reading & Delinquent Accounts The utility system bills customers monthly and all meters can be read in one day. The City has upgraded water meters with a new meter remote that allows for automatic meter reading. A number of meters are upgraded or replaced each year as needed.

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.

Fund: Water and Sewer Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
<u>Expenses (Cont.)</u>				
Distribution & Collection Division (Cont.)				
New Water Service				
Salaries and Wages	\$2,262	\$6,000	\$6,400	\$6,400
Fringes	1,541	4,000	4,400	4,200
Operating Supplies	8,533	8,500	11,000	11,000
Contractual Services	470	1,500	1,800	1,800
Total	\$12,806	\$20,000	\$23,600	\$23,400
Water Service Maintenance				
Salaries and Wages	\$11,564	\$13,000	\$9,000	\$10,000
Fringes	7,955	9,000	6,200	6,600
Operating Supplies	4,195	2,500	4,000	4,000
Repair & Maintenance	1,464	1,000	1,000	1,000
Total	\$25,178	\$25,500	\$20,200	\$21,600
Sanitary Sewer				
Salaries and Wages	\$42,271	\$31,000	\$48,500	\$48,500
Fringes	26,608	20,000	33,500	32,000
Operating Supplies	5,779	8,000	10,000	10,000
Contractual Services	8,464	16,000	9,500	9,500
Damage Contractual Services	15,890	20,000	26,000	26,000
Repair & Maintenance	14,522	20,000	25,000	25,000
Total	\$113,534	\$115,000	\$152,500	\$151,000
Vehicles				
Salaries and Wages	\$561	\$2,000	\$2,200	\$2,200
Fringes	661	1,200	1,500	1,500
Operating Supplies	3,704	6,000	7,500	7,500
Fuel & Oil	15,723	16,000	22,000	22,000
Repair & Maintenance	18,015	20,000	18,000	18,000
Total	\$38,664	\$45,200	\$51,200	\$51,200
Total Distribution and Collection	\$1,112,316	\$1,106,000	\$1,214,600	\$1,217,100

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

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Expenses (Cont.)				
Laboratory Division				
General Laboratory				
Salaries and Wages	\$43,490	\$38,000	\$35,000	\$35,000
Fringes	30,320	27,000	24,000	23,500
Operating Supplies	16,160	25,000	22,500	23,500
Repair & Maintenance	1,104	2,500	1,500	1,700
Equipment Rental	0	400	500	500
Research & Development	0	500	1,800	1,800
Total	\$91,074	\$93,400	\$85,300	\$86,000
Contract Laboratory				
Salaries and Wages	\$13,513	\$18,000	\$22,400	\$22,400
Fringes	9,570	13,000	15,400	14,800
Operating Supplies	15,942	19,000	19,000	19,000
Repair & Maintenance	230	5,000	2,000	2,000
Equipment Rental	0	100	500	500
Research & Development	0	500	1,200	1,200
Total	\$39,255	\$55,600	\$60,500	\$59,900
Total Laboratory Division	130,329	149,000	145,800	145,900
Non-Operating				
Interest Expense	\$270,886	\$255,000	\$275,000	\$240,000
Depreciation	1,192,672	1,170,000	1,160,000	1,140,000
Total	\$1,463,558	\$1,425,000	\$1,435,000	\$1,380,000
TOTAL EXPENSES	\$5,304,675	\$5,425,800	\$5,347,600	\$5,369,700

Non-Operating

Four revenue bond issues comprise the interest expense 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
		2023	2024	2025	2026	
Number of Laboratory Analyses Performed		31,702	31,702	32,000	32,000	↔
Charges for Services - Laboratory		\$87,955	\$88,297	\$85,000	\$85,000	↔
Number of Laboratory FTE		2	2	2	2	↔
Analyses Performed per FTE		15,851	15,851	16,000	16,000	↔

Cost and Expense Analysis

Laboratory Services Division This division consists of two distinct areas: general use for internal functions and contract for external purposes. Laboratory Services has now received certification from the State of Michigan in the areas of bacteriological analysis and metals analysis. Volatile organic testing is completed by a contract laboratory.

Analyses Performed:	2019	2020	2021	2022	2023	2024
Lead and Copper	216	127	158	137	138	138
Metals	5,863	4,908	3,424	3,260	2,813	2,813
Volatile Organic	60	60	60	60	60	60
Bacterial Testing	2,181	2,140	2,123	2,194	2,191	2,191
Wet Chemistry	26,250	26,500	26,500	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

FY2026

Source of Funds

Funds on Hand - Unrestricted	<u>\$711,000</u>	<u><u>\$711,000</u></u>
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Total Source of Funds

Use of Funds

Anticipated Capital Investment

Aldrich Street	\$186,000
Sewer Lining	300,000
Two (2) Service Trucks	90,000
Transformer Replacement	20,000
Compact Tractor	30,000
Lift Station Exteriors and Doors	85,000

Total Use of Funds	<u><u>\$711,000</u></u>
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Capital Improvements and Purchases

Through the use of strong financial planning and sound cash management, the City has been able to use a "pay-as-you-go" financing approach to fund many capital improvements and purchases.

Fund: Water and Sewer Fund

Cash Flow Analysis

FY2026

Additions

Net Income from Operations	\$99,300	
Depreciation	1,140,000	
Total Additions		1,239,300

Deductions

Principal Payments (1)	\$955,000	
Capital Improvements	711,000	
Total Deductions		1,666,000

Net Increase (Decrease) of Available Cash (\$426,700)

Footnotes:

(1) Principal payments include:

Principal	Interest
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2013 Revenue Refunding Bond (Final Payment 9/1/2026)

September 1, 2025 (2.70%)	365,000	9,923
March 1, 2026 (2.70%)		4,995

2007 State of Michigan SRF Loan (Final payment 10/1/28)

October 1, 2025 (1.625%)	215,000	7,111
April 1, 2026 (1.625%)		5,364

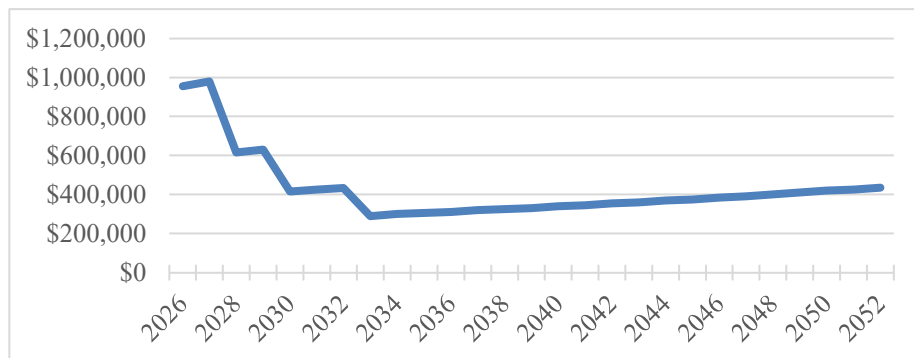
2011 State of Michigan DWRF Loan (Final Payment 4/1/2032)

October 1, 2025 (2.50%)		11,923
April 1, 2026 (2.50%)	125,000	11,923

2021 State of Michigan DWRF Loan

October 1, 2025 (2.125%)		96,422
April 1, 2026 (2.125%)	250,000	93,766

Total Debt Payments	\$955,000	\$241,427	\$1,196,427
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Water and Sewer System
Future Debt Principal Payments

Fund: Water and Sewer Fund

Water and Sewer Rates

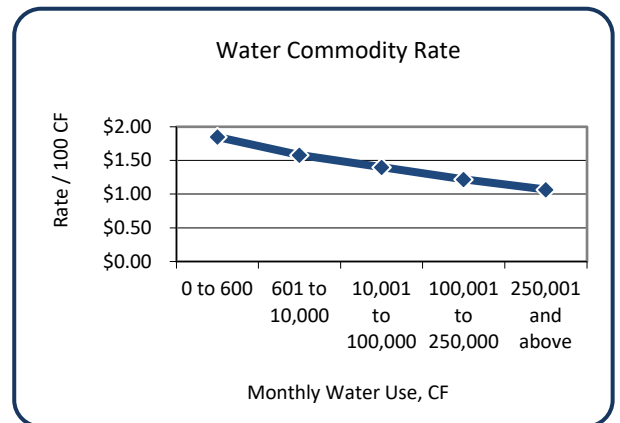
Rates and Charges proposed as of July 1, 2025 - The user rates of the water and sewer systems must be set in a manner sufficient to cover the costs of providing the services while also providing capital funds to pay for infrastructure maintenance and upgrades. For the current year, the results of a comprehensive professional rate study affirmed the need for rate increases of 4.5% for water and 8% for sewer. This equates to a blended increase of 6.67%. Further analysis is underway on a final rate structure, but these increases are critical in order to continue to maintain and reinvest in these critical municipal systems.

Ready-to-Serve Charge

Meter Size	CURRENT		PROPOSED	
	Water	Wastewater	Water	Wastewater
5/8"	8.84	12.84	9.24	13.87
3/4"	13.00	19.31	13.59	20.85
1"	21.66	32.14	22.63	34.71
1-1/2"	42.27	64.27	45.36	69.41
2"	69.24	102.87	72.36	111.10
3"	151.63	225.20	158.45	243.22
4"	259.96	385.81	271.66	416.67
6"	541.63	803.92	566.00	868.23
8"	779.93	1,157.60	815.03	1,250.21

Commodity Charge

Water	Current	Proposed
Volume (Cubic Feet - CF)		
0 to 600	\$1.85	\$1.93
601 to 10,000	\$1.58	\$1.65
10,001 to 100,000	\$1.40	\$1.46
100,001 to 250,000	\$1.22	\$1.27
250,001 and above	\$1.07	\$1.12
Wastewater		
Per 100 cubic feet per month	\$2.97	\$3.21



Unmetered Users (Flat Rate)

	Current	Proposed
1. Monthly room charge (Living, Dining, Bedroom and Kitchens)		
1 to 3 rooms	\$11.12	\$12.01
4 to 6 rooms	\$12.45	\$13.45
7 to 8 rooms	\$14.70	\$15.88
Each additional room	\$2.05	\$2.21
2. Additional for each bathtub and shower	\$5.32	\$5.75
3. Additional for each toilet	\$5.86	\$6.33

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: Water and Sewer Fund

Continuing Disclosure Information

Revenue as Billed By Meter Classification
Fiscal Year Ended June 30, 2024

<u>Meter Classification</u>	<u>Water Supply</u>		<u>Wastewater Treatment</u>	
	<u>Revenue</u>	<u>Percent of Total</u>	<u>Revenue</u>	<u>Percent of Total</u>
Unmetered	\$115	0.01%	\$53,848	1.78%
5/8"	728,084	41.81%	1,010,737	33.32%
3/4"	4,465	0.26%	5,803	0.19%
1"	77,339	4.44%	97,104	3.20%
1-1/2"	106,243	6.10%	146,533	4.83%
2"	272,344	15.64%	706,870	23.30%
3"	53,754	3.09%	97,843	3.23%
4"	201,866	11.59%	599,853	19.77%
6"	272,828	15.67%	314,967	10.38%
8"	24,227	1.39%		0.00%
	<u>\$1,741,265</u>	<u>100.00%</u>	<u>\$3,033,558</u>	<u>100.00%</u>

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

<u>Fiscal Year</u>	<u>Meter Classification</u>								
	<u>5/8"</u>	<u>3/4"</u>	<u>1"</u>	<u>1-1/2"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>
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	12.84	19.31	32.14	64.27	102.87	225.20	385.81	803.92	1,157.60
2025	12.84	19.31	32.14	64.27	102.87	225.20	385.81	803.92	1,157.60
2026 (Proposed)	13.87	20.85	34.71	69.41	111.10	243.22	416.67	868.23	1,250.21

* FY2026 Proposed rate increase of 8% must be approved by ordinance of the City Council

Fund: Water and Sewer Fund

Continuing Disclosure Information (Continued)

Monthly Ready-To-Serve Charge For Fire Protection
Fiscal Year Ended June 30, 2025 and 2026 *(Proposed)*

<u>Line Size</u>	Current 2025	Proposed 2026 (4.5%)	Change
3/4"	\$3.16	\$3.30	\$0.14
1"	\$5.41	\$5.65	\$0.24
1-1/2"	\$10.74	\$11.22	\$0.48
2"	\$17.34	\$18.12	\$0.78
3"	\$37.64	\$39.33	\$1.69
4"	\$64.75	\$67.66	\$2.91
6"	\$135.12	\$141.20	\$6.08
8"	\$194.70	\$203.46	\$8.76
10"	\$313.60	\$327.71	\$14.11
12"	\$464.84	\$485.76	\$20.92

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"
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	8.84	13.00	21.66	43.41	69.24	151.63	259.96	541.63	779.93
2025	8.84	13.00	21.66	43.41	69.24	151.63	259.96	541.63	779.93
2026 <i>(Proposed)</i>	9.24	13.59	22.63	45.36	72.36	158.45	271.66	566.00	815.03

* FY2026 Proposed rate increase of 4.5% must be approved by ordinance of the City Council

Fund: Water and Sewer Fund

Continuing Disclosure Information (Continued)

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

<u>Fiscal Year</u>	<u>Water Supply Customers</u>		<u>Wastewater Treatment Customers</u>	
	<u>Number</u>	<u>Percent of Change</u>	<u>Number</u>	<u>Percent of Change</u>
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)
2023	3,591	0.31	3,620	0.39
2024	3,594	0.08	3,622	0.06

Average Number of Water Supply and Wastewater Treatment Customers By Meter Classification
Fiscal Year Ended June 30, 2024

<u>Meter Classification</u>	<u>Average Customers</u>	
	<u>Water Supply</u>	<u>Wastewater Treatment</u>
Unmetered	1	125
5/8"	3,266	3,207
3/4"	10	11
1"	129	111
1-1/2"	83	75
2"	77	69
3"	11	11
4"	12	10
6"	4	3
8"	1	0
	<u>3,594</u>	<u>3,622</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 - This 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
		2023	2024	2025	2026	
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		\$23,130	\$19,545	\$20,337	\$21,701	↔
Operating Expenditures per Resident		\$49	\$42	\$43	\$46	↑
Hours Spent in Major Street Maintenance		4,433	4,067	4,710	4,799	↑
Cost per Hour of Major Street Maintenance		\$115	\$106	\$95	\$99	↓
Total Winter Maintenance Expenditures		\$223,779	\$152,077	\$187,000	\$156,900	↓
Hours Spent in Winter Maintenance		1,359	910	1,125	1,087	↓
Cost per Hour of Winter Maintenance		\$165	\$167	\$166	\$144	↓
Winter Maintenance Expenditures per Mile		\$10,176	\$6,916	\$8,504	\$7,135	↓
Winter Maintenance Expenditures per Resident		\$22	\$15	\$18	\$15	↓
State Trunk Line Maintenance Expenditures		\$300,303	\$188,434	\$273,000	\$274,400	↔
State Trunk Line Maintenance Exp. Per Mile		\$38,500	\$24,158	\$35,000	\$35,179	↔
Total Hours of State Trunk Line Maintenance		2,950	1,338	3,139	3,033	↑

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: Major Street Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Michigan Transportation Fund - Act 51	\$1,206,961	\$1,205,000	\$1,170,000	\$1,210,000
State Trunkline Maintenance	167,529	285,000	273,000	274,400
State of Michigan	426	0	0	0
Interest Income	30,267	16,000	10,000	8,000
Transfer In - General Fund	0	0	0	0
Total	\$1,405,183	\$1,506,000	\$1,453,000	\$1,492,400
Expenditures				
Construction	\$310,413	\$450,000	\$100,000	\$60,000
Surface Maintenance	51,381	47,000	52,000	58,900
Sweeping and Flushing	78,839	87,000	72,000	89,900
Forestry	75,580	62,500	64,000	66,200
Catch Basin	3,763	6,800	37,500	32,400
Drainage	18,672	9,200	11,200	10,500
Traffic Services	49,483	52,500	52,500	62,400
Winter Maintenance	152,077	187,000	158,000	156,900
Administration	85,594	89,500	90,500	95,500
State Trunkline	188,434	284,900	273,000	274,400
Transfers Out and Other Financing Uses	542,000	641,000	641,000	632,000
Total	\$1,556,236	\$1,917,400	\$1,551,700	\$1,539,100
Fund Balance				
Net Change in Fund Balance	(\$151,053)	(\$411,400)	(\$98,700)	(\$46,700)
Fund Balance - Beginning of Year	620,584	469,531	469,531	58,131
FUND BALANCE AT YEAR END	\$469,531	\$58,131	\$370,831	\$11,431

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 reflect an amount close to the total expenditures for trunkline maintenance.

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: Major Street Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Expenditures				
Construction				
Construction	\$310,413	\$450,000	\$100,000	\$60,000
Surface Maintenance				
Salaries and Wages	\$17,855	\$16,000	\$18,000	\$20,000
Fringes	14,331	10,000	13,000	14,900
Operating Supplies	3,974	6,000	9,000	9,000
Equipment Rental	15,221	15,000	12,000	15,000
Total Surface Maintenance	\$51,381	\$47,000	\$52,000	\$58,900
Sweeping and Flushing				
Salaries and Wages	\$10,524	\$13,000	\$13,000	\$20,000
Fringes	8,609	9,000	9,000	14,900
Equipment Rental	59,706	65,000	50,000	55,000
Total Sweeping and Flushing	\$78,839	\$87,000	\$72,000	\$89,900
Forestry				
Salaries and Wages	\$18,168	13,000	\$15,000	\$15,000
Fringes	14,724	9,000	11,000	11,200
Operating Supplies	3,466	2,500	5,000	5,000
Contractual Services	9,700	18,000	8,000	10,000
Equipment Rental	29,522	20,000	25,000	25,000
Total Forestry	\$75,580	\$62,500	\$64,000	\$66,200
Catch Basin				
Salaries & Wages	\$718	\$1,500	\$16,000	\$11,000
Fringes	553	800	8,000	7,900
Operating Supplies	0	2,000	3,500	3,500
Equipment Rental	2,492	2,500	10,000	10,000
Total Catch Basin	\$3,763	\$6,800	\$37,500	\$32,400
Drainage				
Salaries and Wages	\$4,160	\$2,500	\$2,500	\$2,000
Fringes	3,403	1,700	1,700	1,500
Contractual Services	4,900	1,000	2,000	2,000
Equipment Rental	6,209	4,000	5,000	5,000
Total Drainage	\$18,672	\$9,200	\$11,200	\$10,500

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: Major Street Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
<u>Expenditures (Continued)</u>				
Traffic Services				
Salaries and Wages	\$13,671	\$12,000	\$12,000	\$14,000
Fringes	11,183	8,500	8,500	10,400
Operating Supplies	2,817	7,000	7,000	8,000
Contractual	9,857	15,000	15,000	15,000
Equipment Rental	11,955	10,000	10,000	15,000
Total Traffic Services	\$49,483	\$52,500	\$52,500	\$62,400
Winter Maintenance				
Salaries and Wages	\$18,757	\$25,000	\$24,000	\$24,000
Fringes	15,343	17,000	17,000	17,900
Operating Supplies	41,548	45,000	37,000	35,000
Equipment Rental	76,429	100,000	80,000	80,000
Total Winter Maintenance	\$152,077	\$187,000	\$158,000	\$156,900
Administration				
Salaries and Wages	\$44,345	\$45,000	\$45,000	\$47,000
Fringes	32,588	36,000	37,000	40,000
Supplies	212	0	0	0
Audit	1,000	1,000	1,000	1,000
Equipment Rental	7,449	7,500	7,500	7,500
Total Administration	\$85,594	\$89,500	\$90,500	\$95,500
Transfer Out and Other Financing Uses				
Contribution - Local Street	300,000	400,000	400,000	400,000
Transfers Out	242,000	241,000	241,000	232,000
Total Transfers Out and Other	542,000	641,000	641,000	\$632,000
State Trunkline				
Surface Maintenance				
Salaries and Wages	\$439	\$1,500	\$2,000	\$2,000
Fringes	336	1,000	1,400	1,500
Operating Supplies	297	800	1,000	1,000
Equipment Rental	836	2,500	5,000	5,000
Total Surface Maintenance	\$1,908	\$5,800	\$9,400	\$9,500
Sweeping & Flushing				
Salaries and Wages	\$852	\$2,000	\$2,000	\$2,000
Fringes	697	1,400	1,400	1,500
Equipment Rental	2,991	3,000	3,000	3,000
Total Sweeping & Flushing	\$4,540	\$6,400	\$6,400	\$6,500

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: Major Street Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Expenditures (Cont.)				
State Trunkline (Cont.)				
Shoulder Maintenance				
Salaries and Wages	\$164	\$500	\$1,000	\$1,000
Fringes	134	200	700	700
Operating Supplies	33,166	0	0	0
Equipment Rental	391	500	800	800
Total Shoulder Maintenance	\$33,855	\$1,200	\$2,500	\$2,500
Traffic Signs				
Utilities	\$0	\$0	\$500	\$0
Total Traffic Signs	\$0	\$0	\$500	\$0
Trees and Shrubs				
Salaries and Wages	\$164	\$5,000	\$15,000	\$15,000
Fringes	134	3,000	10,300	11,200
Equipment Rental	71	1,500	2,500	2,500
Total Trees and Shrubs	\$369	\$9,500	\$27,800	\$28,700
Drainage				
Salaries and Wages	\$41	\$1,500	\$7,000	\$7,000
Fringes	33	1,000	5,000	4,800
Contractual Services	0	0	0	0
Equipment Rental	42	500	500	500
Total Drainage	\$116	\$3,000	\$12,500	\$12,300
Winter Maintenance				
Salaries and Wages	\$21,402	\$32,000	\$30,000	\$30,000
Fringes	17,507	23,000	22,000	22,400
Operating Supplies	25,495	53,000	50,000	50,000
Equipment Rental	61,076	100,000	75,000	75,000
Total Winter Maintenance	\$125,480	\$208,000	\$177,000	\$177,400
Snow Hauling				
Salaries and Wages	\$4,533	\$12,000	\$10,000	\$10,000
Fringes	3,708	7,500	6,900	7,500
Equipment Rental	13,925	31,500	20,000	20,000
Total Snow Hauling	\$22,166	\$51,000	\$36,900	\$37,500
Total State Trunkline	\$188,434	\$284,900	\$273,000	\$274,400
Total Expenditures	\$1,556,236	\$1,917,400	\$1,551,700	\$1,539,100

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 41.99 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

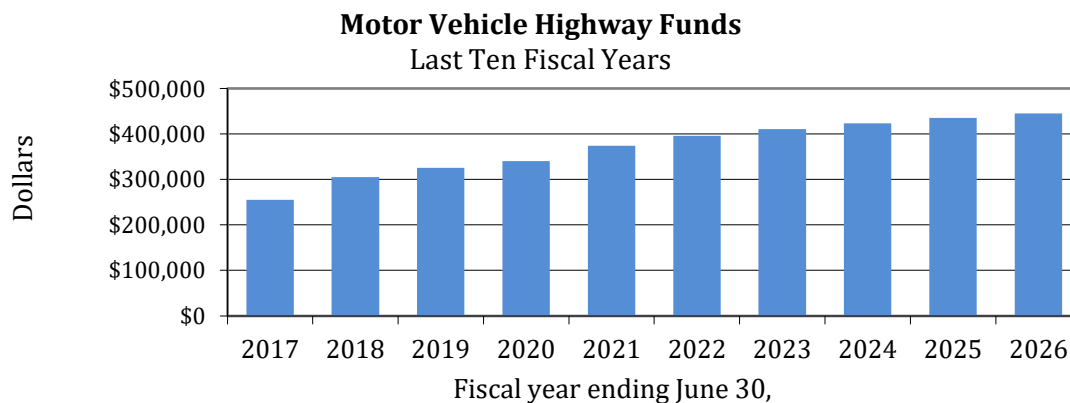
MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2023	2024	2025	2026	
Miles of Local Streets		41.72	41.72	41.72	41.72	↔
Operating Expenditures per Road Mile		\$10,436	\$9,643	\$10,928	\$11,776	↑
Operating Expenditures per Resident		\$42	\$39	\$44	\$47	↑
Hours Spent in Local Street Maintenance		3,973	3,657	4,803	4,777	↑
Cost per Hour of Local Street Maintenance		\$110	\$110	\$95	\$103	↔
Total Winter Maintenance Expenditures		\$147,950	\$108,127	\$136,000	\$138,400	↔
Hours Spent in Winter Maintenance		896	652	1,036	1,001	↑
Cost per Hour of Winter Maintenance		\$165	\$166	\$131	\$138	↔
Winter Maintenance Expenditures per Mile		\$3,546	\$2,592	\$3,260	\$3,317	↔
Winter Maintenance Expenditures per Resident		\$14	\$10	\$13	\$13	↔
% of Local Streets remaining Unpaved		4.38%	4.38%	4.38%	4.38%	↔

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: Local Street Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Michigan Transportation Fund - Act 51	\$422,936	\$435,000	\$435,000	\$445,000
Interest Income	33,793	13,000	5,000	5,000
Other Revenue	6,258	2,000	0	2,000
Telecommunications Right-of-Way	0	50,000	0	50,000
General Fund	60,000	195,000	245,000	400,000
Major Street Fund	300,000	400,000	400,000	400,000
Surplus	0	0	0	0
Total	\$822,987	\$1,095,000	\$1,085,000	\$1,302,000
Expenditures				
Construction	\$734,847	\$500,000	\$540,000	\$500,000
Surface Maintenance	73,064	73,000	69,000	77,900
Sweeping and Flushing	85,733	85,000	83,000	97,900
Forestry	87,506	80,500	78,500	85,900
Catch Basin	13,375	13,000	41,000	36,000
Drainage	13,093	6,700	7,400	7,700
Traffic Services	21,395	33,500	41,000	47,500
Winter Maintenance	108,127	140,000	136,000	138,400
Administration	101,783	105,500	104,500	113,500
Transfers Out and Other Uses	242,000	242,000	242,000	232,000
TOTAL EXPENDITURES	\$1,480,923	\$1,279,200	\$1,342,400	\$1,336,800
Fund Balance				
Net Change in Fund Balance	(\$657,936)	(\$184,200)	(\$257,400)	(\$34,800)
Fund Balance - Beginning of Year	955,228	297,292	297,292	113,092
Ending Fund Balance	\$297,292	\$113,092	\$39,892	\$78,292

Fund Analysis



CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: Local Street Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Expenditures				
Construction				
Construction	\$734,847	\$500,000	\$540,000	\$500,000
Surface Maintenance				
Salaries and Wages	\$20,487	\$20,000	\$19,000	\$20,000
Fringes	16,518	14,000	12,000	14,900
Operating Supplies	4,233	6,000	8,000	8,000
Equipment Rental	31,826	33,000	30,000	35,000
Total Surface Maintenance	\$73,064	\$73,000	\$69,000	\$77,900
Sweeping and Flushing				
Salaries and Wages	\$11,670	\$14,000	\$14,000	\$18,000
Fringes	9,546	9,000	9,000	14,900
Equipment Rental	64,517	62,000	60,000	65,000
Total Sweeping and Flushing	\$85,733	\$85,000	\$83,000	\$97,900
Forestry				
Salaries and Wages	\$20,991	\$18,000	\$18,000	\$20,000
Fringes	17,124	11,000	11,000	13,400
Operating Supplies	3,322	3,500	7,500	7,500
Contractual Services	11,950	20,000	10,000	10,000
Equipment Rental	34,119	28,000	32,000	35,000
Total Forestry	\$87,506	\$80,500	\$78,500	\$85,900
Catch Basin				
Salaries and Wages	\$1,664	\$3,000	\$15,000	\$12,000
Fringes	1,271	2,000	10,000	8,500
Operating Supplies	0	500	1,000	1,000
Utilities	1,926	2,000	2,500	2,000
Repairs and Maintenance	3,500	1,500	2,500	2,500
Equipment Rental	5,014	4,000	10,000	10,000
Total Catch Basin	\$13,375	\$13,000	\$41,000	\$36,000
Drainage				
Salaries and Wages	\$2,039	\$2,500	\$3,000	\$3,000
Fringes	1,668	1,700	1,900	2,200
Operating Supplies	8,600	0	0	0
Equipment Rental	786	2,500	2,500	2,500
Total Drainage	\$13,093	\$6,700	\$7,400	\$7,700

Construction Several years of construction projects have been funded through the issuance of bonds and a transfer from the General Fun. This budget proposes an appropriation to reconstruct Burlingame Street and also complete a small amount of repaving.

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: Local Street Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
<u>Expenditures (Cont'd)</u>				
Traffic Services				
Salaries and Wages	\$5,106	\$8,000	\$11,000	\$10,000
Fringes	4,177	6,000	7,000	7,500
Operating Supplies	8,006	7,500	8,000	10,000
Contractual Services	0	4,000	5,000	5,000
Equipment Rental	4,106	8,000	10,000	15,000
Total Traffic Services	\$21,395	\$33,500	\$41,000	\$47,500
Winter Maintenance				
Salaries and Wages	\$13,439	\$22,000	\$22,000	\$22,000
Fringes	10,994	15,000	14,000	16,400
Operating Supplies	24,844	28,000	30,000	30,000
Equipment Rental	58,850	75,000	70,000	70,000
Total Winter Maintenance	\$108,127	\$140,000	\$136,000	\$138,400
Administration				
Salaries and Wages	\$53,728	\$53,000	\$52,000	\$56,000
Fringes	39,606	44,000	44,000	49,000
Audit	1,000	1,000	1,000	1,000
Equipment Rental	7,449	7,500	7,500	7,500
Total Administration	\$101,783	\$105,500	\$104,500	\$113,500
Transfers Out and Other Uses				
Transfers Out - Debt Service	242,000	242,000	242,000	232,000
TOTAL EXPENDITURES	\$1,480,923	\$1,279,200	\$1,342,400	\$1,336,800

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 60% 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
		2023	2024	2025	2026	
Number of Lots Sold		46	31	25	25	↓
Number of Burials		19	16	20	20	↔
Number of Cremains		26	38	30	30	↔
Total Generated Revenue		\$59,603	\$46,128	\$58,000	\$58,000	↔
General Fund Contribution		\$80,000	\$100,000	\$100,000	\$100,000	↑
G.F. Contribution as % of Expenditures		55%	61%	62%	62%	↑

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: Cemetery Operating Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenue				
Charges For Services:				
Sale of Lots & Burial Rites	\$9,775	\$14,000	\$13,000	\$13,000
Grave Openings & Storage	27,800	30,000	35,000	35,000
Foundations & Miscellaneous	8,553	10,000	10,000	10,000
Miscellaneous:				
Transfer In - Perpetual Care	0	8,000	8,000	50,000
Transfer In - General Fund	100,000	100,000	100,000	100,000
Contributions from Private Sources	100	7,500	0	0
Interest Income	1,119	1,000	0	0
Total	\$147,347	\$170,500	\$166,000	\$208,000
Expenditures				
Salaries - Regular	\$20,856	\$30,000	\$30,000	\$30,000
Salaries - Part Time	49,179	40,000	40,000	40,000
Fringes	17,383	25,000	25,000	25,000
Liability Insurance	500	500	500	500
Operating Supplies	13,269	15,000	15,000	15,000
Audit	500	500	500	500
Utilities	6,553	8,000	8,500	8,500
Contractual Services	0	5,000	5,000	5,000
Equipment Rental	23,368	20,000	20,000	20,000
Repair and Maintenance	12,327	9,000	10,000	10,000
Capital Outlay	19,061	15,500	8,000	75,000
Total	\$162,996	\$168,500	\$162,500	\$229,500
Fund Balance				
Net Change in Fund Balance	(15,649)	1,000	3,500	(21,500)
Fund Balance - Beginning of Year	38,380	22,731	22,731	23,731
Ending Fund Balance	\$22,731	\$23,731	\$26,231	\$2,231

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 and 60% by the General Fund. This fund pays for the annual contract with the Alliance for Economic Success.

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Interest Income	\$9,031	\$4,000	\$5,000	\$5,000
Interest Income - Loans	0	7,000	7,500	7,500
State of Michigan - Match on Main Grants	25,000	25,000	0	0
Other Income	4,500	0	0	0
Surplus	0	73,800	61,000	61,000
Total	\$38,531	\$109,800	\$73,500	\$73,500
Expenditures				
Urban Redevelopment and Housing Administration	\$26,325	\$10,000	\$10,000	\$10,000
Community Development Director	83,177	79,000	63,500	63,500
	\$109,502	\$89,000	\$73,500	\$73,500
Fund Balance				
Net Change in Fund Balance	(\$70,971)	(\$53,000)	(\$61,000)	(\$61,000)
Fund Balance - Beginning of Year	568,093	497,122	497,122	444,122
Ending Fund Balance	\$497,122	\$444,122	\$436,122	\$383,122

Fund: Cadillac Development Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Expenditures				
Urban Redevelopment and Housing Administration				
Administration	\$12,000	\$0	\$0	\$0
Contractual Services	14,325	10,000	10,000	10,000
Transfer Out - Other	0	0	0	0
Total Administration	\$26,325	\$10,000	\$10,000	\$10,000
Community Development Director				
Salaries	\$39,295	\$36,500	\$42,000	\$42,000
Fringes	18,882	17,500	21,500	21,500
Contractual Services	25,000	25,000	0	0
Total Community Development Director	\$83,177	\$79,000	\$63,500	\$63,500
Total Expenditures	\$109,502	\$89,000	\$73,500	\$73,500

Cadillac Development Fund Goals:

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

Community Development Director

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

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
		2021	2022	2023	2024	2025	
Building Permit Revenue		\$70,928	\$45,525	\$53,298	\$59,872	\$60,000	↔
Total Permits Issued:		390	354	429	466	455	↑
Building		110	89	82	64	65	↓
Electrical		116	101	117	152	150	↑
Mechanical		110	79	114	136	130	↑
Plumbing		44	25	37	46	50	↑
Other		10	60	79	68	60	↑

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenue				
Charges For Services:				
Building Permits	\$59,872	\$65,000	\$70,000	\$70,000
Interest Income	789	0	0	0
Total	\$60,661	\$65,000	\$70,000	\$70,000
Expenditures				
Contractual Services	57,718	62,000	67,000	67,000
Administration	3,600	3,000	3,000	3,000
Total	\$61,318	\$65,000	\$70,000	\$70,000
Fund Balance				
Net Change in Fund Balance	(657)	0	0	0
Fund Balance - Beginning of Year	20,564	19,907	19,907	19,907
Ending Fund Balance	\$19,907	\$19,907	\$19,907	\$19,907

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	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Rental Income:				
City of Cadillac Parks Division	1,500	1,500	1,500	1,500
Senior Citizens Center	8,882	9,000	8,500	9,500
Other Rent	6,000	6,000	0	0
Up North Arts, Inc	6,000	7,500	9,000	9,000
Wexford Genealogical Society	3,621	3,400	3,500	3,500
Miscellaneous	6	0	5,000	5,000
Transfer In	33,000	5,500	5,500	6,000
Surplus	0	0	0	0
Total	\$59,009	\$32,900	\$33,000	\$34,500
Expenditures				
Building Maintenance	\$8,722	\$9,000	\$10,000	\$10,500
Liability Insurance	2,500	3,000	3,000	3,000
Utilities	18,253	20,000	20,000	21,000
Capital Outlay	30,127	0	0	0
Total	\$59,602	\$32,000	\$33,000	\$34,500
Fund Balance				
Net Change in Fund Balance	(\$593)	\$900	\$0	\$0
Fund Balance - Beginning of Year	2,582	1,989	1,989	2,889
Ending Fund Balance	\$1,989	\$2,889	\$1,989	\$2,889

Fund: Lake Treatment Fund

Type: Special Revenue Fund

Oversight: City Manager

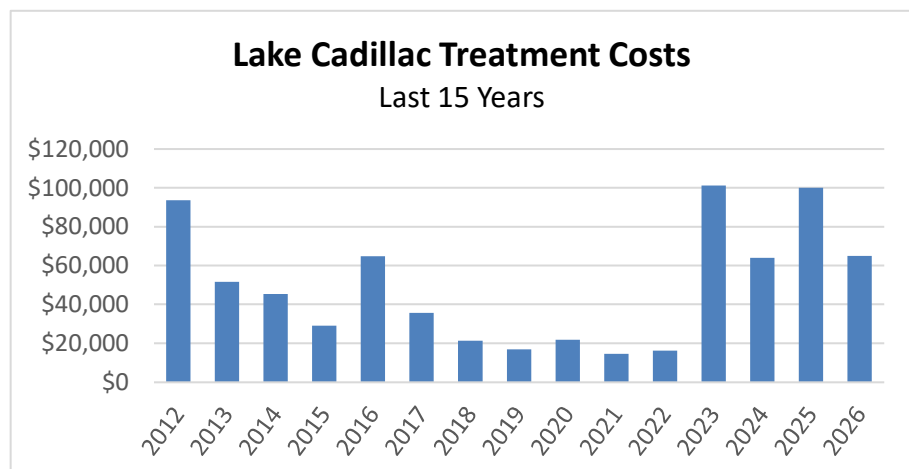
Nature and Purpose:

Lake Cadillac is 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.

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. Funds raised from the lake treatment 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. The millage is no longer in place and the General Fund is now covering the costs of lake treatment.

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Transfer In	50,000	100,000	120,000	65,000
Interest Income	110	200	0	0
Total	\$50,110	\$100,200	\$120,000	\$65,000
Expenditures				
Contractual Services	\$63,890	\$100,000	\$120,000	\$65,000
Total	\$63,890	\$100,000	\$120,000	\$65,000
Fund Balance				
Net Change in Fund Balance	(\$13,780)	\$200	\$0	\$0
Fund Balance - Beginning of Year	24,170	10,390	10,390	10,590
Ending Fund Balance	\$10,390	\$10,590	\$10,390	\$10,590

Treatment Services The principal use of Contractual Service funds is for engineering and treatment services provided by outside professionals. Treatment services have ranged from under \$20,000 to nearly \$100,000 and change from year to year based on actual treatment needs.



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. Once a use is determined for the remaining funds on hand, the fund will be eliminated.

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Interest Income	2,035	2,000	500	500
Total	\$2,035	\$2,000	\$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	\$2,035	\$2,000	\$500	\$500
Fund Balance - Beginning of Year	50,674	52,709	52,709	54,709
Ending Fund Balance	\$52,709	\$54,709	\$53,209	\$55,209

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

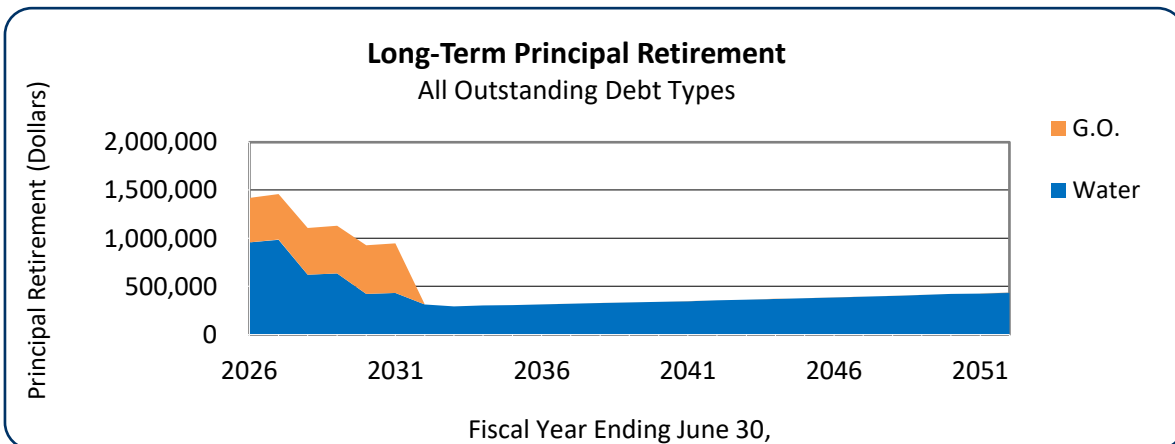
2020 GO Capital Improvement Bonds Debt Service Fund

LEGAL DEBT MARGIN - JUNE 30, 2024 (amounts expressed in thousands)

Taxable Valuation		<u>\$287,205</u>
Statutory Debt Limit - 10% of Assessed Valuation		\$28,721
Amount of Debt Applicable to Limit:		
Gross Bonded Debt	\$16,152	
Less		
Assets Available for Debt Service	0	
Bond Debt Not Subject To Limit:		
Special Assessment Bonds		
Revenue Bonds	12,112	
Other Debt	<u>12,112</u>	
Total Amount of Debt Applicable to Debt Limit		<u>4,040</u>
LEGAL DEBT MARGIN		<u><u>\$24,681</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, 2026

			July 1, 2025 - June 30, 2026	
			Debt Service Requirements	
<u>Description of Debt</u>	<u>Fund Servicing Debt</u>	<u>Debt Outstanding July 1, 2025</u>	<u>Principal</u>	<u>Interest</u>
Revenue Bonds (All debt service provided by Water and Sewer revenues)				
2007	State of Michigan SRF	875,205	215,000	9,000
2011	State of Michigan DWRF	953,856	125,000	23,100
2013	Revenue Refunding	735,000	365,000	11,600
2021	State of Michigan DWRF	8,618,027	250,000	188,900
General Obligation Bonds				
2016	Major/Local Streets/DDA	1,335,000	210,000	29,238
2020	Major/Local Streets/Tax	2,800,000	255,000	60,760
Total Debt		<u>\$15,317,088</u>	<u>\$1,420,000</u>	<u>\$322,598</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>
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%
2025	1,613.43	8.32%
2026	1,479.20	9.27%

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 was used to fund the final phase of the well field relocation project.

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

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

Type: Debt Service Fund

Oversight: Director of Finance

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

DATE OF ISSUE: August 3, 2016

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

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Transfer In from Local Street Fund	\$82,000	\$82,000	\$82,000	\$82,000
Transfer In from Major Street Fund	82,000	82,000	82,000	82,000
Interest Income	16		0	0
Total	\$164,016	\$164,000	\$164,000	\$164,000
Expenditures				
Bond Principal Paid	\$136,700	\$140,000	\$140,000	\$140,000
Interest Expense	24,988	23,500	23,500	21,000
Audit	500	500	500	500
Total	\$162,188	\$164,000	\$164,000	\$161,500
Fund Balance				
Net Change in Fund Balance	\$1,828	\$0	\$0	\$2,500
Fund Balance - Beginning of Year	1,538	3,366	3,366	3,366
Ending Fund Balance	\$3,366	\$3,366	\$3,366	\$5,866

Debt Service Requirements - Remaining Amortization of Bonds

Fiscal Year	Major Street Fund		Local Street Fund		DDA	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	70,000	9,746	70,000	9,746	70,000	9,746
2027	71,600	8,213	71,700	8,213	71,700	8,213
2028	73,400	6,643	73,300	6,643	73,300	6,643
2029	75,000	5,037	75,000	5,037	75,000	5,037
2030	76,600	3,395	76,700	3,395	76,700	3,395
2031	78,400	1,716	78,300	1,716	78,300	1,716
	\$445,000	\$34,750	\$445,000	\$34,750	\$445,000	\$34,750

Interest Rate: 2.19%
Total Outstanding Bonds: \$1,335,000
Total Remaining Interest Costs: \$104,250

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	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Transfers In	\$320,000	\$317,500	\$317,000	\$318,000
Other Income	63,319			
Interest Income	208	0	0	0
Total	\$383,527	\$317,500	\$317,000	\$318,000
Expenditures				
Bond Principal Paid	245,000	245,000	250,000	255,000
Interest Expense	71,501	72,000	66,500	62,500
Audit	500	500	500	500
Total	\$317,001	\$317,500	\$317,000	\$318,000
Fund Balance				
Net Change in Fund Balance	\$66,526	\$0	\$0	\$0
Fund Balance - Beginning of Year	4,142	70,668	70,668	70,668
Ending Fund Balance	\$70,668	\$70,668	\$70,668	\$70,668

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

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

DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
	\$4,000,000	\$950,000	\$250,000	\$2,800,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
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
		\$2,800,000	\$344,924	\$3,144,924

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 2025.

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: City Manager

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 Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Sale of Property	\$0	\$0	\$0	\$0
Grant Funds	0	0	0	600,000
Interest Income	9,859	8,000	5,000	5,000
Surplus	0	0	45,500	45,500
Total	\$9,859	\$8,000	\$50,500	\$650,500
Expenditures				
Audit	\$500	\$500	\$500	\$500
Contractual Services	11,928	7,500	50,000	650,000
Land Purchase	253,226	0	0	0
Fees and Commissions	0	0	0	0
Total	\$265,654	\$8,000	\$50,500	\$650,500
Fund Balance				
Net Change in Fund Balance	(\$255,795)	\$0	(\$45,500)	(\$45,500)
Fund Balance - Beginning of Year	586,067	330,272	330,272	330,272
Ending Fund Balance	\$330,272	\$330,272	\$284,772	\$284,772

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 are used for capital projects and engineering.

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Interest Income	\$2,114	\$2,200	\$500	\$1,500
Special Assessment	71	1,500	2,500	1,500
Surplus	0	0	22,300	22,500
Total Revenue	\$2,185	\$3,700	\$25,300	\$25,500
Expenditures				
Audit	\$500	\$500	\$500	\$500
Construction	0	0	25,000	25,000
Total Expenditures	\$500	\$500	\$25,500	\$25,500
Fund Balance				
Net Change in Fund Balance	\$1,685	\$3,200	(\$22,500)	(\$22,500)
Fund Balance - Beginning of Year	64,013	65,698	65,698	68,898
FUND BALANCE AT YEAR END	\$65,698	\$68,898	\$43,198	\$46,398

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 Phase 1 is complete, while Phase 2 is expected to take place in 2025 and 2026. 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	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Interest Income	8,702	5,000	0	0
Total	<u>\$8,702</u>	<u>\$5,000</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Construction	\$0	\$0	\$455,000	\$465,000
Total	<u>\$0</u>	<u>\$0</u>	<u>\$455,000</u>	<u>\$465,000</u>
Fund Balance				
Net Change in Fund Balance	\$8,702	\$5,000	(\$455,000)	(\$465,000)
Fund Balance - Beginning of Year	451,829	460,531	460,531	465,531
Ending Fund Balance	<u><u>\$460,531</u></u>	<u><u>\$465,531</u></u>	<u><u>\$5,531</u></u>	<u><u>\$531</u></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 over \$600,000, earnings on these funds are used for the primary purpose of maintaining the cemetery and help offset normal operating or capital 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.

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	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Perpetual Care of Lots	\$9,775	\$15,000	\$10,000	\$10,000
Interest Income	24,154	20,000	15,000	20,000
Surplus	0	0	0	0
TOTAL REVENUES	\$33,929	\$35,000	\$25,000	\$30,000
Expenditures				
Audit	\$500	\$500	\$500	\$500
Transfer out - Cemetery Operating	0	15,000	15,000	50,000
Total	\$500	\$15,500	\$15,500	\$50,500
Fund Balance				
Net Change in Fund Balance	\$33,429	\$19,500	\$9,500	(\$20,500)
Fund Balance - Beginning of Year	639,726	673,155	673,155	692,655
Ending Fund Balance	\$673,155	\$692,655	\$682,655	\$672,155

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	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Interest Income	\$1,582	\$3,000	\$1,000	\$2,000
Surplus	0	0	0	0
Total	\$1,582	\$3,000	\$1,000	\$2,000
Expenditures				
Audit	\$0	\$0	\$0	\$0
Contribution - Public Infrastructure	0	0	0	0
Total	\$0	\$0	\$0	\$0
Fund Balance				
Net Change in Fund Balance	\$1,582	\$3,000	\$1,000	\$2,000
Fund Balance - Beginning of Year	131,324	132,906	132,906	135,906
Ending Fund Balance	\$132,906	\$135,906	\$133,906	\$137,906

Past Public Infrastructure Projects

Fiscal Year	Projects Assisted with Fund Earnings	Amount
1999	Cummer Street	\$16,171
2000	Alley behind Milliken's	10,433
2002	Elm Street Triangle (gravel street)	33,900
2004	Balsam Street (gravel street)	10,000
2008	Alley between Henry and Evart Streets (gravel)	10,000
2009	Diggins Hill Tennis Court Restoration Project	25,000
2011	Chestnut Street	20,000
2012	Gunn-Seventh Street	25,000
2015	Lakefront Accessible Playground	12,654
2016	Rotary Pavilion	140,000
2018	The Market at Cadillac Commons	325,000
Total:		\$628,158

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 - *****Because the parking special assessment was not renewed, these activities are no longer supported by user charges and the General Fund has assumed funding responsibility for downtown parking maintenance.***** 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: 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 was 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). This fund accounts for lease revenue and facility costs.



Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Rental Income	\$161,005	\$193,000	\$193,000	\$193,000
Interest Income	57,009	4,000	2,000	8,000
Total	\$218,014	\$197,000	\$195,000	\$201,000
Expenditures				
Building Maintenance	20,043	25,000	40,000	40,000
Contractual Services	1,579	15,000	20,000	35,000
Audit	500	500	500	500
Liability Insurance	2,000	2,000	2,000	5,000
Utilities	4,382	4,500	4,500	4,500
Administration	25,000	25,000	25,000	25,000
Depreciation	70,802	70,800	71,000	71,000
Total	\$124,306	\$142,800	\$163,000	\$181,000
Net Position				
Change in Net Position	\$93,708	\$54,200	\$32,000	\$20,000
Total Net Position - Beginning of Year	1,646,199	1,739,907	1,739,907	1,794,107
TOTAL NET POSITION - END OF YEAR				
Invested in Capital Assets	1,225,305	1,154,505	1,154,505	1,083,505
Unrestricted	514,602	639,602	617,402	730,602
TOTAL NET POSITION	\$1,739,907	\$1,794,107	\$1,771,907	\$1,814,107

Fund Highlights

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 and the bonds have been paid in full for a number of years.. Interest Income is earned by investing cash reserves and idle funds in accordance with the City's investment policy. The City is responsible for a small amount of operating costs, building repairs, snow removal, and also lease management.

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 70 pieces of equipment are maintained by this fund ranging from plow trucks to trailers to mowers and loaders. In addition to equipment, the Stores and Garage Fund is responsible for the City inventory of items such as salt, salt/sand mix and other road maintenance supplies used on a regular basis.

PERFORMANCE MEASURES - STORES AND GARAGE FUND

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2023	2024	2025	2026	
Number of Vehicles/Equipment Maintained		73	70	70	70	↔
Total Fuel Costs		\$76,966	\$48,811	\$55,000	\$65,000	↔
Gallons of Diesel Used		14,105	10,077	14,000	12,000	↓
Gallons of Unleaded Fuel Used		5,973	5,471	5,500	5,900	↔
Average Cost per Gallon - Diesel		\$3.70	\$3.00	\$2.90	\$3.50	↓
Average Cost per Gallon - Unleaded		\$3.01	\$2.57	\$2.60	\$3.00	↔
Total Annual Cost of Road Salt *		\$134,478	\$159,689	\$57,040	\$150,000	↔
Tons of Road Salt Purchased		1,990	2,300	800	2,000	↔
Cost per Ton - Road Salt		\$67.58	\$69.43	\$71.30	\$75.00	↑
Total Capital Investment		\$128,582	\$83,066	\$420,000	\$130,000	↔

*Represents tons of salt purchased; usage varies depending on severity of winter.

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: Stores and Garage Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Charges for Services:				
Services & Materials	\$7,728	\$10,000	\$30,000	\$30,000
Equipment Rental	722,825	820,000	780,000	790,000
Miscellaneous				
Sale of Surplus Material/Equipment	1,897	5,000	10,000	10,000
Other	669	1,500	0	0
Total	\$733,119	\$836,500	\$820,000	\$830,000
Expenses				
Administration				
Salaries and Wages	\$154,498	\$136,000	\$136,000	\$140,000
Fringes	124,154	90,000	85,000	100,600
Operating Supplies	28,491	45,000	45,000	45,000
Fuel Costs	48,811	60,000	70,000	60,000
Audit	500	500	500	1,000
Data Processing	6,000	6,000	6,000	0
Travel & Education	1,912	500	1,000	1,000
Insurance	28,000	30,000	30,000	30,000
Utilities	24,174	24,000	25,000	25,000
Employee Safety	4,000	4,000	4,000	4,000
General Administrative Charges	24,000	12,000	12,000	12,000
Depreciation	209,772	220,000	215,000	250,000
Equipment Maintenance	76,101	85,000	85,000	90,000
Equipment Rental	36,135	20,000	45,000	20,000
Interest Expense	8,160	6,000	6,000	6,000
Total Administration	\$774,708	\$739,000	\$765,500	\$784,600
Outside Work				
Salaries and Wages	\$1,226	\$3,000	\$8,000	\$5,000
Fringes	677	2,000	5,500	3,700
Supplies	0	1,000	5,000	5,000
Equipment Rental	2,522	2,000	10,000	5,000
Total Outside Work	\$4,425	\$8,000	\$28,500	\$18,700

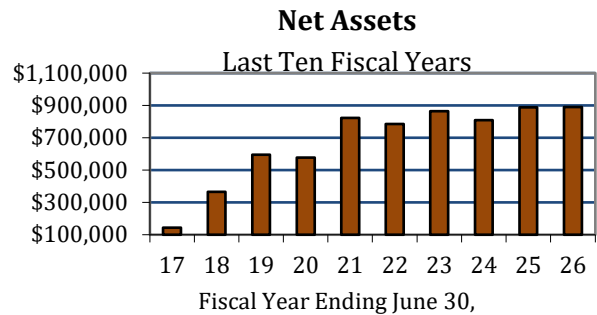
Fund: Stores and Garage Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Expenses (Continued)				
Building & Grounds				
Salaries and Wages	\$2,115	\$3,000	\$8,000	\$8,000
Fringes	1,431	2,000	5,500	6,000
Operating Supplies	3,478	3,000	6,000	5,000
Repair and Maintenance	1,023	2,000	6,000	5,000
Equipment Rental	1,514	500	500	500
Total Building & Grounds	\$9,561	\$10,500	\$26,000	\$24,500
Total Expenses	\$788,694	\$757,500	\$820,000	\$827,800
Net Position				
Change in Net Position	(\$55,575)	\$79,000	\$0	\$2,200
Total Net Position - Beginning of Year	863,924	808,349	808,349	887,349
Total Net Position - End of Year	\$808,349	\$887,349	\$808,349	\$889,549

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

FY2026

Source of Funds:

Operating Funds on Hand	\$145,000	
Internal Loan	0	
Total Source of Funds		<u>\$145,000</u>

Use of Funds:

Equipment:

3/4-Ton Work Truck	\$55,000	
Wood Chipper	55,000	
Cold Storage Building Roof	20,000	
Total Use of Funds		<u>\$130,000</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

FY2026

ADDITIONS:

Depreciation	\$250,000	
Net Income (Loss)	2,200	
TOTAL ADDITIONS		<u>\$252,200</u>

DEDUCTIONS:

Principal Payment - Internal Loan	\$50,000	
Capital Items	130,000	
TOTAL DEDUCTIONS		<u>\$180,000</u>

NET INCREASE (DECREASE) OF AVAILABLE CASH		<u>\$72,200</u>
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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, GIS, etc.in addition to other cloud-based systems. Subscription fees are accounted for in the "Software and Programming" line item.

PERFORMANCE MEASURES - INFORMATION TECHNOLOGY

MEASURE	Fiscal Year:	<i>Actual</i>		<i>Projected</i>	<i>Budgeted</i>	Trend
		2023	2024	2025	2026	
Number of Workstations		65	65	65	65	↔
Operating Cost per Workstation		\$2,886	\$3,489	\$4,006	\$4,297	↑
Number of Workstations Replaced		9	11	10	10	↔
Total Capital Investment		\$9,459	\$19,745	\$70,000	\$40,000	↑

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Fund: Information Technology Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Charges for Services - Intergovernmental				
General Fund				
City Council	\$3,000	\$12,200	\$12,200	\$13,000
City Manager	9,000	10,200	10,200	10,900
Finance	24,000	44,900	44,900	47,600
Assessor	12,000	6,600	6,600	7,000
Treasurer	24,000	27,500	27,500	29,200
Municipal Complex	2,400	6,600	6,600	2,000
Police	52,000	64,300	64,300	68,200
Fire	24,000	28,500	28,500	30,300
Public Works	12,000	7,800	7,800	18,400
Parks and Recreation	0	1,200	1,200	1,300
Community Development	9,000	15,400	15,400	17,300
Water & Sewer	48,000	56,800	56,800	60,200
Stores and Garage	6,000	10,700	10,700	0
Total Intergovernmental Services	225,400	292,700	292,700	305,400
Interest Income	6,352	6,000	1,500	4,000
Sale of Property	0	0	0	0
Total Revenue	\$231,752	\$298,700	\$294,200	\$309,400
Expenses				
Salaries	\$3,000	\$3,000	\$3,000	\$3,000
Fringes	915	1,200	1,300	1,300
Office Supplies	2,031	5,000	6,000	6,000
Audit	500	500	500	500
Contractual Services	39,987	50,500	51,000	60,500
Hardware and Accessories	19,745	20,000	20,000	20,000
Software and Programming	112,836	135,000	131,000	137,500
Liability Insurance	10,000	10,000	10,000	10,000
Telephone	7,651	8,500	8,500	8,500
Repair and Maintenance	107	1,500	2,000	2,000
Depreciation	28,171	27,000	30,000	30,000
Administration	30,000	30,000	30,000	30,000
Total Expenses	\$254,943	\$292,200	\$293,300	\$309,300
Net Position				
Change in Net Position	(\$23,191)	\$6,500	\$900	\$100
Total Net Position - Beginning of Year	321,151	297,960	297,960	304,460
Total Net Position - End of Year	\$297,960	\$304,460	\$298,860	\$304,560

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.

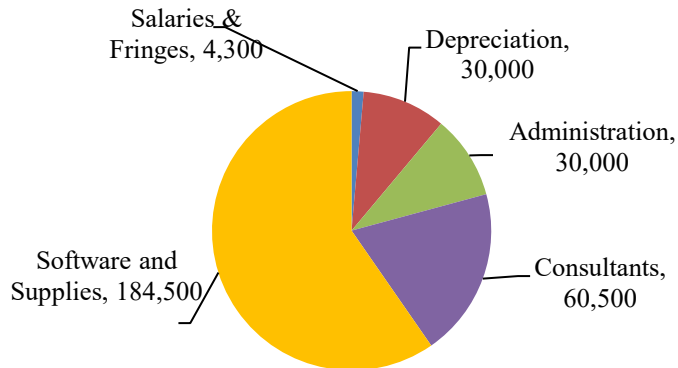
Software and Programming

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

FY2026

Source of Funds:

Revenues:

Operating Revenues/Reserves	120,000	
Total Source of Funds		\$120,000

Use of Funds

IT Infrastructure	\$20,000	
Computer Replacement	20,000	
Total Use of Funds		\$40,000

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

FY2026

Additions

Depreciation	\$30,000	
Net Income (Loss)	100	
Total Additions		\$30,100

Deductions

Capital Items	40,000	
Total Deductions		\$40,000

Net Increase (Decrease) in Available Cash (\$9,900)

Projected Cash on Hand - Beginning of Year	\$150,000
Projected Cash on Hand - End of Year	\$140,100

Budget staff has confirmed that there will be sufficient cash on hand to handle the projected cash flow needs for FY2026.

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	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Employer Contributions	\$1,298,358	\$1,450,000	\$1,535,000	\$1,580,000
Employer Contributions-Dental	81,165	98,000	86,000	100,000
Employer Contributions-Optical	20,865	21,000	19,000	20,000
Employer Contributions-Life	7,307	7,600	8,000	8,000
Employee Contribution	77,402	100,000	85,000	102,000
Interest Income	1,419	4,000	4,000	4,000
Reimbursement from OPEB Trust	205,000	160,000	160,000	160,000
Surplus	0	0	0	0
Total	\$1,691,516	\$1,840,600	\$1,897,000	\$1,974,000
Expenses				
Reinsurance Premiums	\$1,095,674	\$1,350,000	\$1,445,000	\$1,515,000
Administration	39,853	42,000	40,000	40,000
Benefit Payments				
Health Insurance	501,938	450,000	400,000	405,000
Life Insurance	22,661	18,000	12,000	12,000
Total	\$1,660,126	\$1,860,000	\$1,897,000	\$1,972,000
Net Position				
Change in Net Position	\$31,390	(\$19,400)	\$0	\$2,000
Total Net Position - Beginning of Year	205,187	236,577	236,577	217,177
Total Net Position - End of Year	\$236,577	\$217,177	\$236,577	\$219,177

System Benefits Highlights

Health Insurance

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

Life Insurance

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

Health Insurance Retiree Benefit Payments

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

Plan Cost Summaries

	Annual Costs			Total	Employee Co-Pay	Co-Pay as % of Total Costs	# of Participants
	Medical	Dental	Vision				
Plan Type							
Blue Cross Blue Shield PPO							
Single	\$11,121	\$467	\$106	\$11,694	\$1,456	12.45%	1
Two-Person	\$26,690	\$864	\$202	\$27,756	\$3,494	12.59%	1
							2
Blue Care Network HMO							
Single	\$8,346	\$467	\$106	\$8,919	\$600	6.73%	8
Two-Person	\$20,280	\$864	\$202	\$21,346	\$1,200	5.62%	28
Family	\$24,960	\$1,552	\$297	\$26,809	\$1,440	5.37%	44
							80

** An additional 7 employees/retirees that are eligible for health care participate in the City's opt-out program. The City provides opt-out payments of up to \$4,000 per year for electing other available coverage. Savings from the opt-out program vary between \$4,000 up to \$18,000 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	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Interest Income	\$128	\$0	\$0	\$0
General Fund	4,000	4,000	4,000	4,000
Water and Sewer Fund	4,000	4,000	4,000	4,000
Stores & Garage Fund	4,000	4,000	4,000	4,000
Surplus	0	0	0	0
Total	\$12,128	\$12,000	\$12,000	\$12,000
Expenditures				
Salaries and Wages	\$3,000	\$3,000	\$3,000	\$3,000
Fringes	1,662	2,000	2,000	2,000
Operating Supplies	3,708	4,000	4,000	4,000
Audit	500	500	500	500
Dues and Publications	0	500	500	500
Travel and Education	1,300	1,500	2,000	2,000
Total	\$10,170	\$11,500	\$12,000	\$12,000
Net Position				
Change in Net Position	\$1,958	\$500	\$0	\$0
Total Net Position - Beginning of Year	6,879	8,837	8,837	9,337
Total Net Position - End of Year	\$8,837	\$9,337	\$8,837	\$9,337

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	2021	2022	2023	2024
Deaths	0	0	0	0
Number of cases with days away from work	1	2	2	0
Number of cases with job transfer/restriction	21	2	1	1
Other recordable cases	1	5	0	2
Days				
Total days away from work	3	143	103	0
Total days of job transfer/restriction	14	144	13	11
Total hours worked - all employees	153,668	162,859	165,621	169,065

GOALS

FY2026

1. Offer Fire Extinguisher training to all departments.
2. Make on-line safety trainings available to all departments, on-demand.
3. Update City emergency response plan.
4. Fully populate safety committee with representative and alternate from all City departments.

FY2025 Safety Committee Highlights:

- ~ Identified appropriate ladder safety equipment for City Hall / Facilities Dept.
- ~ Partially offset cost of Confined Space equipment for Utilities Dept.
- ~ Facilitated City-wide safety training videos, including: trenching and confined space.
- ~ Safety Orientation Training for seasonal and new full-time employees.

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 29.18% of the police member salaries and 32.11% of the fire members' salaries. The system is meeting its annual funding requirements. The system is 83.85% funded, up from 81.86% 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
	2021	2022	2023	2024	
Actuarially Accrued Pension Liabilities	\$14,017,155	\$15,634,629	\$16,270,145	\$16,498,488	↑
Funding Value of Accrued Assets	\$12,701,878	\$12,970,887	\$13,319,401	\$13,833,830	↑
Unfunded Actuarially Accrued Liabilities	\$1,315,277	\$2,663,742	\$2,950,744	\$2,664,658	↑
Funded Ratio (Assets/Liabilities)	90.62%	82.96%	81.86%	83.85%	↓
Total Pension Payments	\$1,060,208	\$1,098,793	\$1,110,844	\$1,096,263	↔
Number of Retirees	39	40	40	40	↔
Average Annual Pension	\$27,185	\$27,470	\$27,771	\$27,407	↔
Contribution Required (% of payroll) - Police	29.54%	21.89%	29.91%	29.18%	↔
Contribution Required (% of payroll) - Fire	33.55%	33.25%	33.03%	32.11%	↔
Total Contribution Required	\$510,426	\$468,400	\$434,410	\$573,038	↑
Number of Active Members	26	26	26	26	↔
Average Annual Salary - Police	64,719	66,263	73,233	73,962	↑
Average Annual Salary - Fire	\$58,046	\$70,030	\$85,773	\$82,043	↑

Fund: Police and Fire Retirement Fund

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Additions				
Contributions - Employer	\$797,224	\$790,000	\$790,000	\$815,000
Contributions - Employee	31,520	\$30,000	\$30,000	30,000
Interest and Dividend Income	3,224	2,500	\$0	1,500
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	1,282,864	235,000	325,000	300,000
Investment Expenses	(27,367)	28,000	(30,000)	(30,000)
Total Additions	\$2,087,465	\$1,085,500	\$1,115,000	\$1,116,500
Deductions				
Benefit Payments				
Retirement	\$1,096,263	\$1,070,000	\$1,100,000	\$1,100,000
Administrative Expenses				
Audit	2,500	2,500	2,500	2,500
Contractual Services	11,000	12,500	12,500	12,500
Total Deductions	\$1,109,763	\$1,085,000	\$1,115,000	\$1,115,000
Net Change in Net Position	\$977,702	\$500	\$0	\$1,500
Net Position				
Beginning of Year	\$12,784,726	\$13,762,428	\$13,762,428	\$13,762,928
End of Year	\$13,762,428	\$13,762,928	\$13,762,428	\$13,764,428

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.

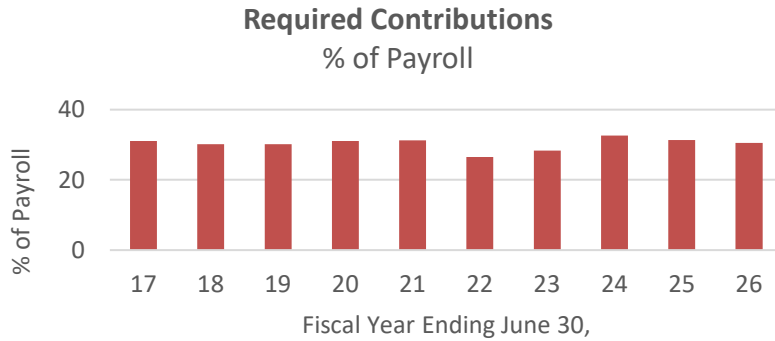
Retirement Board

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 based on actual annual returns and assumption changes. The blended annual required contribution as a percentage of payroll decreased to 30.48% from 31.34% 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.

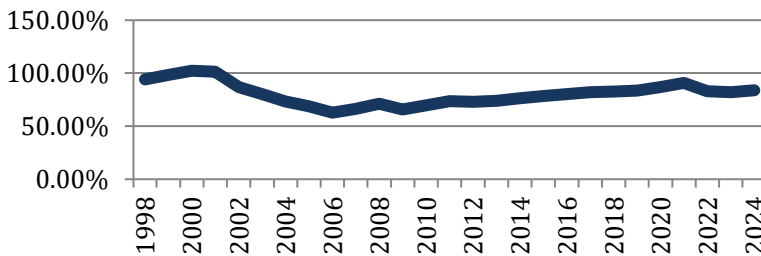
Contribution Rates

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, 2024 the plan is now 84% funded.

Summary of Actuarial Methods and Assumptions

Last Valuation Date	June 30, 2024
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	10
Remaining Amortization - Benefit Increase	7
Asset Valuation Method	5-year smoothed market

Assumptions:

Investment Rate of Return	7.25%
Assumed Rate of Payroll Growth	3.25%
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. 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 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 FY2012, 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 adopts 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.

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Special Assessment Revenue	\$0	\$0	\$0	\$0
Interest Income	1,453	0	100	0
Transfer In	210,000	267,000	284,700	297,000
Total	\$211,453	\$267,000	\$284,800	\$297,000
Expenditures				
Salaries and Wages - Regular	\$22,789	\$23,000	21,000	23,500
Fringes	14,314	15,000	14,500	15,000
Operating Supplies	389	5,000	9,000	9,000
Chemicals	0	0	200	200
Contractual Services	5,000	8,000	9,000	18,000
Legal Contractual Services	3,650	0	6,500	6,500
Audit	600	600	600	600
Contracted Lab Costs	6,965	30,000	30,000	30,000
Utilities	185,803	180,000	180,000	180,000
Repair & Maintenance	4,225	5,000	14,000	14,000
Total	\$243,735	\$266,600	\$284,800	\$296,800
Fund Balance				
Net Change in Fund Balance	(\$32,282)	\$400	\$0	\$200
Fund Balance - Beginning of Year	38,142	5,860	5,860	6,260
Ending Fund Balance	\$5,860	\$6,260	\$5,860	\$6,460

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:

Matthew Schichtel, Chairperson

Brian Warner, Vice-Chairperson

William Tencza, Treasurer

Julie Theobald

Jennifer Brown

Emily Kearney

Mike Hamner

Caitlyn Stark

Marcus Peccia

Michael Solomon

Retired Chamber President

Wexford County Commissioner

Superintendent, Cadillac Area Public Schools

Chief Financial Officer, Cadillac Area Public Schools

Site Leader, Avon Protection

President, Cadillac Area Chamber of Commerce

City Manager, City of Cadillac

Wexford County Drain Commissioner

** A member of the staff of the Cadillac Utilities Department serves as Secretary of the Board.*

Fund Financial Highlights

Fund Balance

At the inception of the treatment system, a special assessment provided most of the funding to cover all operating costs. The assessment has not been renewed since 2012, so reserves and a transfer from the TIF captures are being utilized to cover the operating costs of the treatment plant. Work is underway to identify the future needs of the system, including work to identify funding for future treatment.

Contractual Services

The Soil Vapor Extraction site was closed in FY2016 in accordance with EPA clearance. A contracted environmental engineering firm is working on a comprehensive study regarding the current status of the groundwater cleanup process and the future needs for the facility.

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 used in accordance with the tax increment financing plan first approved by the LDFA board and City Council in 1991.

Fund Details	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Tax Increment Financing Revenue	\$146,487	\$162,000	\$163,000	\$167,000
Interest Income	39,645	35,000	15,000	32,000
Surplus	0	110,500	175,000	148,500
Total	\$186,132	\$307,500	\$353,000	\$347,500
Expenditures				
Audit	\$500	\$500	\$500	\$500
Contractual Services	8,829	40,000	50,000	50,000
Transfer Out	210,000	267,000	292,000	297,000
Total	\$219,329	\$307,500	\$342,500	\$347,500
Fund Balance				
Net Change in Fund Balance	(\$33,197)	(\$110,500)	(\$164,500)	(\$148,500)
Fund Balance - Beginning of Year	1,220,920	1,187,723	1,187,723	1,077,223
Ending Fund Balance	\$1,187,723	\$1,077,223	\$1,023,223	\$928,723

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 costs were historically funded through an assessment against properties within the treatment district. This assessment needs to be renewed, and in the interim these captured tax dollars are funding treatment costs.



LDFA Treatment Facility

The groundwater treatment system started up in September 1996, and has since treated over 23.9 billion gallons of groundwater.

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	\$5,877,612	\$1,832,482	\$7,710,094
Base Value	(551,400)	0	(551,400)
Captured Value	\$5,326,212	\$1,832,482	\$7,158,694

	<u>Millage</u>	<u>Capture</u>		
		<u>Ad Valorem</u>	<u>IFT</u>	<u>Total</u>
Taxes Captured:				
City Operating	13.33970	\$71,050	\$12,222	\$83,272
Police and Fire Retirement (City)	2.60000	13,848	2,382	16,230
Wexford County Allocated	6.66150	35,481	6,104	41,584
Wexford County - Animal Control	0.19640	1,046	180	1,226
Wexford County - Public Safety	1.42460	7,588	1,305	8,893
Wexford County - MSU Extension	0.16690	889	153	1,042
Wexford County - Veterans	0.09810	523	90	612
CWTA	0.58950	3,140	540	3,680
Cadillac-Wexford Public Library	0.73680	3,924	675	4,599
Council on Aging	0.98250	5,233	900	6,133
Total Taxes Captured	26.79600	\$142,721	\$24,552	\$167,273

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 approximately \$316,302,282. The LDFA captures about 1.7% of the ad valorem tax roll, and 70.3% 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	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Tax Revenue	\$32,859	\$33,900	\$34,000	\$34,500
Contributions From Private Sources	7,175	6,000	5,500	20,000
Interest Income	829	900	0	500
Transfer In - DDA TIF	0	0	0	75,000
Total	\$40,863	\$40,800	\$39,500	\$130,000
Expenditures				
Salaries and Wages - Regular	\$14,736	\$15,000	\$15,500	\$67,000
Salaries and Wages - Part Time	2,500	2,500	2,500	2,500
Fringes	7,081	10,000	8,500	46,800
Office Supplies	0	200	200	1,000
Postage	0	0	100	0
Contractual Services	11,825	10,000	10,000	10,000
Audit	500	500	500	500
Travel and Education	0	0	0	0
Publisher's Costs	733	500	1,000	1,000
Downtown Marketing	665	500	1,200	1,200
Total	\$38,040	\$39,200	\$39,500	\$130,000
Fund Balance				
Change in Fund Balance	\$2,823	\$1,600	\$0	\$0
Fund Balance - Beginning of Year	18,080	20,903	20,903	22,503
Ending Fund Balance	\$20,903	\$22,503	\$20,903	\$22,503

Fund: Downtown Development Authority Operating Fund

Fund Structure and Staffing

Parcels of property within the Downtown Development District (including real and personal property) are anticipated to generate about \$35,000 in property tax revenue from the DDA's levy.

DDA Staff

Beginning in spring 2025, the DDA is proposed to be led by a newly-hired Main Street Manager. This staff member will lead the implementation of the Main Street Program, and because of the synergy between the positions will lead the DDA as well. The funding of this position will be a combination of the operating millage, downtown marketing funds available via the TIF plan, and private contributions. It is expected that the Main Street Program could become self-supporting through revenue generated from sponsorships, events, etc. In the meantime, the DDA has pledged to subsidize the position for a minimum of three years. In addition, during the summer months a seasonal employee cleans and monitors the downtown area to enhance the image of the community.

Cadillac Downtown Development Authority Board of Directors			
Name	Position	Business	Occupation
Steve Barnes	Chairperson	Simply Delightful	Owner
Miranda Grunow	Vice-Chairperson	City2Shore Real Estate	Realtor
Marcus A. Peccia	Secretary/Treasurer	City of Cadillac	City Manager
Brian Kelsey	Member	Horizon Bank	Banking
Chris Huckle	Member	Cadillac News	Owner/Publisher
Chris Crawley	Member		
Aaron Fekete	Member	Owl Eye Coffee	Owner
Heather Goodman	Member	WildFlour Bakery	Owner
Malorie Bosscher	Member	Serendipity	Manager
Tereesa Arn	Member	Habitat for Humanity	Coordinator

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. The district-wide taxable value has finally seen more significant growth in the last five years, which has provided some additional funds to support district activities.

Fiscal Year	Taxable Value	Millage	Taxes	Change
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	\$29,294	6.07%
2024	\$17,057,806	1.8501	\$31,559	7.73%
2025*	\$18,612,296	1.8058	\$33,949	7.57%
2026	\$19,150,000	1.8058	\$34,581	1.86%

* Headlee Rollback

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	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Tax Revenue	\$131,833	\$160,000	\$150,000	\$160,000
Local Community Stabilization Payment	23,216	25,000	22,000	23,000
Interest Income	2,856	0	0	3,000
Total	\$157,905	\$185,000	\$172,000	\$186,000
Expenditures				
Audit	\$300	\$0	\$500	\$500
Contractual Services	7,897	60,000	90,000	30,000
Construction	0	0	0	0
Debt Service	82,300	80,300	80,300	80,500
Transfer Out - DDA	0	0	0	75,000
Total	\$90,497	\$140,300	\$170,800	\$186,000
Fund Balance				
Net Change in Fund Balance	\$67,408	\$44,700	\$1,200	\$0
Fund Balance - Beginning of Year	32,603	100,011	100,011	144,711
Ending Fund Balance	\$100,011	\$144,711	\$101,211	\$144,711

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 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. 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. Final debt service payment will occur on May 1, 2031.

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	\$19,150,000		
1996 Base Value	(11,650,150)		
Captured Value	\$7,499,850		
Taxes Captured:	Millage	Capture	
City Operating	13.33970	\$100,046	(\$8,673) \$91,373
Police and Fire Retirement (City)	2.60000	19,500	(1,690) \$17,810
Wexford County - Allocated	6.66150	49,960	(4,281) \$45,679
Wexford County - Veterans	0.09810	736	(63) \$673
Wexford County - Animal Control	0.19640	1,473	(126) \$1,347
Wexford County - Public Safety	1.42460	10,684	(916) \$9,768
Wexford County - MSU Extension	0.16690	1,252	(107) \$1,145
CWTA	0.58950	4,421	(379) \$4,042
Cadillac-Wexford Public Library	0.73680	5,526	(474) \$5,052
Council on Aging	0.98250	7,369	(631) \$6,738
Total Taxes Captured	26.79600	\$200,967	(\$17,340) \$183,627

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 \$316,302,282. The DDA captures about 2.3% of the ad valorem tax roll.

Fund: Brownfield Redevelopment Fund

Type: Component Unit - Special Revenue Fund

Oversight: City Manager

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	2023/24 Actual	2024/25 Estimated	2024/25 Adopted	2025/26 Proposed
Revenues				
Current Property Taxes	\$117,161	\$117,000	\$125,500	\$135,000
State Grants	6,671	0	0	0
Interest Income	7,985	0	0	0
Total	\$131,817	\$117,000	\$125,500	\$135,000
Expenditures				
Contractual Services	\$114,133	\$117,000	\$125,500	\$160,000
Principal Payment	0	0	0	0
Audit	0	0	0	0
Total	\$114,133	\$117,000	\$125,500	\$160,000
Fund Balance				
Net Change in Fund Balance	\$17,684	\$0	\$0	(\$25,000)
Fund Balance - Beginning of Year	231,406	249,090	249,090	249,090
Ending Fund Balance	\$249,090	\$249,090	\$249,090	\$224,090

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 FY2025 are as follows:

Total Brownfield Taxable Value	\$5,170,269
Base Value	1,115,537
Captured Value	\$4,054,732
Captured Taxes	
City Operating	\$38,880
Police and Fire Retirement (City)	7,578
Wexford County	19,192
CWTA	1,698
Other County	10,387
CAPS Operating	28,090
State Education Tax	9,966
Wexford-Missaukee ISD	19,229
Total Taxes Captured	\$135,020

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

6-Year Capital Improvement Program

What is the 6-Year Capital Improvement Program?

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

What is a Capital Project?

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



Project Types:

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

How is the program developed?

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

6-Year Capital Improvement Program

How are project priorities determined?

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

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

Capital Budget vs. Capital Improvement Program

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

What are the advantages of a Capital Improvement Program?

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

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

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

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

6-Year Capital Improvement Program

Program Summary

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

Fund	Year 1 - FY2026	Year 2 - FY2027	Year 3 - FY2028	Year 4 - FY2029	Year 5 - FY2030	Year 6 - FY2031	Grand Total
General Fund							
Municipal Complex and Administration		145,000	250,000	300,000			695,000
Police Department	80,000	213,000	82,000	84,000	84,000	85,000	628,000
Fire Department	60,000	2,490,000		750,000			3,300,000
Parks	33,000	35,000	115,500	8,000	8,000		199,500
General Fund Total	173,000	2,883,000	447,500	1,142,000	92,000	85,000	4,822,500
Major Street Fund		1,700,000					1,700,000
Local Street Fund	412,500	850,000		140,000	60,000		1,462,500
Cemetery Operating Fund	75,000	28,000	50,000	8,000			161,000
Water and Sewer Fund	711,000	5,301,000	925,000	550,000	782,500	1,100,000	9,369,500
Stores and Garage Fund	130,000	310,000	60,000	60,000	300,000	300,000	1,160,000
Information Technology Fund	40,000	20,000	190,000	40,000	20,000	70,000	380,000
Industrial Park Fund	650,000		600,000				1,250,000
Community Development	500,000	665,000	3,300,000	6,000,000			10,465,000
Naval Reserve Fund		100,000					100,000
Grand Total	2,691,500	11,857,000	5,572,500	7,940,000	1,254,500	1,555,000	30,870,500

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 - FY2026	Year 2 - FY2027	Year 3 - FY2028	Year 4 - FY2029	Year 5 - FY2030	Year 6 - FY2031	Total
General Governmental Revenues	323,000	3,167,000	1,632,500	1,142,000	92,000	85,000	6,441,500
Donations	0	0	0	0	0	0	0
Other Funds	0	0	1,490,000	500,000	0	0	1,990,000
Operating Revenues	956,000	1,889,000	1,175,000	658,000	1,102,500	1,470,000	7,250,500
MVHF	412,500	2,175,000	0	140,000	60,000	0	2,787,500
Bond/Loan Proceeds	400,000	3,770,000	0	3,500,000	0	0	7,670,000
Grants	600,000	856,000	1,275,000	2,000,000	0	0	4,731,000
Special Assessments	0	0	0	0	0	0	0
	2,691,500	11,857,000	5,572,500	7,940,000	1,254,500	1,555,000	30,870,500

2025-2026 Capital Budget

The following projects have been planned and proposed for funding in FY2026. Included in the chart is an estimate of the impact that the project will have on the annual operating budget.

Year 1 - FY2026		
General Fund		
Playground Equipment	25,000	0
Police Patrol Vehicle	80,000	1,000
Riding Lawn Mower	8,000	500
Fire Marshal Truck	60,000	1,000
General Fund Total	173,000	2,500
Local Street Fund		
Aldrich Street (Bond to Linden)	412,500	1,000
Local Street Fund Total	412,500	1,000
Cemetery Operating Fund		
Road Repairs	75,000	(2,500)
Cemetery Operating Fund Total	75,000	(2,500)
Water and Sewer Fund		
Aldrich Street (Bond to Linden)	186,000	500
Two (2) Service Trucks	90,000	3,000
Sewer Lining	300,000	1,000
Transformer Replacement	20,000	500
Compact Tractor	30,000	1,000
Lift Station Exteriors and Doors	85,000	500
Water and Sewer Fund Total	711,000	6,500
Stores and Garage Fund		
3/4-Ton 4X4 Pickup Truck	55,000	1,500
Wood Chipper	55,000	1,500
Cold Storage Building Roof	20,000	500
Stores and Garage Fund Total	130,000	3,500
Information Technology Fund		
Computer Replacement	20,000	1,000
IT Infrastructure	20,000	2,500
Information Technology Fund Total	40,000	3,500

Industrial Park Fund		
Entrance Signs	50,000	500
Industrial Lot Cleanup Project	600,000	0
Industrial Park Fund Total	650,000	500
Community Development		
Cass/Mitchell/Chapin Upgrades	400,000	1,000
Downtown Sidewalks	100,000	2,500
Community Development Total	500,000	3,500
Year 1 - FY2026 Total	2,691,500	18,500

General Fund Projects General governmental revenues, like property taxes and revenue from the State of Michigan are utilized to fund General Fund projects. For FY2026 the Police Department is scheduled to replace a patrol vehicle in order to keep the fleet safe and operable. The Cadillac Fire Department needs to replace the truck that is assigned to the Fire Marshal. The current vehicle is 17 years old and is no longer fit for service. In the Parks Department, some playground equipment throughout the parks system will be replaced as appropriate, and one of the riding lawn mowers in the fleet will be replaced to keep the summer maintenance operations working at full capacity and avoid costly repairs of older equipment.

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. Approximately 1300 feet of Aldrich Street will be reconstructed, and utilities infrastructure will be replaced while the street is torn up. 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. In addition, the Michigan State legislature is working on increasing funding for road maintenance. It remains to be seen what the final legislation will be, but this could be a significant step forward in terms of local road maintenance and improving local road conditions.

Water and Sewer Projects The Water and Sewer Fund has identified \$711,000 in projects for this fiscal year. Underground water and sewer infrastructure is scheduled for replacement during the Aldrich Street reconstruction project. 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. Updating equipment and facilities will positively impact maintenance budgets throughout the utilities system. All of these purchases and projects rely on user charges for funding and it is incumbent upon the Cadillac City Council to set rates at a level that provides for operations and ongoing capital investment.

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 to replace a service truck and a wood chipper, both of which are used frequently in public works repair and maintenance operations. Replacing this equipment helps contain the costs of repair, maintenance and downtime associated with aging equipment. In addition, the roof on one of the department's garages has failed and must be replaced in the current year. This project will protect the longevity of the facility and the equipment that is stored in it.

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 conjunction with the City's contract with an outside provider for a comprehensive suite of IT services, these regular upgrades help staff operate efficiently, and safeguard the City against data loss that could result from failing to maintain and upgrade core IT hardware and software.

Community Development The Community Development section of the program contains two 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 streets, parking and sidewalk infrastructure in the area at the same time. The City will also continue to partner with downtown merchants and the Downtown Development Authority to begin to address sidewalk issues that have been plaguing the downtown area for a number of years. Full funding for this project still needs to be identified, but will be a combination of local funds, tax capture funds, and private property owner funds.

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 FY2026-2031 fiscal years are summarized below:

Year 1 - FY2026	Project	Cost
Police Department	Police Patrol Vehicle	80,000
Fire Department	Fire Marshal Truck	60,000
Parks	Playground Equipment	25,000
	Riding Lawn Mower	8,000
Local Street	Aldrich Street (Bond to Linden)	412,500
Maple Hill Cemetery	Road Repairs	75,000
Water and Wastewater	Aldrich Street (Bond to Linden)	186,000
	Sewer Lining	300,000
	Two (2) Service Trucks	90,000
	Transformer Replacement	20,000
	Compact Tractor	30,000
	Lift Station Exteriors and Doors	85,000
Department of Public Works	3/4-Ton 4X4 Pickup Truck	55,000
	Wood Chipper	55,000
	Cold Storage Building Roof	20,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	20,000
Industrial Parks	Entrance Signs	50,000
	Industrial Lot Cleanup Project	600,000

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Community Development	Cass/Mitchell/Chapin Upgrades	400,000
	Downtown Sidewalks	100,000
Year 1 - FY2026 Total		2,691,500
Year 2 - FY2027	Project	Cost
Municipal Complex and Administration	Upgrade Municipal Complex Restrooms	50,000
	Municipal Complex Updates	50,000
	Administration Vehicle	45,000
Police Department	Police Patrol Vehicle	80,000
	Active Shooter Shields	21,000
	Bulletproof Vests	12,000
	Radios	100,000
Fire Department	Radio Replacement	240,000
	Aerial Ladder Truck	2,250,000
Parks	Parking Lot Upgrade - Chestnut Street	35,000
Local Street	Crippen Street (Mitchell to Hemlock)	500,000
	Blodgett Street (Lincoln to Washington)	100,000
	Elmer Street (Waldo to Linden)	100,000
	Wheeler Street (Ayer to Smith)	150,000
Major Street	Linden Street (W. Division to Arthur)	400,000
	W. Division Street (Colfax to Leeson)	500,000
	North Boulevard (M-115 to Rose Street)	800,000
Maple Hill Cemetery	Riding Lawn Mower	8,000
	Utility Vehicle	20,000
Water and Wastewater	Blodgett Street (Lincoln to Washington)	75,000
	Wheeler Street (Ayer to Smith)	60,000
	Crippen Street (Mitchell to Hemlock)	300,000
	Elmer Street (Waldo to Linden)	110,000
	Linden Street	160,000
	W. Division Street (Colfax to Leeson)	100,000
	Two (2) Service Trucks	100,000
	Anaerobic Digester Cleaning	75,000
	Wastewater/Lab Fume Hoods	35,000
	Backhoe	123,000
	Handheld Radio Meter Reader	10,000
	Lake, Leeson, Leisure Street Pumps	125,000
	Muffle Furnace/Drying Oven	8,000
	Lift Station Pumps	60,000
	Muffin Monster Cutter Stack	16,000
	Diffuser Head Replacement	24,000
	WWTP Headworks Project	3,500,000
	WWTP Handrail Replacement	100,000
	Main Building Roof Replacement	50,000
	Major Building Exterior Repairs	175,000
	Visitor/Client Entrance - WWTP	95,000
Department of Public Works	3/4-Ton Supervisor Truck with Plow	60,000
	Mechanical Street Sweeper	250,000

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Information Technology	Computer Replacement	20,000
Cadillac Community Center	Roof Repair	100,000
Community Development	Cadillac West Fishing Pier	500,000
	Diggins Hill Sensory Playground	165,000
Year 2 - FY2027 Total		11,857,000

Year 3 - FY2028	Project	Cost
Municipal Complex and Administration	Heating and Cooling Renovation	250,000
Police Department	Police Patrol Vehicle	82,000
Parks	Kenwood Parking Lot	60,000
	Riding Lawn Mower	8,000
	Shoreline Stabilization	7,500
	Skate Park Equipment	40,000
Maple Hill Cemetery	Entrance Pillars	50,000
Water and Wastewater	Analytical Lab Balance	10,000
	1/2 Ton Service Truck	55,000
	Ultraviolet System Upgrade	110,000
	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
	ERP Software Upgrade	150,000
Industrial Parks	James E. Potvin Industrial Park Expansion	600,000
Community Development	Diggins Hill Improvements	850,000
	City Dock and Grounds Upgrades	700,000
	Sidewalk Construction	350,000
	Neighborhood Park	400,000
	Kenwood Park Development	1,000,000
Year 3 - FY2028 Total		5,572,500

Year 4 - FY2029	Project	Cost
Municipal Complex and Administration	Fire Garage Expansion	300,000
Police Department	Police Patrol Vehicle	84,000
Fire Department	Fire Truck	750,000
Parks	Riding Lawn Mower	8,000
Local Street	Crestview Street	75,000
	Evart Street	65,000
Maple Hill Cemetery	Riding Lawn Mower	8,000
Water and Wastewater	Two (2) 1/2-Ton Service Trucks	100,000
	Revolution Blower	280,000
	Plant Tile Floors	75,000
	Aqua Disk Filter Cloths	40,000
	1/2-Ton Service Truck	55,000

CITY OF CADILLAC
2025-2026 ANNUAL OPERATING BUDGET

Department of Public Works	3/4-Ton 4X4 Pickup Truck	60,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	20,000
Community Development	Mitchell Street Corridor Vision/Streetscape	6,000,000
Year 4 - FY2029 Total		7,940,000

Year 5 - FY2030	Project	Cost
Police Department	Police Patrol Vehicle	84,000
Parks	Riding Lawn Mower	8,000
Local Street	Warbler Lane (Paluster to Cardinal)	30,000
	Cardinal Drive (Warbler to Crosby)	30,000
Water and Wastewater	Construction/Job Cargo Trailer	7,500
	Sewer Combo Unit	550,000
	Televised Inspection Van/Trailer	225,000
Department of Public Works	Plow Truck	300,000
Information Technology	Computer Replacement	20,000
Year 5 - FY2030 Total		1,254,500

Year 6 - FY2031	Project	Cost
Police Department	Police Patrol Vehicle	85,000
Water and Wastewater	Sewer Lining	500,000
	Gas Storage and Energy Production	600,000
Department of Public Works	Plow Truck	300,000
Information Technology	Computer Replacement	20,000
	IT Infrastructure	50,000
Year 6 - FY2031 Total		1,555,000

Grand Total		30,870,500
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A full copy of the 2026-2031 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, 2026

Membership: 6

1 Captain
1 Detective
4 Sergeants

Fraternal Order of Police Labor Council – Cadillac Police Officers Association

Contract Expiration Date: June 30, 2026

Membership: 10

8 Patrol Officers
2 School Resource Officers

International Association of Firefighters Local 704

Contract Expiration Date: June 30, 2027

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 2025*

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
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
2023	235,068,706	35,835,500	270,904,206	688,907,400	39.32%	16.0922
2024	252,800,758	34,404,660	287,205,418	777,189,728	36.95%	16.0922

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 Taxpayers
Most Recent Fiscal Year and Nine (9) Years Ago

Taxpayer	2024			2015		
	Taxable Value	Rank	Percentage of Total City Taxable Value ^a	Taxable Value	Rank	Percentage of Total City Taxable Value ^b
Consumers Energy	\$14,209,564	1	4.95%	\$6,899,440	5	2.84%
Cadillac Renewable Energy LLC ^c	12,921,900	2	4.50%	12,078,200	1	4.97%
AAR Cadillac Manufacturing	6,192,571	3	2.16%	4,065,400	9	1.67%
Avon Protection Systems Inc.	5,424,136	4	1.89%	7,796,500	3	3.21%
925 Frisbie Street LLC ^e	3,406,044	5	1.19%			0.00%
Piranha Hose Products Inc.	3,278,023	6	1.14%			0.00%
Store Capital LLC	2,898,833	7	1.01%			0.00%
FEDEX Ground Package Hutchinson Antivibration System	2,304,800	8	0.80%			0.00%
	2,253,712	9	0.78%			0.00%
Rexair, Inc.	2,077,080	10	0.72%	4,140,745	8	1.70%
Cadillac Casting ^d				10,969,700	2	4.51%
Paulstra CRC Corporation				7,354,811	4	3.03%
Borgwarner, Inc.				4,421,500	6	1.82%
Avon Automotive				4,270,200	7	1.76%
FIAMM Technologies, Inc.				3,464,765	10	1.43%
Totals	<u>\$54,966,663</u>		<u>19.14%</u>	<u>\$65,461,261</u>		<u>26.94%</u>

Source: City of Cadillac Treasurer's Office

^a Based on total taxable value of \$287,205,418

^b Based on total taxable value of \$242,968,883

^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 Fiscal year of Levy		Collections- Subsequent Years	Total Collections to Date ^a	
		Amount	Percent of Levy		Amount	Percentage of Levy
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%
2023	4,398,915	4,270,803	97.09%	128,113	4,398,915	100.00%
2024	4,659,301	4,537,374	97.38%	121,928	4,659,301	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	
Year	Population¹	Income	Capita	School	Unemployment	Unemployment	Civilian
		(thousands)	Personal	Enrollment³	Percentage	Percentage	Labor
			Income²		Rate⁴	Rate⁴	Force⁴
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	451,818	43,802	3,552	4.3	4.1	21,763
2023	10,315	545,519	52,886	3,532	4.3	3.9	21,891
2024	10,315	N/A	N/A	3,370	4.7	4.5	22,430

Data Sources:

¹ Bureau of the Census

² Bureau of Economic Analysis

³ School Districts

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

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

Principal Employers
Current Year and Nine (9) Years Ago

		<u>2024</u>	<u>2015</u>
<u>Employer</u>	<u>Industry Description</u>	<u>Employees</u>	<u>Employees</u>
Cadillac Area Public Schools	Elementary and Secondary Schools	250-499	250-499
Hutchinson Antivibration Systems Inc ³	Other Rubber Product Manufacturing	500-999	100-249
Akwel ⁴	Other Motor Vehicle Parts Manufacturing	250-499	250-499
Avon Protection Systems Inc	Coating, Engraving & Heat Treating Metal	250-499	250-499
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	500-999
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	100-249
Fiamm Technologies	Other Motor Vehicle Parts Manufacturing	100-249	100-249
Michigan Rubber Products Inc	Other Rubber Product Manufacturing	100-249	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	100-249
Northern Lakes Community Mental Health	Counselors-Licensed Professionals	100-249	
Real Life Living Services	Community and Home-based Care	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.