

City of Cadillac

Michigan



2006-2007 Annual Budget

City Officials

Legislative

Mayor	Ronald J. Blanchard
Mayor Pro-Tem	Gordon Baas
Councilmember	James S. Dean
Councilmember	Arthur Stevens
Councilmember	Tom Dyer

Administrative

City Manager	Peter D. Stalker
Deputy City Manager & Director of Finance	Dale M. Walker
Assistant City Manager	Precia Garland
Director of Public Safety	Jeff Hawke
Director of Public Utilities	Larry Campbell
Director of Public Works	Robert Johnson
Director of Engineering	Bruce DeWitt
City Clerk and Treasurer	Janice Nelson
City Attorney	McCurdy & Wotila, P.C.



Cadillac City Council (front row left to right):
 Councilman Gordon Baas, Councilman Tom Dyer, Mayor Ronald Blanchard,
 Councilman Arthur Stevens and Councilman James Dean.

Administrative Officials (back row left to right):
 City Attorney David McCurdy, City Manager Peter D. Stalker, Deputy City Manager/Director of
 Finance Dale M. Walker, and Janice Nelson, City Clerk/Treasurer.

City of Cadillac
City Council and Administrative Staff
2005-2006

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May 16, 2006

Dear Citizens of Cadillac:

It is my privilege to submit to the community the 2006-2007 operating budget. This budget covers the twelve months of July 1, 2006 through June 30, 2007 and as required by the State of Michigan, it is a balanced budget. Total revenues are down 2.4% from the previous year due to the fluctuation in grant revenue. The expenditure side maintains the service level even in these challenging financial times.

The City of Cadillac is working hard to provide our customers, the citizens of Cadillac, with the highest quality of service that can be provided within the constraints of the budget. Several streets will be repaved this summer and a few capital items will be purchased to maintain or upgrade our existing public infrastructure.

The planning process used at the City of Cadillac has enabled us to prepare for the fiscal year activity and stabilize our funding structure. Our capital improvement program gives us a glimpse into the future to identify and prioritize the many projects on the horizon. Our goal is to be fiscally prudent with your tax dollars.

Hopefully you will take the time to review this extensive document. The transmittal letter from the City Manager gives you a brief glimpse of the budget and the challenges facing local government. In addition, the photographs and the supplemental section will provide you with some interesting facts about this community.

As your Mayor, I am proud to present to you a comprehensive document which will give you insight into the City of Cadillac and help to identify the excellence this city is noted for throughout the State. I am honored to serve as your Mayor and trust you will work with the City Council and staff to make this a city of continuing successes.

Sincerely,

Ronald J. Blanchard

Ronald J. Blanchard
Mayor





Mission Statement

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



Beautiful hanging baskets adorn Cadillac's downtown area during the summer months.



March 31, 2006

Honorable Mayor Blanchard and City Council:

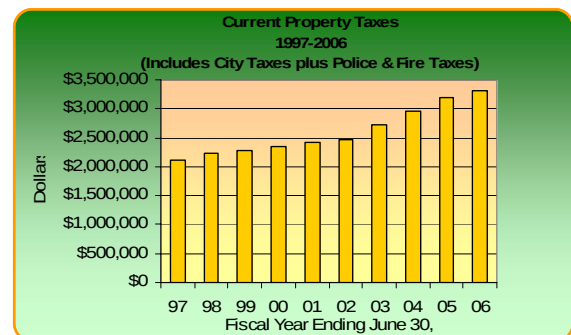
I am pleased to present the 2006-2007 Annual Operating Budget for the City of Cadillac. This budget is influenced by a number of factors, both internal and external to the organization, which are significantly restricting revenue growth. All of these variables have been taken into consideration and expenditures are allocated accordingly. Michigan's economy continues to lag the national economic recovery that has occurred over the past three years. The state economy suffered a further blow this year with the announcement of the bankruptcy of one of the most significant employers in Michigan, the Delphi Corporation. This will have a direct impact on Cadillac since a number of our local manufacturers are third tier suppliers to the auto industry.

However, the local economy in Cadillac is fairing much better than that of the State of Michigan, and we anticipate continued growth in all sectors for this coming year. It is recognized that this is an extremely delicate situation which can change quickly as a result of any number of factors which can be beyond our control. An excellent example of this was witnessed last year when Hayes Lemmerz International made the decision to close the Cadillac facility. But for a very well coordinated and concerted local effort, this facility would have closed in December 2005, resulting in the loss of over 400 direct jobs and in excess of 700 indirect jobs. This would have had a devastating impact on the local economy not only from an employment standpoint, but also due to Hayes being the largest taxpayer in the City of Cadillac, as well as the largest user of our utility services. With the identification, and subsequent sale of this facility to new owners, the operation is safeguarded for the immediate future. However, we know that we must remain ever diligent in our support of the local business community

since any one of our employers could face a similar challenge with little or not warning.

The most direct impact on the municipal revenue stream continues to be Proposal A. This state law, which was adopted in 1994, has permanently restricted local tax revenue. This legislation alone will reduce revenues to the City of Cadillac in excess of \$850,000 during this current budget year. When coupled with the Headlee Act, these two state initiatives have had, and will continue to have a significant impact on our ability to raise revenue. Additionally, the state's promise of additional state shared revenue to offset the losses in property tax revenue as a result of Proposal A has simply not occurred. We are currently being funded this year at the same rate which was received in 1998, and we anticipate no increase this year based upon the governor's proposed budget. This lack of support for local government by the State of Michigan is very troubling, especially when one realizes that any economic recovery must begin at the local level.

Cadillac is fortunate that our solid local economy will help to mitigate the impact of these various state initiatives. Those communities throughout the state that are not experiencing growth are reaching the critical point with regard to their ability to continue to provide quality municipal services, and are being forced to impose significant program reductions. The State of Michigan must take responsibility for the impact that these initiatives have on local governments and turn this acknowledgement into positive action resulting in the implementation of appropriate policies and new legislation necessary to return proper funding to local communities.



In spite of this significant decline in state support, Cadillac's local revenue stream will for the first time in many years experience growth in

revenue above the rate of inflation. A 9.1% increase is anticipated in the general fund for this fiscal year. A significant portion of this growth is the result of the need to raise the police and fire retirement millage by almost one mill as a result of poor investment performance in the retirement portfolio. Since these monies are specifically earmarked for pension costs, they will not provide additional operating dollars as one may be led to believe by simply looking at the gross increase in revenues. The other portion of this increase in revenue is the result of new construction in the community creating additional property tax revenue.

When coupled with the last three budget years, the cumulative growth rate is still well below the rate of inflation. As a result, this budget document has been developed in a conservative manner, since long-term growth rates are still anticipated to be flat when all factors are considered. This requires that we carefully analyze all municipal departments and services to ensure that only those public services that are most needed and necessary are fully funded. In keeping with this approach to budgeting, this document allows for the continuation of accreditation activities associated with various municipal operations. Specific emphasis will be placed on the Police Department's pursuit of "recognition" from CALEA (Commission on Accreditation for Law Enforcement Agencies). While this activity will not be inexpensive, it will ensure efficient and cost effective police operations for many years to come. We also are continuing discussions with surrounding governmental units in an attempt to combine resources for the provision of public services where possible. The City's utility extension policy remains a key factor in protecting our local tax base, and for the first time in many years, there are realistic discussions underway involving the provision of these services through mutually acceptable revenue sharing formulas. Public partnerships will continue to become an increasingly important tool to ensure the continuation of efficient and affordable municipal services.

The City of Cadillac has been reducing its labor force through a very controlled and coordinated manner involving an ever-increasing reliance on technology. Actual reductions in force have come through retirements and attrition, which ensures a seamless transition to the new staffing levels, while avoiding the costs

associated with unemployment payments. After many years of reductions, last year's budget held the line; however, this year will once again see the elimination of one position. This position was previously housed in the Water Department, and will be eliminated through the use of new meter reading software. However, no additional reductions in employment levels are anticipated without the recognition that significant reductions in service will go hand-in-hand with future actions in this regard.

This budget document identifies a significant level of municipal construction activity. Our philosophy has been to maintain and replace public infrastructure, even during lean times by continuing aggressive funding for capital items. In this regard, many new public works programs are identified for 2006-2007, and will be funded from a variety of sources including general tax revenues, state shared revenue, grants, and utility fees. A new program involving the installation of wireless security cameras throughout the municipal park system is identified for funding this year, which will safeguard a number of public facilities. This camera system will also allow the City Police Department to be much more efficient in its patrol activities, especially as it pertains to public property.

The City of Cadillac will also continue to invest in the organization's most important resource, that being our employees. We believe it is crucial that proper training and educational opportunities are provided to our employees, especially as reductions in employment levels are made, and the remaining staff members are required to undertake additional duties and responsibilities. Our employees are our most valued asset, and we fully support and encourage all employees to further their levels of education and training. It is interesting to note that Cadillac's senior management team is comprised of members who have all attained at a minimum a bachelor's degree, with most having a master's degree or professional license in their respective fields. This kind of professionalism is rare for an organization of our size and is an excellent comment as to the quality of our staff.

We are once again very fortunate to anticipate significant growth in the manufacturing sector of our community during this coming fiscal year. This growth will place significant demands on

the City for public services, and much activity is anticipated to be focused on grant writing necessary to assist with the proposed expansions. Last year witnessed a significant level of manufacturing growth, especially considering the economic health of the state in general, and while growth levels are not anticipated to reach those which were obtained this past year, we still are poised for very real and significant expansions this year. Our experience has been that very little growth results from the recruitment of new manufactures, and therefore our efforts have been focused on assisting existing employers with expansion activities in the community. In this vein, it is anticipated that Four Winns and Avon Protection Services will both engage in significant expansion activities this year. While Cadillac continues to be in an excellent position from a growth standpoint, again, it must be reiterated that our local industries continue to face a number of challenges on a daily basis that are well beyond the local community's control. We very clearly recognize that the loss of any manufacture in this global economy would most likely be permanent in nature, and therefore retaining the existing employment base is more important than ever.

Downtown Cadillac, as the heart of the local community, will continue to receive much attention and support during this coming fiscal year. The recently completed corridor study will now move to Phase II with directed efforts toward grant writing necessary to fund the identified improvements. Additionally, very concerted and significant retention efforts will be focused on two of our largest downtown businesses that are considering relocation outside of the core business district. This budget document includes resources necessary to assist the downtown in meeting these retention/reuse challenges. It is our continued belief that a vibrant downtown is key to the local economy, and therefore steps must continue to be taken to ensure the future vitality of this most important part of our community. Related to this are of our community are the residential neighborhoods on the east side of the downtown. The City will continue to participate in a pilot program sponsored thorough the State of Michigan entitled "Blueprints for Michigan Downtowns." This program focuses resources on the core business district and also attempts to identify and fund programs necessary to strengthen and improve core urban residential

areas. Also related to this activity is the adoption of the Courthouse Hill Historic District in 2005. Guidelines have been developed for this district, and full implementation of this program will begin during this fiscal year.

The City of Cadillac experienced unprecedented growth in the residential housing segment of the local community during the past year. New housing approved for construction for 2006 totals 653 units, of which 391 are apartments, 220 are manufactured homes and the remaining 42 units are condominiums. The City of Cadillac participated in one of these projects through the adoption of a payment in lieu of tax. All other units are market rate. This growth in housing is necessary to service the increase in the manufacturing sector of the local economy. Many efforts will continue through this coming fiscal year to assist with the implementation of these projects.

Growth management will require much attention during this coming year. The City will participate in the Lakes area Partnership, which has become the sole vehicle to discuss local growth management. Additionally, new urbanism, urban growth boundaries, annexations and Brownfield redevelopment activities are all included in this discussion. The greater Cadillac area will continue to grow, as will the city itself and this growth must be coordinated and funded appropriately. It is imperative that we continue to work with surrounding local governmental units to address these regional issues on a cooperative basis. This budget recognizes the continuation of the contract for fire services with Clam Lake Township, the assessing contract with Wexford County, and also the Youth Service Officer Program with the Cadillac Area Public Schools.

A key component of Cadillac's long-term success is associated with our ability to identify alternative funding sources. To this end, the municipal operation will continue to aggressively pursue various state and federal grant programs as they become available. Cadillac is a recognized leader in this regard, and efforts will be committed to ensure ongoing success with the procurement of these most important grant dollars. Much of the construction activity identified within this budget is possible only through the procurement of these additional funds.

This budget document also continues our effort to develop performance standards for each municipal department. Additional standards are incorporated into the text of this document, and it is our belief that the development of these standards is an important way to communicate the performance of the municipal operation to the citizenry. Limited financial resources dictate that this type of careful planning be incorporated into the municipal service delivery system. As we move forward with significant changes in the way in which municipal services are funded and ultimately delivered, accountability becomes key to the credibility of the organization. We believe that this budget document will serve as an excellent tool to maintain this credibility.

The recent identification of Eurasian water milfoil in Lake Cadillac has required the development of a funding and treatment program to address this most serious environmental concern. If left unchecked, the milfoil will quickly take over the lake, which would be disastrous for the local tourist economy. Therefore, the City of Cadillac has led a multi-collaborative effort to develop a funding and treatment program. It is anticipated that a special assessment process will be utilized during this coming fiscal year to raise all of the funds necessary to treat this invasive species. This budget identifies the City of Cadillac's anticipated contribution to this special assessment program.

The Wexford County Landfill has implemented significant increases in tipping fees over this past fiscal year. This action by the County has driven municipal solid waste removal costs up greatly, and these new costs are recognized and included in this budget. These costs must be passed on to local residents via increased user fees. It is anticipated that solid waste fees will increase approximately 30%.

The City of Cadillac is also aware of the new accounting standard commonly referred to as OPEB (Other Post Employment Benefits). This standard recognizes the funding requirements for future retiree health care costs, and will result in significant increases in fringe benefits costs for all municipal employees. While funding of this liability is not mandatory at this time, efforts will be made to fund this liability on a voluntary and partial basis moving forward.

Short-term Citywide goals are approved by City Council each year and are reviewed by each

department in an attempt to implement each goal identified. The Citywide goals where applicable have guided the formation of this budget document.

While the coming year holds clear challenges for the Cadillac community, there are also some very exciting opportunities to greatly improve our community and these will be vigorously pursued by the City staff. This budget document appropriately recognizes the related demands for services and has allotted funding accordingly. The following is a brief review of the various activities the City of Cadillac anticipates for this budget year on a fund-by-fund basis. .

Major Governmental Funds

General Fund

The General Fund is presented as a balanced budget. The proposed budget represents an increase of 9.1% over the previous fiscal year. The basic programs provided in the General Fund remain relatively constant. As stated, solid waste costs have significantly increased, thereby generating a need to increase the fees charged for this service. The rate at the start of 2005 was \$8.60 and during the fiscal year increased to \$11.78, due to the landfill cost increase. It is proposed to increase the rates 3% to cover the cost of gasoline. It is uncertain if the landfill will increase the costs and force another increase in 2007. The added voted millage for the police and fire retirement system will be increased to 2.7 mills for this fiscal year. State shared revenues are anticipated to decrease slightly. The City will continue to be plagued by the impact of various state initiatives on its revenue stream. Both the school tax reform measures and the Headlee amendment have long term consequences for all local municipalities since they are not restricted to one budget year, but will affect the revenue stream on an annual basis for many years to come. This means our local government must be very cautious with regard to the expenditure of funds and must develop conservative spending programs. As a result, no prior year's earnings are anticipated to be used for operating purposes. Salaries increase an average of three percent.

The Major Street Fund is focused on the high traffic volume streets. This activity is funded primarily from revenues generated by the State

of Michigan Gas and Weight Tax. New competitive grant programs will present an opportunity for additional funding this year. This fund also accounts for the work that the City provides to the State on a contractual basis to maintain the state trunkline system that runs through the city. A significant amount of construction will take place during the upcoming fiscal year, with over \$1 million committed to various projects in the Major Street system.

The Local Street Fund is a street system focusing on the less traveled streets, predominately the residential roadways. This fund receives a small amount of money from the State of Michigan Gas and Weight Tax, while the majority of funding is received from the General Fund or other funds. Funds are proposed to be transferred from the Major Street Fund as well. The local taxpayer will contribute \$34 per capita to maintain this infrastructure, which is up from \$28 last year. One of the City Council's ongoing goals is to pave new streets and this is being met as only about 5% of the local streets in Cadillac are gravel.

Major Proprietary Funds

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

The Water and Sewer Fund is anticipating a 3% rate increase due to inflationary costs experienced within this system. Major improvements to both the water and sewer systems are anticipated to total over \$370,000.

A State of Michigan Department of Environmental Quality District Office has been completed in the downtown Cadillac area as well. The Building Authority Operating Fund is designed to record the operation of this facility, as the city is the landlord of the property.

Non-Major Special Revenue Funds

One of the few self-supporting cemeteries in Michigan, the Cemetery Fund has to further develop a strategy for continuing to maintain self-sufficiency and improve infrastructure, while keeping rates down. This will be an ongoing challenge. The Cemetery Board has worked

hard at improving the financial stability of this fund and increased the rates in 2005. A fence project has been undertaken from donations. The cemetery is a beautiful showpiece at the entry to the City from the south. You will see in this budget a survey taken of surrounding communities which illustrates that our rates are very competitive.

Returns from interest on a UDAG grant to build the Hampton Inn are housed in the Cadillac Development Fund. Interest from these monies will be accumulated and used at the City Council's discretion for commercial development projects within the City. The City is focusing its efforts on funding the Building Inspection Fund with interest earned in fiscal year 2007.

The City Council is committed to keeping the downtown a viable and vibrant shopping area. The H.L. Green Operating Fund represents a prime example of our efforts. The City purchased a downtown commercial building, remodeled it and has since sold it on a land contract. This fund accounts for the collection of the principle and interest.

The Cadillac Building Inspection Fund is designed to segregate, at the direction of the State of Michigan, the activity of the City's Building Inspection department. Funds raised from building permit fees can be used only to finance the building inspection function.

Non-Major Debt Service Funds

These funds are used to account for the retirement of various bond issues. Eleven funds are budgeted and reflect various stages of debt retirement. The statutory debt ceiling is 10% of the taxable value and the city remains well below this level. By remaining below the debt ceiling, the city maintains flexibility in its consideration of future projects which may require the issuance of debt. Each fund has included a five year pro forma income statement to catch a glimpse of the future. The per capita debt for 2007 is \$1,062 and 6.92% of the principal will retire during the fiscal year.

Non-Major Capital Projects Funds

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

The State of Michigan has placed the designation of Certified Business Park upon a

portion of our industrial park area, and this certificate is an advantage in recruitment in the industrial sector.

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

The Special Assessment Capital Projects Fund is where the activity for summer construction projects is funded. Less than \$1 million is planned for 2006-2007 which is a significant amount of activity for one city engineer and one engineering technician.

Non-Major Proprietary Funds

Enterprise Funds

A major revenue source of the Auto Parking Fund is the parking special assessment, which will expire at the end of 2010. This assessment allows the fund to continue to meet its operating obligations of providing parking in the business district for the customers of the merchants.

Internal Service Funds

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

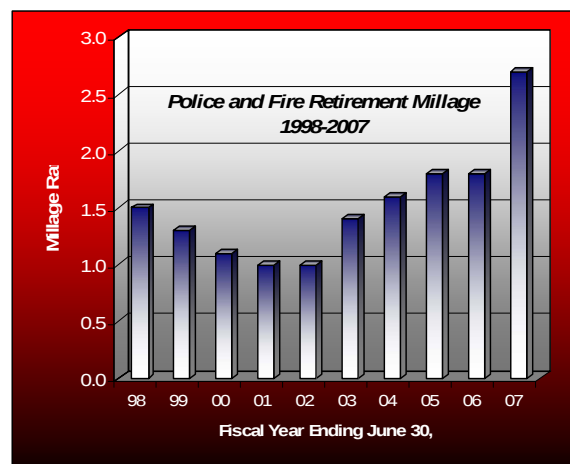
The Stores and Garage Fund is used to rent equipment to the various operating departments within the City. Internal rental rates need to be high enough to cover the purchase of new equipment. Equipment rental represents 95% of revenue to this fund. There are over 150 pieces of equipment in this fund.

The Data Processing Fund increased rates this year by an average of 1% in order to continue to upgrade our financial software with a state of the art system and not borrow any funds.

The Self-Insurance Fund provides funding for the City's health care needs. The purpose of self funding our health insurance is to control the escalation of health care costs at a time when the medical inflation rate continues to increase dramatically. Rates are being held constant in 2006-2007 while reinsurance premiums and health care claims are increasing. Claims that reach \$10,000 per family per year are covered by a reinsurance policy purchased by the City. Our goal is to provide quality health care for our employees and their dependents while at the same time keeping costs under control. Recently, comparative quotes were sought from traditional insurance companies to validate the current costs being charged to each department. This fund also maintains a small, self-funded life insurance policy for retirees.

Pension Trust Funds

The City operates one pension trust fund entitled the Police and Fire Retirement System, which is funded by a millage approved by the citizens in 1977. The millage needed for 2006-2007 is 2.7 mills. A local board of directors appointed by the City Council is responsible for the administration of this system. The millage rate was increased in 2007 due mainly to the poor performance of the stock market, and to a much lesser degree increased salaries and benefits. A small increase in the City's taxable value was not enough to offset these losses. In 1977 assets of \$100,000 were available, and as of June 30, 2005, these funds have grown to over \$5.37 million. The City contributes 27.83% as a percentage of payroll for police and 28.51% for fire.



The other retirement system offered by the City is a state-wide system entitled the Michigan Municipal Employees Retirement System (MERS). This covers all full-time City employees except for police and fire personnel. Actuarial estimates place the average cost of this system at 7.5% of annual salaries. Funding will be necessary for 2006-2007. The level of funding is still below normal costs by \$79,000 per year. The City is paying a smaller percentage of its obligation as determined by MERS due to the fund being well invested. The City is currently over-funded by 9% due to the interest earned on investments.

The City is proud that Cadillac's Finance Director Dale Walker was again elected as Chairperson of this statewide retirement system. This is the eighth consecutive year that Mr. Walker will serve in this capacity.

Non Major Permanent Funds

The Capital Projects Fund is the result of the sale of the power generating plant. The assets are to be held as an endowment.

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

Component Units

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

Major Component Unit

The Local Development Finance Authority Fund was established to record costs associated with the ground water cleanup process in the industrial park. This fund issued a \$7 million revenue bond to cover the construction costs of the cleanup facility. Captured taxes from the power plant and other new manufacturers in the industrial park enabled the City to pay off the bonds in 2005. Special assessments from benefited properties will cover the cost of operation of the facility and these costs will be accounted for in the operating fund. The special assessment was renewed for an additional five years in 2002.

Non-Major Component Units

The Local Development Finance Authority Utility Fund accounts for the costs associated with a well, which is the major water supply providing

the power plant with water as required under the development agreement that governs the project as a whole. The Downtown Development Authority Capital Projects Fund accounts for the revenue which is captured as a result of a tax increment financing plan, which allows for the capture of tax dollars resulting from increased value of the downtown area. This fund is separated to cover the various construction and improvement projects identified by the DDA board. Providing a strong commitment to the downtown area continues to be a major goal of the City and this is reflected through reinvestment in the downtown as illustrated through this tax plan. The Cadillac Brownfield Redevelopment Authority was established in 1996 and was the first in the State of Michigan. It is designed to redevelop previously environmentally contaminated sites. This is an economic tool used to reinvest in local communities and avoid urban sprawl.

I would like to thank the City Council for its cooperation in working with staff to finalize a workable and realistic 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 efforts committed to the development of the budget document by all parties, staff and council alike are greatly appreciated and I believe this document fairly and accurately reflects revenues and expenditures for the fiscal year 2007. It is a budget which, especially when one considers the difficulties presented to us by state and federal mandates, does an excellent job of continuing to serve the needs of our community. Extremely tough decisions have been made with regard to the prioritization of city services, but not before they were painstakingly researched and analyzed. The end result should be a utilization of scarce resources in the most efficient manner.

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

- ◆ **Tree City Award** goes to only those communities which meet strict standards for forestry management. Receiving this award for the twenty first year in a row clearly

illustrates our commitment to this most important natural resource.

- ♦ **Award for Distinguished Budget Presentation** has been presented to the City of Cadillac for twenty-one 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, 2005. In order to receive this award, a governmental unit must publish a budget that meets program criteria as a policy document, as an operational guide, as a financial plan and as a communications medium. We believe our current budget continues to conform to this high standard and we are submitting this year's document to be considered for another award.
- ♦ The Government Finance Officers Association of the United States and Canada presented the City of Cadillac with a **Certificate of Achievement for Excellence in Financial Reporting**. This award has been received twenty years in a row, reflecting our sincere effort to provide accurate and complete financial data.
- ♦ Since the inception of the Michigan Municipal League's Achievement Award program, the City of Cadillac has received 5 first place awards, the most of any city in Michigan. These awards confirm the City's commitment to excellence and creativity in service delivery.

This budget is prepared and formulated in accordance with State of Michigan guidelines and the City of Cadillac charter requirements. It also conforms to generally accepted accounting principles. There are four columns: one describes the latest audit figures; the next reflects unaudited anticipated activity for the current fiscal year; the third column is the current approved budget; and the final column is the proposed budget. These four columns, along with the fund balance descriptions are required by P. A. 621, of the State of Michigan Budgeting and Accounting Act. At the conclusion of each fund, a projection of the City's financial position at year end is given. Following the transmittal letter, the specific calculations of tax limitations that Michigan voters have approved and are required of every municipality are shown. The budget also conforms to the Governmental Accounting Standards Board Statement 34, which indicates the budget reflects the accounting activities. The budget document is

available for public inspection at the City Clerk's office and at the public library.

With the receipt of this proposed budget for the 2006-2007 fiscal year, the City Council begins its responsibility of examining the administration's proposals and its eventual approval of the document, which will set the pattern for all municipal services and programs. It is recommended that the Council adopt the final budget and set the tax levy authorization by the last council meeting in May. This budget will take effect on July 1, 2006 and run through June 30, 2007.

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

Respectfully submitted,



Peter D. Stalker,
City Manager



Short Term Goals

General

- Goal: **Codify city code book.**
Objective: Ensure all city codes and ordinances are reflected properly.
Strategy: City Manager and City Clerk.
Status: Seek RFP for consulting services.
- Goal: **Wireless citywide infrastructure.**
Objective: Review use of technology in security issues.
Strategy: City Manager and Public Safety Director.
Status: New Goal.
- Goal: **Upgrade nuisance code.**
Objective: Expand efforts on condemned houses.
Strategy: City Manager and Building Inspector.
Status: New Goal.
- Goal: **Upgrade weed ordinance.**
Objective: Review ordinance and enforcement.
Strategy: City Manager and Public Works Director.
Status: New Goal.
- Goal: **Participate with Wexford County on landfill issues.**
Objective: Work towards adoption of a viable solid waste plan.
Strategy: City Manager and Public Works Director.
Status: New Goal.
- Goal: **Explore affordable single and or multi-family housing.**
Objective: Continued growth as a community. Provide incentives and explore options.
Strategy: City Manager and City Council will make determination.
Status: The City Continues to work with local agencies to develop interest in the housing market in Cadillac. City has administered a \$200,000 rental grant program and a Cadillac area needs assessment has reviewed and documented our housing needs. The City Council has approved Payment in Lieu of Taxes (PILOT) for Northland Meadow Apts. (99 units) on 41 Road. Housing activity through October of 2005: Sunnyside Estates Apartment Project, Davidson Estates PUD, Red Pine Village Manufactured Home Park, White Pine Village, Northland Meadow Apartments, Lake Street Condominiums, Forest Edge Apartments, Habitat for Humanity, NMHSA for single family housing. Begin focus on new single family sub-division.
- Goal: **Explore accreditation of municipal departments.**
Objective: Increase efficiency and quality of services delivered.
Strategy: City Manager and various department heads will discuss issue.
Status: The City desires to elevate the departments to the next level of excellence with a benchmark for operations. Police have begun the accreditation process. Fire has completed operational analysis which is the first step towards accreditation.



Short Term Goals

Financial

- Goal: **Analyze fee structure of various municipal services.**
Objective: Revise current fees for applicability. Consider new fees where appropriate.
Strategy: City Manager and Director of Finance.
Status: Fees are being reviewed. Utility fees are reviewed and established annually. Building Inspection fees were increased in 2005.
- Goal: **Interactive Web Site.**
Objective: Provide information on the web and allow citizens to access public services electronically.
Strategy: Director of Finance.
Status: Web site is active and public can access much information. New software is being considered to allow paying of utilities and property taxes on-line. Council agenda items to be placed on web in 2005.
- Goal: **LDFA special assessment renewal.**
Objective: Begin developing a five year special assessment roll for the industrial sector and groundwater cleanup.
Strategy: Assistant City Manager.
Status: New goal.

Short Term Goals

Community Development

- Goal: **Five year progress report and Citizen survey.**
Objective: Review the various major projects accomplished and ask the citizens about their views and opinions on various subjects.
Strategy: City Manager and Assistant City Manager.
Status: New goal.
- Goal: **Lease Cadillac Community Center.**
Objective: Market space to non-profit organizations. Full utilization of the center is necessary to maintain its viability as a self-supporting operation.
Strategy: City Manager and Assistant City Manager.
Status: Footlitters added as a tenant in 05. Approximately 4,000 sq feet is still available for lease.



Long Term Goals

Public Works

- Goal: **Continue efforts to hard surface all of the City Streets and resurface them as needed.**
Objective: Continue to annually schedule streets for resurfacing as needed. Upgrade all existing gravel streets to hard surface.
Strategy: List of streets for resurfacing through a priority rating as funds are available.
Status: Capital Improvement Budget lists the following streets for improvement in 2006: North Boulevard, Chestnut, Pine, Park, Shelby, West Garfield, Nelson, South Garfield.
- Goal: **Maintain Geographic Information System.**
Objective: Computerized the city maps for engineering, assessing, police, fire, and utilities. Integrate new software with GIS, Excel, and Census programs to provide one source of customer data warehousing.
Strategy: City Manager.
Status: Contract employee has been entering data and utility information with the aid of our GPS equipment. Review status of project and develop a maintenance plan. Aerial maps were taken in the spring of 2005. Web access to photos is being developed and should be ready in 2006.
- Goal: **Study privatization alternatives in all departments.**
Objective: Study new methods of contracting out services to see if cost savings and service improvements can be realized.
Strategy: City Manager.
Status: Ongoing goal which requires privatization alternatives to be explored when feasible. In the past a review of forestry, parks, janitorial, building assessing, dispatching, weed cutting, and payroll have been done
- Goal: **Upgrade the street signs throughout the City.**
Objective: Signs at each intersection should be upgraded to blend with the "way finding" signs currently used for directions.
Strategy: Public Works Director.
Status: A three to five year project that could enhance the neighborhoods.



Long Term Goals

Utilities

- Goal: **Improve the quality of water delivered.**
Objective: Upgrade water quality control measures and exceed state and federal regulations.
Strategy: Utilities Director.
Status: Through Cadillac's Capital Improvement Program over 70% of the old four inch cast iron water main has been replaced. By the end of our current CIP budget we should have most of this task completed. Water quality complaints have dropped consistently from areas where water mains have been replaced. In addition to main replacement, Cadillac is phasing the development of additional well locations as scheduled in our CIP budget. Phase I is scheduled for completion this fall.
- Goal: **Expand services for water and wastewater throughout the City.**
Objective: Determine the areas needing new or upgraded systems.
Strategy: Utilities Director.
Status: Continue to require developers to pay for expansion of water and wastewater systems as new service areas annex to the City. Seek grants for infrastructure improvements in industrial growth areas. Study existing services and plan growth to prevent duplication of services. Complete Phase II of the Potvin Industrial Park.
- Goal: **Implementation of Wellhead Protection Program.**
Objective: Plan, design, and develop future water sources for Cadillac. Land availability and hydrogeology must be explored to list potential locations.
Strategy: Utilities Director.
Status: Brochures, placemats and educational items have been prepared. Scheduling meetings with local groups for WHP presentations are in progress. Phase I of new well development process is being completed. Phase II is in current budget.
- Goal: **Monitor water quality of Lake Cadillac.**
Objective: Study possible alternatives to monitor and maintain water quality in a precious resource.
Strategy: Utilities Director.
Status: Lake Cadillac Association has recently formed for the purpose of defining needs and recommendations for lake environment. Continue to secure funding and consultants to assist in this project as well as city participation in project.
- Goal: **Develop storm water diversion project.**
Objective: Study possible alternatives to diverting the storm water run off into Lake Cadillac.
Strategy: Utilities Director.
Status: New goal.



Long Term Goals

Community Development

- Goal: **Continue to support and encourage efforts to increase downtown development revitalization.**
- Objective: Staged improvements to the public right-of-way and similar initiatives to encourage private reinvestment in downtown Cadillac.
- Strategy: DDA Director, City Manager, and City Council.
- Status: During 2004 one new façade improvement loan was completed; another was completed in 2005. An elevator grant was approved for Lakeside Condominiums, which broke ground in 2005. Streetscape improvements were completed on Harris and South Streets in 2004. The Mitchell Street Corridor Study also concluded in 2004 and efforts are now underway to implement its recommendations beginning in 2007. Continuing participation in the Cool Cities Initiative is also anticipated, marketing/feasibility study regarding 100 East Chapin Street (MDOT Building) will kick off in late 2005.
-
- Goal: **Continue to focus efforts on public education of City operations.**
- Objective: Write articles for community newsletter and develop speaker's bureau of staff members.
- Strategy: City Manager, Department Heads, and City Council.
- Status: City staff has been engaging in numerous activities including routine appearances at Rise-Up Cadillac, Business After-Five, Talk of the Town, Community Newsletter, and TV-2 Community Affairs. Additionally, the City has also been extremely active with regard to the Cadillac Area Leadership Program sponsored by the Chamber of Commerce. Focus on community based presentations enhanced by technological resources continues such as the "State of the City" .Web based information and forms will be available in 2006. .
-
- Goal: **Continue to develop relations with Wexford County and the surrounding townships.**
- Objective: Discuss local common issues of concern regarding area development.
- Strategy: City Manager and City Council.
- Status: Discussions continue with the County regarding a number of topics including, but not limited to Urban Growth Boundaries, Recreation Planning, and General Land Use topics. Equitable funding of community services must be a focus of all discussions, including the extension of utilities. Assessing contract was renewed with the County. Participation in the Lakes Area Partnership is a new initiative for 2004.



Long Term Goals

Community Development

- Goal:** **New Urbanism for neighborhoods.**
- Objective:** Develop plans to improve neighborhoods and eliminate urban sprawl. Carry out intervention buying on certain key properties toward conversion to single family. Promote home improvement lending to raise exterior standards. Coordinate street improvements where necessary along with housing actions. Pursue a program to convert underutilized upper floor commercial space to high quality residential use. Carry out a set of improvements that enhance Mitchell Street as a pedestrian friendly retail environment.
- Strategy:** City Manager, DDA Director, and Community Development Coordinator.
- Status:** Maintain utility extension policy. Focus efforts on review of city codes to allow for additional flexibility for development of properties. The Courthouse Hill Historic District was established in 2005, designed to preserve and improve that neighborhood. Efforts are continuing in association with the Neighborhoods of Choice program.
-
- Goal:** **Improve blighted areas left by abandoned gas stations, industrial sites, and nonconforming structures in the commercial area.**
- Objective:** Develop plans to improve these areas using various funding sources. Work with the Brownfield Redevelopment Authority. Improve the southern entrance into the City. Add old city landfill to Brownfield plan.
- Strategy:** City Manager.
- Status:** Efforts to coordinate Brownfield incentives is associated with redevelopment of the Harris Milling property are underway.
-
- Goal:** **Improve recreational offerings.**
- Objective:** Focus on trail development. Continue participation with county and schools on YMCA coordination.
- Strategy:** City Manager.
- Status:** Continue effort on Clam River Greenway development and implementation of the third phase. A TEA-21 grant has been submitted to fund a major portion of the Phase 3 project. Phase 2 of the Skate Park will include writing a grant for new equipment at a cost of \$7,000. Consider developing a drop off lane at the skate park. Encourage a county wide recreation program. Disc Golf course has been completed, along with White Pine Rail and Rotary Beach House, and Kenwood Boat Launch. Rotary boardwalk project also was completed in 2005.

Long Term Goals

Public Safety

- Goal:** **Improve training for all public safety personnel.**
- Objective:** Provide local training site for more realistic training.
- Strategy:** Public Safety Director.
- Status:** Railing, hatch, and membrane added to the roof. Dual TV system added to classroom for video training. Interior of shooting house re-worked and modified. Continue to focus on improvements such as electric to the tower. The training tower is scheduled for paint and water seal during Sept. 05



Long Term Goals

Public Safety

Goal: Operational analysis of the department.
Objective: Improve efficiency and quality of services delivered.
Strategy: Public Safety Director and City Manager.
Status: Analysis by consultant completed. Implementation of recommendations is on-going. The most recent recommendation implemented was the combining of rescue functions on the new engine. The majority of recommendations have been implemented with others as ongoing.

Goal: Improve training for city-wide personnel.
Objective: Provide local training in key issues such as diversity, sensitivity, sexual harassment, workplace violence, customer service, and so on.
Strategy: Public Safety Director.
Status: Past training efforts have included workplace violence in 2003 and customer service and back strains in 2004. Ethics training for city employees completed May 2005. Upcoming topics for consideration include diversity and workplace harassment refresher. Diversity and workplace harassment scheduled for Nov 05 with emergency management to follow.

Long Term Goals

Primary Jobs

Goal: Encourage and promote expansion of existing and new industrial facilities.
Objective: Promote the many advantages that the City possesses and in turn the benefit to the local community of the industrial base. Provide industrial park space as necessary to enable industrial expansion.
Strategy: Advertising, grant writing, committees and working with existing companies to meet their needs. City Manager, City Engineer, and Utilities Director.
Status: The City of Cadillac continues to work closely with the Cadillac Industrial Fund. This is an ongoing effort, which requires the continued development of the City's infrastructure base. The first phase of the James E. Potvin Industrial Park has been completed. Sites are being marketed nationally on www.misitenet.org in conjunction with the Michigan Economic Development Corporation. Implement new certified business park program along with new marketing efforts with the Industrial Fund. A spec building was completed and significant grant activity has been undertaken with industry including new projects with AAR, Four Winns, Hayes Lemmerz, Avon, and Piranha.



Long Term Goals

Financial Planning

Goal: **Annexation.**

Objective: Accept petitions to annex into the City. Consider Act 425 agreements only when land stays in the City upon termination of agreement as allowed by the law. Safeguard financial integrity of the City by recapturing equity in taxation.

Strategy: City Manager and City Council.

Status: Over 200 acres of land added to the City in the past three years. New P.A. 425 agreement is in the initial stages of discussion.

Goal: **Maintain General Fund Balance.**

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

Strategy: City Manager and Director of Finance.

Status: Maintain the working capital portion of the fund balance at 15% of the operating expenditures. 2004 was at 16% and 2005 is estimated to be 15%.

The Cadillac City Council discussed this list of short term and long term goals on November 7, 2005. This list of goals was adopted by the Cadillac City Council on November 21, 2005.

**City of Cadillac
Truth-In-Assessing**

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

2006 Assessed Taxable Value	\$238,026,370		
2006 State Equalized Taxable Value	\$238,026,370		
Difference	<u>\$0</u>		
	<u>\$238,026,370</u>	equals	1.0000
	\$238,026,370		

**City of Cadillac
Truth-In-Taxation**

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

Base Tax Rate = Previous Year		x	<u>2005 Total Taxable Value Minus 2006 Losses Taxable Value</u>			
			<u>2006 Total Taxable Value Minus 2006 Additions Taxable Value</u>			
Millage Rate						
13.9473	x		\$229,650,675	minus	\$6,593,133	
			\$238,026,370	minus	\$10,849,557	
13.9473	x		<u>\$223,057,542</u>			
			\$227,176,813			
13.9473	x		0.9819 (Base Tax Rate Factor)	=	13.6944	
15 mills is the base tax rate and charter maximum						
\$223,057,542	x	13.9473	\$3,111,050.46			
\$227,176,813	x	13.6944	\$3,111,050.15			
\$223,057,542	x	13.9473	\$3,111,050.46			
\$227,176,813	x	13.9473	<u>\$3,168,503.16</u>			
Net			<u>\$57,452.71</u>			

City of Cadillac Headlee Amendment

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

The current 2006 taxable value is \$230,020,370, of which \$10,849,557 is the net value of new construction. After subtracting the net value of new construction, the Constitutional formula will further affect the City's millage rates only if last year's total taxable valuation is increased by an amount greater than the consumer price index (CPI), which for this fiscal year is 1.033%. The CPI is established by the State of Michigan. Based upon current estimates, the tax limitation formula will result in an adjustment of the tax rates for the fiscal year of 2006-2007 as shown below:

2005 Taxable Value	\$229,650,675	
Less: Losses	<u>\$6,593,133</u>	
Net		\$223,057,542
Times the Consumer Price Index		<u>1.033%</u>
Ceiling		\$230,418,441
2006 Taxable Value	\$238,026,370	
Less - Additions	<u>\$10,849,557</u>	
2005 Adjusted Value		<u>\$227,176,813</u>
Millage Reduction Factor (MRF)	Ceiling divided by adjusted value	1.0143
Current Millage Rate		<u>13.9473</u>
New Millage Rate as a result of the Headlee Amendment Rollback		<u><u>13.9473</u></u>

The Headlee Millage Rollback is not a factor this year.

City of Cadillac
Budget Appropriations Ordinance
Number 2006-09
July 1, 2006 - June 30, 2007

BE IT RESOLVED, the expenditures for the fiscal year commencing July 1, 2006 and ending June 30, 2007, are hereby appropriated on a departmental and activity total basis as follows:

General Fund	
Legislative	\$64,700
City Manager	\$160,700
Administrative Services	\$103,300
Elections	\$7,500
Finance	\$222,900
City Assessor	\$173,500
City Attorney	\$82,600
City Clerk/Treasurer	\$256,900
City Engineer	\$187,600
City Complex	\$390,800
Police	\$1,920,300
Fire	\$1,144,700
Public Works	\$844,300
Culture and Recreation	\$339,400
Economic Development and Assistance	\$35,100
Intergovernmental	\$339,200
Other	\$484,300
Total Expenditures	\$6,757,800

AND BE IT FURTHER RESOLVED, revenues for the 2006-2007 fiscal year are estimated as follows:

General Fund	
Taxes	\$4,174,200
Licenses & Permits	\$1,300
Intergovernmental	\$1,286,400
Charges for Services	\$597,800
Fines & Forfeits	\$33,000
Miscellaneous	\$307,400
Other Financing Sources	\$360,200
Total Revenues	\$6,760,300

City of Cadillac
Budget Appropriations Ordinance
Number 2006-09
July 1, 2006 - June 30, 2007

AND BE IT FURTHER RESOLVED, the City Council hereby approves budgets for the period of July 1, 2006 through June 30, 2007 for the following funds in the amounts set forth below:

Major Street Fund	\$1,552,400
Local Street Fund	\$684,700
Cemetery Operating Fund	\$99,400
Community Development Fund	\$51,400
H.L. Green Operating Fund	\$32,800
Clam River Greenway Fund	\$267,400
Cadillac Building Inspection Fund	\$96,900
Naval Reserve Fund	\$29,000
Cadillac Development Fund	\$35,000
Milfoil Eradication Fund	\$109,000
1992 Special Assessment Debt Retirement	\$68,800
1993 Special Assessment Debt Retirement	\$41,300
1996 Special Assessment Debt Retirement	\$36,300
1997 Special Assessment Debt Retirement	\$133,100
2000 Special Assessment Debt Retirement	\$39,000
2002 Special Assessment Debt Retirement	\$168,800
2004 General Obligation Capital Improvement Bond	\$87,900
1997 Building Authority Debt Retirement	\$29,700
1996 Michigan Transportation Debt Retirement	\$26,400
1997 Michigan Transportation Debt Retirement	\$17,600
2000 Michigan Transportation Debt Retirement	\$33,100
Industrial Park Fund	\$39,500
Special Assessment Capital Projects Fund	\$1,035,300
Auto Parking Fund	\$50,500
Water & Sewer Fund	\$3,557,600
Building Authority Operating Fund	\$199,100
Central Stores & Municipal Garage Fund	\$616,100
Data Processing Fund	\$304,800
Self-Insurance Fund	\$1,014,600
Employee Safety Fund	\$6,000
Cemetery Perpetual Care Fund	\$35,000
Police & Fire Retirement System	\$700,000
Capital Projects Fund	\$5,000
Downtown Development Authority Operating Fund	\$42,500
Downtown Development Authority Capital Projects Fund	\$105,500
Local Development Finance Authority Operating Fund	\$271,950
Local Development Finance Authority Utility Fund	\$19,100
Brownfield Redevelopment Authority Operating	\$29,800

City of Cadillac
Budget Appropriations Ordinance
Number 2006-09
July 1, 2006 - June 30, 2007

AND BE IT FURTHER RESOLVED, that the City Council does hereby levy a tax of 13.9473 mills, for the period of July 1, 2006 through June 30, 2007, on all real and personal taxable property in the City of Cadillac, according to the valuation of the same. This tax is levied for the purpose of defraying the general expense and liability of the City of Cadillac and is levied pursuant to Section 20.6, Article 20 of the Charter of the City of Cadillac. The maximum authorized levy according to the City Charter is 15.00 mills.

AND BE IT FURTHER RESOLVED, that the City Council does hereby levy a tax of 2.70 mills, for the period of July 1, 2006 through June 30, 2007, on all real and personal taxable property in the City of Cadillac, according to the valuation of the same. This tax is levied for the purpose of defraying the cost of supporting the retirement plan for personnel of the police and fire departments of the City of Cadillac pursuant to the provisions of Act 345 of the Public Acts of 1937, as amended, as approved by a vote of the citizens of Cadillac on November 8, 1977.

AND BE IT FURTHER RESOLVED, that the City Council does hereby levy a tax of 1.9548 mills, for the period of July 1, 2006 through June 30, 2007, on all real and personal taxable property in the City of Cadillac, according to the valuation of the same in a district known as the Downtown Development District. This tax is levied for the purpose of defraying the cost of the Downtown Development Authority.

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

City of Cadillac
Budget Appropriations Ordinance
Number 2006-09
July 1, 2006 - June 30, 2007

THE CITY OF CADILLAC ORDAINS:

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

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

WHEREAS, the City Manager of the City of Cadillac did on the 31st day of March, 2006, prepare and furnish to the City Council of the City of Cadillac a City Budget for the period of July 1, 2006 through June 30, 2007, as provided for in Article 10 of the City Charter, which budget was duly signed by the City Manager and is now on file;

NOW, THEREFORE, the City Council hereby approves the City Budget containing the appropriations and levy of taxes for the period of July 1, 2006 through June 30, 2007 and all sums be paid into the several funds to which they belong.

Motion to accept ordinance Number 2006-09 was made by Councilmember Dyer and seconded by Councilmember Dean.

Ayes: Mayor Blanchard, Councilman Baas, Dean, Dyer, Stevens

Nays: None

Absent: None

This ordinance shall take effect July 1, 2006.

Dated at Cadillac, Michigan this 15th day of May, 2006.

City of Cadillac Funds Formation within the City

With the implementation of GASB 34, the funds structure for the City of Cadillac has undergone a bit of a facelift. The underlying structure remains the same, but a lot of the focus has shifted from fund types to major and nonmajor funds. Major funds represent the significant activities of the City and basically include any fund whose revenues or expenditures, excluding other financing sources and uses, constitute more than 10% of the revenues or expenditures of the appropriated budget. The breakdown of the City's fund structure is as follows:

Major Governmental Funds

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources. The budgeting and accounting for Governmental Funds are recorded on a modified accrual basis. The main operating fund for the City of Cadillac, the **General Fund** is a major fund of the City and is used to account for the resources devoted to funding services traditionally associated with local government. It has some limited interaction with a majority of the other funds. The **Major Street Fund** and **Local Street Fund**, the City's two major Special Revenue funds, are used to account for the activity of the streets designated by the State of Michigan and to record construction and maintenance of these City streets.

Major Proprietary Funds

Account for the acquisition, operation and maintenance of government facilities and services which are entirely self-supported by user charges. The City of Cadillac incorporates both Enterprise Funds and Internal Service Funds into its processes. The major funds of this type include the **Water and Sewer Fund**, which provides water and sewer utility services to the City's nearly 3,500 water and sewer customers, as well as the **Cadillac Building Authority Operating Fund**, which was formed to account for the rental of the Michigan DEQ building. Proprietary funds are both budgeted and accounted for on a full accrual basis.

Nonmajor Special Revenue Funds

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

Nonmajor Debt Service Funds

Used to account for the accumulation of resources for, and the repayment of general long-term debt, interest and related costs. Budgeted and accounted for on a modified accrual basis. Funds include: 1992 Special Assessment Debt Retirement Fund, 1993 Special Assessment Debt Retirement Fund, 1996 Special Assessment Debt Retirement Fund, 1997 Special Assessment Debt Retirement Fund, 2000 Special Assessment Debt Retirement Fund, 2002 Special Assessment Debt Retirement Fund, 2004 General Obligation Capital Improvement Debt Retirement, 1997 Building Authority Debt Retirement Fund, 1996 Michigan Transportation Fund Debt Retirement Fund, 1997 Michigan Transportation Fund Debt Retirement Fund, and 2000 Michigan Transportation Fund Debt Retirement Fund.

Nonmajor Capital Projects Funds

Used to account for financial resources to be used for the acquisition or construction of major capital facilities. Funds include: Industrial Park Fund and the Special Assessments Capital Projects Fund. These funds are budgeted and accounted for on a modified accrual basis.

Nonmajor Permanent Funds

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

Nonmajor Proprietary Funds

Account for the acquisition, operation and maintenance of government facilities and services which are entirely self-supported by user charges. The Auto Parking System Fund is the City's only nonmajor proprietary fund, and is budgeted and accounted for on a full accrual basis.

City of Cadillac Funds Formation within the City (Continued)

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, Data Processing Fund, Self-Insurance Fund and Safety Fund. These funds are budgeted and accounted for using a full accrual basis.

Pension Trust Funds

Account for assets of the Police and Fire Retirement System Fund, which is a pension plan held in trust for members and beneficiaries.

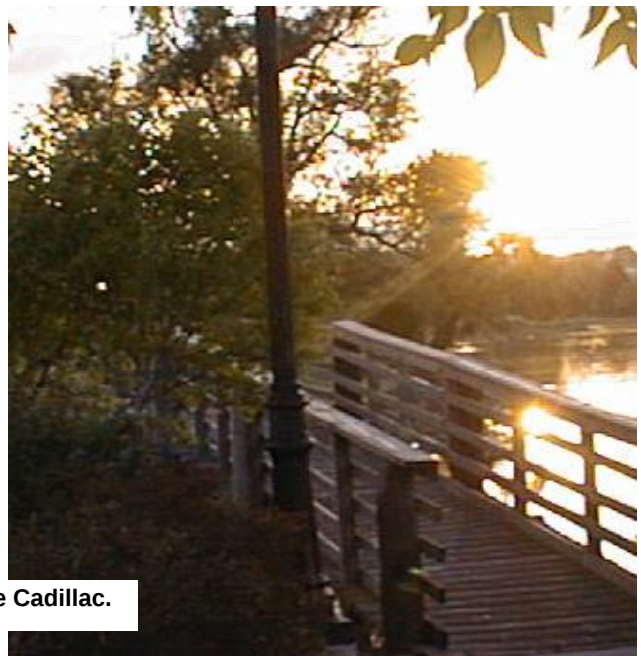
Major Component Unit Funds

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

Nonmajor Component Unit Funds

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

The City's annual audit contains a few funds for which no funds are appropriated and therefore are not included in this document. These funds for the most part represent grant funds which are temporary in nature and short in duration, making budgeting impossible. The City of Cadillac's audit document for the fiscal year ended June 30, 2005 the Rental Rehabilitation Grant Fund, which were all grant funds that are not included for appropriation in this document. The 2005 audit also included the Mitchell Corporation Bankruptcy Fund, a special revenue fund that is holding some funds pending a bankruptcy.



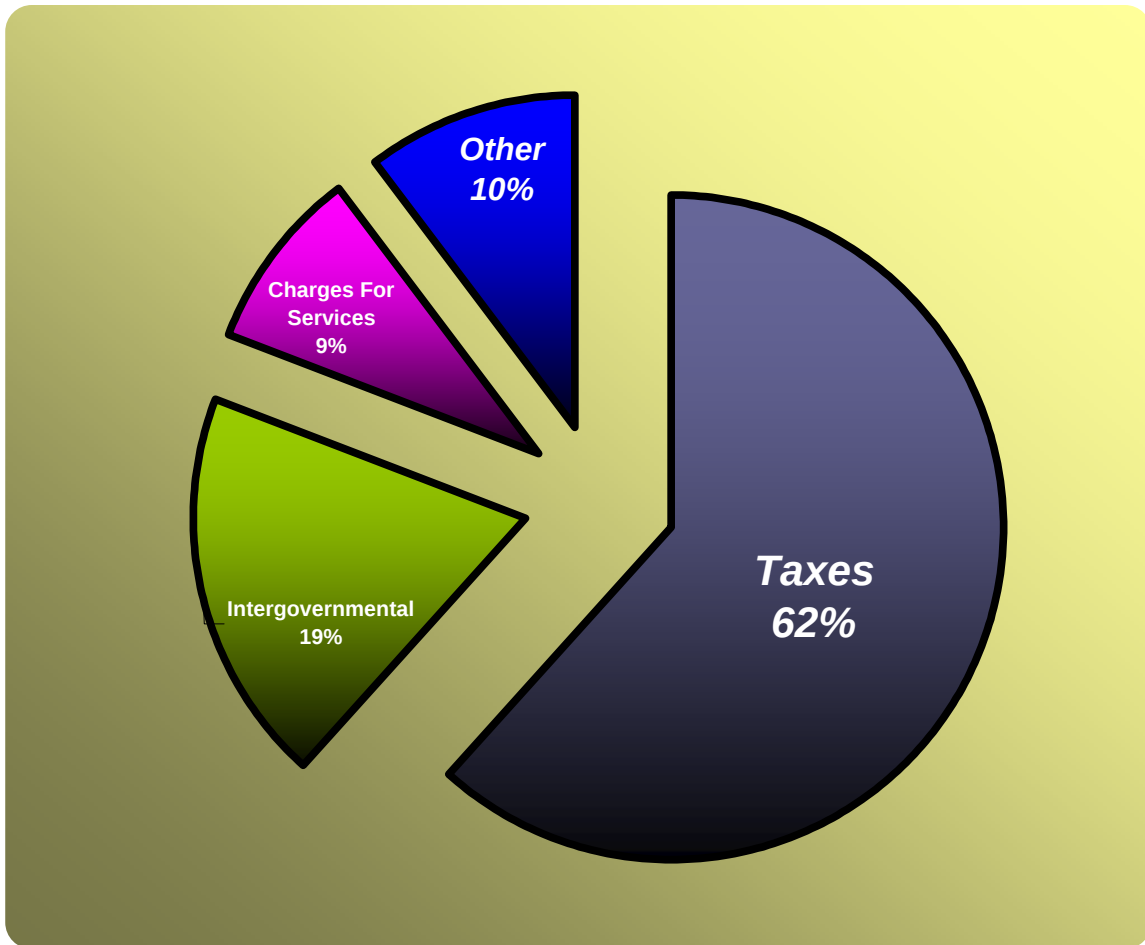
Early morning at Lake Cadillac.

City of Cadillac

General Fund

Revenues

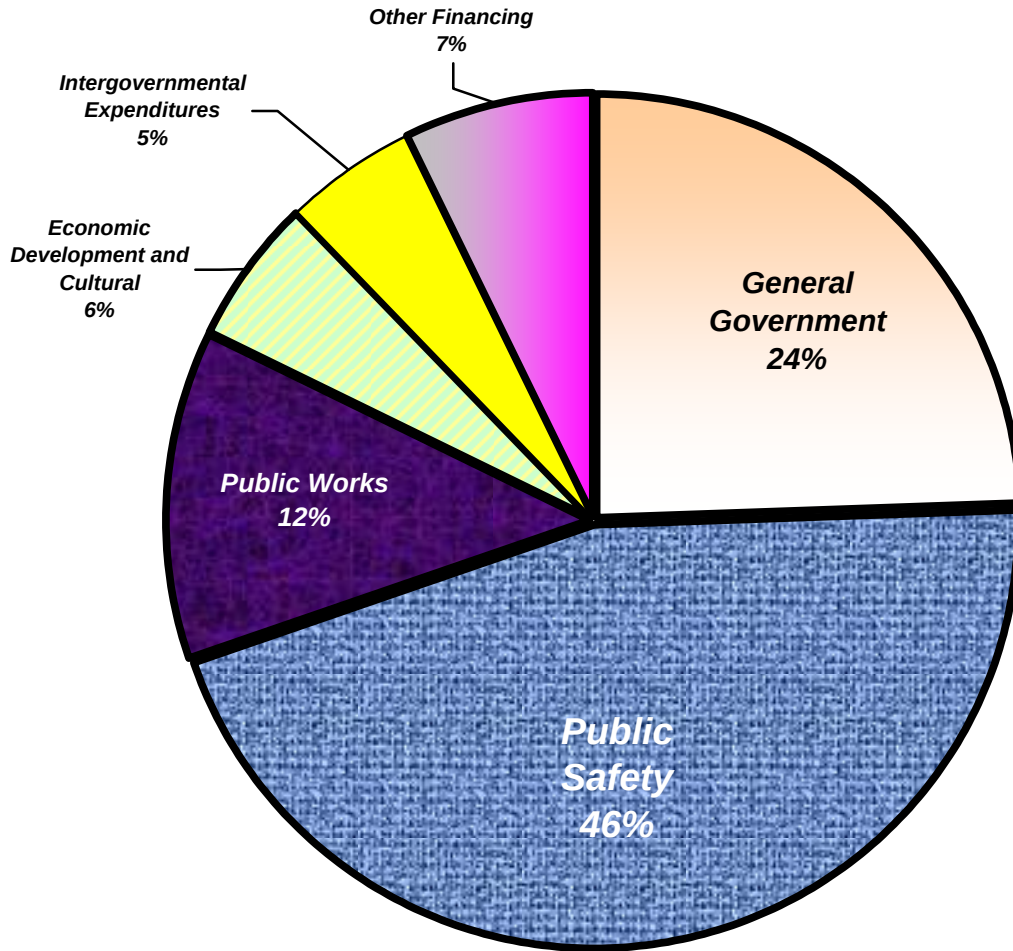
2006-2007



Taxes	\$4,174,200
Intergovernmental	\$1,286,400
Charges For Services	\$597,800
Other	
Fines and Forfeits	\$33,000
Miscellaneous	\$307,400
Other Financing Sources	\$360,200
Licenses	\$1,300
Total Other	<u>\$701,900</u>
Total	<u><u>\$6,760,300</u></u>

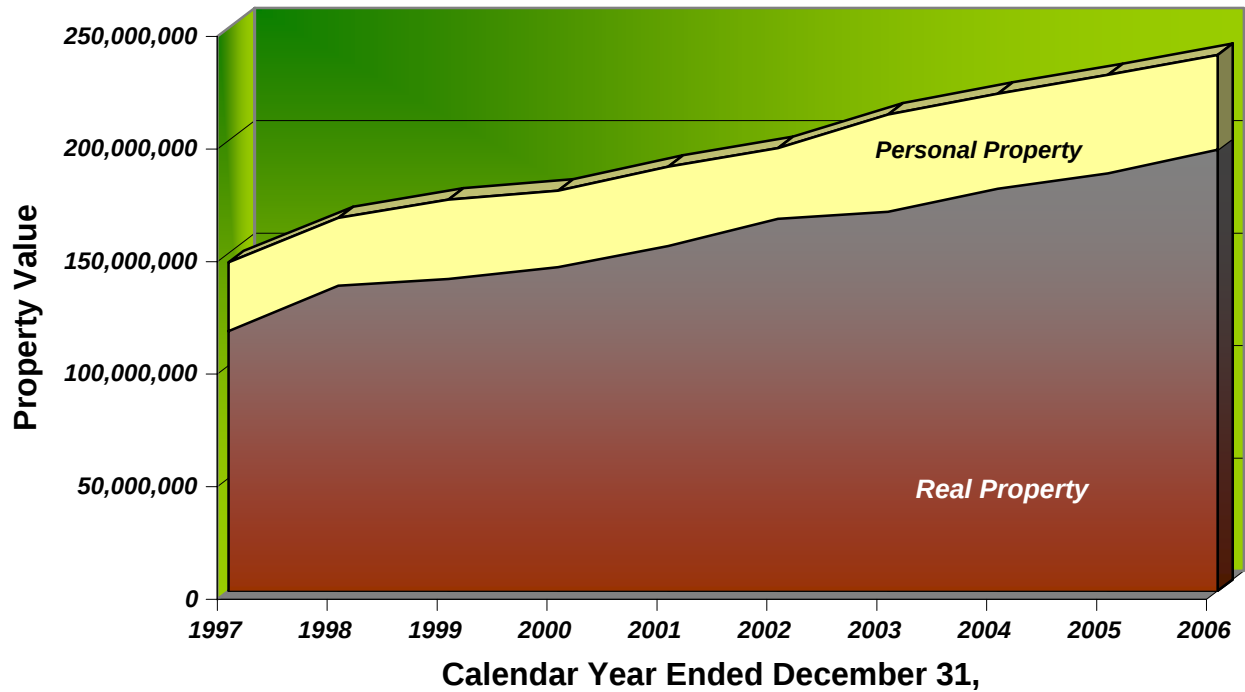
City of Cadillac

General Fund
Expenditures
2006-2007



General Government	\$1,650,500
Public Safety	\$3,065,000
Public Works	\$844,300
Economic Development and Cultural	\$374,500
Intergovernmental Expenditures	\$339,200
Other Financing	\$484,300
Total Expenditures	<u><u>\$6,757,800</u></u>

City of Cadillac
Property Valuations
Ad Valorem
1997-2006



Fiscal Years Beginning July 1,	Ad Valorem		Taxable Values Total	L.D.F.A.		D.D.A.	
	Real	Personal		Real	Personal	Real	Personal
1997	115,268,550	30,634,316	\$145,902,866	17,661,400	359,720		
1998	135,500,000	30,100,000	\$165,600,000	17,200,000	300,000		
1999	138,456,334	35,290,222	\$173,746,556	16,860,000	317,250	9,977,977	3,263,400
2000	143,791,718	33,979,991	\$177,771,709	17,696,957	88,143	10,096,679	3,182,541
2001	153,053,692	35,377,232	\$188,430,924	17,843,045	346,500	10,635,048	3,582,600
2002	165,243,210	31,372,200	\$196,615,410	18,488,034	292,900	11,313,659	3,006,300
2003	168,351,258	43,240,100	\$211,591,358	14,385,596	371,300	11,192,536	4,227,200
2004	178,542,129	42,307,800	\$220,849,929	14,210,509	389,200	11,819,712	4,057,100
2005	185,450,903	43,661,600	\$229,112,503	2,682,618	539,200	12,366,023	3,432,800
2006	195,877,870	42,148,500	\$238,026,370	1,306,548	656,070	12,706,950	3,288,200

(1) The Citizens of Michigan passed the School Tax Reform Act and the taxable value is the new number which the millage is multiplied against.

(2) The Local Development Finance Authority (L.D.F.A.) captures the value and it goes directly to the L.D.F.A. Fund.
 In 2005 the capture of funds has expired and values reverts to the ad valorem tax roll.

City of Cadillac

Average Tax Bill
1996-2005

The average taxable value for an average home in Cadillac in 2006-2007 will be approximately \$32,125 as compared to \$30,358 for the year before. This is a 5.8% increase in the average taxable value on the average home in Cadillac.

<u>Year</u>	<u>Average Home Average Taxable Value *</u>	<u>City Millage</u>	<u>Average Tax Bill</u>
1997	\$24,400	\$15.46	\$377.22
1998	\$27,200	\$15.26	\$415.07
1999	\$25,000	\$15.19	\$379.75
2000	\$26,000	\$15.05	\$391.30
2001	\$27,500	\$14.99	\$412.23
2002	\$29,770	\$15.35	\$458.16
2003	\$33,541	\$15.55	\$521.56
2004	\$29,161	\$15.75	\$459.29
2005	\$30,358	\$15.75	\$478.13
2006	\$32,125	\$16.65	\$534.88

* data furnished by the Wexford County Equalization Department

1. 1995-2001 millage is reduced due to the Headlee Tax Amendment.
2. 1995 millage rate is further reduced due to the Truth-In-Assessing law.
3. 1996-2003 represents School Tax Reform Act (Proposal A). State Equalized Value is replaced by Taxable Value as the amount the resident multiplies by the millage rate to get the amount of the tax bill.
4. The millage rate for both 2001 and 2002 is further reduced due to the Headlee Tax Amendment.

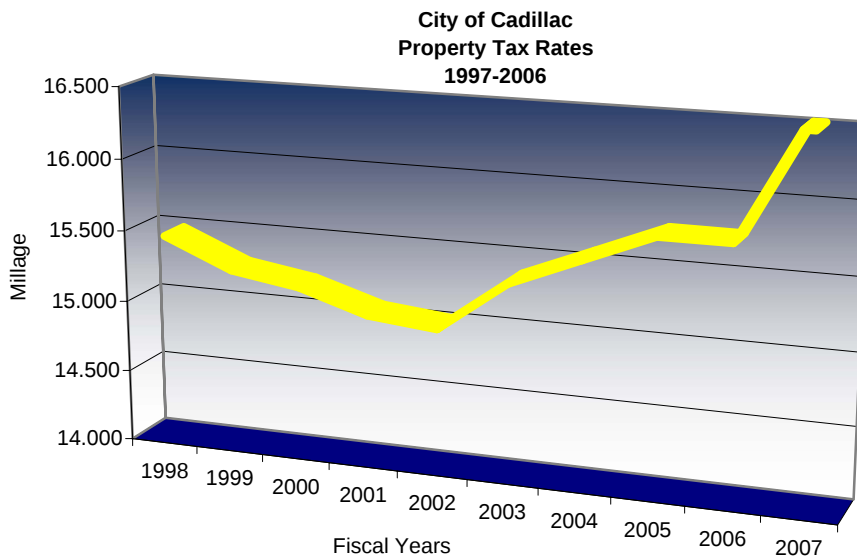


Early morning fog from Lake Cadillac

City of Cadillac
Property Tax Rates
Direct and Overlapping Governments
(per \$1,000 of assessed value)

For the fiscal years 1997-2007

City Taxes			Overlapping Tax Rates								Direct and Overlapping Total Annual Tax Rate
Fiscal Year	General	Police and Fire Retirement	Total City	Wexford County	Cadillac-Wexford Transit Authority	Council On Aging	Cadillac-Wexford Library	Cadillac Area Public Schools	Wexford Intermediate School	State Education Tax	
1998	13.960	1.500	15.460	8.370	0.380	0.400	0.500	23.100	6.150	6.000	60.360
1999	13.960	1.300	15.260	8.370	0.400	1.000	0.500	23.600	6.150	6.000	61.280
2000	14.085	1.100	15.185	8.340	0.400	1.000	0.550	22.400	6.120	6.000	59.995
2001	14.037	1.000	15.037	8.250	0.390	0.990	0.550	22.140	6.090	6.000	59.447
2002	13.990	1.000	14.990	8.200	0.391	0.983	0.550	21.715	6.060	6.000	58.889
2003	13.947	1.400	15.347	8.168	0.400	0.995	0.650	21.376	6.039	6.000	58.975
2004	13.947	1.600	15.547	8.104	0.391	0.987	0.684	21.301	6.000	5.000	58.014
2005	13.947	1.800	15.747	8.089	0.396	0.994	0.683	21.451	5.985	6.000	59.345
2006	13.947	1.800	15.747	8.067	0.395	0.991	0.681	21.451	5.961	6.000	59.292
2007	13.947	2.700	16.647								



The increase in millage that can be seen in this graph over the last four fiscal years is attributable to the Police and Fire Retirement added voted millage. It is primarily due to a drop in the stock market.

Notes: Beginning in 1995, Michigan's School Tax Reform (Proposal A) removed a portion of property taxes for schools state-wide and shifted the tax burden to the state-wide sales tax.
 In 1999 the homestead exemption amounted to 18 mills.

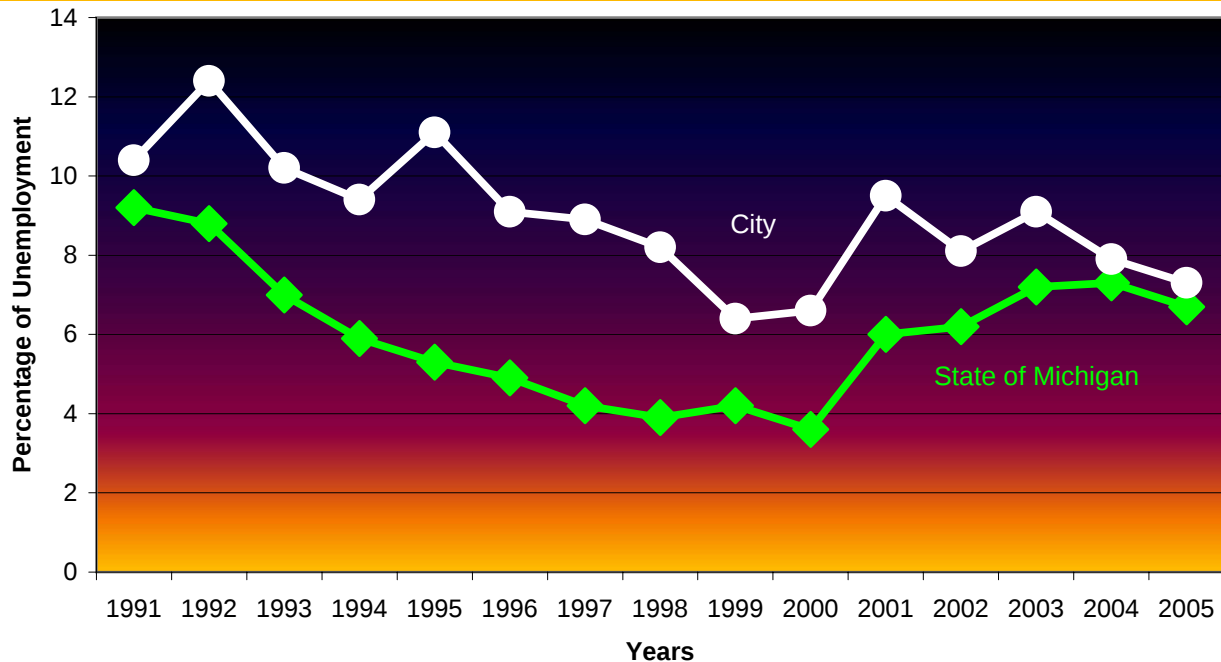
City of Cadillac
Thirteen employers and number of employees
June 30, 2005

<u>Company</u>	<u>Number of Full-time employees</u>	<u>Type of Business</u>
<i>Principal Economic Base Employers (March 2006)</i>		
Four Winns Boats, LLC	835	Boat Manufacturer
AAR-Cadillac Manufacturing	602	Industrial Handling Equipment
Mercy Hospital	589	Health Care
Avon Rubber & Plastics	531	Extruded & Molded Rubber
Michigan Rubber Products, Inc.	412	Fabricated & Molded Rubber
Cadillac Casting, Inc.	360	Castings and Malleable Iron
Cadillac Area Public Schools	326	Public Education
Rexair	235	Vacuum Cleaner Manufacturer
CNI	225	Automotive Seat Covers
Borg Warner Emissions/Thermal Systems	206	Auto Parts & Accessories
Fiamm Technologies, LLC	150	Automotive & Marine Air Horns
Lakeview Lutheran Manor	143	Skilled Care Facility
Paulstra Cadillac	130	Industrial Molded Rubber

Source: Cadillac Area Chamber of Commerce

Wexford County Total Labor Force	15,095	
Wexford County Total Employed Labor Force	14,078	91.50%

Yearly Average Unemployment Statistics
1991-2005



The City of Cadillac unemployment rate as a percentage of the labor force experienced an increase in 2003. The overall unemployment rate for the State of Michigan increased over the past three years due to the defection of manufacturing jobs in the State as well as in the United States as a whole.

**City of Cadillac
Employee Statistics
2001 -2007**

<u>Department</u>								City Council Authorized Staffing
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2007</u>
City Manager	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Administrative Services	0.85	0.85	1.00	0.90	0.90	0.90	0.90	1.50
Finance	3.00	3.00	2.20	1.94	1.94	1.94	1.94	4.00
Clerk/Treasurer	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Assessor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50
City Hall	1.30	1.60	1.70	1.70	1.30	1.30	1.30	1.50
City Engineer	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.50
Police	19.50	19.50	18.50	17.15	18.41	18.41	18.41	18.50
Fire	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50
Building Inspector	1.28	1.28	1.28	1.38	1.38	1.38	1.38	1.28
Planning/Zoning	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.22
Public Works	14.50	14.50	14.17	14.22	14.22	14.22	14.22	14.50
Data Processing	1.00	1.30	1.20	1.26	1.06	1.06	1.06	1.00
Auto Parking	0.00	0.40	0.35	0.35	0.09	0.09	0.09	1.00
Water/Sewer	21.00	21.00	21.20	21.20	21.00	21.00	20.00	21.00
Community Development	0.30	0.30	0.30	0.40	0.40	0.40	0.40	0.30
Cemetery	0.50	0.50	0.68	0.68	0.68	0.68	0.68	0.50
Total Full Time Equivalent Employees	83.85	84.85	83.20	81.80	82.00	82.00	81.00	88.30

As the above chart indicates, a couple of departments are slightly over their authorized staffing level. This is due to the reclassification of a couple of employees and the shifting of certain part-time wages since the authorization of staffing levels took place originally nearly 8 years ago. The City remains over 8% below authorized staffing levels.

The City of Cadillac employee statistics indicate that the City has 1 employee for every 123 residents. Several factors enter into the analysis of the ratio of employee per capita but in general the higher the number the more efficient a City is in servicing all of its residents. The City Council several years ago authorized a staffing level, which has not been realized for several years due to the downturn in the economy.

<u>Surrounding Communities</u>	<u>Population</u>	<u>Employees</u>	<u>Ratio</u>
Big Rapids	10,849	86	1:126
Alpena	11,304	80	1:141
Marshall	7,459	97	1:77
Manistee	6,586	63	1:105
Petosky	6,080	68	1:89
Cadillac	10,000	81	1:123

The decline in the number of employees has been through attrition. In 2007, the utilities have reduced the number of employees by one.

City of Cadillac Tax Information

Taxes Due and Payable:

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

Penalties for Delinquency:

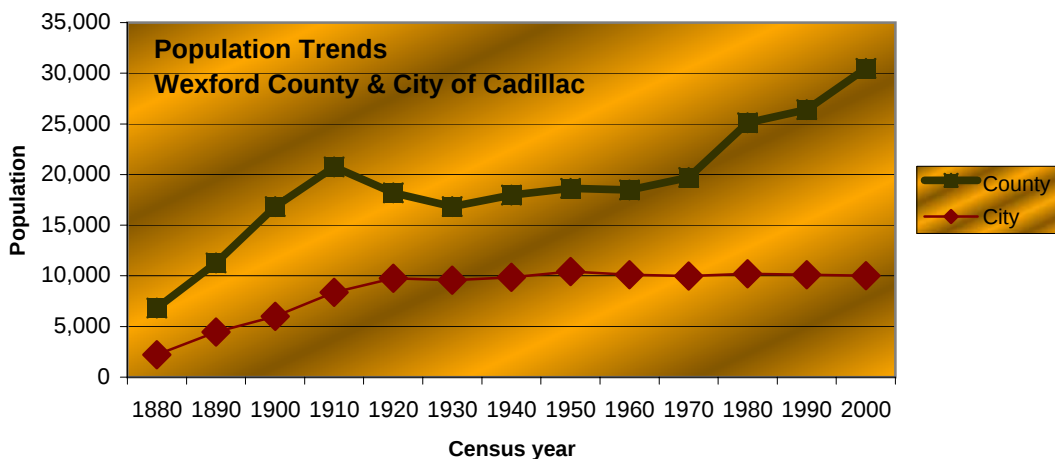
Beginning August 15th, a 4% penalty is added to unpaid City and School taxes. Beginning September 1st, an additional 1% per month penalty is added through February. Beginning February 15th a 3% penalty is added to unpaid County and School Taxes. Beginning March 1st the Wexford County Treasurer assumes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

Lien on Property:

Unpaid real property taxes, together with all charges thereon, become a continuing lien on the property assessed. The General Tax Law provides for disposition at a public sale of real estate delinquent for the taxes as follows:

<u>Date of Sale</u>	<u>Delinquent Tax Properties to be sold (year)</u>
2001	1998
2001 *	1999
2002	2000
2003	2001
2004	2002
2005	2003

* Change in state law



*Source: U.S. Census

**City of Cadillac
Police and Fire Retirement System
1995-2005**

Fiscal Year	Assets			Employer Contribution			Retirees		Annual Pay	Average Age	Average Years of Service
	Actuarial Accrued Liability	Allocated To Funding	Percent Funded	Unfunded Actuarial Liability	as a Percent of Payroll	Valuation Payroll	Active Members	and Beneficiaries			
1996	\$4,530,631	\$3,789,087	83.63%	\$741,544	17.92%	\$1,135,240	29	18	\$39,146	39.1	11.6
1997	\$4,985,777	\$4,183,932	83.92%	\$801,845	15.87%	\$1,197,184	30	19	\$39,906	39.2	11.8
1998	\$5,021,702	\$4,721,444	94.02%	\$300,258	14.30%	\$1,188,026	29	20	\$40,966	39.7	12.2
1999	\$5,336,204	\$5,241,694	98.23%	\$94,510	13.11%	\$1,274,419	29	21	\$43,945	39.8	11.6
2000	\$3,328,049	\$3,403,691	102.27%	(\$75,642)	11.47%	\$852,233	18	21	\$47,346	42.1	14.5
	\$2,272,153	\$2,323,787	102.27%	(\$51,634)	12.91%	\$494,938	11		\$44,994	38.8	9.6
2001	\$3,443,372	\$3,492,264	101.40%	(\$48,892)	12.73%	\$894,466	18	21	\$49,693	43.1	15.5
	\$2,506,417	\$2,542,595	101.40%	(\$36,178)	11.25%	\$512,188	11		\$46,563	39.8	10.6
2002	\$4,273,362	\$3,709,762	86.81%	(\$563,600)	15.50%	\$823,213	17	24	\$48,424	41.6	13.4
	\$2,685,518	\$2,331,334	86.81%	(\$354,184)	17.44%	\$529,253	11		\$48,114	41.1	11.2
2003	\$4,824,868	\$3,868,558	80.18%	(\$956,310)	17.34%	\$728,574	15	26	\$48,572	41.0	13.7
	\$2,523,132	\$2,023,036	80.18%	(\$500,096)	23.89%	\$508,597	11		\$46,236	42.1	12.2
2004	\$5,184,338	\$3,798,947	73.27%	(\$1,385,391)	25.26%	\$859,438	16	27	\$53,715	41.2	13.8
	\$2,797,662	\$2,049,613	73.27%	(\$748,049)	26.58%	\$532,012	11		\$48,365	41.2	10.8
2005	\$5,533,090	\$3,809,317	68.80%	(\$1,723,773)	27.83%	\$856,330	16	30	\$53,521	42.2	14.8
	\$2,985,910	\$2,055,683	68.80%	(\$930,227)	28.51%	\$589,904	11		\$53,628	40.7	10.7

Footnote:

- Program began in fiscal year 1978. A vote to add needed millage in addition to the charter maximum was approved November 10, 1977. Act 345 limits eligibility only to police officers and firefighters. This fund is managed by a local board of directors.
- Data is furnished from annual actuarial report of Gabriel, Roeder, Smith and Co. Actuaries.
- In 1997 the actuarial assumptions were revised as a result of an experience study for the five year period ending June 30, 1997. Actuarial assumptions concerning rates of withdrawal, rates of retirement, rates of post-retirement mortality, investment return and wage inflation were all changed as a direct result of the study. The net effect was a decrease in the employer contribution rate of 2.1% of payroll.
- Beginning in fiscal year 2000, the police and fire were separated. Police numbers are reflected on the first line in each fiscal year and the fire is on the second line.
- Recognized rate of investment return as a percentage for the year ended June 30th is as follows:

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>Five year average</u>
-1.2	-0.7	-2.1	0.8	5.70	0.50

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

7.50	7.50	7.50	7.50	7.50	Actuarial based return
-8.70	-8.20	-9.60	-6.70	-1.80	Recognized rate of return less Actuarial based return

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

**City of Cadillac
Municipal Employees Retirement System of Michigan
1993-2004**

Fiscal Year	Assets			Employer Contribution			Retirees		Annual Pay	Average Age	Average Years of Service
	Actuarial Accrued Liability	Allocated To Funding	Percent Funded	Unfunded Actuarial Liability	as a Percent of Payroll	Valuation Payroll	Active Members	and Beneficiaries			
1995	\$5,258,827	\$6,363,345	121.00%	(\$1,104,517)	Listed below	Listed below	74	41	\$26,103	43.6	11.0
1996	\$5,691,629	\$6,823,047	119.88%	(\$1,131,417)			74	41	\$27,460	44.3	11.0
1997	\$5,788,268	\$7,322,452	126.51%	(\$1,531,183)			77	42	\$26,669	44.2	10.9
1998	\$6,218,592	\$7,923,062	127.40%	(\$1,704,469)			72	45	\$29,392	43.8	10.7
1999	\$6,744,595	\$8,840,153	131.07%	(\$2,095,557)			74	44	\$31,156	44.6	11.0
2000	\$7,370,963	\$9,439,499	128.06%	(\$2,068,535)			78	45	\$30,921	43.4	10.0
2001	\$7,992,526	\$9,785,299	122.40%	(\$1,792,773)			77	49	\$32,069	43.5	10.5
2002	\$8,358,393	\$9,712,366	116.20%	(\$1,353,973)			77	45	\$32,734	44.3	11.1
2003	\$8,910,724	\$10,053,522	112.82%	(\$1,142,798)			77	46	\$34,267	45.5	11.5
2004	\$9,170,012	\$9,990,746	109.20%	(\$820,734)			77	46	\$36,051	46.8	12.9

Employer Contribution as a percent of payroll

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Non-union	8.17%	8.44%	7.95%	8.03%	8.03%	7.22%	7.55%	7.59%	7.61%	7.83%
Steelworkers	10.70%	10.67%	10.00%	9.97%	9.98%	6.43%	6.78%	6.83%	6.95%	7.56%
Housing	4.36%	5.56%	5.41%	5.53%	5.56%	6.05%	8.20%	8.10%	8.16%	8.34%
Library	11.89%	11.90%	11.29%	11.23%	11.31%	7.98%	8.42%	8.43%	8.54%	8.61%
City Manager	8.92%	8.93%	8.23%	8.14%	8.14%	6.89%	6.51%	6.51%	6.52%	7.17%
Department Heads	0.00%	8.94%	7.94%	7.90%	7.90%	6.84%	7.19%	7.19%	7.19%	7.81%

Valuation Payroll

	(dollars)									
Non-union	\$867,427	\$875,392	\$674,557	\$706,666	\$740,444	\$733,548	\$831,695	\$874,910	\$883,818	\$883,119
Steelworkers	\$638,771	\$558,461	\$631,548	\$600,549	\$630,344	\$724,015	\$682,151	\$735,799	\$811,027	\$872,706
Housing	\$79,897	\$94,148	\$86,334	\$16,036	\$85,466	\$123,639	\$122,066	\$126,638	\$154,700	\$129,730
Library	\$343,577	\$354,688	\$373,707	\$416,678	\$423,784	\$469,628	\$523,126	\$470,240	\$507,863	\$274,145
City Manager	\$0	\$49,006	\$64,369	\$66,162	\$73,862	\$80,674	\$78,851	\$83,075	\$92,455	\$96,440
Department Heads	\$0	\$0	\$201,537	\$157,452	\$162,341	\$174,064	\$173,952	\$178,648	\$188,722	\$195,344

Footnote:

The retirement board has implemented a program of contribution credits which give recognition to accelerated funding levels. Recent economic trends have produced a combination of high rates of invested return and moderating salary increments, which in turn have pushed funding levels significantly ahead of schedule. The retirement board believes that overly rapid funding rates are inconsistent with the basic financial objective of level percent of payroll contributions. The accelerated funding credit allows contributions to temporarily be lower than the regular contribution. Normal contribution would be a percentage of payroll, but because of the accelerated funding credit, the employer contribution rate was actually \$191,712 but lowered to \$112,080.

Valuation for 2005 is not yet available.

City of Cadillac
Principal Taxpayers
June 30, 2005 and 2004

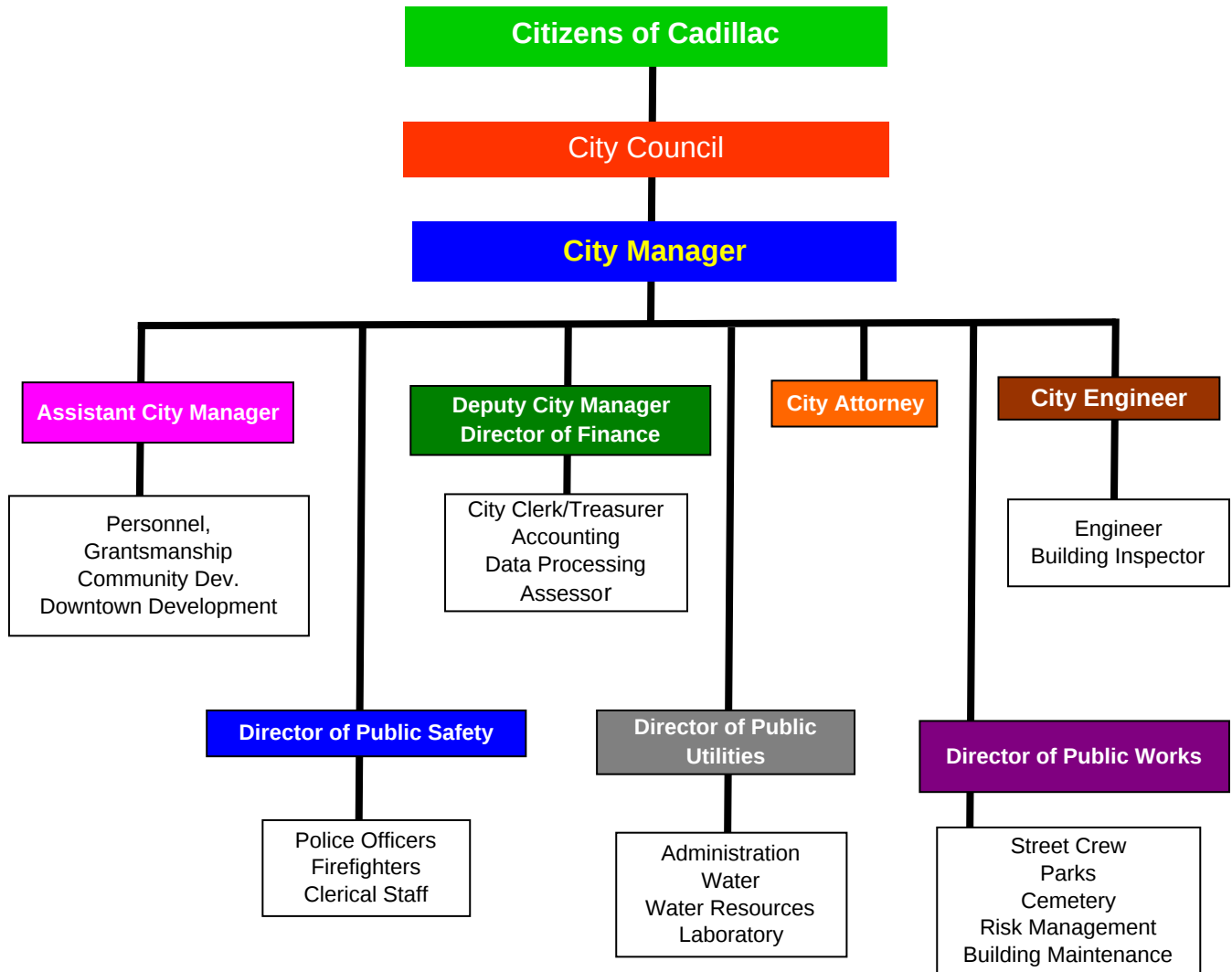
June 30, 2005	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Value</u>	<u>Percentage</u>
	Cadillac Casting	Ironworks	\$14,288,900	6.23%
	Cadillac Renewable Energy	Electric Utility	\$11,049,000	4.81%
	AVON Rubber and Plastics	Extruded & Molded Rubber	\$8,306,822	3.62%
	Rexair, Inc.	Vacuum Cleaner Manufacturer	\$6,425,864	2.80%
	Consumer Energy	Electric Utility	\$5,615,893	2.45%
	FIAMM Technologies, Inc.	Automotive and Marine Horns	\$5,212,711	2.27%
	Michigan Rubber	Fabricated & Molded Rubber	\$4,652,032	2.03%
	AAR Cadillac Manufacturing	Industrial Handling Equipment	\$4,420,587	1.93%
	Paulstra CRC Corp.	Rubber By-Products	\$3,496,000	1.52%
	Four Winns	Boat Manufacture	\$3,360,445	1.46%
	Total Principal Taxpayers		\$66,828,254	29.12%
	Total of Rest of Taxpayers		\$162,680,419	70.88%
			<u>\$229,508,673</u>	<u>100.00%</u>
June 30, 2004				
	CMI Cast Parts, Inc	Ironworks	\$15,529,500	9.35%
	Cadillac Renewable Energy	Electric Utility	\$13,358,600	8.96%
	AVON Rubber and Plastics	Extruded & Molded Rubber	\$9,262,500	4.59%
	Rexair, Inc.	Vacuum Cleaner Manufacturer	\$6,697,800	3.62%
	Consumers Energy	Electric Utility	\$5,343,854	3.11%
	FIAMM Technologies, Inc.	Automotive and Marine Horns	\$5,054,200	2.49%
	Michigan Rubber	Fabricated & Molded Rubber	\$4,892,545	2.05%
	AAR Cadillac Manufacturing	Industrial Handling Equipment	\$4,191,000	1.92%
	Four Winns	Boats	\$3,838,396	1.75%
	Paulstra CRC Corp.	Rubber By-Products	\$2,887,900	1.62%
	Total Principal Taxpayers		\$71,056,295	39.46%
	Total of Rest of Taxpayers		\$148,625,844	60.54%
			<u>\$219,682,139</u>	<u>100.00%</u>

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

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

City of Cadillac Chart of Organization

2006-2007



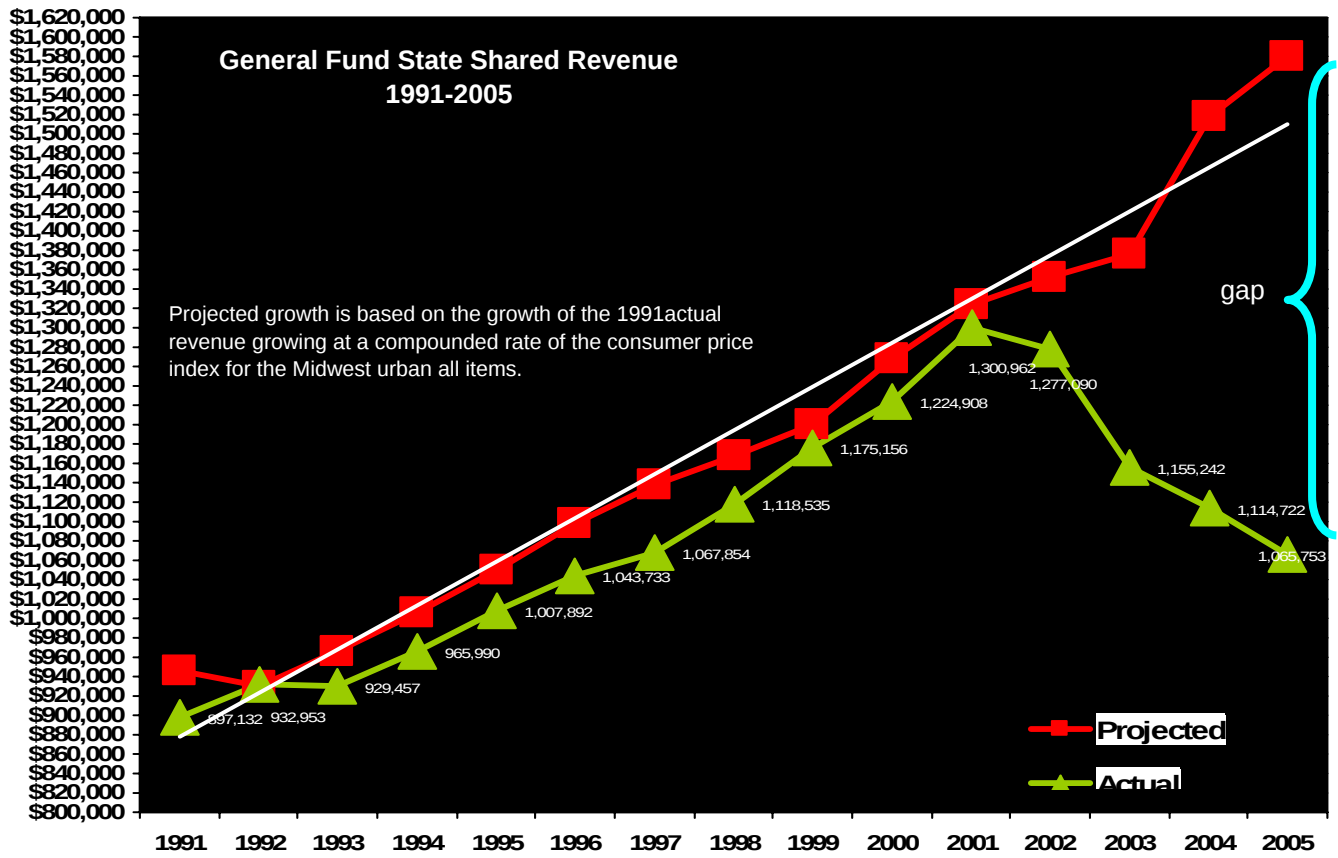
<u>Year</u>	<u>Name of Grant/Project</u>	<u>Award amount</u>	<u>Local Match</u>	<u>Department</u>
1995				
	ISTEA - Mitchell St. Sidewalk	\$27,500	\$50,000	Engineering
	COPS-FAST School Officer	\$75,000	\$25,000	Public Safety
	Mi Equity- Canal Widening	<u>\$37,000</u>	<u>\$70,000</u>	Administration
	Total	\$139,500	\$145,000	
1996				
	ISTEA - Lake Street	\$230,000	\$57,000	Engineering
	ISTEA - Wright Street	\$320,000	\$80,000	Engineering
	COPS-FAST School Officer	\$75,000	\$25,000	Public Safety
	USDOJ-Domestic Violence	\$67,000	\$0	Public Safety
	CACF- Naval Reserve	\$10,000	\$0	Administration
	CDBG- Avon Rubber	<u>\$400,000</u>	<u>\$37,510</u>	Administration
	Total	\$1,102,000	\$199,510	
1997				
	COPS-FAST School Officer	\$75,000	\$25,000	Public Safety
	COPS-Problem Solving	\$13,600	\$0	Public Safety
	CDBG-Job Training	\$184,985	\$0	Administration
	Storsacker Foundation	\$10,000	\$0	Administration
	Herrick Foundation	\$5,000	\$0	Administration
	DEQ- Metalcasters Site	<u>\$550,000</u>	<u>\$0</u>	Administration
	Total	\$838,585	\$25,000	
1998				
	MJT-Police Training	\$5,300	\$0	Public Safety
	BYRNE-School Officer	\$37,000	\$24,500	Public Safety
	BYRNE-CJ Computer Net	\$75,000	\$2,300	Public Safety
	LLEBG - Radar Trailer	\$12,000	\$0	Public Safety
	ISTEA-North/Haynes/Division	\$400,000	\$100,000	Public Safety
	CDBG-AAR	\$1,185,200	\$0	Administration
	TEA21-Bike Path	\$27,500	\$9,000	Administration
	Gerstacker Foundation	<u>\$10,000</u>	<u>\$0</u>	Administration
	Total	\$1,752,000	\$135,800	
1999				
	MJT-Police Training	\$2,500	\$0	Public Safety
	MJT-Police Training	\$2,200	\$0	Public Safety
	BYRNE-School Officer	\$34,000	\$23,000	Public Safety
	BYRNE-Domestic Violence	\$51,000	\$17,000	Public Safety
	OHSP-Accident Reduction	\$4,300	\$0	Public Safety
	BYRNE-CJ Computer Net	\$75,000	\$2,300	Public Safety
	CDBG-Arvco	\$180,000	\$18,000	Administration
	CDBG-Potvin Ind. Park	\$50,000	\$0	Administration
	EDA-Potvin Ind.Park	\$109,200	\$22,800	Administration
	MDOT-US 131 Bypass Study	<u>\$30,000</u>	<u>\$5,000</u>	Administration
	Total	\$538,200	\$88,100	

<u>Year</u>	<u>Name of Grant/Project</u>	<u>Award amount</u>	<u>Local Match</u>	<u>Department</u>
2000				
	BYRNE-School Officer	\$32,000	\$32,000	Public Safety
	BYRNE-Domestic Violence	\$41,000	\$27,000	Public Safety
	BYRNE-CJ Computer Net	\$75,000	\$2,300	Public Safety
	TEA21-Oak,Shelby,Laurel	\$350,000	\$85,000	Engineering
	MDOT-Crosby	\$150,000	\$0	Engineering
	MDEQ- Plett Road Paving	\$119,836	\$39,945	Engineering
	MDEQ-Wellhead Protection	\$24,851	\$24,851	Utilities
	CDBG-Potivn Ind. Park	\$535,000	\$0	Administration
	CDBG-UTI infrastructure	\$112,850	\$12,500	Administration
	MDNR-Clam River Greenway	\$178,178	\$76,362	Administration
	MDNR-Dock	\$123,924	\$43,541	Administration
	TEA21-Clam River Greenway	\$177,840	\$50,160	Administration
	CACF-Condo landscaping	<u>\$15,000</u>	<u>\$0</u>	Administration
	Total	\$1,935,479	\$393,659	
2001				
	ODCP-School Officer	\$26,448	\$39,672	Public Safety
	MDEQ- Hazardous Waste	\$38,775	\$21,482	Utilities
	EDA-Potvin Ind.Park	\$1,194,200	\$0	Administration
	DNR-Tree planting	<u>\$10,000</u>	<u>\$10,000</u>	Administration
	Total	\$1,269,423	\$71,154	
2002				
	MDEQ-Alley	\$143,933	\$48,782	Utilities
	MACAA-Sound Garden	\$12,950	\$0	Administration
	Kellogg Found.-Sound Gard	\$4,300	\$0	Administration
	CACF-Historic District	\$4,100	\$0	Administration
	CACF-Historic District	\$1,500	\$0	Administration
	CACF-Fire Safety House	\$5,000	\$25,000	Public Safety
	Tony Hawk-Skate Park	\$1,000	\$0	Administration
	Homeland Security	\$50,000	\$0	Public Safety
	MDNR- Bike Path	\$60,000	\$0	Administration
	MDNR- Boat Launch	\$37,500	\$12,500	Public Works
	Mi River Network-River clean	\$1,000	\$0	Administration
	MEDC-Clock Tower	\$162,500	\$37,500	Administration
	MDEQ-Hazardous Waste	\$50,000	\$28,000	Utilities
	TEA21 - River Street	\$120,000	\$30,000	Engineering
	TEA21- Chapin Street	\$120,000	\$30,000	Engineering
	TEA21- Holbrook	\$40,000	\$10,000	Engineering
	MDOT-Bond Street	\$120,000	\$30,000	Engineering
	TEA21 Balsam Street	\$40,000	\$10,000	Engineering
	MSHDA-Rental Rehab	<u>\$200,000</u>	<u>\$0</u>	Administration
	Total	\$1,173,783	\$261,782	

<u>Year</u>	<u>Name of Grant/Project</u>	<u>Award amount</u>	<u>Local Match</u>	<u>Department</u>
2003				
	CDBG-Four Winns Expans.	\$810,000	\$90,000	Administration
	MDEQ-Wellhead Protection	\$25,000	\$25,000	Utilities
	TEA21-South/Harris	\$375,000	\$100,000	Engineering
	TEA21-Linden	\$40,000	\$10,000	Engineering
	Homeland Security	\$31,176	\$3,464	Public Safety
	DTE - Tree planting	<u>\$3,916</u>	<u>\$4,186</u>	Public Works
	Total	\$1,285,092	\$232,650	
2004				
	Kodak - Greenway	\$1,000	\$0	Administration
	National Park- Fountain	\$70,000	\$0	Administration
	OMC-Fountain	\$50,000	\$0	Administration
	MDOT-River St. Bridge	\$400,000	\$60,000	Engineering
	MDEQ-Wellhead Protection	\$17,500	\$17,500	Utilities
	Say Nay to Drugs	\$1,500	\$0	Public Safety
	Consumers- Greenway	\$2,000	\$0	Administration
	Homeland Security	<u>\$10,800</u>	<u>\$1,200</u>	Public Safety
	Total	\$552,800	\$78,700	
2005				
	CDBG-Neighborhoods	\$330,000	\$220,000	Administration
	CDBG-AAR	\$270,000	\$30,000	Administration
	CDBG-Avon	\$224,000	\$24,000	Administration
	Mi Sec of State- Voting Mach	<u>\$19,019</u>	<u>\$0</u>	Finance
	Total	\$843,019	\$274,000	
Total 1995-2005		\$11,429,881	\$1,905,355	

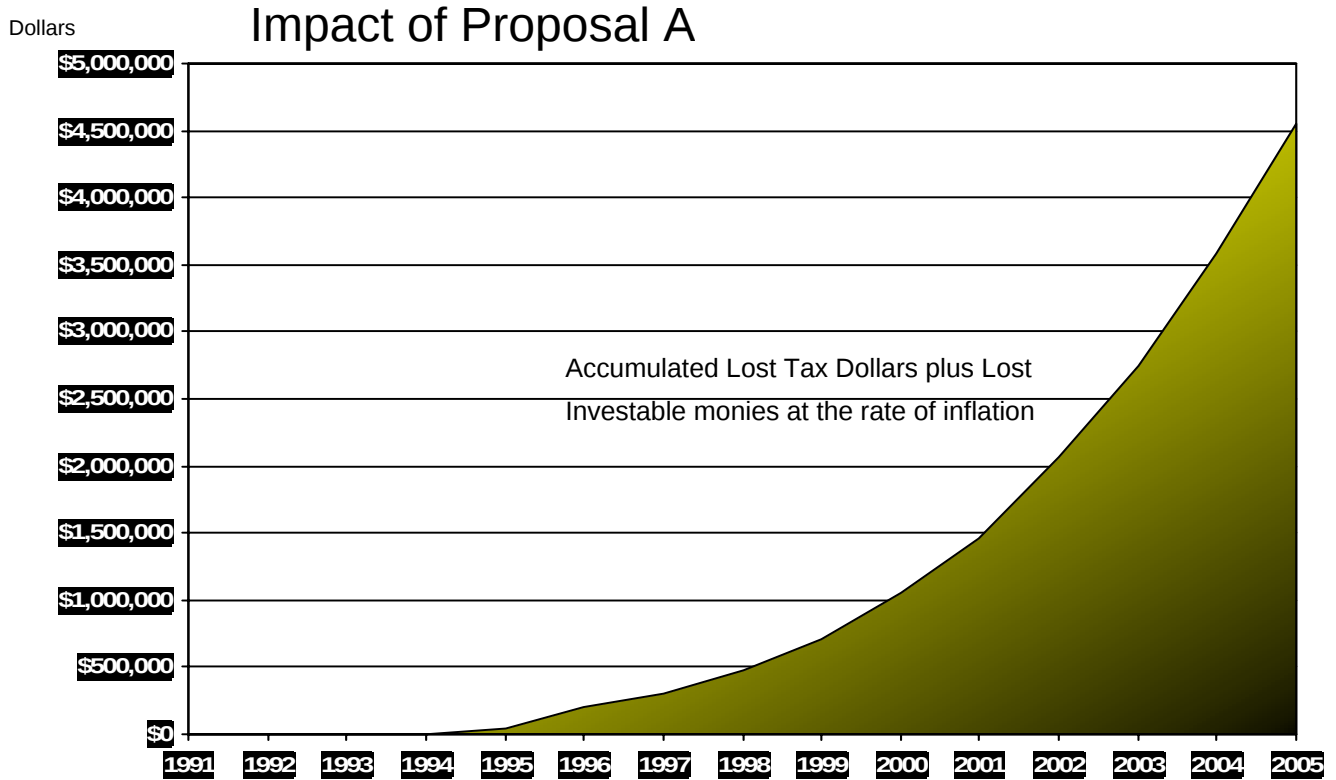
Grant to City Match Ratio	\$6.00 :1
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For every \$1 the city spends on a project \$5.73 was able to be obtained from a grant source making the City's investment go much further.



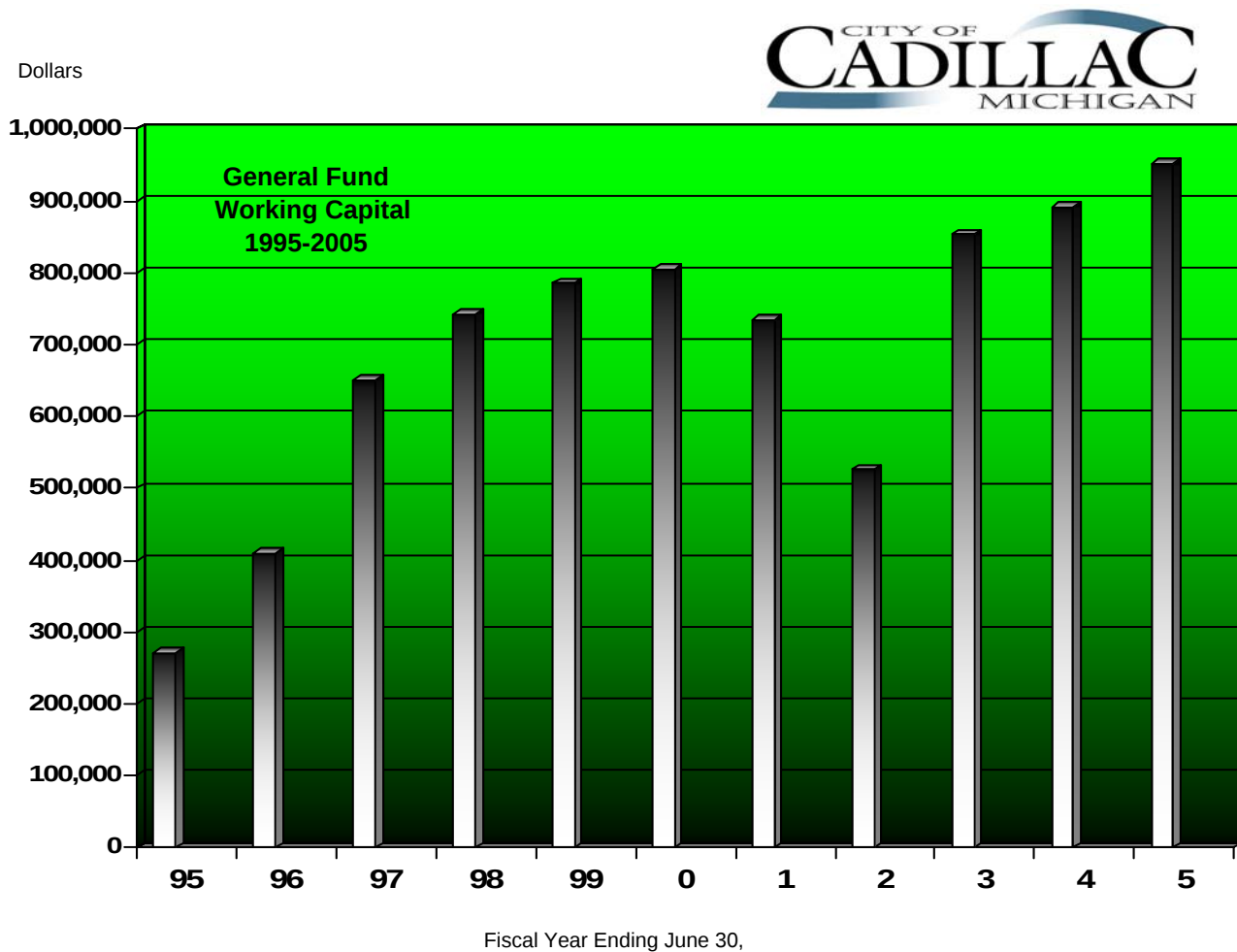
State Shared Revenue from the State of Michigan has declined dramatically in the past few years. In the chart above, projected growth is based on the growth of the 1991 actual revenue growing at a compounded rate using the Consumer Price Index for all items in the Midwest urban region. This produces a "gap" between the projected and actual revenue. The amount received in 2005 is nearly equal to the 1998 rates. This reflects the dilemma that local government is faced with - the inability increase property taxes and the significant decline in shared revenue. This leaves the local unit of government in the position of having to drastically reduce services or find some other creative way of raising revenue.

When the impact of Proposal A is coupled with the reduction in State Shared Revenue and the millage being forced downward from the Headlee Amendment the total lost revenue is \$9,741,000 since 1991. This is an average of \$811,752 annualized lost revenue that the City will not be able to recoup. This amount will increase incrementally each year as the numbers are compounded. At the current rate of paving, (curb and gutter of \$35 per linear foot), the City could have repaved about 53 miles of local streets or almost 84% of all of the local roadways in Cadillac with the lost revenue.

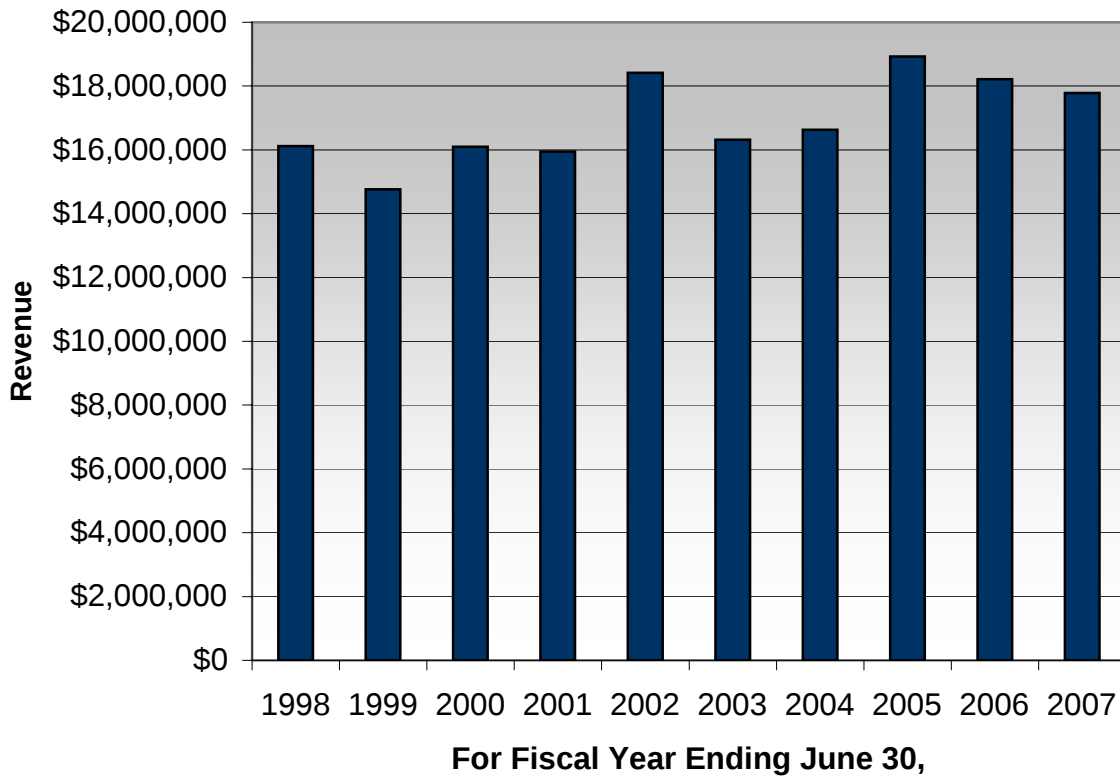


1995 was the first year Proposal A had an impact on the City of Cadillac and has accumulated since.

One of the City Council goals is to have the working capital at a 15% level of the general fund expenditures. 2004 and 2005 have been at those levels.



City of Cadillac
Total Revenue and Other Sources
1998-2007



The growth in total City revenues will vary based on grants, tax increases, service charges, and other adjustments to the revenue stream.

	Major Governmental Funds			Major Proprietary Funds	
	General Fund	Major Street Fund	Local Street Fund	Water and Sewer Fund	Building Authority Operating Fund
<u>Revenues and Other Sources:</u>					
Taxes	\$4,174,200				
Licenses and Permits	1,300				
Intergovernmental	1,286,400	\$1,284,600	\$213,200	50,000	
Charges For Services	597,800			\$3,436,600	
Fines and Forfeits	33,000				
Miscellaneous	307,400			3,500	
Other Financing Sources	360,200				
Local Funds			441,300		
Rental					\$195,800
Principal Payment					
Interest Income - Loan					
Interest Income		10,000	11,200	67,500	3,300
Total	\$6,760,300	\$1,294,600	\$665,700	\$3,557,600	\$199,100
<u>Expenditures:</u>					
General Government	\$1,650,500				
Public Safety	3,065,000				
Public Works	844,300				
Culture and Recreation	339,400				
Economic Development	35,100				
Intergovernmental	339,200				
Other Financing Uses	484,300				
Audit		1,800	1,700	5,000	900
Operating		693,100	492,400	2,346,650	43,100
Capital Outlay					
Transfer to Debt					
Construction		838,800	45,000		
Principal		11,600	98,500		
Interest		7,100	47,100	349,500	50,900
Non-Operating				775,000	34,000
Total	\$6,757,800	\$1,552,400	\$684,700	\$3,476,150	\$128,900
Excess (Deficiency) of Revenues over Expenditures (1)	\$2,500	(\$257,800)	(\$19,000)	\$81,450	\$70,200
Fund Balances - Beginning	\$1,112,089	\$381,231	\$34,602	\$14,012,960	\$396,356
Ending	\$1,114,589	\$123,431	\$15,602	\$14,094,410	\$466,556

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

	Nonmajor Governmental Funds (2)	Nonmajor Proprietary Funds (3)	Nonmajor Fiduciary Funds (4)	Component Units	2006-2007 Totals	2005-2006 Memorandum Comparison Totals
Revenues and Other Sources:						
Taxes				340,100	\$4,514,300	\$4,087,300
Licenses and Permits		1,100			2,400	4,000
Intergovernmental	802,600	306,100			3,942,900	4,984,000
Charges For Services	112,400	26,000		20,600	4,193,400	3,987,900
Fines and Forfeits		2,000			35,000	36,000
Miscellaneous	35,000	1,500	10,000		357,400	458,500
Other Financing Sources	147,200	999,600			1,507,000	1,519,700
Local Funds	732,600		600,000	3,000	1,776,900	1,669,800
Rental	27,500	534,000			757,300	806,900
Principal Payment	250,200	45,600			295,800	253,200
Interest Income - Loan	47,500				47,500	49,600
Interest Income	48,100	19,300	130,000	59,600	349,000	357,350
Total	\$2,203,100	\$1,935,200	\$740,000	\$423,300	\$17,778,900	\$18,214,250
<i>Represents 2.4% overall reduction</i>						
Expenditures:						
General Government					\$1,650,500	\$1,575,400
Public Safety					3,065,000	2,900,700
Public Works					844,300	752,800
Culture and Recreation					339,400	208,700
Economic Development					35,100	36,800
Intergovernmental	23,800				363,000	364,600
Other Financing Sources	34,500				518,800	391,000
Audit	12,600	4,700	2,900	2,700	32,300	33,300
Operating	376,900	1,677,300	460,000	395,550	6,485,000	6,229,200
Capital Outlay	12,900				12,900	30,100
Transfer to Debt	171,200				171,200	105,000
Construction	1,251,500				2,135,300	3,799,000
Principal	287,800			20,000	417,900	435,500
Interest	92,800			10,000	557,400	601,000
Non-Operating		181,300	25,000	4,300	1,019,600	1,099,200
Total	\$2,264,000	\$1,863,300	\$487,900	\$432,550	\$17,647,700	\$18,562,300
Excess (Deficiency) of Revenues over Expenditures (1)	(\$60,900)	\$71,900	\$252,100	(\$9,250)	\$131,200	(\$348,050)
Fund Balances - Beginning	\$2,637,385	\$2,605,081	\$6,598,308	\$2,132,148	\$29,910,160	\$29,904,787
Ending	\$2,576,485	\$2,676,981	\$6,850,408	\$2,122,898	\$30,041,360	\$29,556,737

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

(2) Includes Nonmajor Debt Service, Nonmajor Special Revenue Funds, and Nonmajor Capital Projects Funds

(3) Includes Nonmajor Proprietary Funds and Internal Service Funds

(4) Includes Pension Trust Fund and Permanent Funds

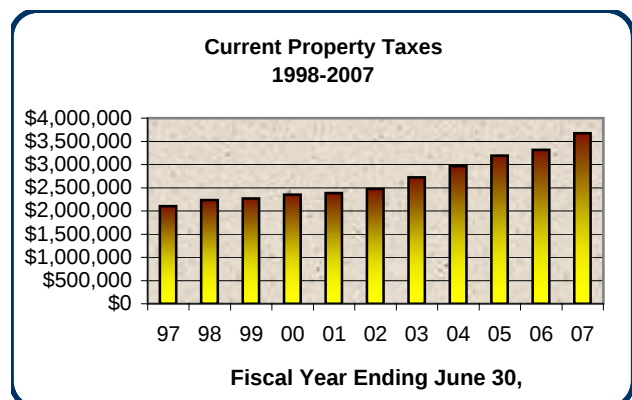
The City of Cadillac has a number of revenue sources, each representing a different percentage of total revenues. These sources include:

Revenue	Amount (Budget)	% of Total
Taxes	\$4,514,300	25.39%
Interest Income	\$349,000	1.96%
Intergovernmental Revenues	\$3,942,900	22.18%
Charges for Services	\$4,193,400	23.59%
Principal Repayment & Interest Income - Loans	\$343,300	1.93%
Local Funds	\$1,776,900	9.99%
Other	\$2,659,100	14.96%
Total	\$17,778,900	100.00%

Taxes

The major source of revenue for 2006-2007 is the local property tax, accounting for over 25% of total revenues this year. The Wexford County Equalization Department acts as the assessor for the City on a contractual basis. They establish the taxable value that is placed on each piece of property. The ad valorem taxable value for real property in 2006-2007 is estimated to be \$195,877,870, while the personal property taxable value is estimated at \$42,148,500, giving the City a total taxable value of \$238,026,370. Personal property taxes represent about 18% of the City's tax base. Total General Fund property tax revenues are derived by multiplying the total taxable value by the millage rate, currently 13.9473 mills. This amount is then reduced by taxes that are captured by specific financing authorities through the use of various financing vehicles. These financing authorities capture a portion of the property taxes, which reduces the total amount available to the General Fund for operating purposes. The Downtown Development Authority (DDA) is one example of this kind of authority. In the commercial area, the DDA has captured for their purposes a tax base of \$15,995,150. Downtown merchants also have a separate additional millage of 1.9872 mills levied on their real and personal property. Another tax upon property in the City of Cadillac is the added voted millage for the Police and Fire retirement. This tax is proposed to be increased from 1.80 mills, where it has been for the last two tax years, up to 2.70 mills for 2006-2007. Increasing costs of salaries and benefits, coupled with multiple years of declining gains for the retirement fund's investments necessitated the increase. When added to the City millage of 13.9473 mills this results in a total levy of 15.7473 mills for City property. The added millage for the Police and Fire Retirement System is based on the estimated salaries of the Police and Fire Department employees multiplied by the actuarial assumptions used to make the system solvent to arrive at the financial need for the fund and then divided into the taxable value to arrive at the millage needed to fund the system. In 2005-2006, property tax revenues represent over 60% of revenue within the General Fund.

Outlook: Tax revenue will continue to grow, but the growth is limited to the Consumer Price Index or 5%, whichever is less. New businesses and home sales can be placed on the tax roll at the sales price. The demographic trend indicated by the State of Michigan is that the population will be shifting from major metropolitan areas to the Northern Michigan area. With the advent of computers and other technology, people are not forced to live near their main source of occupation but are free to live where they enjoy the leisure environment. The State legislature is considering proposals to eliminate personal property taxes, which would have a devastating impact on the City of Cadillac, eliminating over 10% of the City's General Fund revenue.



Intergovernmental Revenues

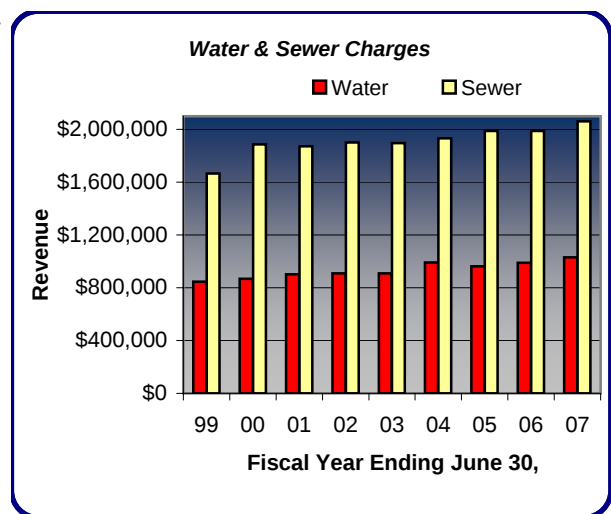
This type of revenue is anticipated to generate \$3,942,900 in 2006-2007, or 22.18% of the total revenue generated by the City of Cadillac. Included in this type of revenue are grants awarded to the City, and State-shared revenue from the State of Michigan. State shared revenues are anticipated to provide \$990,000 to the General Fund in 2006-2007, accounting for nearly 14.6% of the General Fund's revenue. State shared revenue is divided into two types. The first is the constitutional sales tax which is based on an adjusted population figure multiplied by a distribution rate, both of which are provided by the State. The second type of state shared revenue is the statutory sales tax. This is distributed by the State using four formulas: 1) Percent share of fiscal year; 2) Taxable value per capita; 3) population unit type; and 4) yield equalization. The 2000 census resulted in a decrease in the population of the City, which will have a negative impact on the amount of state shared revenue that the City of Cadillac will receive. Budget constraints at the State level continue to have significant impacts on the statutory portion of State-shared revenue. The City of Cadillac has prudently budgeted for an additional 10% reduction in the statutory portion of state-shared revenue for FY2007, amounting to about \$40,000. The City of Cadillac has chosen to approach the cuts proactively in order to prevent further cuts during and throughout the upcoming fiscal year. Distribution of state shared revenue is made by the State on August 31, October 31, December 30, February 28, April 30 and June 30. The State of Michigan Department of Treasury projects the distribution rates. Another state shared revenue type is the Gas and Weight Taxes from the State of Michigan. These funds are received by the Major Street Fund and the Local Street Fund of the City. Budgeted numbers for 2006-2007 show only a moderate increase over 2005-2006 due to shortfalls at the State level. Due to these State shortfalls, the City of Cadillac has used conservative estimates in order to avoid over budgeting these numbers.

Grant revenue is an area that the City of Cadillac continues to aggressively pursue and successfully use as a revenue source. The use of grant funds is primarily for infrastructure improvement. Over \$630,000 in grant revenue is anticipated for 2006-2007, accounting for 3.5% of the revenue generated by the City of Cadillac.

Outlook: The state shared revenue continues to experience much debate in the State Legislature regarding the distribution formulas, with the end result being a shift in revenue away from urban communities to undeveloped townships. While the end result was legislation action that was more favorable to cities than originally proposed, cities will nevertheless see a relative decline in state shared revenue as compared to their counterparts in townships. The recent recession has also had a significant negative impact on the amount of state shared revenue. Once again, the City has chosen to estimate the payments for 2006-2007 very conservatively in an attempt to prevent cuts from having to be made after the fiscal year begins.

Charges for Services

This revenue activity represents \$4,193,400 in revenue for 2006-2007, or 23.59% of the total revenue generated by the City. Included in this category are revenues from the City's Water and Sewer systems. It is proposed to raise the current rates 3% in 2006-2007, however decreased usage by industrial customers will prevent any significant increase in total revenue once again this fiscal year. This revenue is derived from usage and is also a graduated scale as there are associated fixed costs with producing the water - as the volumes of usage get larger, the amount charged to the customer is less per unit. The economies of scale are improved for the larger customer. With over 3,400 customers for each of the water and sewer divisions, revenue is expected to be nearly \$3 million. Also included in this revenue is the solid waste collection revenue. This activity is anticipated to increase 3% in order to accurately reflect costs incurred by the City to provide these services.



Interest Income

Positive signs of economic growth have been seen recently, allowing the City to remain optimistic that Interest Income will hopefully provide some increased revenue in the near future. In fact, average yields have increased from 2.88% at the end of February, 2005, to 4.03% at the end of February, 2006. This represents a significant amount of additional earnings, as the City has just over \$9 million in invested funds. The staff of the Finance Department is charged with investing the City's idle funds which helps generate additional revenue.

Local Funds

This activity represents internal transfers from various funds. The method of calculation will vary depending on the type of fund and activity. In the Local Street Fund, for example, money is transferred from the General Fund to balance the fund as state shared revenue is not sufficient to maintain the local street system. This revenue source represents 9.99% of the total 2006-2007 revenue of the City of Cadillac.

Principal Repayment and Interest Income - Loans

This activity accounts for the special assessments of City taxpayers, both principal repayment and the nominal interest charged to the resident who had a new service installed, such as a street, curb and gutter project, or water main. Special assessments are typically repaid over a 10 or 15 year period. This activity generates \$343,300, or 1.93% of the City's total revenue. This percentage can vary from year to year based on the amortization of the outstanding debt as well as the number of early pay-offs.

Other Revenue

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



**2006-2007
Annual Operating Budget**

General Fund

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

The 2006-2007 budget represents a balanced budget. The current property taxes are planned to increase 3% over last years tax roll. New construction helps account for the increase. Police and Fire Retirement revenues are anticipated to increase as the cost of the retirement plan increases as a result of increases in salaries and declines in investment returns. The State of Michigan state shared revenues are based on estimates and the statutory portion of the revenue sharing is anticipated to decline significantly in addition to the reduction from prior years. This reduction is due to funding needs at the State level as well as a decline in sales tax revenue. It is proposed to raise the solid waste collection fee by 3% to cover the inflationary trend primarily from increasing costs of gasoline. The total revenue and expenditures of the General Fund increased in the current budget year by 9%.

Revenue Assumptions

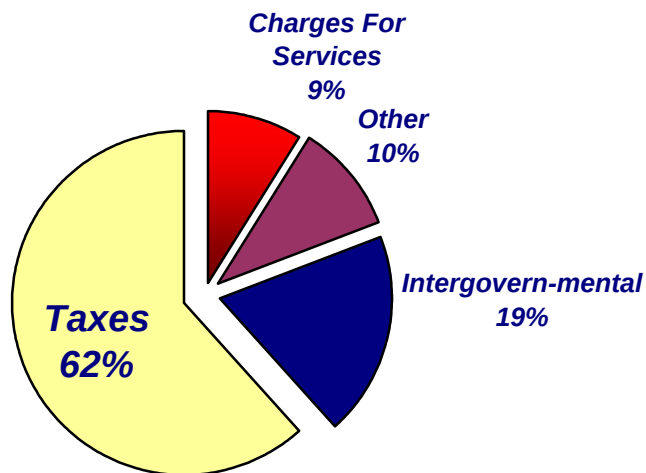
Revenues received from the property taxes are based on estimates from the City Treasurer and Wexford County's Equalization Department.

Taxes generated from the added voted millage for Police and Fire Retirement are based on estimated millage rates provided by the assessor and the actuarial assumptions provided by the actuary.

Revenues in the General Fund, for the most part, are projected based on the historical trend and any known activity changes.

State shared revenues are projected from data received from the State of Michigan. These numbers are based on sales tax information and are established by either constitutional or statutory requirements.

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget CURRENT	PROPOSED
	2005	2006	2006	2007
<u>REVENUES AND OTHER SOURCES:</u>				
<u>Revenues:</u>				
Taxes	\$3,638,552	\$3,825,500	\$3,775,500	\$4,174,200
Licenses	1,160	1,200	1,500	1,300
Intergovernmental	1,392,749	1,278,800	1,195,200	1,286,400
Charges For Services	446,755	582,700	486,300	597,800
Fines and Forfeits	35,306	28,000	36,000	33,000
Miscellaneous	316,961	298,000	349,300	307,400
Other Financing Sources	327,500	354,000	354,000	360,200
Total Revenues	\$6,158,983	\$6,368,200	\$6,197,800	\$6,760,300



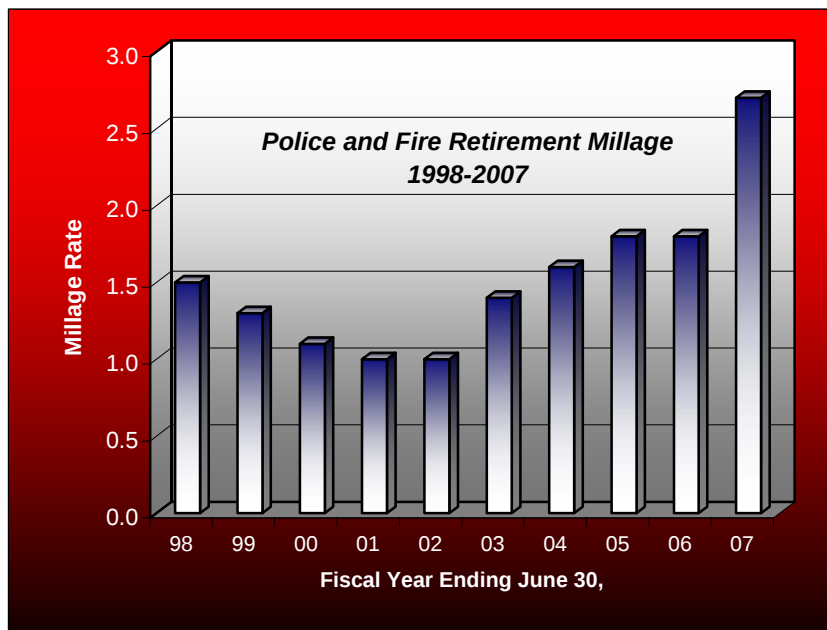
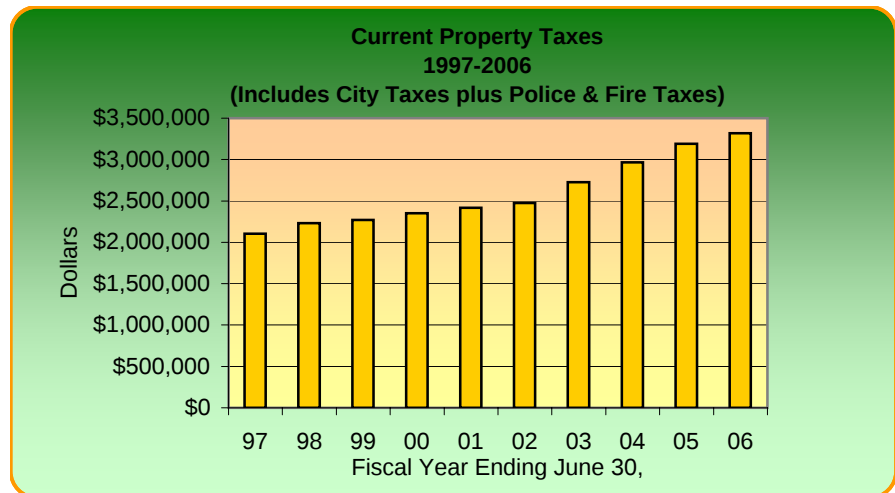
General Fund Revenues 2006-2007

Current Tax

The taxable value of the City of Cadillac General Fund is \$238,026,370. This is a slight increase (3.9%) from last year's taxable value due in large part to new construction. This number is multiplied by the millage to determine local property tax revenue. The charter maximum is 15 mills, but due to the Headlee Amendment and Truth in Assessing, a millage rollback is not required this year. The millage rate can only be increased above 13.9473 by a vote of the citizens. The State of Michigan has established a cap on the taxable values so they cannot exceed 5% or the inflation rate, whichever is less, excluding new construction. This is the difference between the current and previous taxable values and the lower of the three property tax factors prevails. The inflation rate for 2006-2007 is 1.033%.

Industrial Facilities Tax

This tax abatement program has grown over the past several years as the City Council has established a policy of granting an abatement to any qualified industrial facility. This program allows Council to abate one-half of the City taxes for up to 12 years. Exemptions have been granted with a total value of \$22,800,169. This is a decrease of 2.8% in value from last year. The exemptions represent a total of 204 abatements of varying value granted by the City of Cadillac. The decrease reflects abatements being eliminated over time. It is projected that the abatements will remain relatively constant in 2006-2007.



Police and Fire Retirement

The added millage voted to cover the retirement system of the Police and Fire Departments is based on salaries of an estimated \$1.5 million. The employer's contribution rate is 30.83% of gross salaries for the Police Department. The members of the police and fire departments contribute 3% of their salaries to help offset these costs. The Fire Department contribution rate is 31.51% of gross salaries, based on actuary estimates. This results in a need for a 2.7 mill levy. The graph shows the fluctuations to the millage rate that occur due to salary increases, actuarial percentages, investments, and the taxable value of City properties. This is the highest rate since 1989.

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
Taxes				
Current Tax	\$2,723,208	\$2,940,000	\$2,900,000	\$3,100,000
Delinquent Tax Collections	331	0	0	0
Industrial Facilities Tax	210,830	195,000	196,000	200,000
Current Property Tax - Police and Fire	353,587	418,000	420,000	575,000
Administration Fees	120,623	115,000	112,000	117,000
Trailer Park Fees	2,314	2,500	2,500	2,200
Penalties and Interest	62,752	50,000	46,000	48,000
Payment in Lieu of Taxes				
Housing Commission	89,297	45,000	59,000	62,000
Cable T.V.	75,612	60,000	40,000	70,000
Total Taxes	\$3,638,552	\$3,825,500	\$3,775,500	\$4,174,200
Licenses and Permits				
Business Licenses	\$1,160	\$1,200	\$1,500	\$1,300
Total Licenses and Permits	\$1,160	\$1,200	\$1,500	\$1,300
Intergovernmental Revenues				
State Shared Revenues:				
Sales & Use Tax - Constitutional	\$666,937	\$675,000	\$681,000	\$680,000
Sales & Use Tax - Statutory (1)	398,816	\$350,000	300,000	310,000
Liquor Licenses	7,732	7,800	7,500	7,800
Telecommunications Right of Way	35,199	35,000	19,600	35,000
Grants from Local Units:				
Fire Protection	141,878	150,000	135,000	150,000
Michigan Justice Training Grant	3,444	4,000	3,700	3,500
Federal Grants	101,176	12,000	0	0
State of Michigan Grants	0	0	0	50,000
School Grant - Y.S.O.	37,565	45,000	48,400	50,100
Total Intergovernmental Revenues	\$1,392,749	\$1,278,800	\$1,195,200	\$1,286,400

(1) 2007 revenue is used to fund capital items

State Shared Revenue

Ten years ago, a state-wide vote increased the sales tax from 4% to 6%. In 1997 the State included the income tax and the single business tax with the sales tax figure and developed a statutory and constitutional sales tax. Economic downturn in the State of Michigan has affected the sales tax growth. The Department of Treasury projected the constitutional figures to remain the same as 2006. The statutory numbers are anticipated to be similar as that of 2006 based on an adverse State of Michigan economic budget and an anticipated need by the State for these funds.

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 will pay the City a fee of 1.9 mills on their real and personal property taxes. The Township's estimated taxable value is \$83,109,169. The fire contract expires June 30, 2010 and is anticipated to be renewed.



Youth Service Officer Grant

This program exists because of the commitment of the City and the Cadillac Area Public schools to provide a police officer for the school system. The City and CAPS each share 50% of the costs of a police officer and the related benefits.

Solid Waste Collection

Solid waste collection is a contracted service with a private contractor. The cost is passed on to the resident. The rates were increased in 2001 to \$7.80 per month, in 2002 to \$8.00, in 2003 to \$8.25 per month, in 2005 to \$8.60, and in 2006 to \$11.78. It is recommended for 2007 to increase the monthly fee from \$11.78 to \$12.15 per month to cover the costs of the waste removal. This 3% proposed rate increase keeps the community below the cost of privately contracting for waste removal services and accounts for the increase in fuel costs. The rate for the rental of tidy totes is recommended to remain the same at \$2.20. The significant increase in 2006 was directly related to landfill cost increases imposed by Wexford County..

Solid Waste:

3,350 average units collected x \$12.15 recommended monthly fee x 12 = \$488,430 annual solid waste collection fee

Tidy Tote Garbage Cans:

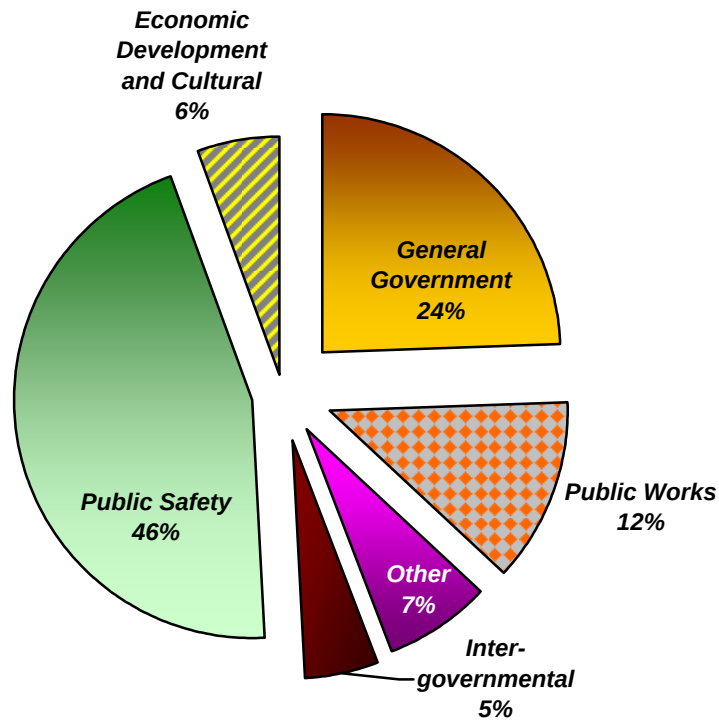
1,800 average customers x \$2.20 per month fee x 12 = \$47,520 annual collection (\$1.75 of the monthly collection fee is paid back to the waste collector.)

Total: \$535,950 estimated revenue from solid waste collection and user fees.

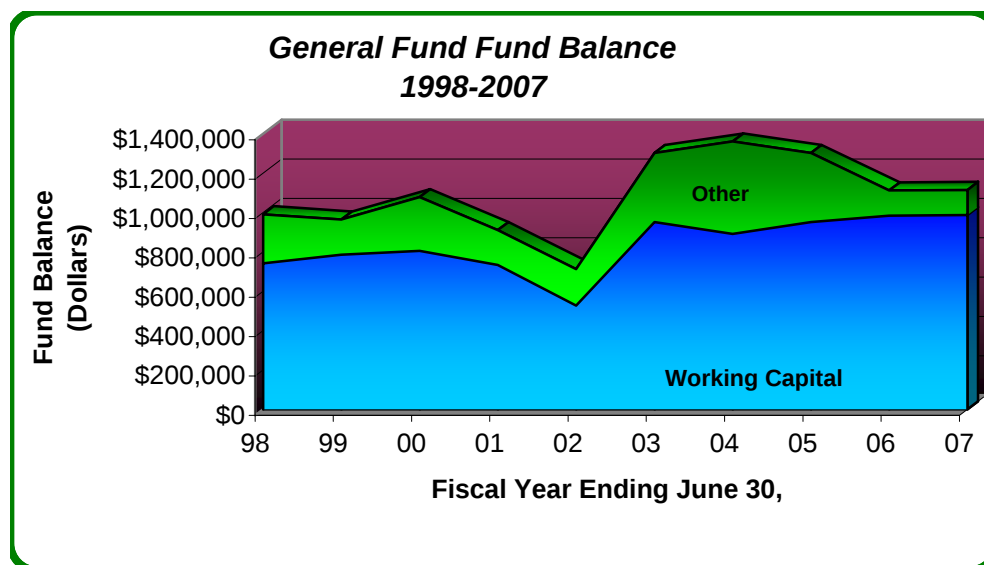
Engineering Fees

Engineering Fees are fees collected internally to cover the engineering costs of projects. Total billable construction projects are \$600,000 and the engineering fee is 7% of the costs.

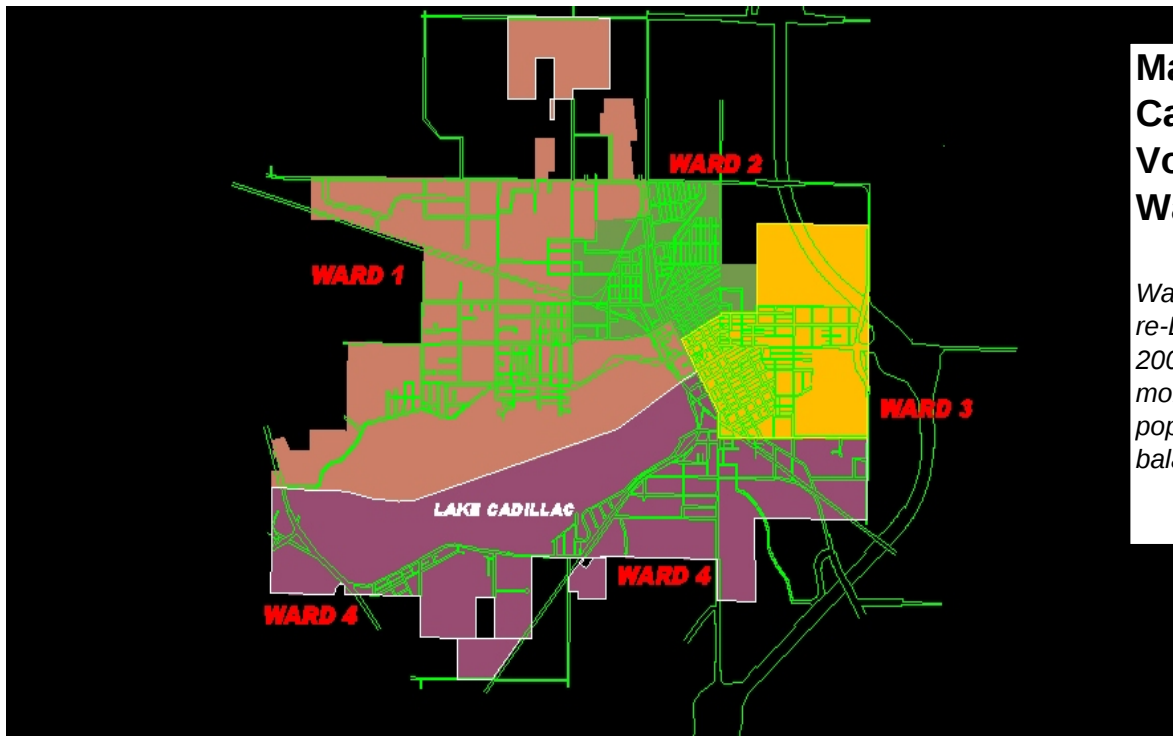
	Fiscal Year Ending June 30,			
	AUDIT	Budget		PROPOSED
	2005	ESTIMATED 2006	CURRENT 2006	2007
Charges For Services				
Zoning Fees	\$6,639	\$4,500	\$6,000	\$5,100
Exemption Certificate Fees	1,300	1,600	1,200	1,700
Police Charges	3,267	5,000	3,600	4,200
Engineering Fees	40,625	50,000	70,000	45,000
Solid Waste Collection	388,852	516,000	394,400	536,000
Sale of Maps and Ordinances	644	600	600	600
Miscellaneous	219	0	5,000	0
Rental Housing Ordinance Fee	5,210	5,000	5,500	5,200
Total Charges For Services	\$446,755	\$582,700	\$486,300	\$597,800
Fines and Forfeits				
Violations Bureau	\$35,306	\$28,000	\$36,000	\$33,000
Total Fines and Forfeits	\$35,306	\$28,000	\$36,000	\$33,000
Miscellaneous				
Interest Income	\$42,329	\$38,000	\$45,000	\$45,000
Land and Building Rental	2,283	2,000	2,400	2,400
Sale of Property	(8,288)	0	10,000	0
Reimbursements				
Housing Commission	207,040	200,000	230,000	205,000
Contributions - Private Sources	20,022	6,000	5,000	0
Northflight	43,762	49,000	50,000	50,000
Miscellaneous-Refunds and Rebates	9,813	3,000	6,900	5,000
Total Miscellaneous	\$316,961	\$298,000	\$349,300	\$307,400
Other Financing Sources				
Water and Sewer Fund	\$188,900	\$198,100	\$198,100	\$212,300
Major Street Fund	32,900	38,000	38,000	35,000
Local Street Fund	28,600	35,100	35,100	30,200
Stores & Garage Fund	44,000	44,000	44,000	47,400
Community Development Fund	15,000	17,600	17,600	15,000
Data Processing Fund	18,100	21,200	21,200	20,300
Other Transfers In	0	0	0	0
Surplus	0	0	0	0
Total Other Financing Sources	\$327,500	\$354,000	\$354,000	\$360,200
TOTAL REVENUES	\$6,158,983	\$6,368,200	\$6,197,800	\$6,760,300



General Fund Expenditures 2006-2007



	Fiscal Year Ending June 30,			
	AUDIT	Budget		PROPOSED
	2005	ESTIMATED 2006	CURRENT 2006	2007
EXPENDITURES				
General Government				
Legislative	\$48,576	\$46,900	\$46,600	\$64,700
Manager	156,123	164,600	172,100	160,700
Administrative Services	131,412	115,100	105,500	103,300
Elections	7,918	4,000	4,800	7,500
Finance	212,745	219,200	215,700	222,900
Assessor	153,631	169,100	171,000	173,500
Attorney	78,375	81,000	79,500	82,600
Clerk/Treasurer	224,765	255,200	263,000	256,900
Engineering	176,699	164,500	184,200	187,600
City Hall	326,729	313,300	333,000	390,800
Total General Government	\$1,516,973	\$1,532,900	\$1,575,400	\$1,650,500
Public Safety				
Police	\$1,760,171	\$1,853,400	\$1,720,800	\$1,920,300
Fire	1,207,111	1,392,300	1,179,900	1,144,700
Total Public Safety	\$2,967,282	\$3,245,700	\$2,900,700	\$3,065,000
Public Works	\$682,695	\$855,500	\$752,700	\$844,300
Culture and Recreation	\$412,427	\$212,900	\$208,700	\$339,400
Economic Development and Assistance	\$35,177	\$35,900	\$36,800	\$35,100
Intergovernmental Expenses	\$306,386	\$337,200	\$332,400	\$339,200
Other Financing	\$296,500	\$338,500	\$391,000	\$484,300
TOTAL EXPENDITURES	\$6,217,441	\$6,558,600	\$6,197,700	\$6,757,800
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	(\$58,458)	(\$190,400)	\$100	\$2,500
Fund Balance - Beginning of Year	\$1,360,947	\$1,302,489	\$1,302,489	\$1,112,089
FUND BALANCE AT YEAR END (1)	\$1,302,489	\$1,112,089	\$1,302,589	\$1,114,589
(1) Reserved as follows:				
Sick & Vacation Funding	187,457	22,235	187,457	17,435
Working Capital	952,305	983,790	952,405	987,463
Blackburn Skate Park/ Youth Services	2,105	844	2,105	0
Drug Forfeiture	2,596	1,287	2,596	1,287
Fire Truck/ Fire Safety House	128,252	2,815	128,252	2,815
Veterans Memorial	1,855	1,855	1,855	1,855
Pistol Range	2,272	2,050	2,272	2,050
Antique Fire Truck	2,059	2,059	2,059	2,059
Say Nay to Drugs	15	310	15	0
Inventory and Prepaid Expenditures	4,067	75,338	4,067	80,119
Tax Tribunal	19,506	19,506	19,506	19,506
Total Reserved Fund Balance	\$1,302,489	\$1,112,089	\$1,302,589	\$1,114,589



**Map of
Cadillac
Voting
Wards**

*Wards were
re-Districted in
2005 to reflect
more current
population
balance.*



Mayor Ronald J. Blanchard

Councilmember from City at large
Population of City: 10,000
Occupation: Retired Businessman
Term Expires: 12/31/07
Annual Salary: \$4,100



Gordon Baas, Mayor Pro-Tem

Councilmember from Ward 1
Population of ward: 2,595
Occupation: Probation & Parole
Supervisor
Term Expires: 12/31/07
Annual Salary: \$2,700



Councilmember Tom Dyer

Councilmember from Ward 2
Population of ward: 2,472
Occupation: Manufacturing
Term Expires: 12/31/09
Annual Salary: \$2,700



Councilmember James Dean

Councilmember from Ward 4
Population of ward: 2,391
Occupation: Manufacturing
Term Expires: 12/31/09
Annual Salary: \$2,700



Councilmember Art Stevens

Councilmember from Ward 3
Population of ward: 2,542
Occupation: Financial Advisor
Term Expires: 12/31/07
Annual Salary: \$2,700

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
GENERAL GOVERNMENT				
Legislative				
Salaries	\$14,290	\$14,500	\$14,300	\$14,300
Fringes	1,123	1,200	1,200	1,200
Office Supplies	1,613	1,400	1,800	1,800
Contractual Services	0	0	0	15,000
Dues & Publications	12,228	9,800	10,000	11,200
Travel and Education	13,766	15,000	15,000	16,600
Ordinances and Proceedings	5,554	5,000	4,300	4,600
Total Legislative	\$48,576	\$46,900	\$46,600	\$64,700
Personnel				
Full-Time Positions	0	0	0	0
Part-Time Positions	5	5	5	5
Per Capita Cost	\$4.86	\$4.69	\$4.66	\$6.47

The City Council is the policy making body for the City of Cadillac. Its salaries are set by an independent advisory committee which meets every two years. Education is encouraged for the part-time council members so that they will be on the cutting edge of information and issues involving municipal government. Contractual Services reflects the codification of the city code.

Fiscal Year	Per Capita Cost	Number of Council Meetings:	Number of Ordinances:
2005	\$4.86	23	19
2004	\$4.95	23	18
2003	\$3.92	23	25
2002	\$4.36	23	26
2001	\$4.17	23	17
2000	\$5.13	23	18

<i>Fiscal Year Ending June 30,</i>				
AUDIT	Budget			PROPOSED
	ESTIMATED	CURRENT		
2005	2006	2006		2007
GENERAL GOVERNMENT (Cont.)				
Manager				
Salaries	\$120,296	\$121,000	\$120,000	\$120,000
Fringes	16,281	25,000	31,000	22,500
Office Supplies	1,602	1,000	1,800	1,900
Postage	185	200	300	300
Data Processing	2,800	3,200	3,200	3,200
Dues & Publications	3,033	2,900	2,500	2,600
Telephone	1,753	800	1,500	900
Travel & Education	4,874	5,500	7,400	5,000
Vehicle Lease	5,300	5,000	4,400	4,300
Total Manager	\$156,123	\$164,600	\$172,100	\$160,700
Personnel				
Full-Time Positions	1.5	1.5	1.5	1.5
Part-Time Positions	0	0	0	0
Per Capita Cost	\$15.61	\$16.46	\$17.21	\$16.07

City Manager

The chief administrative officer of the City of Cadillac is the City Manager. The City Manager is responsible for the administration of all City departments and also for making reports and recommendations to the City Council. Peter Stalker has been the chief administrative officer since 1995. He has been with the City of Cadillac since 1987.

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



Peter D. Stalker
City Manager

Challenges to be addressed in 2006-2007:

- 1 The State of Michigan continues to exhibit a lack of support for funding of local municipalities. Revenue sharing payments are equal to that which were received in 1998. This budget document recognizes this lack of funding and positions the City to meet this challenge.
- 2 The local community continues to experience solid industrial growth. The City will need to continue to work closely with our manufacturing base to ensure retention and expansion of these businesses. Two major plant closings have previously been avoided, and it is anticipated that additional challenges will arise in the future.
- 3 Funding requirements for future retiree health care costs have been identified through an actuarial study of the City's current liability for other post-employment benefits, commonly referred to as OPEB. New accounting standards will result in a significant increase in fringe benefit costs for all municipal employees.
- 4 The emergence of Eurasian water milfoil in Lake Cadillac will require an aggressive treatment program. The City's cost for this program is included in this budget.
- 5 Downtown Cadillac continues to face a number of challenges in this coming fiscal year. Two large businesses are considering relocation outside of the core business district. This budget includes resources necessary to assist the downtown in meeting these retention and reuse challenges.
- 6 The Wexford County Landfill has implemented significant increases in tipping fees, which will drive municipal solid waste removal costs up well beyond normal inflationary increases. These new costs are included in this budget and must be passed on to local residents via increased user fees. The City will work with the County to develop a viable business plan to control future escalation of these cost.
- 7 Groundwater contamination in the immediate area surrounding the municipal well field will continue to be of significant concern. The City is cooperating with state and private parties to ensure the protection of the public drinking water supply.
- 8 Grant procurement must remain a key activity to ensure adequate funding for municipal infrastructure at a time when traditional revenue streams are either being restricted or completely eliminated.
- 9 Significant emphasis will be placed on core residential areas throughout the community in an attempt to maintain and strengthen these key neighborhoods. New residential growth is also anticipated and should have a positive impact on the local community.
- 10 The Cadillac Police Department will continue its pursuit of "recognition" through CALEA (Commission on Accreditation for Law Enforcement Agencies). This will ensure the local community that the Police Department is incorporating best practice technologies in its operation. Appropriate funding for this recognition activity is included this year.

	Fiscal Year Ending June 30,			
	Budget			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
GENERAL GOVERNMENT (Cont.)				
Administrative Services				
Salaries - Full Time	\$30,555	\$31,000	\$30,000	\$30,000
Salaries - Part Time	14,970	15,000	12,000	15,000
Fringes	5,713	13,000	13,000	6,000
Office Supplies	2,003	2,000	2,000	2,600
Postage	633	500	600	600
Contractual Services	70,634	46,000	40,000	40,000
Data Processing	2,800	3,200	3,200	3,200
Dues & Publications	1,736	2,000	1,700	2,000
Telephone	784	600	500	600
Travel & Education	1,417	1,600	2,000	1,700
Suggestion Award	167	200	500	400
Capital Outlay	0	0	0	1,200
Total Administrative Services	\$131,412	\$115,100	\$105,500	\$103,300
Personnel				
Full-Time Positions	0.9	0.9	0.9	0.9
Part-Time Positions	1	1	1	1
Per Capita Cost	\$13.14	\$11.51	\$10.55	\$10.33
Administrative Services				

Precia Garland, Assistant City Manager, oversees this department. She has several functions at the City, therefore her salary is split amongst several funds. The Administrative Services department of the General Fund provides 25% of her salary. The Community Development Fund provides an additional 40% with the remainder coming from the Downtown Development Authority Fund. A part-time graduate school intern is reflected in 2005 and 2006. 2007 funding has been curtailed. Administrative Services functions primarily as the human resource and grant-writing department. Within the Contractual Services line item is the cost of labor attorneys and other professional services, which the City may encounter within the next fiscal year.



Precia Garland
Asst. City Manager

Departmental Goals for 2005-2006:

1. Undertake efforts to improve targeted residential neighborhoods through the Neighborhoods of Choice (NOC) pilot program. **Status:** *Pine St in 06, Nelson in 07*
2. Find a new non-profit organization to lease the available 4,000 square feet in the Cadillac Community Center. **Status:** *added Footlites, still 3,000 sq ft available.*
3. Develop a city-wide employee training schedule to address issues that impact the entire organization. **Status:** *Ongoing*
4. Apply for grant funding to expand public infrastructure as necessary to enable industrial development. **Status:** *Ongoing*
5. Apply for grant funding to facilitate construction of Phase III of the Clam River Greenway in 2006. **Status:** *One grant written and submitted. A second grant is in process.*

Departmental Goals for 2006-2007:

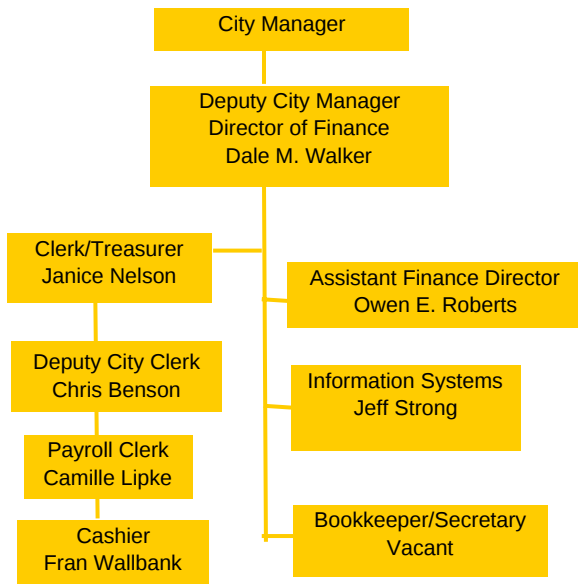
1. Assume the HR function for the Cadillac Housing Commission, including a comprehensive audit of the existing system.
2. Implement Brownfield Redevelopment Authority Plan to achieve redevelopment of listed brownfield sites.

**City of Cadillac
Administrative Internship Program**

Name	Internship Dates	Current Employment
Art Stevens		Self employed; Cadillac City Council Member
Todd Campbell	May 1997- February 1998	Assistant City Manager City of Sturgis, Michigan
Bill Gascoigne	Feb. 1998- Dec. 1998	City Manager City of West Branch, Michigan
Roger Rouse	Feb. 1999- July 1999	Public Services Director City of Rochester Hills, Michigan
Gretchen Carnes	March 2000 - Aug. 2000	PhD Candidate Penn State University
Anna Aguilar	June 2000- Nov. 2000	MPA Candidate Grand Valley State University
David Ehren	May 2001- Nov. 2001	Instructor Saginaw Chippewa Indian Charter Sch.
Jeff Flynn	May 2002- August 2002	<i>No information available</i>
John Kaczynski	May 2004- Dec. 2004	<i>No information available</i>
Lisa McCann	Jan. 2005- June 2005	PhD Candidate, University of Colorado
Nan Taylor	August 2005- Dec. 2005	Master of Fine Arts, Historic Preservation Savannah College of Art and Design
Derek Thiel	Jan. 2006- Feb 2006	Airport Administrator Grosse Ile Township Airport

Finance

The finance 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 Dale Walker is the chief financial officer and has been for over 28 years. He oversees the clerk-treasurer, accountant, and data processing functions. In addition to the management activities, budgeting and investing of the City's money are critical functions of this department.



Dale M. Walker
Deputy City Manager
Director of Finance

Departmental Goals for 2006-2007:

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

Status

Accomplished
Accomplished
Accomplished
In process
In process

Departmental Goals for 2005-2006:

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

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
GENERAL GOVERNMENT (Cont.)				
Finance				
Salaries	\$119,369	\$121,000	\$120,000	\$120,500
Fringes	36,286	40,000	36,400	43,100
Office Supplies	14,091	14,000	14,000	12,200
Postage	2,099	2,100	2,300	2,200
Audit	10,260	11,000	13,000	11,000
Data Processing	13,200	16,000	16,000	16,000
Dues & Publications	4,772	6,500	6,000	6,700
Telephone	2,807	600	1,000	1,500
Travel & Education	9,861	8,000	7,000	8,500
Capital Outlay	0	0	0	1,200
Total Finance	\$212,745	\$219,200	\$215,700	\$222,900
Personnel				
Full-Time Positions	1.94	1.94	1.94	1.94
Part-Time Positions	0	0	0	0
Per Capita Cost:	\$21.27	\$21.92	\$21.57	\$22.29

Finance Department Performance Measurements				
Fiscal Year	Journal Entries	Audit Adjustments	Checks Disbursed	Accounts Receivable Invoices
1997	2,290	238	9,593	778
1998	2,022	230	8,544	761
1999	1,821	199	8,235	670
2000	2,972	348	8,701	665
2001	2,228	247	8,265	590
2002	1,520	227	8,248	550
2003	1,359	226	8,131	623
2004	1,109	253	8,358	617
2005	1,166	155	6,352	613

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

Assessor

The function of the City Assessor has been contracted with the Wexford County Equalization Department. This is a five-year contract expiring March 31, 2007. Payments to the County are made quarterly. The contractual arrangement has been beneficial for the City and provides very good service to our citizens. The City is still responsible for the board of review that is held periodically. There are no City employees in this area. Contractual Services activity anticipates legal costs associated with defending the property values assessed.

City Attorney

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



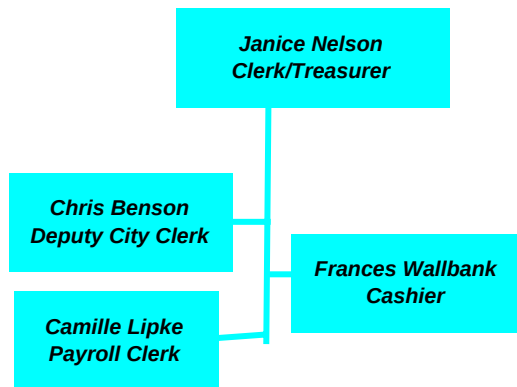
David McCurdy
City Attorney
McCurdy and Wotila

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Ordinances Prepared	19	19	25	26	15
Hours Spent for The City	715	900	988	821	824
Cost Per Hour	\$105	\$82	\$76	\$89	\$85
Special Assessment					
Resolutions	6	3	10	16	17
IFT Resolutions	58	37	31	16	14

<i>Fiscal Year Ending June 30,</i>				
AUDIT	Budget		CURRENT	PROPOSED
	ESTIMATED			
2005	2006		2006	2007
GENERAL GOVERNMENT (Cont.)				
Assessor				
Salaries - Part Time	\$760	\$0	\$0	\$0
Fringes	62	0	0	0
Office Supplies	31	1,000	600	200
Postage	2,078	2,200	3,200	3,000
Contractual Services	5,892	15,000	30,000	20,000
Wexford County Contract	104,663	104,000	90,000	103,500
Data Processing	40,000	46,400	46,400	46,400
Board of Review	146	500	800	400
Total Assessor	\$153,631	\$169,100	\$171,000	\$173,500
Office Supplies in 2006 includes Apex IV assessor computerized drawing software for equalizer assessing software.				
Personnel				
Full-Time Positions	0	0	0	0
Part-Time Positions	0	0	0	0
Per Capita Costs	\$15.36	\$16.91	\$17.10	\$17.35
Attorney				
Office Supplies	\$900	\$2,000	1,000	\$1,400
Contractual Services	76,500	77,800	77,800	80,200
Travel & Education	975	1,200	700	1,000
Total Attorney	\$78,375	\$81,000	\$79,500	\$82,600
Personnel				
Full-Time Positions	0	0	0	0
Part-Time Positions	0	0	0	0
Per Capita Costs	\$7.84	\$8.10	\$7.95	\$8.26

City Clerk/Treasurer

This department is divided into two major sections. The first is the City Treasurer's Office, which has all custody of the revenues of the City and is established under the City Charter. Tax rolls are prepared and collected by this department and mailed to citizens. The second major area is the Clerk's Office, which is the Clerk to the City Council, signs all ordinances, keeps a permanent journal of all Council proceedings, and handles the City-wide elections. Mrs. Janice Nelson, City Clerk/Treasurer, has a capable staff of three to assist her. Mrs. Nelson has been with the City for 27 years. She holds the distinguished designation of Certified Municipal Clerk as well as Certified Municipal Finance Administrator.



Janice Nelson
City Clerk/Treasurer

Goals:

1. Efficient conversion to new cash receipting and tax roll maintenance system, which will provide for enhanced customer service.

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

<u>Statistics</u>	<u>Payroll Checks Written</u>	<u>Elections</u>	<u>Voters</u>	<u>Per Capita Cost</u>
2005	2,401	1	6,931	\$22.48
2004	3,218	2	6,803	\$26.29
2003	3,409	1	6,778	\$18.41
2002	3,513	2	6,767	\$19.30
2001	3,335	2	6,829	\$18.42

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
GENERAL GOVERNMENT (Cont.)				
Clerk/Treasurer				
Salaries	\$129,157	\$131,000	\$130,000	\$131,500
Fringes	52,874	72,000	75,200	61,000
Office Supplies	2,402	1,800	1,800	2,100
Postage	5,992	5,300	4,700	6,100
Data Processing	33,000	39,000	39,000	39,000
Dues & Publications	439	500	800	600
Telephone	(1)	100	100	0
Travel & Education	165	500	1,400	400
Bad Debt Expense	737	5,000	10,000	15,000
Capital Outlay	0	0	0	1,200
Total Clerk/Treasurer	\$224,765	\$255,200	\$263,000	\$256,900
Personnel				
Full-Time Positions	4	4	4	4
Part-Time Positions	0	0	0	0
Elections				
Salaries	\$5,351	\$2,000	2,500	\$5,000
Office Supplies	2,567	2,000	2,300	2,500
Total Elections	\$7,918	\$4,000	\$4,800	\$7,500
Personnel				
Full-Time Positions	0	0	0	0
Part-Time Positions	15	30	30	15

Two elections will be held in 2006-2007, the August primary and November general election. The election process is computerized and uses three AccuVote machines which scan ballots inserted by the voter. The staff of approximately 15 are all part-time employees that work one or two days for each election.

Fiscal Year Ending June 30,				
AUDIT	ESTIMATED		BUDGET	
	2005	2006	2006	2007
GENERAL GOVERNMENT (Cont.)				
Engineering				
Salaries	\$94,654	\$96,000	\$106,000	\$111,100
Salaries - Part Time	0	3,000	4,000	3,700
Fringes	41,976	37,000	43,300	38,400
Office Supplies	2,489	3,800	3,500	3,500
Postage	120	200	200	200
Contractual Services	10,841	5,000	7,000	8,000
Data Processing	13,200	16,000	16,000	16,000
Dues & Publications	625	500	700	700
Telephone	694	500	600	700
Travel & Education	1,985	400	300	500
Equipment Rental	2,116	2,100	2,600	4,800
Capital Outlay	8,000	0	0	0
Total Engineering	\$176,699	\$164,500	\$184,200	\$187,600
Personnel				
Full-Time Positions	2.41	2.41	2.41	2.41
Part-Time Positions	0	1	1	1
Cost per Capita	\$17.67	\$16.45	\$18.42	\$18.76

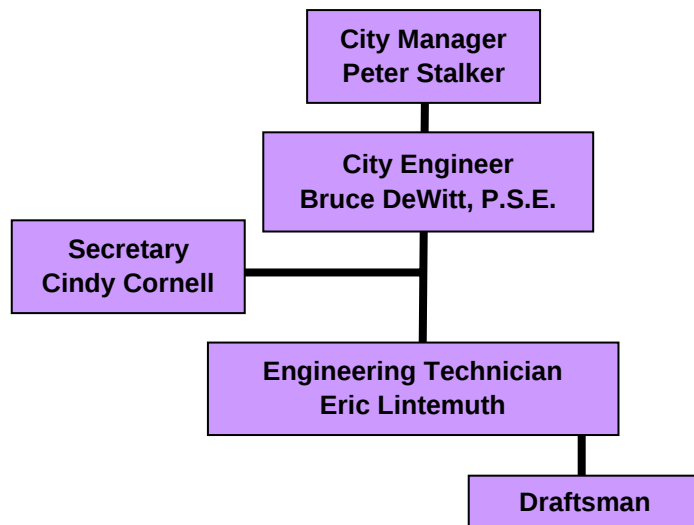
Engineering

The engineering department, which operates under the direction of the City Manager, is responsible for the planning, design, inspection and testing of the City street construction projects and any other related construction jobs. A professional engineer licensed by the State of Michigan must oversee the department. The engineer plays a major role in providing the infrastructure needs of the City. Contractual Services were included to reflect the use of a contractual employee to enter and develop our Geographic Information System (GIS) and also to include the use of consulting engineers as many street projects have been developed in the past couple of years. For twenty-seven years, Bruce DeWitt has been the City Engineer. The secretary has 41% of her salary applied to this department. A summer draftsman was budgeted in 2007.

**Engineer In-House Survey
Engineer's Primary Duties**

<u>City</u>	<u>In-House Engineering</u>	<u>Full-time Part-time</u>	<u>Design</u>	<u>Site Plan Approval</u>	<u>GIS Development</u>	<u>Contract Engineer Oversight</u>
Marysville	Yes	Part-time	No	Yes	Assists	Limited
Albion	No					
Alma	No					
Alpena	Yes	Full-time	Yes	Yes	No	Yes
Cadillac	Yes	Full-time	Yes	Yes	Yes	Yes
Charlotte	Yes	Full-time	No	Yes	Yes	Yes
Coldwater	Yes	Full-time	No	Yes	No	Yes
Grand Blanc	No					
Howell	Eng. Tech only	Full-time	No	Yes	Yes	Limited
Ionia	No					
Lapeer	No					
Ludington	No					
New Baltimore	No					
Niles	No					
Plymouth	No					
Rochester	No					
Sturgis	Yes	Full-time	Yes	Yes	No	Yes

source: Rehmann Robson CPA's Survey - 2005



**Bruce DeWitt
City Engineer**

City Hall

The maintenance of the physical plant, which is occupied 24 hours per day, is anticipated to increase as the facility ages. The roof was replaced in 1999 after twenty years at a cost of \$100,000. The HVAC system required significant maintenance and was replaced in fiscal year 2004 and 2005. Salaries for 2007 reflect 10% of the receptionist and as well as the full-time custodian. Utility costs are anticipated to increase an average of 9.9%. Capital outlay in 2007 reflects the renovation of the council chambers along with lights and wall covering in various locations within the municipal complex.



Goals for 2006-2007:

1. Replace council desks and carpeting in the council chambers.
2. Continue with lighting replacement and upgrade of wall covering throughout the Municipal Complex

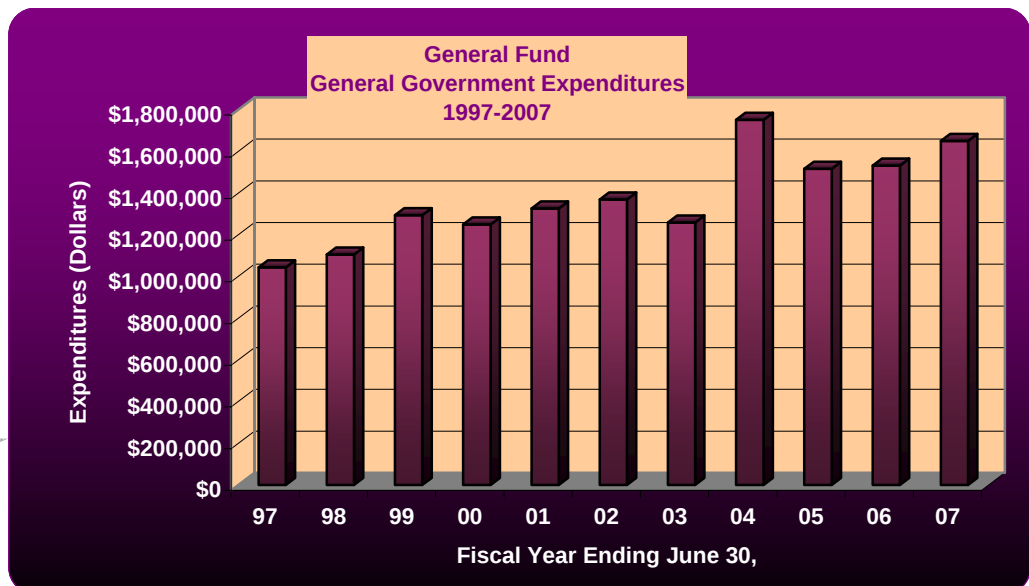
Goals for 2005-2006:

1. Replace council desks and carpeting in the council chambers. **Status: defer to 2007.**
2. Replace HVAC in fire department. **Status: Completed.**
3. Continue with lighting replacement and upgrade of wall covering throughout the Municipal Complex. **Status: On going.**

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
GENERAL GOVERNMENT (Cont.)				
City Hall				
Salaries	\$34,339	\$36,000	\$38,000	\$29,000
Fringes	6,460	12,000	18,200	8,900
Operating Supplies	13,209	15,000	14,200	14,200
Contractual Services	18,654	19,000	18,100	21,000
Service/Lease Contracts	9,756	11,000	13,100	12,500
Liability Insurance	88,369	88,000	88,600	91,100
Utilities	72,986	82,000	93,000	92,000
Repair and Maintenance	15,065	22,000	17,000	15,000
Equipment Rental	5,808	6,000	5,800	5,800
Parking Contract	1,711	2,300	1,800	2,300
Capital Outlay	60,372	20,000	25,200	99,000
Total City Hall	\$326,729	\$313,300	\$333,000	\$390,800
Personnel				
Full-Time Positions	1.3	1.3	1.3	1.3
Part-Time Positions	2	2	2	1
Cost per Capita	\$32.67	\$31.33	\$33.30	\$39.08
TOTAL GENERAL GOVERNMENT	\$1,516,973	\$1,532,900	\$1,575,400	\$1,650,500

General Government costs per Capita \$151.70 \$153.29 \$157.54 \$165.05

Increase in General Government is due to the major air handling unit costs in 2004 and renovation of the council chambers after 30 years. Non-union employees salaries are proposed to increase an average of 2.6%.



Values Statement

The members of the Cadillac Police Department realize that we are stewards of the public's trust. The badge that each member wears is a symbol of this trust.

Therefore, we embrace the values of honesty, integrity, and loyalty, while serving our community with respect, pride and commitment.



Mission Statement

It is the mission of the Cadillac Police Department to:

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



Jeff Hawke,
Director of Public Safety

Police Department

The City of Cadillac's Police Department is headed by Public Safety Director Jeff Hawke. Director Hawke has 20 years of experience in law enforcement. His staff includes one captain, one detective-lieutenant, four sergeants, and nine patrol officers. The uniformed officers are members of the Police and Fire Retirement System. The two civilian clerical staff are part of the Michigan Municipal Employees Retirement System. The Police Officers Association of Michigan represents the uniformed officers in employee negotiations. Their contract expires June 30, 2008.

Goals for 2006-2007:

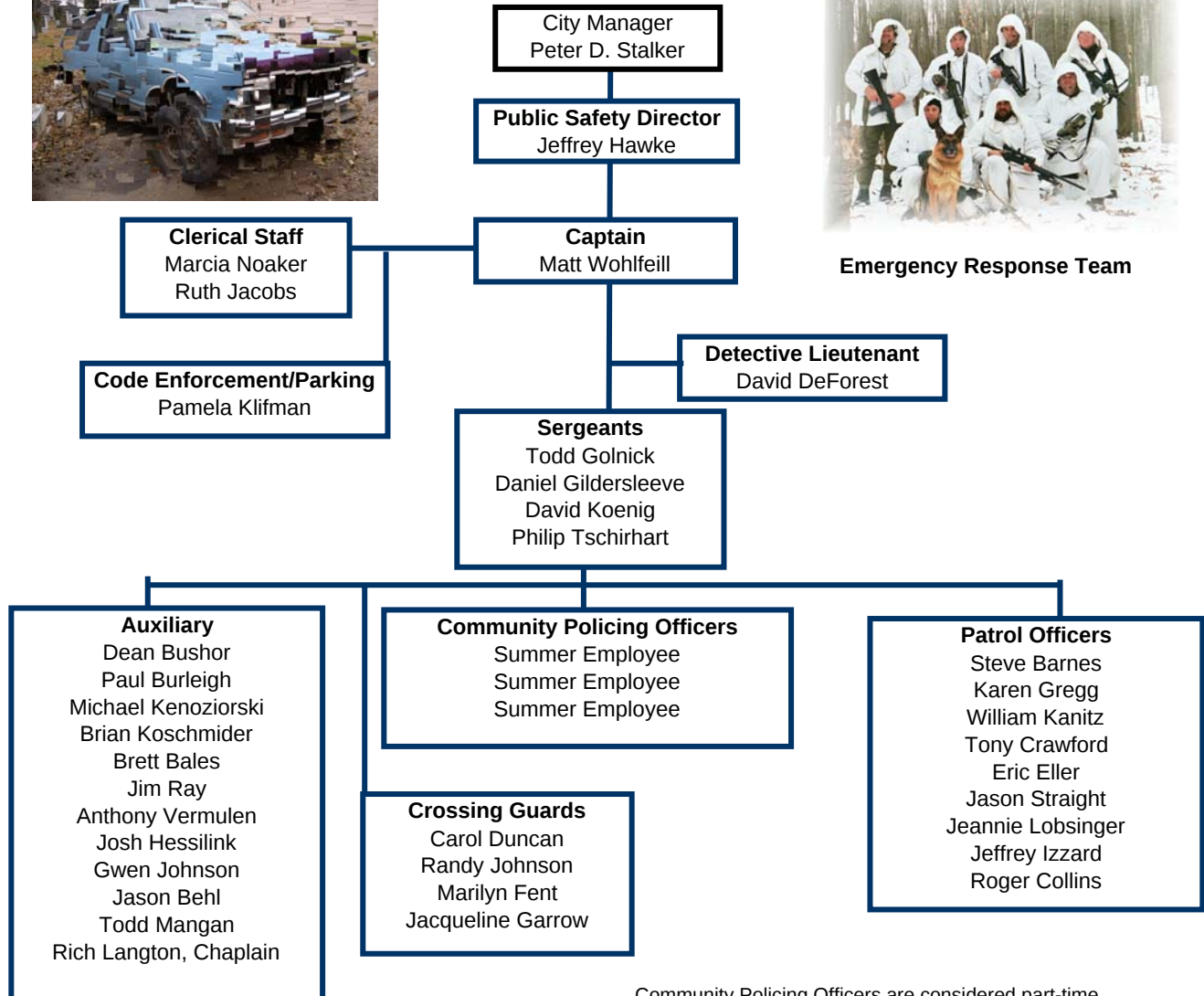
1. Continue policy review and implement CALEA standards.
2. Coordinate core fire investigations team to enhance fire investigation ability.
3. Conduct further training in the National Incident Management System for department members.

Goals for 2005-2006:

1. Continue policy review and implement Commission on Accreditation for Law Enforcement Agencies (C.A.L.E.A.) standards. **Status:** Ongoing. Policy review in process.
2. Review and update job descriptions for all positions within the department. **Status:** Underway.
3. Complete property and evidence handling project and revise policy as necessary. **Status:** Completed.
4. Reduce overtime costs by 10%. **Status:** 20% reduction achieved in 2005. Continuing to monitor for 2006.



Emergency Response Team



Community Policing Officers are considered part-time



Vehicles	Miles	Assignment
1998 Ford F-150	141,428	Utility
2005 Chevy Impala	7,020	Director
2005 Chevy Tahoe	8,968	Patrol
1999 Dodge Intrepid	72,800	Detective
2004 Chevy	29,938	Patrol
1997 Ford	116,958	Youth Services
2000 Ford	89,680	Patrol
1997 Jeep	126,560	General
2002 Chevy	61,315	Patrol
1995 Chevy Van	96,904	Utility
2001 Jeep	44,071	K-9
2003 Chevy	57,125	Patrol
2003 Chevy	54,732	Patrol



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

Community Policing Officers, formally known as the summer foot patrol, are graduates of the police academy and work from May to September. There are three part-time officers assigned to the downtown area and lakefront. The officers are on foot or bicycle enforcing ordinance violations as well as State and Federal laws. The program was conceived in 1989. A steady decline in violations has been noted over the past 16 years. This speaks to the effectiveness of the program as seen by the chart below:

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Alcohol Violations	8	12	4	8	10
Disorderly Persons	2	3	2	0	1
OUIL	2	3	1	1	12
Controlled Substances	2	7	0	2	13
Curfew, Tobacco, Other	184	61	7	21	35

K-9 Officer, along with his partner Sgt. Todd Golnick conducted:

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Tracking Calls	5	27	39	39	3
Demonstrations	10	11	21	23	25
Drug Searches	7	15	23	30	6



The Cadillac Police Department is attempting the recognition phase of the law enforcement accreditation process.

Bo is a 14-month old Czech-born German Shepherd.



Police (Cont'd):

The department has two clerical employees who are responsible for generating all department records and processing all requests by citizens. They produced the following:

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Police Reports	4,487	4,577	4,953	4,984	4,899
Traffic Citations	1,167	895	857	1,530	1,468
Requests for Accident Reports	479	452	494	506	443
NSF Check Complaints	135	147	117	97	107
Freedom of Information Requests	132	109	144	102	169
Handgun Registrations	108	52	62	112	101
Total	6,508	6,232	6,627	7,331	7,187

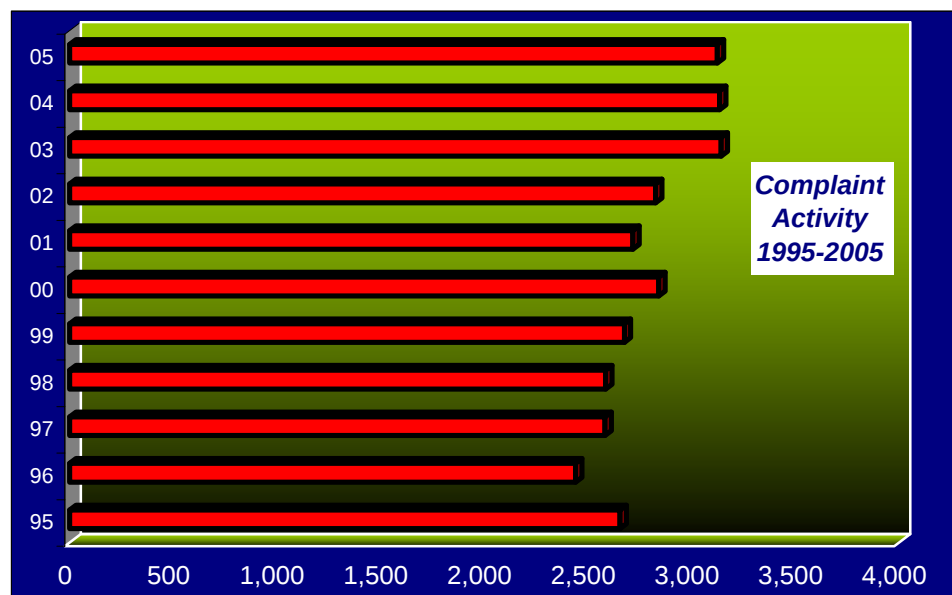
**Capital Outlay Requests
2006-2007**

1. Patrol Car	\$24,500
2. Wireless Data	\$73,600
Total	\$98,100



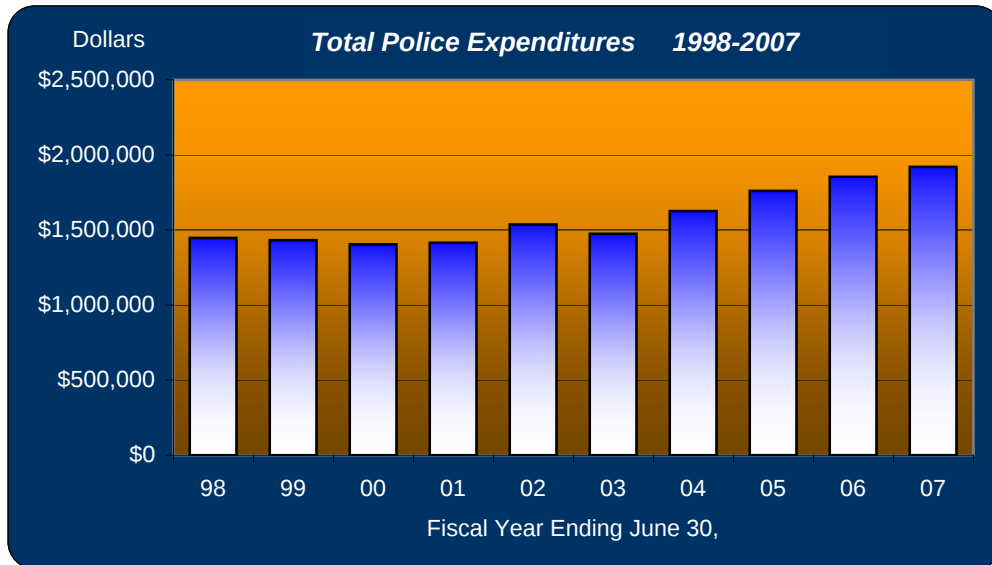
One sworn police
officer for every
625 residents

Criminal activity has been
fairly consistent over the
past few years.



Based on data from department statistics for index and non-index crimes

Fiscal Year Ending June 30,				
AUDIT	Budget			PROPOSED
	ESTIMATED	CURRENT		
2005	2006	2006		2007
<u>PUBLIC SAFETY</u>				
Police				
Salaries - Supervisory	\$117,397	\$125,000	\$142,000	\$148,100
Salaries - Patrolmen	654,219	670,000	620,000	651,400
Salaries - Overtime	56,545	60,000	85,000	86,500
Salaries - Clerks	71,627	72,000	76,000	78,800
Salaries - Crossing Guards	8,162	10,000	12,000	12,000
Salaries - Auxiliary	4,608	5,000	5,500	5,000
Salaries - Summer Patrol	17,502	20,000	21,000	21,000
Fringes	591,119	630,000	501,700	586,600
Office Supplies	8,620	8,000	8,300	9,000
Operating Supplies	40,985	41,000	42,700	44,000
Operating Supplies - Community Service	1,676	900	1,500	1,500
Uniform Cleaning	9,500	9,000	9,500	9,500
Data Processing	41,800	50,000	50,000	50,000
Dues & Publications	1,932	2,000	2,000	2,000
Radio & Equipment Maintenance	4,488	3,000	3,000	3,000
Telephone	6,814	5,000	5,000	5,000
Travel & Education	31,570	25,000	32,600	32,600
Car Allowance	3,000	0	3,000	0
Vehicle Repair and Maintenance	25,079	27,000	27,000	25,500
Uniforms and Maintenance	9,123	9,000	12,500	11,500
Equipment Rental	16,353	17,000	23,500	27,700
Vehicle Lease	0	4,000	0	7,800
Copier Lease	3,810	3,500	3,500	3,700
Capital Outlay	34,244	57,000	33,500	98,100
Total Police	\$1,760,171	\$1,853,400	\$1,720,800	\$1,920,300
Personnel				
Full-Time Positions	18.5	18.5	17.1	18.4
Part-Time Positions	16	16	16	12
Police Cost per Capita	\$176.02	\$185.34	\$172.08	\$192.03



Performance Measurements

Police Department		2005-2006 Total Police Department Budget	Number of Full-Time Officers	Citizens Served Per Full-Time Officer
<u>Cities</u>	2000 Census			
Manistee	6,586	\$1,112,012	15	439.07
Ludington	8,357	\$1,295,800	15	557.13
Big Rapids	10,849	\$1,573,400	14	774.93
Alpena	11,304	\$1,561,185	16	706.50
Marshall	7,459	\$1,286,617	15	497.27
Petosky **	6,080	\$2,648,900	9	675.56
City of Cadillac	10,000	\$1,853,400	16	625.00

Each police officer in the City of Cadillac is serving more citizens per officer (625) when compared to similar sized communities in the State of Michigan. Cadillac has the second-highest per capita costs (\$185).

Fire Department		2005-2006 Total Fire Department Budget	Number of Full-Time Officers	Citizens Served Per Full-Time Officer
<u>Cities</u>	2000 Census			
Manistee	6,586	\$684,059	9	731.78
Ludington *	8,357	\$149,100	0	N/A
Big Rapids	10,849	\$776,300	9	1,205.44
Alpena	11,304	\$1,298,144	24	471.00
Marshall	7,459	\$749,632	8	932.38
Petosky **	6,080	\$2,648,900	9	675.56
City of Cadillac	10,000	\$1,179,900	11	909.09

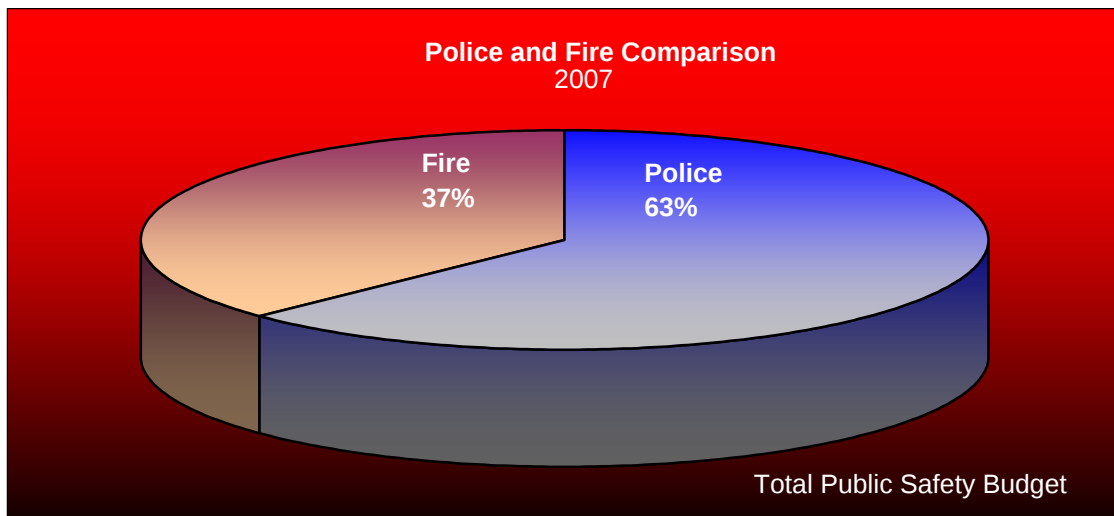
Firefighters in the City of Cadillac are serving 909 citizens per officer which is above average when compared to similar communities in the State. Cadillac has the second highest per capita costs at \$118.

* The City of Ludington offers fire protection using a 21 volunteer firefighter operation.

** The City of Petoskey has 18 FTE public safety officers. For the purposes of this information, equal coverage was given to Police and Fire, with nine officers assigned to each.

**Police and Fire Compared to the Total General Fund Expenditures
1991-2007**

Year Ended	Expenditures		Total Public Safety	General Fund Total Expenditures plus other financing uses	Percent of total expenditures of General Fund	
	Police	Fire			Police	Fire
6/30						
2007	\$1,920,300	\$1,144,700	\$3,065,000	\$6,757,800	28.42%	16.94%
2006	\$1,853,400	\$1,392,300	\$3,245,700	\$6,558,600	28.26%	21.23%
2005	\$1,760,171	\$1,207,111	\$2,967,282	\$6,217,441	28.31%	19.41%
2004	\$1,626,181	\$1,035,891	\$2,662,072	\$5,872,347	27.69%	17.64%
2003	\$1,475,406	\$1,034,873	\$2,510,279	\$5,239,720	28.16%	19.75%
2002	\$1,537,630	\$916,998	\$2,454,628	\$5,671,563	27.11%	16.17%
2001	\$1,575,551	\$988,632	\$2,564,183	\$5,613,156	28.07%	17.61%
2000	\$1,465,293	\$1,144,998	\$2,610,291	\$5,366,921	27.30%	21.33%
1999	\$1,433,047	\$991,645	\$2,424,692	\$5,234,493	27.38%	18.94%
1998	\$1,447,101	\$873,240	\$2,320,341	\$4,948,684	29.24%	17.65%
1997	\$1,369,058	\$908,804	\$2,277,862	\$4,687,638	29.21%	19.39%
1996	\$1,236,945	\$824,857	\$2,061,802	\$4,532,936	27.29%	18.20%
1995	\$1,214,244	\$835,244	\$2,049,488	\$4,553,093	26.67%	18.34%
1994	\$1,271,421	\$1,149,142	\$2,420,563	\$4,832,474	26.31%	23.78%
1993	\$1,148,090	\$680,831	\$1,828,921	\$4,199,778	27.34%	16.21%
1992	\$1,142,313	\$671,956	\$1,814,269	\$3,937,455	29.01%	17.07%
1991	\$999,179	\$582,199	\$1,581,378	\$3,621,131	27.59%	16.08%



Fire

The Public Safety Director, Jeff Hawke, is the chief operating officer in this department. His salary is split 50% in police and 50% in fire. He has a staff of 11 full-time firefighters and 18 volunteers to provide 24-hour fire protection to the City of Cadillac and Clam Lake Township. The firefighters have in addition to their duties a periodic rental housing inspection designed to help prevent fires. The rental program requires that all rental property be inspected for building, electrical, mechanical and housekeeping deficiencies.



Goals 2005-2006

1. Review ISO report and implement any possible initiatives to improve rating. **Status:** *Assigned for review.*
2. Explore Commission of Fire Accreditation International. Weigh cost vs. Benefit and make a recommendation to the City Manager. **Status:** *Analysis of cost vx. Benefit pending.*
3. Conduct review of site survey program at the two year mark. Analyze and implement changes as necessary. **Status:** *Analysis underway and pre-planning for major occupancies in process.*
4. Reduce overtime costs by 10%. **Status:** *Monitor and control as necessary.*

Goals 2006-2007:

1. Review and update report writing protocols.
2. Coordinate core fire investigations team to enhance fire investigation ability.
3. Conduct further training in the National Incident Management System for department members.



Mike Mongar
Fire Inspector

Fire Inspector

Firefighter Mike Mongar was assigned as Fire Inspector during 2003. Mike conducts commercial fire inspections, provides fire prevention education, coordinates the rental housing inspection program, and coordinates the site survey program.

Fire Department
Performance Measurements

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Man-Hours spent in training	4,200	4,400	4,250	4,400	4,500
Hours spent in water rescue:					
Training	0	16	28	80	62
Number of Site Surveys (Fire Inspector began in 2003)	N/A	N/A	111	138	99
Number of Fire Inspections	30	50	50	57	129
Number of Educational Programs Offered	5	11	11	11	12
Number of Fire Investigations Performed	52	33	57	54	64
Number of Fires Reported	52	33	57	54	64
Percentage of Fires Preventable by Inspection	20	22	20	10	20
Number of Fires of Suspicious Origins	10	8	11	2	6
Citizens participating in Educational Programs	2,700	3,655	3,450	3,500	3,350
Fires in Inspected Buildings	3	2	1	2	4
Fires In Uninspected Buildings	19	2	9	18	25
Number of EMT Runs	463	949	1,347	1,414	1,322
Man-Hours Spent Maintaining Vehicles	650	840	730	800	692
Rental Inspection Hours				630	624
Man hours spent on inspections				2,190	2,889
Man hours spent on reports				450	500
Man hours spent on fires				81	96
Man hours spent on public relations				700	740
Total man hours worked in last three years				31,120	33,600



**Mayor offering Heroism Award
to firefighters**



Dive team practice

City Manager
Peter Stalker

Director of Public Safety
Jeffrey Hawke

Captain
Randall Norman
Jeff Holly

Lieutenant
Chris Shankland
Chris Cater

Firefighters
Robert Keith
Fred Osborn
Michael Mongar, Fire Inspector
Mark Near
James Barczewski
David Harrison
Nicholas Gettel

Auxiliary		
Alan Stephenson	Mike Blackmer	Richard Myers
Larry Cooley	Craig Eby	
Mark Feister	David Nordman	
Jeremy Timmreck	Tom Janik	
Taylor Burleigh	Matt Schaenwald	
Jamie Anderson	Jason Baughan	
Tony Fuzi	Mike Morin	



Responding to car fire



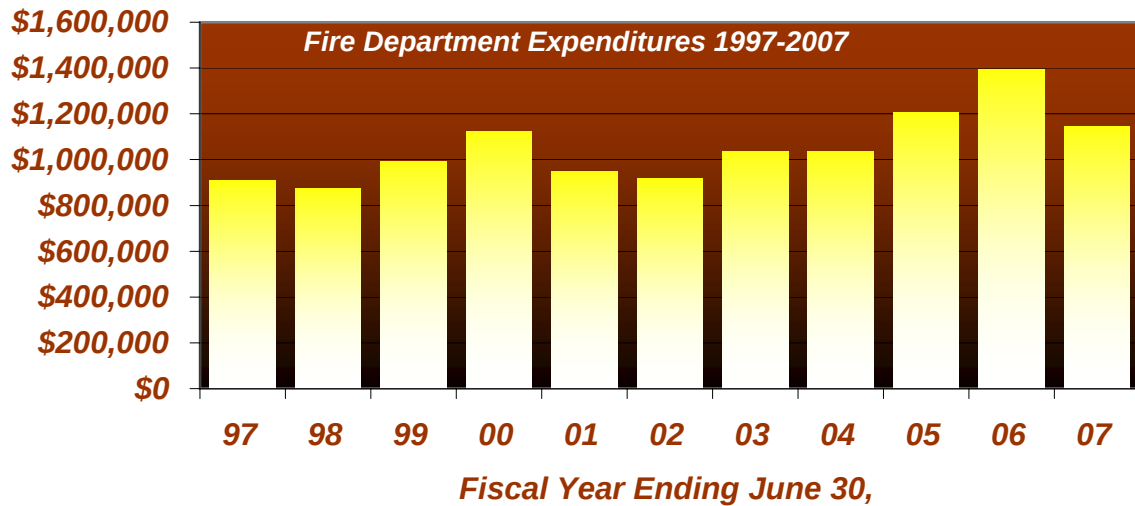
**Hazardous chemicals at local
manufacture are monitored**

Fringe Benefits

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

Fiscal Year Ending June 30,				
AUDIT	Budget		PROPOSED	
	ESTIMATED	CURRENT		
2005	2006	2006	2007	
PUBLIC SAFETY (Cont.)				
Fire				
Salaries - Supervisory	\$31,854	\$33,000	\$33,000	\$33,600
Salaries - Firefighters	434,300	460,000	478,000	480,000
Salaries - Overtime	140,791	85,000	112,000	111,300
Salaries - Volunteer	26,771	35,000	44,000	40,000
Fringes	422,410	420,000	375,000	373,600
Office Supplies	1,311	1,600	1,500	1,500
Operating Supplies	18,997	21,000	19,700	19,800
Operating Supplies-Community Service	(1,010)	2,700	1,700	1,700
Uniform Cleaning	2,167	2,200	2,200	2,200
Subsistence Allowance	14,466	15,000	12,000	12,000
Data Processing	6,600	7,700	7,700	7,700
Dues & Publications	1,905	2,500	2,500	2,500
Radio & Equipment Maintenance	4,654	3,500	3,000	3,500
Telephone	1,497	900	1,200	1,200
Travel & Education	14,726	12,000	14,500	14,500
Vehicle Repair & Maintenance	19,711	19,000	15,000	17,500
Uniforms & Maintenance	13,113	16,000	15,000	15,000
Vehicle Lease	656	4,000	0	3,900
Employee Safety	3,200	3,200	3,200	3,200
Capital Outlay	48,991	248,000	38,700	0
Total Fire	\$1,207,111	\$1,392,300	\$1,179,900	\$1,144,700
Personnel				
Full-Time Positions	11.5	11.5	11.5	11.5
Part-Time Positions	18	20	20	15
Fire Cost per Capita	\$120.71	\$139.23	\$117.99	\$114.47
TOTAL PUBLIC SAFETY	\$2,967,282	\$3,245,700	\$2,900,700	\$3,065,000
Public Safety Cost per Capita	\$296.73	\$324.57	\$290.07	\$306.50

The total fire expenditures are increased in 2006 due to the purchase of a fire truck. The total purchase is shown as an expenditure and as seen in the chart below reflects a significant increase in relation to the prior years.



Major spikes in expenditures represent major equipment purchases.

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
<u>PUBLIC WORKS</u>				
Community Development				
Salaries	\$48,697	\$55,000	\$52,000	\$53,500
Fringes	20,965	21,000	21,400	24,100
Office Supplies	1,187	2,000	2,100	5,000
Postage	546	500	600	500
Contractual Services	138	2,700	3,000	0
Data Processing	2,800	3,200	3,200	3,200
Dues & Publications	1,461	1,000	1,200	500
Telephone	381	500	400	400
Travel & Education	1,225	1,300	1,300	500
Publisher's Costs	946	1,000	500	0
Equipment Rental	600	900	900	600
Total Community Development	\$78,945	\$89,100	\$86,600	\$88,300
Personnel				
Full-Time Positions	1.21	1.21	1.21	1.21
Part-Time Positions	0.5	0.5	0.5	0

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



Jerry Adams
Community Development Coordinator

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. Jerry serves as the secretary of the Zoning Board of Appeals and the Planning Board and is currently serving as staff liaison to the Historic District Committee. The salary of the Community Development Coordinator is accounted for in this account as well as 21% of the salary of a secretary. Contractual Services reflects the costs of a planning consultant. Publishers Costs have been included in Office Supplies beginning in 2004.

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Number of Zoning Board of Appeals Meetings	9	10	9	6	4
Number of Planning Board Meetings	9	11	12	11	12
Number of Building Plans Reviewed	89	216	200	290	278

Housing Activity Development Summary for Active Projects
Apartments - Condominiums - Manufactured Home Parks
January 2006

Project	Units Approved for Construction	Units under Construction	Construction Pending
<u>Apartments</u>			
Sunnyside Estates	84	48	36
White Pine Village	138	38	100
Northland Meadow	99	0	99
Forest Edge	70	0	70
Total Apartment Units	391	86	305
<u>Condominiums</u>			
Daidsen Estates	18	0	18
Lake Street	24	24	0
Total Condominium Units	42	24	18
<u>Manufactured Home Parks</u>			
White Pine Village	220	22	198
Total Manufactured Home Park Units	220	22	198
<i>Total of all units activity</i>	653	132	521

The Cadillac Housing Market

The market remains relatively stable with a significant amount of new condominium and apartment construction approved by the Cadillac Planning Board. The majority of the projects are anticipated to begin construction in the spring or early summer of 2006. One developer is reassessing the demand for a manufactured housing park. Another filed a rezoning application targeting the future construction of approximately 45 to 60 new condominium units. Two separate developers are interested in constructing senior assisted living facilities. The bulk of the existing and proposed development continues to be focused in the southern part of the city.

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
<u>PUBLIC WORKS (Cont.)</u>				
Public Works - Miscellaneous				
Salaries	\$2,234	\$2,600	\$3,900	\$3,000
Fringes	2,207	2,000	2,400	2,000
Property Taxes	1,656	1,200	1,200	1,100
Street Lighting	87,619	87,600	87,600	88,900
Maintenance of Dam	1,480	2,000	1,600	1,600
Equipment Rental	8,355	9,500	10,200	10,000
Hydrant Rental	24,592	24,000	22,700	22,700
Total Public Works Miscellaneous	\$128,143	\$128,900	\$129,600	\$129,300

Public Works Miscellaneous

Property taxes account for the small pieces of property the City obtains from year to year through the tax sale and an attempt is made to resell the property and put it back on the tax roll. Street Lighting is the cost paid to Consumers Energy for the 574 street lights in the City. Hydrant Rental by ordinance is \$50 per hydrant paid to the Utilities Department for the readiness to serve charge for fire protection. There are currently 454 hydrants within the City. Salaries and Equipment Rental are provided by the Stores and Garage Fund on a contractual basis. Salaries and Fringes are costs repaid to the Stores and Garage Fund.



Busy downtown area

Street Lights		
Number of <u>Lights</u>	<u>Lumens</u>	Monthly <u>Rate</u>
10	2,500	\$7.25
3	3,500	\$7.75
96	7,500	\$9.50
183	20,000	\$15.65
281	8,500	\$8.80
1	24,000	\$15.40

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
<u>PUBLIC WORKS (Cont.)</u>				
Sidewalks				
Salaries	\$5,991	\$8,000	\$9,600	\$7,000
Salaries - Part Time	2,889	3,000	4,500	0
Fringes	5,907	5,000	5,800	4,500
Operating Supplies	1,767	5,000	5,900	0
Contractual Services	215	10,000	10,000	0
Equipment Rental	11,669	16,000	22,200	17,000
Total Sidewalks	\$28,438	\$47,000	\$58,000	\$28,500

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. The final phase of this project was completed in 2005. The condition of the sidewalks will continue to be monitored and corrective action will be taken to correct the deficiencies.

<u>Miles of sidewalks</u>	Cadillac - 132	Alpena- 115	Petosky - 28	Greenville - 65
	Manistee - 88	Ludington - 120		Cheboygan - 28
	Marshall - 25	Big Rapids - 60		

Leaves

Salaries	\$4,921	\$7,000	6,600	\$6,500
Fringes	4,342	3,500	3,300	3,900
Equipment Rental	24,239	38,000	37,500	33,000
Total Leaves	\$33,502	\$48,500	\$47,400	\$43,400

Leaves

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



Hours spent in leaf pickup:

1997	266	2001	350
1998	439	2002	437
1999	401	2003	451
2000	333	2004	412
		2005	361

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
<u>PUBLIC WORKS (Cont.)</u>				
Grass & Weed Control				
Salaries	\$5,733	\$7,000	7,500	\$6,400
Fringes	3,074	3,000	3,200	3,700
Equipment Rental	22,968	28,000	25,000	24,900
Total Grass and Weed Control	\$31,775	\$38,000	\$35,700	\$35,000

Grass and Weed Control

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

In response to ordinance:		Hours Spent	Number of
Fiscal Year	Complaints	Mowing	Lots Mowed
2001	83	14.50	12
2002	150	6.00	10
2003	198	27.60	26
2004	219	25.60	29
2005	321	59.00	79

Composting				
Salaries	\$3,864	\$4,200	\$5,100	\$4,900
Fringes	2,409	3,000	3,000	2,600
Equipment Rental	1,329	3,000	3,100	3,700
Total Composting	\$7,602	\$10,200	\$11,200	\$11,200

Composting

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

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
<u>PUBLIC WORKS (Cont.)</u>				
Waste Removal				
Salaries	\$0	\$100	\$200	\$200
Fringes	0	100	600	100
Operating Supplies	0	500	0	100
Removal Contract	370,644	487,000	380,000	497,800
County Land Fill Fees	3,647	6,000	3,300	10,300
Equipment Rental	0	100	100	100
Total Waste Removal	\$374,291	\$493,800	\$384,200	\$508,600
TOTAL PUBLIC WORKS	\$682,695	\$855,500	\$752,700	\$844,300
Public Works per Capita Costs	\$68.27	\$85.55	\$75.27	\$84.43

Waste Removal

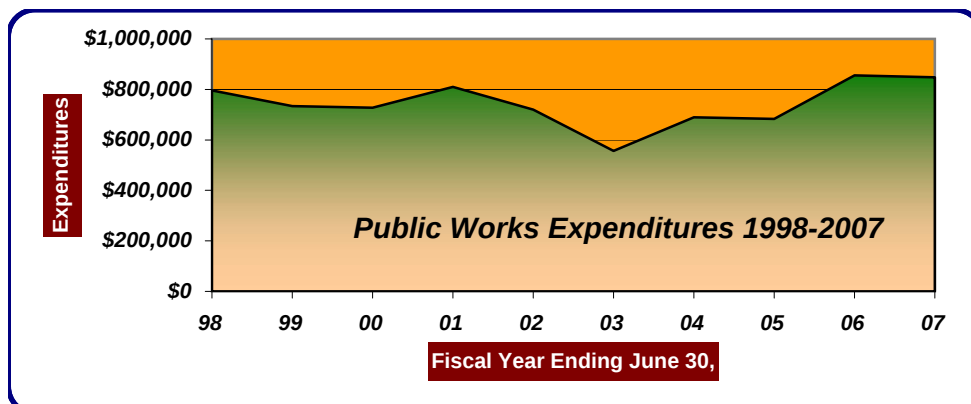
This group of accounts reflects the solid waste contract. The current contract is with Shoreline Waste Disposal. The contractor serves 3,323 customers weekly with curbside pickup. The City does the billing and collects from the customers and reimburses the contractor. In addition the contractor provides a Tidy Tote garbage can (1,773) for a fee of \$2.20 per month of which the City gets \$0.45 for a collection fee. The cost of the contract has increased 37% since July 1, 2005 due primarily to tipping fee increases at the Wexford County Landfill. Each residential customer pays approximately \$4.60 per month for tipping fees or 39% of their monthly solid waste bill. In 2004, approximately 22% of the monthly solid waste bill went for tipping fees.



Landfill Fees based on two year average

			Avg. Cost	Annual Total	Percent of Removal Contract for Landfill fees	
Residential	Avg. tons per month	325	\$50.00	\$195,000	2003	22.30%
Tires	Avg. collection per month	73	\$2.00	\$1,752	2004	21.40%
Appliances	Avg. collection per month	2	\$28.00	\$672	2005	33.80%
<i>Total Landfill fees included in removal contract</i>					2006	38.80%

Wexford County Landfill converted to a per ton charge in April 2005.



	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
CULTURE AND RECREATION				
Arts Council	\$10,500	\$10,500	\$10,500	\$10,500

Arts Council

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

Parks

Salaries	\$37,634	\$37,000	\$34,100	\$30,200
Salaries - Part Time	40,993	38,000	33,400	31,000
Fringes	16,962	21,000	21,300	17,500
Operating Supplies	16,332	18,000	14,000	14,500
Contractual Services	460	500	3,500	2,200
Telephone	512	500	500	500
Travel and Education	0	200	200	200
Utilities	17,519	18,000	15,000	17,500
Repair and Maintenance	28,160	21,100	18,100	21,300
Equipment Rental	12,468	13,000	12,400	12,900
Rental Building	1,100	1,100	1,100	1,100
Capital Outlay	229,787	34,000	44,600	180,000
Total Parks	\$401,927	\$202,400	\$198,200	\$328,900

Parks

The Parks Division is responsible for maintaining four City Parks, totaling 117 acres. This work is performed by approximately nine summer students, prison laborers, and Street Department personnel. The work is primarily overseen by Parks Superintendent Allen Dumond with part-time assistance from Cemetery personnel. The scope of the work includes spring cleanup, summer lawn maintenance, inspection and repair of playground equipment, cleaning of all bathrooms, landscape work, fall leaf collection and winter storage of tables and equipment.

Performance Measurements	2002	2003	2004	2005
1. Hours spent mowing grass	1,250	1,275	1,225	1,200
2. Hours spent in support of pavilion	170	200	210	220
3. Hours spent on special events	700	650	700	675
4. Number of summer employees	9	9	9	9
5. Hours of litter control in parks	500	250	350	275

TOTAL CULTURE AND RECREATION	\$412,427	\$212,900	\$208,700	\$339,400
Cost per capita	\$41.24	\$21.29	\$20.87	\$33.94

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u>				
Community Promotions				
Salaries	\$9,561	\$9,600	\$10,400	\$10,500
Fringes	6,356	6,000	6,500	6,100
Operating Supplies	1,503	2,000	1,500	1,500
Newsletter	2,209	3,800	4,000	2,000
Contractual Services	6,708	4,500	4,500	5,500
Utilities	942	1,800	1,900	1,200
Equipment Rental	7,498	6,600	7,000	7,300
Special Projects	400	600	0	0
Chamber of Commerce	0	1,000	1,000	1,000
Total Economic Development and Assistance	\$35,177	\$35,900	\$36,800	\$35,100

Community Promotions

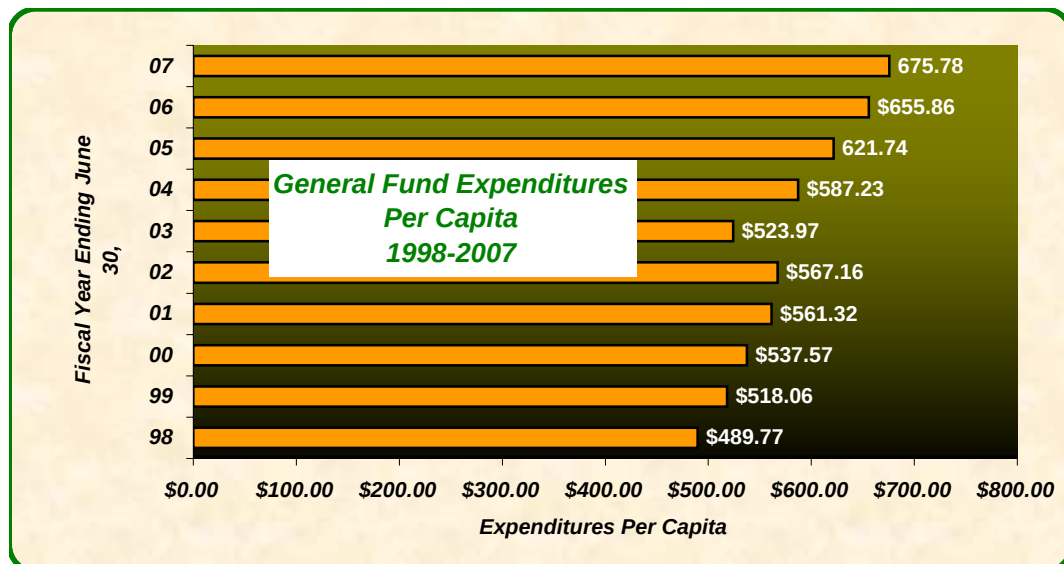
Special projects were eliminated due to lack of funding. Chamber of Commerce is a contribution to help offset their tax burden.

<u>INTERGOVERNMENTAL EXPENDITURES</u>				
Housing Commission	\$206,457	\$200,000	\$230,000	\$205,000
Clam Lake Township	1,195	1,200	900	1,200
Airport	31,800	31,800	31,800	31,800
Recreation	66,200	66,200	66,200	66,200
Lake Study	735	38,000	3,500	35,000
Total Intergovernmental Expenditures	\$306,386	\$337,200	\$332,400	\$339,200

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 40% of needs after the operational revenues are considered. The County reduced funding along with the City. The County is contributing \$40,000 in 2005-2007, which indicates the City's 40% share is 26,800. The Airport requested \$5,000 for a new roof in 2005, in 2006 the Airport requested to replace office chairs at \$5,000. In 2007, electrical wiring in the Northwoods Building is identified for \$5,000. Recreation is a joint program with the Cadillac Community School system and the total program is over \$300,000 per year, which provides many opportunities for all age groups. The Housing Commission is a pass-through account for their salaries and fringes which they reimburse on a monthly basis. The Lake Study is the city share of the cost for milfoil containment.

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget	PROPOSED
	2005	2006	CURRENT	2007
2006			2006	
OTHER FINANCING				
Transfers to Other Funds:				
Local Street	296,500	276,500	276,500	\$344,300
Police & Fire Retirement Fund	0	62,000	62,000	80,000
Sick/Vacation Funding	0	0	52,500	60,000
Total Other Financing	\$296,500	\$338,500	\$391,000	\$484,300
TOTAL EXPENDITURES	6,217,441	6,558,600	6,197,700	6,757,800



Cities	Population	General Fund Budget	Per Capita Expenditures
Manistee	6,586	\$5,040,740	\$765.37
Big Rapids	10,849	\$7,121,600	\$656.43
Marshall	7,459	\$4,660,379	\$624.80
Alpena	11,304	\$8,529,061	\$754.52
Ludington	8,357	\$4,743,000	\$567.55
Petosky	6,080	\$7,090,000	\$1,166.12
Cadillac	10,000	\$6,558,600	\$655.86

Cadillac, at a per capita expenditure of \$656 for 2006, is below the average of \$756 for this list. This indicates the outflow of funds per citizen for the operation of the City of Cadillac is more efficient than some comparable communities in the State of Michigan.

Per Capita costs for Cadillac from 1995 through 1999 are based on a population of 10,104 per 1990 census, while 2000 through 2005 costs are based on a population of 10,000 per 2000 census numbers.

Capital Outlay Items

2006-2007

City Hall

Desk- Assistant City Manager	\$1,200	
Desk-Assistant Finance Director	1,200	
Wall Coverings	5,000	
Lighting	5,000	
Council Renovation	89,000	
		\$101,400

Police

Patrol Vehicle	\$24,500	
Wireless Data	73,600	
		\$98,100

Parks

Trash Receptacles	\$5,000	
Kenwood Paving	50,000	
Security Cameras	50,000	
McKellop Walkway Bridge	75,000	
		\$180,000

Total		<u><u>\$379,500</u></u>
-------	--	-------------------------

Source of Funds

Grant- Walkway Bridge	\$50,000	
State Shared Revenue-Statutory funds	310,000	
Operating Funds	\$19,500	
		<u><u>\$379,500</u></u>

Glimpse of Cadillac



The City of Cadillac has obtained the designation of Tree City USA for 22 consecutive years.



At least once a year, the City says thank you to one of its greatest assets - employees, at a picnic in the park.



The Summer Arts Festival draws a large crowd every year to the beautiful lakefront.



Historical homes are getting a face lift thanks to the Courthouse Hill Historic District

Volunteerism is vital to the many projects undertaken by the City of Cadillac. This community is fortunate to have so many generous citizens.

The lakefront walk is a spectacular and popular area to stroll and watch the magnificent sunsets.



Major Street Fund



***2006-2007
Annual Operating Budget***

Major Street Fund

The Major Street Fund is designed to support the operation and maintenance of the 21.53 miles of roadway as well as the 5.19 miles of State Trunklines that flow through the City of Cadillac. The State highways are Old M-55, US-131, and M-115. These three highways are maintained for the State of Michigan by the City under a contract with the Michigan Department of Transportation. In 2004 the State of Michigan turned over a portion of M-55 from Mitchell Street to Crosby Road from the State to the City and made it a major street. The addition of Lake Street as a major street added another 0.03 miles in 2004. This accounted for the increased miles of roadway from 19.66 miles to 21.53 miles and a decrease of state trunklines to 5.19 miles.

The **purpose** of this fund is to:

1. Receive all major street funds paid to the City by the State of Michigan.
2. Account for construction, maintenance and other authorized operations pertaining to all streets classified as major.
3. Receive money paid to the City for state trunkline maintenance.
4. Record costs on a modified accrual basis.

Each Michigan city is required to establish a major street fund in compliance with Act 51 of the Public Acts of 1951.

This fund technically has no employees but contracts with the Stores and Garage Fund, the Utilities Fund and the General Fund to furnish manpower, supplies and equipment. The hours worked on each project are supported with time sheets.

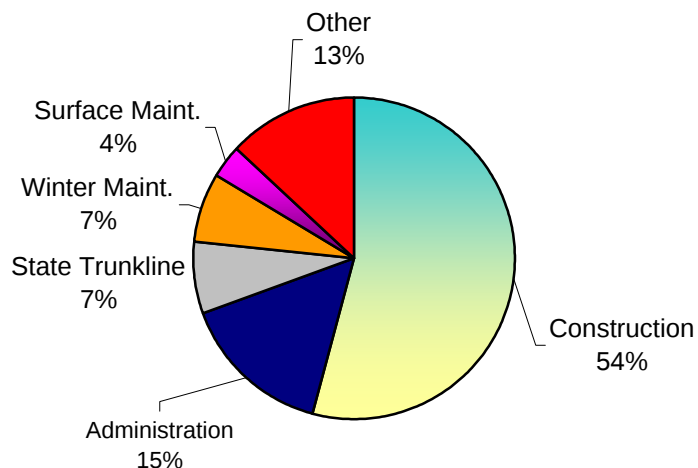
Revenues

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. In 2007, the estimate from the State has not been published yet so the revenue is based on the anticipated amount received as an average of the last two audited fiscal years. The second major source of revenue is for the state trunkline contract. This revenue item should equal the amount of expenditures for the trunklines.

Construction Activity:

1 North Boulevard	\$250,000
from Chestnut to Iroquois Street	
2 Chestnut Street	\$250,000
from Lake St. to Linden	
3 Pine Street	\$135,000
from Mitchell to Park Street	
4 Park Street	\$50,000
from River to North Street	
5 Shelby Street	\$20,000
from Pine to Spruce	
6 Lake St. Storm Sewer	<u>\$133,800</u>
Total	<u>\$838,800</u>

A large portion of the street construction costs are paid for by grant funding.



**Expenditures
2006-2007**

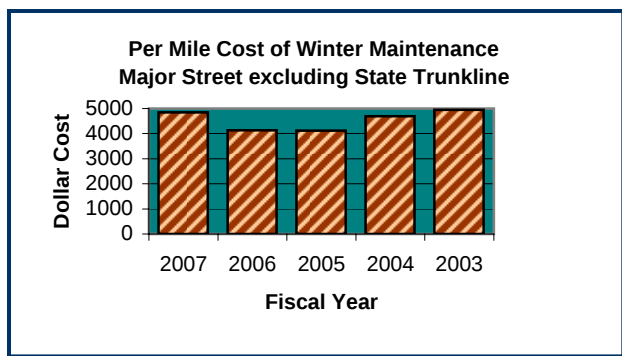
Fiscal Year Ending June 30,

		Budget		
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Motor Vehicle Highway Fund	\$543,405	\$540,000	\$535,000	\$540,300
State Trunkline Maintenance	117,561	94,000	104,500	113,800
State of Michigan	0	2,000	0	630,500
Interest Income	12,239	3,000	3,000	10,000
Bond Revenue	288,550	0	0	0
Grant Revenue	413,982	900,000	882,600	0
Refunds & Rebates	2,467	0	0	0
Transfer In	79,259	0	0	0
Surplus	0	0	165,600	257,800
TOTAL REVENUES	\$1,457,463	\$1,539,000	\$1,690,700	\$1,552,400

EXPENDITURES				
Construction	\$750,156	\$1,000,000	\$1,052,600	\$838,800
Surface Maintenance	39,954	42,300	49,100	54,400
Sweeping and Flushing	18,535	25,000	30,900	36,600
Forestry	25,092	45,100	48,100	46,800
Drainage	10,065	9,600	11,300	13,500
Catch Basin	20,378	24,500	27,900	37,300
Traffic Services	57,125	51,000	62,100	67,800
Winter Maintenance	88,678	89,000	93,400	104,300
Administration	251,054	208,900	210,800	239,100
State Trunkline	93,968	94,000	104,500	113,800
Other Financing	0	0	0	0
TOTAL EXPENDITURES	\$1,355,005	\$1,589,400	\$1,690,700	\$1,552,400

FUND BALANCE AT YEAR END

Excess (Deficiency) of Revenues Over Expenditures	\$102,458	(\$50,400)	(\$165,600)	(\$257,800)
Fund Balance - Beginning of Year	329,173	431,631	431,631	381,231
FUND BALANCE AT YEAR END	\$431,631	\$381,231	\$266,031	\$123,431

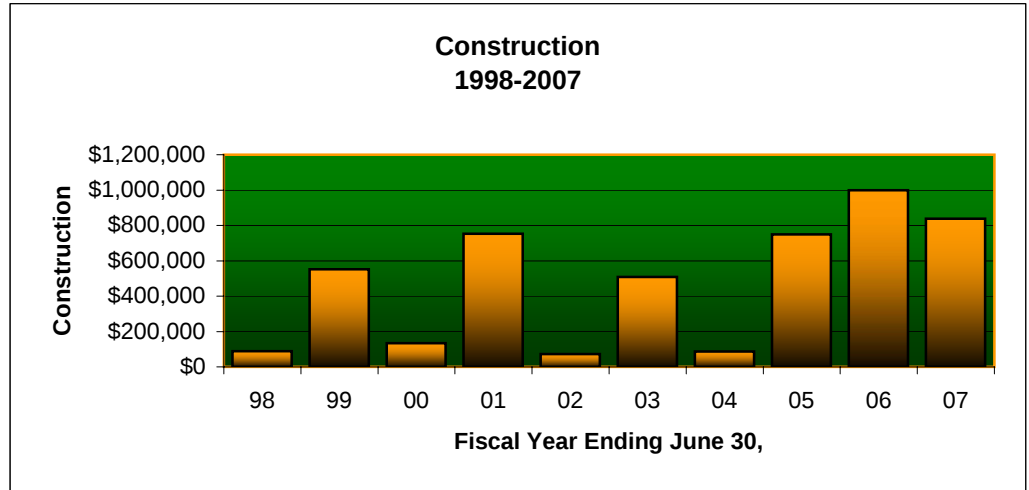


In 2007 it will cost the State of Michigan \$22,183 per mile to maintain US 131, M-55 and M-115 on a contractual basis within the City of Cadillac. This represents 10.2% increase from the previous year.

In 2007 it will cost the City \$16,753 per mile to maintain all Major Streets other than State Trunklines. This compares to \$11,401 anticipated in 2006, and \$10,347 in 2005. This is an increasing cost line over the last three years.

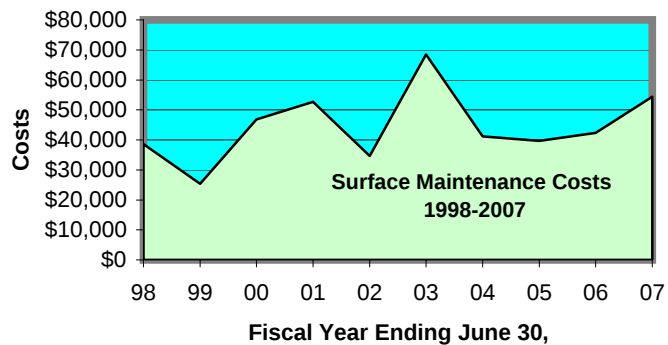
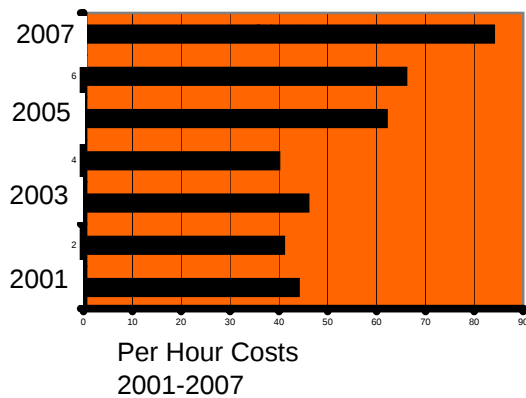
Construction

Projects planned for 2006-2007 are North Boulevard, Chestnut Street, Pine Street, Park Street, Shelby Street, and the Lake Street Storm Sewer totaling \$838,800. This total is covered by grant funds in the amount of \$630,500.



Surface Maintenance

Maintaining the surfaces of 26.72 miles of major streets can be a challenge. Out of these 26.72 miles of major streets, 1.46% of them are still gravel. Patching of potholes and crack filling are large tasks as the infrastructure takes a beating from vast changes in temperatures and the increasing number of heavy vehicles on the roadways.



	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget	PROPOSED
	2005	2006	CURRENT 2006	2007
EXPENDITURES				
Construction				
Contractual Services	\$750,156	\$800,000	\$1,052,600	\$838,800
Surface Maintenance				
Salaries	\$12,803	\$12,000	\$15,200	\$18,000
Fringes	5,070	7,800	8,500	10,200
Operating Supplies	8,040	8,500	11,000	8,800
Equipment Rental	14,041	14,000	14,400	17,400
Total Surface Maintenance	\$39,954	\$42,300	\$49,100	\$54,400
Sweeping and Flushing				
Salaries	\$2,423	\$3,000	\$4,100	\$4,800
Fringes	1,145	2,000	2,400	2,900
Equipment Rental	14,967	20,000	24,400	28,900
Total Sweeping and Flushing	\$18,535	\$25,000	\$30,900	\$36,600

Sweeping and Flushing

Sweeping the main arteries of debris and dirt is the emphasis of this account. The major streets are cleaned eight times per year. Average estimated costs in 2006 will be \$147 per hour and it is estimated in 2007 the hourly costs will be \$215 per hour.

Average Cost per Hour			
2000	\$104	2003	\$104
2001	\$85	2004	\$99
2002	\$99	2005	109

Forestry

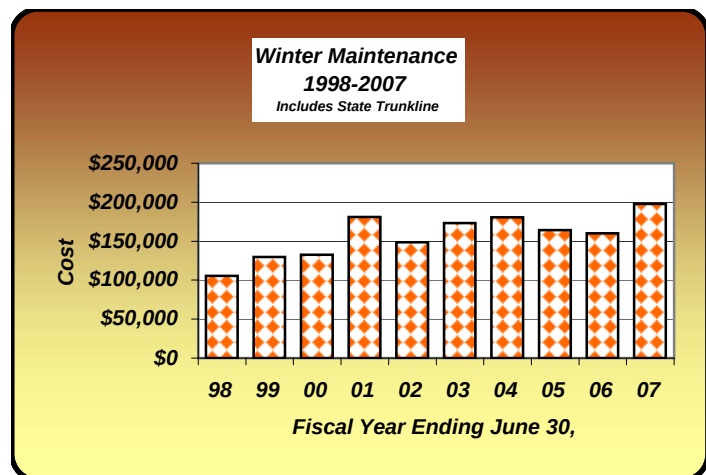
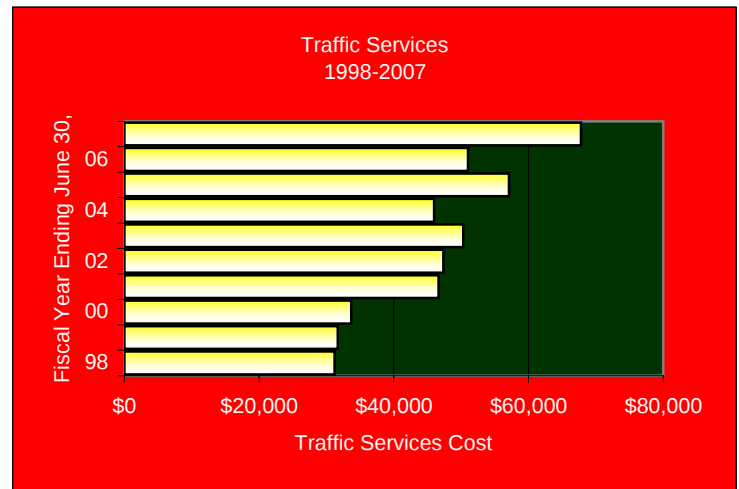
The street department maintains the trees along the major highways that earns the City of Cadillac the distinction of being a Tree City. Forestry hours in 2005 were 549 hours, 2004 -754 hours, 2003- 2,733 hours , 2002-2,990 hours were spent on the maintenance of the various types of trees.

Catch Basins

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

Traffic Services

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



Winter Maintenance

In northern Michigan, dealing with snow and ice is a major issue each winter. Lighter winters result in less winter maintenance expenditures. Snow plowing/hauling are critical in keeping the roadway accessible to the many vehicles that utilize the vast roadway system in this community. Gasoline is a major cost concern as the prices are increasing. In 2005 1,230 man hours were spent on winter maintenance, 2004- 1,223 man hours, 2003 -1,236 man hours were spent on winter maintenance, up from 1,034 hours in 2002. Total costs for winter maintenance in 2005 was \$164,067 or \$133 per hour, in 2004 total costs were \$180,814 or \$148 per hour. In 2003 the costs were \$173,226 or \$140/hour, 2002 costs were \$148,467, or \$144/hour, to remove snow and ice from the major arteries in the community. In 2001, 1,194 hours or \$152/hour, compared to 1,060 hours in 2000 at an average cost of \$132/hour.

	Fiscal Year Ending June 30,			
	AUDIT	Budget		PROPOSED
	2005	ESTIMATED 2006	CURRENT 2006	2007
EXPENDITURES (Cont.)				
Forestry				
Salaries	\$7,835	12,000	\$12,300	\$13,800
Fringes	3,707	6,000	6,900	8,000
Operating Supplies	2,597	3,000	2,600	2,700
Contractual Services	700	1,200	1,500	1,500
Travel	642	600	800	800
Repair and Maintenance	0	300	300	300
Equipment Rental	9,611	22,000	23,700	19,700
Total Forestry	\$25,092	\$45,100	\$48,100	\$46,800
Drainage				
Salaries	\$4,951	\$5,000	\$5,400	\$5,900
Fringes	3,483	3,000	3,200	3,500
Operating Supplies	31	100	100	100
Contractual Services	0	0	0	2,000
Equipment Rental	1,600	1,500	2,600	2,000
Total Drainage	\$10,065	\$9,600	\$11,300	\$13,500
Catch Basin				
Salaries & Wages - Regular	\$2,681	0	\$0	\$0
Salaries & Wages - Utilities	184	\$3,500	4,500	2,500
Salaries & Wages - Streets	1,966	3,000	3,200	3,800
Fringes	1,937	4,000	4,400	3,700
Operating Supplies	1,188	2,000	3,000	1,900
Contractual Services	0	2,000	2,600	2,600
Equipment Rental	12,422	10,000	10,200	22,800
Total Catch Basin	\$20,378	\$24,500	\$27,900	\$37,300
Traffic Services				
Salaries	\$14,615	\$12,000	\$12,300	\$14,200
Fringes	6,881	7,000	7,000	8,300
Operating Supplies	10,479	12,000	15,200	16,400
Contractual	16,008	15,000	21,000	21,000
Equipment Rental	9,142	5,000	6,600	7,900
Total Traffic Services	\$57,125	\$51,000	\$62,100	\$67,800
Winter Maintenance				
Salaries	\$17,550	\$20,000	\$19,900	\$21,600
Fringes	11,928	12,000	11,100	12,600
Operating Supplies	12,320	12,000	15,900	15,200
Equipment Rental	46,881	45,000	46,500	54,900
Total Winter Maintenance	\$88,678	\$89,000	\$93,400	\$104,300

Administration

This section contains all of the administrative charges. The salaries are broken down as follows:

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

Principal and Interest payments are for the debt retirement accounts applied by Major Streets.

2004 Capital Improvement Bond

Principal	\$11,550
Interest	\$7,070

Yearly Work Activities by Hours for the Major Streets

<u>Activity</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Drainage	288.5	266.5	257.5	470.5	347.0
Traffic	789.5	952.5	828.5	570.5	1024.0
Winter Maint.	1193.5	1033.5	1236.0	1222.5	1230.0
Sweeping	94.5	257.0	214.5	234.0	170.0
Surface Maint.					
Blading	124.0	91.5	25.0	18.0	0.0
Dust Control	22.0	25.0	12.0	1.0	0.0
Patching	984.0	721.0	803.0	994.5	644.0
Gravelling	64.0	15.5	34.0	11.5	0.0
Forestry	2708.0	2990.0	2733.0	754.5	549.0

Data furnished by Director of Public Works

Public Works Departmental Goals:

No new goals from 2005-2006 other than complete previous years.

Short Term: 2006-2007

Forestry-

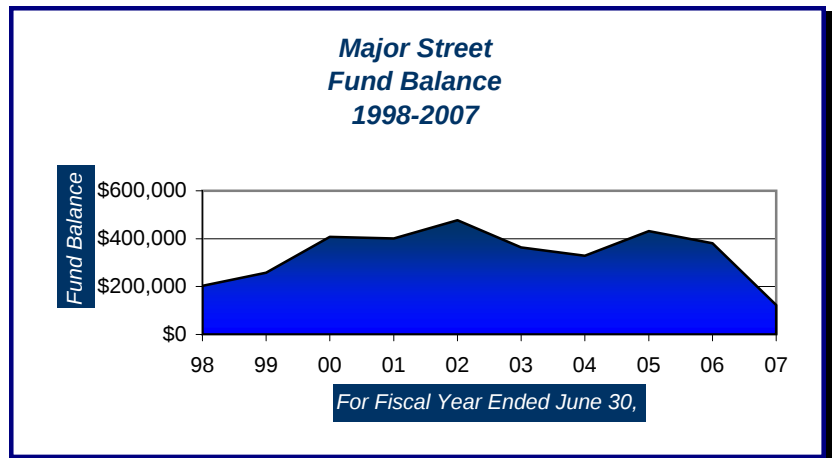
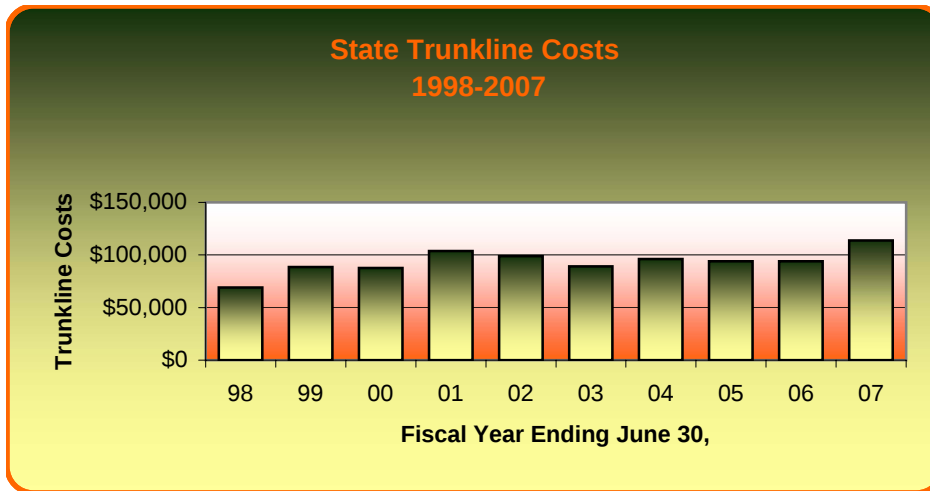
1. Plant 100 trees along city right-of-way as requested by residents and determined by City Forester. **Status: Ongoing**
2. Seek assistance from Michigan State University to complete tree inventory. **Status: Forester will coordinate**
3. Seek additional grants to plant trees and beautify our city. **Status: Ongoing**

Streets-

1. Crack Seal streets where investment in manpower and materials will be most beneficial. **Status: Ongoing**
2. Identify training programs for personnel to enhance performance. **Status: Ongoing**
3. Review new innovations in equipment. **Status: Ongoing**

		Budget		
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
EXPENDITURES (Cont.)				
Administration				
Salaries	\$39,534	\$44,000	\$44,000	\$43,600
Fringes	12,982	15,000	16,400	18,800
Office Supplies	0	0	0	100
Contractual Services	5,887	0	0	0
Audit	1,800	1,800	1,900	1,800
Data Processing	15,300	17,000	17,000	17,000
Travel and Education	202	1,200	1,600	1,700
Equipment Rental	6,671	5,900	5,900	6,000
Administration	32,900	38,000	38,000	34,400
Principal Payment	0	12,000	12,000	11,600
Interest Expense	0	7,100	7,100	7,100
Contribution-Local Street	97,000	66,900	66,900	97,000
Transfers Out	38,778	0	0	0
Total Administration	\$251,054	\$208,900	\$210,800	\$239,100
State Trunkline				
Surface Maintenance				
Salaries	\$2,412	\$900	\$900	\$1,200
Fringes	953	600	600	700
Operating Supplies	2,119	100	100	1,000
Equipment Rental	2,871	400	400	1,500
Total Surface Maintenance	\$8,355	\$2,000	\$2,000	\$4,400
Sweeping & Flushing				
Salaries	\$410	\$600	\$400	\$500
Fringes	229	800	700	200
Equipment Rental	2,237	2,400	2,400	3,000
Total Sweeping & Flushing	\$2,876	\$3,800	\$3,500	\$3,700
Winter Maintenance				
Salaries	\$13,306	\$14,000	\$15,000	\$16,300
Fringes	8,573	8,000	8,300	9,600
Operating Supplies	14,910	13,000	17,000	18,300
Equipment Rental	28,030	25,000	32,500	33,900
Total Winter Maintenance	\$64,820	\$60,000	\$72,800	\$78,100

Fiscal Year Ending June 30,				
	AUDIT 2005	Budget		PROPOSED 2007
		ESTIMATED 2006	CURRENT 2006	
EXPENDITURES (Cont.)				
State Trunkline (Cont.)				
Traffic Signs				
Utilities	\$6,307	\$7,000	\$7,100	\$6,700
Total Traffic Signs	\$6,307	\$7,000	\$7,100	\$6,700
Drainage				
Salaries & Wages - Regular	\$0	\$0	\$0	\$0
Salaries & Wages - Utilities	271	2,000	3,000	3,000
Salaries & Wages - Streets	41	0	0	200
Fringes	36	1,700	1,800	1,800
Operating Supplies	0	200	500	100
Contractual Services	0	3,000	1,000	100
Repairs & Maintenance	0	200	500	100
Equipment Rental	8	3,100	100	100
Total Drainage	\$356	\$10,200	\$6,900	\$5,400
Trees and Shrubs				
Salaries	\$218	\$2,000	\$0	\$0
Fringes	193	1,700	0	0
Equipment Rental	274	3,000	0	0
Total Trees and Shrubs	\$685	\$6,700	\$0	\$0
Snow Hauling				
Salaries	\$2,752	\$4,000	\$4,100	\$4,400
Fringes	2,208	2,000	2,400	2,500
Equipment Rental	5,610	5,000	5,700	8,600
Total Snow Hauling	\$10,569	\$11,000	\$12,200	\$15,500
Total State Trunkline	\$93,968	\$94,000	\$104,500	\$113,800
TOTAL EXPENDITURES	\$1,355,005	\$1,389,400	\$1,690,700	\$1,552,400



Source and Use of Funds For Capital Improvements

2005-2006

Source of Funds:

Operations	\$208,300	
Grants	630,500	
TOTAL SOURCE OF FUNDS		\$838,800

75% of construction costs will be from grant dollars

Use of Funds:

Construction Projects:

North Boulevard	\$250,000
Chestnut Street	250,000
Pine Street	135,000
Park Street	50,000
Shelby Street	20,000
Lake Street Storm Sewer	133,800

TOTAL USE OF FUNDS **\$838,800**

Streets in the Major Street System

Street Name	From	To	Length (Feet)
Haynes Street	Linden Street	N. Lake Street	3,011
N. Lake Street	Pollard Street	Wright Street	4,561
E. North Street	N. Lake Street	Holbrook Street	3,656
E. Harris Street	N. Mitchell Street	Division Street	1,458
W. Harris Street	N. Mitchell Street	N. Lake Street	643
E. Division Street	Park Street	Delmar Street	1,574
Farrar Street	Wright Street	Gunn Street	1,839
Fifth Street	Farrar Street	Eighth Avenue	2,141
Seventh Street	Farrar Street	Fifth Avenue	1,949
Tenth Street	N. Mitchell Street	Second Ave. Ext.	950
Gunn Street	Farrar Street	N. Mitchell Street	496
Chestnut Street	Huston Street	N. Lake Street	7,766
Linden Street	W. Wright Street	Chestnut Street	2,737
Wright Street	Farrar & Lake Streets	Leeson Avenue	5,101
W. Division Street	Linden Street	W. City Limits	5,277
North Blvd.	Leeson Avenue	M-115	9,109
E. Chapin Street	S. Mitchell Street	Oak Street	1,031
Oak Street	Chapin Street	Hobart Street	1,703
Mosser Street	S. Mitchell Street	Federal Surplus Warehouse	718
W. Cass Street	S. Mitchell Street	S. Lake Street	642
E. Cass Street	Mitchell Street	Crosby Road	5,800
Pine Street	Park Street	N. Lake Street	1,707
Cobbs Street	Mitchell Street	Carmel Street	4,886
Carmel Street	Cobbs Street	Cass Street	675
Park Street	E. River Street	E. Chapin Street	3,441
Whaley Street	Railroad Tracks	S. City Limits	1,084
River Street	Farrar & Lake Streets	N. Park Street	1,763
Bond Street	Haynes Street	Wright Street	1,111
Third Avenue	Wright Street	Fifth Street	967
Shelby Street	E. River Street	E. Chapin Street	3,404
Hobart Street	Cobbs Street	Oak Street	1,141
W. Mason Street	N. Lake Street	N. Mitchell Street	648
W. Chapin Street	S. Mitchell Street	S. Lake Street	691
Leeson Avenue	Chestnut Street	Thirteenth Street	6,588
Paluster Street	N. Mitchell Street	Whaley Street	3,667
Wilcox Street	Paluster Street	S. City Limits	1,654
Laurel Street	Pollard Street	M-55	1,497
South Street	S. Lake Street	S. Mitchell Street	708
W. Bremer Street	N. Mitchell Street	N. Lake Street	653
Spruce Street	N. Mitchell Street	N. Shelby Street	498
Holbrook Street	North Street	E. Division Street	1,798
Sixth Avenue	W. Thirteenth Street	Sixth Street	2,621
E. Thirteenth Street	U.S. 131	Plett Road	2,620
Beech Street	N. Mitchell Street	N. Shelby Street	414
Huston Street	Chestnut Street	W. Division Street	1,271
Sixth Street	Leeson Avenue	Fifth Avenue	2,970
Fifth Avenue	Sixth Street	Fifth Street	366
Fourth Avenue	Seventh Street	Thirteenth Street	2,200
Total Feet:			113,205
Total Miles:			21.53

Local Street Fund



***2006-2007
Annual Operating Budget***

Local Street Fund

The **purpose** of the Local Street Fund is to be used 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.
3. Account for money received from the General Fund contributions. Each Michigan city is required to establish this fund to comply with Act 51 of the Public Acts of 1951. This fund is accounted for on a modified accrual basis.

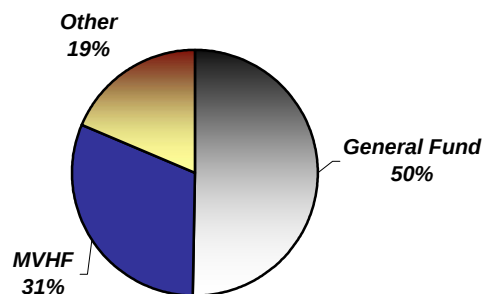
Technically there are no employees working directly for this fund. The personnel, supplies and equipment rental are contracted from the Stores and Garage Fund and the Administration is contracted as well.

Revenues

The first major source of revenue is the State of Michigan **Motor Vehicle Highway Funds** which are generated from the gas and weight taxes collected state wide and distributed to local governments based on miles of streets, a flat rate established by the State, and the population of the City. Estimates are projecting revenue to be flat in 2007 fiscal year reflecting several issues at the state level including the increase in price of gasoline. The second major source of revenue is a contribution from the **General Fund** which is needed to help balance the fund. Local taxpayers contribute to this fund since State tax collections are not returned in sufficient amounts to maintain and improve the local roadway system. This is typical for local governments with local street funds.

The Local Street system has 41.81 miles of roadway, and 2.38 miles, or 5.6% of the streets are unpaved. The Cadillac City Council has as one of its goals to pave all of the remaining unpaved streets within city limits. In 1997, 25% of the streets were unpaved, so significant progress has been made towards achieving this goal. The local streets represent 66% of all the roads within the City.

Street Reconstruction	
1 West Garfield	\$30,000
2 South Garfield	\$15,000
Total	\$45,000



Revenues
2006-2007

Fiscal Year Ending June 30,

REVENUES

Motor Vehicle Highway Fund
Interest Income
Grants
Capital Projects Fund
General Fund
Major Streets
Bond Revenue
Surplus

TOTAL REVENUES

AUDIT 2005	Budget		
	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
\$201,924	\$209,000	\$209,000	\$213,200
6,360	12,000	0	11,200
948	0	360,000	0
0	20,000	36,000	0
296,500	276,500	276,500	344,300
97,000	97,000	66,900	97,000
706,450	0	0	0
0	0	408,000	19,000
\$1,309,181	\$614,500	\$1,356,400	\$684,700

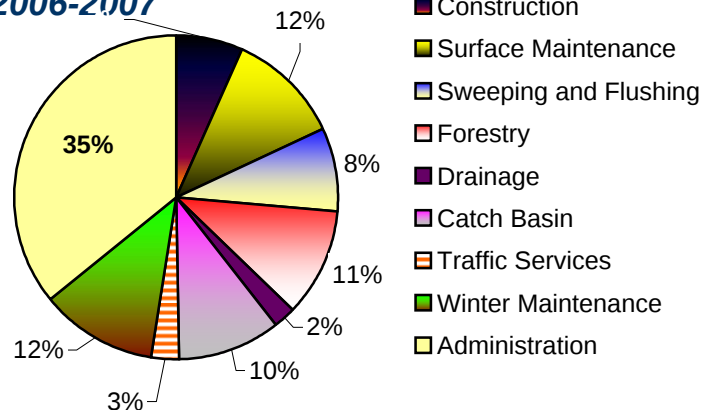
EXPENDITURES

Construction
Surface Maintenance
Sweeping and Flushing
Forestry
Drainage
Catch Basin
Traffic Services
Winter Maintenance
Administration

TOTAL EXPENDITURES

\$344,895	\$300,000	\$656,000	\$45,000
66,952	58,000	67,100	79,100
52,866	55,100	54,700	56,900
70,689	102,500	98,500	73,400
13,073	15,700	20,100	15,400
70,804	84,700	64,800	70,100
16,442	26,000	26,200	19,200
74,011	69,400	94,500	80,000
208,875	262,700	274,500	245,600
\$918,607	\$974,100	\$1,356,400	\$684,700

**Local Street Expenditures
2006-2007**



Construction

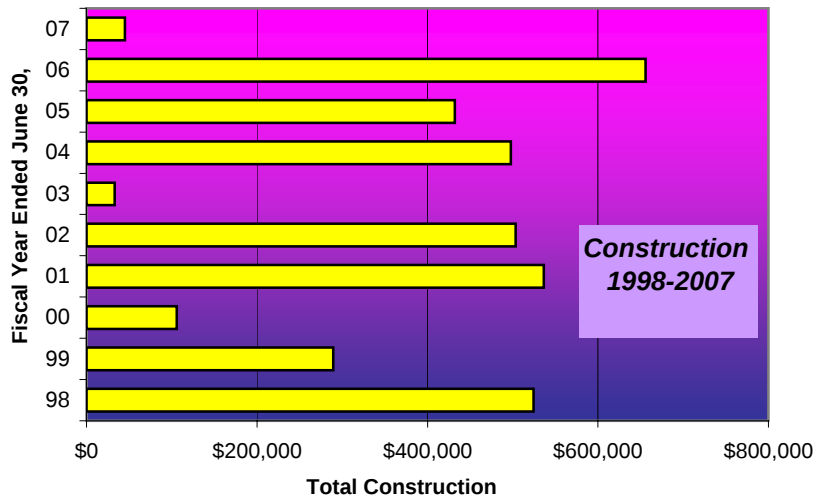
Based on the city engineer's estimates, the total construction costs for 2006-2007 will be \$45,000 for the Local Street Fund.

Construction Activity

- | | |
|-------------------|----------|
| 1. West Garfield | \$30,000 |
| 2. South Garfield | \$15,000 |

Total	<u>\$45,000</u>
-------	-----------------

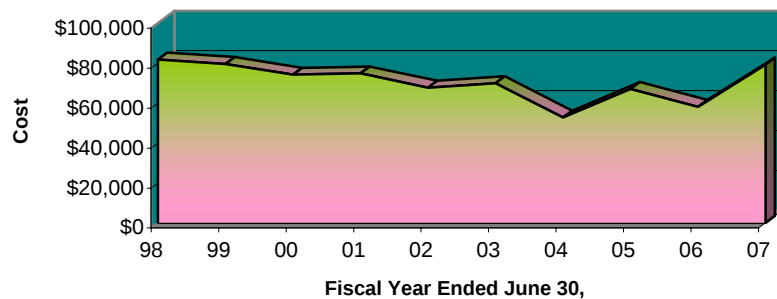
Over the past 18 years the construction has totaled \$5,561,370 or an average of \$308,965. Construction is down due to lack of funding.



Surface Maintenance

This work is to maintain the infrastructure. The gravelling portion is declining as the gravel streets become paved. Gravel streets are more costly to maintain than paved roadways. Crack sealing prevents deterioration of the roadway and 2007 reflects an increased focus on preservation of the streets.

Surface Maintenance



Sweeping and Flushing

Between the spring and the fall city streets are swept free of debris and dirt on an average of five times per year.

Fiscal Year Ending June 30,					
Budget					
EXPENDITURES	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007	
Construction					
Contractual Services	\$344,895	\$300,000	\$656,000	\$45,000	
Surface Maintenance					
Salaries	\$18,549	\$16,000	\$18,600	\$21,300	
Fringes	10,455	10,000	10,200	12,400	
Operating Supplies	14,027	12,000	17,800	14,300	
Equipment Rental	23,922	20,000	20,500	31,100	
Total Surface Maintenance	\$66,952	\$58,000	\$67,100	\$79,100	
Sweeping and Flushing					
Salaries	\$6,921	\$7,200	\$6,900	\$7,500	
Fringes	3,321	3,900	3,900	4,400	
Equipment Rental	42,624	44,000	43,900	45,000	
Total Sweeping and Flushing	\$52,866	\$55,100	\$54,700	\$56,900	
Forestry					
Salaries	\$23,460	\$30,000	\$28,500	\$25,200	
Fringes	14,264	17,000	15,700	12,700	
Operating Supplies	4,675	6,000	5,000	6,200	
Contractual Services	3,700	1,500	1,800	2,500	
Equipment Rental	24,590	48,000	47,500	26,800	
Total Forestry	\$70,689	\$102,500	\$98,500	\$73,400	
Forestry:	2005	2004	2003	2002	2001
Number of trees removed	44	60	70	69	31
Number of new trees planted	102	111	100	119	165
Hours spent on forestry maintenance	1,719	1,692	2,733	650	575

Drainage

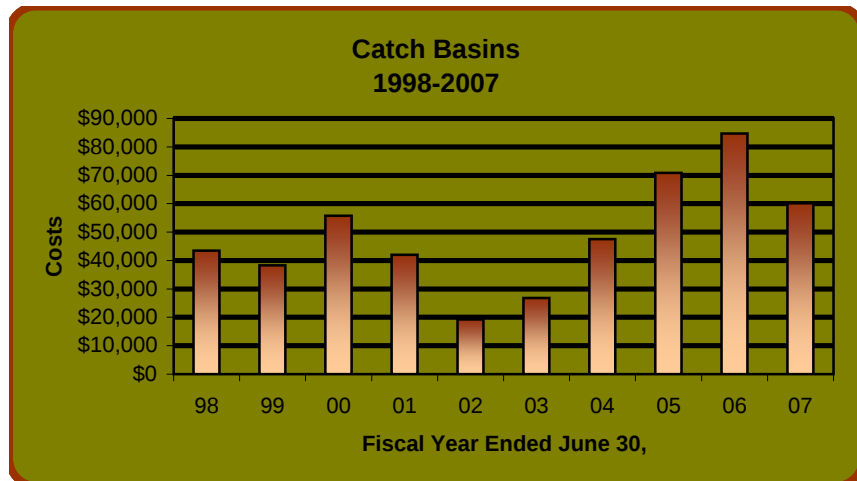
This account group is to provide a street system free from flooding and other problems related to excessive water.

Drainage cost per hour has increased over the last twelve years:

1994	\$25	1997	\$29	2000	\$21	2003	\$29
1995	\$24	1998	\$25	2001	\$26	2004	\$29
1996	\$23	1999	\$22	2002	\$23	2005	\$31

Catch Basins

The City of Cadillac utilities department is under contract to this fund to maintain and improve the flow of run-off water. In fiscal years 1994 through 2001 a great deal of attention has been focused on the catch basins. 2004-07 the activity level has increased again as the State of Michigan is stressing the monitoring of the groundwater run off into lakes.



Traffic Services

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

Costs per hour:

1993	\$35	1997	\$25	2000	\$24	2003	\$29
1995	\$28	1998	\$25	2001	\$29	2004	\$33
1996	\$25	1999	\$26	2002	\$29	2005	\$33

Costs have been fairly constant over the past few years but a slight spike occurred in 2004.

Winter Maintenance

Keeping the public streets free of snow and ice is a challenge in the Northern Michigan area. Our winters have been varying in their severity, therefore the budget varies as well. 1998 through 2000 were relatively light winters with mild temperatures.

<u>Year</u>	<u>Hours Worked</u>	<u>Cost per Hour</u>	<u>Cost per mile</u>
1998	1,129.0	\$65	\$1,789
1999	1,084.0	\$65	\$1,719
2000	1,035.0	\$67	\$1,680
2001	1,123.0	\$69	\$1,879
2002	1,039.0	\$72	\$1,817
2003	981.0	\$81	\$1,926
2004	1,016.0	\$83	\$2,008
2005	1,010.0	\$73	\$1,770

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget	PROPOSED
EXPENDITURES (Cont.)	2005	2006	2006	2007
Drainage				
Salaries	\$6,099	\$7,000	\$9,900	\$7,100
Fringes	3,958	5,000	5,600	3,900
Operating Supplies	0	200	300	300
Equipment Rental	3,016	3,500	4,300	4,100
Total Drainage	\$13,073	\$15,700	\$20,100	\$15,400
Catch Basin				
Salaries - Regular	\$9,348	\$0	\$0	\$0
Salaries - Utilities	6,070	9,000	9,000	0
Salaries - DPW	6,750	9,200	9,200	9,000
Fringes	8,355	10,000	10,100	5,900
Operating Supplies	178	0	1,000	300
Contractual Services	5,351	20,000	6,000	2,500
Utilities	392	500	400	400
Equipment Rental	34,361	36,000	29,100	52,000
Total Catch Basin	\$70,804	\$84,700	\$64,800	\$70,100
Traffic Services				
Salaries	\$7,161	\$14,000	\$11,100	\$7,500
Fringes	4,671	6,000	6,100	6,600
Operating Supplies	1,544	2,000	2,500	1,200
Contractual	0	0	500	500
Equipment Rental	3,066	4,000	6,000	3,400
Total Traffic Services	\$16,442	\$26,000	\$26,200	\$19,200
Winter Maintenance				
Salaries	\$14,417	\$15,000	\$15,300	\$12,500
Fringes	8,378	8,400	8,500	9,400
Operating Supplies	8,413	7,000	11,300	11,000
Equipment Rental	42,803	39,000	59,400	47,100
Total Winter Maintenance	\$74,011	\$69,400	\$94,500	\$80,000

Administration

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

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

Principal and interest payments are reflective of the various Michigan Transportation Fund (M.T.F.) debt retirement accounts which are the obligation of this fund.

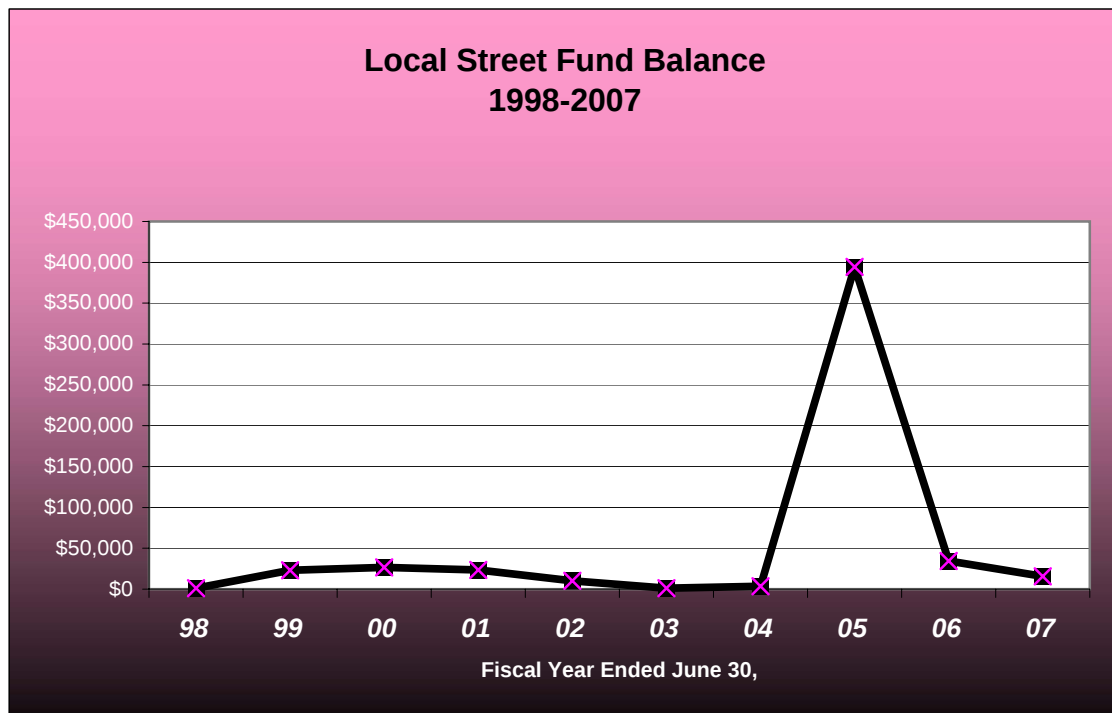
Principal Payments

2004 GO Capital Improvement			\$43,450	
1996	\$20,000	2000	\$20,000	
1997	\$15,000			Total: \$98,450

Interest Payments

2004 GO Capital Improvement			\$25,768	
1996	\$6,074	2000	\$12,930	
1997	\$2,302			Total: \$47,073

Administrative charges are for the various staff personnel who are not funded directly such as the cashier, accountant, and so forth.



The spike in 2005 is from a bond sale and the proceeds were used in 2006.

Increased activity in construction and improving the infrastructure has reduced the fund balance.

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget	PROPOSED
EXPENDITURES (Cont.)	2005	2006	2006	2007
Administration				
Salaries	\$35,497	\$40,000	\$40,000	\$31,500
Fringes	11,270	14,900	14,900	16,500
Office Supplies	0	0	0	100
Contractual Services	14,450	0	0	0
Audit	1,650	1,700	1,800	1,700
Data Processing	11,600	14,000	14,000	14,000
Equipment Rental	6,505	7,000	6,000	6,000
Administration	28,600	35,100	35,100	30,200
Principal Payment	0	100,000	108,500	98,500
Interest Expense	3,525	50,000	54,200	47,100
Transfers Out	95,777	0	0	0
Total Administration	\$208,875	\$262,700	\$274,500	\$245,600
TOTAL EXPENDITURES	\$918,607	\$974,100	\$1,356,400	\$684,700
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenditures	\$390,575	(\$359,600)	(\$20,000)	(\$19,000)
Fund Balance - Beginning of Year	3,627	394,202	394,202	34,602
FUND BALANCE AT YEAR END	\$394,202	\$34,602	\$374,202	\$15,602

Source and Use of Funds For Capital Improvements

2005-2006

Source of Funds:

Investments \$45,000

TOTAL SOURCE OF FUNDS

\$45,000

Use of Funds:

Construction Projects:

West Garfield \$30,000

South Garfield 15,000

TOTAL USE OF FUNDS

\$45,000

Unpaved Local Streets

Francis	0.13
Huston	0.33
Illinois Ave.	0.10
Indiana Ave.	0.06
Jonathan Drive	0.08
Kentucky Ave.	0.15
Lansing	0.24
Marathon Dr.	0.25
Martina	0.15

Unpaved Local Streets

Length (miles)

W. Nelson	0.02
Pennsylvania Ave.	0.10
Pollard	0.23
Skate Rd.	0.06
Snider Rd.	0.06
Waldo	0.25
Wall	0.07
Wilcox	0.08

Total Unpaved Miles of Local Streets

2.36

Total miles of local streets 41.81

Unpaved represents 5.64%

1998 total unpaved local streets were 7.03 miles - a reduction of 66.43% over the last 8 years.

Water and Sewer Fund



***2006-2007
Annual Operating Budget***

Water and Sewer Fund

The City Council in 1988 elected to combine the Water System and the Wastewater System into one activity simply called the Water and Sewer Fund. With this combination the assets of \$22.3 million assisted in the financial ability of the utility system to leverage funds. The integrity of each system is to be maintained so water and wastewater activity can be identified.

The **purpose** of the fund is to record the operations of combined Water and Sewer Systems.

The **nature** of the fund is self-supporting, meaning it does business with individuals and firms outside the local unit departments and is therefore classified as an enterprise.

A distinguishing **feature** of this fund is that fixed assets are recorded within the fund and depreciation is charged.

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

Water Fund

Twenty nine percent of the revenues generated in 2006-2007 will be from the sale of water. This percentage is similar to the past years. Water rates are recommended to be increased 3% to keep abreast of inflation.

Number of Customers:	3,511
Average Daily Flow:	2.31 million gallons
Gallons of Flow in 2005:	843,200,000
Miles of Water Mains:	63
No. of employees in operation:	8
Average Water Rate in	
Northern Michigan (1), (2):	\$15.75
Cadillac Average Rate (2):	\$11.62

(1) 2002 Gosling Czubak Inc. Survey
(2) Per 5,000 gallons

Sewer Fund

Annual revenues from rates charged for the system are estimated to be nearly \$2.1 million. 56% of utility revenues are sewer related. Sewer rates are recommended to be increased 3% to keep abreast of inflation.

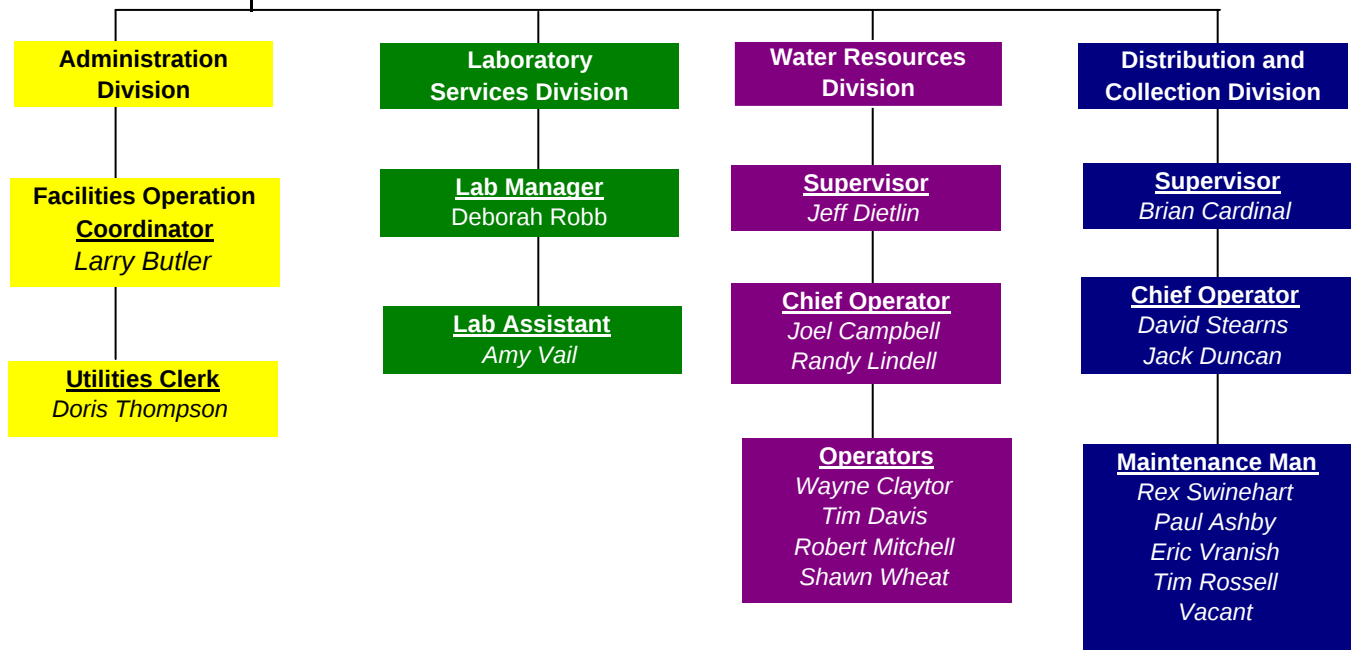
Number of Customers:	3,569
Average Daily Flow:	2.10 million gallons
Gallons of Flow in 2005:	765,700,000
Miles of Sewer Mains:	61
No. of employees in operation:	7
Average Sewer Rate in	
Northern Michigan (1), (2):	\$22.33
Cadillac Average Rate (2):	\$20.43

(1) 2002 Gosling Czubak Inc. Survey
(2) Per 5,000 gallons

The Water and Sewer Fund is operated under the leadership of
Larry Campbell
Director of Utilities

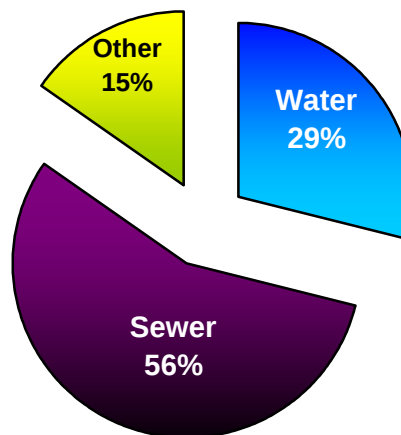


Mr. Campbell was recently named the "**Public Utility Management Professional of the Year**," a distinguished honor from the Michigan Water Environment Association. The City is very proud of the recognized professionalism demonstrated by staff members.



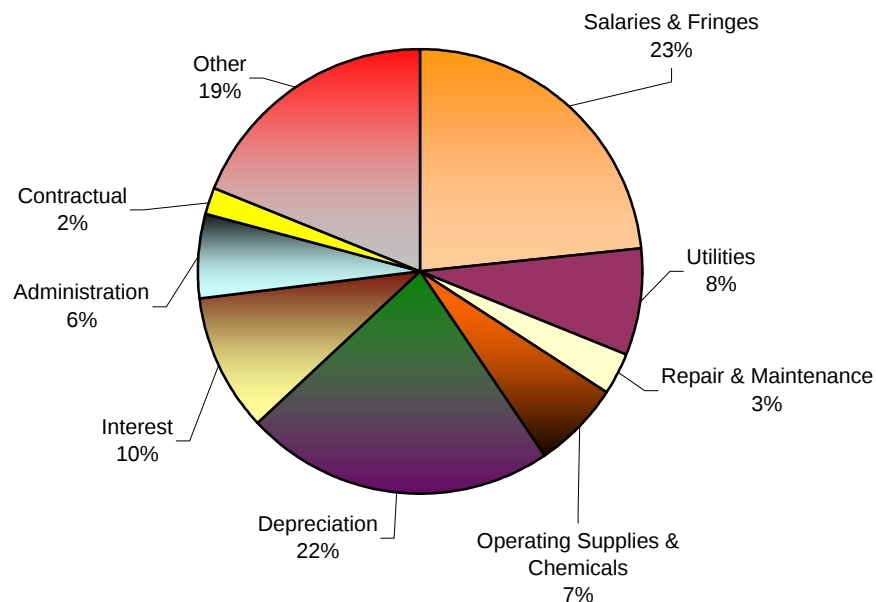
	Fiscal Year Ending June 30,			
	Budget			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
<u>REVENUES</u>				
Water Sales	\$1,045,875	\$1,000,000	\$990,000	\$1,030,000
Sewer Sales - Flat Rate	78,551	80,000	46,800	82,000
Sewer Sales - Metered	1,902,155	1,850,000	1,826,000	1,905,500
Fire Protection	70,534	74,000	74,000	70,000
Hydrant Rental	22,538	22,700	22,700	22,700
Charges for Services	3,963	3,600	13,500	4,000
Services & Materials	15,107	22,000	23,600	18,900
Interest Income	85,156	60,000	85,000	67,500
Sale of Surplus Material	1,884	1,700	500	5,500
Wexford County DPW	80,055	75,000	115,000	74,000
Leachate	128,833	175,000	192,000	175,000
Laboratory Fees	42,101	45,000	39,000	49,000
Refunds	3,485	3,000	2,400	3,500
State of Michigan	13,681	0	17,500	50,000
TOTAL REVENUES	\$3,493,918	\$3,412,000	\$3,448,000	\$3,557,600
<u>EXPENSES</u>				
Total Administration	\$953,730	\$841,200	\$846,200	\$874,300
Water Resources Division:				
Preliminary Treatment	\$17,616	\$16,000	\$17,000	\$17,950
Primary Treatment	21,446	18,500	19,300	19,950
Secondary Treatment	57,314	67,100	69,000	70,350
Tertiary Treatment	46,603	45,700	56,100	50,000
Sludge Removal	78,638	153,700	98,100	101,200
Nutrient Removal	38,770	39,200	39,000	52,850
Effluent Disposal	46,365	45,300	62,900	51,750
Building & Grounds	165,022	170,000	153,900	176,300
Industrial Surveillance	27,587	22,400	29,100	32,850
Lift Station-Sanitary	70,802	80,800	78,800	88,800
Vehicles	11,782	10,500	10,100	11,750
Total Water Resources	\$581,945	\$669,200	\$633,300	\$673,750

**Water and Sewer Fund Revenues
2006-2007**



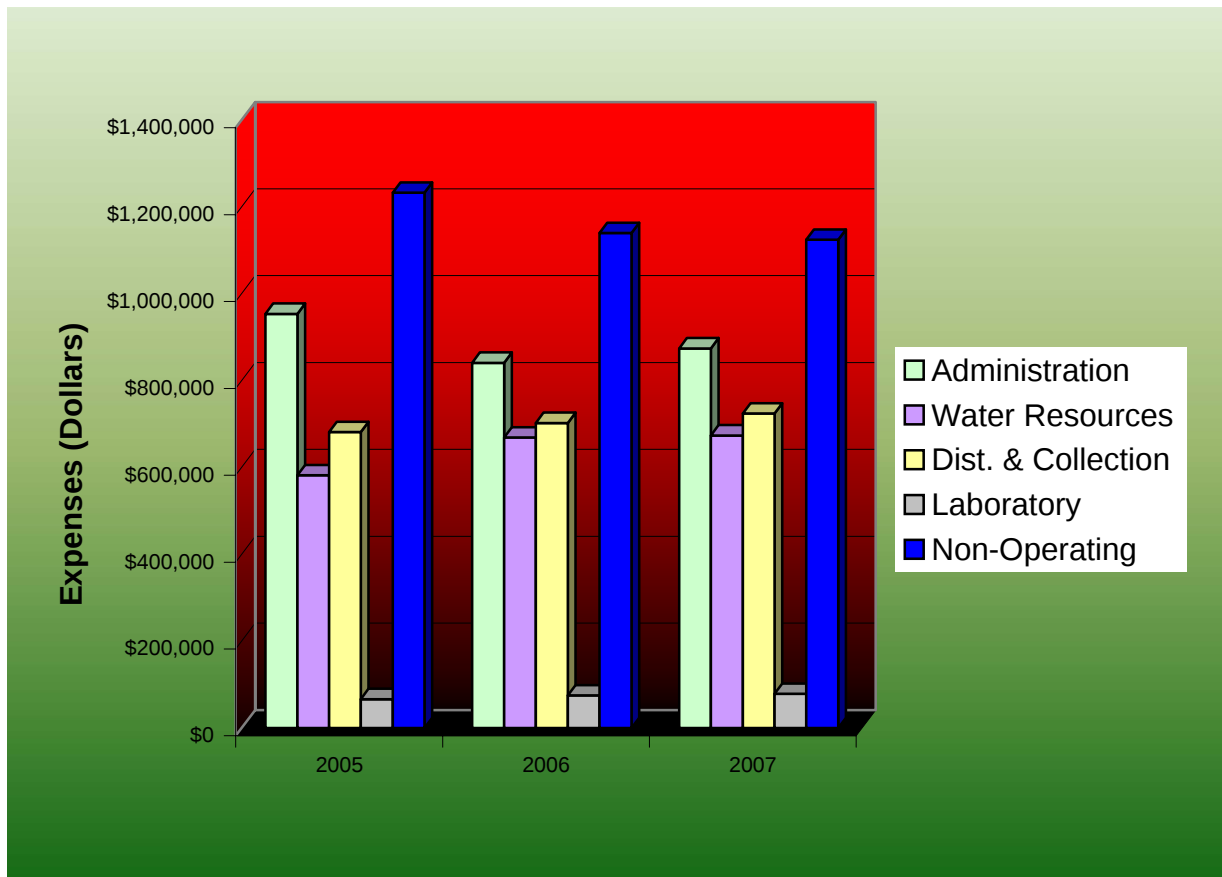
Both water and sewer rates include a recommended 3% increase in metered rates. Revenue from utility sales in fiscal year 2007 is projected to increase minimally over the previous year due to the decrease in usage and interest rates decline slightly as the investment dollars are used to install new mains.

Water & Sewer Fund - FY 2007 Expenditures by Type



	Fiscal Year Ending June 30,			
	Budget			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
<u>EXPENSES (Cont.)</u>				
Distribution and Collection Division:				
Building & Water Tank	\$29,863	\$41,000	\$39,700	\$33,900
Pumping Station	150,321	153,300	161,200	162,150
Wells & Well Field	57,937	49,100	46,800	47,850
General Street Expense	9,081	18,800	26,400	14,850
Meter Reading & Delinquent Accounts	24,363	25,300	32,500	26,350
Meter Operations & Maintenance	142,674	138,000	141,700	132,100
Customer Service	14,291	14,500	11,300	12,700
Maintenance-Mains & Hydrants	129,617	130,000	130,600	133,550
New Water Service	36,982	27,500	28,700	32,950
Water Service Maintenance	11,131	14,000	21,200	15,750
Sanitary Sewer	43,882	64,500	90,300	82,750
Vehicles	31,419	26,700	27,000	29,650
Total Distribution and Collection Division	\$681,563	\$702,700	\$757,400	\$724,550
Laboratory Division				
General Laboratory	\$24,291	\$30,500	\$29,800	\$26,650
Contract Laboratory	42,552	44,800	53,300	52,400
Total Laboratory Division	\$66,843	\$75,300	\$83,100	\$79,050
Total Non-Operating	\$1,232,838	\$1,140,000	\$1,128,000	\$1,124,500
TOTAL EXPENSES	\$3,516,919	\$3,428,400	\$3,448,000	\$3,476,150

Water and Sewer Fund Expenses 2005-2007



Non-Operating expenses fluctuate slightly due to varying interest payments.

EXPENSES	Fiscal Year Ending June 30,			
	Budget			
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
Administration				
Salaries	\$331,903	\$300,000	\$300,000	\$284,500
Salaries - Part Time	988	\$0	\$0	\$2,500
Fringes	203,488	120,000	115,000	130,400
Office Supplies	7,654	9,600	7,600	7,900
Postage	10,437	13,000	13,500	15,000
Safety Supplies	2,496	6,000	4,000	4,000
Property Taxes	7,017	7,100	7,100	7,100
Contractual Services	25,950	19,500	19,000	21,000
Engineering Fees	25,540	9,000	12,500	12,500
Audit	4,800	4,800	5,000	5,000
G.I.S. Contractual Services	36,964	37,000	35,000	38,000
Legal Fees	254	0	5,000	5,000
State Mandated Fees	16,863	22,500	22,500	19,500
Data Processing	39,400	46,000	46,000	50,000
Liability Insurance	26,452	28,000	30,000	30,000
Dues & Publications	1,866	1,300	3,200	2,500
Telephone	3,226	4,000	2,800	4,500
Alarm Systems	4,866	4,800	5,000	4,800
Travel & Education - Salary	7,380	3,800	5,500	5,500
Travel & Education - Hourly	4,227	3,800	3,500	3,500
Vehicle Repair & Maintenance	331	1,000	1,000	500
Employee Safety	1,200	1,300	1,200	1,300
Bad Debt Expense	0	0	2,500	1,000
Administration - City	189,073	198,100	198,100	212,300
Grant Match	0	0	0	5,000
Public Relations	1,353	600	1,200	1,000
TOTAL ADMINISTRATION	\$953,730	\$841,200	\$846,200	\$874,300

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.

Fringes

Benefit rates are the following:

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>
Administration	31.84%	37.11%	39.76%	40.69%	45.80%
Water Resources Division	39.41%	46.03%	49.55%	50.08%	48.80%
Distribution & Collection Division	39.75%	46.42%	49.55%	50.85%	48.80%
Laboratory Services Division	38.32%	44.32%	49.38%	49.38%	48.80%

Insurance

The Utilities Department is a member of the insurance pool with the Michigan Municipal League.

<i>Fiscal Year Ending June 30,</i>				
Budget				
AUDIT	ESTIMATED	CURRENT	PROPOSED	
2005	2006	2006	2007	
EXPENSES (Cont.)				
Water Resources Division:				
Preliminary Treatment				
Salaries	\$9,721	\$7,500	\$8,500	\$9,100
Fringes	4,921	4,000	4,300	4,550
Operating Supplies	52	500	700	800
Utilities	1,483	1,500	2,000	2,000
Repair & Maintenance	1,438	2,500	1,500	1,500
Total Preliminary Treatment	\$17,616	\$16,000	\$17,000	\$17,950

Preliminary Treatment

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

Primary Treatment

Salaries	\$11,812	\$11,500	\$12,500	\$12,400
Fringes	5,844	6,000	6,200	6,150
Operating Supplies	37	500	300	200
Repair & Maintenance	3,753	500	300	1,200
Total Primary Treatment	\$21,446	\$18,500	\$19,300	\$19,950

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.

Fiscal Year Ending June 30,				
Budget				
AUDIT	ESTIMATED	CURRENT	PROPOSED	
2005	2006	2006	2007	
EXPENSES (Cont.)				
Water Resources Division (Cont.)				
Secondary Treatment				
Salaries	\$12,321	\$13,000	\$16,000	\$16,000
Fringes	6,096	7,500	7,900	7,850
Operating Supplies	129	1,000	3,000	2,200
Utilities	37,075	41,000	41,500	42,000
Repair & Maintenance	1,694	4,600	600	2,300
Total Secondary Treatment	\$57,314	\$67,100	\$69,000	\$70,350
Secondary Treatment				
Secondary treatment includes aeration tanks with fine bubble diffusers that have air supplied by centrifugal blowers, secondary clarifiers, return sludge system. Primary effluent flows in the aeration tanks where it is mixed with return sludge that provides the bacteria for treatment. After eight hours of aeration, the mixed liquor is settled in the secondary clarifiers, then returned to the aeration tanks to continue the cycle. The secondary treatment process provides 85 to 90% removal of pollutants.				
Tertiary Treatment				
Salaries	\$11,706	\$12,700	\$14,500	\$13,500
Fringes	5,791	7,000	7,200	6,600
Operating Supplies	3,064	1,000	3,000	2,800
Utilities	18,715	20,000	23,400	19,500
Repair & Maintenance	7,328	5,000	8,000	7,600
Total Tertiary Treatment	\$46,603	\$45,700	\$56,100	\$50,000
Tertiary Treatment				
Tertiary Treatment includes screw pumps and sand filters. The secondary effluent is lifted by the pumps about 18 feet into the RBC system. The average pollutant removal after tertiary treatment is greater than 97%.				
Sludge Treatment				
Salaries	\$22,828	\$32,000	\$27,000	\$26,000
Fringes	11,293	15,000	13,400	12,800
Operating Supplies	1,189	5,200	5,600	5,200
Laboratory	4,893	38,000	5,400	5,500
Injection Contract Cost	27,220	48,000	36,000	38,000
Utilities	5,755	8,000	4,200	8,100
Repair & Maintenance	5,459	7,500	6,500	5,600
Total Sludge Treatment	\$78,638	\$153,700	\$98,100	\$101,200

City of Cadillac
Fifteen Largest Water and Sewer Users in 2005

<u>Customer</u>	<u>Cubic Feet</u>		<u>Gallons</u>		<u>Total Dollars</u>
	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	
Hayes Lemmerz	12,590,800	10,702,175	94,179,184	80,052,269	\$332,667
Avon Rubber & Plastics	12,219,400	9,745,627	91,401,112	72,897,290	\$290,507
AAR Cadillac Manufacturing	10,607,400	8,133,465	79,343,352	60,838,318	\$218,974
Paulstra CRC	1,338,000	3,498,200	1,008,240	26,166,536	\$115,522
Mercy Hospital	2,257,500	2,257,500	16,886,100	16,886,100	\$79,006
Cadillac Renewable Energy *	0	1,678,667	0	12,556,429	\$57,990
Piranha Hose	2,000,400	2,000,400	14,962,992	14,962,992	\$51,216
Borg-Warner	1,530,500	1,530,500	11,448,140	11,448,140	\$41,440
Michigan Rubber Products	1,523,300	1,523,300	11,394,284	11,394,284	\$41,090
Pheasant Ridge	1,600,000	1,600,000	11,968,000	11,968,000	\$36,127
Country Acres	1,311,400	1,311,400	9,809,272	9,809,272	\$34,215
4-WINNS	988,900	988,900	7,396,972	7,396,972	\$32,269
Lakeshore Linen	939,100	939,100	7,024,468	7,024,468	\$28,316
Leisure Park	752,000	752,000	5,624,960	5,624,960	\$19,718
Kolarevic Car Wash	389,800	389,800	2,915,704	2,915,704	\$11,115
	50,048,500	47,051,034	365,362,780	351,941,734	\$1,390,172

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

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 and 675,000 gallon storage tank. Sludge, or bio-solids, is the residual solid produced during the wastewater treatment process. The solids are first pumped into the primary digester which is heated to 95 degrees F where most organic matter is reduced in an anaerobic environment. A useable methane gas is produced (8,500,000 cf per year) along with about two million gallons of treated bio-solids for application to agricultural farm land as fertilizer. The fertilizer injections are done under contract and are estimated at \$38,000 for 2006-2007.

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 Rotating Biological Contractors (RBC's).

<i>Fiscal Year Ending June 30,</i>				
Budget				
AUDIT	ESTIMATED	CURRENT	PROPOSED	
2005	2006	2006	2007	
EXPENSES (Cont.)				
Water Resources Division (Cont.)				
Nutrient Removal				
Salaries	\$7,460	\$7,500	\$8,500	\$15,000
Fringes	3,691	4,000	4,300	7,350
Operating Supplies	67	1,200	2,400	2,100
Chemicals	20,071	25,000	22,500	26,000
Repair & Maintenance	7,482	1,500	1,300	2,400
Total Nutrient Removal	\$38,770	\$39,200	\$39,000	\$52,850
Effluent Disposal				
Salaries	\$9,994	\$12,000	\$18,000	\$16,000
Fringes	4,944	6,800	8,900	7,850
Operating Supplies	3,307	4,000	8,500	3,500
Plant Lab Supplies	5,213	3,500	9,500	4,900
Chemicals	3,508	2,000	2,500	1,000
Contracted Laboratory	9,987	5,000	6,500	8,300
Utilities	4,344	8,000	5,500	5,600
Repair & Maintenance	5,068	4,000	3,500	4,600
Total Effluent Disposal	\$46,365	\$45,300	\$62,900	\$51,750
Building & Grounds				
Salaries	\$42,461	\$35,000	\$47,100	\$51,200
Salaries - Part Time	\$2,937	\$6,000	\$0	\$5,000
Fringes	21,092	27,000	28,800	25,000
Operating Supplies	13,757	19,000	22,000	17,300
Utilities	62,857	65,000	43,500	60,000
Repair & Maintenance	21,918	18,000	12,500	17,800
Total Building & Grounds	\$165,022	\$170,000	\$153,900	\$176,300
Industrial Surveillance				
Salaries	\$13,580	\$12,000	\$14,500	\$16,500
Fringes	6,718	7,000	7,200	8,100
Operating Supplies	1,348	1,500	3,500	3,000
Laboratory	5,631	1,500	3,500	5,000
Repair & Maintenance	310	400	400	250
Total Industrial Surveillance	\$27,587	\$22,400	\$29,100	\$32,850

Industrial Surveillance

The Cadillac Utilities Department administers an Industrial Monitoring and Pretreatment (IMP) program. Sample flows are collected from several industrial plants at varying intervals and analyzed for toxic and hazardous substances. Discharge permits are issued and enforced on 17 users.

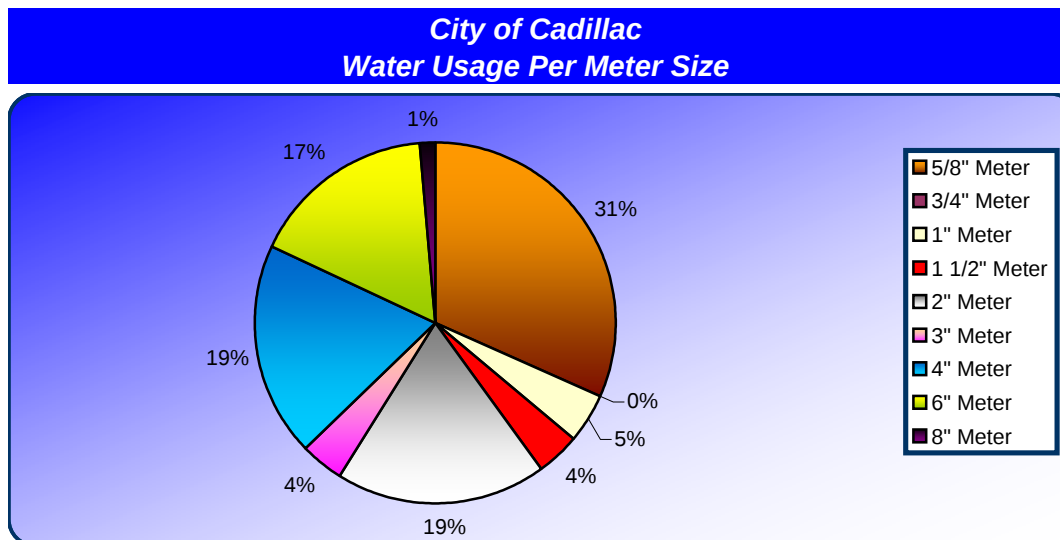
Effluent Disposal

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.

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.

Average usage per service connection per day:	<u>Year</u>	<u>Usage</u>
	2001	660 (gallons per day)
	2002	633
	2003	638
	2004	608
	2005	658



2004/2005 Water Usage	
<u>Meter Size</u>	<u>Cu.Ft./Year</u>
5/8" Meter	30,100,709
3/4" Meter	27,400
1" Meter	4,377,792
1 1/2" Meter	3,485,292
2" Meter	18,091,400
3" Meter	3,685,300
4" Meter	18,266,000
6" Meter	16,017,500
8" Meter	1,199,500

<i>Fiscal Year Ending June 30,</i>				
Budget				
AUDIT	ESTIMATED	CURRENT	PROPOSED	
2005	2006	2006	2007	
<u>EXPENSES (Cont.)</u>				
Water Resources Division (Cont.)				
Lift Station - Sanitary				
Salaries	\$16,361	\$17,000	\$21,500	\$24,200
Fringes	8,094	9,500	10,700	11,800
Operating Supplies	4,151	2,500	5,500	4,500
Disposal Fees	1,166	1,800	1,600	2,000
Utilities	26,348	30,000	24,500	30,100
Repair & Maintenance	14,683	20,000	15,000	16,200
Total Lift Station - Sanitary	\$70,802	\$80,800	\$78,800	\$88,800
Vehicles				
Salaries	\$1,248	\$1,000	\$1,500	\$1,500
Fringes	618	800	900	850
Operating Supplies	300	700	1,000	400
Fuel Costs	3,681	4,000	2,900	4,500
Repair & Maintenance	5,935	4,000	3,800	4,500
Total Vehicles	\$11,782	\$10,500	\$10,100	\$11,750
TOTAL WATER RESOURCES DIVISION	581,945	669,200	633,300	673,750

Lift Stations

Lift stations includes operation and maintenance of the plant lift station, 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.

Wastewater Treatment Panel



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. These include:

1975 Portable Electric Generator (30 KW)	1997 GMC 4-Wheel Drive Pickup Truck
2005 Ford Pickup	2000 Dodge 4-Wheel Drive Pickup Truck
2006 Ford 4-wheel drive pickup	

Water Resources Division Responsibilities:

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

Objective:

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

Goals:

2005-2006

1. Develop growth limits for southside development and study alternative sewer routes/interceptors.
2. Complete NPDES required mercury minimization program.
3. Complete redevelopment of local discharge limits for industrial users.
4. Review treatment technologies to replace sand filtration system.
5. Complete installation of stand-by generator at wastewater treatment plant.

Status:

Done
Done
Done
Engineering
Engineering

2006-2007

1. Obtain State grant for design and engineering for Wastewater Treatment Plant improvements.
2. Renew NPDES Discharge Permit
3. Manage growth of service area.
4. Request State Revolving Loan funds for Wastewater Treatment Plant and lift station improvements.

Buildings and Water Tank

Buildings consist of six well houses that enclose the active wells, one pump station that meters and treats the water, and one supplies garage building. Water storage is provided in a one million gallon elevated storage tank located on the North Street Hill.

Pumping Station

The City's pumping station metered and chlorinated in excess of 843,200,000 gallons of water in 2005. This was an increase of 69 million gallons of water from 2004, or a 9% increase. The costs of chemicals and utilities are the pumping stations' major costs.



Water Supply Statistics

Year	Gallons Pumped	Gallons Sold	% Lost (1)	Average Number of Customers
1995	1,010,700,000	830,700,000	17.90	3,257
1996	965,000,000	818,300,000	15.20	3,342
1997	894,900,000	742,200,000	17.10	3,322
1998	837,800,000	763,800,000	8.83	3,375
1999	859,000,000	773,200,000	10.10	3,395
2000	883,500,000	789,000,000	10.70	3,408
2001	821,800,000	760,500,000	7.70	3,414
2002	787,700,000	754,100,000	4.00	3,407
2003	804,800,000	746,300,000	7.28	3,456
2004	773,400,000	736,300,000	4.70	3,487
2005	843,200,000	773,900,000	8.22	3,511

Wells & Well Fields

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

(1) Percentage of Water Lost

Water loss is the term applied to the difference between water pumped into the system and water sold through water meters. Cadillac's water loss for 2005 was 8.22%, well below the acceptable range of 10-15% for public water supplies. Water loss occurs from meter variances, worn meters, water used for fire purposes, water lost through system flushing, and water lost during run water situations in the winter.

Fiscal Year Ending June 30,				
Budget				
AUDIT	ESTIMATED	CURRENT	PROPOSED	
2005	2006	2006	2007	
EXPENSES (Cont.)				
Distribution & Collection Division				
Building & Water Tank				
Salaries	\$8,361	\$10,000	\$17,500	\$10,000
Salaries - Part Time	2,127	\$9,000	0	5,000
Fringes	4,136	8,500	8,700	4,900
Operating Supplies	12,509	12,000	11,500	12,000
Repair & Maintenance	2,730	1,500	2,000	2,000
Total Building & Water Tank	\$29,863	\$41,000	\$39,700	\$33,900
Pumping Station				
Salaries-Regular	\$2,159	\$2,600	\$2,100	\$6,500
Salaries-Part time	660	0	5,400	0
Fringes	1,068	1,200	1,200	3,250
Operating Supplies	7,198	10,000	7,500	7,500
Chemicals	15,046	22,000	20,500	19,500
Laboratory Control	21,504	14,000	24,500	22,500
Utilities	100,535	102,000	98,000	101,100
Repair & Maintenance	2,151	1,500	2,000	1,800
Total Pumping Stations	\$150,321	\$153,300	\$161,200	\$162,150
Wells & Well Field				
Salaries	\$3,866	\$2,100	\$5,500	\$4,700
Fringes	1,913	2,000	2,800	2,350
Operating Supplies	3,694	3,500	2,500	3,600
Wellhead Protection	0	3,000	7,500	5,500
Contractual Services	37,846	28,000	18,000	19,000
Repair & Maintenance	10,619	10,500	10,500	12,700
Total Wells & Well Field	\$57,937	\$49,100	\$46,800	\$47,850

Fiscal Year Ending June 30,				
Budget				
AUDIT	ESTIMATED	CURRENT	PROPOSED	
2005	2006	2006	2007	
EXPENSES (Cont.)				
Distribution & Collection Division (Cont.)				
General Street Expense				
Salaries	\$85	\$1,000	\$1,500	\$1,200
Fringes	42	800	900	750
Operating Supplies	1,370	2,000	9,500	4,000
Contractual Services	7,583	15,000	14,500	8,900
Total General Street Expense	\$9,081	\$18,800	\$26,400	\$14,850
Meter Reading & Delinquent Accounts				
Salaries	\$16,300	\$15,000	\$21,500	\$17,500
Fringes	8,064	10,000	10,700	8,550
Operating Supplies	0	300	300	300
Total Meter Reading & Delinquent Accounts	\$24,363	\$25,300	\$32,500	\$26,350
Meter Operations & Maintenance				
Salaries	\$80,226	\$76,000	\$82,000	\$74,000
Fringes	39,689	39,000	40,700	36,000
Operating Supplies	22,759	23,000	19,000	22,100
Total Meter Operations & Maintenance	\$142,674	\$138,000	\$141,700	\$132,100
Customer Service				
Salaries	\$9,561	\$10,000	\$7,500	\$8,500
Fringes	4,730	4,500	3,800	4,200
Total Customer Service	\$14,291	\$14,500	\$11,300	\$12,700
Maintenance - Mains & Hydrants				
Salaries	\$66,513	\$62,000	\$63,500	\$62,500
Fringes	32,905	31,000	31,600	30,550
Operating Supplies	28,515	30,000	29,500	33,000
Contractual Services	1,684	7,000	6,000	7,500
Total Maintenance - Mains & Hydrants	\$129,617	\$130,000	\$130,600	\$133,550

General Street Expense

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

Meter Reading & Delinquent Accounts

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

Meter Operation and Maintenance

The Utilities Department responded to the following:

	<u>Meter Repairs</u>	<u>New Meter Installations</u>		<u>Meter Repairs</u>	<u>New Meter Installations</u>
1995	585	14	2003	243	12
1996	725	12	2004	185	18
1997	625	35	2005	238	23
1998	599	22			
1999	644	8			
2000	575	7			
2001	521	8			
2002	455	18			

Customer Services

Many types of service calls are responded to in the course of a year. MISS-DIGS is also a call this department responds to for construction needs.

	<u>Service Calls</u>	<u>MISS-DIGS</u>		<u>Service Calls</u>	<u>MISS-DIGS</u>
1995	763	511	2003	1,042	949
1996	853	544	2004	1,151	1,385
1997	718	576	2005	1,481	1,198
1998	695	533			
1999	727	514			
2000	675	507			
2001	1,243	571			
2002	661	1,025			

Maintenance - Mains and Hydrants

The City maintains 454 fire hydrants. All fire hydrant records and histories are computerized. The City replaced 3,185 feet of water mains in 2005, 3,450 feet of in 2004, 4,700 feet in 2003, which was down from 6,330 feet of water mains that were replaced in 2002. Replaced five hydrants in 2005 and eliminated one hydrant.

<i>Fiscal Year Ending June 30,</i>				
Budget				
AUDIT	ESTIMATED	CURRENT	PROPOSED	
2005	2006	2006	2007	
EXPENSES (Cont.)				
Distribution & Collection Division (Cont.)				
New Water Service				
Salaries	\$4,394	\$8,000	\$4,500	\$3,500
Fringes	2,174	3,000	2,400	1,750
Operating Supplies	28,586	15,000	19,800	25,000
Contractual Services	1,828	1,500	2,000	2,700
Total New Water Service	\$36,982	\$27,500	\$28,700	\$32,950
Water Service Maintenance				
Salaries	\$4,542	\$5,000	\$6,200	\$5,500
Fringes	2,247	3,000	3,200	2,750
Operating Supplies	4,045	5,000	6,800	5,500
Repair & Maintenance	297	1,000	5,000	2,000
Total Water Service Maintenance	\$11,131	\$14,000	\$21,200	\$15,750
Sanitary Sewer				
Salaries	\$20,603	\$20,000	\$39,000	\$39,500
Fringes	10,192	17,000	19,400	19,150
Operating Supplies	6,395	7,000	8,400	8,000
Contractual	4,656	18,000	18,000	13,500
Damage Contractual Services	1,500	2,000	4,500	2,000
Repair & Maintenance	536	500	1,000	600
Total Sanitary Sewer	\$43,882	\$64,500	\$90,300	\$82,750
Vehicles				
Salaries	\$0	\$100	\$500	\$500
Fringes	0	100	500	450
Operating Supplies	765	500	1,000	700
Fuel & Oil	11,809	12,000	11,500	13,000
Repair & Maintenance	18,845	14,000	13,500	15,000
Total Vehicles	\$31,419	\$26,700	\$27,000	\$29,650
TOTAL DISTRIBUTION & COLLECTION DIVISION	\$681,563	\$702,700	\$757,400	\$724,550

New Water Meter Replacements and Upgrades

In 2004, 113 meters were replaced which is down from 2003 when 260 water meters were replaced with new electronic-read meters under the meter replacement program. The City has replaced 3,100 meters in the last five years, which is 98% of all of the City's residential meters.

Water Service Maintenance

In 2005, 89 reconnections took place and in 2004 there were 107. In 2003, 63 reconnected service lines were worked on by personnel. In 2002 91 service lines were worked on, in 2001, the Water Department reconnected 78 domestic water service lines to new or larger mains, 2000 there were 82 reconnects, up from 57 in 1999. In addition, four service lines were abandoned and capped in 2000, with an additional three lines abandoned in 1999 and two in 1998.

Sanitary Sewer

This item includes equipment used to clean sanitary sewer, along with the related costs of labor and repairs and maintenance. It also includes costs for outside contractors to do TV inspections. The City inspected 3,380 feet in 2005, 2,949 feet in 2004, 3,670 feet of sanitary sewer in 2003, compared to 4,600 feet in 2002, 2,805 feet in 2001, and 2,150 feet in 2000. In 1999, 3 sanitary sewer manholes were repaired along with 4 storm sewer manholes, while in 2000, 9 sanitary sewer manholes were replaced and 4 storm sewer manholes were replaced. 2001 saw 4 manholes replaced and 16 castings replaced and in 2002 installed two new manholes. In 2003 the Utilities Department cleaned 32,425 feet of sanitary sewer lines and increased that number to 41,500 feet in 2004. In 2005, 31,600 feet were cleaned

Vehicles

Several vehicles and over-the-road equipment are used in this division. These include:

1975 International Dump Truck	1996 Ford Service Van
1990 Ingersol-Rand Air Compressor	2000 Dodge Pickup Truck
1992 Sewer Jetter	2001 VacCon Sewer Machine
2005 Ford Pickup	2002 JCB Loader/Backhoe
1994 JCB Loader/Backhoe	2004 Ford Service Van
1995 GMC Utility Truck	2004 Ford Utility Truck
	1996 Dodge Pickup Truck w/plow

Distribution and Collection Division Purpose:

This division is responsible for the operation of the public water system, sanitary sewer system and storm sewer system. The public water system supplies water to over 3,400 accounts. These accounts range from domestic users to industrial customers using up to 500,000 gallons of water per day. The water system personnel must be licensed by the Michigan Department of Environmental Quality. The sanitary sewer system collects the wastewater from the users and transports it to the wastewater treatment plant. The storm sewer system collects storm water and transports it to the lakes, rivers and seepage ponds.

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

Goals:

2005-2006

1. Replace water mains on Stimson St, Colfax, Prospect, and Hersey St.
2. Install new sewer on Sixth Ave. for AAR Grant
3. Replace sewer on E. Pine, Stimson, and Hersey
4. Paint the Water Tower if contractor/inspector determines it is required.
5. Continue radio read installation in remote areas.
6. Implementation of Wellhead Protection Program,

Status:

Done
Done
Done
Spring of 07
Done
On-going

2006-2007

1. Replace sanitary sewer on Pine Street
2. Replace water and sewer on West Garfield
3. Replace sewer on Mitchell Street
4. Complete Phase II of the Wellfield investigation.
5. Implement Cadillac Storm Water Management Plan.

<i>Fiscal Year Ending June 30,</i>				
Budget				
AUDIT	ESTIMATED	CURRENT	PROPOSED	
2005	2006	2006	2007	
EXPENSES (Cont.)				
Laboratory Division				
General Laboratory				
Salaries	\$7,956	\$7,000	\$8,800	\$8,800
Fringes	3,936	12,000	4,500	4,350
Operating Supplies	10,453	10,000	12,500	11,000
Repair & Maintenance	1,145	1,500	3,200	1,500
Research & Development	800	0	800	1,000
Total General Laboratory	\$24,291	\$30,500	\$29,800	\$26,650
Contract Laboratory				
Salaries	\$20,100	\$24,000	\$26,000	\$25,700
Fringes	9,944	12,000	12,900	12,500
Operating Supplies	6,023	5,000	6,500	6,100
Repair & Maintenance	5,102	2,000	5,300	6,500
Equipment Rental	881	1,200	1,400	1,000
Research & Development	501	600	1,200	600
Total Contract Laboratory	\$42,552	\$44,800	\$53,300	\$52,400
TOTAL LABORATORY DIVISION	66,843	75,300	83,100	79,050
Non-Operating				
Interest Expense	\$450,120	\$370,000	\$368,000	\$349,500
Depreciation	782,718	770,000	760,000	775,000
Total Non-Operating	\$1,232,838	\$1,140,000	\$1,128,000	\$1,124,500
TOTAL EXPENSES	\$3,516,919	\$3,428,400	\$3,448,000	\$3,476,150
NET ASSETS AT YEAR END				
Change in Net Assets	(\$23,001)	(\$16,400)	\$0	\$81,450
Total Net Assets				
Beginning of Year	14,052,361	14,029,360	14,029,360	14,012,960
Total Net Assets at Year End	\$14,029,360	\$14,012,960	\$14,029,360	\$14,094,410

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.

<u>Analyses Performed:</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Lead and Copper	106	172	52	81	195	175
Metals	8,379	10,337	8,939	7,050	8,315	8,980
Volatile Organic	205	220	226	280	264	272
Bacterial Testing	1,563	1,814	1,780	1,313	2,680	3,120
Wet Chemistry	22,310	21,900	20,800	23,200	23,870	24,050

Purpose:

This division provides analytical laboratory support to the water and wastewater operations. Laboratory services also provides contract analytical support to other communities and industries.

Objective:

To provide analytical laboratory results required by state and federal regulatory services.

Goals for:

2005-2006

1. Reorganize lab due to lab manager retirement. **Status:** Complete
2. Training for new personnel. **Status:** Complete
3. Complete Cadillac lead and copper monitoring of City drinking water as required by MDEQ. **Status:** Complete

2006-2007

1. Complete U.S. Forest Water Quality testing contract for second year.
2. Expand contract testing services.
3. Obtain MDEQ Laboratory certification renewal.

Non-Operating

Four revenue bond issues comprise the interest activity:

1993 Revenue Refunding Bond interest payments September 1, 2006 and March 1, 2007 total \$17,635.

1995 Revenue Bond interest payments September 1, 2006 and March 1, 2007 total \$7,525.

1999 Revenue Refunding Bond interest payments September 1, 2006 and March 1, 2007 total \$68,330.

2001 Revenue and Revenue Refunding Bond interest payments September 1, 2006 and March 1, 2007 total \$254,014.

Depreciation is increasing slightly due to the age of some of the equipment and the new replacements. Depreciation is calculated from the annual depreciation schedules on a straight line basis.

History

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

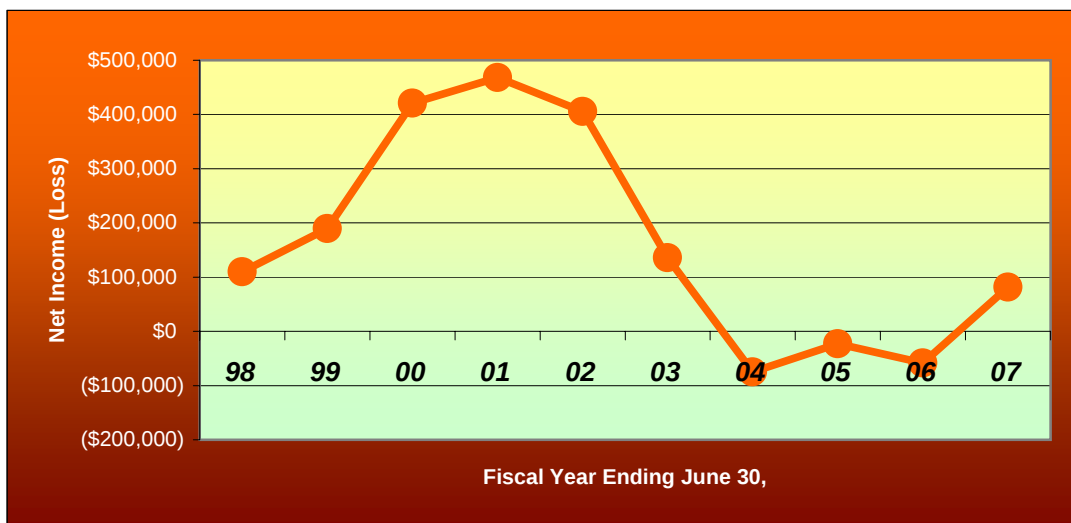
The City's original wastewater treatment facility was replaced in 1963 with the construction of a 2.0 MGD advanced secondary (activated sludge) treatment facility. In 1975 the facility was upgraded to provide ammonia removal and advanced tertiary filtration. In 1990 the City added an 800,000 gallon equalization basin, a 550,000 gallon sludge storage tank and a new secondary clarifier among other major improvements which increased sustained treatment capacity to 3.2 MGD. Average daily flow is approximately 2 MGD with average peak flows of approximately 2.8 MGD. In 1995, the City again updated the treatment facility with another \$2.5 million expansion. In 2003, a UV disinfection/chemical storage building was added in addition to replacement of tertiary screw pumps.

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



*September, 1923 construction of original facilities.
(Looking north at what are now CASA fields)*

Water and Sewer Fund Change in Net Assets 1998-2007



Source and Use of Funds For Capital Improvements

2006-2007

Source of Funds

Investments - Unrestricted

371,500

\$371,500

Total Source of Funds

Use of Funds

2006-2007 Main Replacements

North Boulevard

\$38,500

West Garfield

10,000

Park Street

36,000

Pine Street

30,000

\$114,500

Equipment

WWTP Control System

\$70,000

Primary Tank Painting

47,000

Pickup Trucks

40,000

Water Main Valve

25,000

Manhole Rehabilitation

25,000

Water Supply Design

50,000

257,000

Total Use of Funds

\$371,500

Cash Flow Analysis

2006-2007

Additions

Net Income from Operations	\$81,450
Depreciation	<u>775,000</u>

Total Additions 856,450

Deductions

Principal Payments (1)	\$365,000
Capital Improvements	<u>371,500</u>

Total Deductions 736,500

Net Increase of Available Cash \$119,950

Footnotes:

(1) Principal payments include:

1993 Revenue Refunding Bond

	<u>Principal</u>	<u>Interest</u>
September 1, 2006	\$205,000	
September 1, 2006 5.4%		\$11,585
March 1, 2007 5.40%		6,050

1995 Revenue Bond

September 1, 2006	90,000	
September 1, 2006 5.375%		4,972
March 1, 2007 5.375%		2,553

1999 Revenue Refunding Bond

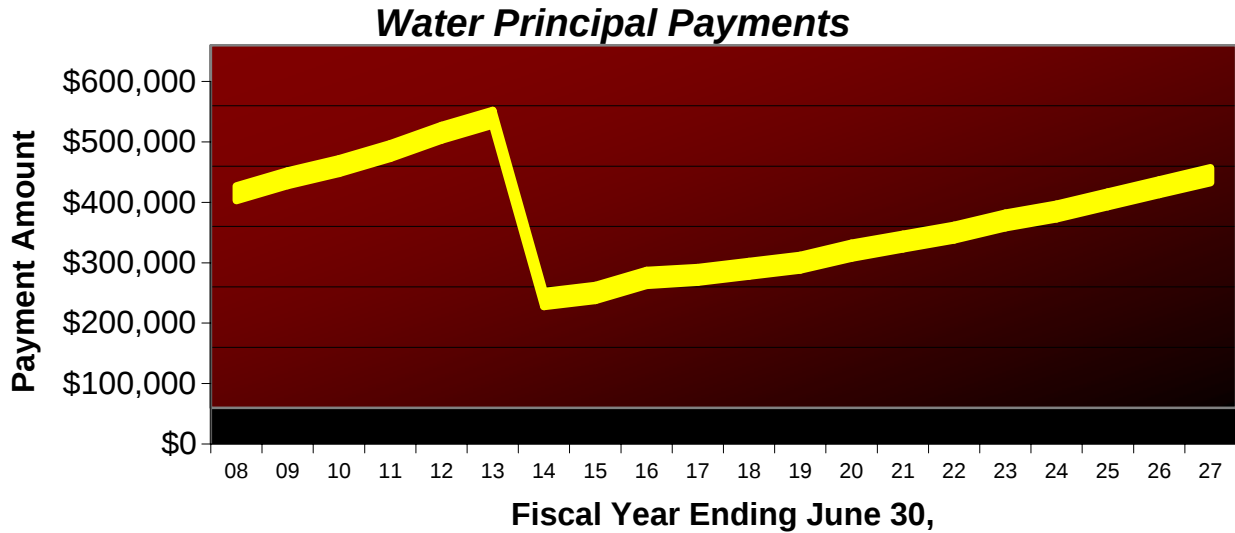
September 1, 2006	60,000	
September 1, 2006 4.05%		34,773
March 1, 2007 4.05%		33,557

2001 Revenue Refunding Bond

September 1, 2006	10,000	
September 1, 2006 4.25%		127,213
March 1, 2007 4.25%		126,801

Total Debt Payments \$365,000 \$347,504

Average Interest Rate: 4.6%



Fiscal Year Ending June 30,

Principal Payments

2008	\$385,000
2009	\$410,000
2010	\$430,000
2011	\$455,000
2012	\$485,000
2013	\$510,000
2014	\$210,000
2015	\$220,000
2016	\$245,000
2017	\$250,000
2018	\$260,000
2019	\$270,000
2020	\$290,000
2021	\$305,000
2022	\$320,000
2023	\$340,000
2024	\$355,000
2025	\$375,000
2026	\$395,000
2027	\$415,000

Principal payments are on the following:

1993 Revenue Refunding Bond
1995 Revenue Bond
1999 Revenue Refunding Bond
2001 Revenue and Revenue Refunding Bond

Rates and Charges proposed as of July 1, 2005

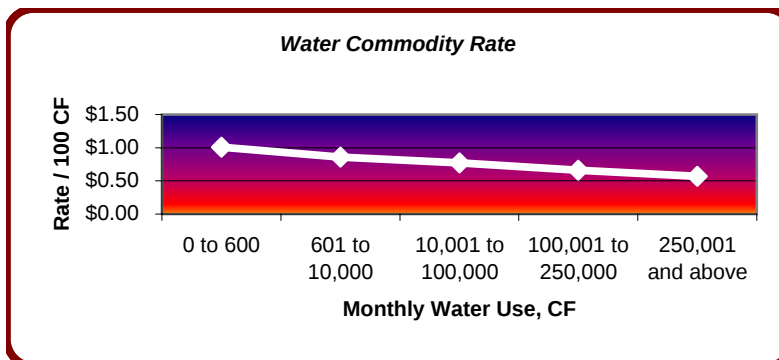
Ready to serve charge

<u>Meter Size</u>	<u>Water</u>	<u>Wastewater</u>
5/8"	\$4.80	\$7.80
3/4"	\$7.10	\$11.70
1"	\$11.85	\$19.50
1-1/2"	\$23.70	\$39.00
2"	\$37.85	\$62.40
3"	\$82.90	\$136.55
4"	\$142.10	\$234.00
6"	\$296.00	\$487.55
8"	\$426.30	\$702.05

Commodity Charge

Volume (Cubic Feet - CF)

0 to 600	\$1.01	
601 to 10,000	\$0.86	
10,001 to 100,000	\$0.77	
100,001 to 250,000	\$0.66	
250,001 and above	\$0.57	
Per 100 cubic feet per month		\$1.81



Unmetered Users (Flat Rate)

1. Monthly room charge (Living, Dining, Bedroom and Kitchens)	
1 to 3 rooms	\$6.70
4 to 6 rooms	\$7.60
7 to 8 rooms	\$8.50
Each additional room	\$1.20
2. Additional for each bathtub and shower	\$3.20
3. Additional for each toilet	\$3.55



**City of Cadillac
Wastewater Treatment
Operations**



Valve Replacement



Manhole Replacement



**Application of treated "biosolids" to farm
fields as fertilizer**

Revenue as Billed By Meter Classification

For Fiscal Year Ended June 30, 2005

<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			\$43,551	2.23
5/8"	\$447,994	42.99	704,476	36.09
3/4"	495	0.05	659	0.03
1"	54,815	5.26	80,474	4.12
1-1/2"	51,800	4.97	66,830	3.42
2"	166,915	16.02	486,215	24.91
3"	31,133	2.99	63,948	3.28
4"	147,555	14.16	208,936	10.70
6"	121,198	11.63	296,902	15.21
8"	20,141	1.93	0	0.00
	<u>\$1,042,046</u>	<u>100.0</u>	<u>\$1,951,991</u>	<u>100.0</u>

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

<u>Fiscal Year Ended or Ending June 30,</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>
1996	6.70	10.10	11.90	14.90	22.70	62.90	85.80	139.30	217.35
1997	6.90	10.40	12.26	15.35	23.38	64.79	88.37	143.48	223.87
1998	7.10	10.71	12.63	15.81	24.08	66.73	91.02	147.78	230.59
1999	7.31	11.03	13.01	16.28	24.80	68.73	93.75	152.21	237.51
2000	7.53	11.36	13.40	16.77	25.54	70.79	96.56	156.78	244.64
2001	6.60	9.90	16.50	33.00	52.80	115.50	198.00	412.50	594.00
2002	6.80	10.20	17.00	34.00	54.38	118.97	203.94	424.88	611.82
2003	7.00	10.50	17.50	35.00	56.00	122.55	210.05	437.60	630.20
2004	7.20	10.80	18.05	36.05	57.70	126.25	216.35	450.35	649.10
2005	7.50	11.25	18.75	37.50	60.00	131.30	225.00	468.80	675.05

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

**Monthly Ready-To-Serve Charge For Fire Protection
Through Fiscal Year June 30, 2005**

<u>Line Size</u>	<u>Monthly Ready-To-Serve Charge</u>
3/4"	\$1.70
1"	\$2.85
1-1/2"	\$5.65
2"	\$9.10
3"	\$19.80
4"	\$34.05
6"	\$71.05
8"	\$102.30
10"	\$164.80
12"	\$244.35

**Monthly Water Supply Ready-To-Serve Charge By Meter Classification
Fiscal Years Ended June 30, 1996-2005**

<u>Fiscal Year Ended or Ending June 30,</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>
1996	4.10	6.20	7.30	9.35	14.05	38.75	53.30	86.10	94.10
1997	4.22	6.39	7.52	9.63	14.47	39.91	54.90	88.68	96.92
1998	4.35	6.58	7.75	9.92	14.90	41.11	56.55	91.34	99.83
1999	4.48	6.78	7.98	10.22	15.35	42.34	58.25	94.08	102.83
2000	4.61	6.98	8.22	10.53	15.81	43.61	60.00	96.90	105.92
2001	4.00	6.01	10.02	20.04	32.06	70.13	120.23	250.47	360.68
2002	4.12	6.19	10.32	20.64	33.02	72.22	123.84	257.98	371.50
2003	4.25	6.40	10.65	21.25	34.00	74.40	127.55	265.70	382.65
2004	4.40	6.60	10.95	21.90	35.00	76.65	131.40	273.65	394.15
2005	4.60	6.85	11.40	22.80	36.40	79.70	136.65	284.60	409.90

Number of Water Supply and Wastewater Treatment Customers
Fiscal Years 1996 Through 2005

<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>
1996	3,322	1.10	3,445	0.70
1997	3,342	0.60	3,461	0.50
1998	3,375	1.00	3,477	0.50
1999	3,383	0.20	3,481	0.10
2000	3,408	0.74	3,499	0.52
2001	3,414	0.18	3,504	0.14
2002	3,407	(0.21)	3,493	(0.31)
2003	3,456	1.44	3,526	0.94
2004	3,487	0.90	3,544	0.51
2005	3,520	0.95	3,569	0.71

Average Number of Water Supply and Wastewater Treatment Customers
By Meter Classification
Fiscal Year Ended June 30, 2005

<u>Meter Classification</u>	<u>Average Customers</u>	
	<u>Water Supply</u>	<u>Wastewater Treatment</u>
Unmetered	0	181
5/8"	3,199	3,129
3/4"	3	3
1"	130	106
1-1/2"	77	61
2"	81	65
3"	9	9
4"	15	12
6"	5	3
8"	1	0
	<u>3,520</u>	<u>3,569</u>

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

Building Authority Operating Fund



***2006-2007
Annual Operating Budget***

Building Authority Operating Fund

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



Revenues

The City of Cadillac rents the building to the State of Michigan and the rent is based on the operating expenses as well as the debt payments on the bond. Charges for services are paid to the City by the State for cleaning and maintenance of the facility.

Expenditures

Building Maintenance costs cover the air conditioning, elevator, heating, electrical on other related items that are contracted for or used to maintain the facility. The contractual services reflect the contracts for landscaping, fire suppression system, and snow removal. Administration is the fee paid to the DDA fund for their management oversight of the facility. Transfer to the debt retirement from the rental revenues is for the current principal and interest payment on the outstanding debt on the facility. In 1999 the City refinanced the debt to take advantage of lower interest rates, saving over the life of the bond a net value of \$33,000.

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

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

Chairperson:

Peter D. Stalker

City Manager
City of Cadillac

Vice-Chairperson:

David L. McCurdy

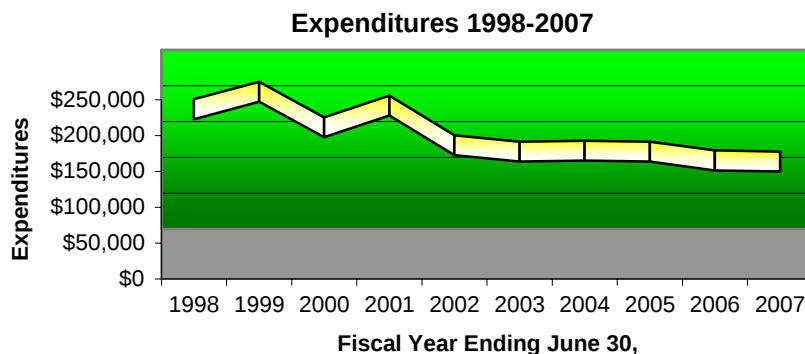
McCurdy & Wotila
City Attorney
City of Cadillac

Secretary - Treasurer:

Dale M. Walker

Director of Finance
City of Cadillac

	Fiscal Year Ending June 30,			
	AUDIT 2005	ESTIMATED 2006	Budget CURRENT 2006	PROPOSED 2007
REVENUES				
Rental Income	\$195,870	\$196,000	\$195,000	\$195,800
Interest Income	3,276	5,000	2,500	3,300
TOTAL REVENUES	\$199,146	\$201,000	\$197,500	\$199,100
EXPENDITURES				
Building Maintenance	7,811	9,700	6,000	11,000
Contractual Services	29,323	21,000	25,000	24,000
Audit	0	900	1,000	900
Liability Insurance	536	550	600	600
Utilities	2,627	2,400	2,500	2,500
Administration	5,000	5,000	5,000	5,000
Depreciation	38,008	35,000	35,000	34,000
Debt Service				
Interest Payment	59,703	56,000	55,200	50,900
TOTAL EXPENDITURES	\$143,007	\$130,550	\$130,300	\$128,900
TOTAL NET ASSETS AT YEAR END				
Change in Net Assets	\$56,139	\$70,450	\$67,200	\$70,200
Total Net Assets - Beginning of Year	269,767	325,906	396,356	396,356
TOTAL NET ASSETS AT YEAR END	\$325,906	\$396,356	\$463,556	\$466,556



Expenditures vary based on the debt transfer and the building maintenance.

Source and Use of Funds For Capital Improvements

2006-2007

Source of Funds

Operational funds 0

Total Source of Funds \$0

Use of Funds

None 0

Total Use of Funds \$0

Cash Flow Analysis

2006-2007

Additions:

Net Gain from Operations 70,200
Depreciation 34,000

Total Additions \$104,200

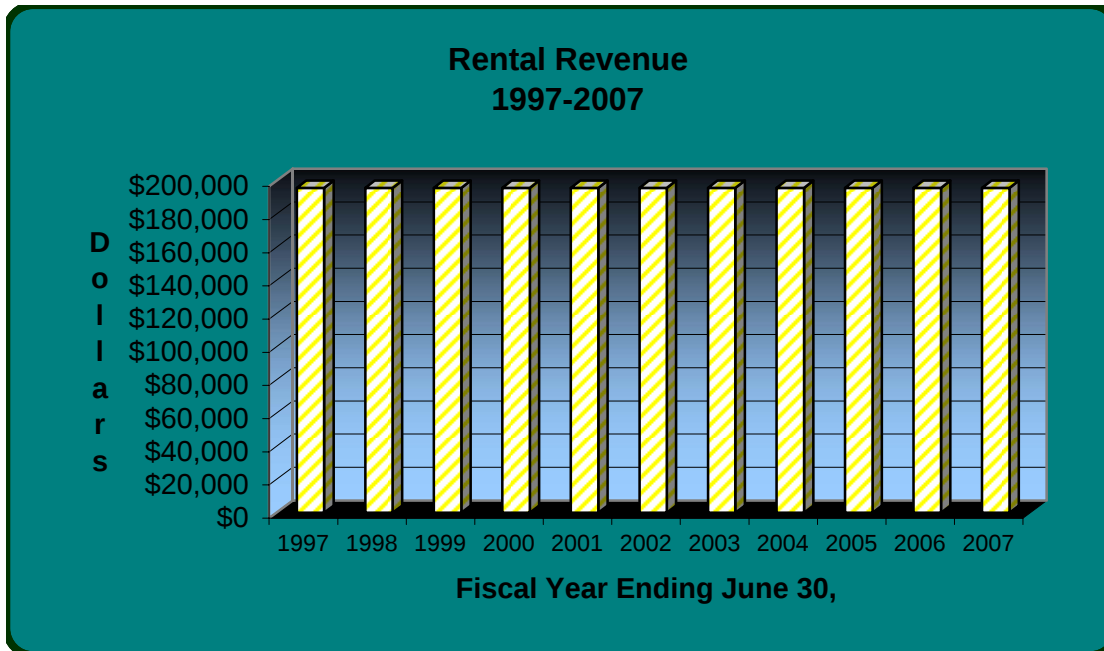
Deductions:

Principal Payment 100,000

Total Deductions \$100,000

Net Increase in Cash Flow \$4,200

Rental revenue is the largest source of revenue in this fund. The State of Michigan provides the rent which covers the operational expenses as well as the debt retirement of the bonded indebtedness.



Outstanding Debt Issues

TITLE OF ISSUE	1999 Building Authority Fund Refunding Bonds		
PURPOSE	For the purpose of advance refunding the 1994 Building Authority Bonds dated December 1, 1994 maturing in the years 2006 through and including 2015 on October 1, 1995.		
DATE OF ISSUE	February 2, 1999		
AMOUNT OF ISSUE	\$1,265,000		
AMOUNT REDEEMED			
Prior to Current Period	\$85,000		
During Current Period	\$100,000	\$185,000	
BALANCE OUTSTANDING	\$1,080,000		

DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2006	4.10%	\$100,000	\$26,188	\$126,188
April 1, 2007			\$24,138	\$24,138
October 1, 2007	4.20%	\$105,000	\$24,138	\$129,138
April 1, 2008			\$21,933	\$21,933
October 1, 2008	4.25%	\$105,000	\$21,933	\$126,933
April 1, 2009			\$19,701	\$19,701
October 1, 2009	4.30%	\$110,000	\$19,701	\$129,701
April 1, 2010			\$17,336	\$17,336
October 1, 2010	4.35%	\$115,000	\$17,336	\$132,336
April 1, 2011			\$14,835	\$14,835
October 1, 2011	4.60%	\$115,000	\$14,835	\$129,835
April 1, 2012			\$12,190	\$12,190
October 1, 2012	4.60%	\$125,000	\$12,190	\$137,190
April 1, 2013			\$9,315	\$9,315
October 1, 2013	4.60%	\$130,000	\$9,315	\$139,315
April 1, 2014			\$6,325	\$6,325
October 1, 2014	4.60%	\$135,000	\$6,325	\$141,325
April 1, 2015			\$3,220	\$3,220
October 1, 2015	4.60%	\$140,000	\$3,220	\$143,220
		\$1,180,000	\$284,174	\$1,464,174

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

Special Revenue Funds in the City of Cadillac include:

Major Special Revenue Funds (Included in Major Fund Section):

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

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

Nonmajor Special Revenue Funds (Included in this section):

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

Community Development Fund – This fund was established with grant monies from the Housing and Urban Development to assist low and moderate income families to bring their homes up to the city building code. Assistance is given through low-interest loans to qualifying individuals. As loans are repaid, money is made available for new loans.

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

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

Cadillac Development Fund – This fund was established with grant monies from an Urban Development Action Grant to assist in economic development. As loans are repaid, money is made available for new loans.

Clam River Greenway Fund - This fund was established to account for the ecological and scenic development of the Clam River walkway to the Cadillac Area Sports Association fields.

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

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

Nonmajor Special Revenue Funds Summary

2006-2007

	Cemetery Fund	Community Development Fund	H. L. Green Operating Fund	Naval Reserve Center Fund	Clam River Greenway Fund
<u>Revenues</u>					
Interest Income	\$1,600	\$2,000			
Interest Income-Loan		100	\$7,800		
Principal Repayment-Loan		2,000	25,000		
Rental				\$27,500	
Building Permits					
Heating and Fence Permits					
Charges for Services	\$50,000				
Local Funds	25,000	10,000			
Motor Vehicle Highway Funds					
State Trunkline					
State of Michigan Grant					172,200
Local Contributions	5,000	30,000			95,200
Special Assessment Revenue					
Bond Revenue					
Surplus	17,800	7,300		1,500	
Total Revenues	\$99,400	\$51,400	\$32,800	\$29,000	\$267,400
<u>Expenditures</u>					
Audit	700	1,000	700	400	400
Operating Expenditures	85,800	50,400		28,600	
Capital Outlay	12,900			0	
Transfer to Debt Retirement			10,000		13,800
Construction					253,200
Transfer Out					
Total Expenditures	\$99,400	\$51,400	\$10,700	\$29,000	\$267,400
Excess (Deficiency) of Revenues over Expenditures (1)	(\$17,800)	(\$7,300)	\$22,100	(\$1,500)	\$0
Fund Balance-Beginning	108,541	288,836	60,610	52,017	2,870
Fund Balance-Ending	\$90,741	\$281,536	\$82,710	\$50,517	\$2,870

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

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

2006-2007

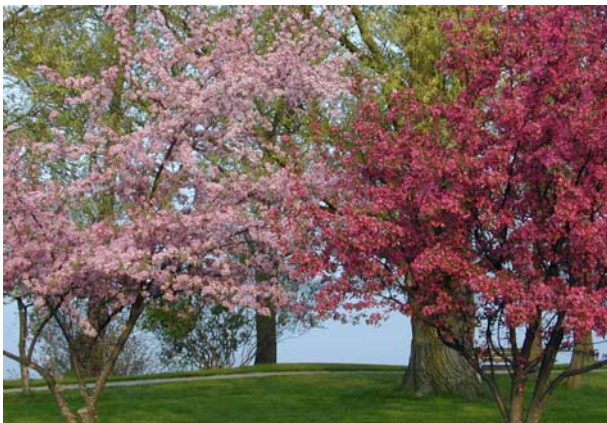
	Cadillac Building Inspection Fund	Cadillac Development Fund	Milfoil Eradication Fund	Total
<u>Revenues</u>				
Interest Income		\$29,000		\$32,600
Interest Income-Loan		6,000		\$13,900
Principal Repayment-Loan				\$27,000
Rental				\$27,500
Building Permits	45,000			\$45,000
Heating and Fence Permits	17,000			\$17,000
Charges for Services	400			\$50,400
Local Funds	34,500			\$69,500
Motor Vehicle Highway Funds				\$0
State Trunkline				\$0
State of Michigan Grant				\$172,200
Local Contributions				\$130,200
Special Assessment Revenue			79,000	\$79,000
Bond Revenue				\$0
Surplus (2)			30,000	\$56,600
Total Revenues	\$96,900	\$35,000	\$109,000	\$720,900
<u>Expenditures</u>				
Audit	500	400		\$4,100
Operating Expenditures	95,400		109,000	\$369,200
Capital Outlay				\$12,900
Transfer to Debt Retirement				\$23,800
Construction				\$253,200
Transfer Out		34,500		\$34,500
Total Expenditures	\$95,900	\$34,900	\$109,000	\$697,700
Excess (Deficiency) of Revenues over Expenditures (1)	\$1,000	\$100	(\$30,000)	(\$33,400)
Fund Balance-Beginning	0	1,274,977	38,000	\$1,825,851
Fund Balance-Ending	\$1,000	\$1,275,077	\$8,000	\$1,792,451

Glimpses of Cadillac



***A beautiful wintry sunset
over the walkway bridge
on Lake Cadillac***

***Each spring, volunteers
are eager to get out and
beautify Cadillac's parks***



***Beautiful colors are in
ample supply during the
beautiful summer
months of Northern
Michigan.***

Cemetery Operating Fund



***2006-2007
Annual Operating Budget***

Cemetery Operating Fund

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

This budget reveals no financial contribution from the General Fund and indicates a self-supporting funding level at the activity proposed. This is a unique situation in Michigan, as most cemeteries are not financially solvent and require contributions from general tax dollars. In order to reduce costs to obtain this level of self-sufficiency, the City Council approved the concept of hiring prison labor to work on the grounds. Due to the change in how the prisoners are handled by the State, the number of prisoners available are fewer so a part-time employee is needed to mow the many acres of grass in the cemetery. The City contributes administrative oversight to this fund at no cost to the fund.

Article 18, Section 18.1 of the City Charter reflects that an advisory board shall be established to handle policy related cemetery rules and ordinances relating to the cemetery. The City Manager, for all practical purposes, has delegated this responsibility to the Public Works Director. A cemetery superintendent is responsible for the daily activity of cemetery personnel, which consists of one other employee, occasional summer help, and prison labor.

Advisory Board

Roy Wohlford, Jr.
Chairperson

Del Packard

Nick Nelson

Janice Nelson
Secretary

Robert Johnson
Ex-Officio
Public Works Director

Rates were reviewed and increased in 2005. With the perpetual care interest declining due to the severe market conditions, and the increase in daily labor rates to \$15 per prisoner, and the continual threat by the State of Michigan to remove the prisoners from local governmental labor force, the rates were increased. The rates are in the mid range of rates charged in the northern Michigan area. The fund balance has been declining over the past few years as reserves have been used to fund this system.

Capital Outlay in fiscal year 2006:

Riding Lawnmower	\$6,400
Utility Vehicle	\$ 6,500
Total	<u>\$12,900</u>

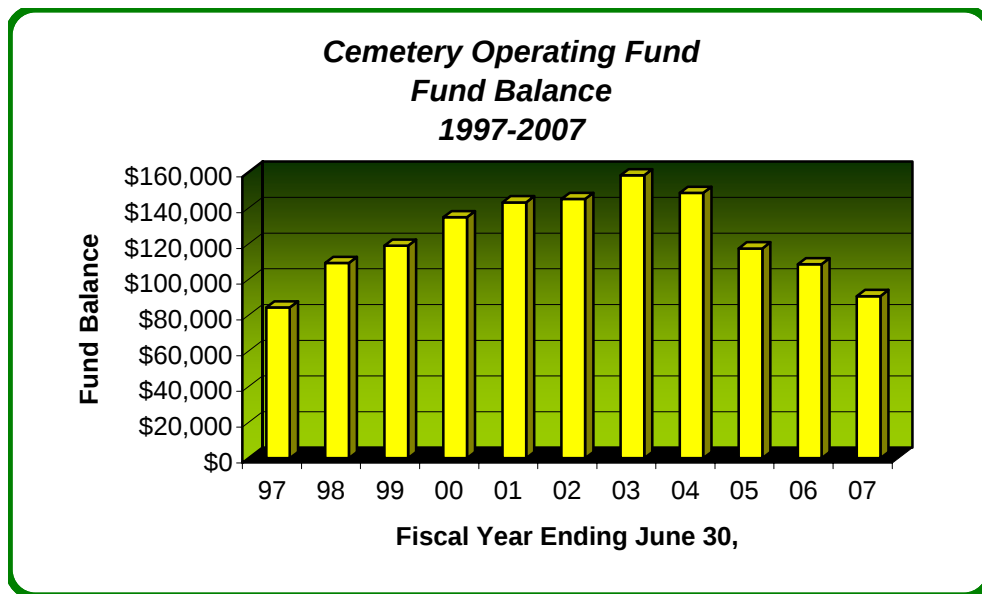
Phase II of the Cemetery Fence Construction program was completed in May of 2004. The remainder of the project, including fence sections, pillars, and gate repair will be completed as funds are raised.

One of the largest revenue items is the transfer from the Perpetual Care Fund. Part of the sale of cemetery lots is for a perpetual care fee which the city uses as an endowment and only uses the interest earned to support the operation of the daily activity in the cemetery. In 2006-2007, it is anticipated interest earnings from Perpetual Care will generate a level revenue stream as compared to the past two years due to the investment market.

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

<u>Year</u>	<u>Burials</u>	<u>Cremations</u>	<u>Revenue</u>	<u>Lots sold</u>
2005	94	32	\$61,985	60
2004	74	23	\$31,345	21
2003	97	29	\$36,100	27
2002	98	31	\$44,275	57
2001	54	29	\$35,525	51
2000	88	26	\$34,693	44

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Charges for Services Rendered	\$54,165	\$51,500	\$47,200	\$50,000
Miscellaneous	44,651	28,800	26,000	31,600
Surplus	0	0	19,900	17,800
TOTAL REVENUES	\$98,816	\$80,300	\$93,100	\$99,400
EXPENDITURES				
Salaries & Fringes	\$50,291	\$50,700	\$57,400	\$53,700
Operational Expenses	32,925	33,400	30,600	32,800
Capital Outlay	46,639	5,100	5,100	12,900
TOTAL EXPENDITURES	\$129,856	\$89,200	\$93,100	\$99,400
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenditures	(\$31,040)	(\$8,900)	(\$19,900)	(\$17,800)
Fund Balance - Beginning of Year	148,481	117,441	117,441	108,541
FUND BALANCE AT YEAR END	\$117,441	\$108,541	\$97,541	\$90,741



The fund balance is declining due to the added costs from the lack of the State of Michigan prison labor.

Fiscal Year Ending June 30,

	Budget			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Charges For Services:				
Sale of Lots & Burial Rites	\$6,588	\$12,000	\$7,100	\$8,000
Grave Openings & Storage	33,975	33,000	33,700	33,000
Foundations & Miscellaneous	13,602	6,500	6,400	9,000
Miscellaneous:				
Interest Income	4,930	3,800	3,000	1,600
Transfer In - Perpetual Care	29,065	25,000	23,000	25,000
Contributions from Private Sources	10,656	0	0	5,000
Surplus	0		19,900	17,800
TOTAL REVENUES	\$98,816	\$80,300	\$93,100	\$99,400

EXPENDITURES

General Government

Salaries - Regular	\$26,565	\$26,000	\$25,000	\$25,100
Salaries - Part Time	11,974	12,500	20,200	13,000
Fringes	11,753	12,200	12,200	15,600
Liability Insurance	69	100	100	100
Operating Supplies	8,669	9,000	8,000	8,800
Audit	600	700	700	700
Utilities	12,213	10,000	7,700	10,000
Telephone	404	400	300	400
Equipment Rental	3,133	5,100	5,100	4,200
Data Processing	3,300	4,000	4,000	4,000
Travel & Education	135	300	400	300
Repair and Maintenance	4,402	3,800	4,300	4,300
Capital Outlay	46,639	5,100	5,100	12,900

TOTAL EXPENDITURES

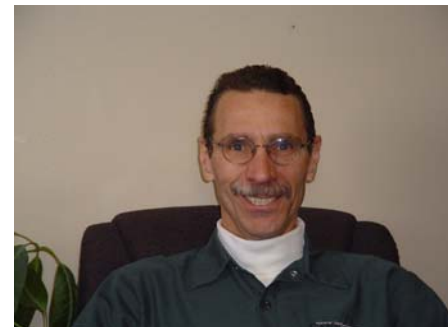
\$129,856 \$89,200 \$93,100 \$99,400

Capital Outlay in 2005 was primarily for the fence and resurfacing the roadway system. In 2007, a riding lawnmower and utility vehicle are budgeted for purchase.

In order to hold down costs only a portion of administrative salaries are allocated to this fund.

Allen Dumond	Parks & Cemetery Superintendent	5.0%
Bryan Elenbaas	Cemetery Supervisor	60.0%
Lynn Davis	Secretary	3.0%

The current Michigan Department of Corrections policy pertaining to prisoner monitoring continues to impact the productivity of the labor force at the cemetery. The number of prisoners has been down significantly over the last couple of fiscal years. It is unsure if this trend will change in the current and upcoming fiscal years. Current daily rate is \$15 per prisoner.



Bryan Elenbaas
Cemetery Supervisor



New fencing project
on US-131 entrance

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

A recent survey taken in the winter of 2006 revealed the following comparisons of charges, along with the most recent budgets and the percentage of the budget funded by General Fund contributions:

	<u>Cadillac</u>	<u>Petoskey</u>	<u>Alpena</u>	<u>Traverse City</u>	<u>Midland</u>
<u>Lot Sales</u>					
Infant	\$175	\$85-\$600	\$350	\$175	\$155
Single	\$450	\$450 - \$3,975	\$495	\$500	\$525
Family	\$2,125	n/a	n/a	n/a	n/a
<u>Vault Storage</u>	n/a	\$200	\$195	n/a	n/a
<u>Foundations</u>					
Per Square Inch	\$0.35	\$0.27	n/a	\$0.30	\$0.40
<u>Grave Openings</u>					
Normal Working Hours					
4/16 to 10/31	\$475	\$400	\$495	\$475	\$485
11/1 to 4/15	\$475	\$400	n/a	\$575	n/a
Sat. or after 3:30 P.M.	\$550	\$550	\$780	\$300	\$830
Infants 4/16 to 11/14	\$165	\$100	\$330	\$600	\$220
Infants 11/15 to 4/15	\$190				
Sat. or after 3:30 P.M.	n/a	\$200	\$825	\$600	\$565
11/15 to 4/14	\$190	n/a	\$880	\$575	525-625
<u>Cremations</u>	\$275	\$190	\$240	\$225	\$125
Saturdays	n/a	\$290	n/a	n/a	n/a
Percent of General Fund Contribution	0%	82%	60%	78%	77%
Annual Budget	\$99,400	\$575,500	\$152,000	\$358,600	\$156,000



—MAPLE HILL CEMETERY—

Community Development Fund

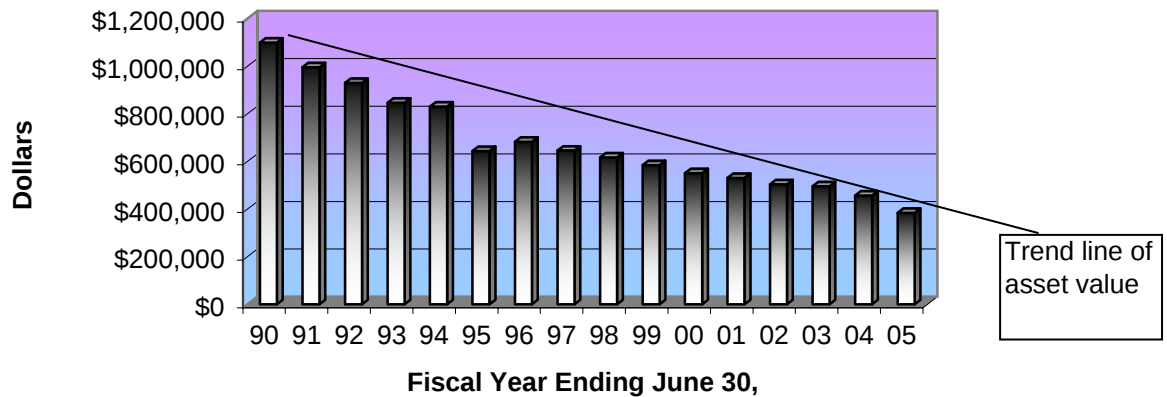


***2006-2007
Annual Operating Budget***

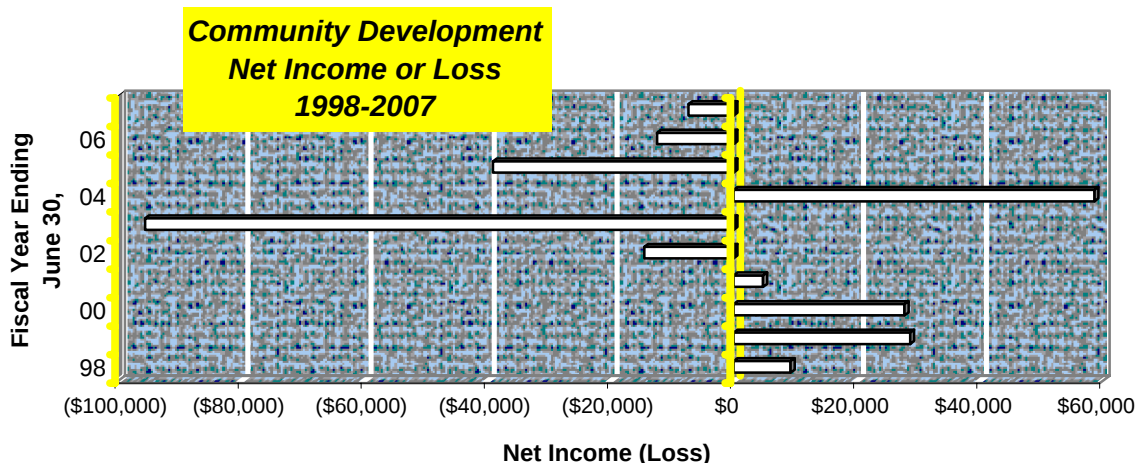
Community Development Fund

The monies that originated this fund were from many Federal and State Community Development Block Grants. The purpose of the grants was to bring homes of qualifying residents up to the current building codes. In some cases grants were given to residents when need was shown and in other cases, low interest loans were issued, with the City obtaining a secured mortgage position on the collateral. Assets are beginning to decline as the fund matures. New low interest grant programs should be reviewed in the future.

**Asset Value
1990-2005**



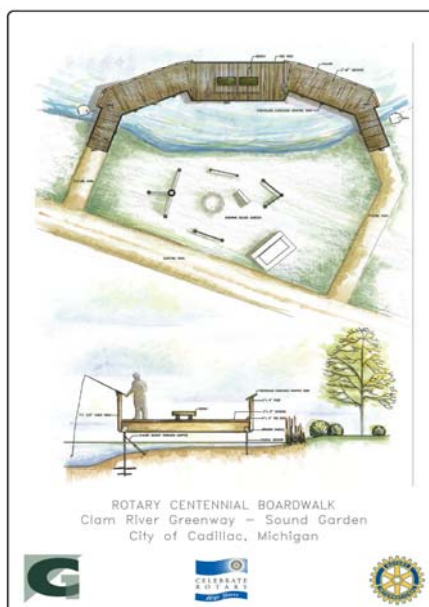
When funds return to the City from loan repayments and assets begin to grow, community activities are emphasized. In 1995 and 1996 the emphasis was the H.L. Green Building. In 1999 the focus was the Naval Reserve Center, and in 2003 the Rotary Club built a new bathhouse at Kenwood Beach and in 2005 it is the Rotary Centennial Project. The Rotary Club will repay the City for the Centennial Project over a three year period. This fund also pays 40% of the Downtown Development Director's salary.



	Fiscal Year Ending June 30,			
	Budget			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Miscellaneous				
Interest Income	\$11,727	\$5,200	\$8,000	\$2,000
Penalties	40	0	0	0
Interest Income - Loans	145	100	100	100
Loan Principal Collections	1,898	6,000	8,000	2,000
Contributions from Private Sources-Rotary Club	65,625	30,000	30,000	30,000
Transfer in- H.L. Green	0	0	0	10,000
Surplus	0	0	10,700	7,300
TOTAL REVENUES	\$79,435	\$41,300	\$56,800	\$51,400
EXPENDITURES				
Administration	\$24,638	\$22,800	\$22,900	\$20,300
Community Director	93,872	30,900	33,900	31,100
TOTAL EXPENDITURES	\$118,510	\$53,700	\$56,800	\$51,400
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenditures	(\$39,075)	(\$12,400)	\$0	(\$7,300)
Fund Balance - Beginning of Year	340,311	301,236	386,913	288,836
FUND BALANCE AT YEAR END	\$301,236	\$288,836	\$386,913	\$281,536

\$86,843 loan to H.L. Green
at 0%

Rotary Centennial Boardwalk at the Sound Garden and the Greenway Path.



Fiscal Year Ending June 30,

	Budget			
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
EXPENDITURES				
Urban Redevelopment and Housing Administration				
Office Supplies	\$167	\$100	\$100	\$100
Postage	21	100	200	200
Data Processing	3,500	4,000	4,000	4,000
Audit	950	1,000	1,000	1,000
Contractual Services	5,000	0	0	0
Administration	15,000	17,600	17,600	15,000
Total Administration	\$24,638	\$22,800	\$22,900	\$20,300
Community Development Director (1)				
Salaries	\$22,481	\$23,000	\$23,000	\$23,500
Fringes	2,426	5,600	7,600	5,400
Office Supplies	155	200	500	300
Postage	251	200	500	300
Dues and Publications	645	600	600	400
Telephone	228	300	400	200
Travel & Education	637	1,000	1,300	1,000
Special Projects	67,049	0	0	0
Total Community Development Director	\$93,872	\$30,900	\$33,900	\$31,100
TOTAL EXPENDITURES	\$118,510	\$53,700	\$56,800	\$51,400

- (1) The community development director is a full-time position funded 40% by the Community Development Fund, 25% by the General Fund and 35% by the Downtown Development Authority. This position works primarily with the downtown merchants and the related promotions and recruitment. The Director is under the direct supervision of the City Manager. Salary reflects the obligation of the Community Development Fund. Salaries are being budgeted to the various accounts.

Community Development Director: **Precia Garland**



H.L. Green Operating Fund



***2006-2007
Annual Operating Budget***

H.L. Green Operating Fund

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 payments of the ULAF loan.

Revenues

The major source of revenue in this fund is from the land contract, which will be paid by 2012. The current monthly payment is \$2,500.

Expenditures

Repayment of transfer from Community Development Fund.

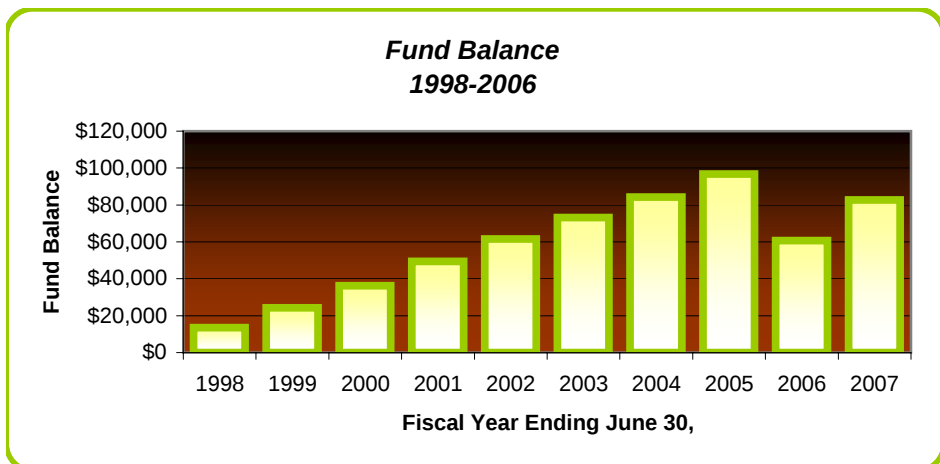


The H.L. Green Building

Fiscal Year Ending June 30,

	Budget			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
<u>REVENUES</u>				
Land Contract - Grant	\$23,154	\$23,500	\$23,500	\$25,000
Interest Income	8,366	6,500	6,500	7,800
Surplus	0	0	18,200	0
TOTAL REVENUES	\$31,520	\$30,000	\$48,200	\$32,800
<u>EXPENDITURES</u>				
Audit	\$600	\$700	\$700	\$700
Principal Payment (1)	12,500	41,500	41,500	10,000
Cadillac Development Fund	6,000	23,900	6,000	0
TOTAL EXPENDITURES	\$19,100	\$66,100	\$48,200	\$10,700
<u>FUND BALANCE AT YEAR END</u>				
Excess (Deficiency) of Revenues Over Expenditures	\$12,420	(\$36,100)	\$0	\$22,100
Fund Balance - Beginning of Year	84,290	96,710	96,710	60,610
FUND BALANCE AT YEAR END	\$96,710	\$60,610	\$96,710	\$82,710

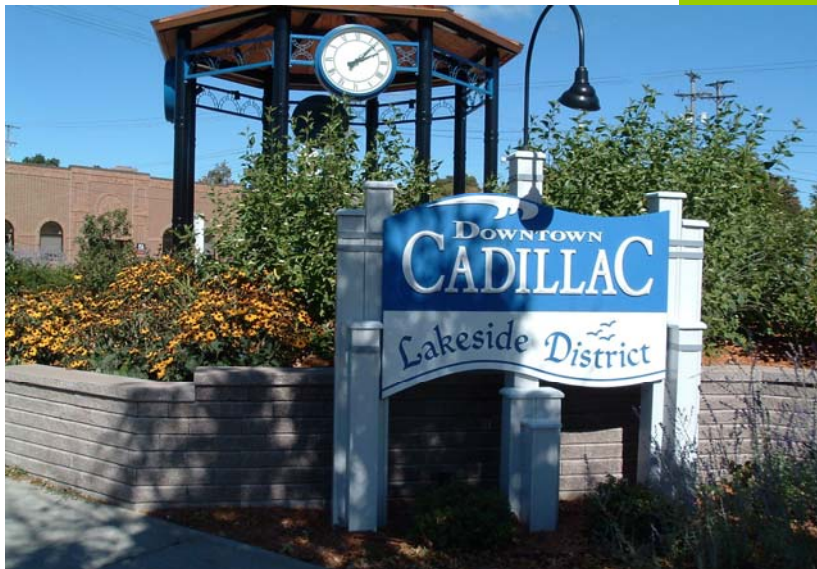
- (1) Final payment on the interest free loan from the Urban Land Assembly Fund. \$41,500 due May 1, 2006, and final payment of \$23,900 to Cadillac Development Fund in 2006. 2007 begins payment to Community Development Fund. Balance outstanding is \$86,843.





"The City's newest offerings each with charming scenarios that combine Up North ambience with a forward thinking, upbeat appeal. Coffee shops dot the landscape, some in bookstores, home décor shops brim with upscale interior design, Generation X clothing shops feature cutting edge styles. Retail shops sell gourmet offerings.. All this and more are putting a refreshing spin on Cadillac's image"....

AAA Michigan Living January 2000



Entrance
to downtown
Cadillac

Naval Reserve Center Fund



***2006-2007
Annual Operating Budget***

Naval Reserve Center Fund

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.

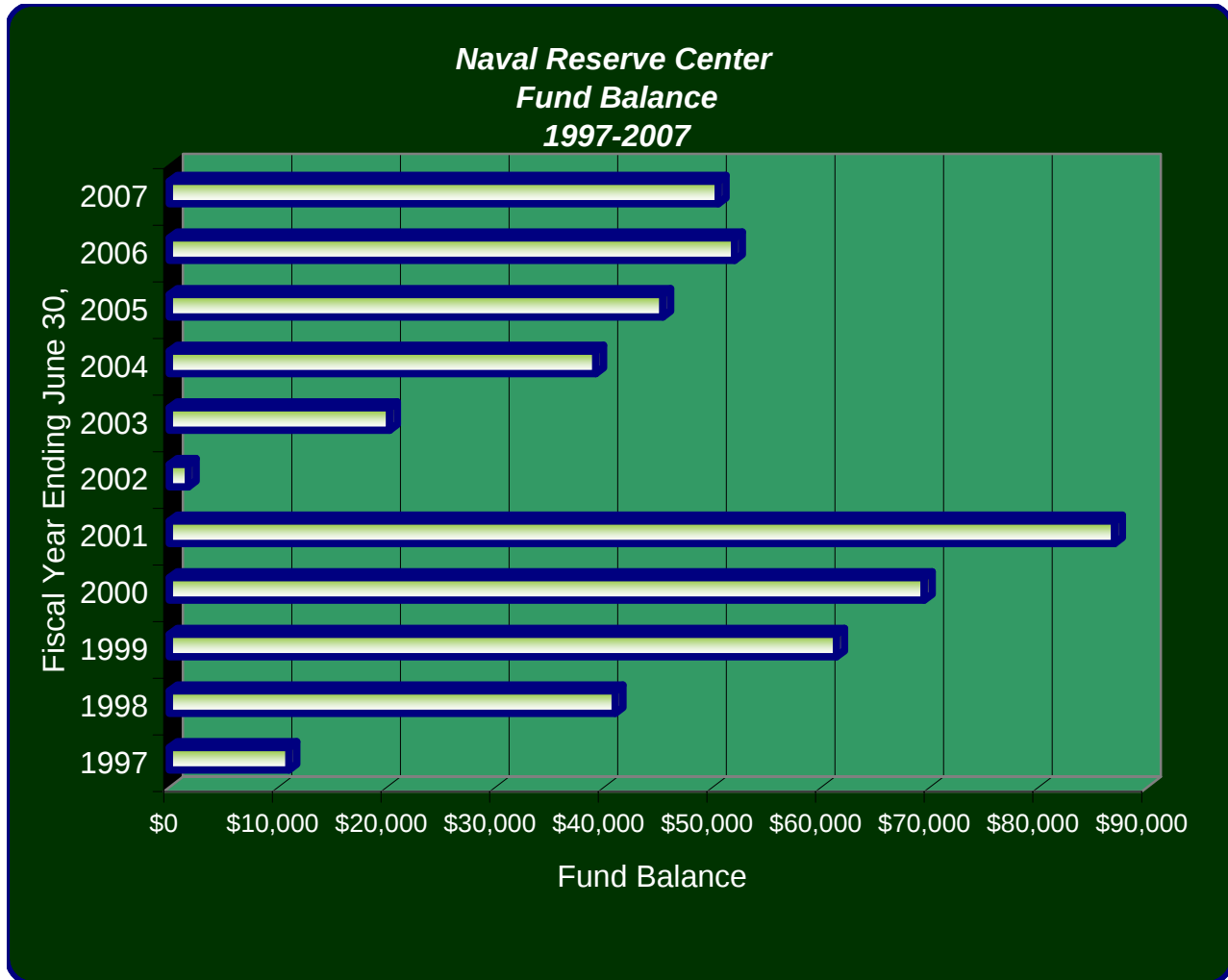


The City of Cadillac has converted the Naval Reserve Center into a Community Building. The OASIS/Family Resource Center, YMCA Teen Center, Cadillac Footlites Community Theater, Senior Citizens Center, and City of Cadillac Parks Division currently reside in the building. The City is the landlord and is responsible for lawn care and snow removal in the parking lot, structural maintenance and upkeep, and assuring that the building is capable of housing tenants in accordance with applicable building and zoning ordinances. Rental rates are kept low in order to reflect the City's desire to provide affordable space to these non-profit agencies.

The City was able to improve and expand the parking lot in 2002. In 2005 the flat section of the roof was anticipated to be replaced but it will be postponed until a later date when funds are available. Funds are being set aside to accomplish the roofing project.

<i>Fiscal Year Ending June 30,</i>				
	AUDIT 2005	Budget		PROPOSED 2007
		ESTIMATED 2006	CURRENT 2006	
REVENUES				
Interest Income	\$1,019	\$1,700	\$0	\$1,000
Rental Income:				
City of Cadillac Parks Division	1,100	1,100	1,100	1,100
Oasis Rental	20,982	20,200	20,200	14,000
Senior Citizens Center	3,500	3,500	3,500	3,500
Northern Michigan College	829	0	0	0
YMCA	4,620	5,300	5,300	5,800
Arts Council	0	0	1,800	0
Footliters	764	1,800	1,800	2,100
Surplus	0	0	0	1,500
TOTAL REVENUES	\$32,813	\$33,600	\$33,700	\$29,000
EXPENDITURES				
Building Maintenance	\$7,061	\$7,000	\$5,000	\$7,000
Audit	400	\$400	400	400
Liability Insurance	547	600	600	600
Utilities	18,616	19,000	17,700	21,000
Capital Outlay	0	0	10,000	0
TOTAL EXPENDITURES	\$26,624	\$27,000	\$33,700	\$29,000
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenditures	\$6,189	\$6,600	\$0	(\$1,500)
Fund Balance - Beginning of Year	39,228	45,417	45,417	52,017
FUND BALANCE AT YEAR END				
Unreserved	39,228	39,228	47,628	37,728
Reserved- Roof replacement	6,189	12,789	0	12,789
	\$45,417	\$52,017	\$45,417	\$50,517

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



The fund balance has declined due to renovation projects such as repaving the parking lot and repainting the lake side of the building. The fund balance is beginning to build again aiming to repair the exterior.

Clam River Greenway Fund



***2006-2007
Annual Operating Budget***

Clam River Greenway Fund

The Clam River Greenway Project is designed to be one part of a series of non-motorized trails that courses throughout the City of Cadillac and provides increased opportunity for biking, in-line skating, and other pedestrian activities. The Greenway will be paved in concrete and run parallel to the Clam River as it courses through the City of Cadillac. Within the city limits, the greenway will provide a safe place for children to travel between home and school and other popular destinations, without travel on busy roadways. Construction of the greenway will also incorporate several small river restoration projects. Upon completion, the Clam River Greenway will link to other trails throughout the State of Michigan.

Spearheading the Clam River Greenway Project is the Clam River Greenway Committee, established by the Cadillac City Council on January 18, 1999. The Committee has worked very hard to educate the public regarding its greenway vision and to raise local funds to enable its future construction. During the fall of 2000, the Committee's efforts were bolstered with the award of two state grants to the City. A Michigan Department of Natural Resources Trust Fund Recreation Grant was received in the amount of \$178,178 and funded the section of the greenway from the Headwaters and Simons Street sections of the Greenway project. A local match of \$76,362 was raised as part of this grant. The first grant received by the City was a Michigan Department of Transportation TEA-21 grant in the amount of \$177,840. This grant funded Ayer Street through the CASA All-Sports Park. A local match of \$50,160 was raised to fulfill the terms of the grant. Efforts are now focused on the third segment of the greenway, which will lay between Haynes and River Streets. In 2005, a \$10,000 grant was received from the Cadillac Area Community Foundation to assist with easement acquisition, legal fees, and environmental assessments associated with the Phase III project. As of February 2006, all easements have been secured to facilitate Phase III of the greenway. A grant application is also pending with the Michigan Department of Transportation.

Clam River Greenway Committee:

Ed Stehouwer, Chairperson

Connie Houk

John Grix

Steve Cunningham

Precia Garland, Co-Chairperson

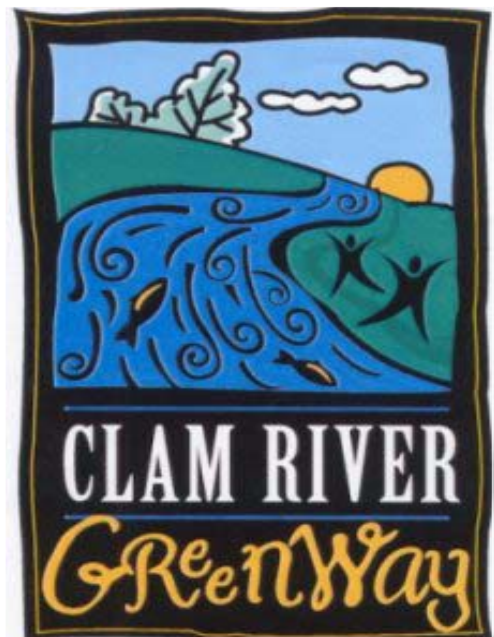
Sherri Spoelman

Sue Conradson

Peter Stalker

Kurt Schindler

Dee Williams



Fiscal Year Ending June 30,				
Budget				
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
REVENUES				
Local Contributions	\$8,700	\$16,000	\$12,800	\$95,200
State of Michigan	0	0	0	172,200
TOTAL REVENUES	\$8,700	\$16,000	\$12,800	\$267,400
EXPENDITURES				
Engineering Fees	\$5,500	\$0	\$3,500	\$23,100
Audit	0	400	400	\$400
Construction	1,000	0	8,900	\$230,100
Loan Repayment	0	15,000	0	\$13,800
TOTAL EXPENDITURES	\$6,500	\$15,400	\$12,800	\$267,400
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	\$2,200	\$600	\$0	\$0
Fund Balance - Beginning of Year	70	2,270	2,870	2,870
FUND BALANCE AT YEAR END	\$2,270	\$2,870	\$2,870	\$2,870

(1) Short term loan in 2004 from the Cadillac Development Fund (\$27,000) -repayment over three years.

<u>Due Date</u>	<u>3% Interest</u>	<u>Principal</u>	<u>Total</u>
9/10/2005	\$980.69	\$13,500.00	\$14,480.69
3/10/2006	\$202.50		\$202.50
9/10/2006	\$202.50	\$13,500.00	\$13,702.50

The Clam River Greenway Committee is planning on completing Phase III and the final phase of the walkway in 2007. Fund raising has begun and grants are being sought for the project.



Construction of the Clam River Greenway is underway.



Pathway begin developed along the Clam River during the first phase of the project.

Bridge being installed over the Clam River during the second phase of the project.



Building Inspection Fund



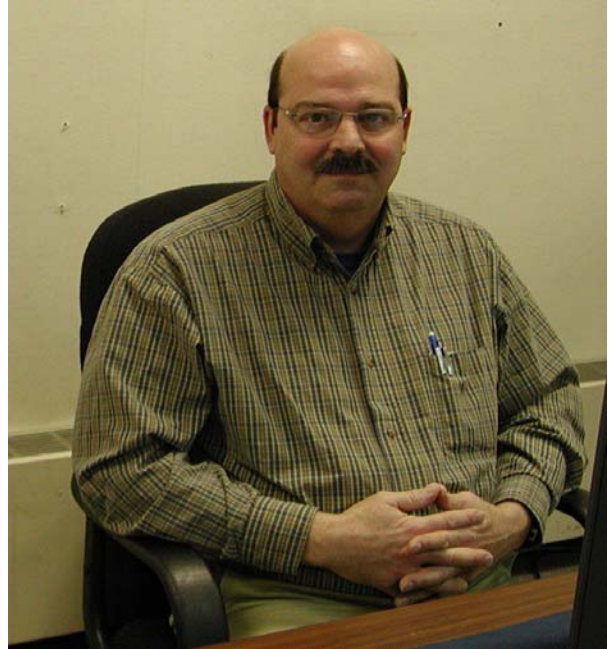
***2006-2007
Annual Operating Budget***

Building Inspection Fund

Bob Hunt

Building Inspector

Bob has joined the City of Cadillac as Building Inspector and Plan Reviewer. Before joining the City he was employed by Otsego County as building inspector, electrical inspector, and plan reviewer. Bob owned and operated a building and electrical contracting business for sixteen years prior to becoming a State of Michigan Registered Building and Electrical Inspector and Plan Reviewer. In March of 2006, Bob will also assume the position of Building Official for the City of Cadillac.



Cindy Cornell
Secretary



Bob functions as the following:

Building Official
Flood Plan Manager
Plan Reviewer
Pending Electrical Inspector
Soil Erosion Enforcement Officer
Rental Housing Director

Customer Survey for Building and Zoning - 2005

		<u>Yes</u>	<u>No</u>	<u>Percentage</u>
1	Did the inspector respond in a timely manner?	88	0	100%
2	Was the inspector courteous and professional?	88	0	100%
3	Was the inspector able to assist you?	88	0	100%
4	What was the nature of the inspector's contact with you?			
	Phone	24		27.27%
	Letter	8		9.09%
	Personal	56		63.63%

Fiscal Year Ending June 30,

	Budget			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
<u>REVENUES</u>				
Building Permits	\$30,816	\$55,000	\$45,000	\$45,000
Heating and Fence Permits	18,933	18,000	17,700	17,000
Cadillac Development Fund	35,207	22,200	32,200	34,500
Sale of Code Books	910	200	1,300	200
Interest Income	21	200	0	200
Surplus	0		0	0
TOTAL REVENUES	\$85,887	\$95,600	\$96,200	\$96,900
<u>EXPENDITURES</u>				
Salaries	\$54,731	\$58,000	\$55,000	\$55,100
Fringes	23,349	30,000	30,000	29,600
Office Supplies	1,905	2,000	3,500	3,500
Postage	1,225	300	1,100	1,200
Audit	400	400	500	400
Data Processing	2,900	3,200	3,200	3,200
Dues & Publications	418	500	600	600
Telephone	0	0	100	100
Travel & Education	529	800	1,200	1,200
Publishing Costs	32	0	0	0
Equipment Rental	399	400	1,000	1,000
TOTAL EXPENDITURES	\$85,887	\$95,600	\$96,200	\$95,900
<u>FUND BALANCE AT YEAR END</u>				
Excess (Deficiency) of Revenues over Expenditures	0	0	0	1,000
Fund Balance - Beginning of Year	0	0	0	0
FUND BALANCE AT YEAR END	\$0	\$0	\$0	\$1,000

Fringes reflect the retirement of John Saari.

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

Building Permit Fee Schedule

		Current Fees Approved 7/1/05
<u>New Construction -</u>		
Residential (living area)		\$0.15/sq. ft.
Residential (unfinished basements, carports, breezeways, enclosed porches)		\$0.12/sq. ft.
Garage/shed/deck		\$0.12/sq. ft.
Mobile Homes		\$0.15/sq. ft.
Commercial (including churches)		\$0.16/sq. ft.
Industrial		\$0.16/sq. ft.
Foundation Only Permits	50% of total building permit fee	
Demolition		\$0.02/sq. ft.
Remodeling/alteration/repair	\$25 plus \$2 per thousand over \$1,000	
Base Fee, including Zoning Permit		\$30
Special/Additional/Overtime Inspections	\$30/hour or fraction thereof	
New Construction/Remodeling Inspections	\$50 plus \$0.02/sq. ft.	
Plan Reviews (for other than single family dwellings less than 3,500 sq. ft. and utility buildings - Use Group U)		
System Plan Reviews (fire sprinklers, alarms, etc.)		\$30

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

Summary of Building Permits Issued 1997-2005

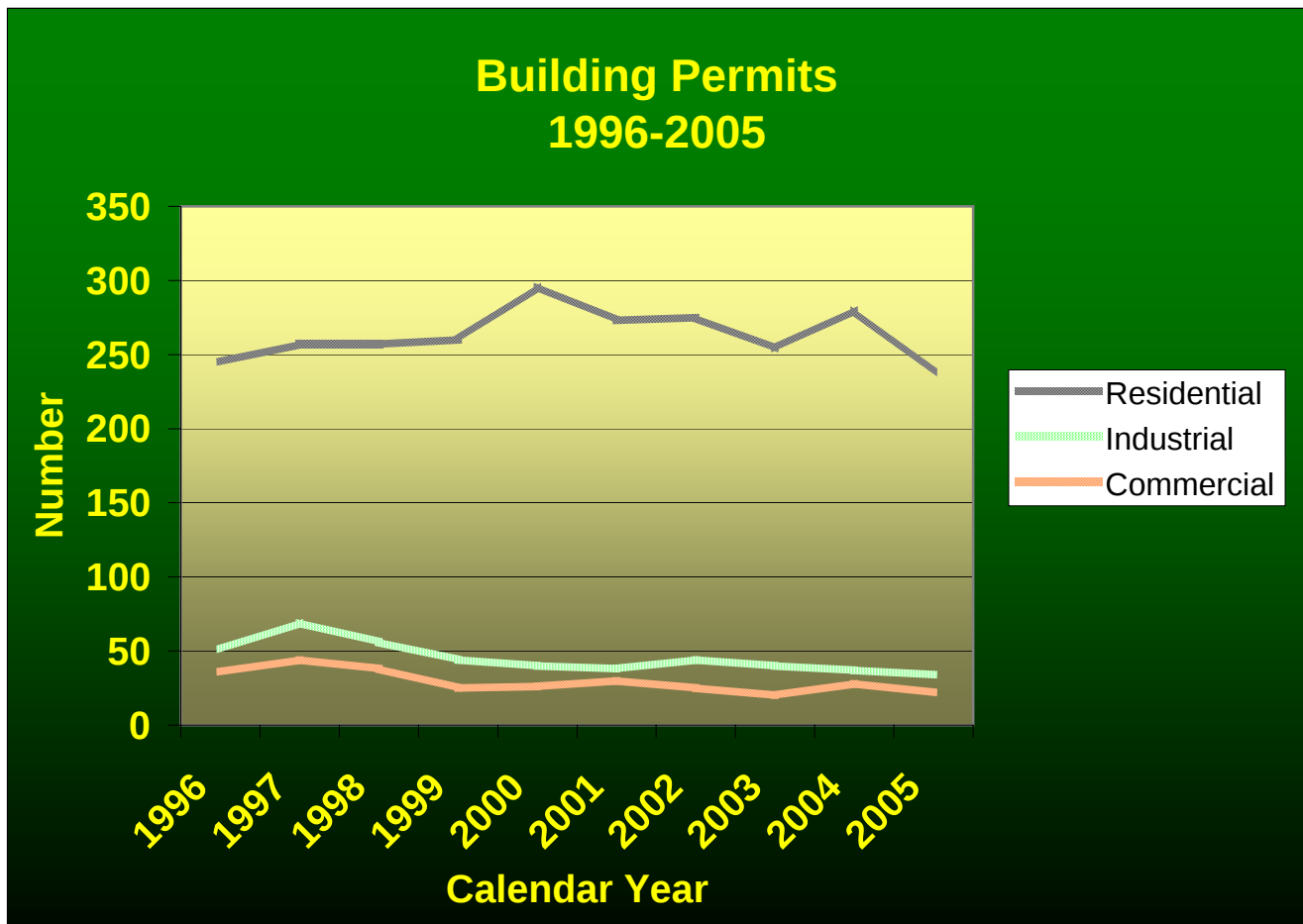
<u>Description</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Multi-Family	3	2	1	5	8	5	3	3	8
New Single Family	41	41	36	44	21	42	27	36	30
Houses Razed	10	9	7	9	5	7	6	8	3
Home Additions/Repairs	101	109	138	150	161	153	138	170	140
New Garages/Sheds	31	39	34	47	34	22	38	23	23
Garages Razed	2	1	0	1	6	2	2	3	0
Church Additions/Repairs	2	0	2	4	3	3	4	2	2
<u>Industrial:</u>									
New	0	2	1	1	0	1	4	0	0
Razed	0	2	0	0	0	0	1	1	0
Addition/Repairs	25	14	18	13	8	18	15	8	12
<u>Commercial:</u>									
New	3	3	1	3	4	1	3	0	0
Razed	3	5	2	4	3	1	0	1	0
Addition/Repairs	38	30	22	19	23	23	17	27	22
<u>Public Building:</u>									
Addition/Repairs	1	0	1	0	1	7	0	1	0
Excavation/Fill	1	6	6	2	1	5	3	2	1
Total	261	263	269	302	278	290	261	285	241

<u>Summary</u>									
Residential	188	201	216	256	235	231	214	243	204
Industrial	25	18	19	14	8	19	20	9	12
Commercial	44	38	25	26	30	25	20	28	22
Public	2	6	7	2	4	7	0	1	0
Other	2	0	2	4	1	8	7	4	3
Total	261	263	269	302	278	290	261	285	241

Total Permits Issued			<u>Additional Permits:</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
2005	466		Fences	46	44	45	39	41	40
2004	525		Mechanical	194	165	192	198	169	168
2003	523		Signs	29	25	38	25	30	17
2002	565								
2001	512								
2000	571								
1999	560								

Data furnished by the City Building Department

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



Cadillac Development Fund



***2006-2007
Annual Operating Budget***

Cadillac Development Fund

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



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

	Fiscal Year Ending June 30,			
	Budget			
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
<u>REVENUES</u>				
Interest Income	\$31,528	\$28,000	\$40,000	\$35,000
Interest Income - Loans	3,525	\$10,000	\$0	\$0
H.L. Green Loan	6,000	23,900	6,000	0
Surplus	0	0	0	0
TOTAL REVENUES	\$41,053	\$61,900	\$46,000	\$35,000
<u>EXPENDITURES</u>				
Audit	\$400	\$400	\$500	\$400
Building Inspection Fund	35,207	22,200	32,200	34,500
Special Projects	1,951	0	0	0
TOTAL EXPENDITURES	\$37,558	\$22,600	\$32,700	\$34,900
<u>FUND BALANCE AT YEAR END</u>				
Excess (Deficiency) of Revenues Over Expenditures	\$3,495	\$39,300	\$13,300	\$100
Fund Balance - Beginning of Year	1,232,182	1,235,677	1,235,677	1,274,977
FUND BALANCE AT YEAR END	\$1,235,677	\$1,274,977	\$1,248,977	\$1,275,077

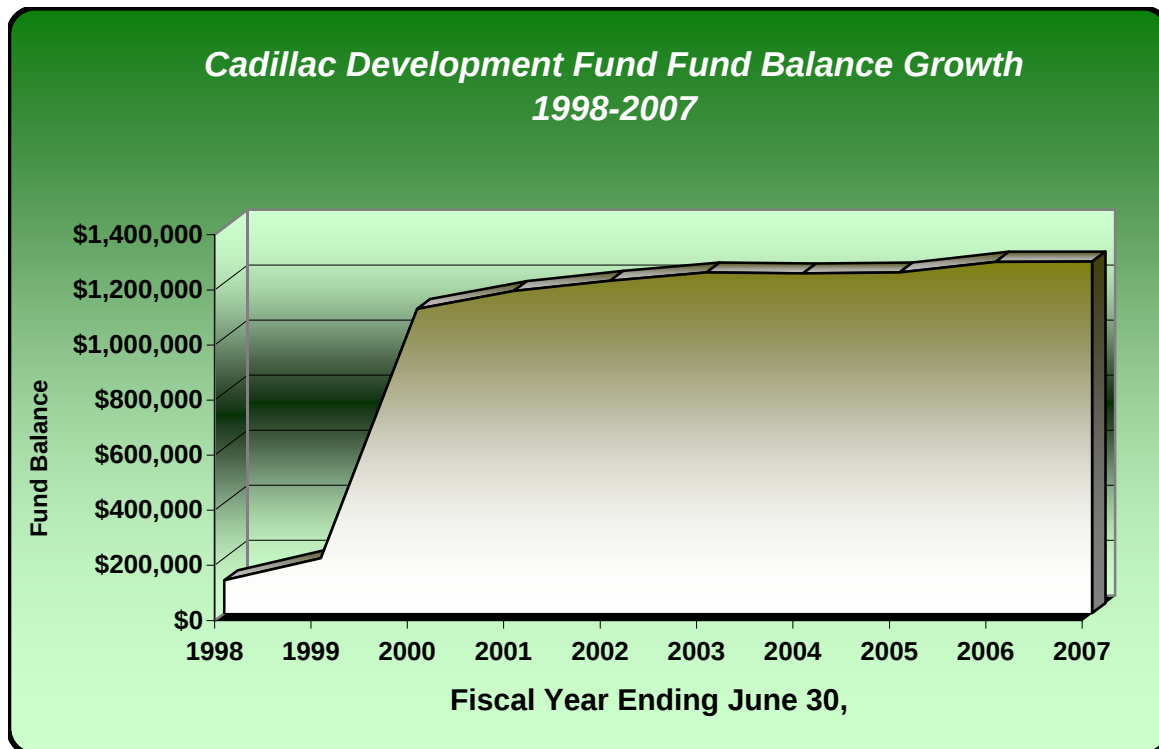
Building Inspection Fund

Transfers are made to the Building Inspection Fund to keep the fund solvent.

Cadillac Development Fund Goals:

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

This fund began with \$38 fund balance which has grown to over \$1.2 million dollars at the end of fiscal 2006. The use of these funds will be important to assist in the development of a viable and attractive downtown area.



Milfoil Eradication Fund



***2006-2007
Annual Operating Budget***

Milfoil Eradication Fund

This fund is for the special assessment of the Lake Cadillac Special Assessment and Treatment Program, which addresses the Eurasian water milfoil problem in Lake Cadillac. The City of Cadillac is the largest property owner on Lake Cadillac and will contribute one third of the cost or approximately \$33,000. This is designed to be a three year project. The City Council and the residents on Lake Cadillac have chosen to eradicate the milfoil over a period of time before it does serious damage to the delicate balance of nature in the lake.

Eurasian milfoil
Myriophyllum spicatum



Fiscal Year Ending June 30,				
Budget				
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Special Assessment Payments	\$0	\$38,000	\$0	\$79,000
Contributions From Private Sources	0	0	0	0
Surplus	0	0	0	30,000
TOTAL REVENUES	\$0	\$38,000	\$0	\$109,000
EXPENDITURES				
Contractual Services	\$0	\$0	\$0	\$109,000
TOTAL EXPENDITURES	\$0	\$0	\$0	\$109,000
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	\$0	\$38,000	\$0	(\$30,000)
Fund Balance - Beginning of Year	0	0	38,000	38,000
FUND BALANCE AT YEAR END	\$0	\$38,000	\$38,000	\$8,000



Milfoil has the potential of choking out the lake



Milfoil as seen on Lake Mitchell



Debt Management Policy

All of the City's Debt Service funds qualify as nonmajor funds. These funds are accounted and budgeted for on a modified accrual basis. Due to its conservative basis of accounting for tax revenues, the City of Cadillac is not required to borrow money for operations.

When incurred, the City's long-term general obligation and special assessment debt is handled through a debt service fund. The revenue bond requirements are handled through the Enterprise Fund. When appropriate for the type of debt incurred, a forty-five day referendum is held before the debt may officially be sold. By virtue of the State of Michigan, local government can not issue debt in excess of 10% of the assessed valuation of the taxable property.

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

1. Long-term debt will be confined to capital improvements that can not be financed from current revenues.
2. The payback period of the debt will not exceed the expected useful life of the project.
3. The general obligation debt will not exceed ten percent of the assessed valuation of the taxable property.
4. Long-term debt will not be used for operations.
5. The City of Cadillac will maintain good communications with the bond rating agencies about its financial condition and will follow a policy of full disclosure on every financial report and bond prospectus.

LEGAL DEBT MARGIN

JUNE 30, 2005

Assessed Valuation at December 31, 2004					<u>\$229,508,673</u>
Statutory Debt Limit - 10% of Assessed Valuation					\$22,950,867
Amount of Debt Applicable to Limit:					
Gross Bonded Debt				\$12,391,000	
Less					
Assets Available for Debt Service		8,862			
Bond Debt Not Subject To Limit:					
Special Assessment Bonds		775,000			
Revenue Bonds		8,915,000			
Other Debt		1,036,000	10,734,862		
Total Amount of Debt Applicable to Debt Limit					<u>1,656,138</u>
LEGAL DEBT MARGIN					<u><u>\$21,294,729</u></u>

DIRECT AND OVERLAPPING DEBT

JUNE 30, 2005

		GROSS BONDED DEBT	(1) EXCLUSIONS	NET BONDED DEBT
<u>DIRECT DEBT:</u>				
Outstanding Bonds				
General Obligation		\$1,665,000	\$8,862	\$1,656,138
Special Assessment		775,000	775,000	0
Revenue Bonds				
Water and Sewer		7,640,000	7,640,000	0
Primary Government		1,275,000	1,275,000	0
Other		1,036,000	1,036,000	0
Total Direct Debt		<u>\$12,391,000</u>	<u>\$10,734,862</u>	<u>\$1,656,138</u>
	(2)			
<u>GROSS OVERLAPPING DEBT</u>	<u>% APPLICABLE</u>			
Cadillac Area Public Schools	37.68%	\$8,807,935	\$0	\$8,807,935
Wexford County	26.91%	1,604,461	0	1,604,461
Total Gross Overlapping Debt		<u>\$10,412,396</u>	<u>\$0</u>	<u>\$10,412,396</u>
NET DIRECT AND OVERLAPPING DEBT		<u><u>\$22,803,396</u></u>	<u><u>\$10,734,862</u></u>	<u><u>\$12,068,534</u></u>

NOTES:

- (1) Exclusions represent all bonds which are not general obligation bonds of the City of Cadillac, and general obligation bonds which are self-supporting.
- (2) Percentage applicable to the City of Cadillac calculated using state taxable valuation of City divided by state taxable valuation of taxing district.

Debt Summary 2006-2007

			July 1, 2006 - June 30, 2007 Debt Service Payments	
<u>Description of Debt</u>	<u>Fund Servicing Debt</u>	<u>Debt Outstanding June 30, 2006</u>	<u>Principal</u>	<u>Interest</u>
Bonds and Installment Notes				
1992	Special Assessment	\$20,000	\$20,000	\$620
1993	Special Assessment	30,000	15,000	1,253
1996	Special Assessment	115,000	30,000	5,477
1997	Special Assessment	145,000	25,000	7,127
2000	Special Assessment	105,000	20,000	5,183
2002	Special Assessment	210,000	30,000	8,174
1997	Building Authority	185,000	20,000	8,962
1999	Building Authority	1,180,000	100,000	50,326
Revenue Bonds				
1993	Water and Wastewater	425,000	205,000	17,635
1995	Water and Wastewater	185,000	90,000	7,525
1999	Water and Wastewater	1,505,000	60,000	68,330
2001	Water and Wastewater	5,175,000	10,000	253,814
Michigan Transportation Bonds				
1996	Local Street	115,000	20,000	5,774
1997	Local Street	45,000	15,000	2,002
2000	Local Street	240,000	20,000	12,625
General Obligation Bonds				
2004	Major/Local Streets	940,000	55,000	32,237
Total Debt		<u>\$10,620,000</u>	<u>\$735,000</u>	<u>\$487,064</u>

<u>Fiscal Year Ending June 30,</u>	<u>Total Debt Per Capita (inclusive of all funds) 2000 Census - 10,000</u>	<u>Rate of Principal Retirement</u>	
1998	1,517.02	1998	5.16%
1999	1,513.95	1999	5.67%
2000	1,436.86	2000	5.09%
2001	1,446.26	2001	6.46%
2002	1,711.70	2002	9.16%
2003	2,093.00	2003	27.10%
2004	1,366.00	2004	9.96%
2005	1,295.50	2005	14.67%
2006	1,165.50	2006	6.18%
2007	1,062.00	2006	6.92%

Nonmajor Debt Service Funds Summary

2006-2007

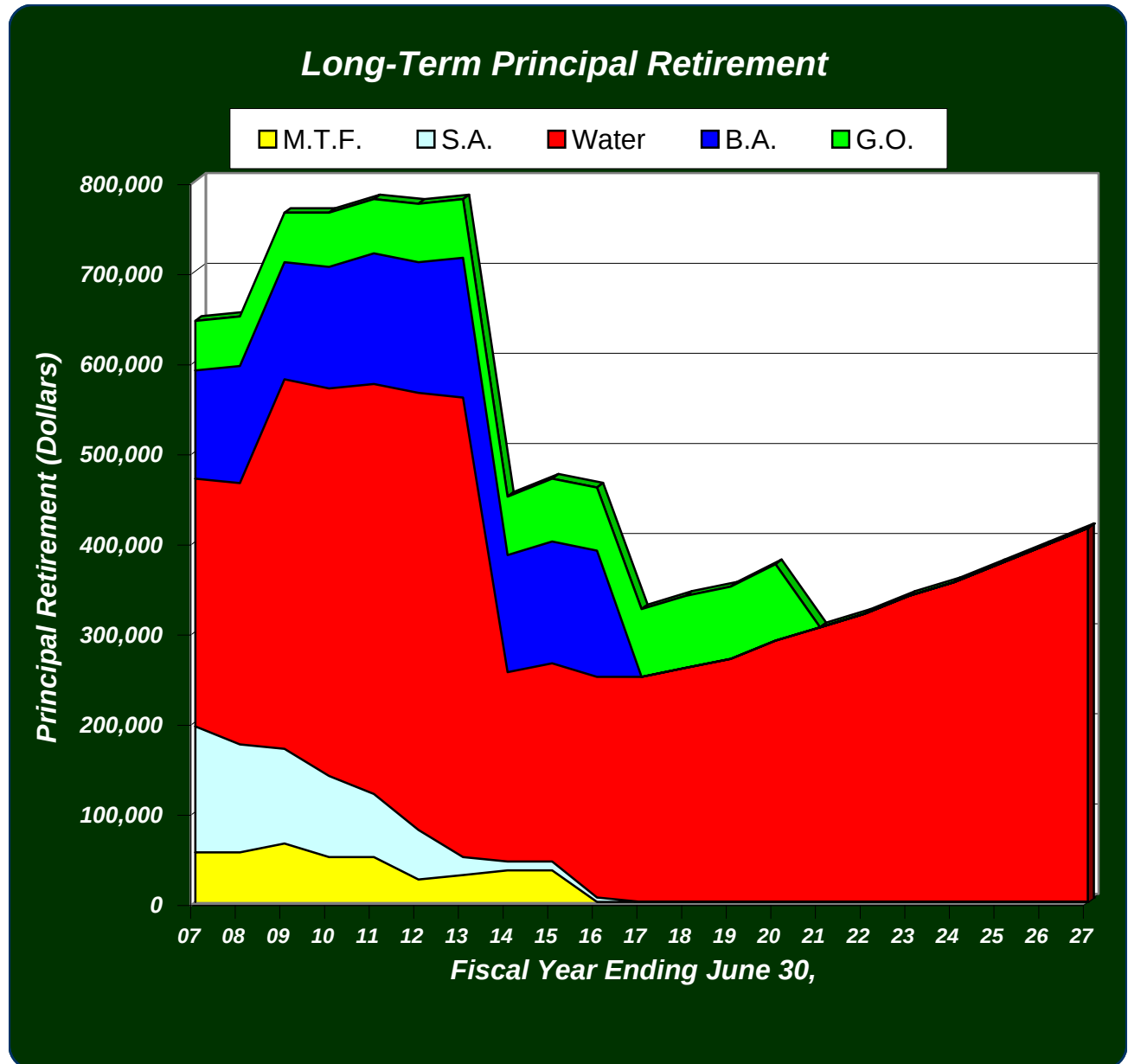
	1992 S.A.	1993 S.A.	1996 S.A.	1997 S.A.	2000 S.A.
Revenues:					
Local Contribution - Local Street					
Local Contribution - Major Street					
Rental Income					
Special Assessments	\$16,000	\$7,500	\$14,000	\$16,000	\$12,000
Interest Income - Assessments	4,500	2,500	6,000	9,000	3,000
Interest Income	3,500	0	5,000	1,500	0
Transfer in					0
Surplus	44,800	31,300	11,300	106,600	24,000
Total Revenues	\$68,800	\$41,300	\$36,300	\$133,100	\$39,000
Expenditures					
Audit	\$600	\$600	\$600	\$600	\$600
Bond Principal Payment	20,000	15,000	30,000	25,000	20,000
Interest Expense	1,000	1,700	5,700	7,500	5,500
Transfer out	47,200	24,000		100,000	
Total Expenditures	\$68,800	\$41,300	\$36,300	\$133,100	\$26,100
Revenue Over (Under) Expenditures (1)	(\$44,800)	(\$31,300)	(\$11,300)	(\$106,600)	(\$11,100)

	2002 S.A.	1997 Building Authority	1996 M.T.F.	1997 M.T.F.	2000 M.T.F.
Revenues:					
Local Contribution - Local Street			\$26,400	\$17,600	\$33,100
Local Contribution - Major Street					
Rental Income					
Special Assessments	\$19,000	\$29,700			
Interest Income - Assessments	2,600				
Interest Income					
Transfer In	147,200				
Surplus	0				
Total Revenues	\$168,800	\$29,700	\$26,400	\$17,600	\$33,100
Expenditures					
Audit	\$600	\$400	\$400	\$400	\$400
Bond Principal Payment	30,000	20,000	20,000	15,000	20,000
Interest Expense	8,700	9,300	6,000	2,200	12,700
Total Expenditures	\$39,300	\$29,700	\$26,400	\$17,600	\$33,100
Revenue Over (Under) Expenditures	\$129,500	\$0	\$0	\$0	\$0

2006-2007	2004 G.O. Capital Imp. Bonds	Total
Revenues:		
Local Contribution - Local Street	\$69,300	\$146,400
Local Contribution - Major Street	18,600	18,600
Rental Income		0
Special Assessments		114,200
Interest Income - Assessments		27,600
Interest Income		10,000
Transfer In		147,200
Surplus		218,000
Total Revenues	\$87,900	(2) \$682,000
Expenditures		
Audit	\$400	\$5,600
Bond Principal Payment	55,000	270,000
Interest Expense	32,500	92,800
Transfer Out		171,200
Total Expenditures	\$87,900	\$539,600
Revenue Over (Under) Expenditures (1)	\$0	(\$75,600)

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

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



B.A. = Building Authority Bonds
 S.A. = Special Assessment Bonds
 M.T.F. = Michigan Transportation Funds
 L.D.F.A. = Local Development Finance Authority Bonds
 Water = Water Revenue and Refunding Bonds

1992 Special Assessment Debt Retirement Fund



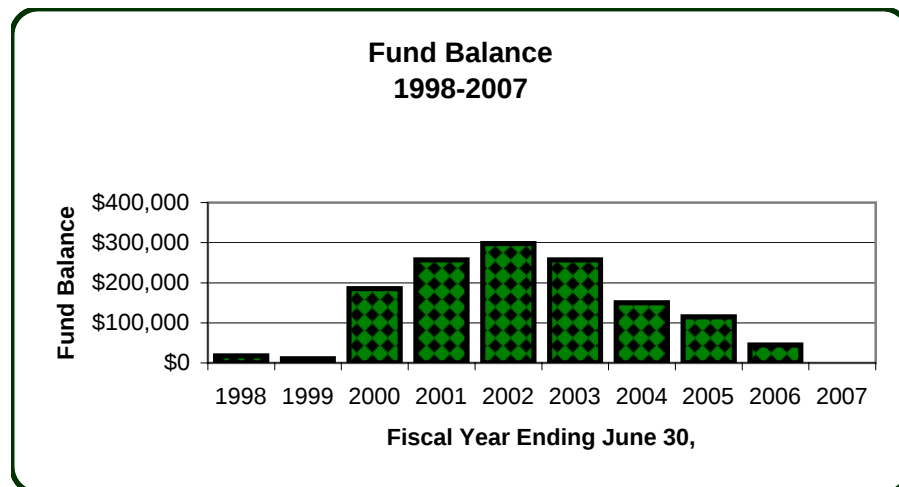
***2006-2007
Annual Operating Budget***

CITY OF CADILLAC

TITLE OF ISSUE	<i>1992 Special Assessment Limited Tax Bonds</i>		
PURPOSE	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
DATE OF ISSUE	June 1, 1992		
AMOUNT OF ISSUE	\$360,000		
AMOUNT REDEEMED			
Prior to Current Period	\$320,000		
During Current Period	\$20,000	\$340,000	
BALANCE OUTSTANDING	\$20,000		

DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2006	6.20%	\$20,000	\$620	\$20,620
		\$20,000	\$620	\$20,620

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Special Assessments	\$29,419	\$35,000	\$35,000	16,000
Penalties and Interest	100	108	0	0
Interest Income	3,639	3,500	3,500	3,500
Interest Income - Assessments	571	4,500	4,500	4,500
Surplus	0	0	69,900	44,800
TOTAL REVENUES	\$33,729	\$43,108	\$112,900	\$68,800
EXPENDITURES				
Audit	\$540	\$600	\$600	\$600
Bond Principal Paid	25,000	25,000	25,000	20,000
Interest Expense	3,815	2,300	2,300	1,000
Transfer Out	40,000	85,000	85,000	47,200
TOTAL EXPENDITURES	\$69,355	\$112,900	\$112,900	\$68,800
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	(\$35,626)	(\$69,792)	(\$69,900)	(\$44,800)
Fund Balance - Beginning of Year	150,218	114,592	114,592	44,800
FUND BALANCE AT YEAR END	\$114,592	\$44,800	\$44,692	(\$0)

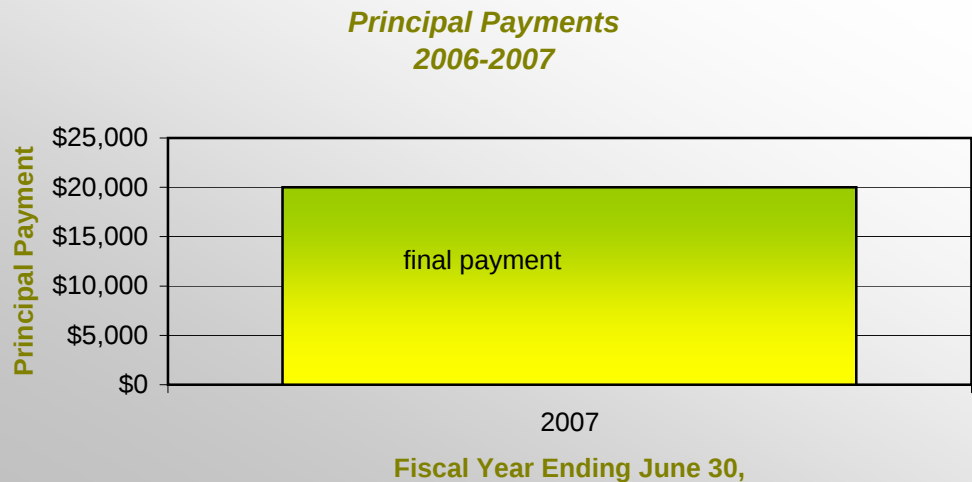


Five Year Projections

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues					
Special Assessments	\$0		\$0	\$0	\$0
Interest Income - Assessments	0		0	0	0
Total Revenues	\$0			\$0	\$0
Expenditures					
Audit	\$0	\$0	\$0	\$0	\$0
Principal Payment	0	0	0	0	0
Interest Expense	0	0	0	0	0
Total Expenditures	\$0	\$0	\$0	\$0	\$0

Paid in Full

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



1993 Special Assessment Debt Retirement Fund



***2006-2007
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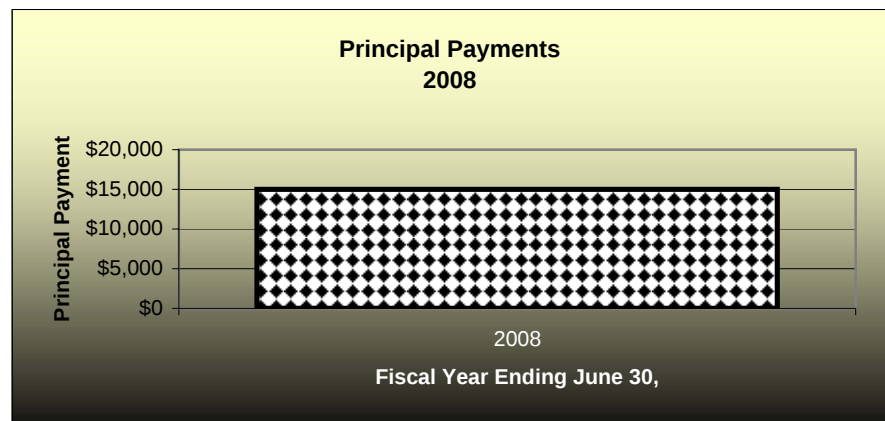
CITY OF CADILLAC

TITLE OF ISSUE	1993 Special Assessment Limited Tax Bonds		
PURPOSE	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
DATE OF ISSUE	June 1, 1993		
AMOUNT OF ISSUE	\$220,000		
AMOUNT REDEEMED			
Prior to Current Period	\$175,000		
During Current Period	\$15,000	\$190,000	
BALANCE OUTSTANDING	\$30,000		

DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2006	5.50%	\$15,000	\$833	\$15,833
April 1, 2007			\$420	\$420
October 1, 2007	5.60%	\$15,000	\$420	\$15,420
		\$30,000	\$1,673	\$31,673

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Special Assessments	\$9,591	\$8,500	\$8,500	\$7,500
Penalties and Interest	35	100	0	0
Interest Income	1,750	1,800	3,000	0
Interest Income - Assessments	987	2,500	2,500	2,500
Transfer In - 1992 Special Assessment	0	0	3,900	0
Surplus	0	0	20,000	31,300
TOTAL REVENUES	\$12,363	\$12,900	\$37,900	\$41,300
EXPENDITURES				
Audit	\$540	\$600	\$600	\$600
Bond Principal Paid	15,000	15,000	15,000	15,000
Interest Expense	3,173	2,300	2,300	1,700
Transfer Out - 2000 S.A. Debt	0	20,000	20,000	24,000
TOTAL EXPENDITURES	\$18,713	\$37,900	\$37,900	\$41,300
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenditures	(\$6,350)	(\$25,000)	(\$20,000)	(\$31,300)
Fund Balance - Beginning of Year	79,251	72,901	47,901	47,901
FUND BALANCE AT YEAR END	\$72,901	\$47,901	\$27,901	\$16,601

Bond principal payment
will be paid in full on
October 1, 2007.



Five Year Projections

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
<u>Revenues</u>					
Special Assessments	\$7,000	\$0	\$0	\$0	\$0
Interest Income - Assessments	2,000	0	0	0	0
Surplus	7,000	0	0	0	0
Total Revenues	\$16,000	\$0	\$0	\$0	\$0
<u>Expenditures</u>					
Audit	\$400	\$0	\$0	\$0	\$0
Principal Payment	15,000	0	0	0	0
Interest Expense	600	0	0	0	0
Total Expenditures	\$16,000	\$0	\$0	\$0	\$0

1996 Special Assessment Debt Retirement Fund



***2006-2007
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CITY OF CADILLAC

TITLE OF ISSUE	1996 Special Assessment Limited Tax Bonds		
PURPOSE	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
DATE OF ISSUE	May 1, 1996		
AMOUNT OF ISSUE	\$425,000		
AMOUNT REDEEMED			
Prior to Current Period	\$280,000		
During Current Period	\$30,000	\$310,000	
BALANCE OUTSTANDING	\$115,000		

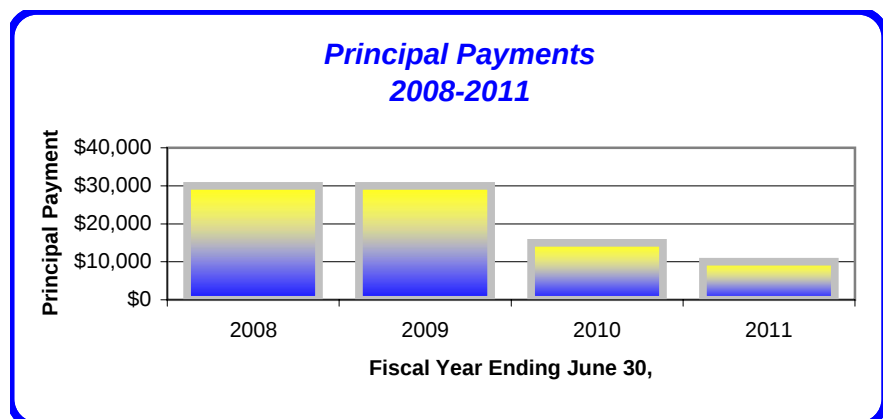
DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2006	5.35%	\$30,000	\$3,140	\$33,140
April 1, 2007			\$2,337	\$2,337
October 1, 2007	5.40%	\$30,000	\$2,337	\$32,337
April 1, 2008			\$1,527	\$1,527
October 1, 2008	5.50%	\$30,000	\$1,527	\$31,527
April 1, 2009			\$703	\$703
October 1, 2009	5.60%	\$15,000	\$703	\$15,703
April 1, 2010			\$283	\$283
October 1, 2010	5.65%	\$10,000	\$283	\$10,283
		\$115,000	\$12,840	\$127,840

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Special Assessments	\$16,437	\$15,000	\$15,000	\$14,000
Penalties and Interest	52	100	0	0
Interest Income	5,759	5,000	5,000	5,000
Interest Income - Assessments	6,208	6,000	6,500	6,000
Surplus	0	0	11,400	11,300
TOTAL REVENUES	\$28,456	\$26,100	\$37,900	\$36,300
EXPENDITURES				
Audit	\$540	\$600	\$600	\$600
Bond Principal Paid	30,000	30,000	30,000	30,000
Interest Expense	8,958	7,400	7,300	5,700
Transfer Out	210,000	0	0	0
TOTAL EXPENDITURES	\$249,498	\$38,000	\$37,900	\$36,300
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	(\$221,042)	(\$11,900)	(\$11,400)	(\$11,300)
Fund Balance - Beginning of Year	355,264	134,222	122,322	122,322
FUND BALANCE AT YEAR END	\$134,222	\$122,322	\$110,922	\$111,022

Transfer Out

As Fund Balance increases beyond the need of the debt service, funds are transferred out to the next debt retirement fund.

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



Five Year Projections

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues					
Special Assessments	\$19,500	\$18,000	\$14,000	\$10,000	\$0
Interest Income - Assessments	8,000	7,500	2,700	1,200	0
Surplus	7,300	7,700	200	0	0
Total Revenues	\$34,800	\$33,200	\$16,900	\$11,200	\$0
Expenditures					
Audit	\$600	\$600	\$700	\$700	\$0
Principal Payment	30,000	30,000	15,000	10,000	0
Interest Expense	4,200	2,600	1,200	500	0
Total Expenditures	\$34,800	\$33,200	\$16,900	\$11,200	\$0

Paid in full in fiscal year 2011.

1997 Special Assessment Debt Retirement Fund



***2006-2007
Annual Operating Budget***

CITY OF CADILLAC

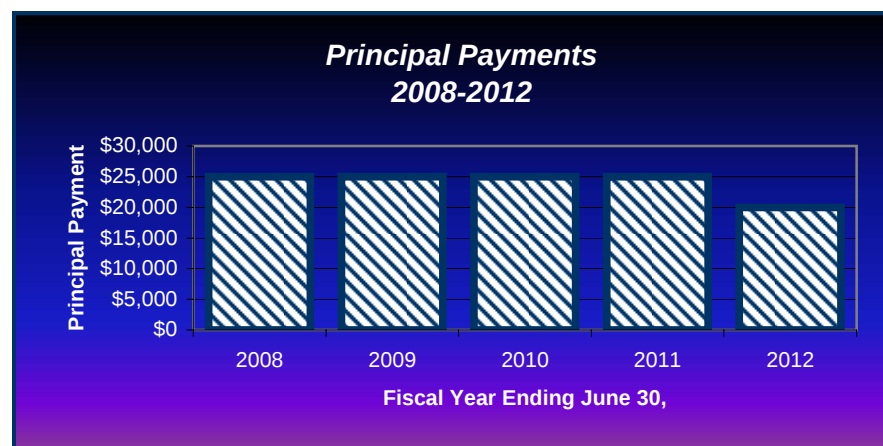
TITLE OF ISSUE	1997 Special Assessment Limited Tax Bonds		
PURPOSE	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
DATE OF ISSUE	May 1, 1997		
AMOUNT OF ISSUE	\$360,000		
AMOUNT REDEEMED			
Prior to Current Period	\$190,000		
During Current Period	\$25,000	\$215,000	
BALANCE OUTSTANDING	\$145,000		

DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2006	5.30%	\$25,000	\$3,895	\$28,895
April 1, 2007			\$3,232	\$3,232
October 1, 2007	5.35%	\$25,000	\$3,232	\$28,232
April 1, 2008			\$2,563	\$2,563
October 1, 2008	5.35%	\$25,000	\$2,563	\$27,563
April 1, 2009			\$1,894	\$1,894
October 1, 2009	5.40%	\$25,000	\$1,894	\$26,894
April 1, 2010			\$1,220	\$1,220
October 1, 2010	5.40%	\$25,000	\$1,220	\$26,220
April 1, 2011			\$545	\$545
October 1, 2011	5.45%	\$20,000	\$545	\$20,545
		\$145,000	\$22,803	\$167,803

	Fiscal Year Ending June 30,			
	AUDIT	Budget		PROPOSED
	2005	ESTIMATED 2006	CURRENT 2006	2007
REVENUES				
Special Assessments	\$42,699	\$18,000	\$18,000	\$16,000
Interest Income - Assessments	7,890	8,000	8,000	9,000
Interest Income	546	100	100	1,500
Surplus	0	0	6,700	106,600
Transfer In	210,000	0	0	0
TOTAL REVENUES	\$261,134	\$26,100	\$32,800	\$133,100
EXPENDITURES				
Audit	\$540	\$600	\$600	\$600
Office Supplies	\$10	\$0	\$0	\$0
Bond Principal Paid	25,000	25,000	25,000	25,000
Interest Expense	10,028	8,700	7,200	7,500
Transfer Out - 2002 S.A. Debt	0	0	0	100,000
TOTAL EXPENDITURES	\$35,577	\$34,300	\$32,800	\$133,100
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	\$225,557	(\$8,200)	(\$6,700)	(\$106,600)
Fund Balance - Beginning of Year	62,770	288,327	288,327	280,127
FUND BALANCE AT YEAR END	\$288,327	\$280,127	\$281,627	\$173,527

Transfer in is from 1996 Special Assessment Debt Retirement Fund

Bond principal payment
will be paid in full on
October 1, 2011.



Five Year Projections

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues					
Special Assessments	\$15,000	\$14,000	\$13,000	\$10,000	\$10,000
Interest Income - Assessments	8,000	7,000	6,000	4,000	4,000
Surplus	\$8,400	\$9,300	\$10,000	\$13,700	\$7,700
Total Revenues	\$31,400	\$30,300	\$29,000	\$27,700	\$21,700
Expenditures					
Audit	\$600	\$600	\$700	\$700	\$700
Principal Payment	25,000	25,000	25,000	25,000	20,000
Interest Expense	6,000	4,800	3,500	2,000	1,000
Total Expenditures	\$31,600	\$30,400	\$29,200	\$27,700	\$21,700

2000 Special Assessment Debt Retirement Fund



***2006-2007
Annual Operating Budget***

CITY OF CADILLAC

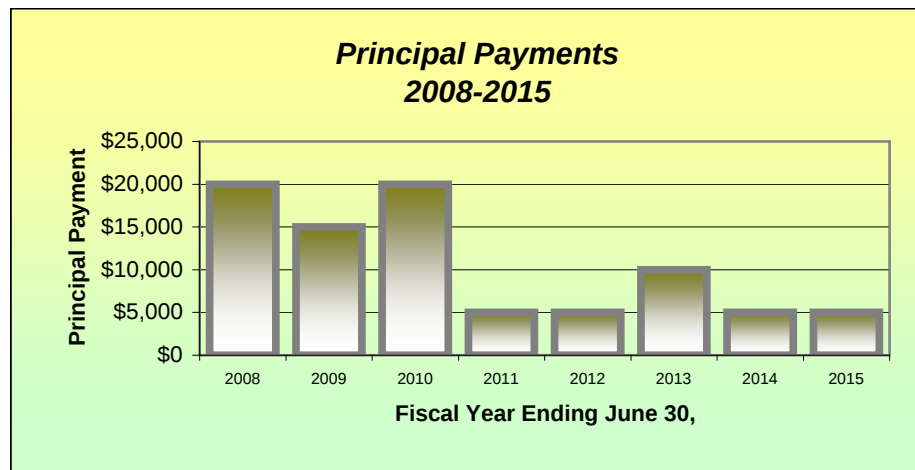
TITLE OF ISSUE	2000 Special Assessment Limited Tax Bonds		
PURPOSE	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
DATE OF ISSUE	June 1, 2000		
AMOUNT OF ISSUE	\$210,000		
AMOUNT REDEEMED			
Prior to Current Period	\$85,000		
During Current Period	\$20,000	\$105,000	
BALANCE OUTSTANDING	\$105,000		

DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2006	5.40%	\$20,000	\$2,861	\$22,861
April 1, 2007			\$2,322	\$2,322
October 1, 2007	5.40%	\$20,000	\$2,322	\$22,322
April 1, 2008			\$1,781	\$1,781
October 1, 2008	5.45%	\$15,000	\$1,781	\$16,781
April 1, 2009			\$1,373	\$1,373
October 1, 2009	5.45%	\$20,000	\$1,373	\$21,373
April 1, 2010			\$827	\$827
October 1, 2010	5.50%	\$5,000	\$827	\$5,827
April 1, 2011			\$690	\$690
October 1, 2011	5.50%	\$5,000	\$690	\$5,690
April 1, 2012			\$553	\$553
October 1, 2012	5.50%	\$10,000	\$553	\$10,553
April 1, 2013			\$277	\$277
October 1, 2013	5.55%	\$5,000	\$277	\$5,277
April 1, 2014			\$139	\$139
October 1, 2014	5.55%	\$5,000	\$139	\$5,139
		\$105,000	\$18,785	\$123,785

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Special Assessments	\$9,957	\$8,400	\$9,000	\$12,000
Interest Income	0	\$0	100	0
Interest Income - Assessments	3,592	550	3,500	3,000
Transfer In	40,000	65,000	65,000	24,000
TOTAL REVENUES	\$53,549	\$73,950	\$77,600	\$39,000
EXPENDITURES				
Audit	\$540	\$600	\$600	\$600
Office Supplies	8	0	0	0
Bond Principal Paid	20,000	20,000	20,000	20,000
Interest Expense	7,603	6,600	6,500	5,500
TOTAL EXPENDITURES	\$28,151	\$27,200	\$27,100	\$26,100
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	\$25,398	\$46,750	\$50,500	\$12,900
Fund Balance - Beginning of Year	5,474	30,872	30,872	77,622
FUND BALANCE AT YEAR END	\$30,872	\$77,622	\$81,372	\$90,522

Transfer in is from 1992 and 1993 Special Assessment Debt Retirement Fund

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



Five Year Projections

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues					
Special Assessments	\$13,500	\$13,000	\$12,500	\$11,000	\$10,000
Interest Income - Assessments	4,500	4,000	4,000	3,000	2,500
Surplus	7,100	2,600	6,700	0	0
Total Revenues	\$25,100	\$19,600	\$23,200	\$14,000	\$12,500
Expenditures					
Audit	\$600	\$600	\$700	\$700	\$700
Principal Payment	20,000	15,000	20,000	5,000	5,000
Interest Expense	4,500	4,000	2,500	1,700	1,700
Total Expenditures	\$25,100	\$19,600	\$23,200	\$7,400	\$7,400

2002 Special Assessment Debt Retirement Fund



***2006-2007
Annual Operating Budget***

CITY OF CADILLAC

TITLE OF ISSUE	2002 Special Assessment Limited Tax Bonds		
PURPOSE	Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.		
DATE OF ISSUE	June 1, 2002		
AMOUNT OF ISSUE	\$325,000		
AMOUNT REDEEMED			
Prior to Current Period	\$80,000		
During Current Period	\$35,000	\$115,000	
BALANCE OUTSTANDING	\$210,000		

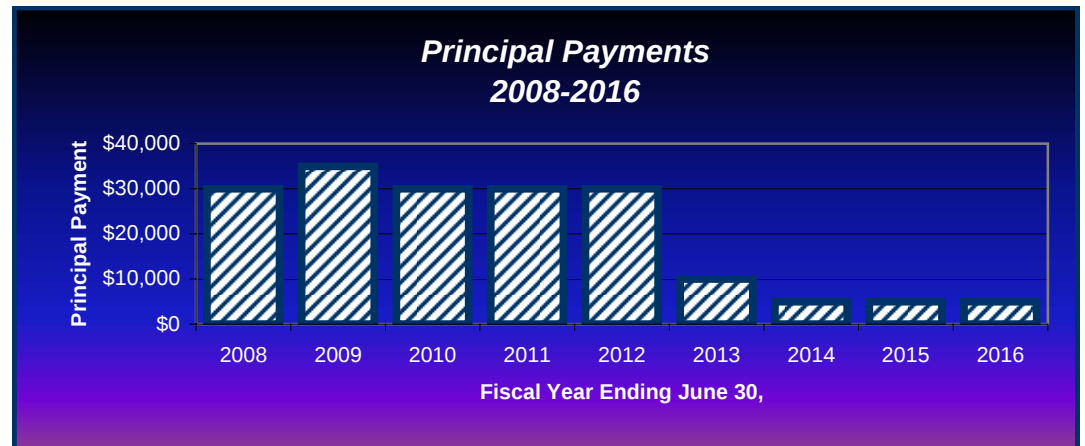
DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2006	3.40%	\$30,000	\$4,342	\$34,342
April 1, 2007			\$3,832	\$3,832
October 1, 2007	3.80%	\$30,000	\$3,832	\$33,832
April 1, 2008			\$3,262	\$3,262
October 1, 2008	4.00%	\$35,000	\$3,262	\$38,262
April 1, 2009			\$2,562	\$2,562
October 1, 2009	4.20%	\$30,000	\$2,562	\$32,562
April 1, 2010			\$1,932	\$1,932
October 1, 2010	4.40%	\$30,000	\$1,932	\$31,932
April 1, 2011			\$1,272	\$1,272
October 1, 2011	4.50%	\$30,000	\$1,272	\$31,272
April 1, 2012			\$597	\$597
October 1, 2012	4.60%	\$10,000	\$597	\$10,597
April 1, 2013			\$367	\$367
October 1, 2013	4.75%	\$5,000	\$367	\$5,367
April 1, 2014			\$248	\$248
October 1, 2014	4.90%	\$5,000	\$248	\$5,248
April 1, 2015			\$125	\$125
October 1, 2015	5.00%	\$5,000	\$125	\$5,125
		\$210,000	\$32,736	\$242,736

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Special Assessments	\$22,319	\$20,000	\$20,000	\$19,000
Interest Income - Assessments	2,673	2,700	4,000	2,600
Transfer In - 1992 S.A. Debt	0	0	0	47,200
Transfer In - 1997 S.A. Debt	0	0	0	100,000
Surplus	0	0	21,200	0
TOTAL REVENUES	\$24,992	\$22,700	\$45,200	\$168,800
EXPENDITURES				
Audit	\$540	\$600	\$600	\$600
Bond Principal Paid	35,000	35,000	35,000	30,000
Interest Expense	10,691	9,600	9,600	8,700
TOTAL EXPENDITURES	\$46,231	\$45,200	\$45,200	\$39,300
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	(\$21,239)	(\$22,500)	(\$21,200)	\$129,500
Fund Balance - Beginning of Year	44,954	23,715	1,215	1,215
FUND BALANCE AT YEAR END	\$23,715	\$1,215	(\$19,985)	\$130,715

Transfer In

Transfer In- other debt retirement surplus funds that have cash exceeding the debt outstanding. This excess available funds are transferred to the next outstanding debt retirement fund.

Bond principal payment
will be paid in full on
October 1, 2015.



Five Year Projections

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues					
Special Assessments	\$18,000	\$18,000	\$18,000	\$16,000	\$14,000
Interest Income - Assessments	2,600	2,600	4,200	4,000	3,500
Surplus	\$17,600	\$21,400	\$13,500	\$14,500	\$15,500
Total Revenues	\$38,200	\$42,000	\$35,700	\$34,500	\$33,000
Expenditures					
Audit	\$600	\$600	\$700	\$700	\$700
Principal Payment	30,000	35,000	30,000	30,000	30,000
Interest Expense	7,600	6,400	5,000	3,800	2,300
Total Expenditures	\$38,200	\$42,000	\$35,700	\$34,500	\$33,000

1997 Building Authority Debt Retirement Fund



***2006-2007
Annual Operating Budget***

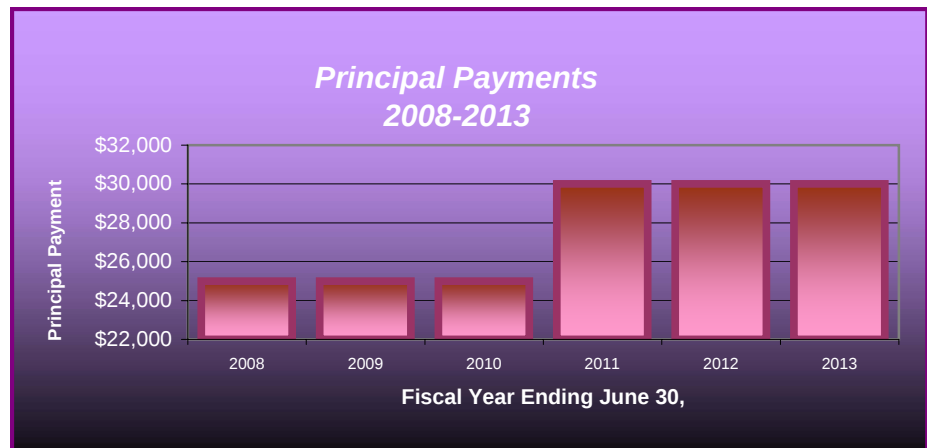
CITY OF CADILLAC

TITLE OF ISSUE	1997 Building Authority Fund Bonds		
PURPOSE	Pay all or part of the cost of public parking lot improvements in the City of Cadillac		
DATE OF ISSUE	December 1, 1997		
AMOUNT OF ISSUE	\$310,000		
AMOUNT REDEEMED			
Prior to Current Period	\$105,000		
During Current Period	\$20,000	\$125,000	
BALANCE OUTSTANDING	\$185,000		

DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2006	4.95%	\$20,000	\$4,728	\$24,728
April 1, 2007			\$4,234	\$4,234
October 1, 2007	5.00%	\$25,000	\$4,234	\$29,234
April 1, 2008			\$3,609	\$3,609
October 1, 2008	5.05%	\$25,000	\$3,609	\$28,609
April 1, 2009			\$2,978	\$2,978
October 1, 2009	5.10%	\$25,000	\$2,978	\$27,978
April 1, 2010			\$2,340	\$2,340
October 1, 2010	5.15%	\$30,000	\$2,340	\$32,340
April 1, 2011			\$1,568	\$1,568
October 1, 2011	5.20%	\$30,000	\$1,568	\$31,568
April 1, 2012			\$788	\$788
October 1, 2012	5.25%	\$30,000	\$788	\$30,788
		\$185,000	\$35,762	\$220,762

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Tax Increment Financing Revenues	\$31,923	\$30,700	\$30,600	\$29,700
TOTAL REVENUES	\$31,923	\$30,700	\$30,600	\$29,700
EXPENDITURES				
Audit	\$400	\$400	\$400	\$400
Bond Principal Paid	20,000	20,000	20,000	20,000
Interest Expense	11,523	10,300	10,200	9,300
TOTAL EXPENDITURES	\$31,923	\$30,700	\$30,600	\$29,700
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	\$0	\$0	\$0	\$0
Fund Balance - Beginning of Year	1	1	1	1
FUND BALANCE AT YEAR END	\$1	\$1	\$1	\$1

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



Five Year Projections

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues					
Tax Increment Financing Revenues	\$30,000	\$30,500	\$30,000	\$33,000	\$33,000
Interest Income - TIF	3,400	1,800	1,300	1,800	400
Total Revenues	\$33,400	\$32,300	\$31,300	\$34,800	\$33,400
Expenditures					
Audit	\$400	\$500	\$500	\$600	\$600
Principal Payment	25,000	25,000	25,000	30,000	30,000
Interest Expense	8,000	6,800	5,800	4,200	2,800
Total Expenditures	\$33,400	\$32,300	\$31,300	\$34,800	\$33,400

1996 Michigan Transportation Debt Retirement Fund



***2006-2007
Annual Operating Budget***

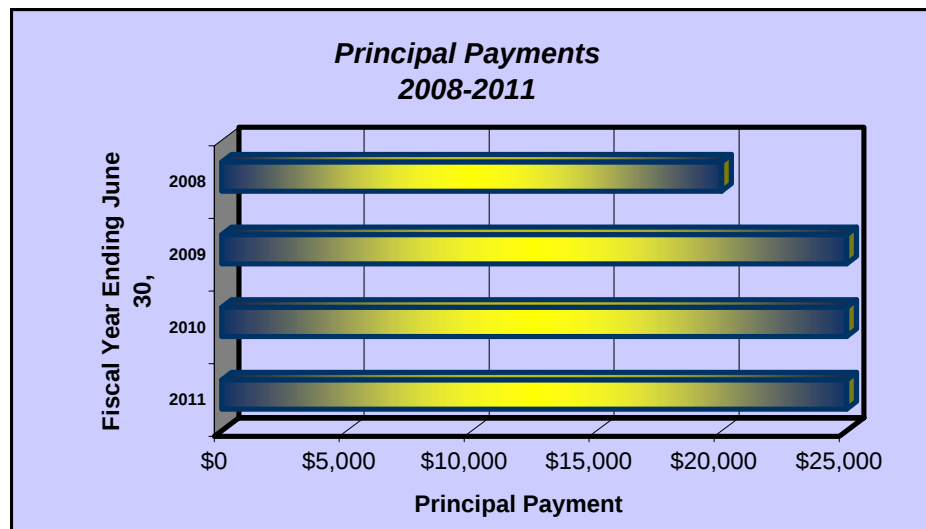
CITY OF CADILLAC

TITLE OF ISSUE	1996 Michigan Transportation Fund Bonds		
PURPOSE	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952.		
DATE OF ISSUE	May 1, 1996		
AMOUNT OF ISSUE	\$230,000		
AMOUNT REDEEMED			
Prior to Current Period	\$95,000		
During Current Period	\$20,000	\$115,000	
BALANCE OUTSTANDING	\$115,000		

DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2006	5.50%	\$20,000	\$3,162	\$23,162
April 1, 2007			\$2,612	\$2,612
October 1, 2007	5.50%	\$20,000	\$2,612	\$22,612
April 1, 2008			\$2,063	\$2,063
October 1, 2008	5.50%	\$25,000	\$2,063	\$27,063
April 1, 2009			\$1,375	\$1,375
October 1, 2009	5.50%	\$25,000	\$1,375	\$26,375
April 1, 2010			\$687	\$687
October 1, 2010	5.50%	\$25,000	\$687	\$25,687
Total		\$115,000	\$16,636	\$131,636

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Local Contribution - Local Street	\$23,400	\$22,600	\$27,500	\$26,400
TOTAL REVENUES	\$23,400	\$22,600	\$27,500	\$26,400
EXPENDITURES				
Audit	\$400	\$400	\$400	\$400
Office Supplies	7	0	0	0
Bond Principal Paid	15,000	20,000	20,000	20,000
Interest Expense	8,138	7,100	7,100	6,000
TOTAL EXPENDITURES	\$23,545	\$27,500	\$27,500	\$26,400
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	(\$145)	(\$4,900)	\$0	\$0
Fund Balance - Beginning of Year	5,047	4,902	4,902	2
FUND BALANCE AT YEAR END	\$4,902	\$2	\$4,902	\$2

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



Five Year Projections

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues					
Local Contribution - Local Street	\$25,400	\$29,400	\$27,700	\$26,400	\$0
Total Revenues	\$25,400	\$29,400	\$27,700	\$26,400	\$0
Expenditures					
Audit	\$400	\$400	\$400	\$400	\$0
Principal Payment	20,000	25,000	25,000	25,000	0
Interest Expense	5,000	4,000	2,300	1,000	0
Total Expenditures	\$25,400	\$29,400	\$27,700	\$26,400	\$0

1997 Michigan Transportation Debt Retirement Fund



***2006-2007
Annual Operating Budget***

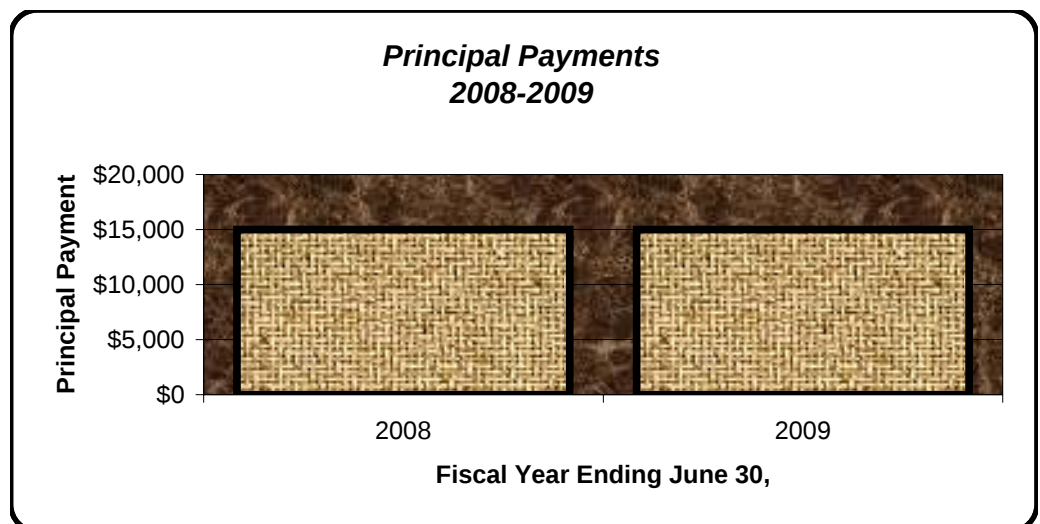
CITY OF CADILLAC

TITLE OF ISSUE	1997 Michigan Transportation Fund Bonds		
PURPOSE	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952.		
DATE OF ISSUE	May 1, 1997		
AMOUNT OF ISSUE	\$110,000		
AMOUNT REDEEMED			
Prior to Current Period	\$55,000		
During Current Period	\$10,000	\$65,000	
BALANCE OUTSTANDING	\$45,000		

DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2006	5.30%	\$15,000	\$1,200	\$16,200
April 1, 2007			\$802	\$802
October 1, 2007	5.35%	\$15,000	\$802	\$15,802
April 1, 2008			\$401	\$401
October 1, 2008	5.35%	\$15,000	\$401	\$15,401
Total		\$45,000	\$3,606	\$48,606

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Local Contribution - Local Street	\$13,800	\$11,900	\$13,300	\$17,600
TOTAL REVENUES	\$13,800	\$11,900	\$13,300	\$17,600
EXPENDITURES				
Audit	\$400	\$400	\$400	\$400
Bond Principal Paid	10,000	10,000	10,000	15,000
Interest Expense	3,475	2,900	2,900	2,200
TOTAL EXPENDITURES	\$13,875	\$13,300	\$13,300	\$17,600
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	(\$75)	(\$1,400)	\$0	\$0
Fund Balance - Beginning of Year	1,547	1,472	1,472	72
FUND BALANCE AT YEAR END	\$1,472	\$72	\$1,472	\$72

Bond principal payment
will be paid in full on
October 1, 2008.



Five Year Projections

	Fiscal Year Ending June 30,				
	2007	2008	2009	2010	2011
Revenues					
Local Contribution - Local Street	\$17,600	\$16,600	\$15,800	\$0	\$0
Total Revenues	\$17,600	\$16,600	\$15,800	\$0	\$0
Expenditures					
Audit	\$400	\$400	\$400	\$0	\$0
Principal Payment	15,000	15,000	15,000	0	0
Interest Expense	2,200	1,200	400	0	0
Total Expenditures	\$17,600	\$16,600	\$15,800	\$0	\$0

2000 Michigan Transportation Debt Retirement Fund



***2006-2007
Annual Operating Budget***

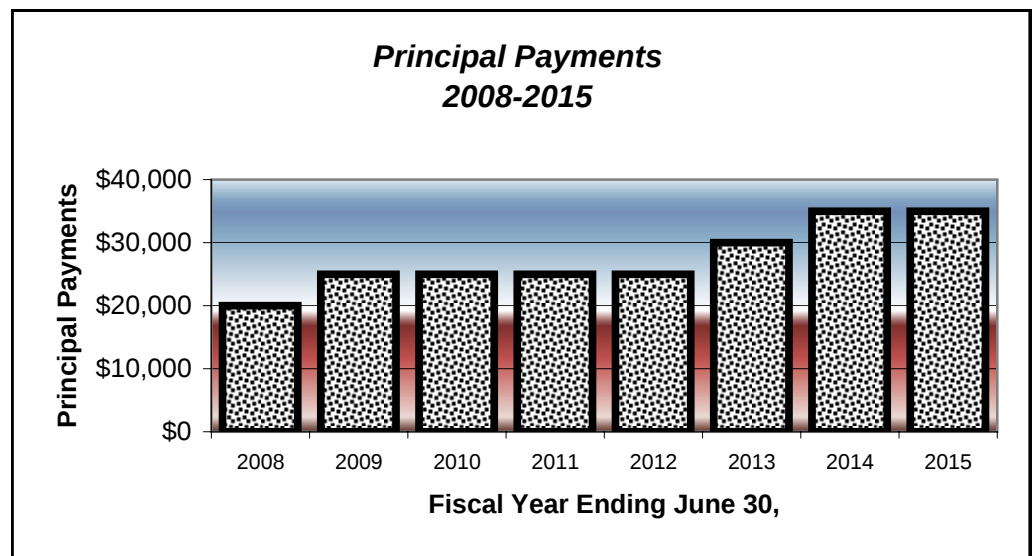
CITY OF CADILLAC

TITLE OF ISSUE	2000 Michigan Transportation Fund Bonds		
PURPOSE	To defray part of the cost of constructing street improvements in the City of Cadillac pursuant to the provisions of Act 175, Public Acts of Michigan, 1952, as amended.		
DATE OF ISSUE	June 1, 2000		
AMOUNT OF ISSUE	\$300,000		
AMOUNT REDEEMED			
Prior to Current Period	\$30,000		
During Current Period	\$15,000	\$45,000	
BALANCE OUTSTANDING	\$255,000		

DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2006	5.40%	\$20,000	\$6,585	\$26,585
April 1, 2007			\$6,045	\$6,045
October 1, 2007	5.40%	\$20,000	\$6,045	\$26,045
April 1, 2008			\$5,505	\$5,505
October 1, 2008	5.45%	\$25,000	\$5,505	\$30,505
April 1, 2009			\$4,824	\$4,824
October 1, 2009	5.45%	\$25,000	\$4,824	\$29,824
April 1, 2010			\$4,142	\$4,142
October 1, 2010	5.50%	\$25,000	\$4,142	\$29,142
April 1, 2011			\$3,455	\$3,455
October 1, 2011	5.50%	\$25,000	\$3,455	\$28,455
April 1, 2012			\$2,768	\$2,768
October 1, 2012	5.50%	\$30,000	\$2,768	\$32,768
April 1, 2013			\$1,943	\$1,943
October 1, 2013	5.55%	\$35,000	\$1,943	\$36,943
April 1, 2014			\$971	\$971
October 1, 2014	5.55%	\$35,000	\$971	\$35,971
		\$240,000	\$65,891	\$305,891

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Local Contribution - Local Street	\$30,000	\$29,200	\$29,200	\$33,100
TOTAL REVENUES	\$30,000	\$29,200	\$29,200	\$33,100
EXPENDITURES				
Audit	\$400	\$400	\$400	\$400
Bond Principal Paid	15,000	15,000	15,000	20,000
Interest Expense	14,648	13,800	13,800	12,700
TOTAL EXPENDITURES	\$30,048	\$29,200	\$29,200	\$33,100
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	(\$48)	\$0	\$0	\$0
Fund Balance - Beginning of Year	398	350	350	350
FUND BALANCE AT YEAR END	\$350	\$350	\$350	\$350

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



Five Year Projections

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues					
Local Contribution - Local Street	\$32,000	\$35,900	\$34,900	\$33,200	\$33,200
Total Revenues	\$32,000	\$35,900	\$34,900	\$33,200	\$33,200
Expenditures					
Audit	\$400	\$400	\$400	\$400	\$400
Principal Payment	20,000	25,000	25,000	25,000	25,000
Interest Expense	11,600	10,500	9,500	7,800	6,700
Total Expenditures	\$32,000	\$35,900	\$34,900	\$33,200	\$32,100

***2004 General Obligation Capital Improvement Bonds Debt
Retirement Fund***



***2006-2007
Annual Operating Budget***

CITY OF CADILLAC

TITLE OF ISSUE	2004 General Obligation Capital Improvement Bonds
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PURPOSE	Paying all or part of the cost of public improvements
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DATE OF ISSUE

AMOUNT OF ISSUE	\$995,000
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AMOUNT REDEEMED

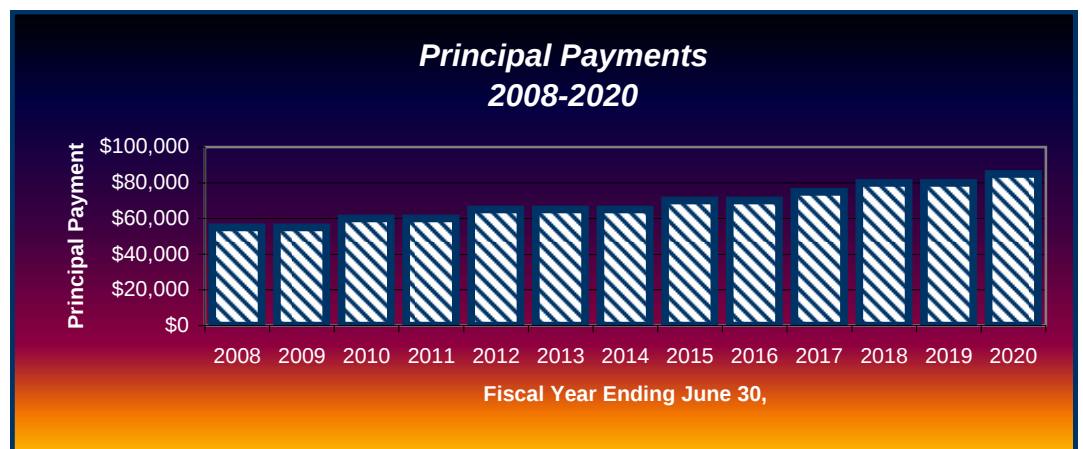
Prior to Current Period	\$0	
During Current Period	\$55,000	\$55,000

BALANCE OUTSTANDING	\$940,000
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DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
September 1, 2006	2.20%	\$55,000	\$16,421	\$71,421
March 1, 2007			\$15,816	\$15,816
September 1, 2007	2.35%	\$55,000	\$15,816	\$70,816
March 1, 2008			\$15,170	\$15,170
September 1, 2008	2.60%	\$55,000	\$15,170	\$70,170
March 1, 2009			\$14,455	\$14,455
September 1, 2009	2.90%	\$60,000	\$14,455	\$74,455
March 1, 2010			\$13,585	\$13,585
September 1, 2010	3.15%	\$60,000	\$13,585	\$73,585
March 1, 2011			\$12,640	\$12,640
September 1, 2011	3.35%	\$65,000	\$12,640	\$77,640
March 1, 2012			\$11,551	\$11,551
September 1, 2012	3.50%	\$65,000	\$11,551	\$76,551
March 1, 2013			\$10,414	\$10,414
September 1, 2013	3.65%	\$65,000	\$10,414	\$75,414
March 1, 2014			\$9,228	\$9,228
September 1, 2014	3.75%	\$70,000	\$9,228	\$79,228
March 1, 2015			\$7,915	\$7,915
September 1, 2015	3.85%	\$70,000	\$7,915	\$77,915
March 1, 2016			\$6,568	\$6,568
September 1, 2016	3.95%	\$75,000	\$6,568	\$81,568
March 1, 2017			\$5,086	\$5,086
September 1, 2017	4.05%	\$80,000	\$5,086	\$85,086
March 1, 2018			\$3,466	\$3,466
September 1, 2018	4.15%	\$80,000	\$3,466	\$83,466
March 1, 2019			\$1,806	\$1,806
September 1, 2019	4.25%	\$85,000	\$1,806	\$86,806
		\$940,000	\$271,821	\$1,211,821

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Local Contribution - Local Street Fund	\$6,968	\$69,900	\$69,900	\$69,300
Local Contribution - Major Street Fund	2,846	19,300	\$19,100	18,600
Surplus	0	0	0	0
TOTAL REVENUES	\$9,814	\$89,200	\$89,000	\$87,900
EXPENDITURES				
Audit	0	400	400	400
Bond Principal Paid	0	55,000	55,000	55,000
Interest Expense	9,814	33,800	33,500	32,500
TOTAL EXPENDITURES	\$9,814	\$89,200	\$88,900	\$87,900
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	\$0	\$0	\$100	\$0
Fund Balance - Beginning of Year	0	0	0	0
FUND BALANCE AT YEAR END	\$0	\$0	\$100	\$0

Bond principal payment
will be paid in full on
September 1, 2019



Five Year Projections

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues					
Local Contribution - Local Street Fund	\$68,300	\$64,300	\$70,000	\$68,500	\$71,000
Local Contribution - Major Street Fund	18,100	17,800	18,500	18,200	18,900
Surplus					
Total Revenues	\$86,400	\$82,100	\$88,500	\$86,700	\$89,900
Expenditures					
Audit	\$400	\$400	\$400	\$400	\$400
Principal Payment	55,000	55,000	60,000	60,000	65,000
Interest Expense	31,000	26,700	28,100	26,300	24,500
Total Expenditures	\$86,400	\$82,100	\$88,500	\$86,700	\$89,900

Fiscal year ended June 30,

	Major Street Fund		Local Street Fund		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	11,550	6,770	43,450	25,467	\$55,000	\$32,237
2008	11,550	6,507	43,450	24,479	\$55,000	\$30,986
2009	11,550	6,221	43,450	23,404	\$55,000	\$29,625
2010	12,600	5,888	47,400	22,152	\$60,000	\$28,040
2011	12,600	5,507	47,400	20,718	\$60,000	\$26,225
2012	13,650	5,080	51,350	19,111	\$65,000	\$24,191
2013	13,650	4,613	51,350	17,352	\$65,000	\$21,965
2014	13,650	4,125	51,350	15,517	\$65,000	\$19,642
2015	14,700	3,600	55,300	13,543	\$70,000	\$17,143
2016	14,700	3,041	55,300	11,442	\$70,000	\$14,483
2017	15,750	2,447	59,250	9,207	\$75,000	\$11,654
2018	16,800	1,796	63,200	6,756	\$80,000	\$8,552
2019	16,800	1,107	63,200	4,165	\$80,000	\$5,272
2020	17,850	379	67,150	1,427	\$85,000	\$1,806
	197,400	57,082	742,600	214,739	940,000	271,821

Capital Projects Funds

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

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

Special Assessment Capital Projects Fund - Accounts for preliminary and construction work on projects that are subsequently paid from special assessments.

2005-2006

	Industrial Park Fund	Special Assessments Capital Projects	Total
<u>Revenues</u>			
Sale of Property	\$35,000		\$35,000
Interest Income	4,500	1,000	5,500
Interest Income-Sp. Assessment		\$6,000	6,000
Special Assessment Principal		30,000	30,000
Bond Issue			0
Grants - State of Michigan		630,400	630,400
Water and Sewer Fund		114,500	114,500
Major Street Fund		208,400	208,400
Local Street Fund		45,000	45,000
Capital Projects Fund			0
Local Funds			0
Surplus			0
Total Revenue	\$39,500	\$1,035,300	\$1,074,800
<u>Expenditures</u>			
Audit	\$700	\$2,200	2,900
Fees and Commissions	3,500		3,500
Administration	4,200		4,200
Office Supplies			0
Principal Payment	17,800		17,800
Interest Payment			0
Special Projects		998,300	998,300
Total Expenditures	\$26,200	\$1,000,500	\$1,026,700
Excess (Deficiency) of Revenues over Expenditures	\$13,300	\$34,800	\$48,100
Fund Balance - Beginning	\$236,823	\$299	\$237,122
Fund Balance - Ending	\$250,123	\$35,099	\$285,222

Industrial Park Fund



***2006-2007
Annual Operating Budget***

Industrial Park Fund

In 1981, as a result of a 48-acre parcel of land an industrial park was established known as the Cadillac Industrial Park. This park is now full with the following industries:

Kendall Electric
Michigan Rubber Products
Avon Rubber World Headquarters
Four Winns Sport Boat Plant
Four Winns Engineering Facility
FIAMM
NOC, Inc.
Metal Punch, Inc.

Industrial growth in the 80's and 90's has been 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. In this park the current residents include:

Arvco Corporation
United Parcel Services
Four Winns Trailer Company
Decker/NRG Electric
Cadillac Fabrication
Northwest Human Services
Big Foot Manufacturing
7-UP Distributing
Fibertech
Fed-Ex Ground
Four Winns Small Parts Plant

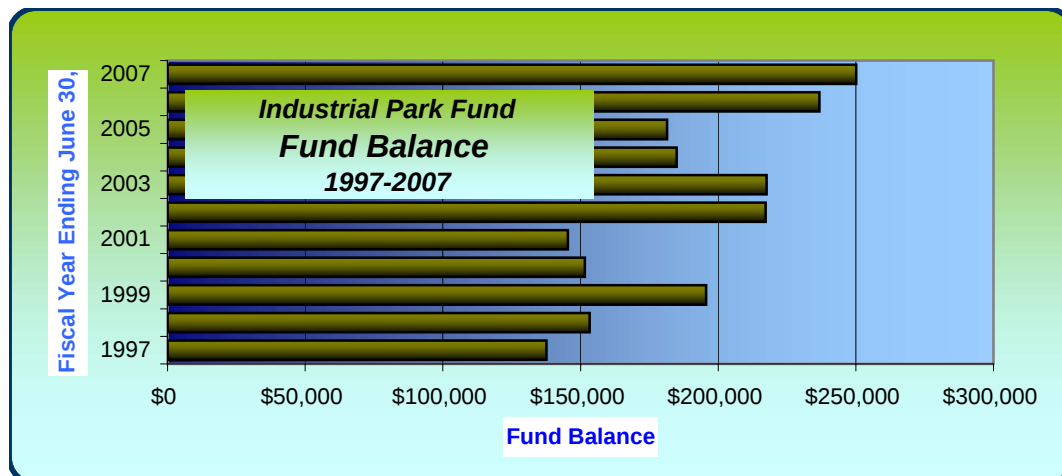
This park is nearly full at this time and additional inquiries are routinely received by the City. A third park has now been constructed as a result of the continuing demand for industrial space. This newest facility, The James E. Potvin Industrial Park, has been broken into two phases, with phase one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

Piranha Hose
Cadillac Industrial Fund Spec Building
(built in honor of Jack W. O'Neill, a local leader in early manufacturing efforts in Cadillac)

It is anticipated that one three acre lot will be sold each year. The fund balance is increasing and is used to purchase additional land and necessary infrastructure. Fees and commissions are paid to the Cadillac Industrial Fund which is the group used to market the industrial park. The commission paid on land sales is 10% of the sale price.

	Fiscal Year Ending June 30,			
	Budget			
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
REVENUES				
Sale of Property	\$0	\$81,000	\$30,000	\$35,000
Interest Income	5,362	7,000	3,000	4,500
TOTAL REVENUES	\$5,362	\$88,000	\$33,000	\$39,500
EXPENDITURES				
Property Taxes	\$4,079	\$4,200	\$4,100	\$4,200
Audit	650	650	700	700
Contractual Services (1)	4,114	2,500	0	0
State of Michigan- Interest Free Principal Repayment	0	17,200	0	17,800
Fees and Commissions	0	8,100	3,000	3,500
TOTAL EXPENDITURES	\$8,843	\$32,650	\$7,800	\$26,200
1) 2004 construction of gas lines to the new industrial park				
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	(\$3,481)	\$55,350	\$25,200	\$13,300
Fund Balance - Beginning of Year	184,954	181,473	236,823	236,823
FUND BALANCE AT YEAR END	\$181,473	\$236,823	\$262,023	\$250,123

The James E. Potvin Industrial Park is a "**Certified Business Park**". The Harry VanderJagt Industrial Park and the Cadillac Industrial Park were built as **Certified Industrial Parks**.





James E. Potvin
Industrial Park
Speculation
Building
is the second
building
within the new
industrial park

Available for
sale.



Special Assessment Capital Projects Fund



***2006-2007
Annual Operating Budget***

Special Assessment Capital Projects Fund

Project Name	Special Assessment	Grant	Local Street	Utilities Fund	Major Street	Total
North Boulevard from Chestnut to Iroquois Street		\$187,500		\$38,500	\$62,500	\$288,500
Chestnut Street from Lake Street to Linden		\$187,500			\$62,500	\$250,000
Pine Street from Mitchell to Park Street		\$135,000		\$30,000		\$165,000
Park Street from River to North Street				\$36,000	\$50,000	\$86,000
Shelby Street from Pine to Spruce					\$20,000	\$20,000
Lake Street Storm Sewer from West Pine to Lake Street		\$120,375			\$13,425	\$133,800
West Garfield Street from May to South Garfield			\$30,000	\$10,000		\$40,000
South Garfield Street from West of Holbrook			\$15,000			\$15,000
Total Projects		\$630,375	\$45,000	\$114,500	\$208,425	\$998,300



**River Street
Bridge Project
2005**



Special Assessment Capital Projects Fund

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
State of Michigan	\$0	\$1,110,000	\$1,200,000	\$630,400
Water & Sewer	0	289,000	331,800	114,500
Major Streets	0	178,000	172,600	208,400
Local Streets	0	205,000	386,000	45,000
Interest Income - Special Assessment	20,662	0	8,000	6,000
Special Assessment	82,832	95,000	40,000	30,000
Interest Income	266	0	0	1,000
Transfer in	77,759	0	0	0
TOTAL REVENUES	\$181,519	\$1,877,000	\$2,138,400	\$1,035,300
EXPENDITURES				
Audit	\$2,400	\$2,100	\$2,200	\$2,200
Principal Payment	44,904	\$33,800	5,000	0
Interest Expense	3,395	\$33,800	3,000	0
Special Projects	111,516	1,843,200	2,090,400	998,300
TOTAL EXPENDITURES	\$162,215	\$1,912,900	\$2,100,600	\$1,000,500
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	\$19,304	(\$35,900)	\$37,800	\$34,800
Fund Balance - Beginning of Year	16,895	36,199	299	299
FUND BALANCE AT YEAR END	\$36,199	\$299	\$38,099	\$35,099

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget	PROPOSED
	2005	2006	2006	2007
EXPENDITURES				
Audit	\$2,400	\$2,100	\$2,200	\$2,200
Principal Payment	44,904	33,800	5,000	0
Interest Expense	3,395	2,000	3,000	0
Total Other	\$50,699	\$37,900	\$10,200	\$2,200

Principal and Interest Payments

These payments come from an internal loan made in 2004 from the Cadillac Development Fund. The outstanding balance on this loan is \$33,800. 2007 this loan will be paid in full.

Special Projects - Listed Below:

Construction - Utilities

East Pine Street	\$0	\$30,000	\$30,000	\$0
Prospect Street	0	0	24,000	0
Hersey Street	0	10,000	40,500	0
Stimson Street	0	95,000	99,000	0
Leisure Road	0	5,000	9,800	0
Sixth Ave.	0	60,000	30,000	0
Colfax	0	68,000	98,500	0
Lake Street	0	1,000	50,000	0
River Street	0	20,000	0	0
North Boulevard	0	0	0	38,500
Pine Street	0	0	0	30,000
Park Street	0	0	0	36,000
West Garfield Street	0	0	0	10,000
Total Construction - Utilities	\$0	\$289,000	\$381,800	\$114,500



Sixth Street before

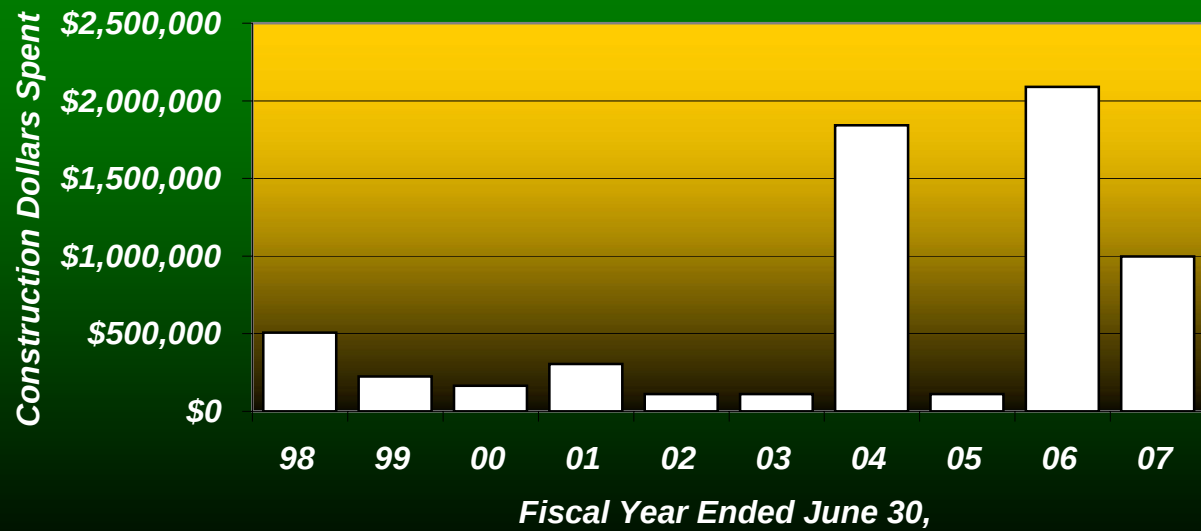


Sixth Street after

Special Assessment Capital Projects Fund

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
EXPENDITURES (CONT'D)				
Construction - Local Street				
Prospect Street	\$0	\$10,000	\$30,000	\$0
Hersey Street	0	55,000	60,000	0
Stimson Street	0	135,000	170,000	0
Leisure Road	0	5,000	36,000	0
Frisbee St Parking Lot	0	0	90,000	0
West Garfield	0	0	0	30,000
South Garfield	0	0	0	15,000
Total Construction - Local Street	\$0	\$205,000	\$386,000	\$45,000
Construction - Special Assessment				
Cobb Street	\$111,516	\$0	\$0	\$0
Sidewalk	\$0	\$95,000	\$0	\$0
Total Construction - Special Assessment	\$111,516	\$95,000	\$0	\$0
Construction - Major Street				
North Street	\$0	\$70,000	\$100,000	\$0
River Street Bridge	0	700,000	702,600	0
East Pine Street	0	240,000	250,000	0
Harris Street	0	8,000	0	0
South Street	0	5,000	0	0
Linden Street	0	1,200	0	0
Sixth Ave	0	200,000	270,000	0
River Street	0	30,000	0	0
North Boulevard	0	0	0	250,000
Chestnut Street	0	0	0	250,000
Park Street	0	0	0	50,000
Shelby Street	0	0	0	20,000
Lake Street Storm Sewer	0	0	0	133,800
Pine Street	0	0	0	135,000
Total Construction - Major Street	\$0	\$1,254,200	\$1,322,600	\$838,800
TOTAL EXPENDITURES	\$162,215	\$1,881,100	\$2,100,600	\$1,000,500

Construction Projects



Stimson Street before construction



Stimson Street after construction

The Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Permanent Funds, Pension Trust, and Agency Funds. Permanent Funds and Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Agency funds are custodial in nature and are not budgeted.

Pension Trust Fund

Police and Fire Retirement System - Maintained under the State of Michigan Act 345, this retirement fund is for police and fire personnel of the City.

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.

2006-2007

	Police and Fire Retirement	Cemetery Perpetual Care	Capital Projects Trust	Total
<u>Revenues</u>				
Employer Contributions	\$500,000			\$500,000
Employee Contributions	60,000			60,000
Interest Income	100,000	25,000	5,000	130,000
Realized gains	100,000			100,000
Investment Expenses	(60,000)			(60,000)
Sale of Lots		10,000		10,000
Contribution-Private Sources				0
Total Revenues	700,000	35,000	5,000	740,000
<u>Expenditures</u>				
Retirement Benefits	440,000			440,000
Audit	1,400	1,000	500	2,900
Actuarial	20,000			20,000
Contribution - Cemetery Operating		25,000		25,000
Contribution - Local Street				0
Total Expenditures	461,400	26,000	500	487,900
Excess (Deficiency) of Revenues Over Expenditures	238,600	9,000	4,500	252,100
Beginning Fund Balance	5,453,337	472,532	672,439	6,598,308
Ending Fund Balance	5,691,937	481,532	676,939	6,850,408

Police and Fire Retirement Fund



***2006-2007
Annual Operating Budget***

City of Cadillac Police and Fire Retirement System

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

The *financial objective* is to establish and receive contributions, expressed as a percent of active payroll, which will remain approximately level from year to year and will not be increased for future generations. The system is supported by City contributions and investment income from the retirement assets. To fund the system, the City contributes 27.83% of the police member salaries and 28.51% of the fire members' salaries. Unfunded actuarial liabilities are amortized as a level percent of active member payroll over a period of years. Asset valuation method is the smoothed market value basis and the system uses the entry age normal actuarial cost method. The system is meeting its funding requirements. The system is 68.83% funded. 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. This resulted in a 6.81% employee contribution. The current Police and Fire contracts capped this employee contribution at 3%, therefore the City is required to make up the additional 3.81%, bringing total City contribution of Police member salaries to 27.83% for police and 28.51% for fire..

There are thirty former employees on the *retirement rolls* as of June 30, 2005. Annual pensions of \$446,038 are paid from the revenue stream of the retirement system. The average annual pension is \$14,868, which increased 2.67% from last year. The average age at retirement was 52.7 years of age and those retirees current average age is 65.8 years old.

There are 27 *active members* in this retirement system. The average age of the active members is 41.6 and the average length of service is 13.1 years. The average salary is \$53,564. This is 3.9% higher than the previous year.

For every retiree there are 0.9 active employees in the retirement system.

Board of Directors:

Jay Thiebaut - *Chairperson*
Citizen

Jan Nelson - *Secretary/Treasurer*
City Treasurer

Dan Brooks
Citizen

Chris Shankland
Firefighter

Eric Eller
Police Officer

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.

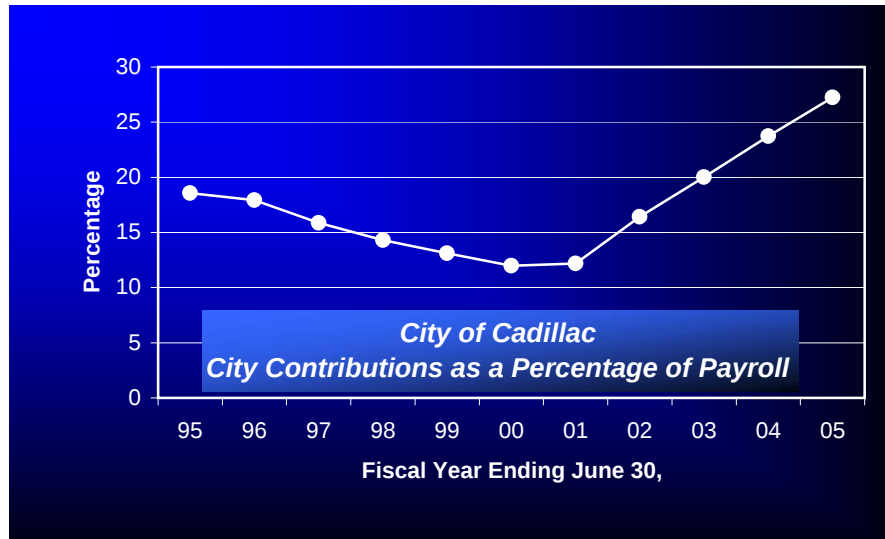
Jay Thiebaut, a local CPA and Dan Brooks, a local insurance agent, have been on the Police and Fire Retirement Board volunteering their time for over twenty years. These gentlemen reflect the dedication and commitment to this community by countless numbers of citizens who give freely of their time to make this an exceptional area to live.

	Fiscal Year Ending June 30,			
	Budget			
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
<u>ADDITIONS</u>				
Contributions - Employer	446,560	\$365,000	\$365,000	\$500,000
Contributions - Employee	45,653	\$46,000	\$30,000	60,000
Interest and Dividend Income	113,510	115,000	\$115,000	100,000
Realized and Unrealized Appreciation (Depreciation) in Aggregate Current Value of Securities	136,672	60,000	0	100,000
Investment Expenses	(57,591)	(60,000)	(60,000)	(60,000)
TOTAL ADDITIONS	\$684,803	\$526,000	\$450,000	\$700,000
<u>DEDUCTIONS</u>				
Benefit Payments				
Retirement	\$404,606	\$440,000	\$385,000	440,000
Administrative Expenses				
Audit	1,375	1,400	1,400	1,400
Actuarial	18,990	10,000	6,500	20,000
TOTAL DEDUCTIONS	\$424,972	\$451,400	\$392,900	\$461,400
Net Increase (Decrease) in Plan Assets	\$259,832	\$74,600	\$57,100	\$238,600
Net Assets Held in Trust for Pension Benefits Beginning of Year	\$5,118,905	\$5,378,737	\$5,378,737	\$5,453,337
End of Year	\$5,378,737	\$5,453,337	\$5,435,837	\$5,691,937

	<u>Police</u>	<u>Fire</u>
Average Age	42.2	40.7
Average Years of Service	14.8	10.7
Average Annual Pay	\$53,521	\$53,628

Summary of Active Members

Valuation Date	Active Members	Valuation Payroll	Age	Average Service	Average Payroll
June 30,					
1995	28	1,065,487	38.5	11.0	\$38,053
1996	29	1,135,240	39.1	11.6	\$39,146
1997	30	1,197,184	39.2	11.8	\$39,906
1998	29	1,188,026	39.7	12.2	\$40,966
1999	29	1,274,419	39.8	11.6	\$43,945
2000	29	1,347,171	40.8	12.6	\$46,454
2001	29	1,406,654	41.8	13.6	\$48,505
2002	28	1,352,466	41.4	12.5	\$48,302
2003	26	1,237,171	41.5	13.1	\$47,584
2004	27	1,391,450	41.2	12.6	\$51,535
2005	27	1,446,234	41.6	13.1	\$53,564

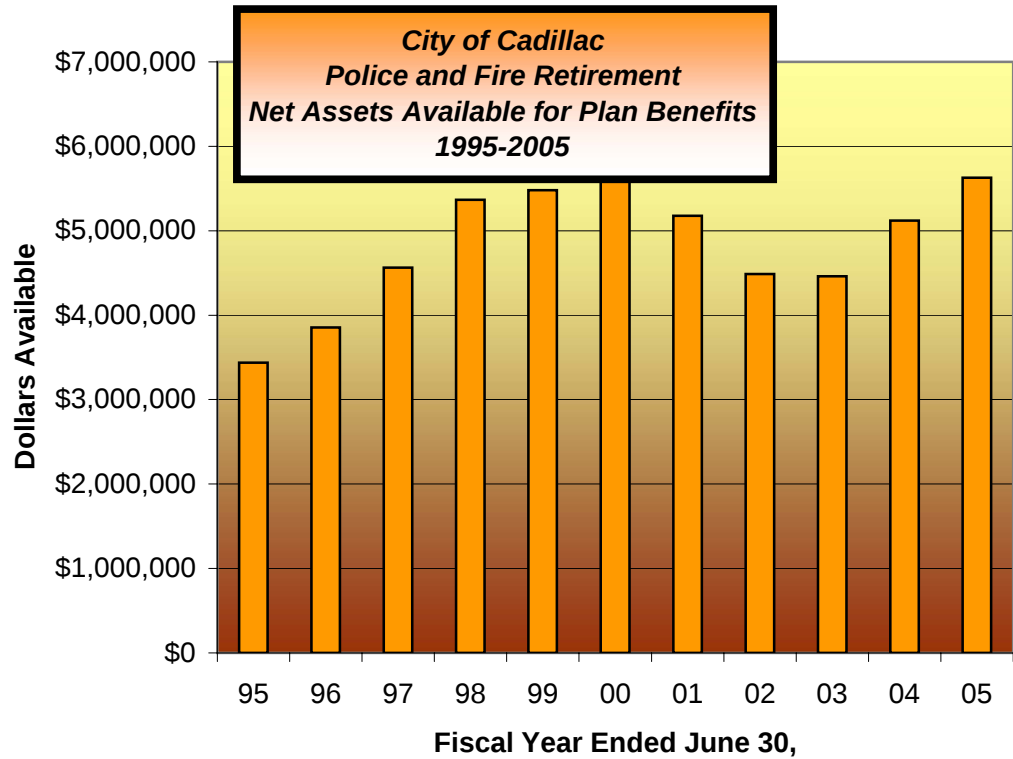


The rates are moving upward as a result of a declining stock market and the low interest rates.

Contribution Rates

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

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



Summary of Actuarial Methods and Assumptions

Valuation Date	June 30, 2004
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	14
Asset Valuation Method	5-year smoothed market

Assumptions:

Investment Rate of Return	7.5%
Projected Salary Increases	4.5%
Assumed Rate of Payroll Growth	4.5%
Assumed Rate of Membership Growth	0.0%

**Recognized Rate of Investment Return for the Fiscal
Year Ended June 30,**

2005	-1.20%	2001	5.70%
2004	-0.70%	2000	9.60%
2003	-2.10%	1999	11.00%
2002	0.80%	1998	11.20%

***Five year average recognized rate of investment
return is 0.5%.***



Brief Summary of Act 345 Benefits & Conditions:

Eligibility:

Amount:

Regular Retirement

Age 50 with 25 or more years of service or
age 60 regardless of service.

Straight life pension equals 2.5% of 5 year average final
compensation (AFC) times first 25 years of service plus
1% of AFC times years of service in excess of 25 years.

Deferred Retirement

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.

Death After Retirement

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.

Duty Disability Retirement

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.

Non-Duty Disability Retirement

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.

Duty Death in Service Retirement

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.

Non-Duty Death in Service Retirement

Payable to a surviving spouse, if any, upon the
death of a member with 20 or more years of service.

Accrued straight life pension actuarially reduced in
accordance with an Option 1 election.

Member Contribution:

Police members contribute 3% to the
system to pay for an increase in the
benefit multiplier.

*Fire responded
to by City Fire
Department*



Cemetery Perpetual Care Fund

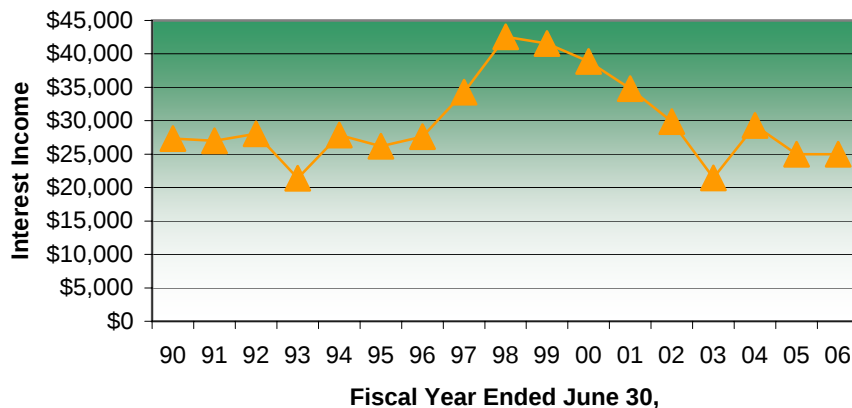


***2006-2007
Annual Operating Budget***

Cemetery Perpetual Care

The **Cemetery Perpetual Care Fund** is a non-expendable trust fund established to maintain the operation of the cemetery. With endowed assets of \$460,000, the generation of interest income from the funds is used for the primary purpose of maintaining the cemetery on a self-funding basis and helps offset normal operating costs. This fund is accounted for on an accrual basis. Revenue projections for the investments are based on the estimated investment climate, while the sale of cemetery lots which generate perpetual care income is based on a historical trend. All of the interest income is transferred to the Cemetery Operating Fund to assist in the daily operation of the cemetery.

**Cemetery Perpetual Care
Interest Income
1989-2006**



Interest income declined as the market conditions reflect a receding investment climate from 1998 through 2003. Market conditions are looking more favorable in 2004-2006.

A portion of each sale of a cemetery lot is designated for perpetual care and is set aside into this trust fund to maintain a well manicured cemetery. A normal burial plot costs \$450 and 50% of the cost is set aside into this fund for endowment. The amount of interest earned is dependent upon the investment market each year.

Through foresight and planning, the Cemetery Board of Directors helps ensure a stable and self-sufficient cemetery operation. This cemetery is one of only a handful in Michigan that is self-supporting from operational monies and is not supported with tax dollars.

The Maple Hill Cemetery Fence Project is now in its second phase. Phase I, cost approximately \$47,000 to complete, involved the installation of nearly 2,100 linear feet of decorative fencing along the west property line of the cemetery. Phase II involves the purchase and installation of two pillars at the south entrance and the relocation of an existing pillar to the south property corner. Phase II also includes the refurbishment of the existing wrought iron gates at the north and center entrances to the cemetery. The Cemetery Fence Committee is currently working on a plan to raise the estimated \$65,000 needed to complete Phase II. To date, approximately \$60,000 has been raised to cover the cost of both phases which is estimated \$112,000.



	<i>Fiscal Year Ending June 30,</i>			
	Budget			
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
<u>REVENUES</u>				
Perpetual Care of Lots	\$6,587	\$14,000	\$10,000	\$10,000
Gain on investments	21,709	0	0	0
Interest Income	29,280	25,000	25,000	25,000
TOTAL REVENUES	\$57,576	\$39,000	\$35,000	\$35,000
<u>EXPENDITURES</u>				
Audit	\$1,000	\$1,000	\$1,000	\$1,000
Transfer out - Cemetery Operating	29,065	25,000	25,000	25,000
TOTAL EXPENDITURES	\$30,065	\$26,000	\$26,000	\$26,000
FUND BALANCE AT YEAR END				
Net Change in Fund Balance	\$27,511	\$13,000	\$9,000	\$9,000
Fund Balance - Beginning of Year	432,021	459,532	472,532	472,532
FUND BALANCE - END OF YEAR	\$459,532	\$472,532	\$481,532	\$481,532

Board of Directors:

Roy Wohlford, Jr., Chairperson

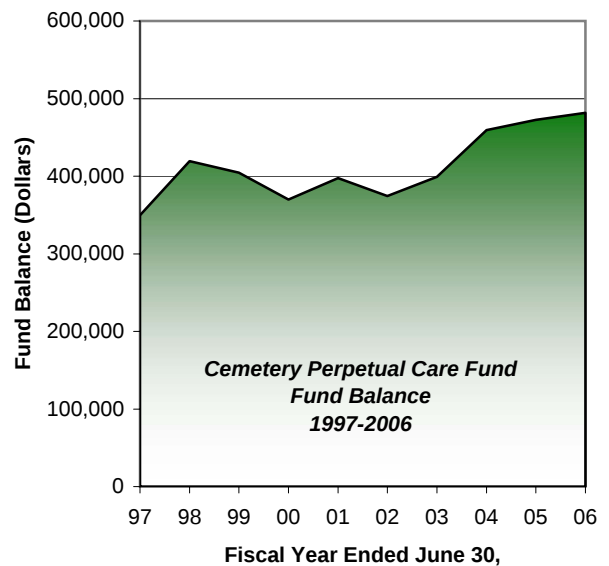
Nick Nelson

Del Packard

Janice Nelson, Secretary

Robert Johnson, Ex-Officio

The accumulated fund balance will grow in direct proportion with the number of cemetery lots sold. The principal will not be used as it preserves the future maintenance of the cemetery.





Cemetery Facts:

The Cemetery rates were last increased in 2005 by the City Council.

No sales staff solicits the sale of lots, so the number of lots sold will vary from year to year.

Only the interest earned is transferred for the operation of the cemetery.



Maple Hill Cemetery
at a glance



Capital Projects Trust Fund



***2006-2007
Annual Operating Budget***

Capital Projects Trust Fund

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 interest 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. It is estimated that the investible funds will earn approximately 3% per annum under current market conditions. Several projects have been accomplished over the past few years as interest will allow. The City Council has a goal of paving all of the gravel streets within the City and this fund has helped in achieving that goal.

This fund is a Permanent Fund and is part of the Fiduciary Fund types. Permanent Funds are accounted and budgeted for in essentially the same manner as Proprietary Funds since capital maintenance is critical.



Construction of Leisure Road



Fund Balance at June 30, 2005

Reserved for Capital Projects Endowment	\$590,189
Reserved for Capital Projects	\$79,050
Total	\$669,239

	Fiscal Year Ending June 30,			
	Budget			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
<u>REVENUES</u>				
Contribution - Private Sources	\$0	\$0	\$0	0
Interest Income	3,626	3,600	7,000	5,000
Gain on Investments	7,269	20,000	0	0
Surplus	0	0	29,500	0
TOTAL REVENUES	\$10,895	\$23,600	\$36,500	\$5,000
<u>EXPENDITURES</u>				
Audit	\$400	\$400	\$500	\$500
Contribution - Local Street	0	20,000	36,000	0
TOTAL EXPENDITURES	\$400	\$20,400	\$36,500	\$500
<u>FUND BALANCE</u>				
Excess (Deficiency) of Revenues Over Expenditures	\$10,495	\$3,200	\$0	\$4,500
Fund Balance - Beginning of Year	658,744	669,239	672,439	672,439
Fund Balance - End of Year				
Endowment	590,189	590,189	593,389	590,189
Reserve - Construction	79,050	82,250	79,050	86,750
FUND BALANCE - END OF YEAR	\$669,239	\$672,439	\$672,439	\$676,939

Contributions

<u>Fiscal Year</u>	<u>Project</u>	<u>Amount</u>
1999	Cummer Street	\$12,028
2000	Alley behind Milliken's	\$10,194
2001	No activity	\$0
2002	Elm Street Triangle (gravel street)	\$33,900
2003	No activity	\$0
2004	Balsam Street (gravel street)	\$10,000
2005	No activity	0
2006	Leisure Road (gravel street)	\$20,000
2007	No activity	\$0



Leisure Road before construction. A gravel street was paved to accomplish one of the city council's goals.

Auto Parking Fund



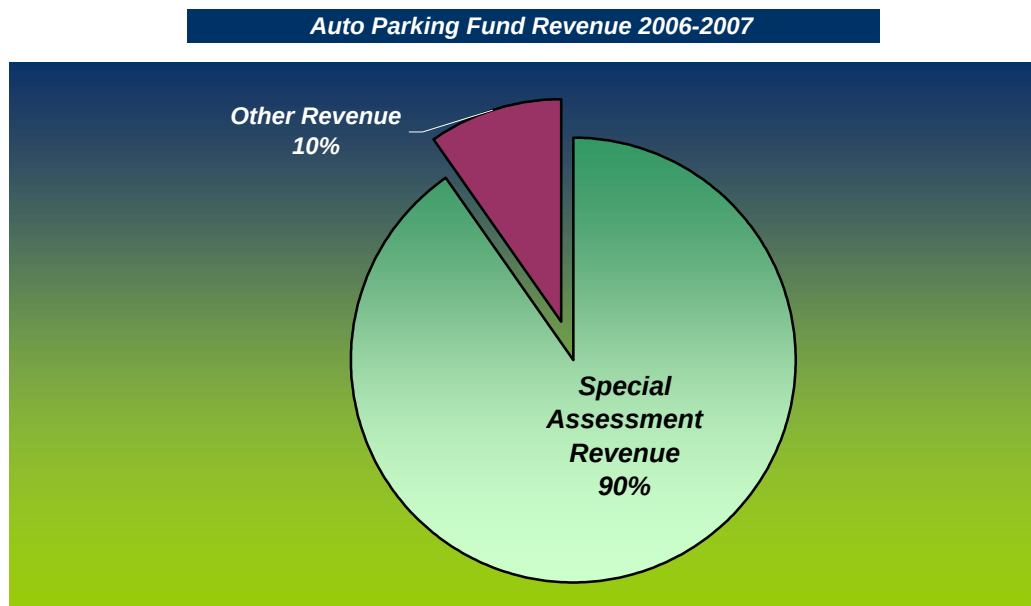
***2006-2007
Annual Operating Budget***

Auto Parking Fund

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

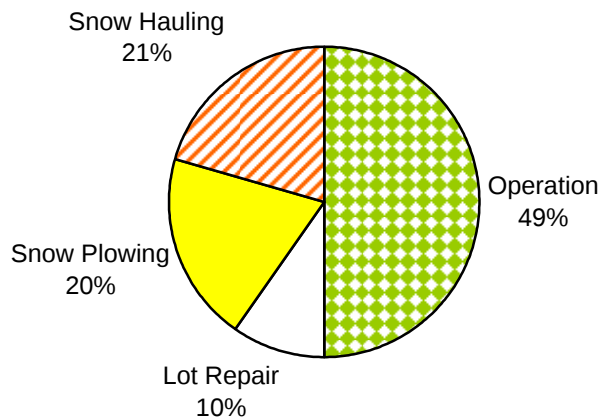
The Auto Parking Fund has undergone significant change in the last twenty years. For many years and up to 1989, parking was funded by parking meters. From 1990 to 1994 it was funded through a voluntary contract system. Given the difficulties with non-payment and the fact that the contract system expired June 30, 1995, a special assessment was adopted as prescribed in the Shopping Area Redevelopment Act, P.A. 120 of 1961 (as amended) for a five year period, which expired June 30, 2000. A second five year special assessment was established through June 30, 2005 at the same rate. A third five year special assessment has been approved through the year 2010.

Most recently on April 18, 2005, the City Council approved what became known as Parking Proposal Number 3, a downtown special assessment roll designed to fund the parking system. This roll was developed by separating the downtown properties into two zones based on location: the Mitchell Street Zone and the Side Street Zone. Each property was then calculated an assessment based 50% on its assessable front footage and 50% on its net assessable square footage. A 200 square feet per private parking space parking credit was also included in the formula. Given the district over which the assessment is spread, it is estimated that \$45,600 per year will be received. The assessment represents 90% of the total revenues in this fund, which are used to cover the maintenance and snow removal of the parking lots.



	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Parking Violations	\$2,160	\$2,500	\$1,800	\$2,000
Parking Permit Fees	1,085	1,500	2,500	1,100
Interest Income	1,535	2,000	0	1,800
Penalties	189	0	0	0
Special Assessment	40,710	45,600	45,600	45,600
Other Revenue	2,114	0	0	0
TOTAL REVENUES	\$47,792	\$51,600	\$49,900	\$50,500
EXPENDITURES				
Operation	\$24,865	\$24,800	\$25,200	\$25,300
Lot Repair	3,022	2,700	1,000	4,800
Snow Plowing	10,862	11,100	12,900	10,000
Snow Hauling	9,893	8,200	10,800	10,400
TOTAL EXPENDITURES	\$48,642	\$46,800	\$49,900	\$50,500
NET ASSETS AT YEAR END				
Change in Net Assets	(\$849)	\$4,800	\$0	\$0
Net Assets - Beginning of Year	766,797	765,948	770,748	770,748
TOTAL NET ASSETS - END OF YEAR	\$765,948	\$770,748	\$770,748	\$770,748

**Expenses
2006-2007**



Fiscal Year Ending June 30,

		Budget		
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
EXPENDITURES				
Operations				
Salaries-Enforcement	\$2,381	\$2,300	\$2,300	\$2,500
Fringes	1,350	1,700	1,800	2,000
Office Supplies	146	300	500	200
Audit	800	800	900	900
Data Processing	2,900	2,900	2,900	2,900
Depreciation	17,288	16,800	16,800	16,800
Total Operations	\$24,865	\$24,800	\$25,200	\$25,300
Lot Repair				
Salaries	\$246	\$600	\$100	\$0
Fringes	151	200	100	0
Operating Supplies	2,469	1,500	600	4,800
Equipment Rental	157	400	200	0
Total Lot Repair	\$3,022	\$2,700	\$1,000	\$4,800
Snow Plowing				
Salaries	\$2,136	\$2,800	\$2,800	\$2,600
Fringes	1,669	1,800	1,800	1,500
Equipment Rental	7,057	6,500	8,300	5,900
Total Snow Plowing	\$10,862	\$11,100	\$12,900	\$10,000
Snow Hauling (2)				
Salaries	\$2,308	\$2,000	\$2,100	\$2,200
Fringes	2,037	1,200	1,400	1,300
Equipment Rental	5,548	5,000	7,300	6,900
Total Snow Hauling	\$9,893	\$8,200	\$10,800	\$10,400
TOTAL EXPENDITURES	\$48,642	\$46,800	\$49,900	\$50,500

(2) Audit combined plowing and hauling costs

Source and Use of Funds For Capital Improvements

2006-2007

Source of Funds

Operational funds	\$0	

Total Source of Funds

\$0

Use of Funds

No projects planned	0	

Total Use of Funds

\$0

Cash Flow Analysis

2006-2007

Additions:

Excess Revenue over Expenditures	\$0	
Depreciation	\$16,800	

Total Additions

\$16,800

Deductions:

0

Total Deductions

\$0

Net Increase in Cash Flow

\$16,800



Parking lot maintenance involves sealing and re-stripping the lots.

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, Data Processing 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.

Data Processing Fund - Provides computer services to the various internal and external agencies that use the City's computers.

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.

2006-2007

<u>Revenues</u>	<u>Stores and Garage</u>	<u>Data Processing</u>	<u>Self- Insurance</u>	<u>Employee Safety Fund</u>	<u>Total</u>
Services and Materials	\$26,000				\$26,000
Equipment Rental	534,000				534,000
Interest Income		\$2,500	\$15,000		17,500
Sale of Surplus Material		\$1,500			1,500
Intergovernmental Services		300,800		\$5,300	306,100
Employer Contribution			956,700		956,700
Employee Contribution			42,900		42,900
Surplus	56,100			700	56,800
Total Revenues	\$616,100	\$304,800	\$1,014,600	\$6,000	(2) \$1,941,500
<u>Expenditures</u>					
Administration	\$568,000		\$15,000	\$5,600	\$588,600
Outside Work	25,000				25,000
Building & Grounds	4,600				4,600
Operating	10,800	275,200			286,000
Audit	3,000		400	400	3,800
Reinsurance			600,000		600,000
Benefit Payments			304,800		304,800
Total Expenditures	\$611,400	\$275,200	\$920,200	\$6,000	\$1,812,800
Change in Net Assets (1)	(\$51,400)	\$29,600	\$94,400	(\$700)	\$71,900
Total Net Assets - Beginning of Year	681,740	233,889	911,044	7,660	1,834,333
Total Net Assets - End of Year	\$630,340	\$263,489	\$1,005,444	\$6,960	\$1,906,233

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

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

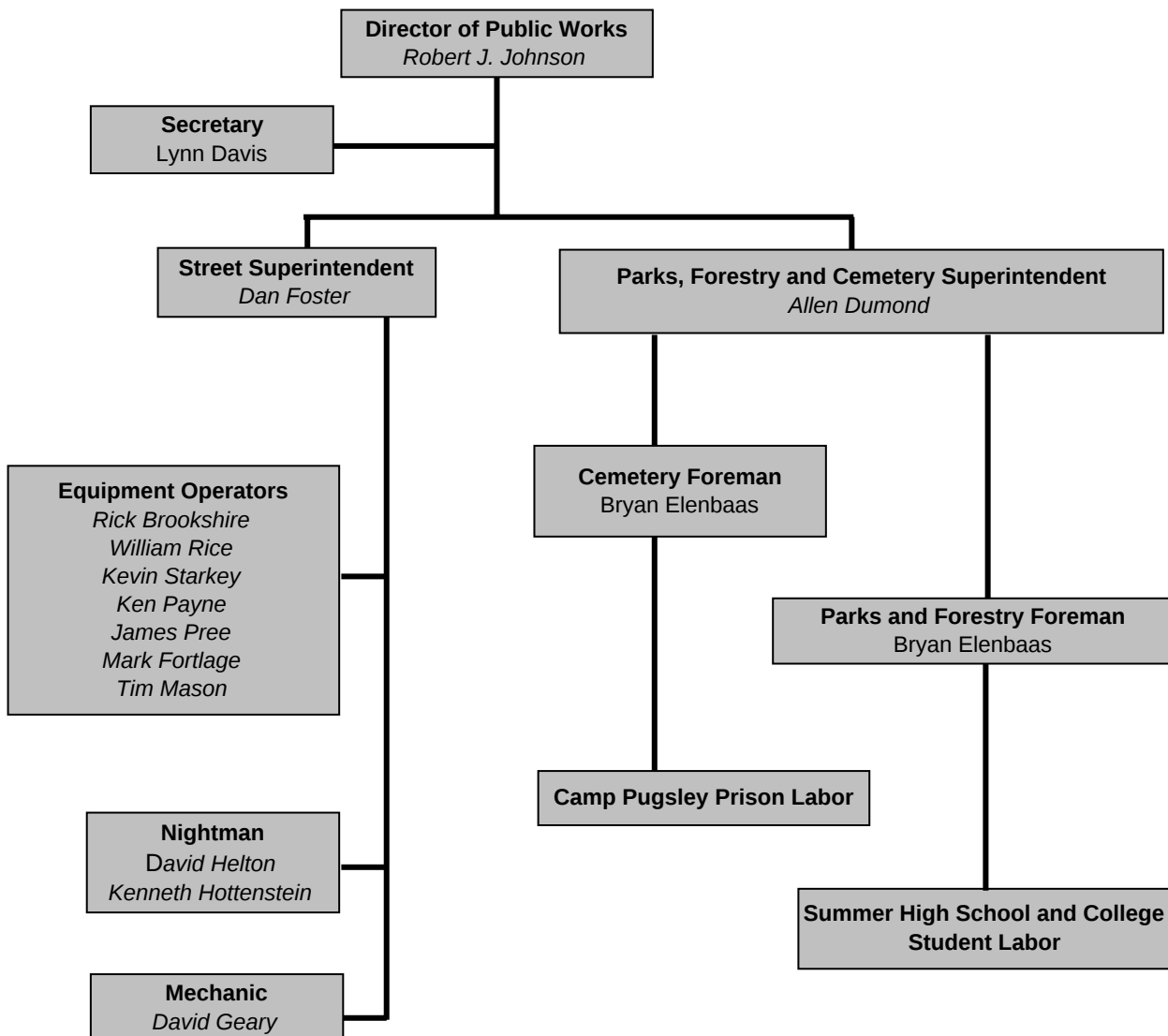
Stores & Garage Fund



***2006-2007
Annual Operating Budget***

Central Stores and Municipal Garage Fund

This fund is used to record the operations of the Central Stores Purchasing Department as well as provide equipment and manpower for various street construction and maintenance activities. This fund provides services to the Major Street Fund, Local Street Fund, General Fund, Cemetery Operating Fund, and several other City-operated funds. The major source of revenue for this fund is supplied by equipment rental rates. This fund owns all of its own equipment and rents it to the other funds at a base rate established by the State of Michigan. Occasionally an internal factor is added to the base rate to cover future equipment acquisitions. The internal rate for 2004 - 2007 is 3%. Services and materials revenue is for work done for taxpayers such as brush removal, parking lot cleaning and/or tree removal.



	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget	PROPOSED
	2005	2006	2006	2007
REVENUES				
Charges for Services:				
Services & Materials	\$0	\$26,000	\$26,000	\$26,000
Equipment Rental	454,565	450,000	578,200	534,000
Miscellaneous				
Interest Income	18,692	100	1,000	0
Sale of Surplus Material	403	2,000	0	0
Surplus	12,260	0	56,100	0
TOTAL REVENUES	\$485,920	\$478,100	\$661,300	\$560,000
EXPENSES				
Administration	\$561,851	\$553,400	\$602,900	\$556,500
Public Works Administration	26,800	24,000	24,000	25,300
Outside Work	17,358	19,200	23,600	25,000
Building & Grounds	6,624	7,500	10,800	4,600
TOTAL EXPENSES	\$612,633	\$604,100	\$661,300	\$611,400
NET ASSETS AT YEAR END				
Change in Net Assets	(\$126,713)	(\$126,000)	(\$56,100)	(\$51,400)
Total Net Assets - Beginning of Year	934,453	807,740	681,740	681,740
TOTAL NET ASSETS - END OF YEAR	\$807,740	\$681,740	\$625,640	\$630,340

Equipment Rental is responsible for 100% of the revenues for 2006-2007. This increase from the previous year is a result of declining interest rates and increasing gasoline prices. Over 150 pieces of equipment are in this fund ranging from plow trucks to trailers. In addition to equipment, the Stores and Garage Fund is responsible for the City inventory of items such as salt, salt/sand mix and other items used on a regular basis. This fund has deficits planned each year in an effort to reduce the size of the Retained Earnings. The trucks used by Public Works Superintendents have been leased.

Fiscal Year Ending June 30,				
EXPENSES	AUDIT 2005	Budget		
		ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
Administration				
Salaries - Supervisory	\$24,367	\$0	\$0	\$0
Salaries - Regular	104,116	145,000	135,600	139,900
Salaries - Part Time	80	0	0	0
Fringes	98,084	89,000	72,500	69,700
Operating Supplies	83,055	80,000	72,900	79,900
Property Taxes	0	1,800	1,700	0
Contractual Services	1,950	500	900	1,000
Legal	300	0	0	0
Audit	3,000	3,000	3,000	3,000
Data Processing	20,644	21,000	21,000	21,000
Travel & Education	418	1,600	2,200	2,200
Insurance	18,237	18,000	16,500	20,000
Utilities	21,231	21,000	19,500	25,700
Telephone	568	600	600	600
Equipment Rental	116	0	0	0
Employee Safety	900	900	900	900
Administration	44,000	44,000	44,000	47,400
Depreciation	114,312	110,000	185,000	117,000
Equipment Maintenance	17,384	8,000	17,000	18,600
Vehicle Lease	9,088	9,000	9,600	9,600
Total Administration	\$561,851	\$553,400	\$602,900	\$556,500
Public Works Administration				
Salaries & Wages	\$14,084	\$14,700	\$15,000	\$15,000
Fringes	8,778	7,000	7,300	8,200
Office Supplies	125	100	0	0
Data Processing	2,600	0	0	0
Telephone	505	500	400	500
Travel & Education	0	1,000	1,000	900
Equipment Rental	708	700	300	700
Total Public Works Administration	\$26,800	\$24,000	\$24,000	\$25,300

Administrative salaries are divided among several funds and this fund has an allocation of:

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

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget	PROPOSED
	2005	2006	CURRENT 2006	2007
EXPENSES (Cont.)				
Outside Work				
Salaries	\$5,399	\$5,000	\$6,900	\$8,400
Fringes	2,508	3,200	3,900	4,800
Supplies	5,014	6,500	4,700	4,900
Equipment Rental	4,437	4,500	8,100	6,900
Total Outside Work	\$17,358	\$19,200	\$23,600	\$25,000
Building & Grounds				
Salaries	\$2,239	\$2,000	\$1,900	\$2,200
Fringes	1,128	1,200	1,300	1,300
Operating Supplies	116	100	100	100
Contractual Services	366	1,200	1,600	1,000
Repair and Maintenance	2,508	2,600	5,500	0
Equipment Rental	267	400	400	0
Total Building & Grounds	\$6,624	\$7,500	\$10,800	\$4,600
TOTAL EXPENSES	\$612,633	\$604,100	\$661,300	\$611,400



Source and Use of Funds For Capital Improvements

2006-2007

Source of Funds:

Investments	\$213,600	
Total Source of Funds		\$213,600

Use of Funds:

Equipment:

Underbody Plow Truck	\$98,000
Snow Bucket	5,500
Wing Plow	5,100
Front End Loader	105,000

Total Use of Funds	\$213,600
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Cash Flow Analysis

2006-2007

ADDITIONS:

Depreciation	\$117,000
Net Income (Loss)	(51,400)

TOTAL ADDITIONS	\$65,600
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DEDUCTIONS:

Capital Items	\$213,600
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TOTAL DEDUCTIONS	\$213,600
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NET INCREASE (DECREASE) OF AVAILABLE CASH	(\$148,000)
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GASOLINE USAGE

<u>2001-2002</u>				<u>2002-2003</u>			
<u>Month</u>	<u>Gallons</u>	<u>Dollars</u>	<u>Cost Per Gallon</u>	<u>Month</u>	<u>Gallons</u>	<u>Dollars</u>	<u>Cost Per Gallon</u>
<u>2001</u>				<u>2002</u>			
July	1,658.236	\$1,501.09	\$0.91	July	1,755.600	\$1,577.56	\$0.90
August	1,865.857	\$1,896.41	\$1.02	August	1,648.700	\$1,447.88	\$0.88
September	1,580.111	\$1,756.37	\$1.11	September	1,416.700	\$1,302.12	\$0.92
October	2,352.107	\$2,147.26	\$0.91	October	1,890.000	\$1,860.65	\$0.98
November	1,401.810	\$1,080.95	\$0.77	November	1,528.300	\$1,400.72	\$0.92
December	1,809.482	\$1,219.19	\$0.67	December	1,776.300	\$1,599.44	\$0.90
<u>2002</u>				<u>2003</u>			
January	2,655.356	\$1,769.49	\$0.67	January	3,404.900	\$3,282.16	\$0.96
February	2,456.614	\$1,696.06	\$0.69	February	3,609.900	\$4,212.98	\$1.17
March	3,576.803	\$2,765.91	\$0.77	March	2,081.100	\$2,442.38	\$1.17
April	1,191.858	\$1,108.88	\$0.93	April	2,236.400	\$2,237.74	\$1.00
May	2,259.600	\$1,920.92	\$0.85	May	1,938.700	\$1,860.01	\$0.96
June	1,772.400	\$1,489.36	\$0.84	June	1,879.200	\$1,846.07	\$0.98
Total 01-02	24,580.234	20,351.890	\$0.83	Total 02-03	25,165.800	25,069.710	\$1.00
Average Month	2,048.353	\$1,695.99	\$0.83	Average Month	2,097.150	\$2,089.14	\$1.00

<u>2003-2004</u>				<u>2004-2005</u>			
<u>Month</u>	<u>Gallons</u>	<u>Dollars</u>	<u>Cost Per Gallon</u>	<u>Month</u>	<u>Gallons</u>	<u>Dollars</u>	<u>Cost Per Gallon</u>
<u>2003</u>				<u>2004</u>			
July	1,878.600	\$1,844.13	\$0.98	July	1,991.500	\$2,654.37	\$1.33
August	1,683.300	\$1,829.99	\$1.09	August	1,693.300	\$2,299.32	\$1.36
September	1,314.400	\$1,337.77	\$1.02	September	1,305.900	\$1,797.07	\$1.38
October	2,063.600	\$2,102.18	\$1.02	October	1,570.100	\$2,468.57	\$1.57
November	1,311.600	\$1,278.43	\$0.97	November	1,491.300	\$2,151.11	\$1.44
December	1,907.000	\$1,875.68	\$0.98	December	3,179.200	\$4,231.08	\$1.33
<u>2004</u>				<u>2005</u>			
January	4,889.900	\$5,315.63	\$1.09	January	3,031.200	\$4,125.12	\$1.36
February	3,952.100	\$4,314.08	\$1.09	February	2,350.300	\$3,405.52	\$1.45
March	1,655.000	\$1,941.65	\$1.17	March	1,799.400	\$2,879.34	\$1.60
April	1,647.500	\$2,058.92	\$1.20	April	1,991.300	\$3,296.38	\$1.66
May	2,021.600	\$2,761.19	\$1.37	May	1,925.900	\$3,014.71	\$1.57
June	2,004.900	\$2,604.66	\$1.40	June	1,891.000	\$3,128.38	\$1.65
Total 03-04	26,329.500	29,264.310	\$1.11	Total 04-05	24,220.400	35,450.970	\$1.46
Average Month	2,194.125	\$2,438.69	\$1.11	Average Month	2,018.367	\$2,954.25	\$1.46

Over half a million dollars will be spent in the next four years to replace the worn out equipment in the fleet. By planning the purchase of new equipment this fund can efficiently manage the maintenance and the appearance of the equipment. The equipment purchased in 2006 will slightly reduce the anticipated maintenance costs of the fleet.

Robert J. Johnson
Director of Public Works



The Director of Public Works reviews the fleet annually and recommends replacements and upgrades that are necessary to maintain a sufficient equipment inventory. Listed below are the anticipated Capital Improvements for the next four fiscal years July 1, 2007 through June 30, 2011.

<u>2010-2011</u>	
Duopatcher	\$49,000
Crack Sealer	\$39,500
Pickup Truck	19,500
Dump Truck	<u>\$29,500</u>
Total	\$137,500

<u>2009-2010</u>	
Wood Chipper	\$91,000
Pickup Truck	30,500
	<u>18,500</u>
Total	\$140,000

<u>2007-2008</u>	
Underbody Plow	\$6,000
Sidewalk Tractor	38,500
Salt Storage Building	100,000
Patch Trailer	19,500
Pickup Truck	<u>20,000</u>
Total	\$184,000

<u>2008-2009</u>	
Underbody Plow	\$6,000
Street Sweeper	<u>160,000</u>
Total	\$166,000

Data Processing Fund



***2006-2007
Annual Operating Budget***

Data Processing Fund

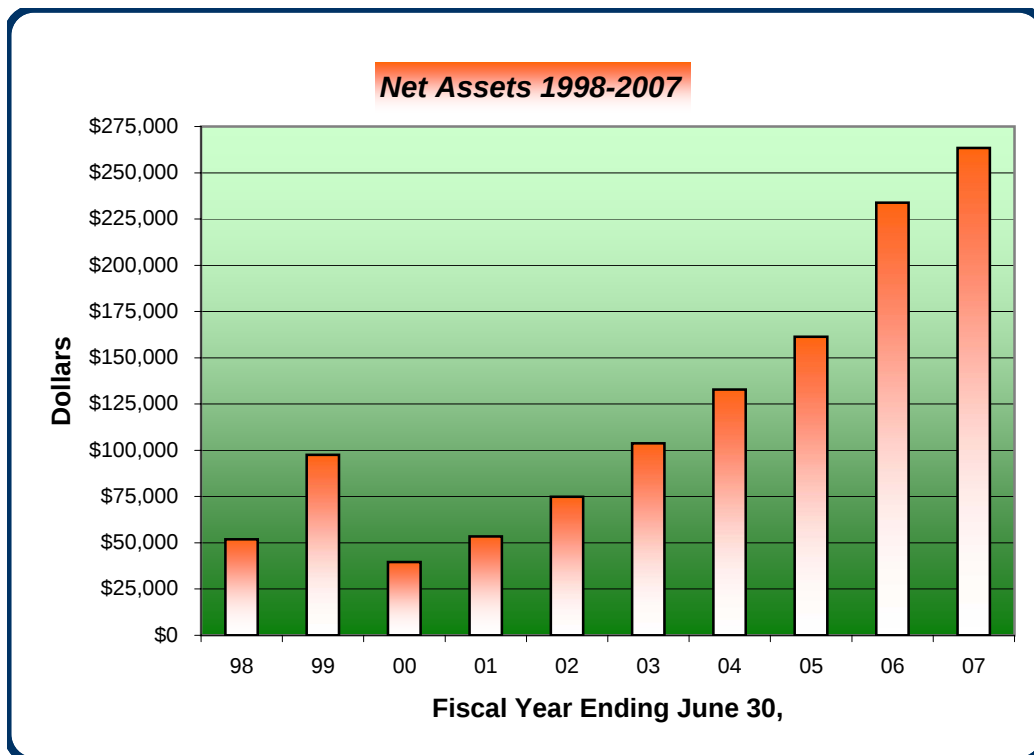


Jeff Strong
Information Systems Director

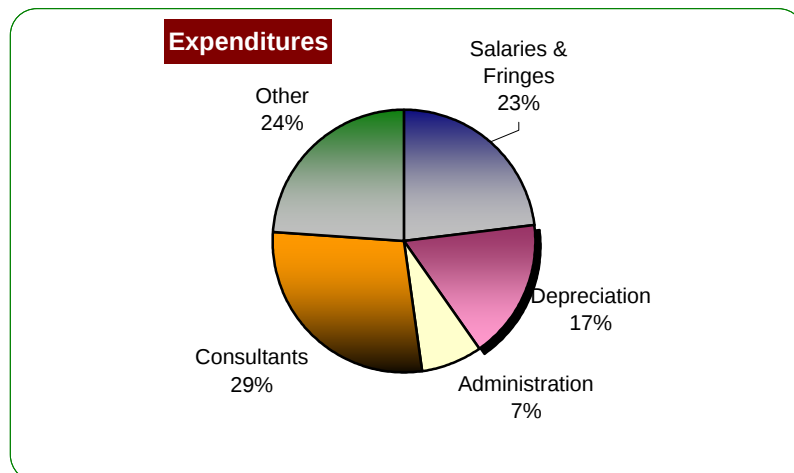
The City of Cadillac is fully computerized and reliant upon the systems dependability and efficiency. Since our community is several miles away from a major computer repair center, the decision to standardize hardware on Dell has been beneficial. The reliability of the equipment and quick service has been advantageous.

Mr. Jeff Strong heads our professional staff. As our Information Systems Director he has responsibilities ranging from review of programs to assisting with the maintaining of equipment.

Currently the computer operation has 60 personal computers, 26 printers, seven servers and an IBM AS/400.



	Fiscal Year Ending June 30,			
	Budget			
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
REVENUES				
Intergovernmental Services	\$251,600	\$296,800	\$296,800	\$300,800
Interest Income	223	2,500	1,300	2,500
Sale of Property	0	1,700	0	1,500
TOTAL REVENUES	\$251,823	\$301,000	\$298,100	\$304,800
EXPENDITURES				
Operating	\$223,339	\$228,400	\$294,500	\$275,200
Other Uses	\$34	\$0	\$0	\$0
TOTAL EXPENDITURES	\$223,373	\$228,400	\$294,500	\$275,200
NET ASSETS AT YEAR END				
Change in Net Assets	\$28,450	\$72,600	\$3,600	\$29,600
Total Net Assets - Beginning of Year	132,839	161,289	233,889	233,889
TOTAL NET ASSETS - END OF YEAR	\$161,289	\$233,889	\$237,489	\$263,489



Fiscal Year Ending June 30,				
Budget				
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Intergovernmental				
General Fund				
City Manager	\$2,800	\$3,200	\$3,200	\$3,200
Administrative Services	2,800	3,200	3,200	3,200
Finance	13,200	16,000	16,000	16,000
Assessor	40,000	46,400	46,400	46,400
Treasurer	33,000	39,000	39,000	39,000
Police	41,800	50,000	50,000	50,000
Fire	6,600	7,700	7,700	7,700
Engineering	13,200	16,000	16,000	16,000
Planning and Zoning	2,800	3,200	3,200	3,200
Water	39,400	46,000	46,000	50,000
Stores and Garage	16,500	21,000	21,000	21,000
Major Street	15,300	17,000	17,000	17,000
Auto Parking	2,900	2,900	2,900	2,900
Local Street	11,600	14,000	14,000	14,000
Community Development	3,500	4,000	4,000	4,000
Cemetery	3,300	4,000	4,000	4,000
Building Inspector	2,900	3,200	3,200	3,200
Total Intergovernmental	\$251,600	\$296,800	\$296,800	\$300,800
Other				
Interest Income	\$223	\$2,500	\$1,300	\$2,500
Sale of Property	0	1,700	0	1,500
Total Other Revenues	\$223	\$4,200	\$1,300	\$4,000
TOTAL REVENUE	\$251,823	\$301,000	\$298,100	\$304,800

<i>Fiscal Year Ending June 30,</i>				
Budget				
AUDIT	ESTIMATED	CURRENT	PROPOSED	
2005	2006	2006	2007	
<u>EXPENDITURES</u>				
Operating				
Salaries	\$43,220	\$44,000	\$44,000	\$43,200
Fringes	16,764	18,000	18,600	20,200
Office Supplies	3,441	7,000	17,000	11,900
Hardware & Accessories	2,742	9,400	2,000	0
Audit	800	800	1,000	800
Programming (1)	75,791	80,000	54,000	78,000
Liability Insurance	152	200	300	200
Dues & Publications	163	200	200	200
Telephone	561	600	500	600
Travel and Education	212	3,000	2,200	2,000
Repair and Maintenance	2,403	3,000	8,500	5,000
Depreciation	58,989	41,000	45,000	47,500
Administration	18,100	21,200	21,200	20,300
Capital Outlay	0	0	80,000	45,300
Total Operating	\$223,339	\$228,400	\$294,500	\$275,200
Other Uses				
Lease Payment Interest	\$34	\$0	\$0	\$0
TOTAL EXPENDITURES & OTHER USES	\$223,373	\$228,400	\$294,500	\$275,200

(1) Programming

Costs in this line item are derived from a number of sources. First, the new software system implemented throughout 2004 and 2005 requires an annual subscription to ongoing support and maintenance. This will be approximately \$28,000 in 2007. The City has also undertaken an aggressive re-working of its computer network and so an additional amount is allocated to cover the costs of a professional network consultant, which will constitute about \$30,000 in 2007. An additional \$7,500 is spent on the City's dedicated T-1 line, providing high speed internet access and electronic communication capabilities to City departments. The remaining allocation is to fund ongoing software needs throughout the year.

Source and Use of Funds For Capital Improvements

2006-2007

Source of Funds:

Investments - Unrestricted	\$45,300
Investments	

Total Source of Funds	\$45,300
------------------------------	----------

Use of Funds

Tax Collection Server	\$5,000
Firewall	\$5,300
Computer Replacement	25,000
GIS Utility Software	10,000

Total Use of Funds	\$45,300
---------------------------	----------

Cash Flow Analysis

2006-2007

Additions

Depreciation	\$47,500
Net Income (Loss)	29,600

Total Additions	\$77,100
------------------------	----------

Deductions

Capital Items	45,300
---------------	--------

Total Deductions	\$45,300
-------------------------	----------

Net Increase in Available Cash	\$31,800
---------------------------------------	-----------------

Self-Insurance Fund

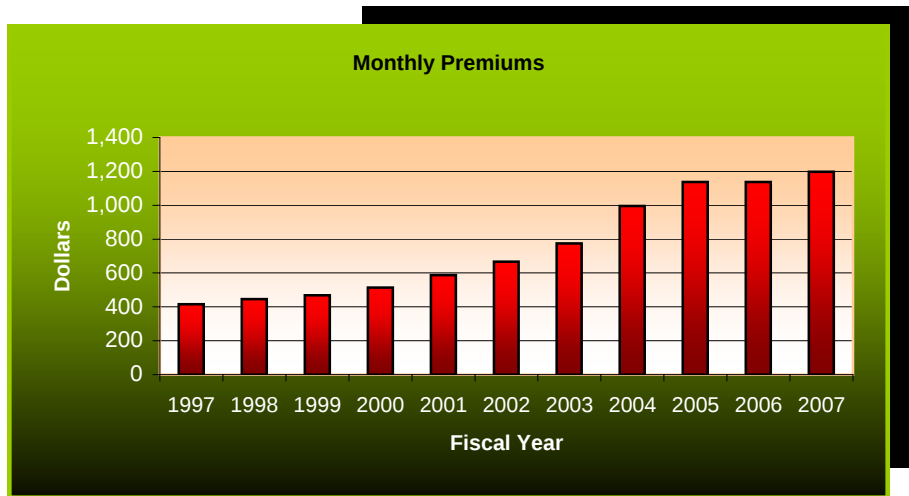


***2006-2007
Annual Operating Budget***

Self-Insurance Fund

This fund provides for the health and life insurance of all City employees and their families, as well as recent retirees. The various funds within the City are charged an employer contribution rate equivalent to the following on a per month per employee cost basis:

Fiscal Year Ending June 30,	Hospitalization	Dental	Optical	Life	Monthly Total
1997	358	28	15	14	415
1998	388	35	8	15	446
1999	422	35	8	4	469
2000	464	38	8	4	514
2001	534	40	9	4	587
2002	614	40	9	4	667
2003	718	43	9	4	774
2004	934	47	10	5	996
2005	1,075	48	10	5	1,138
2006	1,075	48	10	5	1,138
2007	1,129	50	11	8	1,198



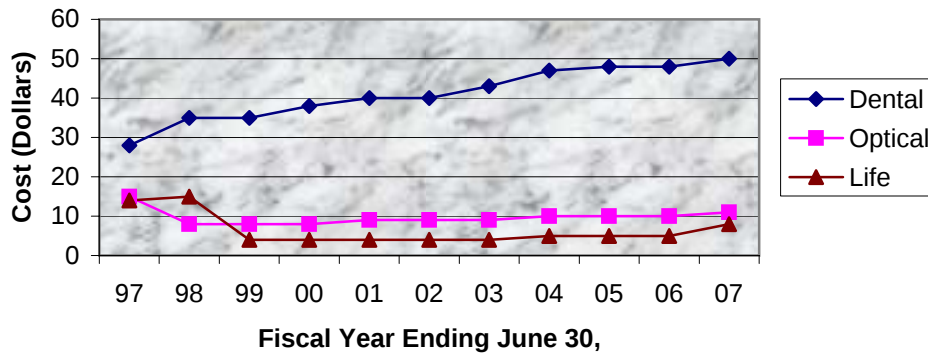
**5.1 %
increase over 2006**

The City also provides for a small life insurance policy for qualified retirees. A \$2,500 policy is provided to all retired employees except the non-union employees, who receive a \$2,500 policy if retired before July 1, 1999, a \$4,500 policy if retired between July 1, 1999 and June 30, 2000, or a \$5,500 policy if retired after July 1, 2000. The fire personnel who retire after July 1, 1993 receive a \$3,500 policy, while those retiring after July 1, 1994 receive a \$4,500 policy. The benefit is paid to the employees' estate upon their death.

	Fiscal Year Ending June 30,			
	Budget			
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
REVENUES				
Employer Contributions	\$890,053	\$900,000	\$1,057,700	\$894,000
Employer Contributions-Dental	44,350	45,000	47,300	46,000
Employer Contributions-Optical	9,240	8,500	10,600	9,600
Employer Contributions-Life	7,003	7,000	7,100	7,100
Employee Contribution	29,435	42,000	7,000	42,900
Interest Income	19,149	15,000	10,000	15,000
Refunds	0	0	0	0
TOTAL REVENUES	\$999,229	\$1,017,500	\$1,139,700	\$1,014,600
EXPENDITURES				
Audit	\$400	\$400	\$600	\$400
Reinsurance Premiums	520,300	500,000	\$525,000	600,000
Administration	14,031	14,000	\$27,000	15,000
Benefit Payments				
Health Insurance	291,529	290,000	\$290,000	300,000
Life Insurance	11,560	3,500	3,100	4,800
TOTAL EXPENDITURES	\$837,820	\$807,900	\$845,700	\$920,200
NET ASSETS AT YEAR END				
Change in Net Assets	\$161,408	\$209,600	\$294,000	\$94,400
Total Net Assets - Beginning of Year	540,036	701,444	911,044	911,044
TOTAL NET ASSETS - END OF YEAR	\$701,444	\$911,044	\$1,205,044	\$1,005,444

The City self-insures the medical claims of each employee and their family up to an annual total of \$10,000. If the claim exceeds the \$10,000 limit, a Blue Cross Med-Wrap plan will then take over coverage.

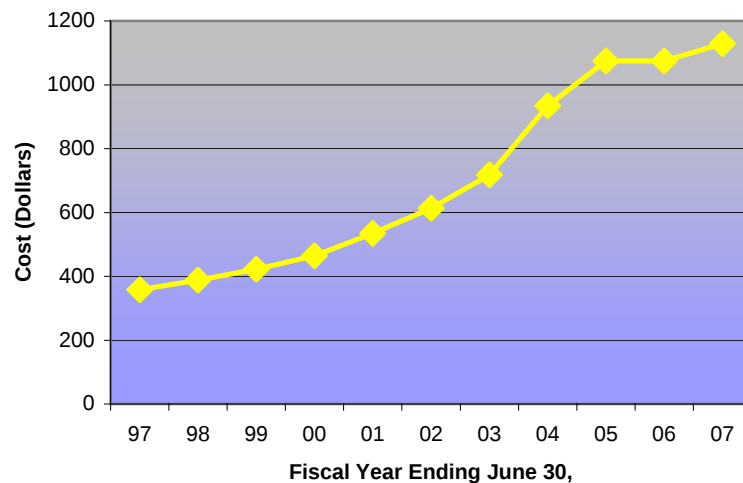
**Monthly Rates
1997-2007**



City medical costs have increased in the past at a slower pace than the medical inflation rate.

In 2006-2007, the medical rates are proposed to reflect a modest increase as health claims have remained lower than expectations as well as the cost of reinsurance premiums. This fund has provided the City with the flexibility to either increase or reduce rates in the face of a fluctuating market. In the current economic environment the decision to develop a self-insurance fund has been beneficial. The Fund Balance is proposed to grow to offset any unforeseen increases in medical costs.

**Monthly Rates
1997-2007
Basic & Master Medical**



Safety Fund



***2006-2007
Annual Operating Budget***

Safety Fund

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. The Safety Committee meets frequently to discuss and address safety issues, evaluate training, and review on the job accidents.

The Safety Coordinator also ensures 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.

Employee safety is a priority at the City of Cadillac. In 2005, City of Cadillac employees logged more than 200,000 productive hours, with 3 lost time days due to injury or less than 1% of lost production due to injury.

The Fire Department accounted for the total lost time days due to injury in 2005. Two days of lost time injuries were back related and one day as a result of an ankle injury. Back safety training program has been offered to all city employees. The program focused on the anatomy of the back, proper lifting techniques, and exercises to aid with flexibility and injury reduction.

The Safety Committee held regular meetings with the employee safety committee, and brief but regular refresher training on important safety topics.

Tremendous accomplishment!						
Lost Time Days						
Department	2000	2001	2002	2003	2004	2005
Administration	0	0	1	0	1	0
Fire	77	0	0	11	72	3
Police	29	0	98	2	0	0
Public Works	11	0	0	0	0	0
Utilities	0	0	10	0	0	0
Total	117	0	109	13	73	3

Mission Statement

Enhance employee performance by assisting employees in maintaining the highest possible level of health and safety.

Goals: 2005-2006

1. Coordinate MIOSHA CET preventative inspection. *Accomplished- inspection performed*
2. Reduce lost time injuries through education, investigation, and inspection. *Accomplished - reduced to 3 lost days*
3. Schedule and coordinate training for all city employees regarding health and safety. *Accomplished*
4. Inventory safety training materials and add additional programs as recommended by the committee. *Accomplished*

Goals: 2006-2007

1. Decrease reportable injuries by 25%.
2. Continue monthly safety newsletter
3. Schedule and coordinate health and safety training for all city employees.

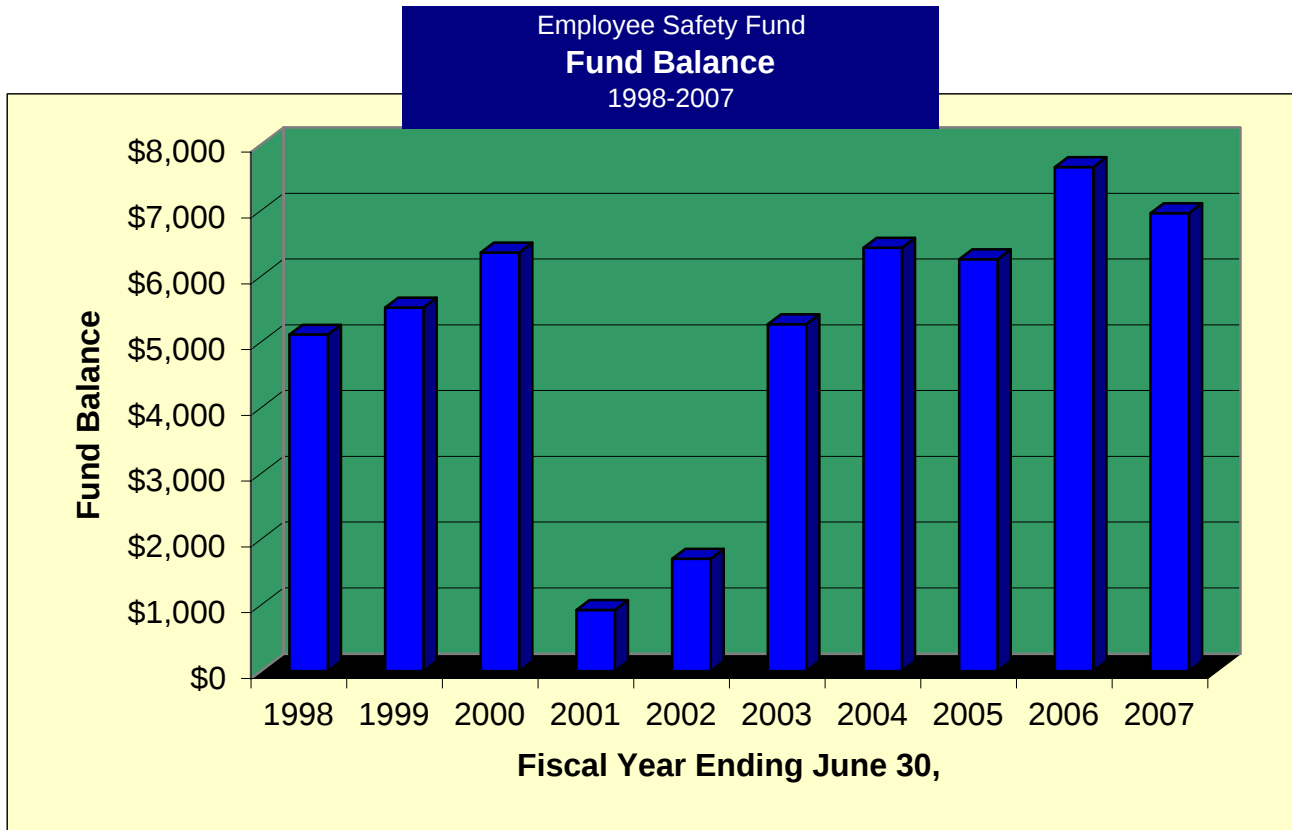
Fiscal Year Ending June 30,

	Budget			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
<u>REVENUES</u>				
Interest Income	\$83	\$200	\$0	\$0
General Fund	3,200	3,200	3,200	3,200
Water Fund	1,200	1,200	1,200	1,200
Stores & Garage Fund	900	900	900	900
Surplus	0	0	0	700
TOTAL REVENUES	\$5,383	\$5,500	\$5,300	\$6,000
<u>EXPENDITURES</u>				
Salaries and Wages	1,302	\$2,000	\$2,000	\$2,000
Operating Supplies	3,893	900	600	2,000
Audit	350	400	400	400
Dues and Publications	0	500	1,300	1,300
Travel and Education	12	300	300	300
TOTAL EXPENDITURES	\$5,557	\$4,100	\$4,600	\$6,000
NET ASSETS AT YEAR END				
Change in Net Assets	(\$174)	\$1,400	\$700	(\$700)
Total Net Assets - Beginning of Year	6,434	6,260	7,660	7,660
TOTAL NET ASSETS - END OF YEAR	\$6,260	\$7,660	\$8,360	\$6,960

Police Sergeant Dave Koenig, Safety Director

The Safety Committee is comprised of employees from various departments, with a total of 7 members.





The Fund Balance was reduced in Fiscal Year 2001 by using the excess balance to make the annual departmental contributions.

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

Major Component Unit Funds

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

Nonmajor Component Unit Funds

Downtown Development Authority (DDA) - The DDA was established through City Ordinance under Act 197 of the Public Acts of Michigan of 1975. The City Council determined that it was necessary and in the best interest of the City to halt property value deterioration, to eliminate the causes and to promote economic growth in the downtown area. The members of the board of the DDA are appointed by the City Council. Its operational and capital budgets and bonded debt must be approved by the City Council. The DDA is authorized to impose an ad valorem tax (2 mill maximum) on all taxable property within the established DDA district. The DDA is a volunteer organization.

Downtown Development Authority Capital Projects Fund - This fund was established to provide a source of revenue for the DDA to undertake various capital and public infrastructure improvements within the DDA Development District.

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

Brownfield Redevelopment Authority - This fund identifies contaminated sites and remediates them, as well as provides the financing to do so. This fund was established pursuant to Michigan Public Act 381 of 1996.

Component Unit Funds Summary

2006-2007	Major Fund	Nonmajor Funds	
	Local Development Finance Authority Operating	Downtown Development Authority	Downtown Development Authority Capital Projects
<u>Revenues</u>			
Tax Revenues	\$175,000	\$32,300	\$105,000
Interest Income	53,400	200	500
Management Fees		5,000	
Water Revenues			
Contributions		3,000	
Loan Proceeds			
Surplus	43,550	2,000	
Total Revenues	\$271,950	\$42,500	\$105,500
<u>Expenditures</u>			
Salaries - Regular	\$12,500	\$20,500	
Salaries - Part Time		2,000	
Fringes	6,650	3,700	
Operating Supplies	10,000	500	
Chemicals	200		
Carbon	3,000		
Postage		500	
Contractual Services	39,000	8,500	\$50,000
Audit	400	700	400
Publisher's Costs		1,000	
Travel		100	
Downtown Marketing		5,000	
Loan Repayment			
Capital Outlay			
Principal Payment			20,000
Interest Payment			10,000
Contracted Lab Costs	38,000		
Utilities	121,000		
Repair & Maintenance	9,200		
Engineering Fees	32,000		
Depreciation			
Total Expenditures	\$271,950	\$42,500	\$80,400
Excess (Deficiency) of Revenues Over Expenditures (1)	(43,550)	(2,000)	25,100
Beginning Fund Balance	1,646,531	6,187	58,900
Ending Fund Balance	1,602,981	4,187	84,000

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

2006-2007	Nonmajor Funds		Total
	Local Development Finance Authority Utilities	Brownfield Redevelopment Authority Operating	
Revenues			
Tax Revenues		\$27,800	\$340,100
Interest Income	\$3,500	\$2,000	59,600
Management Fees			5,000
Water Revenues	15,600		15,600
Contributions			3,000
Surplus			0
Total Revenues	\$19,100	\$29,800 (2)	\$423,300
Expenditures			
Salaries - Regular	\$2,300		\$35,300
Salaries - Part Time			2,000
Fringes	1,200		11,550
Operating Supplies	500		11,000
Chemicals			200
Carbon			3,000
Postage			500
Contractual Services	5,500	27,800	130,800
Audit	400	\$800	2,700
Publisher's Costs			1,000
Downtown Marketing			0
Capital Outlay			0
Principal Payment			20,000
Interest Payment			10,000
Contracted Lab Costs			38,000
Utilities			121,000
Repair & Maintenance			9,200
Engineering Fees			32,000
Depreciation	4,300		4,300
Total Expenditures	\$14,200	\$28,600	\$432,550
Excess (Deficiency) of Revenues Over Expenditures (1)	\$4,900	\$1,200	(\$9,250)
Beginning Fund Balance	\$320,938	\$99,592	\$2,132,148
Ending Fund Balance	\$325,838	\$100,792	\$2,122,898

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

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

Glimpse of Cadillac



New Condominiums overlooking Lake Cadillac



Local Development Finance Authority Operating Fund



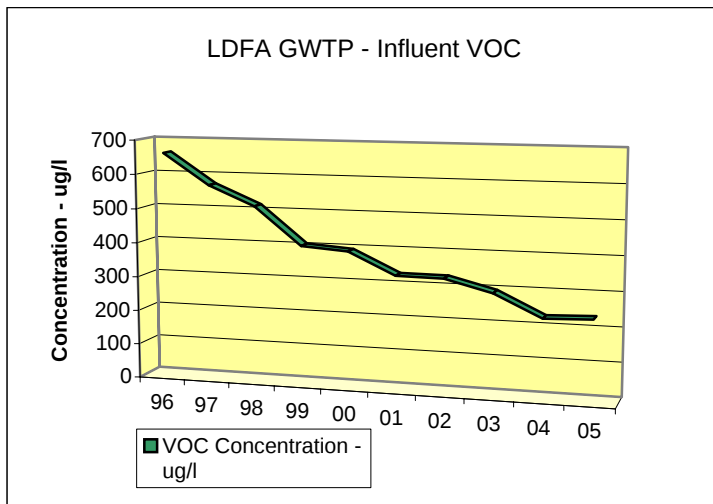
***2006-2007
Annual Operating Budget***

Local Development Financing Authority Operating Fund

The Local Development Finance Authority (LDFA) established an operating fund which reflects the operational costs of the groundwater cleanup process in the industrial park. This fund has a sole source of revenue which is the special assessments paid by the industrial community within the contaminated area. In 2002 the City Council approved the next multi-year assessment. The cleanup process of the groundwater is a benefit to the industrial park area and is not intended to identify any plant or organization as contaminating the groundwater but instead presents a positive solution to an existing challenge. The City Council approves the special assessment roll based on acreage owned by a property owner which establishes a corresponding percentage of the total operational costs to effectively monitor the clean-up. Fiscal year 2007 will be the thirteenth full year the plant has been in operation.

The purge and treat system was constructed during 1995 and 1996 with start-up in September of 1996. System design includes a chromium removal process and dual stage air stripping for volatile organic chemical (VOC) removal. Maximum design flow for the treatment system is 3.2 million gallons per day (MGD). During 2005 the daily average was 2.4 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 over 200 ppb. (One part per billion is approximately equal to one second in 32 years.) Chromium concentrations have been reduced to clean-up criteria and U.S.EPA has been petitioned for closure of the chromium treatment process.



Board of Directors:

Peter D. Stalker - Chairperson
David Crooks - Vice Chairperson
Jack Benson
Paul Liabenow
Steve Frisbie
Bill Tencza
Dennis Brovont
Jim Petersen
Pat Briggs

City Manager, City of Cadillac
Attorney
Retired Bank President
Superintendent, Cadillac Area Public Schools
Owner, Frisco Management
President, Cadillac Area Chamber of Commerce
President, Michigan Rubber Products
Retired Bank President
Assistant Superintendent of Operations and
Personnel, Cadillac Area Public Schools

<i>Fiscal Year Ending June 30,</i>				
	AUDIT 2005	Budget		PROPOSED 2007
		ESTIMATED 2006	CURRENT 2006	
REVENUES				
Tax Revenue	\$151,375	\$168,000	\$175,000	\$175,000
Penalties & Interest	7	1,200	400	400
Interest Income	52,786	40,000	41,000	53,000
Surplus	0	0	58,700	43,550
TOTAL REVENUES	\$204,168	\$209,200	\$275,100	\$271,950
EXPENDITURES				
Salaries and Wages - Regular	\$11,967	\$14,200	14,500	12,500
Fringes	5,920	6,500	7,200	6,650
Operating Supplies	9,864	10,000	18,500	10,000
Chemicals	0	200	2,000	200
Contractual Services	34,513	14,000	19,000	33,000
Legal Contractual Services	5,810	6,000	10,000	6,000
Audit	400	400	400	400
Contracted Lab Costs	39,477	36,000	36,000	38,000
Utilities	101,434	10,000	106,000	121,000
Carbon	0	1,000	3,000	3,000
Repair & Maintenance	16,880	10,000	8,500	9,200
Engineering Fees	0	25,000	50,000	32,000
Interest on Tax Repayments to County (2)	99,287	0	0	0
TOTAL EXPENDITURES	\$325,553	\$133,300	\$275,100	\$271,950
FUND BALANCE				
Excess (Deficiency) of Revenues over Expenditures	(\$121,385)	\$75,900	(\$58,700)	(\$43,550)
Fund Balance - Beginning of Year	1,692,016	1,570,631	1,646,531	1,646,531
FUND BALANCE AT YEAR END	\$1,570,631	\$1,646,531	\$1,587,831	\$1,602,981

Engineering Fees

In fiscal year 2006-2007, it is proposed to close the Soil Vapor Extraction site at an estimated cost of \$50,000.

Uncollected Assessments

As of June 30, 2005, uncollected assessments exist in the amount of \$30,161: C.R. Land Development - \$28,575
Wallace Thomas - \$1,164, and Ken Blakeley - \$346.

(2) Repayment to Wexford County as a result of their paying 100% of delinquent taxes.

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

Volume of groundwater pumped and treated:

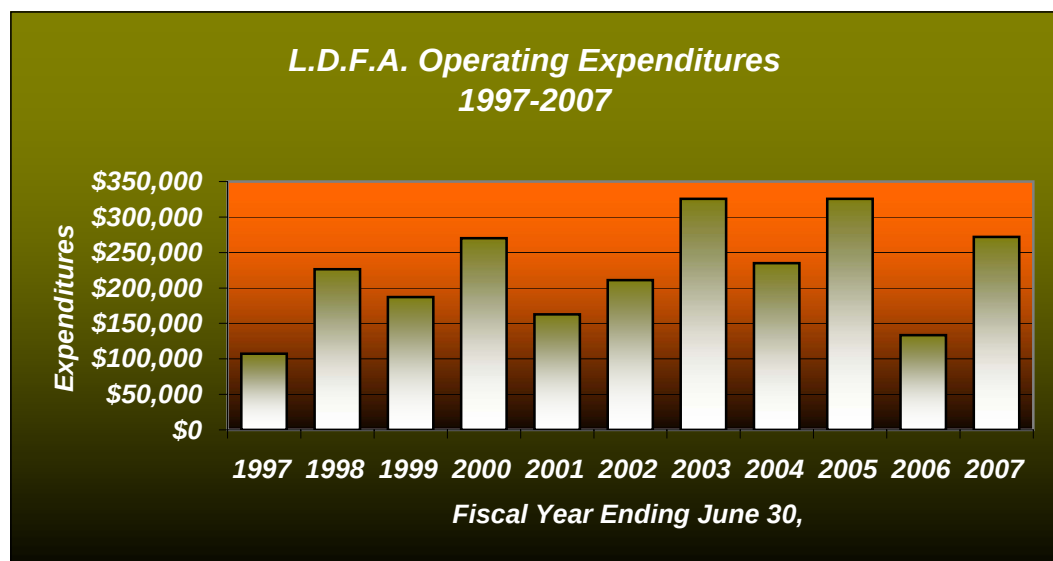
	<u>Gallons per Year</u>	<u>Gallons per Day</u>
1996	324,520,000	2,660,000
1997	967,100,000	2,650,000
1998	924,000,000	2,530,000
1999	889,330,000	2,436,500
2000	880,000,000	2,410,000
2001	870,180,000	2,384,000
2002	845,000,000	2,315,100
2003	851,000,000	2,331,500
2004	878,600,000	2,407,100
2005	853,850,000	2,339,300

Estimated pounds of volatile organics stripped from the water:

1996	1,635 pounds at start up 9/1/96	2001	2,402 pounds per year
1997	4,840 pounds per year	2002	2,322 pounds per year
1998	3,466 pounds per year	2003	2,090 pounds per year
1999	2,761 pounds per year	2004	1,715 pounds per year
2000	2,628 pounds per year	2005	1,673 pounds per year

Hours spent in operation and maintenance:

1996	323 hours for four months	2001	770 hours
1997	750 hours	2002	890 hours
1998	580 hours	2003	940 hours
1999	380 hours	2004	970 hours
2000	435 hours	2005	830 hours



Downtown Development Authority Operating Fund



***2006-2007
Annual Operating Budget***

Cadillac Downtown Development Authority

Purpose: The volunteer board members of the Cadillac Downtown Development Authority (DDA) are charged with the responsibility of encouraging economic development and halting declining property values in the Downtown Development District, for the benefit of the Downtown District's businesses and the community at large, as prescribed according to the provisions of Public Act 197 of 1975 (as amended). The DDA's purpose is to use its various resources to invest in the Downtown Development District and fund public improvements that will spur additional private investment and development in the downtown area. This economic development purpose requires the DDA to recognize the infrastructure and marketing needs of the downtown, and then to prioritize and act upon those needs so that the downtown will incur economic growth as a result.

Objectives: The objective of the Cadillac DDA is to promote economic development and halt deteriorating property values within the DDA Development District by undertaking public improvements, planning and marketing for the area. These activities shall meet public purposes and be financially supported by legally ascribed funding methods. The DDA shall also work with other organizations such as the Downtown Fund, the Downtown Cadillac Association, and the City of Cadillac to pool resources and coordinate development efforts whenever possible.

DDA Staff: The DDA employs a director with the assistance from the City of Cadillac. Ms. Precia Garland has served as DDA Director since May, 1992. She holds a Master of Public Administration degree from Central Michigan University. Prior to coming to the City, Mrs. Garland worked as an Administrative Intern for the City of Mt. Pleasant for nearly two years. Approximately 35% of her time is spent with the DDA program. In addition, during the summer months a part-time summer employee is hired to clean and monitor the downtown area to enhance the image of our community.

There are 315 parcels of property within the Downtown Development District (including real and personal property) on which taxes are paid. These parcels are anticipated to generate \$31,800 in property tax revenue from the DDA's two mill levy, which averages \$101 per parcel of property taxes paid per year in the district. The State of Michigan Department of Environmental Quality pays this fund for oversight of the building they rent from the City of Cadillac at 120 W. Chapin Street.

Overview of the 2005-2006 Strategic Plan:

The Downtown Development Authority (DDA) Board shall:

- 1. Establish a maintenance schedule for various downtown infrastructure. Continue with annual resetting of the sunken sidewalk brick pavers and also continue employment of a downtown maintenance worker to carry out maintenance activities.**
- 2. Implement the physical improvements recommended in the Mitchell Street Corridor Study to calm downtown traffic. This includes lane re-striping, intersection bump-outs and gateway enhancements. Seek grant funds to facilitate implementation.**
- 3. Evaluate long-term physical improvements such as:**
 - Public parking lot in conjunction with Harris Milling site redevelopment;
 - Development of additional parking on east side of Mitchell Street;
 - Development of a speculative building for retail;
 - Property acquisition for future redevelopment projects.
- 4. Planning and Design issues:**
 - Undertake design/study of loading and unloading zones and short-term parking needs.
- 5. Marketing Issues:**
 - Conduct a market study oriented specifically to downtown Cadillac.
 - Develop a business retention plan with action steps to retain key downtown businesses.
 - Participate in a comprehensive marketing campaign with other organizations interested in downtown growth and redevelopment.

	Fiscal Year Ending June 30,			
	Budget			
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
REVENUES				
Interest Income	\$155	\$400	\$0	\$200
Tax Revenue	31,032	31,700	31,800	32,300
DEQ Management Fee	5,000	5,000	5,000	5,000
Contributions From Private Sources	8,805	1,000	3,000	3,000
Surplus	0	0	0	2,000
TOTAL REVENUES	\$44,992	\$38,100	\$39,800	\$42,500
EXPENDITURES				
Salaries and Wages - Regular	\$19,676	\$21,000	\$20,000	\$20,500
Salaries and Wages - Part Time	2,831	2,000	2,000	2,000
Fringes	2,523	3,500	6,700	3,700
Office Supplies	862	100	400	500
Postage	376	400	600	500
Contractual Services	8,754	7,500	8,000	8,500
Audit	700	700	700	700
Travel and Education	35	0	0	100
Publisher's Costs	691	900	1,400	1,000
Downtown Marketing	4,149	2,000	0	5,000
TOTAL EXPENDITURES	\$40,597	\$38,100	\$39,800	\$42,500
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	\$4,395	\$0	\$0	(\$2,000)
Fund Balance - Beginning of Year	1,792	6,187	6,187	6,187
FUND BALANCE AT YEAR END	\$6,187	\$6,187	\$6,187	\$4,187

Downtown Marketing Marketing Brochure \$2,000; Sign Repairs \$1,000; Retail Bounties \$2,000. These items total the 2007 budget.

Contractual Services New flower baskets are purchased each year. Funds for the purchase of the baskets and the subsequent summer flower watering are appropriated in this account.

**Cadillac Downtown Development Authority
Board of Directors**

Bill Cinco

Owner
Trend Designers

Mike Stephan

Owner
110 N. Mitchell Street

Tim Coffey

Owner
Coffey Insurance Agency

Vacant

Robert Levand - Vice Chairperson

Resident
DDA District

Vacant

Curtis Schultz

Owner
Kodiak's Coffeehouse & Deli

Peter D. Stalker - Secretary/Treasurer

City Manager
City of Cadillac

Hermann Suhs

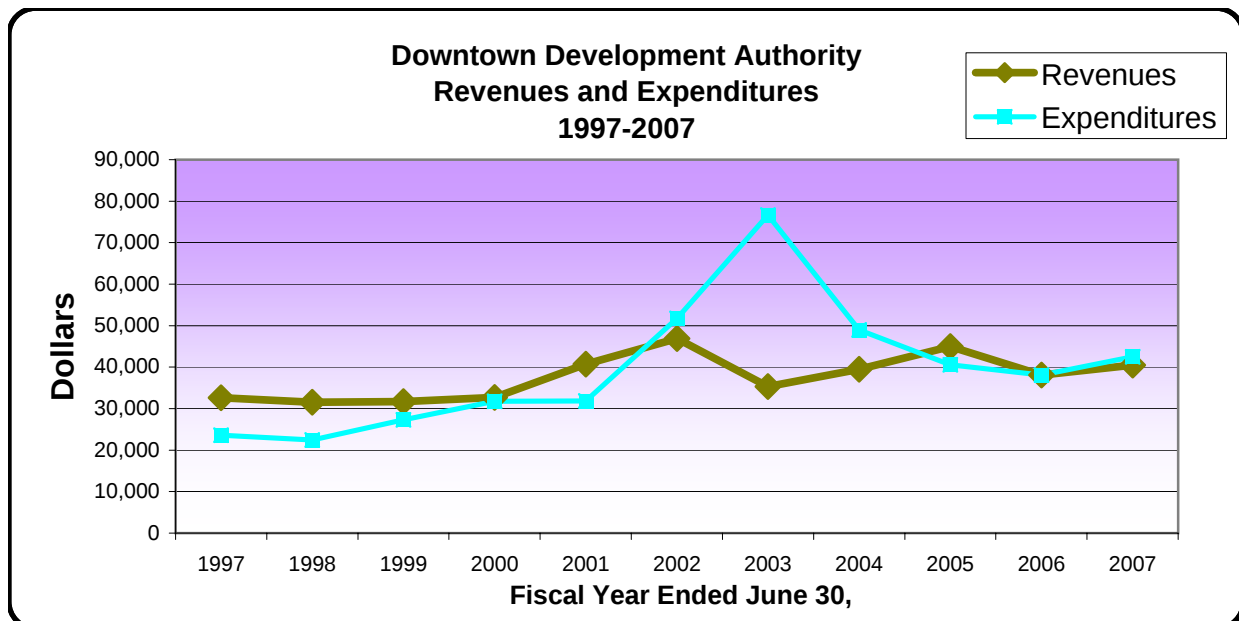
Owner
Hermann's European Café

Stephanie Trombly

Owner
Bridal Expressions

Deb Christie - Chairperson

Branch Officer
First Bank



Revenues have not exceeded expenditures since the late 1990's

Downtown Development Authority Capital Projects Fund



***2006-2007
Annual Operating Budget***

Downtown Development Authority Capital Projects Fund

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

While the plans were established in 1992, the first TIF capture was not realized until the 1996-1997 fiscal year. In order for a TIF capture to be realized, the base property value for the entire DDA Development District must be exceeded by future years property values. From 1993 to 1995, property values in the DDA Development District continued to show an overall net decline. It was not until 1996 that the district's overall property values (\$12,167,709) exceeded the 1992 base value (\$11,654,550), producing a TIF revenue capture of \$13,000 ($\$12,167,709 - \$11,654,550 \times 25.33 \text{ mills equals } \$13,000$). Since 1996, property values have steadily increased. During the 2006-2007 fiscal year, a TIF revenue capture of \$105,000 is anticipated.

In accordance with the Michigan Public Act of 1975, as amended (the DDA Act), the Cadillac DDA must spend its TIF revenues only as prescribed by law and only on projects listed in its Development Plan. Typically, these projects are of a public infrastructure nature, but can include overall district marketing efforts and some operational expenditures, as directly related to the DDA office and staff. The Cadillac DDA has detailed a number of such public improvements in its Development Plan, including additional sidewalks and lighting improvements along downtown side streets, parking lot improvements, public water and sewer improvements associated with private developments, and building acquisitions/demolitions, to name a few. In 1998, significant public parking lot improvements were completed. Limited general obligation bonds were issued by the City's Building Authority to finance the improvements. Revenues from TIF captures are now being used in part to repay this fifteen year bond issue.

The purpose of the Cadillac DDA Capital Project Fund is to receive these DDA TIF revenues and track their expenditures on Development Plan projects.

	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	CURRENT	PROPOSED
	2005	2006	2006	2007
REVENUES				
Tax Revenue	\$111,556	\$105,000	\$105,000	\$105,000
Interest Income	265	500	2,500	500
Cadillac Development Fund	1,951	0	0	0
TOTAL REVENUES	\$113,772	\$105,500	\$107,500	\$105,500
EXPENDITURES				
Office Supplies	\$69	\$0	\$0	\$0
Audit	0	400	400	400
Contractual Services	23,325	5,000	20,000	50,000
Construction	9,945	10,000	15,000	0
Transfer to Debt Retirement Fund				
Principal Payment	0	20,000	61,000	20,000
Interest Payment	0	11,200	10,000	10,000
Public Works	111,182	0	0	0
TOTAL EXPENDITURES	\$144,521	\$46,600	\$106,400	\$80,400
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	(\$30,748)	\$58,900	\$1,100	\$25,100
Fund Balance - Beginning of Year	30,748	0	58,900	58,900
FUND BALANCE AT YEAR END	\$0	\$58,900	\$60,000	\$84,000

Fiscal year 2005 construction is for streetscape improvements on Harris and South Streets

2006 fiscal year reflects construction for re-striping Mitchell St from Cass to River to implement traffic calming recommendations. Contractual Services is for traffic calming consultants and a study.

2007 contractual is for engineering services for Mitchell Street project.

Transfer to the debt retirement is to the 1997 Building Authority Debt Retirement Fund and covers the bonds issued to cover the costs of resurfacing three parking lots which were a priority on the Downtown Development Plan. Internal Loan Proceeds are funds borrowed from the Cadillac Development Fund.

CITY OF CADILLAC

TITLE OF ISSUE	1997 Building Authority Fund Bonds		
PURPOSE	Pay all or part of the cost of public parking lot improvements in the City of Cadillac		
DATE OF ISSUE	December 1, 1997		
AMOUNT OF ISSUE	\$310,000		
AMOUNT REDEEMED			
Prior to Current Period	\$105,000		
During Current Period	\$20,000	\$125,000	
BALANCE OUTSTANDING	\$185,000		

DUE DATES	REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2006	4.95%	\$20,000	\$4,728	\$24,728
April 1, 2007			\$4,234	\$4,234
October 1, 2007	5.00%	\$25,000	\$4,234	\$29,234
April 1, 2008			\$3,609	\$3,609
October 1, 2008	5.05%	\$25,000	\$3,609	\$28,609
April 1, 2009			\$2,978	\$2,978
October 1, 2009	5.10%	\$25,000	\$2,978	\$27,978
April 1, 2010			\$2,340	\$2,340
October 1, 2010	5.15%	\$30,000	\$2,340	\$32,340
April 1, 2011			\$1,568	\$1,568
October 1, 2011	5.20%	\$30,000	\$1,568	\$31,568
April 1, 2012			\$788	\$788
October 1, 2012	5.25%	\$30,000	\$788	\$30,788
		\$185,000	\$35,762	\$220,762

Local Development Finance Authority Utilities Fund



***2006-2007
Annual Operating Budget***

Local Development Financing Authority Utilities Fund

The Local Development Finance Authority (LDFA) developed a deep well to provide cooling water for the Power Plant. This water is untreated and can be used only for industrial purposes. Water is also available from the LDFA Groundwater Treatment Plant for the same purposes.

Revenue from the sale of water is used to pay for the cost of providing the water. The rates are established by the LDFA and are not part of the City's Utilities Ordinance.

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

Volume of Water Pumped (Gallons)

1997	163,720,000
1998	161,000,000
1999	158,620,100
2000	143,838,000
2001	152,795,000
2002	162,571,000
2003	168,144,588
2004	152,780,000
2005	140,912,000

Hours spent in operation and maintenance

1997	160
1998	156
1999	168
2000	154
2001	148
2002	122
2003	115
2004	170
2005	134



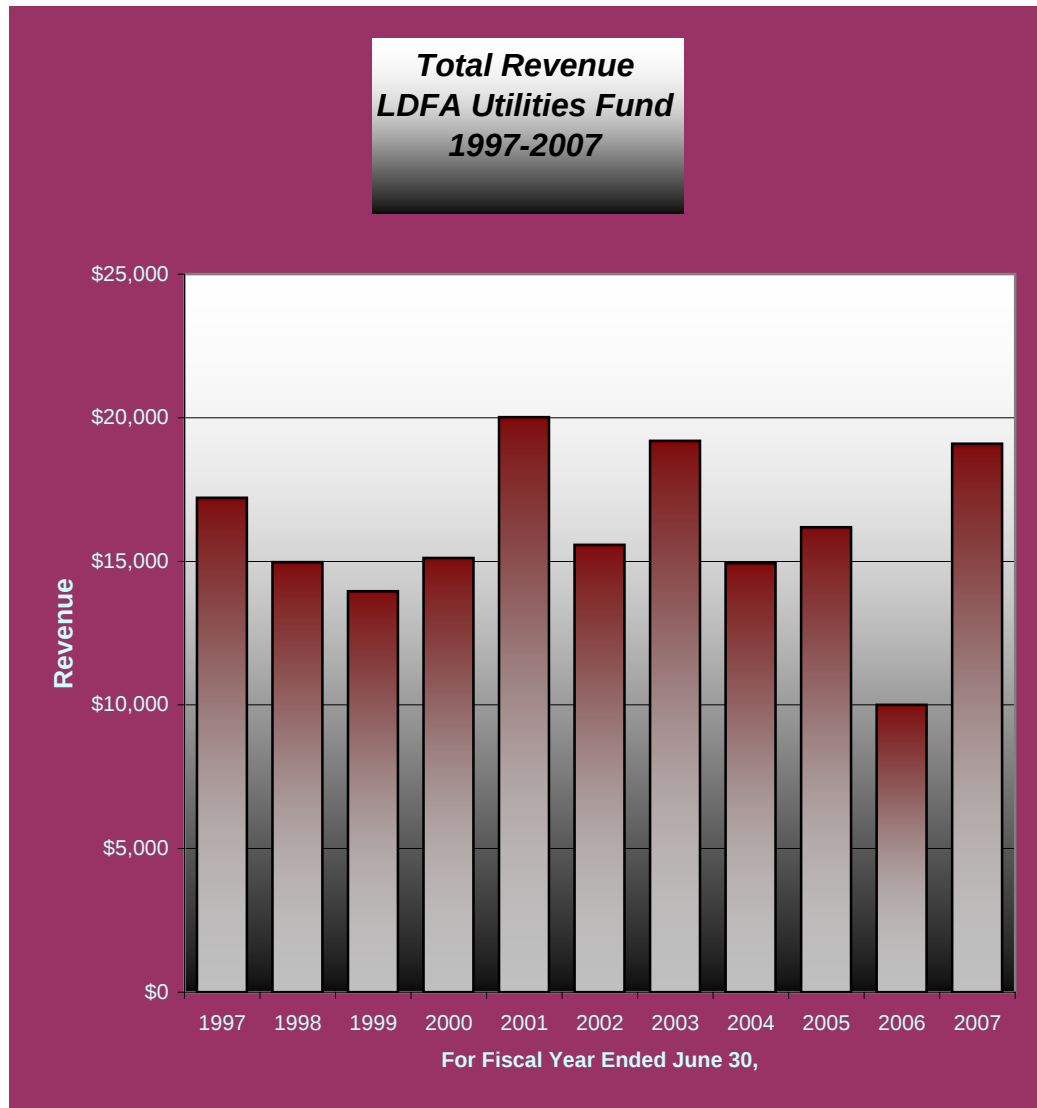
LDFA Well

LDFA Wellhouse



	Fiscal Year Ending June 30,			
	AUDIT	ESTIMATED	Budget	PROPOSED
	2005	2006	2006	2007
REVENUES				
Water Revenue	\$16,192	\$10,000	\$15,000	\$15,600
Interest Income	3,009	3,000	1,250	3,500
TOTAL REVENUES	\$19,201	\$13,000	\$16,250	\$19,100
EXPENDITURES				
Salaries and Wages - Regular	\$2,014	\$1,600	\$2,500	\$2,300
Fringes	997	800	1,300	1,200
Operating Supplies	102	200	500	500
Contractual Services	0	0	0	5,500
Audit	400	400	400	400
Depreciation	4,296	4,300	4,300	4,300
TOTAL EXPENDITURES	\$7,809	\$7,300	\$9,000	\$14,200
NET ASSETS AT YEAR END				
Change in Net Assets	\$11,392	\$5,700	\$7,250	\$4,900
Total Net Assets - Beginning of Year	303,846	315,238	320,938	320,938
TOTAL NET ASSETS - END OF YEAR	\$315,238	\$320,938	\$328,188	\$325,838

The fund balance is at a level to assist in replacement of the well or any major repairs.
Contractual Services are to replace RPZ valve.



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

Brownfield Redevelopment Authority Fund



***2006-2007
Annual Operating Budget***

Brownfield Redevelopment Fund

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

After creating the Cadillac BRA, efforts were undertaken by this new board to establish a Brownfield Redevelopment Authority Plan. The Plan was first approved on August 4, 1997 and has since been amended and re-approved twice, most recently on October 18, 1999. The Brownfield Redevelopment Plan identifies brownfields throughout the City of Cadillac, and defines "eligible activities" (i.e., environmental assessment, environmental remediation) that will be undertaken by the BRA to reduce or eliminate known contamination, so that it is economically feasible for the private sector to redevelop these properties. Eligible activities are funded through the capture of tax dollars via tax increment financing, which is enabled by the private redevelopment of Brownfield sites. It is often necessary for the City of Cadillac to front these expenses and then receive reimbursement from the BRA once private redevelopment has occurred.

At present, the Cadillac Brownfield Redevelopment Plan identifies ten Brownfield sites, which are as follows:

- > 403 W. Seventh Street - the Metal Casters site (former foundry)
- > 1405 Sixth Avenue - the Four Starr site (former manufacturing facility)
- > 314 S. Mitchell Street - the Brasseur site (former gas station)
- > 301 N. Lake Street - the Kraft site (former manufacturing/storage facility)
- > 1002 Sixth Street - the Northernaire Plating site (former metal plating site)
- > 117 W. Cass Street - the Sundstrom building site (former real estate office)
- > 115 S. Mitchell Street - the Stage/Milliken building site (former department store)
- > 1033 W. Sixth Street - the Emerald Tree Farm site (former tree farm)
- > 302 South Mitchell Street (former YMCA site)
- > 111 West Chapin Street (former Harris Milling Site)

To date, 403 W. Seventh Street and 1405 Sixth Avenue have both been remediated and redeveloped by the private sector. A rubber recycling facility owned by Avon Rubber & Plastics now operates at 403 W. Seventh Street and AAR Cadillac Manufacturing has constructed the largest manufacturing facility in Cadillac's Industrial Park on the 1405 Sixth Avenue site. Remediation efforts were completed at the Brasseur site (314 S. Mitchell Street), and 1002 Sixth Street will be addressed once a private developer has been identified to redevelop the site. At the former Emerald Tree site, emergency remediation funds were secured from the MDEQ in 2002 to address two leaking barrels and other debris that was illegally dumped on the site.

Additionally, 117 W. Cass Street, the Sundstrom building site, was purchased by Lakeside Title, LLC. Unfortunately, a two story office building as originally planned for the site could not be constructed, due to the poor condition of the neighboring building. The site was subsequently donated to the Cadillac Area Community Foundation and is currently vacant. The Stage-Milliken's building site at 115 S. Mitchell Street is now occupied by Horizon Books, Bridal Expressions, and The Clothesline. The south half of the building, now under separate ownership by Horizon Books, was issued an Obsolete Property Rehabilitation exemption Certificate to encourage its comprehensive rehabilitation and reuse. The Kraft site is under construction and will soon feature a three-story condominium development. The YMCA and Harris Milling sites were added to the BRA Plan in 2006 and await redevelopment.

	Fiscal Year Ending June 30,			
	Budget			
	AUDIT 2005	ESTIMATED 2006	CURRENT 2006	PROPOSED 2007
REVENUES				
Current Property Taxes	\$1,441	\$0	\$0	\$27,800
Interest Income	3,394	1,000	1,000	2,000
Surplus	0	0	10,000	0
TOTAL REVENUES	\$4,835	\$1,000	\$11,000	\$29,800
EXPENDITURES				
Contractual Services	1,000	0	10,200	27,800
Audit	800	800	800	800
TOTAL EXPENDITURES	\$1,800	\$800	\$11,000	\$28,600
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	\$3,035	\$200	(\$10,000)	\$1,200
Fund Balance - Beginning of Year	96,357	99,392	99,592	99,592
FUND BALANCE AT YEAR END	\$99,392	\$99,592	\$89,592	\$100,792

Brownfield Redevelopment Authority Board of Directors:

Mike Figliomeni	Regan O'Neill
Jack Benson	Peter D. Stalker
Ron Swanson	

In accordance with the development agreement between Lakeside Development, Inc. and the Cadillac Brownfield Redevelopment Authority, tax increment financing (TIF) revenues captured from the Kraft Site (301 Lake Street) will fund burial and relocation of overhead utility lines and other minor public infrastructure improvements. The total allowable cost for these activities is \$368,000. As TIF revenues are collected annually from this site, they will be transferred to Lakeside Development, Inc. up to the maximum allowable. It is anticipated TIF capture will be necessary through 2015 for this purpose.

The Kraft site at 301 Lake Street is under construction and will soon feature a three story 24 unit condominium development.



Construction
in
progress



Capital Improvement Program



***2006-2007
Annual Operating Budget***

CAPITAL IMPROVEMENT PROGRAM

A Capital Improvement Program normally consists of major projects undertaken that are generally not recurring on a "year in, year out" basis and fit within one or more of the following categories:

1. All projects requiring debt obligation or borrowing
2. Any acquisition or lease of land
3. Purchase of major equipment and vehicles valued in excess of \$5,000 with a life expectancy of five years or more.
4. Construction of new buildings or facilities including engineering design and pre-construction costs with an estimated total cost in excess of \$5,000.
5. Major building improvements that are not routine expenses and that substantially enhance the value of a structure.
6. Major equipment or furnishing required to furnish new buildings or other projects.
7. Major studies requiring the employment of outside professional consultants in excess of \$5,000.

What is a Capital Budget?

A Capital Budget is a detailed list of those capital expenditures to be incurred during the next fiscal year. It covers all capital expenditures for the first year of the five year capital improvements program, shows project priorities, cost estimates, financing methods, tax schedules and estimated annual operating and maintenance costs. The information presented in the capital budget is incorporated into the annual operation budget for appropriation of monies.

An effective and ongoing capital improvements program is beneficial to elected officials, staff and the general public. Among the benefits that can be received from an adopted and well maintained capital improvement program and annual capital budget are:

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

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

Who is responsible for the preparation?

City Council

The City Council has final responsibility of authorizing expenditures of public monies for capital improvements projects. In order to make the capital improvements program and annual capital budget an effective tool for good government and management, it must, after review and adoption, be used as a guide in final budgetary decisions. The City Council must review, conduct a public hearing, and then adopt the capital improvements budget.

City Manager

The City Manager has the responsibility of submitting the proposed capital improvements program and annual capital budget to the City Council for their review. It is the responsibility of the City Manager to review the proposed program as to content, timing, coordination, and its affect on the overall fiscal policy and abilities of the City.

Finance Department

The Finance Department has the responsibility of coordinating the actual preparation of the proposed capital improvements program and capital budget. The Director of Finance coordinates and reviews individual department projects and assembles project lists and other materials for the program document. This department is also responsible for providing supporting information regarding the City's revenue and expenditure capabilities and limitations.

Departments

The Department head has the most knowledge and information regarding the department's functions and needs. They are responsible for critically analyzing plans and projects desired for inclusion in the capital improvements program and annual capital budget. They are also responsible for obtaining the input and approval of proposed projects by the various boards and commissions concerned with their activities. Along with information regarding each project, the department heads are responsible for ranking proposed projects in order of priority within their division and department.

Citizens of Cadillac

The Citizens of Cadillac have a responsibility to express their concerns and desires of the capital project needs of the community through meeting with the City Council, City staff, and the various boards and advisory commissions created by the City.

What projects are to be included and what are their priorities?

A wide range and variety of capital improvements could be included in the Capital Improvement Program. Listed below are several criteria to aid in the review of potential 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
- project's readiness for implementation

A list of proposed projects resulting from a consideration of these criteria need to be ranked in their order of importance to the Cadillac community. The initial responsibility for assigning priorities to individual projects rests with the department heads. The definitions listed below should be used in determining the priority for each project.

Priority #1: Project can not be postponed as it is essential, partially completed, meets an emergency situation or the City is committed by contractual arrangement. Only essential projects should be so classified.

Priority #2: Projects should be carried out within a few years to meet anticipated needs of a current program or for replacement of unsatisfactory facilities. Needed to maintain the agency/activity program at current level of performance.

Priority #3: Project is needed for the proper expansion of a program or facility with the exact timing waiting until funds are available. Projects that are desirable but need further study.

Priority #4: Project needed for an ideal operation but can not yet be recommended for action. Can safely be deferred beyond the third year of the five-year projection.

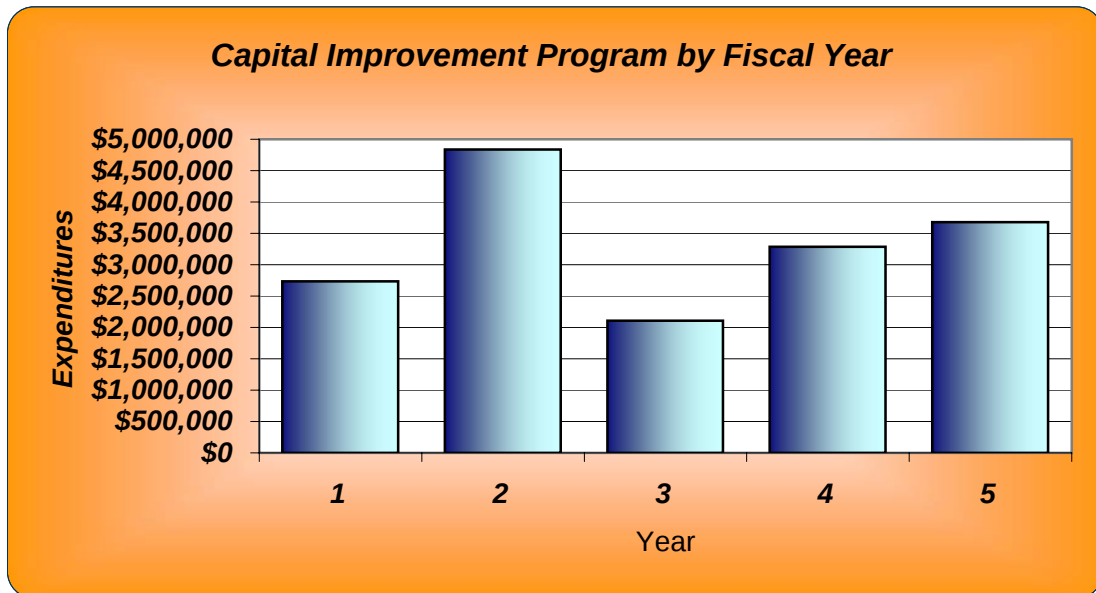
The City of Cadillac's Capital Improvement Program was approved by the City Council and has been placed throughout the operating budget where the appropriate fund could financially afford the improvement.

The effect of the inclusion of these expenditures within the operating budgets will have minor impact on the budget. The various pieces of equipment reflect replacement of worn and obsolete assets. The maintenance costs will be reduced slightly. Many of the street projects are resurfacing the aging infrastructure and will reduce the costs of filling the potholes and the man hours will be able to be reassigned to other projects requiring attention. Construction of unpaved streets has been a priority goal of the City Council and several streets will be paved in 2005-2006. The net cost savings is minimal when compared to the total budget.

This section provides only a brief summary of the capital projects that have been budgeted for the next five years. Each year, the City produces an entire document devoted to the five year Capital Improvement Plan. For additional detail, this document is available by request from City Hall.

City of Cadillac
Capital Improvement Program
2007-2011

<u>Fund</u>	<u>Year One</u> <u>2006-2007</u>	<u>Year Two</u> <u>2007-2008</u>	<u>Year Three</u> <u>2008-2009</u>	<u>Year Four</u> <u>2009-2010</u>	<u>Year Five</u> <u>2010-2011</u>	<u>Total</u>	<u>Average</u> <u>Percent</u>
General Fund	\$981,800	\$278,500	\$110,000	\$33,000	\$110,500	\$1,513,800	9.10%
Major Street Fund	838,800	1,700,000	0	2,267,000	1,647,500	6,453,300	38.77%
Local Street Fund	195,000	1,023,500	399,000	130,000	310,000	2,057,500	12.36%
Cemetery Fund	12,900	6,100	31,000	77,500	6,100	133,600	0.80%
Industrial Park Fund	0	0	800,000	0	0	800,000	4.81%
Water & Wastewater Fund	443,500	1,558,500	568,000	603,500	1,438,300	4,611,800	27.71%
Stores & Garage Fund	213,600	184,000	166,000	140,000	137,500	841,100	5.05%
Data Processing Fund	51,300	86,000	34,000	34,000	27,000	232,300	1.40%
Total	\$2,736,900	\$4,836,600	\$2,108,000	\$3,285,000	\$3,676,900	\$16,643,400	100.00%



**City of Cadillac
Capital Improvement Program
Summary**

2006-2007

						Impact on Operating Costs
Department	Project	Rank	Units	Amount	Summary	
Municipal Complex	Wall Covering	3	167	\$5,000	Replacement	(\$200)
Municipal Complex	Fluorescent Lighting	1	33	\$5,000	Replacement	(\$300)
Council	Renovation	3	1	\$89,000	Replacement	(\$300)
Municipal Complex	Cobbs & Mitchell Building	3	1	\$250,000	New	\$0
Engineering	Pickup Truck	1	1	\$20,000	Replacement	(\$300)
Police	Patrol Vehicle	1	1	\$24,500	Replacement	(\$400)
Police	Wireless Data	1	8	\$73,600	New	(\$300)
Fire	Fire Exhaust Removal	1	1	\$30,500	New	\$500
Fire	Micro-pump	1	1	\$15,000	New	\$500
Parks	Trash Receptacles	2	25	\$5,000	Replacement	(\$100)
Parks	Sprinkler Control Units	2	3	\$6,200	Replacement	(\$300)
Parks	Security Cameras	1	2	\$50,000	New	(\$5,000)
Parks	Vegetation Control	1	1	\$100,000	New	\$3,000
Parks	Kenwood Paving	3	1	\$50,000	Pave Gravel	(\$5,000)
Parks	Beach House Windows	2	1	\$5,000	Replacement	(\$2,000)
Parks	Greenway Path III	1	1	\$253,000	New	\$2,000
Major Street	North Boulevard	2	1	\$250,000	Improve existing	(\$2,000)
Major Street	Chestnut Street	2	1	\$250,000	Improve existing	(\$2,000)
Major Street	Pine Street	3	1	\$135,000	Improve existing	(\$5,000)
Major Street	Park Street	1	1	\$50,000	Improve existing	(\$1,000)
Major Street	Shelby Street	2	1	\$20,000	Improve existing	(\$300)
Major Street	Lake Street Storm Sewer	1	1	\$133,800	Improve existing	(\$2,000)
Local Street	West Garfield	2	1	\$30,000	Improve existing	(\$500)
Local Street	Nelson Street	2	1	\$150,000	Improve existing	(\$2,000)
Local Street	South Garfield Street	2	1	\$15,000	Improve existing	(\$300)
Cemetery Operating	Riding Lawnmower	1	1	\$6,400	Replacement	(\$500)
Cemetery Operating	Utility Vehicle	1	1	\$6,500	Replacement	(\$500)
Water & Wastewater	North Boulevard	1	1	\$38,500	Replacement	(\$500)
Water & Wastewater	Nelson Street	2	1	\$72,000	Replacement	(\$1,000)
Water & Wastewater	West Garfield	2	1	\$10,000	Replacement	(\$1,200)
Water & Wastewater	Park Street	1	1	\$36,000	Replacement	(\$500)
Water & Wastewater	Pine Street	3	1	\$30,000	Replacement	(\$5,000)
Water & Wastewater	WWTP Control System	1	1	\$70,000	Replacement	(\$2,500)
Water & Wastewater	Primary Tank Painting	2	3	\$47,000	Replacement	(\$3,000)
Water & Wastewater	Pickup Truck	1	2	\$40,000	Replacement	(\$1,500)
Water & Wastewater	Water Main Valve	3	5	\$25,000	Replacement	(\$500)
Water & Wastewater	Manhole Rehabilitation	3	5	\$25,000	Replacement	(\$500)
Water & Wastewater	Water Supply Design	1	1	\$50,000	New	\$0
Stores and Garage	Underbody Plow Truck	1	1	\$98,000	Replacement	(\$1,000)
Stores and Garage	Snow Bucket	2	1	\$5,500	Replacement	(\$300)
Stores and Garage	Wing Plow	2	1	\$5,100	Replacement	(\$250)
Stores and Garage	Front End Loader	1	1	\$105,000	Replacement	(\$500)
Data Processing	Tax Collection Server	1	1	\$5,000	New	(\$200)
Data Processing	Hardware Replacement	1	1	\$25,000	Replacement	(\$5,000)
Data Processing	GIS Utility Software	1	16	\$10,000	New	\$1,000
Data Processing	Firewall	1	1	\$5,300	Replacement	(\$500)
Data Processing	Police Printer	1	1	\$6,000	Replacement	(\$300)
Total				<u>\$2,736,900</u>		<u>(\$47,550)</u>

**City of Cadillac
Capital Improvement Program
Summary**

2007-2008

Department	Project	Rank	Units	Amount	Summary	Impact on Operating Costs
Municipal Complex	Wall Covering	1	172	\$5,000	Replacement	(\$300)
Municipal Complex	Floor Covering	1	527	\$19,700	Replacement	(\$300)
Municipal Complex	Bathrooms	2	9	\$25,000	Replacement	(\$100)
Municipal Complex	Brick Wall	2	2	\$5,000	Replacement	(\$100)
Municipal Complex	Staff Car	2	1	\$18,000	Replacement	(\$500)
Police	Patrol Vehicle	1	1	\$25,500	Replacement	(\$300)
Fire	Breathing Apparatus	1	20	\$90,000	Replacement	(\$500)
Parks Department	Hedge Trimmers	1	9	\$5,300	Replacement	(\$100)
Parks Department	Bridge	1	1	\$50,000	Replacement	(\$300)
Parks Department	Parking Lot	2	1	\$30,000	Replacement	(\$100)
Parks Department	Pavilion sound system	2	1	\$5,000	Replacement	(\$200)
Major Street	Mitchell Street	2	1	\$1,700,000	Improve Existing	(\$5,000)
Local Street	Cherry Street	2	1	\$40,000	Improve Existing	(\$400)
Local Street	Cedar Street	2	1	\$13,500	Improve Existing	(\$200)
Local Street	East Bremer Street	2	9	\$120,000	Improve Existing	(\$500)
Local Street	Lincoln Street	2	1	\$100,000	Improve Existing	(\$1,200)
Local Street	Selma Street	2	1	\$100,000	Improve Existing	(\$1,200)
Local Street	South Street	2	1	\$50,000	Improve Existing	(\$1,200)
Local Street	Holman Street	2	1	\$600,000	New	(\$1,200)
Cemetery Operating	Leaf Blower, Trimmers	1	9	\$6,100	Replacement	(\$300)
Water & Wastewater	East Bremer Street	3	1	\$50,000	Replacement	(\$400)
Water & Wastewater	Selma Street	1	1	\$91,000	Replacement	(\$500)
Water & Wastewater	Lincoln Street	2	20	\$10,000	Replacement	(\$1,200)
Water & Wastewater	Cherry Street	3	40	\$15,000	Replacement	(\$300)
Water & Wastewater	Mitchell Street	3	1	\$80,000	Replacement	(\$1,000)
Water & Wastewater	South Street	2	1	\$32,500	Replacement	(\$1,000)
Water & Wastewater	Radio Read Meters	2	150	\$35,000	Replacement	\$200
Water & Wastewater	Water Supply project	1	1	\$1,225,000	New Wells	\$200
Water & Wastewater	Pickup Truck	3	1	\$20,000	Replacement	(\$200)
Stores and Garage	Pickup Truck	1	1	\$20,000	Replacement	(\$200)
Stores and Garage	Patch Trailer	1	1	\$19,500	Replacement	(\$200)
Stores and Garage	Underbody Plow	1	1	\$6,000	Replacement	(\$200)
Stores and Garage	Sidewalk tractor	1	1	\$38,500	Replacement	(\$300)
Stores and Garage	Salt Storage Building	1	1	\$100,000	Replacement	(\$1,200)
Data Processing	Projector	1	2	\$5,000	Replacement	(\$100)
Data Processing	Printer	1	1	\$6,000	Replacement	(\$100)
Data Processing	Computer Replacement	1	16	\$25,000	Replacement	(\$5,000)
Data Processing	Tape Backup Drive	1	1	\$5,000	New	(\$500)
Data Processing	Network Servers	1	4	\$20,000	Replacement	(\$200)
Data Processing	GIS Police/Fire	1	4	\$25,000	New	(\$200)
Total				<u>\$4,836,600</u>		<u>(\$26,400)</u>

City of Cadillac
Capital Improvement Program
Summary

2008-2009

						Impact on Operating Costs
Department	Project	Rank	Units	Amount	Summary	
Municipal Complex	Wall Covering	1	172	\$5,000	Replacement	(\$300)
Police Department	Patrol Vehicle	1	1	\$27,000	Replacement	(\$500)
Police Department	Wireless Data Commun.	2	8	\$35,000	New Equipment	(\$300)
Fire	Light Rescue Vehicle	1	1	\$38,000	Replacement	(\$1,000)
Parks	Pump Motor	1	1	\$5,000	Replacement	(\$500)
Local Street	Wheeler Street	2	1	\$90,000	Improve Existing	(\$1,000)
Local Street	Park Street	2	1	\$100,000	Improve Existing	(\$1,200)
Local Street	Lynn Street	2	1	\$40,000	Improve Existing	(\$400)
Local Street	Cobbs Street	2	1	\$70,000	Improve Existing	(\$1,000)
Local Street	Holly Road	2	1	\$99,000	Improve Existing	(\$1,000)
Cemetery	Iron Gates	1	4	\$10,000	Restoration	(\$500)
Cemetery	Pickup Truck	1	1	\$21,000	Replacement	(\$750)
Industrial Park	Phase II Expansion	1	1	\$800,000	Expansion	\$2,000
Water & Wastewater	Cobbs Street	2	1	\$14,000	Replacement	(\$500)
Water & Wastewater	Wheeler Street	2	1	\$65,000	Replacement	(\$500)
Water & Wastewater	Lynn Street	2	1	\$84,000	Replacement	(\$1,000)
Water & Wastewater	Park Street	2	1	\$20,000	Replacement	(\$500)
Water & Wastewater	Sand Filter	1	3	\$350,000	Replacement	(\$4,000)
Water & Wastewater	Sanitary Manhole	3	5	\$25,000	Replacement	(\$500)
Water & Wastewater	Water Main Valves	2	2	\$10,000	Replacement	(\$500)
Stores & Garage	Underbody Plow Truck	1	1	\$6,000	Replacement	(\$200)
Stores & Garage	Street Sweeper	1	1	\$160,000	Replacement	(\$1,500)
Data Processing	Hardware Replacement	1	16	\$25,000	Replacement	(\$5,000)
Data Processing	Printer	1	1	\$9,000	Replacement	(\$1,200)
Total				<u>\$2,108,000</u>		<u>(\$21,850)</u>

**City of Cadillac
Capital Improvement Program
Summary**

2009-2010

						Impact on Operating Costs
Department	Project	Rank	Units	Amount	Summary	
Municipal Complex	Wall Covering	3	172	\$5,000	Replacement	(\$300)
Police Department	Patrol Vehicle	1	1	\$28,000	Replacement	(\$500)
Major Street	Cobbs Street	2	1	\$100,000	Replacement	(\$1,000)
Major Street	Chestnut Street	2	1	\$40,000	Replacement	(\$500)
Major Street	Mitchell Street	1	1	\$2,127,000	Replacement	(\$6,000)
Local Street	May Street	2	1	\$30,000	Replacement	(\$500)
Local Street	Washington Street	2	1	\$70,000	Replacement	(\$600)
Local Street	Kentucky Avenue	2	1	\$30,000	Pave Gravel Street	(\$500)
Cemetery	Paving	1	1	\$35,000	Replacement	(\$500)
Cemetery	Pillars	1	2	\$42,500	Restoration	(\$500)
Water & Wastewater	Mitchell Street	1	1	\$280,000	Replacement	(\$5,000)
Water & Wastewater	May Street	1	1	\$13,500	Replacement	(\$500)
Water & Wastewater	Washington Street	2	1	\$49,000	Replacement	(\$2,000)
Water & Wastewater	Wastewater UV Expansion	1	1	\$100,000	Replacement	\$1,200
Water & Wastewater	WW Effluent Pump	3	1	\$11,000	Replacement	(\$100)
Water & Wastewater	WW Plant Samplers	2	5	\$25,000	Replacement	(\$800)
Water & Wastewater	Tractor Mower	3	1	\$25,000	Replacement	(\$200)
Water & Wastewater	Tractor Backhoe	3	1	\$60,000	Replacement	(\$2,500)
Water & Wastewater	Pickup Truck	3	2	\$40,000	Replacement	(\$500)
Stores & Garage	Aerial Lift Truck	1	1	\$91,000	Replacement	(\$500)
Stores & Garage	Wood Chipper	1	1	\$30,500	Replacement	(\$1,000)
Stores & Garage	Pickup Truck	1	1	\$18,500	Replacement	(\$750)
Data Processing	Computer Replacement	1	16	\$25,000	Replacement	(\$5,000)
Data Processing	Email Server	1	1	\$9,000	Replacement	(\$500)
Total				<u>\$3,285,000</u>		<u>(\$29,050)</u>

**City of Cadillac
Capital Improvement Program
Summary**

2010-2011

						Impact on Operating Costs
Department	Project	Rank	Units	Amount	Summary	
Police Department	Patrol Vehicle	1	1	\$34,500	Replacement	(\$500)
Police Department	Body Armor	1	20	\$16,000	Replacement	(\$100)
Parks	Skate Park Equipment	2	1	\$60,000	New	\$1,000
Major Street	Blodgett Street	2	1	\$65,000	Improve Existing	(\$1,000)
Major Street	Paluster Street	2	1	\$82,500	Improve Existing	(\$1,200)
Major Street	Mitchell Street	2	1	\$1,500,000	Improve Existing	(\$5,000)
Local Street	Crippen Street	1	1	\$100,000	Improve Existing	(\$1,000)
Local Street	West Bremer	2	1	\$40,000	Improve Existing	(\$500)
Local Street	Hersey Street	2	1	\$100,000	Improve Existing	(\$1,200)
Local Street	Ayers Street	2	1	\$70,000	Improve Existing	(\$1,200)
Cemetery	Leaf Blowers	1	9	\$6,100	Replacement	(\$300)
Water & Wastewater	West Bremer	3	1	\$38,000	Replacement	(\$400)
Water & Wastewater	Blodgett Street	3	1	\$23,800	Replacement	(\$500)
Water & Wastewater	Crippen Street	1	1	\$58,000	Replacement	(\$5,000)
Water & Wastewater	Paluster Street	3	1	\$100,000	New Main	\$1,000
Water & Wastewater	Hersey Street	2	1	\$45,000	Replacement	(\$500)
Water & Wastewater	Ayers Street	2	1	\$17,500	Replacement	(\$500)
Water & Wastewater	Mitchell Street	2	1	\$600,000	Replacement	(\$5,000)
Water & Wastewater	Bio-Building Heater	3	1	\$38,000	Replacement	(\$3,000)
Water & Wastewater	Wastewater Plant Expansion	3	1	\$85,000	New	\$0
Water & Wastewater	Sewer Vacuum Jet	3	1	\$200,000	Replacement	(\$2,500)
Water & Wastewater	Water Tower Painting	1	1	\$210,000	Replacement	(\$1,000)
Water & Wastewater	Service Truck	2	1	\$23,000	Replacement	(\$200)
Stores & Garage	Durapatcher	2	1	\$49,000	Replacement	(\$750)
Stores & Garage	Crack Sealer	1	1	\$39,500	Replacement	(\$1,000)
Stores & Garage	Pickup Truck	1	1	\$19,500	Replacement	(\$750)
Stores & Garage	Dump Truck	1	1	\$29,500	Replacement	(\$1,000)
Data Processing	Computer Replacement	1	16	\$27,000	Replacement	(\$5,000)
Total				<u>\$3,676,900</u>		<u>(\$37,100)</u>



**Annual Budget Calendar
2006-2007**



2005

- November 5 Department heads submit goals.
- November 7 City Council work session to discuss City wide-goals.
- November 21 City Manager and Director of Finance have preliminary discussions regarding budget objectives.
- November 21 City Council approves City wide-goals.

2006

- January 10 Staff meeting held to discuss the general guidelines for the 2006-2007 annual budget preparation. Departments begin to receive budget folders.
- January 31 Additional personnel request forms are returned to the personnel office. All budget folders are to be returned to the finance office and the budget review is initiated. Include detail for expenditures as well as written requests for changes in salaries of personnel within department.
- March 2 Revenue estimates submitted to the City Manager by the finance office. Review by the finance department completed. Report on estimated costs of department head's requests submitted to the City Manager.
- March 10 City Manager conducts final review.
- March 24 Preliminary budget prepared.
- March 31 Preliminary budget presented to City Council.
- April 3 City Clerk makes public notice of public hearing on the budget.
- April 17 City Council holds budget work session.
- May 1 Public hearing held on the preliminary budget.
- May 15 Budget adoption and tax levy authorization.
- June 21 Prepare the tax roll.
- June 30 Mail the tax bills.
- July 1 New budget takes effect.

City of Cadillac Budgetary Policies

1. The annual operating budget including proposed expenditures and the means of financing them, must be presented by the City Manager to the City Council on March 31st of each year.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to May 31st, the budget is legally enacted through the passage of a budget ordinance. Budgets are submitted on a line item basis but adopted by the City Council on a major function basis.
4. All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by City Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental type funds may not exceed appropriations at the total fund level.
5. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.

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 and account groups:
 - 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.

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 **Permanent Funds** and **Pension Trust Funds** are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Permanent funds account for assets of which the principal may not be spent. 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.

CITY OF CADILLAC, MICHIGAN INVESTMENT POLICY

To Comply With Act 20 PA 1943, as amended

PURPOSE - It is the policy of the City of Cadillac to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the City and comply with all state statutes governing the investment of public funds.

SCOPE - This investment policy applies to all financial assets of the City of Cadillac. These assets are accounted for in the various funds of the City and include the general fund, special revenue funds, debt service funds and capital project funds (unless bond ordinances and resolutions are more restrictive), enterprise funds, internal service funds, trust and agency funds and any new funds established by the City of Cadillac.

OBJECTIVES - The primary objectives, in priority order, of the City's investment activities shall be:

SAFETY - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

DIVERSIFICATION - The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

LIQUIDITY - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

RETURN ON INVESTMENT - The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

DELEGATION OF AUTHORITY TO MAKE INVESTMENTS - Authority to manage the investment program is derived from the following: The Cadillac City Council's most current resolution designating depositories, and Section 7.4 of the Cadillac City Charter designates the City Treasurer to be the custodian of the City's funds. Management responsibility for the investment program is hereby delegated to the Director of Finance who shall establish written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, cash purchase or delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Director of Finance is limited to investments authorized by Act 20 of 1943, as amended December 31, 1997, and may invest in the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in (a).
- (e) Bankers' acceptance of United States banks.
- (f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than 1 standard rating service.
- (g) Mutual funds registered under the investment company act of 1940, title 1 of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share. The City may also include mutual funds whose net asset value may fluctuate on a periodic basis.
- (h) Investment pools through an inter-local agreement under the urban cooperation act of 1967. 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

- (i) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.129.111 to 129.118.
- (j) The City shall not deposit or invest funds in a financial institution that is not eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- (k) Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investments of paragraphs a - i.

SAFEKEEPING AND CUSTODY - All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Director of Finance may be on a cash basis or a delivery vs. payment basis as determined by the Director of Finance. Securities may be held by a third party custodian designated by the Director of Finance and evidenced by safekeeping receipts as determined by the Director of Finance.

DIVERSIFICATION - The City of Cadillac will diversify its investments by security type and institution. With exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

REPORTING - The Director of Finance shall provide to the City Council quarterly investment reports which provide a clear picture of the status of the current investment portfolio. The management report should include comments of the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies. Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category
- Average life and final maturity of all investments listed
- Coupon, discount or earnings rate
- Par value, amortized book value and market value
- Percentage of the portfolio represented by each investment category

PERFORMANCE STANDARDS - The investment portfolio shall be designated with the objective of obtaining a rate of return throughout the budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The City's investment strategy can be either active or passive depending on the fund and objectives. The basis to determine whether market yields are being achieved shall be the average daily FED fund rates and the six-month U.S. Treasury bill.

ETHICS AND CONFLICTS OF INTEREST - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager any material financial interests in financial institutions that conduct business within the City, and shall further disclose any large personal financial/investment positions that could be related to the performance of the City, particularly with regard to the time of purchases and sales.

PRUDENCE - Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

INVESTMENT POLICY ADOPTION - This policy supersedes any previously adopted investment policies. The City of Cadillac's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually and any modifications will be approved by the City Council.

Approved by Cadillac City Council
October 16, 1998

INVESTMENT POLICY GLOSSARY

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Cadillac. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and the delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000.00 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

INVESTMENT POLICY GLOSSARY (continued)

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit: sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state--the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

INVESTMENT POLICY GLOSSARY (continued)

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (RE OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

CITY OF CADILLAC, MICHIGAN

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.

Annual report: The City Manager shall have annual reports prepared of the affairs of the city and copies of such audit and annual reports shall be made available for public inspection at the office of the City Clerk.



Labor Contracts

Command Officers Association of Michigan

Expiration Date: June 30, 2007

Police Officers Association of Michigan

Expiration Date: June 30, 2008

International Association of Firefighters Local 704

Expiration Date: June 30, 2006

United Steelworkers of America Local 14317

Expiration Date: June 30, 2007

Each union contract is designed as a three-year agreement.



Administrative Leadership

City Manager

Peter D. Stalker, C.C.M.

Mr. Stalker joined the City staff as Director of Administrative Services in 1987. He was appointed to the position of Assistant City Manager in 1989, and subsequently was appointed City Manager of the City of Cadillac in 1995. He came to the City from the Village of Holly, where he held the position of Assistant to the Village Manager. Previously, he was an Administrative Intern to the City of Flint. Mr. Stalker holds a Bachelor Degree and a Master Degree in Public Administration from the University of Michigan. He is a member of International City Management Association and the Michigan Local Government Management Association. He holds the designation of a Credentialed City Manager from the International City Management Association. He also is a past member and board Chairperson of the Michigan Municipal Workers Compensation Fund and serves on the Michigan Municipal League Transportation and Infrastructure Committee. Mr. Stalker is also a member of the Cadillac Rotary Club, serves on the Board of Directors for Cadillac Mercy Hospital, is a member of the Board of Directors for Lakeview Lutheran Manor, and a member of the Michigan State University Extension Advisory Committee. Mr. Stalker was recognized as the "Outstanding Citizen of the Year" by the Cadillac Area Chamber of Commerce in 2002.

Deputy City Manager and Director of Finance

Dale M. Walker, C.G.F.M., C.C.M.

Mr. Walker was appointed to the position of Director of Finance in 1977, and also serves as the Deputy City Manager. He served as the first Director of Finance for the City of Owosso. He also has been an internal auditor for a college and the corporate treasurer for a retirement complex. He holds a Bachelor Degree in Accounting from Ferris State University and a Master Degree in Business Administration from Central Michigan University. Mr. Walker is a member of the International City Management Association, Michigan Local Government Management Association, Governmental Finance Officers' Association, Michigan Municipal Finance Officers Association, Municipal Treasurers' Association, and the Association of Government Accountants. He also attended Syracuse University for Advanced Training through the Government Finance Officers Association. He holds the designation of a Certified Government Financial Manager from the Association of Government Accountants as well as the designation of Credentialed City Manager from the International City Management Association. Mr. Walker is a past member of the board of directors for the Michigan Municipal Finance Officers' and the Michigan Municipal Treasurers' Association. Currently he serves as Chairman of the Board of Directors for the Municipal Employees Retirement System of Michigan. He is also listed in Who's Who in America, and Who's Who in Finance.

Assistant City Manager

Precia Garland

Ms. Garland began her employment with the City of Cadillac as DDA/Community Development Director in 1992. She was appointed to Personnel Administrator in 1996 and then Director of Administrative Services in 1998 and Assistant City Manager in 2002. Ms. Garland holds both a Bachelor's Degree and a Master of Public Administration Degree from Central Michigan University. Prior to her employment with the City of Cadillac, Ms. Garland was an Administrative Intern with the City of Mt. Pleasant. She is a member of several professional organizations, including the Society of Human Resource Management, International City Management Association, the Michigan Local Government Management Association, and the Michigan Downtown and Finance Association. Ms. Garland also serves on the Board of Directors for the Growth Finance Corporation, the Cadillac Area Community Health Clinic, and is a member of the Cadillac Mercy Hospital Quality Committee.



Administrative Leadership

Director of City Engineering

Bruce DeWitt, P.E.

Mr. DeWitt has held the position of City Engineer in Cadillac since 1983 and prior to that he was the Assistant City Engineer for four years. He has held intern positions at Grand Haven and Ottawa County Road Commissions. He holds a Bachelor's Degree from Michigan Technological University and is a licensed professional engineer. He is a member of the American Society of Civil Engineering, National Society of Professional Engineers, and the American Public Works Association.

Director of Utilities

Larry Campbell

Mr. Campbell began his employment with the City of Cadillac in 1981 as Wastewater Division Superintendent. He became the Director of Utilities in 1993. Prior experience includes eight years with Oakland County Department of Public Works as an operator and chemist. He has a Bachelor Degree in Chemistry from Oakland University. He holds a State of Michigan "Class A" municipal wastewater license and sixteen industrial treatment licenses. He is also licensed by the Michigan Department of Public Health as a D-2, S-4, and F-4 Water Plant Operator. Mr. Campbell is a member of the Water Environment Federation and the American Water Works Association. Mr. Campbell was recognized in 2005 as the "Public Utility Management Professional of the Year" by the Michigan Water Environment Association.

Director of Public Safety

Jeff Hawke

Mr. Hawke was appointed Director of Public Safety in December 2002. He began his career with the City of Cadillac as a Police Officer in 1986. He has served the police department in various capacities including K-9 Handler, Detective with the Traverse Narcotics Team, Youth Services Officer, Tactical Team Leader, Police Recovery Diver, Patrol Sergeant, Summer Patrol Coordinator, City Safety Coordinator, and Captain. Mr. Hawke is a 1982 graduate of Cadillac High School and holds an Associate Degree in Police Administration from Kirtland College and a Bachelor Degree from Baker College. He is a graduate of Eastern Michigan University School of Police Staff and Command and Central Michigan University Law Enforcement Executive Leadership Institute. Mr. Hawke is a member of the Michigan Association of Chiefs of Police, International Association of Fire Chiefs, Michigan Fire Chiefs Association, Northflight Board of Directors, Law Enforcement Executive Leadership Advisory Board, and is currently pursuing a Master's Degree.

Director of Public Works

Robert J. Johnson

Mr. Johnson joined the City staff in May 1992. He holds a Bachelor Degree in Industrial Engineering from North Dakota State University and a Master Degree in Management from the Naval Postgraduate School. Prior to joining the City, he served 20 years in the U.S. Navy, the last eleven years in the Civil Engineer Corps. He is a member of several professional organizations, including the American Public Works Association and the Tau Beta Pi (Engineering Honor Society).

City Clerk and City Treasurer

Janice E. Nelson, C.M.C., C.M.F.A.

Mrs. Nelson started with the City of Cadillac in 1980 as a cashier. She progressed to the position of Clerk-Treasurer in 1986. Holding an extensive background in the education field, Mrs. Nelson holds a Bachelor and Master Degree from Michigan State University. She is a member of the Municipal Treasurer's Association, the International Institute of Municipal Clerks and a member of the Michigan chapters of both organizations. She holds the distinguished designation of Certified Municipal Clerk and Certified Municipal Finance Administrator.

- 1911 - Carlson, Gustine, Klinge, Kaiser, Rasmussen, Sager, Williams, Kent, Rupers, Reiser, and **Mayor Dunham**.
- 1912 - Carlson, Gustine, Klinge, Kaiser, Rasmussen, Rupers, Reiser, Sager, Williams, Kent, and **Mayor Dunham**.
- 1913 - (Jan. - April) Busby, Foster, Gustine, Klinge, Kaiser, Nelson, Rasmussen, Reiser, Sager, Willman, and **Mayor Murphy**.
- 1913 - (April - December) Donnelly, Elliott, Foster, Harvey, Kaiser, Lindquist, Nelson, Rupers, Sorenson, Gustine, and **Mayor Johnston**.
- 1914 - (Jan. - Feb.) Donnelly, Foster, Gustine, Harvey, Kaiser, Nelson, Rupers, Sorenson, Elliott, Lindquist, and **Mayor Johnston**.
- 1914 - (March - Dec.) Petrie, VanVranken, Whaley, Willman, and **Mayor Johnston**.
- 1915 - (Petrie, VanVranken, Whaley, Willman, and **Mayor Johnston**.
- 1916 - 1917 - Kelly, VanVranken, Whaley, Willman, and **Mayor McMullen**.
- 1918 - 1919 - Hardick, Kelly, Rupers, Whaley, and **Mayor Johnston**.
- 1920 - Given, Reiser, Rupers, Hardick, and **Mayor Powers**.
- 1921 - 1922 - Given, Hardick, Harvey, Reiser, and **Mayor Johnston**.
- 1923 - (Jan. - June) Given, Hardick, Harvey, Reiser, and **Mayor Johnston**.
- 1923 - (July - Dec.) Given, Harvey, Reiser, Watson, and **Mayor Johnston**.
- 1924 - 1925 - Given, Harvey, Reiser, Watson, and **Mayor Moore**.
- 1926 - 1927 - Given, Nixon, Reiser, Watson, and **Mayor Moore**.
- 1928 - (Jan. - Oct.) Anderson, Nixon, Reiser, Watson, and **Mayor Moore**.
- 1928 - (Nov. - Dec.) Anderson, Nixon, Reiser, Watson, and **Mayor Flynn**.
- 1929 - (Jan. - Aug.) Anderson, Harvey, Reiser, Watson, and **Mayor Flynn**.
- 1929 - (Sept. - Dec.) Anderson, Reiser, Watson, and **Mayor Flynn**.
- 1930 - 1933 - Anderson, Brehm, Foster, Reiser, and **Mayor Flynn**.
- 1934 - 1935 - Reiser, Watson, Anderson, Brehm, and **Mayor Curry**.
- 1936 - 1937 - Crawford, Petrie, Brehm, Game, and **Mayor Curry**.
- 1938 - 1939 - Brehm, Crawford, Petrie, Richards, and **Mayor Curry**.
- 1940 - 1941 - Brehm, Crawford, Deming, Reiser, and **Mayor Donnelly**.
- 1942 - Benedict, Crawford, Davis (Sharkey), Reiser, and **Mayor Brown**. (Mayor Johnson was in the Spring.)
- 1943 - Benedict, Crawford, Davis, Reiser, and **Mayor Brown**.
- 1944 - Cornell, Crawford, Davis, Benedict, and **Mayor Brown**.
- 1945 - Benedict, Mattison, Musson, Crawford, and **Mayor Brown**.
- 1946 - Mattison, Musson, Willman (Hedquist), Crawford, and **Mayor English**

- 1947 - Crawford, Davis, Shustrom, Willman, and **Mayor English**.
- 1948 - 1949 - Foster, Davis, Lamb, Nelson, and **Mayor English**.
- 1950 - Fellows, Lamb, Munson, Nichols, and **Mayor Nelson**.
- 1951 - Fellows, Lamb, Munson, Nichols, and **Mayor Kelly**.
- 1952 - Fellows, Munson, Olney, Bernson, and **Mayor Kelly**. (Reiser and Veldman were in office in mid-term.)
- 1953 - Fellows, Olney, Young (Bernson), Munson, and **Mayor Kelly**.
- 1954 - 1955 - Olney, Swartwood, Young, Webb, and **Mayor Kendall**.
- 1956 - Kidder, Leslie, Swartwood, Webb, and **Mayor Young**.
- 1957 - Kidder, Herweyer, Swartwood, Webb, and **Mayor Young**.
- 1958 - Gibson, Herweyer, Kidder, Mohl, and **Mayor Reiser**.
- 1959 - Gibson, Herweyer, Kidder, Richardson, and **Mayor Reiser**.
- 1960 - English, Gibson, Richardson, Webber, and **Mayor Kelly**.
- 1961 - English, McConville (Gibson), Richardson, Webber, and **Mayor Kelly**.
- 1962 - 1963 - English, McConville, Richardson, Webber, and **Mayor Wedin**.
- 1964 - 1965 - English, McConville, Richardson, Underwood, and **Mayor Wedin**.
- 1966 - 1967 - English, Bertrand, Ketchum, Richardson, and **Mayor Wedin**.
- 1968 - 1969 - Clark, Ketchum, Laurent, Richardson, and **Mayor English**.
- 1970 - 1971 - Clark, Pranger, Laurent, Rogers, and **Mayor Wilson**.
- 1972 - 1973 - Jannenga, Pranger, Grubba, Rogers, and **Mayor Wagner**.
- 1974 - Grubba, Pranger, Jannenga, Flynn, and **Mayor Wagner**.
- 1975 - Grubba, Pranger, Frier, Flynn, and **Mayor Wagner**.
- 1976 - Grubba, Pranger, (Becker), Frier, Flynn, and **Mayor Wagner**. (Wagner resigned and Pranger filled in.)
- 1977 - Grubba, Becker, Frier, Flynn, and **Mayor Pranger**.
- 1978 - Grubba, Becker, Frier, Kuizenga, and **Mayor Pranger**.
- 1979 - Grubba (Anderson), Becker, Frier, Kuizenga, and **Mayor Pranger**.
- 1980 - 1981 - Forbes, Anderson, Robinson, McKellop, and **Mayor Becker**.
- 1982 - 1983 - Robinson, Crawford, Anderson, McKellop, and **Mayor Becker**.
- 1984 - 1985 - Rudolph, McKellop, Crawford, Robinson, and **Mayor Becker**.
- 1986 - Rudolph, McKellop, Bryan, Robinson, and **Mayor Becker**. (Bryan appointed in November 1985 after election to serve remaining 2 months of Crawford's term.)
- 1987 - 1989 - Rudolph, McKellop, Bryan, Robinson, and **Mayor Becker**.
- 1990 - 1993 - Keller, Kelley, Gambrell (Bryan), Robinson, and **Mayor Blanchard**.
- 1994 - 1995 - Dean, Keller, Kelley, Thiebaut, and **Mayor Blanchard**. (Baas appointed August 15, 1994 to replace Keller)
- 1995 - 1999 - Dean, Baas, Barnett, Thiebaut, and **Mayor Blanchard**.

2000 - 2001 - Dean, Baas, Stevens, Thiebaut, and **Mayor Blanchard**.
 2001 - 2003 - Dean, Baas, Stevens, Reagan, and **Mayor Blanchard**. (Dyer appointed to fill remaining term of Reagan)
 2004- present Dean, Baas, Stevens, Dyer, and **Mayor Blanchard**.

(Mayor Blanchard is the longest serving Mayor in the history of the City of Cadillac).

City Managers 1913 to present

12/09/13	Charter adopted for City Manager form of government.
03/09/14 – 12/30/15	Ossian E. Carr
12/30/15 – 01/07/18	T.V. Stephens (City Manager and City Engineer)
01/07/18 – 10/16/44	George Johnston
11/01/44 – 12/01/44	W.A. Phillips (Acting City Manager)
12/01/44 – 06/03/46	Gerrit P. Rooks
08/19/46 – 03/11/50	A.E. Fellers
03/11/50 – 11/17/52	Norman W. Sagemen
12/15/52 – 07/16/54	H. Maxwell Davenport
08/15/54 – 10/06/58	L.A. Hansen
12/01/58 – 11/30/63	James R. Burch
12/03/63 – 02/21/66	Emil F. Meyer
02/21/66 – 04/26/66	John Weed (Acting City Manager)
04/26/66 – 01/01/78	Donald L. Mason
01/01/78 – 06/19/78	Dale M. Walker (Acting City Manager)
06/19/78 – 06/14/82	Edward H. Potthoff
06/14/82 – 07/21/95	Robert A. Hamilton
07/22/95 – 09/02/95	Dale M. Walker (Acting City Manager)
09/03/95 – present	Peter D. Stalker



Directory of
Boards and Commissions
2006



The purpose of this document is to provide a reference document for those individuals who serve or are involved with the boards, commissions, or administration of the City of Cadillac.

ADMINISTRATIVE STAFF

The City of Cadillac administrative staff located within the Municipal Complex can be reached from 9 a.m. to 5 p.m., Monday through Friday at 200 N. Lake Street, Cadillac, MI 49601. The telephone number is (231) 775-0181.

CITY MANAGER

Peter D. Stalker Extension 119

ASSISTANT CITY MANAGER/DDA DIRECTOR

Precia L. Emmons Extension 120

DIRECTOR OF ENGINEERING

Bruce C. DeWitt Extension 104

DIRECTOR OF FINANCE

Dale M. Walker Extension 109

DIRECTOR OF PUBLIC SAFETY

Jeffery D. Hawke (w) 775-3491

DIRECTOR OF PUBLIC WORKS

Robert J. Johnson Extension 106

DIRECTOR OF UTILITIES

Larry H. Campbell Extension 124

CITY CLERK/TREASURER

Janice E. Nelson Extension 113

BUILDING OFFICIAL

Bob Hunt Extension 102

COMMUNITY DEVELOPMENT COORDINATOR

Jerry Adams Extension 101

ADJUNCT STAFF

Other administrative officials whose positions relate to City functions are:

HOUSING COMMISSION DIRECTOR

Daniel D. Peterson
111 S. Simons St.
(W) 775-9491

LIBRARY DIRECTORS

Kathy Petoskey and Cathy Tacoma
411 S. Lake St.
(W) 775-6541

CITY ATTORNEY

David McCurdy
120 W. Harris St.
(W) 775-1391

AIRPORT MANAGER

Bob Clark
8040 E. 34 Mile Rd.
(W) 779-9525

CWTA DIRECTOR

Vance Edwards
1202 North Mitchell
(W) 775-9411

BOARD OF REVIEW

The Board of Review is composed of seven members appointed by City Council. Three members are Council Members appointed by the Council in January of each year. Four members must be qualified electors of the City not otherwise holding an elected or appointed position or employed by the City, County or School. One non-Council member must be appointed from each of the four wards of the City. The City Assessor is the clerk of the Board and is entitled to be heard at its sessions, but will have no vote on any proposition or question.

The Board of Review meets on the time and dates as required of township Boards of Review by the general property tax laws at such places as designated by the Council. The Board of Review has the same powers and performs the same duties as are conferred by law and required of township Boards of Review. (City Charter Section 11.5 & 11.6).

<u>NAME</u>	<u>EXPIRATION DATE</u>
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FIRST WARD

Judy Hull 715 Selma Street (H) 775-0849	3/06/06
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Mathew Meehan (alternate) 219 Newland Ave. (H) 775-7372	2/7/07
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SECOND WARD

Vacancy	3/04/06
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Vacancy (alternate)

THIRD WARD

Virginia Schut 215 Cobbs Street (H) 775-8212	3/3/07
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Vacancy (alternate)

FOURTH WARD

Mike Johnson 1723 Sunnyside Drive (H) 775-6501	3/01/07
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Barb Johns (alternate) 441 Fairway Drive (H) 876-9516	6/15/06
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COUNCIL REPRESENTATIVES

Arthur Stevens 310 Howard Street (H) 775-3306	1/01/06
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Vacancy

Vacancy

Representative from Wexford County Equalization	ex officio
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Number of Members: 7 appointed by Council, and 3 City Council members.

Years of Term for members appointed by City Council: 2

Years of Term for City Council members: 1

Meeting Times and Dates: As required.

BROWNFIELD REDEVELOPMENT AUTHORITY

The Brownfield Redevelopment Authority was created by resolution of Cadillac City Council on December 2, 1996. Its purpose as stated is to promote the revitalization of environmentally distressed areas in the City, pursuant to Act 381.

The Brownfield Redevelopment Authority consists of five members, all subject to approval by City Council.

<u>NAME</u>	<u>EXPIRATION DATE</u>
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Jack Benson 803 Lakeshore Drive (H) 775-7327	5/19/08
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Regan O'Neill Network Reporting Corp. P.O. Box 1050 (W) 775-7612	5/19/07
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Peter D. Stalker, Chairman City of Cadillac 200 N. Lake St. (W) 775-0181	5/19/06
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Ron Swanson 714 Chestnut Street (H) 775-3589	5/19/08
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Mike Figliomeni 438 E. Harris Street (H) 876-0084	11/21/08
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Number of Members:	5
Years of Term:	3
Meeting Times and Dates:	Determined by the Chairperson

CADILLAC AREA ARTS COUNCIL

The Cadillac Area Council for the Arts consists of not more than 25 members, to be appointed in the first instance by the Mayor, and thereafter to be elected by the membership thereof. The functions of the Arts Council are to study, analyze and promote the cause of art as a cultural attribute to the City of Cadillac and its citizens.

NAME

Mike Filkins, President
327 Granite Street
(H) 779-1590

Linda Anderson, Vice President
227 Petrie Road
(H) 775-8424

Dave Shankland, Treasurer
1005 E. Lake Mitchell Dr.
(H) 775-5511

Joyce Petrakovitz, Secretary
150 Arbutus Dr.
(H) 779-8150

Jan Putvin, Past President
322 Blodgett St
(H) 775-8215

Phyllis Bartlett, Symphony Representative
523 East Division
(H) 775-2616

Grace Brann, Cadillac Squares Representative
6606 W. Goose Lake Road
Lake City, MI 49651
(H) 839-4658

Vacant, Philharmonic Representative

Laura Fichtner, Footliters Representative
220 Vick Ave.
(H) 775-4807

Sandy Morse, Gopherwood Representative
10797 South 37½ Mile Road
(H) 775-6327

Phyllis Olson, Artists Association Representative
7801 S. 39 Rd.
(H) 775-7853

Eleanor Peterson, Scandinavian Society Representative
918 Stimson St.
(H) 775-3619

Carla Filkins, Clam Lake Band Representative
327 Granite Street
(H) 779-1590

Number of Members:	25 maximum.
Meeting Dates:	4 th Monday of each month except July and December.
Time:	7 P.M.
Location:	Municipal Complex Conference Room
Mailing Address:	P.O. Box 612 Cadillac, Michigan 49601

Wendy Moore, Historical Society Representative
403 E. Cass Street
(H) 775-3865

Bonnie Kolarevic, Garden Club Representative
6610 S. Crosby Road
(H) 775-4254

Linnea Stifler, String Association Rep.
505 E. Chapin St
(H) 775-1840

Vacant, Timbertones Rep.

Beverly Lind, Member-at-Large
1678 S. Sapphire Drive
Lake City, MI 49651
(H) 839-7422

Cindy Foley, Member-at-Large
203 Peninsula Dr.
(H) 775-8819

Karla Bryant, Member-at-Large
PO Box 596
Lake City MI 49651
(H) 839-7922

Karla Bryant, Member-at-Large
P.O. Box 596
Lake City, Mi. 49651
(H) 839-7922

Melissa Thompson, Member-at-Large
398 Indiana Ave.
(H) 775-5777

Dave Shankland
1005 E. Lake Mitchell Dr.
(H) 775-5511

CADILLAC HOUSING COMMISSION

The Cadillac Housing Commission consists of five members serving terms of five years who are appointed by the Mayor with the consent and approval of City Council. The Commission has the powers and duties vested or permitted by Public Act No. 18 of the Extra Session of 1933, as amended. .

NAME

EXPIRATION DATE

Maxine Fall
111 S. Simons Street Apt. 513
(H) 779-4635

7/19/09

Edwin Keller, Vice Chairman
418 E. Chapin St.
(H) 775-4476

7/19/06

Tom Olmsted, Chairman
602 E. North St.
(H) 775-9607

7/19/08

Tom Taylor
412 E. Harris Street
(H) 775-8973 (W) 775-1737 © 920-1326

7/18/10

Sylvia Reiser
1300 Sunset Ln.
(H) 775-9177

7/19/07

Housing Commission Director

Daniel D. Peterson
111 S. Simons St.
(W) 775-9491

Number of Members:	5
Years of Term:	5
Meeting Dates:	3 rd Wednesday of each month
Meeting Time:	5:15 P.M.
Location:	Cinco Center at Kirtland Terrace 111 S. Simons Street

CADILLAC-WEXFORD AIRPORT AUTHORITY

The Cadillac-Wexford Airport Authority exists for the purpose of planning, promoting, acquiring, constructing, improving, enlarging, extending, owning, maintaining, and operating the landing, navigational, and building facilities necessary in connection with the Wexford County Airport.

The Authority is operated by a seven-member board, three of which are appointed by Wexford County Commission and three that are appointed by the City. The City and County appoint the seventh member alternately. Members of the Authority serve a two-year term.

CITY APPOINTMENTS

<u>NAME</u>	<u>EXPIRATION DATE</u>
Lee Ballard 219 Alexander Ave. (H) 779-3997 (W) 779-9683	1/01/07
Jim McGuire, Chairperson 811 Lakeshore Drive (H) 775-3754	1/01/08
William Dumont 1113 Sunnyside Dr. (H) 775-4594	2/07/07

COUNTY APPOINTMENTS

Carol Dehnbostel 6279 N. 9 Road, Mesick (H) 885-2921 (W) 709-4683	12/31/07
Ray Hill (T) 8360 E. 30 Road (H) 775-0918 (W) 775-1606	12/31/06
Jack Boike 308 Maplebrook Lane (H) 876-0799	12/31/07
Owen H.T. Lloyd 4721 E. 10 Road, Manton (H) 824-3509 (W) 734-9500	12/31/07

Airport Manager

Bob Clark
8040 E. 34 Road
(W) 779-9525

Number of Members:	7
Years of Term:	2
Meeting Dates:	3 rd Tuesday of each month
Meeting Time:	7:00 P.M.
Location:	Wexford County Airport Authority Office 8040 E. 34 Road

CADILLAC-WEXFORD LIBRARY BOARD

The Cadillac-Wexford Library Board is responsible for determining general library policy regulations. The Board has ten voting members, four appointed by the City for four-year terms and six appointed by the County.

CITY APPOINTMENTS

<u>NAME</u>	<u>EXPIRATION DATE</u>
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Vacancy, City Council Liaison	06/03/06
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Melissa McPherson 511 Washington Street (H) 775-5427 (W) 876-3112	05/02/09
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Barbara Brehm 301 E. Mason Street (H) 775-2155	07/01/06
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Julie Zalud-Harris 405 Leeson Ave. (H) 775-1238 (W) 775-6597	05/07/09
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Jeanne Carlson 617 Lake Shore Dr. (H) 775-5086	05/21/09
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COUNTY APPOINTMENTS

Sandra Boyd 9125 South Mackinaw Trail (H) 775-3728	12/31/07
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Lucy Dussell 465 E. M-42, Mesick (H) 824-6208	12/31/07
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Gaylord Kurtz 1745 East Lake Mitchell Dr. (H) 775-6905 (W) 775-0374	12/31/10
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Virginia Mackey, Chairperson 10701 E. 46 Rd. (H) 775-3016	12/31/10
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Anne Wohlford 4569 W. Lake Mitchell Drive (H) 775-1820	12/31/07
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Theresa Williams 7400 E. 14 Road, Manton (H) 824-6906	12/31/08
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Library Director

Kathy Petoskey and Cathy Tocoma 411 S. Lake St. (W) 775-6541	ex officio
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Number of Members:	10
Years of Term (City):	4
Years of Term (County):	5
Meeting Dates: (except July and August)	3 rd Monday of each month
Meeting Times:	6:00 P.M.
Location:	Library Board Room, 411 S. Lake Street

CADILLAC-WEXFORD TRANSIT AUTHORITY

The Authority is charged with the planning, acquisition, construction, operation, maintenance, improvement, and contracting for public transportation facilities in Wexford County. The Authority is operated by a five-member board, four of which are appointed by Wexford County Commission and one that is appointed by the City.

CITY APPOINTMENTS

<u>NAME</u>	<u>EXPIRATION DATE</u>
Ronald Harris 405 Leeson Avenue Cadillac, MI 49601 (H) 775-1238	8/06/07

COUNTY APPOINTMENTS

L. Maxine Lazar 5690 W. 28 1/2 Road Harrietta, MI 49638 (H) 389-2579	12/31/07
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James Houston 102 Doral Drive Cadillac, MI 49601 (H) 779-4661	12/31/06
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Andrew Wuotila 5584 W. 12 Road Mesick, MI 49668 (H) 885-1043	12/31/07
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Vacancy

CWTA Director

Vance Edwards
1202 N. Mitchell Street
Cadillac, MI 49601
775-9411

Number of Members:	5
Years of Term:	2
Meeting Dates:	3 rd Thursday of each month
Meeting Time:	4:30 P.M.
Location:	CWTA office, 1202 N. Mitchell Street

CITY COUNCIL

The legislative authority of the City of Cadillac is vested in a Council composed of five members, one of who is Mayor. All members have equal authority. Terms of office are four years for Council Members and two years for the Mayor. The City Council is the governing body of the City and exercises all power conferred upon or possessed by the City by adoption of laws, ordinances and resolutions except as limited by the City Charter or state law. (City Charter, Section 3.1).

<u>NAME</u>	<u>EXPIRATION DATE</u>
Ronald Blanchard Mayor 111 S. Simons St. Apt. 705 (H) 775-6733	12/31/07
Gordon Baas Mayor Pro-Tem First Ward 428 Huston St. (W) 779-9486 (H) 775-7173	12/31/07
Arthur Stevens Third Ward 310 Howard St. (H) 775-3306	12/31/07
James Dean Fourth Ward 1319 Sunnyside Dr. (W) 775-8391 (H) 775-8691	12/31/09
Tom Dyer Second Ward 418 N. Park (W) 779-3547	12/31/09

Number of Members:	5
Years of Term for Mayor	2
Years of Term for Council	4
Meeting Dates	1 st and 3 rd Monday of each month
Meeting Times	7:00 P.M.
Location	Municipal Complex Council Chambers

CEMETERY BOARD

The Cemetery Board serves as the advisory authority for Maple Hill Cemetery with the responsibility of recommending rules and charges for cemetery practices to the City Council. The Board consists of three members appointed by City Council.

<u>NAME</u>	<u>EXPIRATION DATE</u>
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Delbert Packard 405 Elm Rest (H) 775-0963	1/01/08
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Nick Nelson 716 Sunset Lane (H) 775-8897	1/01/09
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Roy Wohlford, Jr. 616 Lake Shore Dr. (H) 775-9570	1/17/09
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Number of Members	3
Years of Term	3
Meeting Dates	Twice a year

CIVIL SERVICE COMMISSION

The Civil Service Commission is responsible for providing a civil service system based upon examination and investigation as to merit, efficiency, fitness for appointment, employment and promotion of personnel in the City's Police and Fire Departments.

The Civil Service Commission consists of three members. One is appointed by City Council, one member is elected by members of the Police and Fire Departments, and the third member is appointed by the other two commissioners.

<u>NAME</u>	<u>EXPIRATION DATE</u>
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Bill Potvin 610 Lakeshore Drive (W) 231-932-2850	3/26/07
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James Blackburn, Chairman 704 Holly Rd. (W) 775-1293	4/16/09
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Dan Moriarty 354 Marble Street (W) 775-2413	2/15/07
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Number of Members:	3
Years of Term:	2, 4, and 6
Meeting Times and Dates:	Determined by the Chairperson

COURTHOUSE HILL HISTORIC DISTRICT COMMITTEE

The Courthouse Hill Historic District Committee is charged with maintaining the historic integrity of the Courthouse Hill Historic District. This is accomplished through public education and outreach and review and approval of (non-maintenance) construction projects impacting the exterior of historic homes. If available, one member must be a registered architect. The other members must have knowledge of, or interest in, historic preservation.

Number of Members:	7
Years of Term:	1, 2, and 3
Meeting Times:	5:00 P.M.
Location:	Municipal Complex Council Chambers

<u>NAME</u>	<u>EXPIRATION DATE</u>
Mary Dudek, Chair person 408 E. Harris Street (H) 775-5313	6/20/08
Wendy Moore, Vice Chairperson 403 E. Cass (W) 779-9475 (H) 775-3865	6/20/08
Dean DeKryger Registered Architect DK Design Group 1104 S. Mitchell Street (W) 779-4002	6/20/08
James Hofman 407 E. Harris Street (W) 825-2492 (H) 775-5444	6/20/07
Jill Brown 405 E. Cass St. (H) 775-4439	6/20/07
John Fuson 420 E. Cass St. (H) 779-1922	6/20/06
Mark Snider, Secretary 407 E. Chapin Street (W) 775-9322 (H) 779-2814	6/20/06

DOWNTOWN DEVELOPMENT AUTHORITY

The Downtown Development Authority is under the supervision and control of a Board of Trustees consisting of the City Manager and ten other members. The members are appointed by the City Manager, subject to approval by the City Council. The Authority's primary role is the redevelopment of Cadillac's downtown area.

<u>NAME</u>	<u>EXPIRATION DATE</u>											
Bill Cinco, Trend Designers 108 E. Harris St. (W) 775-5711	08/16/07											
Tim Coffey Coffey Insurance Agency 207 N. Mitchell St. (W) 775-3421	08/16/08											
Vacant	02/02/06											
Vacant	08/16/05											
Curtis Schultz Kodiak's Coffehouse and Deli 112 N. Mitchell Street (W) 775-5282	03/01/07											
Peter Stalker (S/T) City of Cadillac 200 N. Lake St. (W) 775-0181	Indefinite											
Mike Stephan 800 Evar Street (H) 775-6837	08/07/07											
Hermann Suhs Hermann's European Cafe 214 N. Mitchell St. (W) 775-9563	03/06/07											
Stephanie Trombly Bridal Expressions 104 East Harris (W) 775-5003	10/05/06											
Bob Levand, Vice Chairperson 128 E. Pine Street (W) 779-9868 (H) 775-0586	10/06/07											
Deb Christie, Chairperson Firstbank 114 W. Pine St. (W) 775-9000	5/3/08	<table><tr><td>Number of Members:</td><td>10 plus City Manager</td></tr><tr><td>Years of Term:</td><td>4</td></tr><tr><td>Meeting Dates:</td><td>Last Wednesday of each month</td></tr><tr><td>Meeting Times:</td><td>7:30 A.M.</td></tr><tr><td>Location:</td><td>Municipal Complex Conference Room</td></tr></table>	Number of Members:	10 plus City Manager	Years of Term:	4	Meeting Dates:	Last Wednesday of each month	Meeting Times:	7:30 A.M.	Location:	Municipal Complex Conference Room
Number of Members:	10 plus City Manager											
Years of Term:	4											
Meeting Dates:	Last Wednesday of each month											
Meeting Times:	7:30 A.M.											
Location:	Municipal Complex Conference Room											

ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS

The Board of Directors of the Economic Development Corporation consists of not less than nine persons, appointed by City Council for terms of six years, not more than three of whom shall be an officer or employee of the City.

The corporation notifies the chief executive officer of the City in writing of the corporation's intent to commence preparation of a project plan and there is appointed promptly after such notice two additional directors of the corporation who shall be representative of neighborhood residents likely to be affected by such project proposed by the corporation; and who shall cease to serve when the project for which they are appointed is either abandoned or undertaken and is completed in accordance with the project plan.

<u>NAME</u>	<u>LENGTH OF TERM</u>	<u>EXPIRATION DATE</u>
Jack Benson 803 Lakeshore Drive (H) 775-7327	6 years	01/17/07
Steven J. Frisbie, Chairperson 616 Holly Rd. (W) 779-1220	6 years	09/11/08
Timothy Knaggs 134 Petrie Rd. (H) 775-8896 (W) 824-7371	6 years	10/11/09
Keith Merchant, Vice-Chairperson B & P Manufacturing 8052 E. Boon Rd. (W) 779-5272	6 years	09/11/07
Regan O'Neill Network Reporting Corp. P.O. Box 1050 (W) 775-7612	6 years	05/05/09
Peter Stalker City of Cadillac 200 N. Lake St. (W) 775-0181	6 years	09/11/08
Ronald Swanson (T) 714 Chestnut Street (H) 775-3589	6 years	09/11/08
2 VACANCIES	6 years	

Number of Members:	Minimum of 9
Years of Term:	6
Meeting Times and Dates:	Determined by the Chairperson

ELECTED OFFICIALS COMPENSATION COMMISSION

The Elected Officials Compensation Commission's primary duty is to establish the salaries of all elected officials of the City of Cadillac. The Commission consists of five members appointed by the Mayor and confirmed by the majority of the City Council.

<u>NAME</u>	<u>EXPIRATION DATE</u>
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Jack Dillon 725 Lincoln St. (H) 775-2346	9/06/10
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Vacant	09/06/05
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Rev. Dave McMahon, Chairman 313 S. Simons St. (W) 775-5629	01/17/08
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Don Linn 114 Shore Lane (H) 775-2560	11/15/09
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Vacant

Years of Term:	5
Meeting Dates:	Every 2 years following the fall odd-year General Election
Location and Time:	Determined by the Chairperson

ELECTION COMMISSION

The Election Commission consists of the City Clerk, who shall be the Chairperson, City Attorney, City Assessor and two electors of the City. The electors are appointed by the Council for terms of four years and cannot reside in the same ward.

Duties of the Election Commission include establishing the ward boundaries and appointment of the Board of Election Inspectors for each precinct for each election, having charge of all activities and duties required of it by law relating to the conduct of all elections in the City. (City Charter, Section 8.5). The Commission meets at the discretion of the Chairperson.

<u>NAME</u>	<u>EXPIRATION DATE</u>
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Delores Felsk 318-B N. Simons St. (H) 775-3972	1/01/07
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Virginia Schut 215 Cobbs St. (H) 775-8212	1/01/10
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David McCurdy, Ex-Officio McCurdy and Wotila PC 120 W. Harris St. (W) 775-1391	N/A
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Janice Nelson, Ex-Officio, Chairperson City of Cadillac 200 N. Lake St. (W) 775-0181	N/A
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Molly Whetstone, Ex-Officio County Equalization Dept. (W) 779-9470	N/A
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Number of Members:	5
Years of Term for electors:	4
Meeting Dates:	Determined by the Chairperson

LOCAL DEVELOPMENT FINANCE AUTHORITY

The Local Development Finance Authority (LDFA) was created by resolution of Cadillac City Council on October 15, 1990. Its purpose as stated is to promote economic growth in the City of Cadillac, as authorized by the provisions of Act 281, P.A. of MI, 1986.

The LDFA consists of ten members, seven of whom are recommended for appointment by the Chief Executive Officer, one member by the Wexford County Commission, two members by the Cadillac Area Public Schools Superintendent, and all are subject to approval by City Council.

<u>NAME</u>	<u>EXPIRATION DATE</u>
Jack Benson 803 Lakeshore Drive (H) 775-7327	12/03/07
Dennis Brovont Michigan Rubber Products 1200 Eighth Ave. (W) 775-1316	12/03/09
Paul Liabenow Cadillac Area Public Schools 421 South Mitchell (W) 876-5000	12/03/06
David Crooks, Vice Chairperson 220 Locust Lane (W) 775-8823	12/03/06
Steve Frisbie, Secretary Frisco Management 2604 Sunnyside Dr. (W) 779-1220	12/03/06
Bill Tencza Cadillac Area Chamber of Commerce 222 Lake Street (W) 775-9776	05/19/05
Pat Briggs Cadillac Area Public School 421 South Mitchell St. (W) 876-5004	08/07/08
Jim Petersen Chemical Bank West 1408 N. Mitchell Street (H) 775-6804 (W) 775-8588	12/03/08
Peter Stalker, Chairperson City of Cadillac 200 N. Lake St. (W) 775-0181	12/03/07
Vacant	4 years

Number of Members:	10
Years of Term:	4
Meeting Times and Dates:	Determined by the Chairperson

PLANNING BOARD

The Cadillac Planning Board has nine members consisting of two representatives from each of the four wards of the City who serve three-year terms, and the Mayor who serves a two-year term. The ward representatives cannot hold an elected municipal office.

The Board, established by City Charter and State statute, has the responsibility to review and make recommendations on various planning matters such as rezoning, site plan reviews, zoning ordinance amendments, street vacations and future land use recommendations.

NAME

EXPIRATION DATE

Ronald Blanchard, Mayor
209 Wildwood Drive
(H) 775-6733

ex officio

FIRST WARD

Denny Benson , Vice Chairperson
711 Lakeshore Drive
(H) 775-8668 (W) 876-9405

10/02/06

Kevin Fent
215 Winona Place
(H) 779-2110

10/01/07

SECOND WARD

Vacant

01/16/06

Joseph Schichtel
857 Wheeler
(C) 878-0202

06/15/07

THIRD WARD

Bob Peterson
420 Crestview Place
(H) 775-4047

01/21/07

John Putvin Jr., Chairperson
322 N. Blodgett
(H) 775-8215

06/15/07

FOURTH WARD

Randy Champlin
2002 Pennsylvania Ave.
(H) 775-0850

04/04/08

Vacant

Number of Members:	9
Years of Term for appointments:	3
Years of Term for Mayor:	2
Meeting Dates:	4 th Monday of each month
Meeting Times:	7:00 P.M.
Location:	Municipal Complex Council Chambers

RETIREMENT BOARD TO ADMINISTER ACT 345

The Retirement Board to Administer Act 345 operates under the provisions of Act 345, which provides for the establishment, maintenance and administration of a system of pensions and retirements for the person of fire and/or police departments.

The Board consists of five members including the treasurer, by virtue of office, one member elected from the Police Department and one member elected from the Fire Department for four-year terms, and two members appointed by the Council.

<u>NAME</u>	<u>LENGTH OF TERM</u>	<u>EXPIRATION DATE</u>
Dan Brooks 223 N. Mitchell St. (W) 775-3469	indefinite	N/A
Eric Eller 200 N. Lake Street (W) 775-3491	4 years (Police Dept. Rep.)	10/13/06
Janice Nelson, Treasurer 200 N. Lake St. (W) 775-0181	ex officio	N/A
Christopher Shankland 200 N. Lake St. (W) 775-3114	4 years (Fire Dept. Rep.)	01/01/07
Jay Thiebaut, Chairperson 222 Howard St. (W) 775-0174	indefinite	N/A

Number of Members:	5
Years of Term for Police and Fire Representatives:	4
Years of Term for Council Appointed Members:	Indefinite
Meeting Dates:	3 rd Thursday of each month
Meeting Times:	2:00 P.M.
Location:	Municipal Complex Council Chambers

ZONING/BUILDING BOARD OF APPEALS

The Zoning/Building Board of Appeals consists of seven members and two alternates appointed by City Council. The Board's primary responsibility is to hear and decide appeals from the public and to grant variances from the Cadillac City Code where the Board feels the strict application of the Code would create undue hardship or where there is practical difficulty in meeting the Code.

<u>NAME</u>	<u>LENGTH OF TERM</u>	<u>EXPIRATION DATE</u>
Larry Bontrager 310 Barbara St.. (H) 876-0687	3 years	01/01/08
Louis Nichols 358 Marble St. (H) 779-1283	3 years	01/01/07
Frank Weikel, Chairperson 521 Stimson St. (H) 775-0394	3 years	01/01/09
John Sayler, Vice Chairperson 712 Sunset Lane (H) 775-8238	3 years	05/05/06
Renee Walkley 730 East Division (W) 779-8527 (H) 775-0122	3 years	10/06/06
Shari Ault 628 N. Lake St. (H) 775-9176	3 years	1/19/07
Peter Lanc 725 E. Division Street (H) 775-9918	3 years	02/06/09
Troy Knight 128 E. Pine St (H) 775-0586	3 years	10/06/06
Jon Pietrzak 735 E. Chapin Street (H) 779-9870	3 years	09/19/08

Number of Members:	7
Years of Term:	3
Meeting Times:	5:30 P.M.
Meeting Dates:	3 rd Thursday of each month
Location:	Municipal Complex Council Chambers

Cadillac, MICHIGAN

Population:

2000 Census 10,000
Trading and labor drawing
area - 65,000 population

Area within the City:

9 sq. miles
Large lake incorporated within
city limits. Located approximately
100 miles north of Grand Rapids and
50 miles southeast of Traverse City.

Government:

Incorporated in 1877; Council/Manager form
of government (one of the first in Michigan);
County Seat for Wexford County.

Major Industries:

Boat Manufacturer
Rubber Products
Medical Care
Vacuum Cleaner Manufacturer
Truck Parts and Commercial Freezers Manufacturer
Automobile Parts Manufacturer
Iron Foundry
Military Hardware
Tourism
Beverage Distributing
Fastest growing industrial sector north of Grand Rapids.

Employment Data:

2005 – 15,187 labor force in the County; 7.4% unemployment rate*
2005 – 22,185 labor force in the Cadillac Micropolitan Statistical area*
36% of wages paid in Wexford County are derived from the manufacturing sector

**Source: Michigan Department of Labor and Economic Growth; Retrieved from: www.michlmi.org*

Other:

- Class 5 fire department rating.
- 57 policemen including City, Wexford County Sheriff officers (24) and State Police officers (17).
- Cadillac is the County seat of Wexford County and as such, many legal and financial experts reside and practice here.
- 97 bed hospital
- Six truck lines serve the area and railroad, bus line and airport develop the transportation network.



WHAT'S THE WEATHER?

Local citizens like to say that if you don't like the weather, just wait a few hours.

A true four-seasons climate awaits you in Cadillac. Spring is exciting with its annual renewal of the lush foliage and flowers and the appearance of the much-awaited May mushrooms. Summer is pleasant with moderately warm temperatures and, for the most part, comfortable humidity levels. Fall, with nature's glorious color show, is a very special time of year. Winter provides abundant snow for a full range of winter activities.

CLIMATE as reported by weather station at Cadillac:

January Average Minimum:	10F./-12C.	Average Maximum:	24F./-4C.
July Average Minimum:	54F./ 12C.	Average Maximum:	79F./26C.
Growing Season:	100 days		
Days below 0F. or -18C:	23	Average Annual Rainfall:	31 in./79cm.
Days above 90F. or 32C:	5	Average Annual Snowfall:	71 in./180cm.

DID YOU KNOW?

The City was founded based on the lumbering of large tracts of pine timber.

The Shay Locomotive was invented in Cadillac by Ephraim Shay in 1878. The Shay Locomotive was one of the first to have the ability to haul logs on uneven terrain, sharp curves and up steep hills. Shay Locomotives were used throughout the United States between 1880 and 1945.

The canal between Lake Mitchell and Lake Cadillac is one of the man-made wonders of the world. It freezes before either of the lakes, thaws after the lakes have frozen, and does not freeze again for the rest of the winter.

In 1840, Wexford County was called "Kautawaubet" an Indian name supposedly meaning "broken tooth", after a chief of the Potawatami tribe that signed the Great Peace Treaty of 1825. In 1843, it was named Wexford after a county in Ireland.

Cadillac previously was known as the Village of Clam Lake until 1843, when it was renamed in honor of the French explorer, Antoine de la Mothe Cadillac.

Tourism became a major industry after World War II with the expansion of the Caberfae Ski Resort.

Famous "Humpty-Dumpty" folding egg crates were designed in Cadillac.

Cadillac was world renown for its production process of maple and hardwood flooring.

Cadillac had its beginnings on the eastern shore of Lake Cadillac (then known as the Little Clam Lake). George Mitchell, Cadillac's founding father, is responsible for naming the first streets. Streets were named for the natural surroundings he encountered such as Lake, Pine, Beech and Spruce Streets. Mr. Mitchell named several of the streets after his friends and business associates. On the western boundary of the city, Mr. Mitchell established a park – now known as Mitchell State Park – surrounded by the lakes – now known as Lake Mitchell and Lake Cadillac – and a swamp. Sawdust and soil removed from the east side of Mitchell Street was used to fill in and elevate the park property. Leeson Avenue was named after Cadillac's first doctor, Dr. John Leeson. Cummer Street was named for Jacob Cummer, lumberman and pioneer in the manufacture of hardwood furniture, ladders and novelties. Our streets reflect our area and people who helped build this community we are part of today.

GLOSSARY

The Annual Budget contains specialized and technical terminology unique to public finance and budgeting. To assist the reader of the Annual Budget document in understanding these terms, a budget glossary has been included in the document.

ACCRUAL ACCOUNTING

A basis of accounting in which revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they are incurred.

AGENCY FUND

A fund used to account for assets held by the city as an agent for individuals, private organizations, other governments and/or other funds.

ANNEXATION

The incorporation of a land area into an existing city or village with a resulting change in the boundaries of that unit of local government.

APPROVED BUDGET

The revenue and expenditure plan for the City for the fiscal year as reviewed and given final approval by the City Council.

ASSESSED VALUATION

The taxable value placed upon property as a basis for levying taxes, equal to 50% of market value, as required by state law.

AUTOMOBILE PARKING SYSTEM FUND

This fund accounts for Operations of the on-street and off-street parking facilities within the City.

AUDIT

A comprehensive review of the manner in which the government's resources were actually utilized. The main purpose of an audit is to issue an opinion over the presentation of financial statements and to test the controls over the safekeeping of assets while making any recommendations for improvements where necessary.

BOCA

Initials for Building Officials and Code Administrator's, an international consensus code group. Authors of the current State building and mechanical codes, fire prevention codes, and property maintenance codes.

BOND

A certificate or instrument certifying the existence of a debt. Local units of government only have those powers to borrow monies expressly granted by law. Municipal obligations are generally classified as either general obligation or special obligation bonds. A special obligation bond is payable from a specially identified source; general obligation bond is payable without reference to a specific source.

BONDED DEBT

That portion of indebtedness represented by outstanding bonds.

BUDGET ADJUSTMENT

Adjustment made to the budget during the fiscal year by the City Council to properly account for unanticipated changes which occur in revenues and/or expenditures and for programs initially approved during the fiscal year.

BUDGET

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

BUDGET CALENDAR

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

CAPPED VALUE

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

CALEA

Commission on Accreditation for Law Enforcement Agencies.

CAPITAL PROJECTS FUND

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

CAPITAL OUTLAY

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

CEMETERY OPERATING FUND

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

COMMUNITY DEVELOPMENT FUND

This is a revolving fund established with grant monies from H.U.D. to assist low and moderate income families to bring their homes up to the City building codes. Assistance is given through low-interest loans to qualifying individuals. As loans are repaid, money is made available for new loans.

COUNCIL

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

CURRENT TAX COLLECTIONS

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

DEBT SERVICE FUNDS

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

DEPRECIATION

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

DOWNTOWN DEVELOPMENT AUTHORITY FUND

This fund is designed to assist in the economic growth of the central business district from parking plans to mall development. A tax levy of two mills maximum can be levied by the board when needed.

ENTERPRISE FUNDS

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

FIDUCIARY FUND

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

FISCAL YEAR

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

FUND

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

FUND BALANCE

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

GENERAL FUND

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

GENERAL OBLIGATION BONDS

Bonds that finance a variety of public improvement projects which pledge the full faith and credit of the City.

GOAL

The activity or function to which the city council and/or the department wants to direct the focus of their efforts.

HOME RULE

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

INFRASTRUCTURE

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

INVENTORY

A detailed listing of property currently held by the government.

INTERNAL SERVICE FUNDS

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

The City of Cadillac Central Stores and Municipal Garage Fund, Data Processing Fund and Self Insurance Fund make up the internal service fund category. The Central Stores and Municipal Garage Fund is the fund that operates the motor pool for the City. The Data Processing Fund provides data processing services in the various internal and external agencies that use the City's computer system. Self Insurance Fund records the hospitalization, dental, optical and similar insurance benefits.

LOCAL STREET FUND

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

LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA)

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

LEGAL LEVEL OF CONTROL

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

MAJOR STREET FUND

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

MILL

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

MILLAGE

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

MODIFIED ACCRUAL ACCOUNTING

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

NPDES

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

OBJECTIVE

The methods for which the goal is to be obtained. More defined definition to the goal and a focused effort.

OPEB

Other Post Employment Benefits.

PERMANENT FUNDS

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

POLICEMAN AND FIREMAN RETIREMENT SYSTEM

Maintained under the State of Michigan Act 345. This retirement fund is for police and fire personnel of the City.

PROPOSED BUDGET

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

PROPERTY TAX

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

RISK MANAGEMENT

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

RESERVE

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

RESOLUTION

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

REVENUE BOND INDEBTEDNESS

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

SELF-INSURANCE FUNDS

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

STATE EQUALIZED VALUATION (SEV)

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

SURPLUS

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

TAXABLE VALUE

Taxable value is simply the lesser of the assessed value or capped value.

TAX BASE

The total value of taxable property in the City.

TAX INCREMENT FINANCING

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

1. tax increment finance authority (no longer an option for a new authority),
2. downtown development authority,
3. local development financing authority, and
4. brownfield redevelopment authority.

TAX RATE

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

TRANSFER OF FUNDS

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

UDAG

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

VARIANCE

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

WATER AND WASTEWATER DISPOSAL SYSTEM FUND

The customers of the City's tertiary treatment plant have the revenues and expenses of the system accounted for in this fund as well as the financial activity of the seven well water systems which provide water to the City.

WWTP

Initials for Wastewater Treatment Plant.

ZONING

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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Cadillac

Michigan

For the Fiscal Year Beginning

July 1, 2005

Nancy L. Ziehl
President

Jeffrey R. Egan
Executive Director

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, 2005. In order to receive this award, a governmental unit must publish a budget document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine if it is eligible for another award. The City of Cadillac has received twenty one consecutive Distinguished Budget Presentation Awards.



CITY OF
CADILLAC
MICHIGAN