

Cadillac MICHIGAN



INDUSTRIAL

COMMERCIAL



RECREATIONAL

*PEOPLE...
PLACE...
PARTNERSHIPS...*

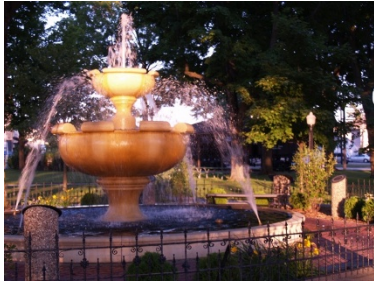
The Cadillac Standard



RESIDENTIAL



*2008-2009 Annual Operating Budget
July 1, 2008—June 30, 2009*



Cadillac MICHIGAN

ELECTED OFFICIALS

William Barnett, Mayor
At Large

Shari Spoelman, Councilmember
First Ward

Tom Dyer, Councilmember
Second Ward

Art Stevens, Councilmember
Third Ward

James Dean, Councilmember
Fourth Ward

For the first time in 18 years, Cadillac welcomes a new mayor. Former mayor Ronald Blanchard did not seek reelection to a 10th term as mayor. William Barnett assumed mayoral duties on January 1, 2008. Also beginning her first term in 2008 is new First Ward councilmember Shari Spoelman.

CITY ADMINISTRATION

City Manager	<i>Peter D. Stalker</i>
Deputy City Manager	<i>Precia L. Garland</i>
Director of Finance	<i>Owen Roberts</i>
Director of Public Safety	<i>Jeff Hawke</i>
Director of Public Utilities	<i>Larry Campbell</i>
Director of Public Works	<i>Bob Johnson</i>
City Engineer	<i>Bruce DeWitt</i>
City Clerk and Treasurer	<i>Jan Nelson</i>
City Attorney	<i>David McCurdy</i>

Welcome to the City of Cadillac's Annual Operating Budget for the fiscal year running from July 1, 2008 through June 30, 2009. We are glad that you have taken the time to learn about the appropriation of resources within our organization, and trust that the time you invest in familiarizing yourself with this information will be time well spent. We are committed to accountability in the way that we conduct the business of serving the City of Cadillac, including its citizens, businesses, and industries. Hopefully this brief "Budget Reader's Guide" will help you understand this robust document as well as introduce you to the process that has led to its production.

Financial Structure

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



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

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

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

The "Non-Major Funds" section contains the budget detail for the rest of the funds that are within the City's financial structure. Activities such as the operation of the City cemetery, building inspection activities, community development services, and others are found in this section, along with the

details of the various debt service requirements of the City. Information technology is another area that the City commits substantial resources to in order to enhance efficiency and employee productivity, and these activities are tracked separately in this section. The City's costs for employee health insurance are found in a fund within this section as well.

The Process

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

Capital Improvement Program – In mid to late summer, work begins on a 5-year capital improvement program. This program lays out projects with a cost greater than \$5,000 and a useful life of more than one year. Any project that meets these criteria needs to flow through this program, with very few exceptions. Funding sources are identified through this process, but the actual appropriation of resources does not yet take place. This type of long-term capital planning has been of great benefit as funding has continued to be challenged on many fronts. There are opportunities for public input at this point, and the City Council officially adopts this 5-year program.



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

Goal Setting – Once the Capital Improvement Program has been completed in early fall, the City Council begins efforts to set the strategic direction for the City of Cadillac in the form of short-term and long-term goals. This process takes a couple of months, and includes input from staff, City Council, and the public. The goals are officially adopted by Council after a public worksession and a public hearing process.

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

Annual Independent Audit – Each year, the City retains an independent auditing firm to review the financial reports of the City and express an opinion on whether or not they fairly and adequately report the financial activities of the City. The results of this process are a vital part of the planning and

budgeting process, as actual results are analyzed and compared with what was budgeted and appropriated. Any variances are closely analyzed and necessary adjustments are made in subsequent planning efforts.

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

Elected Officials

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



Mayor William S. Barnett

Councilmember from City at Large

Population of City: 10,000

Occupation: Attorney

Term Expires: December 31, 2009

Annual Salary: \$4,100



James Dean, Mayor Pro-Tem

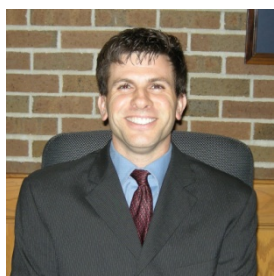
Councilmember from Ward 4

Population of Ward: 2,391

Occupation: Manufacturing

Term Expires: December 31, 2009

Annual Salary: \$2,800



Councilmember Art Stevens

Councilmember from Ward 3

Population of Ward: 2,542

Occupation: Financial Advisor

Term Expires: December 31, 2011

Annual Salary: \$2,800

Elected Officials (Continued)



Councilmember Thomas Dyer

Councilmember from Ward 2
Population of Ward: 2,472
Occupation: Manufacturing
Term Expires: December 31, 2009
Annual Salary: \$2,800



Councilmember Shari Spoelman

Councilmember from Ward 1
Population of ward: 2,595
Occupation: MSU Extension Director
Term Expires: December 31, 2011
Annual Salary: 2,800

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



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

Sincerely,

Peter D. Stalker
City Manager

Owen E. Roberts
Director of Finance

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200 North Lake Street • Cadillac, Michigan 49601
231.775.0181 • fax 231.775.8755
www.cadillac-mi.net

May 19, 2008

Dear Citizens of Cadillac:

It is my privilege to submit to the community the City of Cadillac's annual operating budget. This budget covers the twelve months beginning July 1, 2008 through June 30, 2009, and as required by the State of Michigan, it is a balanced budget. Total revenues are down from the previous year due mainly to the fluctuation in grant revenue. Expenditures throughout the budget attempt to maintain the highest level of services 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.

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 large capital projects on the horizon. The City Council looks at its short- and long-term goals each year and adjusts them if necessary. Projects from the capital improvement program as well as programs designed to achieve short-term goals are blended throughout this document. 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 wonderful executive summary of this 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,

William S. Barnett

William S. Barnett
Mayor



Vision Statement

The *Cadillac* Standard – People, Place, Partnerships

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.



***The Rotary Pavilion in the morning
after a fresh snow.***



April 1, 2008

Honorable Mayor Barnett and City Council:

Introduction

It is my pleasure to present the 2008-2009 annual operating budget for the City of Cadillac. This budget document is submitted in accordance with all applicable state laws governing local municipal finance and accordingly, is a balanced budget. The economic climate in Michigan continues to be poor, with the state leading the nation in unemployment and home foreclosure rates. Now that the United States is officially in a recession, our worst fears have come true; having never rebounded from the last recession, Michigan now finds itself starting into another national recession.

Therefore, this budget has been developed from an extremely conservative perspective. There are simply too many known and unknown challenges ahead to allow for an overly aggressive budgetary approach. All areas of municipal spending have been painstakingly analyzed as a part of this year's budgeting process. Additionally, the City of Cadillac has for the first time in over 30 years a new finance director at the helm. Owen Roberts was selected through a national recruitment and selection process to replace retiring finance director Dale Walker. As the previous deputy finance director, Owen is certainly familiar with our budgetary process; however, this was the first time that he was solely responsible for this task. Owen has brought much excitement and energy to the development of this year's budget and this fresh perspective has resulted in a comprehensive and insightful review that has challenged many preexisting perceptions of our service delivery system. As a result, I am confident that this budget represents an extremely accurate picture of the true costs of city services and has identified a number of positive changes that will result in a better municipal operation. I would like to thank Owen for all of the extra attention and effort he committed to the development of this year's administrative budget.

FINANCIAL Influences on the Municipal Budget

Obviously, there are many issues which affect a municipal budget both internally and externally. First, being located in the state of Michigan, the City of Cadillac will be affected by the overall state economy. Michigan has experienced poor fiscal health for a number of years, with next year anticipated to be just as bad, if not worse. The automotive industry woes will continue to be felt by all areas of the state. The slow down in the national economy is a new concern, and will certainly not help this situation.

Additionally, there have been a number of state initiatives implemented which have had a direct impact on municipal budgets and while well intended, have significantly damaged the fiscal health of all municipalities in Michigan. The first of these was the Headlee Act, which rolls back local millage rates based upon a very complicated formula which attempts to keep municipal revenue increases tied to the rate of inflation. Proposal A, which was adopted in 1995, further affects local revenue streams by permanently capping property tax growth. Local communities were to be made whole by an increase in state shared revenue; however, this has simply not happened. Revenue sharing payments have declined in every year since 2000, with last year's funding level equal to that of 1996. These various state initiatives when combined with another state act entitled "Truth in Taxation" have resulted in a "perfect storm" in municipal finance.

Because of this, it has become increasingly difficult for many communities to continue to provide consistent levels of quality public services.

Obviously, the victims of this situation are various municipal programs and ultimately the local citizens that we serve. The City of Cadillac has reduced its workforce in virtually every budget since 1995. It is proposed to hold employment levels for fiscal year 2008 at last year's level. Any additional staffing cuts will result in reductions and/or the elimination of existing service, which is something that this budget document has been able to avoid. However, challenges with turnover in key management positions will be encountered this year as the municipal workforce continues to age and natural transition occurs.

The State of Michigan has finally adopted a replacement tax for the single business tax (SBT). The new tax is entitled the "Michigan Business Tax" (MBT) and has been met with mixed reviews. Some businesses have benefitted from this new approach to taxation, while others have witnessed significant increases in their tax burden. Even though it has been extremely positive to have the question of the business tax resolved, the long-term impact of this new system for collecting revenue from our business community is yet to be determined. One very positive aspect of this new tax is the significant reduction in the personal property tax burden for all businesses in the state (local revenue is held harmless). Currently there are a number of legislative proposals which have been introduced in an attempt to fine tune the business tax with an eye towards creating equity for those who saw significant increases from the previous tax.

Concerns with tipping fees at the Wexford County Landfill continue from previous years. Our community has witnessed an increase in these fees of over 250%, which now is threatening the viability of certain businesses in the community. The City of Cadillac has become more involved in this discussion due to the increasing impact that these fees are having on the business community. Accordingly, the City is requiring various changes to the proposed county solid waste plan prior to any support of this document.

Health care costs for employees continue to be a key concern for all employers, and the City of Cadillac is no exception. However, through an aggressively managed self-insurance program, we anticipate being able to cut health care costs which are charged to each department from the self-insurance fund by approximately 5%. This is the result of low experience rates in this fund, but as a small employer, we must be careful of significant fluctuations in costs incurred in this fund. This budget document also appropriately recognizes the liabilities associated with Other Post Employment Benefits (OPEB) and actuarial analyses are funded appropriately. Unfortunately, this has added approximately \$500,000 to the total budget, but we must continue to meet this obligation as required by generally accepted accounting practices to control the long-term impact of this liability. We are ahead of most communities in this regard, and therefore care must be taken when comparing our personnel costs with others, since most cities our size do not yet recognize and report this additional cost.

The Cemetery Fund will also be challenged this year by the loss of affordable prison labor from the State of Michigan. This fund has witnessed a significant increase in the cost of this labor from a daily rate of \$5 per person to over \$15 per person. The state recently eliminated this program, and is now proposing its re-introduction with daily rates being set at \$30/person. This makes this labor too costly for the City of Cadillac, and will require us to hire one seasonal full-time employee instead. This situation has resulted in a complete reevaluation of the cemetery operation, and various charges have been appropriately reallocated to this fund. The end result will be a significant contribution from the General Fund to the Cemetery Fund for the first time in Cadillac's history. However, this reflects the true cost of operating the cemetery, but unfortunately is affecting the General Fund at a most unfortunate time.

The General Fund is further impacted by static funding of the major and local street systems by the State of Michigan. The state has entered into a significant discussion associated with transportation funding, and it appears that support is growing for an increase in the gas tax. However, this is coming at a time when gas and diesel prices are at historic highs, and therefore overall public support is dubious. It is clear that funding for the state road system is woefully inadequate and improvements to this source of revenue will need to be identified in the near future.

The City of Cadillac made a significant change to its investment strategy associated with the Police and Fire Pension Fund last year, and as a result, significant improvement in returns on investments will allow the millage rate which funds this system to be slightly reduced this year. This is positive news and comes after a number of years where significant increases in this millage rate were required. While the decrease in millage rate will be slight, it is clear indication of a positive direction.

This is a quick snapshot with regard to the highlights associated with the financial influences on this year's budget, and additional detail on a fund-by-fund basis will be included later in this transmittal letter.

Major Issues for Fiscal Year 2008 – 2009

Groundwater contamination continues to be a focal concern in the Cadillac community. A number of separate but distinct groundwater plumes have been identified and are being treated in the immediate vicinity of the municipal well field. However, newly discovered sources of contamination have additional concern with regard to the security of the well field. The City has proposed a community-based approach to this situation, much in the same manner that the LDFA was developed years ago to address another multifaceted source of contamination. This situation has also accelerated the City's exploration for a new well field site, especially given the fact that one of the main wells has failed this year due to age.

The Stores and Garage Fund has struggled from a financial standpoint for the past three fiscal years. This budget document incorporates specific steps that will be taken to reverse this trend.

The City master plan is in excess of five years old and needs to be updated per state law. Specific emphasis will be placed on soliciting public input into this renewal process in an attempt to clearly identify a future direction for the community that is desired by the local residents.

The City continues to prepare for the Mitchell Street Streetscape Project, which is scheduled to begin in spring 2009. This will be a significant undertaking, and will require much coordination between all City departments and the State of Michigan. A public relations committee has been formed in an attempt to appropriately convey the various aspects of this project to the public.

The Cadillac community is fortunate to be supported by a strong manufacturing base. However, a number of these businesses are facing significant challenges, and therefore emphasis will be placed on retention and expansion activities in order to safeguard the viability of the local economy.

Downtown Cadillac continues to be challenged on a number of fronts as well, with the highest vacancy rate experienced in over a decade. Targeted activities will be focused on this most important area of our community, with specific emphasis being placed on the redevelopment of two of the larger sites. One of these, the Harris Milling site, has recently been purchased by the City, and will be redeveloped in partnership with a local private developer who was selected through a competitive RFP process. Due to the existence of preexisting contamination, the City's role in procuring appropriate grant dollars for remediation will be key to the overall success of this venture.

It is anticipated that discussions with neighboring townships pertaining to the provision of municipal water and sewer services will continue. Equity in taxation will remain a cornerstone of these discussions, to ensure the future viability of the core urban area of our community. It is gratifying to see that the State of Michigan has begun to recognize the importance of these areas, and the development of appropriate state policy to provide targeted support to these types of communities will be key to their long-term success.

This budget document recognizes the continuation of the special assessment process for the treatment of invasive species in Lake Cadillac. As a result of two very successful treatment years, it is anticipated that this special assessment can be lowered approximately 20% for this next fiscal year. However, a much larger discussion associated with the overall health of the lake needs to occur, and the City will assist in this process.

These are just a few of the major issues affecting the City of Cadillac for fiscal year 2008 – 2009, and a more detailed analysis of these items and others can be found under the City Manager's section of this document. In the end, it is clear that fiscal year '08/'09 provides many challenges for the Cadillac community but certainly there are a number of exciting opportunities as well. These challenges will be met head-on, while at the same time pursuing the opportunities in order to strengthen the local community. This budget provides the resources necessary for us to be successful in this endeavor as we move the community forward. This budget document also appropriately recognizes the local demands for services which have been identified through the very public process leading up to the adoption of this document. In order to give the reader a better understanding of the overall structure of the City, the following is a brief review of the various activities of the City of Cadillac on a fund-by-fund basis.

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund is presented as a balanced budget. The total revenues of the fund for FY2009 are \$7,221,900. This represents an increase of about 3.7% over the previous fiscal year. A general increase in property tax revenue as well as a more accurate reflection of anticipated statutory state shared revenue contributed to this increase. The revenue picture in the General Fund continues to remain hazy from an analysis standpoint. Threats to state shared revenue sharing have not yet materialized in the form of actual reductions this year, yet the state of the economy in Michigan yields less of a pool from which to distribute this money, therefore leading to less and less revenue coming from the State. A greater reliance on own-source revenue – like property taxes – is the effect of this reduction. With a full-time workforce that is at its lowest level in many years, further revenue restrictions and reductions will inevitably lead to reduced services. As mentioned, and on a positive note, the City's police and fire retirement system has experienced positive results since switching fund managers, and therefore the added voted millage needed to fund the system has been reduced by 0.2 mills for FY2009. Further action regarding this system and continued positive fund management by the Michigan Municipal Employees Retirement System's Investment Services Provider (MERS ISP) will continue to have positive impacts on the funded level of the plan and will help control the costs incurred on an annual basis to fund the system.

The rate charged to residents for solid waste removal services will increase in FY2009 from \$13.85 per month to \$14.54 per month, and increase of \$0.69 per month, or \$8.28 annually. This increase is a direct result of increased tipping fees at the Wexford County Landfill as well as increased fuel costs. This service was re-bid in May, 2008, and costs have been set based on the new bid.

Efforts were undertaken as part of the budgeting process this year to analyze the allocation of costs to various activities of the city. As a result of this analysis, a number of allocation changes were made. The most significant of these changes led to the allocation of additional costs to the Cemetery Operating Fund to more accurately reflect true costs of operation. This has led to the City showing for the first time a General Fund contribution to the Cemetery Fund in the amount of \$68,400. This is still less than many comparable Northern Michigan communities, but the true assignment of activity costs will help City staff and users of the City's financial information more fully understand the full costs of operations. Other minor re-allocations were made as well, but this was the most material from a financial and structural standpoint.

Another negative impact on the current budget is another direct result of decreased state funding, this one in the form of Act 51 money coming to the City for major and local street maintenance. Due to the rising costs of maintenance, higher debt service levels than prior years, and reductions in actual revenues from the State, the General Fund's contribution to the Local Street Fund had to increase to \$594,300 for FY2009. This is a serious situation that demands attention at the local level from a budgetary impact perspective and at the state level as well to see what can be done to restore funding to needed levels.

Overall, converging economic and legislative factors have presented budgetary challenges for FY2009 at levels not seen for many years. Never has it been more critical to fully analyze and understand the costs of providing governmental services and to ensure that these core and critical services are being delivered in the most efficient and effective manners.

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, which have continued to decline, even as the costs of street maintenance continue to rise. One unfortunate impact of restricted funding in the current year is the inability of the Major Street Fund to make a contribution to help offset the costs of maintaining the local street system. Additionally, no major construction projects are planned on any major street in FY2009. 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. The City is fully reimbursed for the costs of maintaining the major trunklines in the City.

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. The local taxpayer will contribute \$59 per capita to maintain this infrastructure, which is up from \$47 per capita in FY2008. This trend cannot continue with the tight economic climate. Various anticipated street reconstruction projects for the future have been placed on hold for at least a couple of years. One of the City Council's ongoing goals is to pave new streets, but reduced funding has precluded the opportunity to undertake any of these projects in FY2009.

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 2.5% rate increase due to inflationary costs experienced within this system. Major improvements to both the water and sewer systems will continue with the completion of the wastewater treatment system upgrade, using funds borrowed at low-interest from the State

Revolving Fund, a program funded by the State of Michigan providing approximately \$4 million. Replacement of utilities infrastructure during the State's project to replace 1.4 miles of Mitchell Street – the main thoroughfare running through downtown Cadillac – will also be completed in FY2009.

A State of Michigan Department of Environmental Quality District Office is located in the downtown Cadillac area. The Building Authority Operating Fund is designed to record the operation of this facility, as the city owns the facility and leases it to the State.

NON-MAJOR SPECIAL REVENUE FUNDS

As previously mentioned, budgeting for the Cemetery Fund has undergone significant change for FY2009. City management must further develop a strategy for continuing to maintain the facility 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 2006. 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 along with funds from Community Development Block Grants. 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 FY2009. This funding had to increase by nearly double over FY2008 due to declining revenue from building permits.

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 principal 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. The fees are intentionally maintained at a level that is equal to the County's but have never been sufficient to cover the expenditures of this fund. The Cadillac Development Fund is contributing money to allow for this fund to be balanced. The depressed economy in Michigan has had a significant impact on this fund as well. Building permits were down nearly 40% from only 7 years ago in 2007. As previously indicated, this situation has required additional contributions to sustain the activity during the current economic crisis. Staff is currently exploring options regarding this activity, an effort that will be especially important as the economic recovery is occurring much slower than originally projected.

NON-MAJOR DEBT SERVICE FUNDS

These funds are used to account for the retirement of various bond issues. Funds have been appropriated for nine separate debt obligations, and reflect various stages of 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 FY2009 is \$1,308 and 7.5% of the principal will retire during the fiscal year.

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. Earnings on these assets have been used to help fund infrastructure projects. Including FY2009, over \$120,000 in projects have been funded using earnings on these endowment funds. The fund will make a contribution to help fund the Diggins Hill Tennis Courts restoration project in FY2009. This contribution will assist a project made possible through the generous private donations of involved citizens and businesses from Cadillac and beyond.

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

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. The first three 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 help to maintain the viability of our community.

The Special Assessment Capital Projects Fund is where the activity for summer construction projects is funded. Over \$1.3 million is planned for FY2009, which is a significant amount of activity for one city engineer and one engineering technician. Projects for the current fiscal year are highlighted by the replacement of utilities infrastructure under Mitchell Street as the State is resurfacing it, re-construction of a section of East Bremer Street, the replacement of street signs, and work on an area surrounding a local elementary school as part of Michigan's "Safe Routes to School" program.

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. The parking assessment is set at a level which covers the essential services of the fund, but does not generate sufficient revenue to consider additional construction projects.

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 and were raised significantly in this fiscal year. Equipment rental represents 95% of revenue to this fund. There are over 150 pieces of equipment in this fund.

The Information Technology Fund decreased rates slightly this year, but continues its commitment to make an investment in this area in order to leverage improvements in technology to enhance efficiency and productivity wherever possible. Oversight of all IT activities was contracted out in 2007, which continues to be a wise move and has led to improved service delivery.

The Self-Insurance Fund provides funding for the City's health care needs. The purpose of self funding health insurance is to control the escalation of health care costs at a time when the medical inflation rate continues to increase dramatically. Because of proactive employee health management and positive claims experience over the last several years, rates were reduced for FY2009. 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. For FY2009, a portion of the City's liability for other post-employment benefits (OPEB) will also be appropriated from this fund.

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. As mentioned previously, the millage needed for FY2009 is 2.6 mills, down 0.2 mills from FY2008. A local board of directors appointed by the City Council is responsible for the administration of this system. A small increase in the City's taxable value, coupled with the change in funds management to MERS ISP helped lead to the ability to reduce the millage rate this year. In 1977 assets of \$100,000 were available, and as of June 30, 2007, these funds have grown to nearly \$7 million. The City contributes 35% as a percentage of payroll for police and 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 FY2009 but the level of funding is still below normal costs. 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 6% due to the interest earned on investments.

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. 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 2007.

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 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 FY2009. 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-fifth year in a row clearly illustrates our commitment to this most important natural resource.
- ◆ The **Award for Distinguished Budget Presentation** has been presented to the City of Cadillac for twenty-three 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, 2007. 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 device. We believe our current budget continues to conform to this high standard and we are submitting this year's document to be considered for another award.

- ◆ The Government Finance Officers Association of the United States and Canada presented the City of Cadillac with a **Certificate of Achievement for Excellence in Financial Reporting**. This award has been received twenty-two 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 which are required of every municipality are shown. The budget document is available for public inspection at the City Clerk's office or on the City's website at www.cadillac-mi.net.

With the receipt of this proposed budget for the 2008-2009 fiscal year, the City Council begins its responsibility of examining the administration's proposals and its eventual approval of the document, which will establish the direction of all municipal services and programs. The City Charter requires that the Council adopt the final budget and set the tax levy authorization by the last council meeting in May. This budget will take effect on July 1, 2008 and run through June 30, 2009.

This next year promises to present some clear challenges to the City of Cadillac. Marginal growth in 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,

/s/

Peter D. Stalker,
City Manager

Note: It is considered a best practice in fraud prevention to remove the signature from an organization's annual report. In the Union Bank of California publication "Frank W. Abagnale's Check Fraud, Identity Theft and embezzlement Volume II" it states, "Annual reports should not contain the actual signatures of the executive officers. Forgers scan and reproduce those signatures on checks, purchase orders, letters of credit, and other negotiable documents."

Short-Term Goals

Goal: Preventive Health Care Plan

Type: General

Objective: Enhance current health care plan by developing a preventive plan rather than focusing strictly on a reactionary plan.

Strategy: Developed by: City Manager, Assistant City Manager, Finance Director

Status: An Employee Enrichment and Learning Program series was started in July, 2007, that addresses a myriad of life issues, but includes a focus on ways to improve both mental and physical health. The City also supports a Flexible Spending Account program that allows employees to fund preventative health services (i.e. annual physical examinations) on a pre-tax basis.

Goal: Build Out City-Wide Municipal Wireless Infrastructure

Type: General

Objective: Review use of technology in security issues.

Strategy: Developed by: City Manager, Public Safety Director

Status: Project bid approved by City Council and awarded to Vision Technology International from Grand Rapids. Infrastructure for system installed at parks locations in October 2006. Cameras and software installed November 2006.

Phase I of the system is complete, providing wireless video data from security cameras located at the Rotary Performing Arts Pavilion, Kris Eggle Public Safety Fountain, Clock Tower, Chris Blackburn Skate Park, and Sound Garden. Phase I will also open option for providing wireless internet service in the parks and broadcasting live shots of City amenities on the City's web-site. Live shots of the Skate Park are planned in the spring of 2008. Current Capital Improvement Program includes expansion of the wireless network in FY2010 and FY2012. A grant was received from the federal COPS Office for upgrade of security cameras at the Cadillac Junior/Senior High School complex. The equipment specified in the grant is compatible with existing city wireless infrastructure. A grant was also received by the City from the Office of Highway Safety Planning for the purchase of laptops for police vehicles, which also ties in with this goal. Ultimately, the vision for this project is to position the City of Cadillac as a leader in the use of wireless technology for the following:

- **Public Safety:** Integrate the system with Cadillac Area Public Schools and local private sector businesses to provide public safety responders with real time video updates during critical incidents. Use the system to broadcast video from police in-car cameras onto the network for viewing by other responders.
- **Economic Development:** Explore the possible uses of a city-wide wireless data network to support the recruitment of new and support of existing business.
- **Efficiency:** Use the network to leverage man hours and man power by more efficient task accomplishment and data transmission from the field.

Goal: Upgrade Nuisance Code

Type: General

Objective: Expand efforts on condemned houses.

Strategy: Developed by: City Manager, Building Inspector

Status: Completed new blight ordinance which was adopted in May 2006. Enforcement action initiated for several chronic problem properties. The weed ordinance has been revised. In 2007, 93 junk vehicles were removed, 164 blight investigations completed, 187 weed violations reported, and 25 criminal charges filed for blight violations.

Goal: Participate with Wexford County on Landfill Issues

Type: General

Objective: Work towards adoption of a viable solid waste plan.

Strategy: Developed by: City Manager, Public Works Director

Status: City Manager participates in user group advisory committee. Public Works Director is on the solid waste sub-committee for the Wexford County Department of Public Works. Third

party review of county strategy has been authorized. New user group has recommended a cap on rates to allow for support of an amendment to the Solid Waste Plan allowing for importation of trash from out-county areas. County to respond. The Wexford County Solid Waste Plan Update will be finalized and released for review and adoption in early 2008.

Goal: Explore Affordable Single and/or Multi-family Housing

Type: General
Objective: Continued growth as a community. Provide incentives and explore options.
Strategy: Developed by: City Manager, City Council
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 rehabilitation grant program and a Cadillac area needs assessment has reviewed and documented our housing needs. The City Council has approved a Payment in Lieu of Taxes (PILOT) for Northland Meadow Apartments (99 units) on 41 Mile Road. Housing activity through September, 2007:

- 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. Per recent Business Week article, Cadillac has the 10th most affordable housing market in the country. It is questionable how much more incentive we should offer to expand affordable housing. We need to start focusing on housing for other economic and income categories as well. The City is in the process of receiving information from a housing consultant regarding its use of housing incentive programs, such as Payments in Lieu of Taxes (PILOT's). Consider development of a PILOT policy.

Goal: Explore Accreditation of Municipal Departments

Type: General
Objective: Increase efficiency and quality of services delivered.
Strategy: Developed by: City Manager, Various Department Heads
Status: The City desires to elevate the departments to the next level of excellence with a benchmark for operations.

- The Cadillac Police Department received national recognition from the Commission for the Accreditation of Law Enforcement Agencies (CALEA) in November of 2007.
- The Fire Department has completed operational analysis which is the first step towards accreditation.
- The Public Works Department will conduct an in-depth self assessment to determine the extent to which the department meets the standards detailed in the Public Works Management Practices Manual. Following the self assessment, appropriate steps will be taken to ensure the department complies with established standards.
- The laboratory at the Wastewater Treatment plant has to be re-certified every three years. Water and wastewater systems have a review conducted every five years by the MDEQ.

Goal: Analyze Fee Structure of Various Municipal Services

Type: Financial
Objective: Revise current fees for applicability. Consider new fees where appropriate.
Strategy: Developed by: City Manager, Various Department Heads
Status: Fees are being reviewed. Utility fees are reviewed and established annually. Building Inspection fees were increased in 2005. Cemetery reviewed rates and recommended a fee increase which was adopted in the fall of 2006.

Goal: Web Site Enhancement and Usability Improvements**Type: Financial**

Objective: Provide information on the web and allow citizens to access public services electronically.
Strategy: Developed by: Director of Finance
Status: Web site is active and public can access various types of information. New software is being considered to allow paying of utility bills and property taxes online. A free trial will be utilized in the winter of 2008 to test on-line property tax lookup functionality for all City parcels. This functionality has the potential of both enhancing service delivery to citizens as well as real estate and title companies, while at the same time eliminating a substantial amount of phone calls to City Hall related to property tax inquiries. Council agenda items are on the web along with council minutes, budget, audit, and other information. New website architecture is being reviewed and will accommodate bill payments but will also add such items as newsletters, downtown information, and business applications. Utilities will provide permits and reports on the web site.

Goal: Senior Citizens Services**Type: Community Development**

Objective: Consolidate and support Council on Aging in their effort to consolidate senior services in Wexford County.
Strategy: Developed by: City Manager
Status: The City, the Council on Aging and Cadillac Area Public Schools have met, reaching the conclusion that a county/school district-based millage will be necessary to adequately fund senior services. Consensus must now be developed to gain community support for a new millage.

Goal: Sidewalk Replacement**Type: Community Development**

Objective: Assess condition of various sections of city sidewalk system and develop replacement program for sections presenting unsafe conditions.
Strategy: Developed by: City Manager, Public Works Director
Status: New goal in 2007.

Goal: Analyze Library and Airport Organizational Structure**Type: Community Development**

Objective: Analyze current structure of Wexford County Library and Wexford County Airport, and City's participation with each.
Strategy: Developed by: City Manager
Status: New goal in 2007.

Goal: Master Plan Renewal**Type: Community Development**

Objective: Begin process required to achieve renewal of City Master Plan, with emphasis placed on public participation.
Strategy: Developed by: City Manager
Status: New goal in 2007.

Goal: 5-Year Financial Plan**Type: Financial**

Objective: As part of the City's planning process to achieve long term stability, develop 5-year financial outlook as an effort to identify threats and opportunities that must be addressed in the intermediate future.
Strategy: Developed by: Director of Finance
Status: New goal in 2007.

Long-Term Goals**Goal: Vehicle Speed Reduction in Neighborhoods****Type: General**

Objective: A common quality of life complaint is the speeding in neighborhoods. Improve the neighborhood quality of life by developing a benchmark and improving.

Strategy: Developed by: City Manager, Public Safety Director

Status: Initial speed surveys were conducted with assistance from the City's Department of Public Works. Traffic zones targeted for enforcement were identified, and quotes received for purchase of radar trailer and speed survey equipment.

Goal: Lease Cadillac Community Center**Type: Community Development**

Objective: Market space to non-profit organizations. Full utilization of the center is necessary to maintain its viability as a self-supporting operation, and to focus on building maintenance.

Strategy: Developed by: City Manager, Assistant City Manager

Status: Current Tenants:

- Cadillac Senior Center
- OASIS/ Family Resource Center
- YMCA
- Footliters
- Wexford Genealogy Society

A few offices remain vacant on the main floor, which the Senior Center has expressed interest in. Nearly the entire second floor remains available for lease, but is unattractive to most prospective tenants due to the fact that it is not barrier-free. There is no cost effective way at this point to upgrade this space to barrier-free.

Goal: Infrastructure Maintenance**Type: Public Works**

Objective: Continue to annually schedule streets for resurfacing as needed. Upgrade all existing gravel streets to hard surface.

Strategy: Developed by: City Manager, City Engineer; List of streets for resurfacing through a priority rating as funds are available.

Status: Capital Improvement Budget lists the following streets for improvements in 2008-2009:

- East Bremer Street
- Lynn Street?
- Street Sign Replacements
- Ayers Street Sidewalks
- Safe Routes to School

Goal: Maintain Geographic Information System**Type: Public Works**

Objective: Computerized the city maps for engineering, assessing, police, fire, and utilities. Integrate new software with GIS, Excel, and Sensus programs to provide one source of customer data warehousing.

Strategy: Developed by: City Manager

Status: Contract employee has been entering data and utility information with the aid of our GPS equipment. Review status of project and prepare for the development of a maintenance plan. Aerial maps were taken in the spring of 2005. Web access to photos was developed in 2006. Police and Fire will begin integration in 2008. Code Enforcement Officer uses Arcview extensively for identification of property ownership, property lines, etc. Develop a book "GIS for Dummies".

Goal: Study Privatization Alternatives in all Departments**Type: Public Works**

Objective: Study new methods of contracting out services to see if cost savings and service improvements can be realized.

Strategy: Developed by: 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. In January of 2007, the City contracted with Terrapin Networks of Traverse City, Michigan to provide all IT services. This contract enables the City to utilize the expertise of an entire firm and to stay up to date with industry best practices. These best practices enhance employee productivity, increase the efficiency of service delivery, and protect the volumes of sensitive data housed on City networks.

Goal: Improve the Quality of Water Delivered

Type: Utilities

Objective: Upgrade water quality control measures and exceed state and federal regulations.

Strategy: Developed by: City Manager, Utilities Director

Status: Through Cadillac's Capital Improvement Program over 80% of the old four inch cast iron water mains have 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 completed, with Phase II hydrogeological investigation scheduled for this fiscal year. A second low interest loan will be sought from the State of Michigan for capital improvements.

Goal: Contain Groundwater Contamination

Type: Utilities

Objective: Delineate the MTBE plume discovered and coordinate with the MDEQ.

Strategy: Developed by: City Manager, Utilities Director

Status: The City has been actively monitoring the State of Michigan's progress on this project. A private consultant was retained to advise the City in this regard. The state is reviewing a PRP proposal for remediation and public funding will be pursued if the private party's plan is deemed inadequate.

Goal: Expand Services for Water and Wastewater in City

Type: Utilities

Objective: Determine the areas needing new or upgraded systems.

Strategy: Developed by: City Manager, 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. The completion of Phase II of the James Potvin Industrial Park is scheduled to expand services beginning in FY2010. A single-family residential subdivision is identified in the Capital Improvement Program in FY2009.

Goal: Monitor Water Quality of Lake Cadillac

Type: Utilities

Objective: Study possible alternatives to monitor and maintain water quality as a precious resource.

Strategy: Developed by: City Manager, Utilities Director

Status: Lake Cadillac Association was formed for the purpose of defining needs and recommendations for the lake environment. Eradicating milfoil was the immediate goal and other parameters are to be studied in the future. Continue to secure funding and consultants to assist in this project as well as City participation in project. Continue to work with the Drain Commissioner on Lake Management and Monitoring Program. Support county beach monitoring with in-kind services.

Goal: Develop Storm Water Management Guidance

Type: Community Development

Objective: Study possible alternatives to manage the storm water run off into Lake Cadillac. Design and implement diversion project.

Strategy: Developed by: City Manager, Utilities Director

Status: City consultant has completed storm water standards and criteria which included modeling of an additional area on the southeast side of Cadillac. Development of a city storm water

ordinance is anticipated for completion next year. Storm Water Team consists of Bruce DeWitt, Jerry Adams, Jim Ray, Robert Johnson, Larry Campbell, and Larry Butler.

Goal: Support/Encourage Downtown Development Revitalization
Type: Community Development
Objective: Staged improvements to the public right-of-way and similar initiatives to encourage private reinvestment in downtown Cadillac. Stratify vertically by upgrading second stories of the commercial buildings.
Strategy: Developed by: City Council, City Manager, Assistant City Manager
Status: During 2006, two new façade improvement loans were completed, for a total of ten loans since the programs inception. An elevator grant was approved for Lakeside Condominiums, which broke ground in 2005. Streetscape improvements were completed on Harris and South Streets in fiscal year 2004. In partnership with MDOT, plans are under development to make significant enhancements to Mitchell Street in 2009. The City is currently working with merchants to develop a public relations/marketing plan for use during the long construction period. Continued participation in the Cool Cities Initiative is also anticipated. Efforts to facilitate expansion and retention of the U.S. Post Office in downtown Cadillac are ongoing, as are efforts to redevelop the former Harris Milling and Four Seasons Ford sites.

Goal: Focus on Public Education of City Operations
Type: Community Development
Objective: Write articles for community newsletter and develop speakers bureau of staff members.
Strategy: Developed by: City Council, City Manager, Various Department Heads
Status: City staff has been engaging in numerous activities including routine appearances at Rise-Up Cadillac, Talk of the Town, 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. City staff also participates in the Lecture Luncheon Series. The community newsletter continues on a tri-annual basis. Significant changes to the Council Chambers have allowed for better interaction with the public during various meetings.

Goal: Develop and Enhance Inter-jurisdictional relationships with Wexford County and Surrounding Townships
Type: Community Development
Objective: Discuss local common issues of concern regarding area development.
Strategy: Developed by: City Council, City Manager
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 was a new initiative for 2004 and program was terminated in 2006. City remains willing to participate. Focus has now shifted to specific discussions with townships on a case by case basis.

Goal: New Urbanism for Neighborhoods
Type: Community Development
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: Developed by: City Manager, Assistant City Manager, Community Development Coord.
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. Financial

resources need to be secured to undertake intervention buying and conversion of downtown upper floor space. Study the possible use of city and state grants to improve the housing stock in the community. Signage for Historic District identification was installed in 2007.

Goal: Improve Blighted Areas Left by Abandoned Gas Stations, Industrial Sites, and Nonconforming Structures in Commercial Areas

Type: Community Development
Objective: Develop plans to improve these areas using various funding sources. Work with the Brownfield Redevelopment Authority. Improve the southern entrance into the City.
Strategy: Developed by: City Manager, Downtown Development Authority Director
Status: Efforts to coordinate Brownfield incentives is associated with redevelopment of the Harris Milling property are underway. Entire site was incorporated into the Brownfield Plan in 2006. The Four Seasons Ford site may also be added to the Brownfield Plan if necessary to encourage redevelopment. Brownfield incentives were key in the redevelopment of the Lakeside Condo site. Plans are underway to remodel the former Stephan's Pharmacy and Hallmark Store into a mixed-use facility including retail, office, and residential. The project will be completed in phases. Grants were submitted in 2007 to the EPA for brownfield assessment funding. If approved, activities will begin in mid-2008.

Goal: Improve Recreation Offerings

Type: Community Development
Objective: Focus on trail development. Continue participation with county and schools on YMCA coordination.
Strategy: Developed by: City Manager, Assistant City Manager
Status: Continue effort on Clam River Greenway development and implementation of the third phase. Funding has been secured and construction will begin in May, 2008. Phase 2 of the Skate Park was completed in 2007 with the addition of two new structures that were donated by the Meijer Corporation. Encourage a county-wide recreation program. The disc golf course at Kenwood Heritage Park will have concrete tee boxes constructed in the spring of 2008 as the result of an Eagle Scout project. Rotary boardwalk project also was completed in 2005. The Keith McKellop Walkway Bridge was completed in the summer of 2007. The Diggins Hill Tennis Court Development Fundraising Committee is in place. Seek grant funding for feasibility study of future recreation offerings at Diggins Hill.

Goal: Improve Training for Public Safety Personnel

Type: Public Safety
Objective: Provide local training site for more realistic training.
Strategy: Developed by: Public Safety Director
Status: Training facility: Estimates received October 06 for two different roof options to protect roof on lower two stories. These upgrades to the roof are currently on hold due to funding constraints. A moving target system for police firearms training was added in October of 2007. The moving target system enhances training in the high liability area of police use of force by providing a very realistic presentation of possible scenarios encountered by officers during such use of force situations.

Goal: Encourage and Promote Expansion of Business and Industrial Facilities

Type: Primary Jobs
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: Developed by: City Manager, Assistant City Manager, Utilities Director, Community Development Director, City Engineer; Advertising, grant writing, committees and working with existing companies to meet their needs.
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. Certified business park status for the James Potvin Industrial Park was renewed in 2007. A speculative building was completed and significant grant activity has been undertaken with industry including projects with AAR, Four Winns, Avon, Cadillac Castings, and Piranha Hose. Also Piranha Hose has just entered into a five year lease for use of the newly constructed speculative building. FedEx completed a new, expanded building in the VanderJagt Industrial Park in 2007. Work continues with the power plant and the effort to assist with a re-use of the excess energy at the facility. Encourage the development of an entrepreneurial support system. Look for opportunities to foster high tech business, businesses that are based on intellectual property. Currently evaluating membership in the Community Venture Network, which assists with Midwest business recruitment. A new fund was created to appropriately capture and earmark LDFA TIF revenue for future capital projects.

Goal: Annexation

Type: Financial Planning

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. Maintain City policy on utility extensions only when equity in taxation is attached.

Strategy: Developed by: City Council, City Manager

Status: Over 250 acres of land added to the City in the past five years. New P.A. 425 agreement is under review. Urban growth boundaries will also be considered. Global 425 being discussed with surrounding townships.

Goal: Maintain Working Capital Fund Balance Designation

Type: Financial Planning

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

Strategy: Developed by: City Manager, Director of Finance

Status: Maintain the working capital portion of the fund balance at 15% of the operating expenditures. Fund balance designated for Working Capital is at 15% of annual expenditures as of June 30, 2007. The City has maintained or exceeded this 15% goal for a number of years. This allows for three months of working capital to be available if there is an emergency and money that the city was dependent upon was withdrawn. This insures that there would be sufficient funds to operate until a solution could be developed. Expand focus on accrued sick and vacation funding, and the advanced funding of the City's liability for other post-employment benefits (OPEB).

Goal: Carnegie Library Disposition Study

Type: Community Development

Objective: Study the future status and potential disposition of the Carnegie Library building to an appropriate Historic organization.

Strategy: Developed by: City Manager

Status: New goal in 2007.

City of Cadillac
Truth-In-Assessing Calculations

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.

2008 Assessed Taxable Value	\$255,430,446		
2008 State Equalized Taxable Value	\$255,430,446		
Difference	<u>\$0</u>		
	<u>\$255,430,446</u>	equals	1.0000
	\$255,430,446		

City of Cadillac
Truth-In-Taxation Calculations

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>2007 Total Taxable Value Minus 2008 Losses Taxable Value</u>		
			2008 Total Taxable Value Minus 2008 Additions Taxable Value		
Millage Rate					
13.9473	x		\$247,052,300	minus	\$3,674,635
			\$255,430,446	minus	\$10,012,844
13.9473	x		<u>\$243,377,665</u>		
			\$245,417,602		
13.9473	x		0.9917 (Base Tax Rate Factor)	=	13.8314
15 mills is the base tax rate and charter maximum					
\$243,377,665	x	13.9473	\$3,394,461.31		
\$245,417,602	x	13.8314	\$3,394,461.31		
\$243,377,665	x	13.9473	\$3,394,461.31		
\$245,417,602	x	13.9473	<u>\$3,422,912.92</u>		
Net			<u>\$28,451.61</u>		

City of Cadillac
Headlee Amendment Calculations

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 2008 taxable value is \$255,829,348, of which \$9,500,498 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 2.3%. 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 FY2009 as shown below:

2007 Taxable Value	\$247,052,300	
Less: Losses	<u>\$3,674,635</u>	
Net		\$243,377,665
Times the Consumer Price Index		<u>1.023</u>
Ceiling		\$248,975,351
2008 Taxable Value	\$255,430,446	
Less - Additions	<u>\$10,012,844</u>	
2005 Adjusted Value		<u>\$245,417,602</u>
Millage Reduction Factor (MRF)	Ceiling divided by adjusted value	1.0145
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
2008-06
July 1, 2008 - June 30, 2009

BE IT RESOLVED, the expenditures for the fiscal year commencing July 1, 2008 and ending June 30, 2009, are hereby appropriated on a departmental and activity total basis as follows:

General Fund	
Legislative	\$58,500
City Manager	188,400
Assistant City Manager	136,600
Elections	11,000
Finance	225,800
City Assessor	132,500
City Attorney	83,800
City Clerk/Treasurer	287,300
City Engineer	217,400
City Complex	336,000
Police	1,936,600
Fire	1,272,500
Public Works	997,100
Culture and Recreation	211,300
Economic Development and Assistance	37,200
Intergovernmental	387,200
Other	702,700
Total Expenditures	<u><u>\$7,221,900</u></u>

AND BE IT FURTHER RESOLVED, revenues for the 2008-2009 fiscal year are estimated as follows:

General Fund	
Taxes	\$4,582,200
Licenses & Permits	1,200
Intergovernmental	1,172,500
Charges for Services	635,500
Fines & Forfeits	25,300
Miscellaneous	392,000
Other Financing Sources	413,200
Total Revenues	<u><u>\$7,221,900</u></u>

City of Cadillac
Budget Appropriations Ordinance
2008-06
July 1, 2008 - June 30, 2009

AND BE IT FURTHER RESOLVED, the City Council hereby approves budgets for the period of July 1, 2008 through June 30, 2009 for the following funds in the amounts set forth below:

Major Street Fund	\$624,200
Local Street Fund	782,800
Cemetery Operating Fund	146,300
H.L. Green Operating Fund	31,000
Cadillac Building Inspection Fund	108,500
Naval Reserve Fund	41,400
Cadillac Development Fund	98,000
Milfoil Eradication Fund	87,000
1996 Special Assessment Debt Retirement	90,300
1997 Special Assessment Debt Retirement	70,600
2000 Special Assessment Debt Retirement	19,200
2002 Special Assessment Debt Retirement	111,400
2004 General Obligation Capital Improvement Bond	85,500
1997 Building Authority Debt Retirement	32,100
1996 Michigan Transportation Debt Retirement	29,200
1997 Michigan Transportation Debt Retirement	16,300
2000 Michigan Transportation Debt Retirement	36,300
Industrial Park Fund	45,000
Special Assessment Capital Projects Fund	583,700
Cemetery Perpetual Care Fund	40,000
Capital Projects Fund	28,500
Auto Parking Fund	55,300
Water & Sewer Fund	3,928,300
Building Authority Operating Fund	197,900
Central Stores & Municipal Garage Fund	625,900
Information Technology Fund	296,800
Self-Insurance Fund	988,000
Employee Safety Fund	14,500
Police & Fire Retirement System	723,000
Downtown Development Authority Operating Fund	42,800
Downtown Development Authority Capital Projects Fund	148,600
Local Development Finance Authority Operating Fund	280,000
Local Development Finance Authority Capital Projects Fund	68,000
Local Development Finance Authority Utility Fund	19,800
Brownfield Redevelopment Authority Operating	1,146,300

City of Cadillac
Budget Appropriations Ordinance
2008-06
July 1, 2008 - June 30, 2009

AND BE IT FURTHER RESOLVED, that the City Council does hereby levy a tax of 13.9473 mills, for the period of July 1, 2008 through June 30, 2009, 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 2.60 mills, for the period of July 1, 2008 through June 30, 2009, 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, 2008 through June 30, 2009, 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
2008-06
July 1, 2008 - June 30, 2009

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 1st day of April, 2008, prepare and furnish to the City Council of the City of Cadillac a City Budget for the period of July 1, 2008 through June 30, 2009, 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, 2008 through June 30, 2009 and all sums be paid into the several funds to which they belong.

Motion to accept ordinance Number 2008-06 was made by Councilmember Spoelman and seconded by Councilmember Dyer.

Ayes: Councilmembers Dean, Dyer, Spoelman, Stevens, Mayor Barnett

Nays: None

Absent: None

Janice Nelson, Clerk

William S. Barnett, Mayor

This ordinance shall take effect July 1, 2008.
Dated at Cadillac, Michigan this 19th day of May, 2008.

Funds Formation within the City of Cadillac

2008-2009 City of Cadillac Annual Operating Budget

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 where 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, H.L. Green Operating Fund, Naval Reserve Center 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. These funds are budgeted and accounted for on a modified accrual basis. Funds include: 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 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.

Funds Formation within the City of Cadillac (Continued)

2008-2009 City of Cadillac Annual Operating Budget

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.

Internal Service Funds

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

Pension Trust Funds

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

Component Units

Component units are legally separate organizations for which the City is financially accountable. A component unit can be another organization for which the nature and significance of its relationship is such that exclusion would cause the City's financial statements to be misleading or incomplete. Organizations presented in this budget document that represent component units of the City are as follows:

Major Component Units

The Local Development Finance 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 Units

Nonmajor component units are the Downtown Development Authority Fund, Downtown Development Authority Capital Projects Fund, Local Development Finance Authority Utilities Fund, Local Development Finance Authority Capital Projects Fund, and the Brownfield Redevelopment Authority Fund. The Local Development 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.

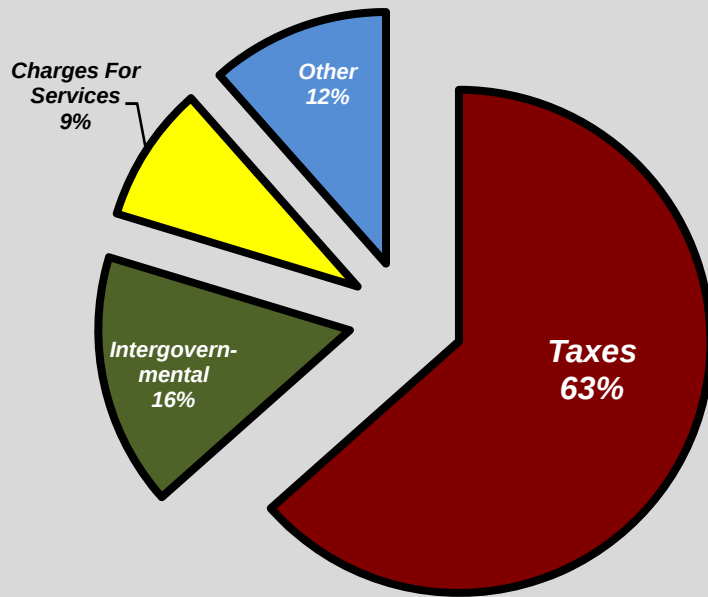
The City's annual audit contains several funds for which no funds are appropriated and therefore not included in this document. These funds include debt service funds that have been eliminated due to the debt being paid off, or other funds for which the fund's purpose has been accomplished making further budgeting unnecessary.



Early morning on Lake Cadillac

City of Cadillac

General Fund Revenues
2008-2009

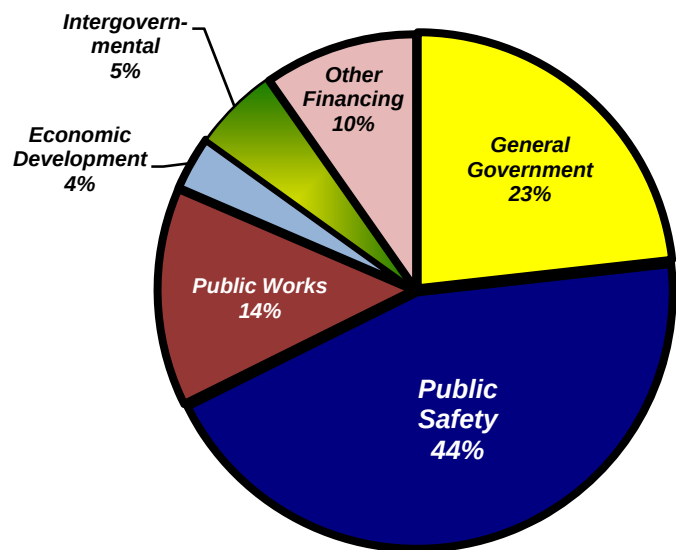


Taxes	\$4,582,200
Intergovernmental	\$1,172,500
Charges For Services	\$635,500
Other	
Fines and Forfeits	\$25,300
Miscellaneous	\$392,000
Other Fin. Sources	\$413,200
Licenses	<u>\$1,200</u>
Total Other	<u>\$831,700</u>
Total	<u><u>\$7,221,900</u></u>

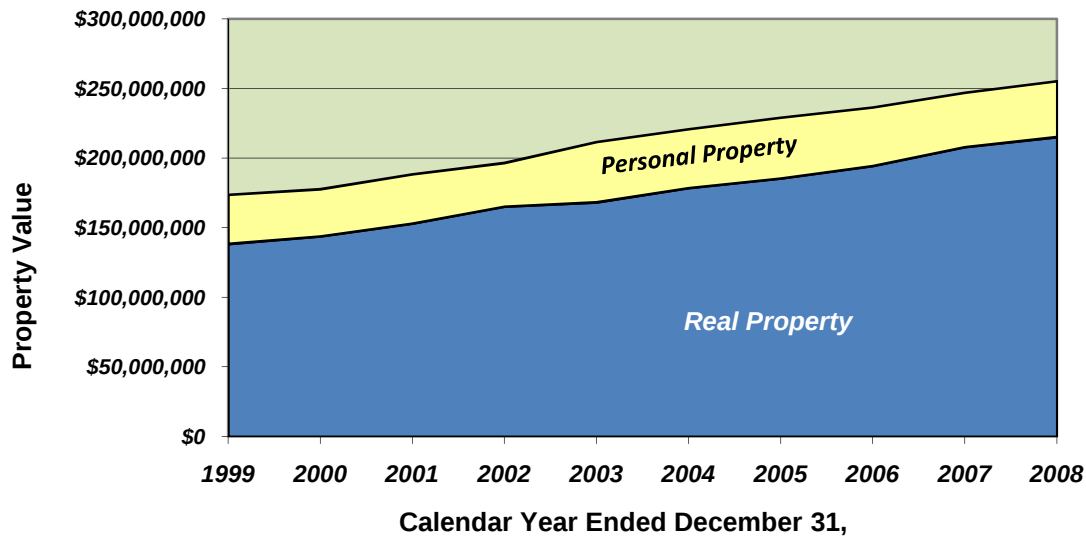
City of Cadillac

General Fund Expenditures
2008-2009

General Government	\$1,677,300
Public Safety	\$3,209,100
Public Works	\$997,100
Economic Development	\$248,500
Intergovernmental	\$387,200
Other Financing	<u>\$702,700</u>
Total Expenditures	<u><u>\$7,221,900</u></u>



City of Cadillac
Property Valuations
Ad Valorem
1999-2008



Fiscal Year Beginning July 1,	Ad Valorem		Total Taxable Value	L.D.F.A.		D.D.A.	
	Real	Personal		Real	Personal	Real	Personal
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	194,425,780	42,148,500	\$236,574,280	1,306,548	656,070	12,706,950	3,288,200
2007	207,997,723	39,054,577	\$247,052,300	1,306,548	656,070	12,706,950	3,298,200
2008	215,252,646	40,177,800	\$255,430,446				

- (1) The Citizens of Michigan passed the School Tax Reform Act and the taxable value is the new number against which the millage is multiplied.
- (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 expired and values now revert to the ad valorem tax roll.

City of Cadillac

Average Tax Bill
1999-2008

The average taxable value for a home in the City of Cadillac for FY2009 will be approximately \$34,673 as compared to \$33,445 on the previous tax roll. This is an increase of 3.6% for a home inside the City.

Year	Average Home Taxable Value	City Millage	Average Tax Bill
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	\$456.97
2003	\$33,541	15.55	\$521.56
2004	\$29,161	15.75	\$459.29
2005	\$30,358	15.75	\$478.14
2006	\$32,125	16.65	\$534.78
2007	\$33,445	16.75	\$560.10
2008	\$34,673	16.55	\$573.84

* data furnished by the Wexford County Equalization Department

Notes:

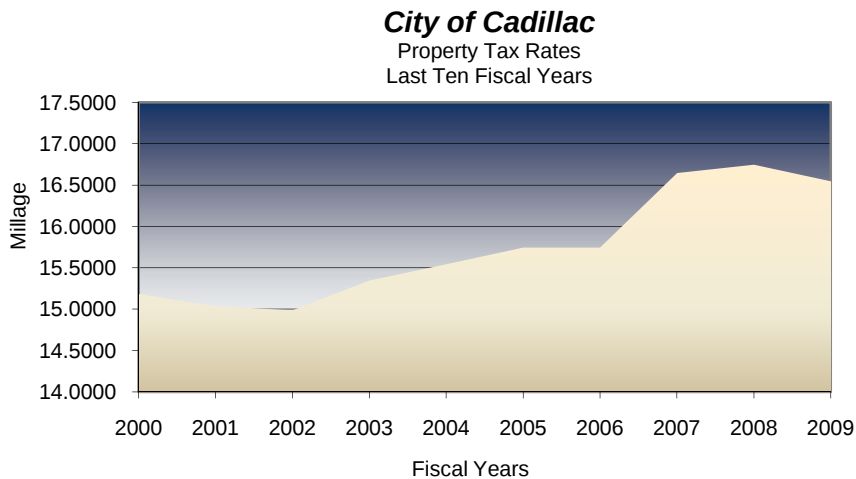
1. The Headlee Tax Amendment rolled back the total millage rate in 1995, 2001, and 2002.
2. Calculations are based on taxable value, not state equalized value.
3. Total City Millage includes added voted millage for Police and Fire Retirement



Early morning from Lake Cadillac

City of Cadillac
Property Tax Rates
Direct and Overlapping Governments
(per \$1,000 of taxable value)
For the fiscal years ending June 30, 2000-2009

City Taxes			Overlapping Tax Rates								Direct and Overlapping Total Annual
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 Missaukee ISD	State Education Tax	
2000	14.0850	1.1000	15.1850	8.3400	0.4000	1.0000	0.5500	22.4000	6.1200	6.0000	59.9950
2001	14.0370	1.0000	15.0370	8.2500	0.3900	0.9900	0.5500	22.1400	6.0900	6.0000	59.4470
2002	13.9900	1.0000	14.9900	8.2003	0.3910	0.9832	0.5500	21.7149	6.0597	6.0000	58.8891
2003	13.9470	1.4000	15.3470	8.1680	0.4000	0.9950	0.6500	21.3760	6.0388	6.0000	58.9748
2004	13.9470	1.6000	15.5470	8.1040	0.3910	0.9872	0.6838	21.3005	6.0003	5.0000	58.0138
2005	13.9470	1.8000	15.7470	8.0890	0.3960	0.9942	0.6825	21.4506	5.9853	6.0000	59.3446
2006	13.9470	1.8000	15.7470	8.0665	0.3948	0.9913	0.6805	21.4505	5.9614	6.0000	59.2920
2007	13.9470	2.7000	16.6470	8.0797	0.6000	0.9976	0.6785	20.5505	5.9419	6.0000	59.4952
2008	13.9470	2.8000	16.7470	8.0797	0.6000	0.9976	0.6785	20.9000	5.9419	6.0000	59.9447
2009	13.9470	2.6000	16.5470	Not yet available							16.5470



City Property Tax Rate

The increase in millage over the last 10 years is attributable to the Police and Fire Retirement added voted millage. The increase is a result of poor investment earnings in the retirement system. However, a switch in fund management to MERS ISP has produced enhanced results and should enable a slight decrease in the millage for FY2009.

Note: 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.

Comparable Surrounding Cities	Total Millage	General Operating	Police & Fire	Other
Big Rapids	14.8981	10.2000	2.8948	1.8033
Sault Saint Marie	21.1823	16.8139	3.2476	1.1208
Mt. Pleasant	15.4500	12.0540	0.9810	2.4150

City of Cadillac

Principal Employers

June 30, 2007

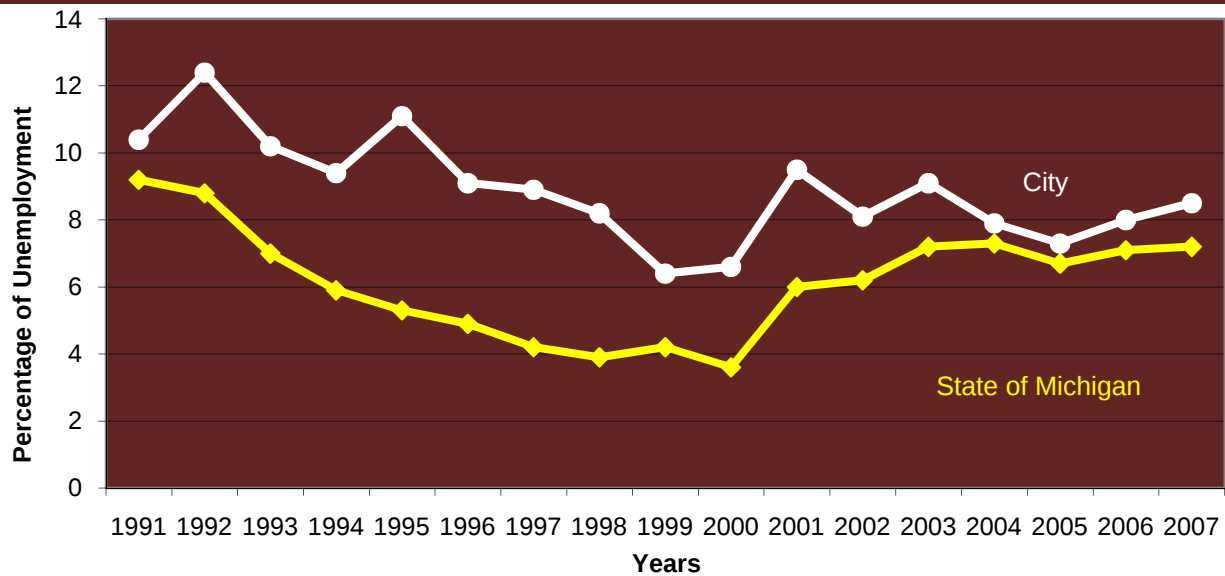
<u>Company</u>	<u>Number of Full-Time Employees</u>	<u>Percentage of Total City Employment</u>	<u>Type of Business</u>
Four Winns Boats	845	4.25%	Boat Manufacturer
AAR Mobility Systems	720	3.62%	Industrial Handling Equipment
Avon Automotive	644	3.24%	Extruded & Molded Rubber
Mercy Hospital Cadillac	584	2.93%	Health Care
Cadillac Area Public Schools	500	2.51%	Public Education
Cadillac Casting	389	1.95%	Castings and Malleable Iron
Michigan Rubber Products	359	1.80%	Fabricated & Molded Rubber
BorgWarner Cooling Systems	229	1.15%	Auto Parts & Accessories
Rexair, Inc.	222	1.12%	Vacuum Cleaner Manufacturer
CNI (Universal Trim)	185	0.93%	Auto Parts & Accessories

Source: Cadillac Area Chamber of Commerce

Note: Percentage of Total City Employment is based on total employment in the Wexford-Missaukee labor market area.

Yearly Average Unemployment Statistics

1991-2007



The City of Cadillac unemployment rate (measured using the Wexford-Missaukee labor market area) as a percentage of the labor force increased in 2007. The overall unemployment rate for the State of Michigan increased as well. Much of this is due to defection of jobs from the State as well as in the United States as a whole, and especially manufacturing jobs related to the automotive sector.

City of Cadillac

Full-Time Equivalent City Employee's by Function
2002-2009

									City Council Authorized Staffing
Department	2002	2003	2004	2005	2006	2007	2008	2009	2009
<u>General Government</u>									
City Manager	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Administrative Services	0.85	1.00	0.90	0.90	0.90	0.90	0.90	0.80	1.50
Finance	3.00	2.20	1.94	1.94	1.94	1.94	1.94	2.25	4.00
Clerk/Treasurer	4.00	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	0.00	2.50
City Hall	1.60	1.70	1.70	1.30	1.30	1.30	1.30	1.10	1.50
City Engineer	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.50
<u>Public Safety</u>									
Police	19.50	18.50	17.15	18.41	18.41	18.41	17.41	17.06	18.50
Fire	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.85	11.50
Building Inspector	1.28	1.28	1.38	1.38	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	1.21	1.22
<u>Other</u>									
Public Works	14.50	14.17	14.22	14.22	14.22	14.22	14.22	14.03	14.50
Data Processing	1.30	1.20	1.26	1.06	1.06	1.06	0.06	0.00	1.00
Auto Parking	0.40	0.35	0.35	0.09	0.09	0.09	0.09	0.09	1.00
Water/Sewer	21.00	21.20	21.20	21.00	21.00	20.00	20.00	20.00	21.00
Community Development	0.30	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.30
Cemetery	0.50	0.68	0.68	0.68	0.68	0.68	0.68	0.92	0.50
Total Full Time Equivalent Employees	84.85	83.20	81.80	82.00	82.00	81.00	79.00	79.00	88.30

As the chart above indicates, total FTE levels remained the same as FY2008. Though well below authorized staffing levels and trending downward for the last several years, lack of funding has precluded additions to staff. However, an allocation analysis was undertaken as part of the current budgeting process, and some re-allocations were made based upon actual work being conducted. This accounts for the minor changes seen in the chart.

The City employee statistics indicate that there is one FTE employee for every 127 residents. Several factors enter into the analysis of the ratio of FTE's per capita, but in general a higher ratio indicates greater efficiency in service delivery. The City Council authorized a staffing level several years ago, but actual numbers remain well below what has been authorized. Much of this reduction is due to a declining economy and the loss of grant funding for certain positions.

Surrounding Communities	Population	FTE	Ratio
Big Rapids	10,849	86	1:126
Alpena	11,304	83	1:136
Traverse City	14,532	214	1:68
Manistee	6,586	63	1:105
Sault St. Marie	16,542	156	1:106
Cadillac	10,000	79	1:127

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:

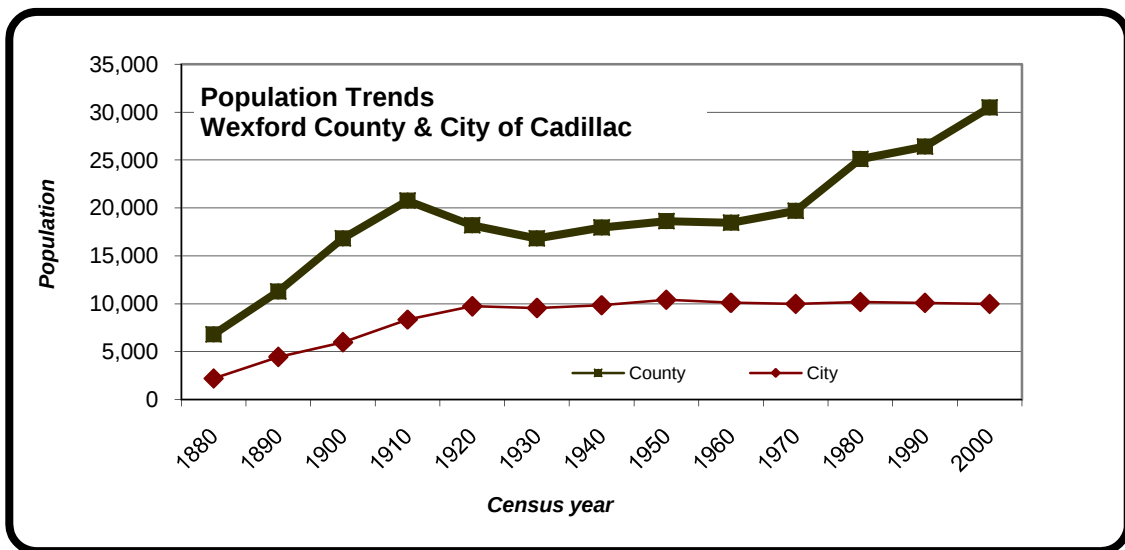
Beginning August 15th, a 4% penalty is added to unpaid City and School taxes. Beginning September 1st, an additional 1% per month penalty is added through February. Beginning February 15th a 3% penalty is added to unpaid County and School Taxes. Beginning March 1st the Wexford County Treasurer assumes 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	1999
2002	2000
2003	2001
2004	2002
2005	2003
2006	2004
2007	2005
2008	2006



City of Cadillac
Police and Fire Retirement System
1998-2007

<i>Fiscal</i>	<i>Actuarial</i>	<i>Assets</i>		<i>Unfunded</i>	<i>Employer</i>			<i>Retirees</i>			<i>Average</i>
<i>Year</i>	<i>Accrued</i>	<i>Allocated</i>	<i>Percent</i>	<i>Accrued</i>	<i>Contribution</i>	<i>Valuation</i>	<i>Active</i>	<i>and</i>	<i>Annual</i>	<i>Average</i>	<i>Years of</i>
<i>Year</i>	<i>Liability</i>	<i>To</i>	<i>Funded</i>	<i>Liability</i>	<i>as a Percent</i>	<i>Payroll</i>	<i>Members</i>	<i>Beneficiaries</i>	<i>Pay</i>	<i>Age</i>	<i>Service</i>
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
2006	\$9,627,000	\$6,048,000	62.80%	(\$3,579,000)	35.39%	\$865,868	16	28	\$54,117	43.2	15.8
					35.40%	\$571,205	11		\$51,928	41.7	11.7
2007	\$9,992,000	\$6,604,000	66.10%	(\$3,388,000)	36.03%	\$889,817	16	28	\$55,614	42.1	14.7
					35.15%	\$593,124	11		\$53,920	42.2	12.4

Footnotes:

■ 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 system is managed by a local board of directors, while the funds are managed by MERS ISP.

■ Data is furnished from annual actuarial report of Gabriel, Roeder, Smith and Co. Actuaries.

■ The actuarial assumptions were revised as a result of an experience study for the five year period ending June 30, 1997 and 2006. 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.

■ 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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>Five year average</u>
6.7	1.8	-1.2	-0.7	-2.1	0.8	0.88

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%. In 2006 the assumptions were changed to 4% and 7% respectively.

7.00	7.50	7.50	7.50	7.50	7.50	Actuarial based return
-0.30	-5.70	-8.70	-8.20	-9.60	-6.70	Recognized rate of return less Actuarial based return

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

City of Cadillac
Municipal Employees Retirement System of Michigan
1997-2007

<i>Fiscal Year</i>	<i>Actuarial Accrued Liability</i>	<i>Assets Allocated To Funding</i>	<i>Percent Funded</i>	<i>Unfunded Actuarial Liability</i>	<i>Employer Contribution as a Percent Of Payroll</i>	<i>Valuation Payroll</i>	<i>Active Members</i>	<i>Retirees and Beneficiaries</i>	<i>Annual Pay</i>	<i>Average Age</i>	<i>Average Years of Service</i>
1997	\$5,788,268	\$7,322,452	126.51%	(\$1,531,183)	Listed below	Listed below	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)			68	46	\$36,051	46.8	12.9
2005	\$9,727,339	\$10,274,211	105.62%	(\$546,872)			65	46	\$37,997	48.1	13.9
2006	\$10,161,879	\$10,812,671	106.40%	(\$650,792)			66	47	\$38,799	48.0	13.6
2007	not available										

Employer Contribution as a percent of payroll

	<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>	<u>2006</u>
Non-union	7.95%	8.03%	8.03%	7.22%	0.00%	0.00%	0.15%	2.84%	3.17%	4.91%
Steelworkers	10.00%	9.97%	9.98%	6.43%	0.00%	0.00%	0.00%	3.38%	4.84%	1.78%
Housing	5.41%	5.53%	5.56%	6.05%	10.78%	12.25%	12.22%	13.48%	13.63%	11.59%
Library	11.29%	11.23%	11.31%	7.98%	4.75%	6.98%	7.55%	8.72%	9.24%	8.62%
City Manager	8.23%	8.14%	8.14%	6.89%	0.00%	0.97%	2.69%	6.65%	8.02%	8.38%
Department Heads	7.94%	7.90%	7.90%	6.84%	0.00%	0.00%	0.00%	4.96%	5.57%	3.80%

Valuation Payroll (dollars)

Non-union	\$674,557	\$706,666	\$740,444	\$733,548	\$831,695	\$874,910	\$883,818	\$883,119	\$856,613	\$1,015,806
Steelworkers	\$631,548	\$600,549	\$630,344	\$724,015	\$682,151	\$735,799	\$811,027	\$872,706	\$872,436	\$775,555
Housing	\$86,334	\$16,036	\$85,466	\$123,639	\$122,066	\$126,638	\$154,700	\$129,730	\$140,049	\$144,512
Library	\$373,707	\$416,678	\$423,784	\$469,628	\$523,126	\$470,240	\$507,863	\$274,145	\$293,606	\$307,119
City Manager	\$64,369	\$66,162	\$73,862	\$80,674	\$83,075	\$87,693	\$92,455	\$96,440	\$103,690	\$108,458
Department Heads	\$201,537	\$157,452	\$162,341	\$173,952	\$178,648	\$182,115	\$188,722	\$195,344	\$203,413	\$209,300

City of Cadillac
Principal Taxpayers
June 30, 2006 and 2007

June 30, 2007	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Value</u>	<u>Percentage</u>
	Cadillac Renewable Energy	Electric Utility	\$12,300,000	4.98%
	Avon Automotove	Extruded & Molded Rubber	\$7,464,590	3.02%
	Cadillac Casting	Ironworks	\$6,596,400	2.67%
	Consumers Energy	Electric Utility	\$5,852,150	2.37%
	Rexair, Inc.	Vacuum Cleaner Manufacturer	\$5,520,467	2.23%
	FIAMM Technologies, Inc.	Automotive and Marine Horns	\$4,726,894	1.91%
	AAR Cadillac Manufacturing	Industrial Handling Equipment	\$4,694,349	1.90%
	Michigan Rubber Products	Fabricated & Molded Rubber	\$4,635,170	1.88%
	Paulstra CRC Corp.	Rubber By-Products	\$4,206,100	1.70%
	Four Winns	Boat Manufacturer	\$3,408,230	1.38%
	Total Principal Taxpayers		\$59,404,350	24.05%
	Total of Rest of Taxpayers		\$187,647,950	75.95%
			<u>\$247,052,300</u>	<u>100.00%</u>
June 30, 2006				
	Cadillac Renewable Energy	Electric Utility	\$11,311,600	4.78%
	Cadillac Casting	Ironworks	\$6,938,100	2.93%
	Cadillac Rubber and Plastics	Extruded & Molded Rubber	\$7,181,334	3.04%
	Consumer Energy	Electric Utility	\$5,887,587	2.49%
	Rexair, Inc.	Vacuum Cleaner Manufacturer	\$5,516,058	2.33%
	Michigan Rubber Products	Fabricated & Molded Rubber	\$4,775,254	2.02%
	AAR Cadillac Manufacturing	Industrial Handling Equipment	\$4,822,958	2.04%
	Paulstra CRC Corp.	Rubber By-Products	\$4,190,394	1.77%
	Four Winns	Boat Manufacturer	\$3,468,988	1.47%
	FIAMM Technologies, Inc.	Automotive and Marine Horns	\$4,849,016	2.05%
	Total Principal Taxpayers		\$58,941,289	24.91%
	Total Balance of Taxpayers		\$177,632,991	75.09%
			<u>\$236,574,280</u>	<u>100.00%</u>

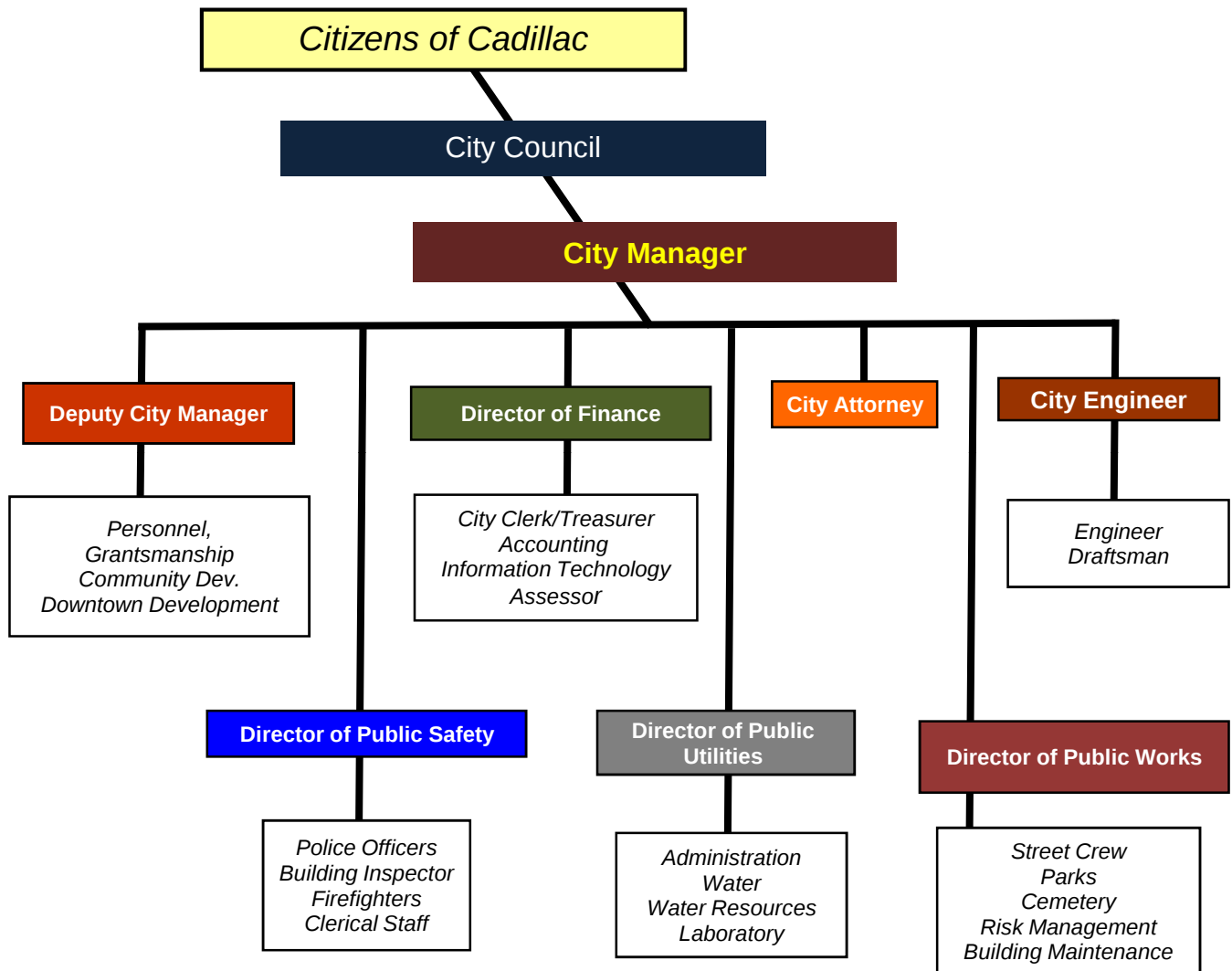
Notes:

The above value includes both real and personal property on 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

2008-2009



<u>Year</u>	<u>Name of Grant/Project</u>	<u>Award amount</u>	<u>Local Match</u>	<u>Department</u>
1995-1999 (Summary)		\$4,370,285	\$593,410	Various
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 Streets	\$350,000	\$85,000	Engineering
	MDOT - Crosby Road	\$150,000	\$0	Engineering
	MDEQ - Plett Road Paving	\$119,836	\$39,945	Engineering
	MDEQ - Wellhead Protection	\$24,851	\$24,851	Utilities
	CDBG - James Potvin Industrial 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
	2000 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 - James Potvin Industrial Park	\$1,194,200	\$0	Administration
	DNR - Tree Planting	<u>\$10,000</u>	<u>\$10,000</u>	Administration
	2001 Total	\$1,269,423	\$71,154	
2002	MDEQ - Alley	\$143,933	\$48,782	Utilities
	MACAA - Sound Garden	\$12,950	\$0	Administration
	Kellogg Foundation - Sound Garden	\$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 Foundation - 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-up	\$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 Street	\$40,000	\$10,000	Engineering
	MDOT - Bond Street	\$120,000	\$30,000	Engineering
	TEA21 - Balsam Street	\$40,000	\$10,000	Engineering
	MSHDA - Rental Rehabilitation	<u>\$200,000</u>	<u>\$0</u>	Administration
	2002 Total	\$1,173,783	\$261,782	
2003	CDBG - Four Winns Expansion	\$810,000	\$90,000	Administration
	MDEQ - Wellhead Protection	\$25,000	\$25,000	Utilities
	TEA21 - South/Harris Streets	\$375,000	\$100,000	Engineering
	TEA21 - Linden Street	\$40,000	\$10,000	Engineering
	Homeland Security	\$31,176	\$3,464	Public Safety
	CASA All Sports Park	\$306,504	\$144,237	Administration
	DTE - Tree Planting	<u>\$3,916</u>	<u>\$4,186</u>	Public Works
	2003 Total	\$1,591,596	\$376,887	

2004	Kodak - Clam River Greenway	\$1,000	\$0	Administration
	National Park Service - Fountain	\$70,000	\$0	Administration
	OMC - Fountain	\$50,000	\$0	Administration
	CACF - Fountain	\$5,000	\$0	Administration
	AAR - Fountain	\$10,000	\$0	Administration
	Jaycees - Fountain	\$4,200	\$0	Administration
	MDOT - River Street Bridge	\$400,000	\$60,000	Engineering
	MDEQ - Wellhead Protection	\$17,500	\$17,500	Utilities
	Say Nay to Drugs	\$1,500	\$0	Public Safety
	Consumers Energy - Greenway	\$2,000	\$0	Administration
	Homeland Security	<u>\$10,800</u>	<u>\$1,200</u>	Public Safety
	2004 Total	\$572,000	\$78,700	
2005	CDBG - Neighborhoods	\$330,000	\$220,000	Administration
	CDBG - AAR	\$270,000	\$30,000	Administration
	CDBG - Avon	\$224,000	\$24,000	Administration
	DTE Energy - Tree Grant	\$3,000	\$3,651	Street
	MI Volunteer River Clean-up	\$2,990	\$0	Administration
	MI Secretary of State- Voting Machines	\$19,019	\$0	Finance
	CDBG - Cobbs Feasibility Study	\$27,500	\$0	Administration
	MDOT - Chestnut Street	\$375,000	\$125,000	Engineering
	CACF-Clam River Greenway III	\$10,000	\$0	Administration
	FEMA - Firefighters	<u>\$30,000</u>	<u>\$3,000</u>	Public Safety
	2005 Total	\$1,291,509	\$405,651	
2006	MDOT - Paluster/Whaley Streets	\$64,000	\$16,000	Engineering
	MDOT - Jobs Today	\$86,000	\$0	Engineering
	MNRTF - Lakefront Bridge	\$50,000	\$50,000	Administration
	MDOT - Park Street	\$344,000	\$86,000	Engineering
	MDOT - North Street	\$44,000	\$11,000	Engineering
	MDEQ - S2 Engineering Grant	\$394,990	\$43,888	Utilities
	US Fire Administration - SCBA grant	<u>\$57,000</u>	<u>\$5,700</u>	Public Safety
	2006 Total	\$1,039,990	\$212,588	
2007	Consumers Energy-Tree Planting Grant	\$4,635	\$5,365	Public Works
	CDBG-Four Winns Expansion Project	\$800,000	\$80,000	Administration
	MNRTF-Clam River Greenway Phase III	\$269,477	\$94,682	Administration
	Oleson Foundation-Clam River Greenway	\$7,500	\$0	Administration
	COPS DOJ Grant - CAPS Cameras	\$13,831	\$13,831	Public Safety
	MOHSP - Laptops for Police Cars	<u>\$24,253</u>	<u>\$0</u>	Public Safety
		\$1,119,696	\$193,878	

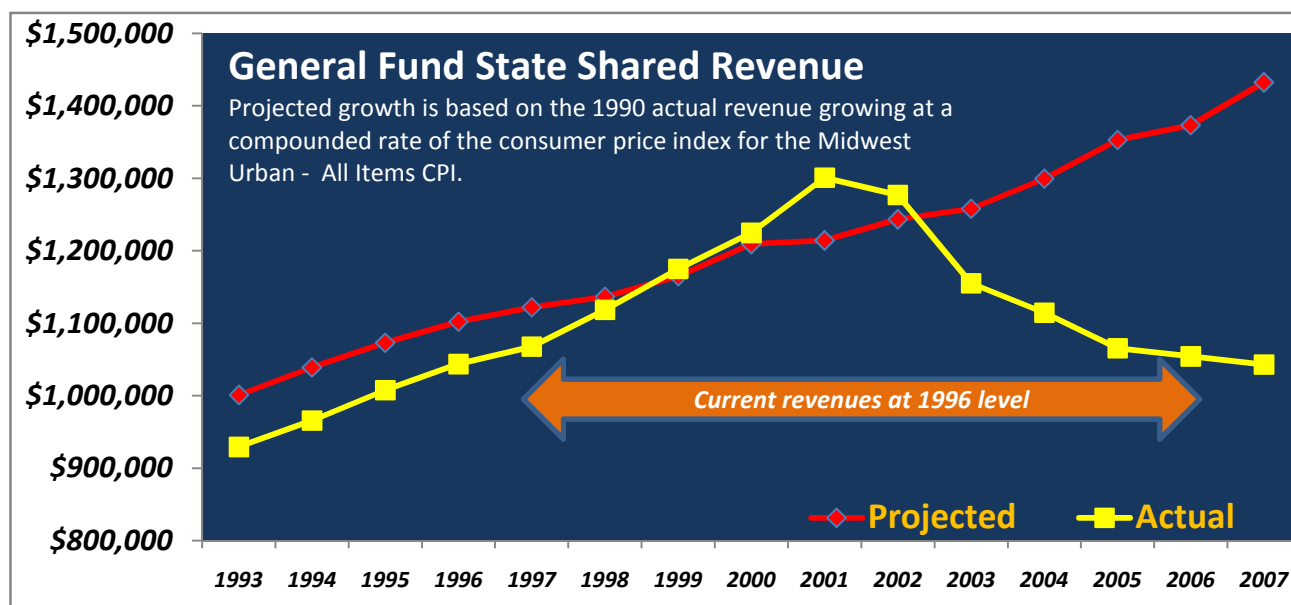
Total 1995-2006

\$14,363,761 \$2,587,709

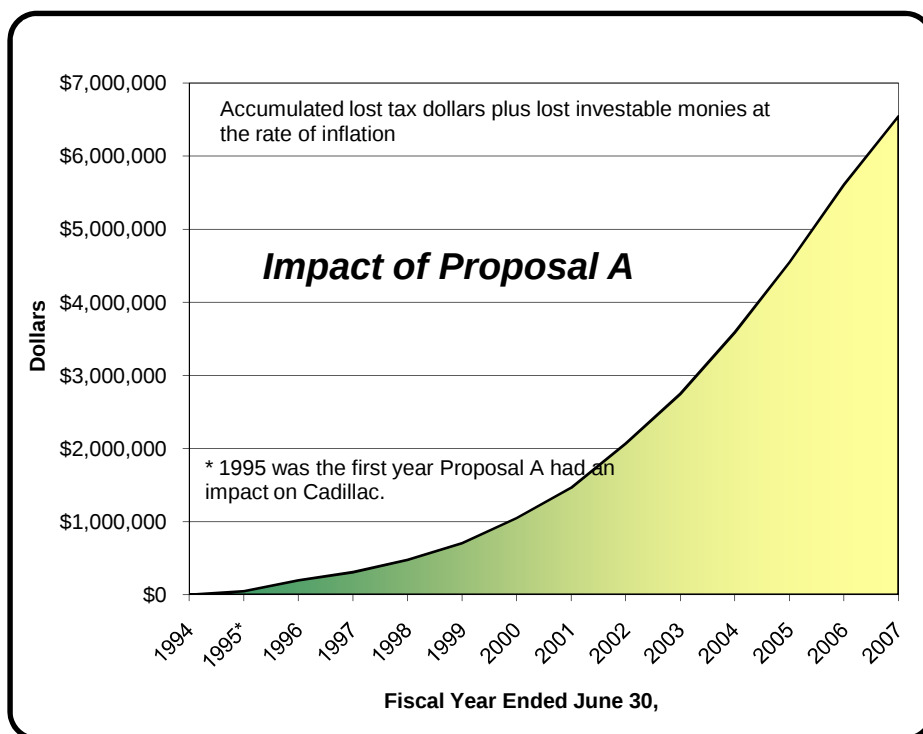
Grant to City Match Ratio

\$5.55 :1

Note: The above ratio indicates that for every \$1 the city spends on a project \$5.55 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 1990 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 2007 is nearly equal to the 1996 rates. This reflects the dilemma that local government is faced with - the inability to 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.

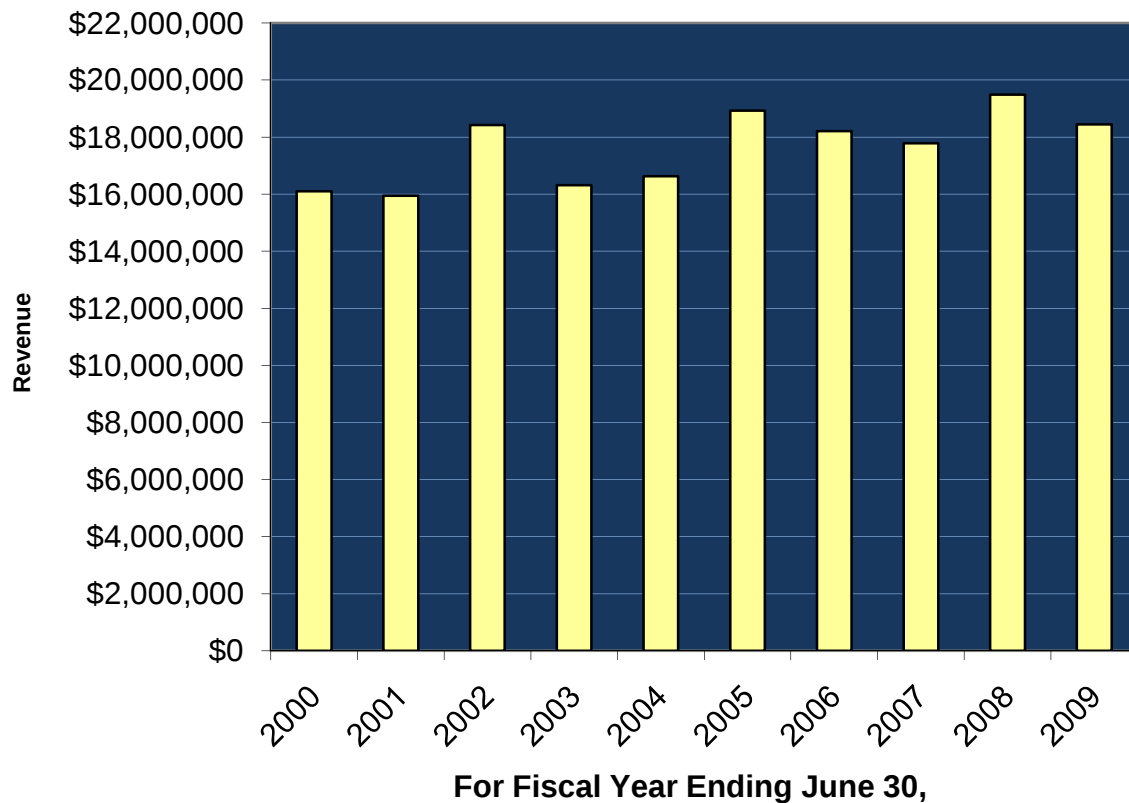


The chart to the left indicates how the lost money from Proposal A compounds and the resulting annual impact. The lost revenue for 2007 would be equal to losing the three largest taxpayers in the City of Cadillac. The cumulative impact is nearly equal to one entire fiscal year of General Fund revenues. The \$934,946 dollars lost this year alone will continue to grow and multiply in future years. This is an average of over \$540,000 per year over the past eleven years of lost revenue which will not be recaptured. At the current level of paving costs, along with the curb and gutter, the City of Cadillac could have repaved 53 miles of local streets or to say it another way, 84% of all our local roadways would have been resurfaced but for Proposal A.

2008-2009 Budget Summary

The Budget Summary section, as its name implies, is designed to give the reader a big-picture overview of the City of Cadillac's budget as a whole. The section offers this summary not only graphically with the chart below, by the numbers in the following charts, and then textually in the last two pages of the section, where some discussion is given regarding the City's most significant sources of revenue.

City of Cadillac Total Revenue and Other Sources Last Ten Fiscal Years



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	\$4,582,200				
Licenses and Permits	1,200				
Intergovernmental	1,172,500	622,700	185,000		
Charges For Services	635,500			3,796,800	
Fines and Forfeits	25,300				
Miscellaneous	392,000			2,500	
Other Financing Sources	363,200				
Local Funds			594,300		
Rental					195,900
Principal Payment					
Interest Income - Loan					
Interest Income		1,500	3,500	129,000	2,000
Total	\$7,171,900	\$624,200	\$782,800	\$3,928,300	\$197,900
<u>Expenditures:</u>					
General Government	\$1,677,300				
Public Safety	3,209,100				
Public Works	997,100				
Culture and Recreation	211,300				
Economic Development	37,200				
Intergovernmental	387,200				
Other Financing Uses	702,700				
Audit		2,000	1,900	5,100	1,000
Operating		593,800	539,400	2,623,200	45,700
Capital Outlay					
Transfer to Debt					
Construction		10,000	60,000		
Principal		11,600	134,700		
Interest		6,800	46,800	350,000	42,000
Non-Operating				950,000	39,900
Total	\$7,221,900	\$624,200	\$782,800	\$3,928,300	\$128,600
Excess (Deficiency) of Revenues over Expenditures (1)	(\$50,000)	\$0	\$0	\$0	\$69,300
Fund Balances - Beginning	\$1,845,525	\$11,065	\$9,125	\$14,641,543	\$526,977
Ending	\$1,795,525	\$11,065	\$9,125	\$14,641,543	\$596,277

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

Budget Summaries

Nonmajor Governmental Funds (2)	Nonmajor Proprietary Funds (3)	Pension Trust Fund	Component Units	2008-2009 Totals	COMPARISON	
					2007-2008 Budget Totals	2006-2007 Actual Totals
0			435,000	\$5,017,200	\$4,953,000	4,929,195
75,500	1,500			78,200	2,400	91,672
500,000	303,800		1,129,300	3,913,300	4,485,200	3,963,574
64,400	33,400		19,800	4,549,900	4,516,800	4,489,507
0	2,200			27,500	33,500	30,085
0	2,500			397,000	391,000	477,789
35,000	931,700			1,329,900	1,409,900	2,882,647
282,000		553,000	3,000	1,432,300	1,830,700	1,328,733
39,300	589,500			824,700	925,800	697,554
227,400	45,600			273,000	427,200	189,606
62,300				62,300	36,800	40,972
110,800	48,800	170,000	73,800	539,400	476,100	434,243
\$1,396,700	\$1,959,000	\$723,000	\$1,660,900	\$18,444,700	\$19,488,400	\$19,555,577
0				\$1,677,300	\$1,622,400	1,790,061
0				3,209,100	3,231,100	3,236,286
0				997,100	953,700	855,246
0				211,300	188,300	408,435
36,800				74,000	37,600	245,328
0				387,200	340,400	367,672
0				702,700	588,600	366,026
13,200	1,800	2,100	3,600	30,700	33,500	30,910
377,900	1,704,300	595,000	1,504,400	7,983,700	6,829,600	6,289,863
0			90,000	90,000	1,300	0
157,000				157,000	70,000	103,000
582,500				652,500	2,113,800	1,041,002
244,100				390,400	430,700	409,776
72,200			25,000	542,800	524,800	545,728
0	236,800		5,000	1,231,700	1,154,200	1,069,561
\$1,483,700	\$1,942,900	\$597,100	\$1,628,000	\$18,337,500	\$18,120,000	\$16,758,894
(\$87,000)	\$16,100	\$125,900	\$32,900	\$107,200	\$1,368,400	\$2,796,683
\$4,072,320	\$2,849,043	\$7,024,213	\$3,110,632	\$34,090,443	\$31,677,783	30,775,406
\$3,985,320	\$2,865,143	\$7,150,113	\$3,143,532	\$34,197,643	\$33,046,183	\$33,572,089

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

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

(3) Includes Nonmajor Enterprise Funds and Internal Service Funds

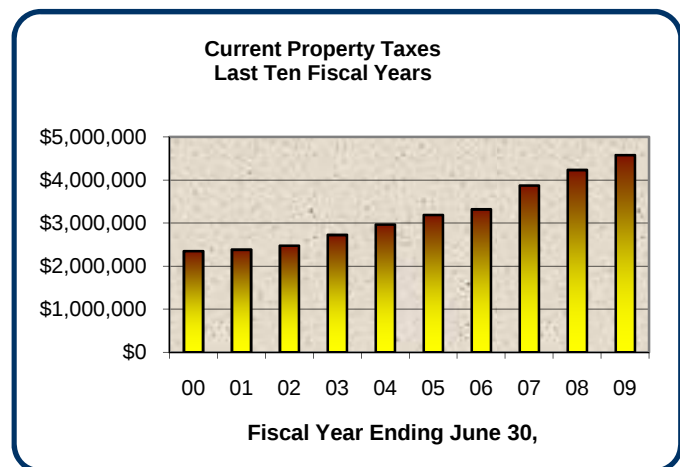
The City of Cadillac has a number of revenue sources, each representing a different percentage of total revenues. These sources include:

Revenue	Amount (Budget)	% of Total
Taxes	\$5,017,200	27.20%
Interest Income	\$539,400	2.92%
Intergovernmental Revenues	\$3,913,300	21.22%
Charges for Services	\$4,549,900	24.67%
Principal Repayment & Interest Income - Loans	\$335,300	1.82%
Local Funds	\$1,432,300	7.77%
Other	\$2,657,300	14.41%
Total	\$18,444,700	100.00%

Taxes

The major source of revenue for 2008-2009 is the local property tax, accounting for 27.2% 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 is estimated to be \$215,252,646, while the personal property taxable value is estimated at \$40,177,800, giving the City a total taxable value of \$255,430,446. Personal property taxes represent about 16% 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. The 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 nearly \$16 million. Downtown merchants also have a separate millage of 1.9872 levied on their real and personal property. Another tax upon property in the City of Cadillac is the added voted millage for Police and Fire retirement. The rate of this millage is proposed to decrease from 2.8 mills to 2.6 mills for FY2009. Enhanced returns from the system's investments has enabled this reduction. When added to the City operating millage of 13.9473 mills, this results in a total levy of 16.5473 mills for City property. For FY2009, 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. Depressed and declining property values have touched the Cadillac economy as well, an issue that will have to be closely watched so that any negative impact on the City's financial position can be identified early and solutions can be identified and implemented.



Intergovernmental Revenues

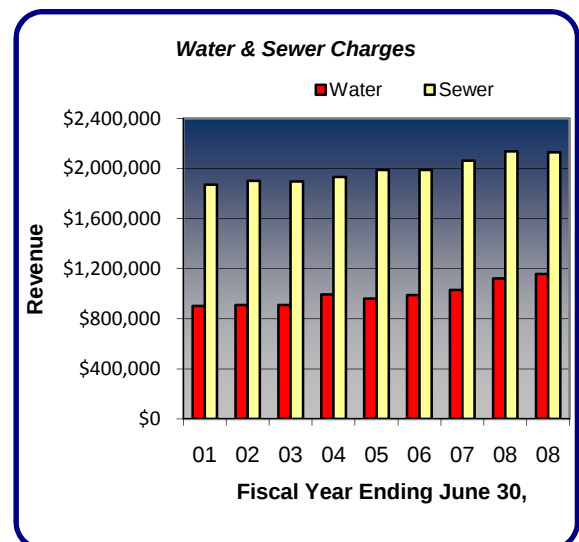
This type of revenue is anticipated to generate \$3,913,300 in FY2009, or 21.22% of the total revenue generated by the City of Cadillac. Included in this type of revenue are grants awarded to the City, and State-shared revenue from the State of Michigan. State shared revenues are anticipated to provide \$956,000 to the General Fund in FY2009, accounting for nearly 13.25% 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 had 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 FY2009, amounting to about \$34,000. 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 FY2009 reflect a moderate decrease over FY2008 due to shortfalls at the State level. Because of 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 \$500,000 in grant revenue is anticipated for FY2009, accounting for 2.7% 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 FY2009 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 \$4,549,900 in revenue for FY2009, or 24.67% 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 2.5% in 2008-2009; however, decreased usage by industrial customers could 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 \$3.5 million. Also included in this revenue is the solid waste collection revenue. This activity is anticipated to increase in order to accurately reflect costs incurred by the City to provide these services.



Interest Income

The economy on both the national, state, and local level has had a significant impact on the amount of interest earned on the City's investments. While the City had some longer-term investments that have protected average returns somewhat, the recent actions of the Fed have resulted in a marketplace that is providing shrinking returns on investments, especially in the conservative types of investments where the City is required to have our funds. Average yields have dropped from 5.14% at the end of February, 2007, to 4.07% at the end of February, 2008. This represents a significant amount of interest lost, 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 7.77% of the total FY2009 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 \$335,300, or 1.82% 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.

General Fund

2008-2009 City of Cadillac Annual Operating Budget

FUND DETAILS

This fund records all revenues and expenditures of the City of Cadillac which are not required to be 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 2008-2009 budget represents a balanced budget. The current property taxes are planned to increase 3.3% over last years tax roll. New construction helps account for the increase. Police and Fire Retirement revenues are anticipated to decrease as the millage has been reduced, reflecting enhanced returns in the system. The State of Michigan state shared revenues are based on estimates and the statutory portion of the revenue sharing is anticipated to decline again 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. The total revenue and expenditures of the General Fund increased in the current budget year by about 3%.

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.

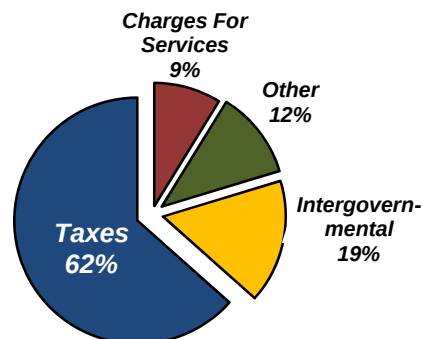
Revenues in the General Fund, for the most part, are projected based on the historical trend and any known activity changes.

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.

Percentage of General Fund Revenues from 1968-2008

	FY2008	FY1998	FY1988	FY1978	FY1968
Taxes	64.59%	53.46%	58.48%	42.95%	51.04%
Intergovernmental	15.57%	26.75%	24.40%	32.23%	22.88%
Charges for Services	9.42%	14.25%	8.23%	5.62%	2.68%
Other	10.42%	5.54%	8.89%	19.20%	23.40%
	100.00%	100.00%	100.00%	100.00%	100.00%

Chart indicates that the reliance on own-source revenues (i.e. property taxes and charges for services) has increased as intergovernmental and other types of revenue sources have declined over the past forty years.



General Fund Revenues 2008-2009

REVENUES AND OTHER SOURCES:

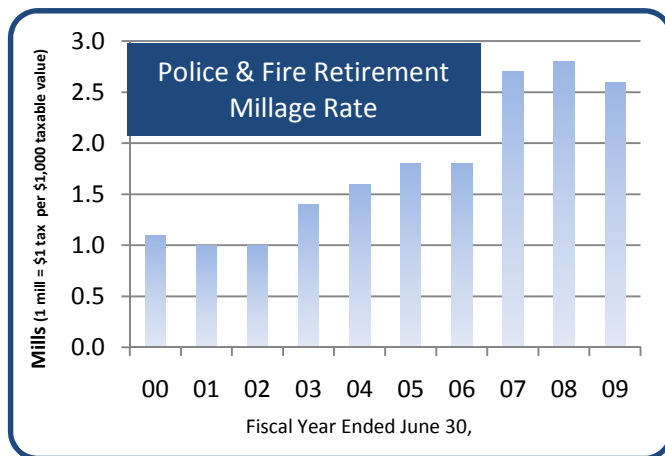
Revenues:

	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
Taxes	\$4,362,865	\$4,497,500	\$4,567,000	\$4,582,200
Licenses	1,730	800	1,200	1,200
Intergovernmental	1,629,292	1,226,500	1,096,500	1,172,500
Charges For Services	644,681	606,200	664,100	635,500
Fines and Forfeits	28,546	25,000	31,000	25,300
Miscellaneous	475,541	421,500	333,800	392,000
Other Financing Sources	386,550	408,700	368,600	413,200

Total Revenues	\$7,529,205	\$7,186,200	\$7,062,200	\$7,221,900
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Current Taxes

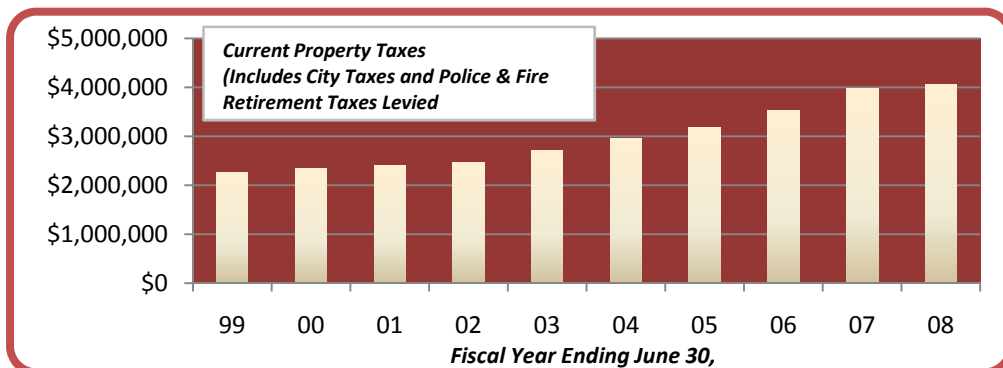
The taxable value of the City of Cadillac General Fund is \$255,430,446. This is a slight increase (3.4%) from last year's taxable value due in large part to new construction. This number is multiplied by the millage to determine local property tax revenue. The charter maximum is 15 mills, but due to the Headlee Amendment and Truth in Assessing over the last several years, the millage rate has been rolled back to 13.9473 mills. However, 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 set by the State of Michigan for 2008-2009 is 2.3%.



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 36.03% 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 35.15% of gross salaries, based on actuary estimates. This results in a need for a 2.6 mill levy, which is down .2 mills from FY2008. 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.

	ACTUAL FY2007	Budget		
		ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
Taxes				
Current Tax	\$3,203,906	\$3,375,000	\$3,400,000	\$3,485,000
Delinquent Tax Collections	(14,334)	0	0	0
Industrial Facilities Tax	160,786	140,000	140,000	130,000
Current Property Tax - Police and Fire	647,040	700,000	694,800	650,000
Administration Fees	134,690	136,000	140,000	140,000
Trailer Park Fees	2,199	1,500	2,200	2,200
Penalties and Interest	39,619	25,000	45,000	45,000
Payment in Lieu of Taxes				
Housing Commission	111,715	50,000	75,000	60,000
Cable T.V.	77,244	70,000	70,000	70,000
Total Taxes	\$4,362,865	\$4,497,500	\$4,567,000	\$4,582,200
Licenses and Permits				
Business Licenses	\$1,730	\$800	\$1,200	\$1,200
Total Licenses and Permits	\$1,730	\$800	\$1,200	\$1,200
Intergovernmental Revenues				
State Shared Revenues:				
Sales & Use Tax - Constitutional	\$684,504	\$675,000	\$680,000	\$650,000
Sales & Use Tax - Statutory	358,536	\$340,000	200,000	306,000
Liquor Licenses	8,053	8,000	8,000	8,000
Telecommunications Right of Way	32,285	30,000	35,000	30,000
Grants from Local Units:				
Fire Protection	162,316	171,000	170,000	175,000
Michigan Justice Training Grant	3,695	2,500	3,500	3,500
Federal Grants	352,608	0	0	0
State of Michigan Grants	0	0	0	0
School Grant - Y.S.O.	27,296	0	0	0
Total Intergovernmental Revenues	\$1,629,292	\$1,226,500	\$1,096,500	\$1,172,500



Industrial Facilities Tax

This tax abatement program has grown consistently as the City Council has established a policy of granting an abatement to any qualified industrial facility. This program allows Council to abate half of the City taxes for up to 12 years. Exemptions have been granted with a total value of \$20,938,892. This is a decrease of 6% in value from last year. This represents a total of 215 abatements varying in value granted by the City of Cadillac. The decrease reflects abatements being eliminated over time. It is projected that the abatements will decline in FY2009.

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 state-shared revenue. 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 2008. The statutory numbers are anticipated to be similar as that of 2008, but based on an adverse State of Michigan economic budget and an anticipated need by the State for these funds, the City has reduced this amount by 10% for FY2009, or \$34,000 below what is expected to be received in FY2008.

Fire Protection

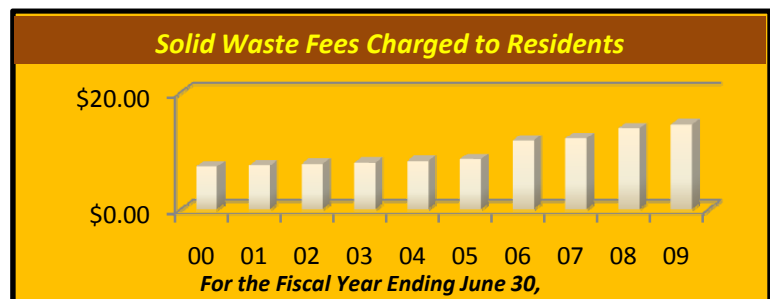
Clam Lake Township and the City of Cadillac have a fire protection agreement whereby the City provides fire protection to the township and in return the Township pays the City a fee of 1.9 mills on its real and personal property taxes. The Township's estimated taxable value is \$85.3 million. The fire contract expires June 30, 2010 and is anticipated to be renewed.

Solid Waste Collection

Solid waste collection is a contracted service with a private contractor. The cost is passed on to residents with only a slight markup to cover costs associated with administering the waste removal program. The proposed rate recognizes the rate increases passed on from the Wexford County Landfill and accounts for the increase in fuel costs. The rate for the rental of tidy totes is recommended to decrease to \$2.20 per month.

Solid Waste

3,250 average units x \$14.54 recommended monthly fee x 12 = \$567,000 annual solid waste collection fee



Tidy Tote Garbage Cans

1,800 average customers x \$2.20 per month fee x 12 = \$47,500 annual collection (\$1.85 of the monthly collection fee is paid back to the waste collector.)

Engineering Fees

Engineering Fees are fees collected internally to cover the engineering costs of projects. Total billable construction projects are \$50,000 and the engineering fee is 7% of the costs.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
Charges For Services				
Zoning Fees	\$2,000	\$2,000	\$5,000	\$2,000
Exemption Certificate Fees	3,900	500	2,000	1,000
Police Charges	3,588	2,500	4,000	2,500
Engineering Fees	91,978	5,000	10,500	3,500
Solid Waste Collection	532,742	590,000	636,200	620,800
Sale of Maps and Ordinances	1,688	0	0	500
Miscellaneous	184	200	1,400	200
Rental Housing Ordinance Fee	8,600	6,000	5,000	5,000
Total Charges For Services	\$644,681	\$606,200	\$664,100	\$635,500
Fines and Forfeits				
Violations Bureau	\$28,546	\$25,000	\$31,000	\$25,300
Total Fines and Forfeits	\$28,546	\$25,000	\$31,000	\$25,300
Miscellaneous				
Interest Income	\$120,675	\$90,000	\$61,000	\$75,000
Land and Building Rental	2,350	500	1,000	1,000
Sale of Property	32,663	30,000	6,800	7,500
Reimbursements				
Housing Commission	242,131	240,000	205,000	245,000
Contributions - Private Sources	1,981	500	5,000	1,500
Northflight	52,221	52,000	50,000	54,000
Miscellaneous-Refunds and Rebates	23,520	8,500	5,000	8,000
Total Miscellaneous	\$475,541	\$421,500	\$333,800	\$392,000
Other Financing Sources				
Water and Sewer Fund	\$212,300	\$203,800	\$203,800	\$201,900
Major Street Fund	35,000	41,400	41,400	39,200
Local Street Fund	30,200	38,200	38,200	35,800
Stores & Garage Fund	47,400	45,700	45,700	30,100
Community Development Fund	15,000	17,600	17,600	19,100
Data Processing Fund	20,300	21,900	21,900	28,600
Cemetery Operating Fund	0	0	0	8,500
Loan	26,350	0	0	0
Other Transfers In	0	40,100	0	0
Surplus	0	0	0	50,000
Total Other Financing Sources	\$386,550	\$408,700	\$368,600	\$413,200
TOTAL REVENUES	\$7,529,205	\$7,186,200	\$7,062,200	\$7,221,900

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
<u>EXPENDITURES</u>				
General Government				
Legislative	\$48,917	\$46,300	\$44,700	\$58,500
Manager	174,588	183,000	179,600	188,400
Administrative Services	108,394	246,100	94,700	136,600
Elections	6,032	8,000	8,300	11,000
Finance	234,115	236,700	247,900	225,800
Assessor	156,730	161,100	160,100	132,500
Attorney	80,155	83,800	85,400	83,800
Clerk/Treasurer	401,435	293,300	281,600	287,300
Engineering	183,391	203,100	202,800	217,400
City Hall	396,304	305,100	317,300	336,000
Total General Government	\$1,790,061	\$1,766,500	\$1,622,400	\$1,677,300
Public Safety				
Police	\$1,937,927	\$2,038,600	\$1,973,100	\$1,936,600
Fire	1,298,359	1,317,800	1,258,000	1,272,500
Total Public Safety	\$3,236,286	\$3,356,400	\$3,231,100	\$3,209,100
Public Works	\$855,246	\$956,400	\$1,004,700	\$997,100
Culture and Recreation	\$408,435	\$190,100	\$188,300	\$211,300
Economic Development and Assistance	\$245,328	\$43,400	\$37,600	\$37,200
Intergovernmental Expenses	\$367,672	\$373,300	\$340,400	\$387,200
Other Financing	\$344,700	\$472,600	\$552,600	\$702,700
TOTAL EXPENDITURES	\$7,247,727	\$7,158,700	\$6,977,100	\$7,221,900
<u>FUND BALANCE AT YEAR END</u>				
Excess (Deficiency) of Revenues over Expenditures	\$281,477	\$27,500	\$85,100	(\$50,000)
Fund Balance - Beginning of Year	\$1,536,548	\$1,818,025	\$1,818,025	\$1,845,525
FUND BALANCE AT YEAR END				
Reserved	93,586	93,586	93,586	93,586
Designated	1,724,439	1,751,939	1,809,539	1,701,939
TOTAL FUND BALANCE	\$1,818,025	\$1,845,525	\$1,903,125	\$1,795,525

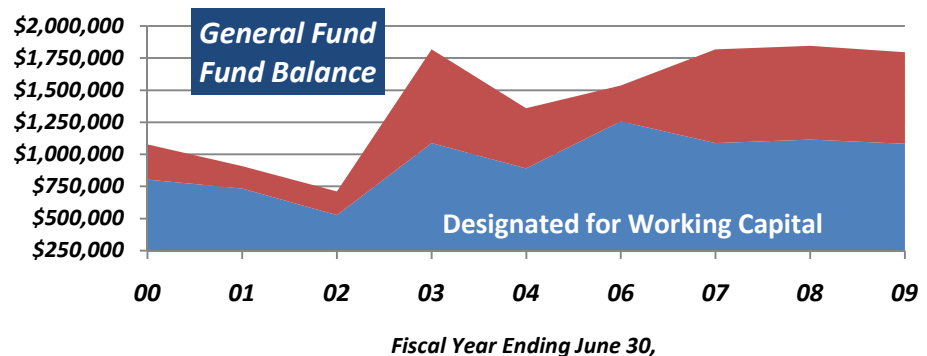
Reserved and Designated Fund Balance

All fund balance remaining at the end of the fiscal year is either reserved or designated for a certain purpose. Specific reserves and designations at the end of FY2007 and estimates for FY2008 and FY2009 are as follows:

	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
Reserved:				
Blackburn Skate Park/ Youth Services	4,998	4,998	4,998	4,998
Drug Forfeiture	2,921	2,921	2,921	2,921
Fire Truck/ Fire Safety House	2,250	2,250	2,250	2,250
Veterans Memorial	1,855	1,855	1,855	1,855
Pistol Range	1,283	1,283	1,283	1,283
Antique Fire Truck	1,639	1,639	1,639	1,639
White Pine Trail	2,394	2,394	2,394	2,394
Youth Services	844	844	844	844
Inventory	5,790	5,790	5,790	5,790
Prepaid Expenditures	69,612	69,612	69,612	69,612
Total Reserved	93,586	93,586	93,586	93,586
Designated:				
Sick & Vacation Funding	617,775	617,775	617,775	618,654
Working Capital	1,087,158	1,114,658	1,172,258	1,083,285
Tax Tribunal	19,506	19,506	19,506	0
Total Designated	\$1,724,439	\$1,751,939	\$1,809,539	\$1,701,939
TOTAL FUND BALANCE	\$1,818,025	\$1,845,525	\$1,903,125	\$1,795,525

Fund Balance

The Fund Balance chart shows total Fund Balance of the General Fund, as well as the split between the portion designated for Working Capital and all other portions in the aggregate.

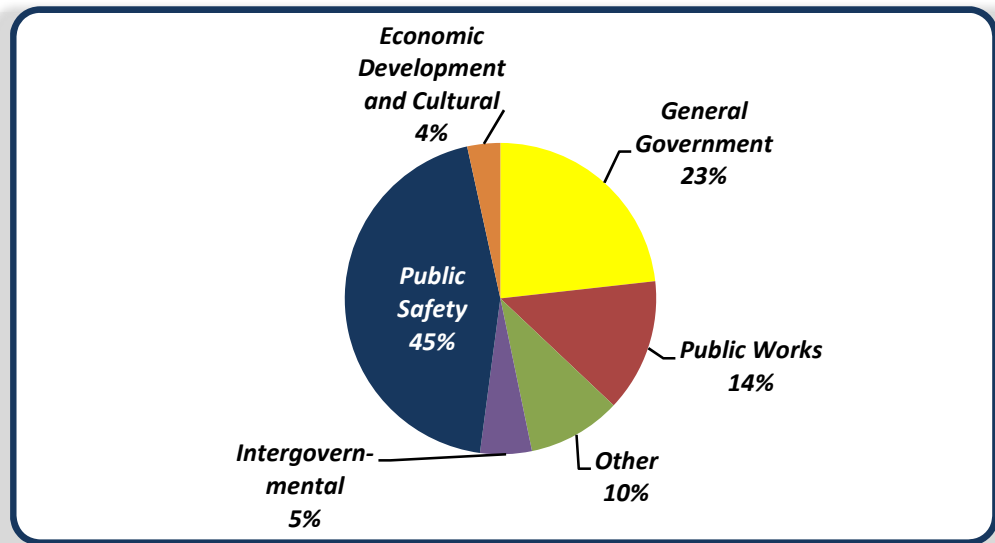


Fund-Based Measures:

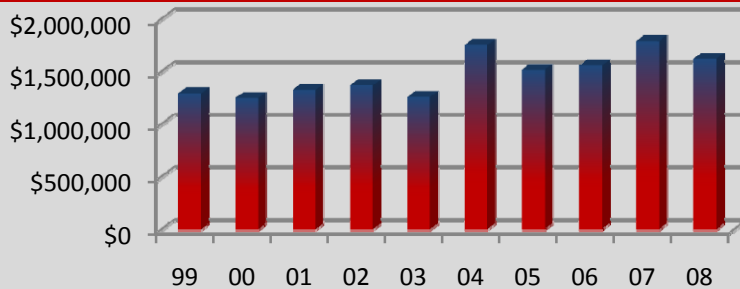
- Available General Fund fund balance presented as the number of months of General Fund operating and intergovernmental expenditures that could be financed by fund balance **1.8 months**
- Working Capital designated fund balance as percentage of General Fund Revenues **15.00%**

Expenditure Analysis Charts

The chart at the right shows the split of General Fund expenditures by activity



General Government Expenditures 1999 - 2008



General Government Expenditures

This chart shows the level of General Government spending over the last 10 years. General Government expenditures include all administrative departments, the legal department, assessing and elections, and the annual expenditures to maintain the City's municipal complex.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
GENERAL GOVERNMENT				
Legislative				
Salaries	\$14,900	\$15,000	\$15,000	\$14,900
Fringes	1,176	1,300	2,100	1,500
Office Supplies	1,935	4,000	900	1,800
Contractual Services	4,989	3,000	1,200	4,000
Data Processing	0	0	0	9,300
Dues & Publications	7,346	9,000	9,200	10,000
Travel and Education	11,396	10,000	11,600	12,000
Ordinances and Proceedings	7,176	4,000	4,700	5,000
Total Legislative	\$48,917	\$46,300	\$44,700	\$58,500

City Council Personnel				
Full-Time Positions	0	0	0	0
Part-Time Positions	5	5	5	5
Per Capita Cost	\$4.89	\$4.63	\$4.47	\$5.85

Legislative

The City Council is the policy making body for the City of Cadillac. Its salaries are set by an independent advisory committee which meets every two years. Education is encouraged for the part-time council members so that they will be on the cutting edge of information and issues involving municipal government. Contractual Services reflects the codification of the city code and increased the per capita costs in 2007. Codification of the ordinances has not been reviewed professionally for several years.

ELECTED OFFICIALS		
Name	Position	Term Expires:
William S. Barnett	Mayor	December 31, 2009
James Dean	Mayor Pro-Tem	December 31, 2009
Art Stevens	Councilmember	December 31, 2011
Tom Dyer	Councilmember	December 31, 2009
Shari Spoelman	Councilmember	December 31, 2011

PERFORMANCE MEASURES			
Fiscal Year	Per Capita Cost	Number of Council Meetings:	Number of Ordinances:
2009	\$5.85	24	15
2008	\$4.63	22	15
2007	\$4.89	21	21
2006	\$4.35	21	21
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

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
GENERAL GOVERNMENT (Cont.)				
Manager				
Salaries	\$125,680	\$129,000	\$128,000	\$133,000
Fringes	25,679	34,000	31,700	34,100
Office Supplies	1,520	1,500	1,800	1,600
Postage	144	100	100	200
Data Processing	3,200	4,000	4,000	3,500
Dues & Publications	3,223	3,000	3,000	3,000
Telephone	2,012	900	1,400	1,000
Travel & Education	7,484	5,000	5,000	6,000
Vehicle Lease	5,646	5,500	4,600	6,000
Capital Outlay	0	0	0	0
Total Manager	\$174,588	\$183,000	\$179,600	\$188,400

City Manager Personnel				
Full-Time Positions	1.5	1.5	1.5	1.5
Part-Time Positions	0	0	0	0
Per Capita Cost	\$17.46	\$18.30	\$17.96	\$18.84

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 Assistant City Manager department.



2008-2009 CITY MANAGER CHALLENGES

The purpose of this section is to give the City Manager further opportunity to detail the significant challenges that will be faced in the upcoming fiscal year. For FY2009, he details the following:

- > Revenue sharing payments from the State of Michigan have plummeted over the last ten years. Minor increases are proposed for FY2009; however, the State's financial picture continues to worsen, which puts these funds at great risk.
- > Groundwater contamination in the immediate vicinity of the municipal well field continues to be a major concern. The City of Cadillac will attempt to develop a "community-based" approach to this multifaceted situation. An acceleration of the timetable for the relocation of the well field may be considered as a component of the overall solution.

2008-2009 CITY MANAGER CHALLENGES (Continued)

- > OPEB - The City has recognized its liability for other post-employment benefits (OPEB) as required by the Government Accounting Standards Board and will attempt to fund the necessary contribution on an annual basis to keep pace with this growing liability. This budget funds the full obligation for FY2009.
- > The Police and Fire Retirement Fund has experienced improved returns on investments as a result of the switch to the Municipal Employees Retirement System (MERS) as the investment manager for this program. The millage rate necessary to fund this system has stabilized as a result.
- > The Wexford County Landfill continues to struggle from a financial standpoint. The City will require a cap on future rates as a condition for approval of the proposed new solid waste plan. The agreement to memorialize this understanding will need to be developed and approved this year.
- > The Stores and Garage Fund has ended the year in a deficit position for the past three fiscal years. Deliberate steps have been taken within this current budget document to reverse this trend.
- > The Cemetery Fund will be challenged this year with the loss of labor from the State prisoner work program. Accordingly, expenses will increase in the fund reflecting the loss of this cheap labor. A General Fund contribution will be required for the first time.
- > The City Master Plan will be more than five years old during this coming fiscal year, and therefore will be updated as required by State law. An increased emphasis on public participation will be incorporated throughout the renewal process.
- > Additional emphasis will be placed on a significant redesign of the City website. Our goal is to make this site much more interactive and user-friendly.
- > After a two-year hiatus, the City sidewalk replacement program will be reinstituted.



Preservation and protection of beautiful Lake Cadillac - which sits entirely within City limits - is a priority.

- > Additional emphasis will be placed on employee safety through appropriate funding of the safety program in this year's budget.
- > Downtown Cadillac is faced with a number of challenges due in part to the vacancy of two significant sites in the core downtown area. Specific emphasis will be placed on working with the Cadillac Downtown Fund and the City DDA to address these vacancies.
- > This budget document appropriately allocates the funding necessary to continue to plan for the Mitchell Street rehabilitation project in FY2010. Significant funding will be allocated from the DDA to the Downtown Cadillac Association to assist with related public relations activities.
- > Operating structures of the library, CWTA, and airport will be reviewed this year to ensure that they are organized in the most appropriate and efficient manner.

2008-2009 CITY MANAGER CHALLENGES (Continued)

- > Discussions will continue with surrounding townships pertaining to the fair and equitable provision of public water and sewer services beyond City limits. It is believed that if a successful agreement pertaining to public utilities is reached, it will lead to further collaboration on other public services.
- > Significant efforts will again be placed on the retention of our manufacturing base. As Michigan's economy continues to struggle, the retention and expansion of existing businesses is the key to future success in the community.
- > Targeted grant-writing will continue to offset reductions in traditional revenue streams.
- > Significant emphasis will be placed on core residential areas on the east side of the community in an attempt to maintain and strengthen these key neighborhoods. Expansion of the historic district will also be considered.
- > The City Public Works Department will pursue accreditation through the appropriate agency.
- > The City will continue to partner with local citizen groups to develop long-term strategies to protect the water quality of Lake Cadillac. The special assessment for the milfoil treatment program will end during this current fiscal year, which will require the development of a plan to address water quality issues beyond this program.
- > The development of a five-year financial plan will be a priority. This planning tool will be necessary to ensure the uninterrupted continuation of excellence in the delivery of municipal services during challenging financial times.



Accreditation of the City Public Works Department will be a priority in FY2009.



The structure of airport activities and the City's participation in funding is another priority to be addressed in FY2009.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
GENERAL GOVERNMENT (Cont.)				
Assistant City Manager				
Salaries - Full Time	\$31,149	\$32,500	\$32,500	\$37,000
Salaries - Part Time	16,246	16,000	0	28,000
Fringes	8,783	145,000	9,400	12,100
Office Supplies	3,981	2,500	2,700	2,900
Postage	970	700	700	1,000
Contractual Services	38,590	40,000	40,000	45,000
Data Processing	3,200	4,000	4,000	3,500
Dues & Publications	137	1,800	1,800	2,000
Telephone	1,507	1,000	1,200	700
Travel & Education	2,080	2,500	2,000	4,000
Suggestion Award	50	100	400	400
Capital Outlay	1,700	0	0	0
Total Administrative Services	\$108,394	\$246,100	\$94,700	\$136,600

Assistant City Manager Personnel				
Full-Time Positions	0.9	0.9	0.9	0.9
Part-Time Positions	1	1	1	1
Per Capita Cost	\$10.84	\$24.61	\$9.47	\$13.66



Assistant City Manager

Precia Garland, Assistant City Manager, oversees this department. She has several functions at the City, therefore her salary is split among several funds. This department of the General Fund provides 30% of her salary. The Cadillac Development Fund provides an additional 40% with the remainder coming from the Downtown Development Authority Fund. A part-time graduate school intern is funded in this department. This position was not filled in FY2008 due to lack of resources, but has again been proposed for FY2009. The Assistant City Manager's department 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 year.

Departmental Goals

2007-2008

1. Implement voluntary wellness program for full-time employees. *Status: Accomplished*
2. Revise LDFA special assessment for groundwater cleanup for 2007-2012. *Status: Accomplished*
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. Mitchell Street Streetscape Project- finalize funding and develop marketing communication. *Status: Ongoing*
6. Research options for home owner-occupied grants and low-interest loans. *Status: Ongoing*

Assistant City Manager (Continued)

Departmental Goals (Continued)

2008-2009 (Continued)

1. Continue voluntary wellness program for full-time employees.
2. Continue development of city-wide employee training schedule to address issues that impact the organization.
3. Seek grant funding to expand public infrastructure as necessary to enable industrial development.
4. Finalize grant funding to assist Harris Milling site brownfield redevelopment.
5. Finalize grant funding & implement EPA Brownfield Assessment Program.
6. Undertake comprehensive review & update as necessary City Personnel Policy Manual and other policies related to human resources and benefits administration.
7. Finalize plans and communications strategies for Mitchell Street streetscape project, expected to begin in Spring, 2009.
8. Research options for homeowner-occupied grants and low-interest loans.

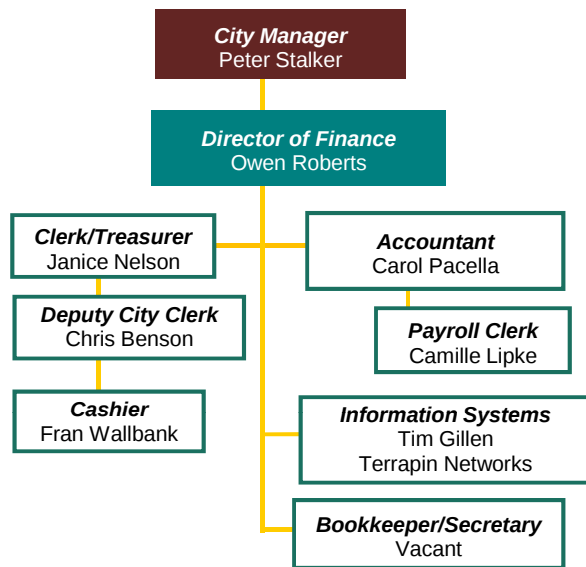
Full-Time Employee Activity

Human Resources activities have consumed a tremendous amount of time over the last several months. The City has experienced the following turnover among full-time ranks:

Department:	Employee	Position	Reason	Replacement
Finance	Dale Walker	Director of Finance	Retired	Owen Roberts
Finance	Owen Roberts	Accountant	Promoted	Carol Pacella
Finance	Lynn Davis	Accounts Payable Clerk	Retired	Tera Veddler
Utilities	Larry Campbell	Director of Utilities	Retired	** Pending
Utilities	Doris Thompson	Utilities Clerk	Retired	Keri Lanning
Utilities	N/A	New Hire	New Hire	Stacy Carter
Utilities	Tim Davis	Chief Operator	Retired	Derek Goodrich
Police Department	David DeForest	Detective/Lieutenant	Retired	Todd Golnick
Police Department	Todd Golnick	Sergeant	Promoted	Eric Eller
Police Department	David Koenig	Sergeant	Retired	Tony Crawford
Police Department	Philip Tschirhart	Sergeant	Retired	Jeff Izzard
Police Department	Eric Eller	Patrol Officer	Promoted	Jill Masten
Police Department	Tony Crawford	Patrol Officer	Promoted	Nick Bertram
Police Department	Jeff Izzard	Patrol Officer	Promoted	Thomas Wade
Police Department	Steve Barnes	Patrol Officer	Retired	Lance Taylor

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 oversees the clerk-treasurer, accounting, and information technology functions. In addition to the management activities, budgeting and investing of the City's money are critical functions of this department.



Owen Roberts was appointed Director of Finance in February, 2008.

Departmental Goals

2007-2008

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

2008-2009

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.
5. Develop five-year financial plan.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
<u>GENERAL GOVERNMENT (Cont.)</u>				
Finance				
Salaries	\$126,277	\$135,000	\$126,500	\$114,000
Fringes	43,157	50,000	53,000	52,800
Office Supplies	23,171	8,000	14,000	7,500
Postage	1,921	3,000	5,500	2,500
Audit	9,510	13,800	11,000	11,000
Data Processing	16,000	18,500	18,500	28,000
Dues & Publications	4,320	2,500	7,500	3,500
Telephone	1,787	900	2,600	1,000
Travel & Education	6,173	5,000	9,300	5,500
Capital Outlay	1,800	0	0	0
Total Finance	\$234,115	\$236,700	\$247,900	\$225,800

Finance Department Personnel				
Full-Time Positions	1.94	1.94	1.94	2.25
Part-Time Positions	0	0	0	0
Per Capita Cost:	\$23.41	\$23.67	\$24.79	\$22.58

Note: No additional staff was added for FY2009. An allocation analysis resulted in some changes which are reflected throughout the budget.

PERFORMANCE MEASURES - Finance Department				
Fiscal Year	Manual Journal Entries	Audit Adjustments	Checks Disbursed	Accounts Receivable Invoices
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
2006	832	155	5,536	625
2007	640	125	5,397	620

Change in accounting software accounted for a decrease in journal entries in 2006. Over the last ten years checks disbursement has decreased by 43%.

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, 2012. 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, P.C.. 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.



Performance Measurements					
	2007	2006	2005	2004	2003
Ordinances Prepared	15	23	19	19	25
Hours Spent for The City	640	571	715	900	988
Cost Per Hour	\$122	\$132	\$105	\$82	\$76
Special Assessment Resolutions	8	12	6	3	10
IFT Resolutions	20	36	58	37	31

Attorney Cost Analysis							
Fiscal Year	Contractual Fee	Property Tax Issues	Labor Issues	Land Issues	Lawsuits	Other	Total
2007	\$78,073	\$985	\$6,946	\$1,254	\$0	\$3,009	\$90,267
2006	\$75,600	\$13,078	\$8,528	\$2,196	\$3,613	\$7,367	\$110,382
2005	\$76,033	\$4,444	\$11,417	\$36,950	\$1,538	\$6,087	\$136,469
2004	\$72,000	\$4,297	\$8,968	\$4,888	\$9,726	\$11,647	\$111,526
2003	\$72,008	\$3,596	\$6,577	\$102	\$0	\$16,034	\$98,317
Average	\$74,743	\$5,280	\$8,487	\$9,078	\$2,975	\$8,829	\$109,392

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
GENERAL GOVERNMENT (Cont.)				
Assessor				
Salaries - Part Time	\$660	\$0	\$0	\$0
Fringes	50	0	0	0
Office Supplies	37	0	0	0
Postage	2,181	3,000	2,000	3,000
Contractual Services	10,143	10,000	10,000	10,000
Wexford County Contract	96,860	100,000	100,000	100,000
Data Processing	46,400	47,000	47,000	18,000
Board of Review	399	1,100	1,100	1,500
Total Assessor	\$156,730	\$161,100	\$160,100	\$132,500

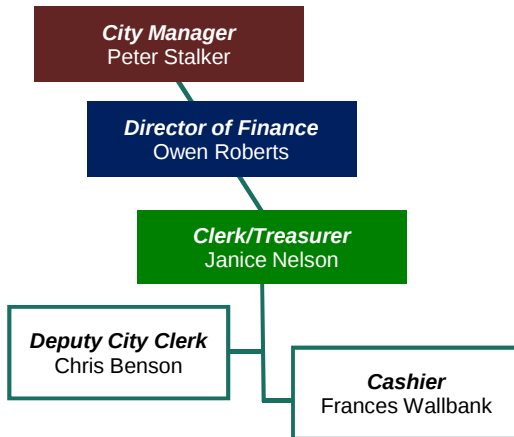
Assessing Personnel				
Full-Time Positions	0	0	0	0
Part-Time Positions	0	0	0	0
Per Capita Costs	\$15.67	\$16.11	\$16.01	\$13.25

Attorney				
Office Supplies	\$1,400	\$1,800	1,600	\$1,600
Contractual Services	78,073	81,000	82,600	81,000
Travel & Education	682	1,000	1,200	1,200
Total Attorney	\$80,155	\$83,800	\$85,400	\$83,800

City Attorney Personnel				
Full-Time Positions	0	0	0	0
Part-Time Positions	0	0	0	0
Per Capita Costs	\$8.02	\$8.38	\$8.54	\$8.38

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 two to assist her. Mrs. Nelson has been with the City for 28 years. She holds a Masters Degree, along with the distinguished designation of Certified Municipal Clerk as well as Certified Municipal Finance Administrator.

Expenditure Analysis:

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, they go to tax sale and the City is obligated to return the funds to the County at that time.

PERFORMANCE MEASURES				
Fiscal Year	Payroll Checks Written	Elections	Voters	Per Capita Cost
2007	1,514	2	4,769	\$40.14
2006	1,584	2	7,155	\$24.25
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

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
<u>GENERAL GOVERNMENT (Cont.)</u>				
Clerk/Treasurer				
Salaries	\$134,826	\$139,000	\$138,700	\$142,500
Fringes	109,431	77,000	77,400	75,200
Office Supplies	2,727	2,000	2,500	3,500
Postage	9,559	9,000	6,600	9,500
Data Processing	39,000	40,000	40,000	40,000
Dues & Publications	589	500	600	600
Telephone	(3)	0	0	0
Travel & Education	804	800	800	1,000
Bad Debt Expense (1)	104,501	25,000	15,000	15,000
Total Clerk/Treasurer	\$401,435	\$293,300	\$281,600	\$287,300

(1) 2007 increased due to a court ruling on Wexford Medical Group as being tax exempt, requiring a reimbursement of taxes.

Clerk/Treasurer Personnel				
Full-Time Positions	4	4	4	4
Part-Time Positions	0	0	0	0

Elections				
Salaries	\$4,730	\$4,000	4,800	\$6,000
Office Supplies	1,303	4,000	3,500	5,000
Capital Outlay	0	0	0	0
Total Elections	\$6,032	\$8,000	\$8,300	\$11,000

Elections Personnel				
Full-Time Positions	0	0	0	0
Part-Time Positions	15	30	30	15

Elections

Two elections will be held in 2008-2009, 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 election staff of approximately 15 are all part-time employees that work one or two days for each election.

There are 7,152 registered voters on the voting roll.

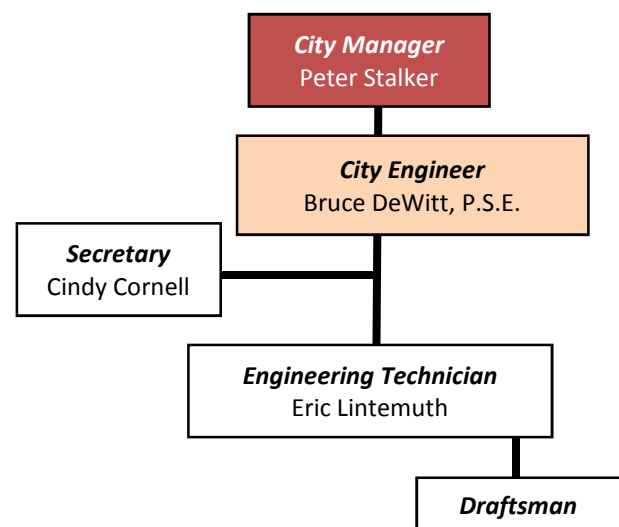
Cost per registered voter	\$5.97	\$0.80	\$1.05	\$1.16
Cost per Capita	\$4.27	\$0.57	\$0.75	\$0.83

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
GENERAL GOVERNMENT (Cont.)				
Engineering				
Salaries	\$107,803	\$116,000	\$118,000	\$116,800
Fringes	42,526	55,000	48,900	46,200
Office Supplies	3,488	3,500	3,500	3,500
Postage	73	200	200	200
Contractual Services	8,074	7,500	8,000	8,000
Data Processing	16,000	17,500	17,500	20,000
Dues & Publications	1,472	700	700	1,500
Telephone	433	700	700	450
Travel & Education	755	500	500	750
Equipment Rental	2,767	1,500	4,800	3,000
Capital Outlay	0	0	0	17,000
Total Engineering	\$183,391	\$203,100	\$202,800	\$217,400

Engineering Department Personnel				
Full-Time Positions	2.41	2.41	2.41	2.41
Part-Time Positions	0	1	1	1
Cost per Capita	\$18.34	\$20.31	\$20.28	\$21.74

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-eight years, Bruce DeWitt has been the City Engineer. The secretary has 41% of her salary applied to this department. A summer draftsman was authorized in FY2009 but not funded. A new vehicle for the engineer is proposed as Capital Outlay. This vehicle will replace a 1995 Chevrolet Astro mini-van that has more than outlived its estimated useful life.



	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
GENERAL GOVERNMENT (Cont.)				
City Hall				
Salaries	\$30,959	\$32,800	\$31,100	\$31,700
Salaries - Part-Time	191	\$0	16,000	8,000
Fringes	8,154	11,000	14,300	13,800
Operating Supplies	14,457	14,000	14,200	14,200
Contractual Services	13,430	15,000	19,300	18,500
Service/Lease Contracts	7,495	10,000	10,000	9,800
Data Processing	0	0	0	5,500
Liability Insurance	93,502	97,000	90,800	96,300
Utilities	91,565	83,500	78,300	96,200
Repair and Maintenance	15,290	15,000	15,000	15,000
Equipment Rental	6,336	6,500	8,000	7,200
Parking Contract	2,260	2,300	2,300	2,300
Capital Outlay	112,665	18,000	18,000	17,500
Total City Hall	\$396,304	\$305,100	\$317,300	\$336,000
City Hall Personnel				
Full-Time Positions	1.3	1.3	1.3	1.3
Part-Time Positions	2	2	2	1
Cost per Capita	\$39.63	\$30.51	\$31.73	\$33.60
TOTAL GENERAL GOVERNMENT	\$1,790,061	\$1,766,500	\$1,622,400	\$1,677,300
General Government costs per Capita	\$179.01	\$176.65	\$162.24	\$167.73



City Hall

The maintenance of the physical plant, which is occupied 24 hours per day, is anticipated to increase as the facility ages. Major replacements over the past few years have been the roof, the HVAC system, and the upgrade of the Council chambers. Salaries for FY2009 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 FY2009 reflects the replacement of two desks and the front counter in the Utilities Department.

PUBLIC SAFETY

City of Cadillac Public Safety

The Public Safety functions within the City of Cadillac consist of both a full-time Police Department and a full-time Fire Department. Oversight of both of these departments has been consolidated into the Director of Public Safety. Jeff Hawke has been the Director of Public Safety since December 2002. Mr. Hawke began his career with the City of Cadillac in 1986. He oversees a staff of 17 full-time police staff, 16 part-time police staff, 11 full-time firefighters, 18 part-time firefighters, and one building inspector. Oversight of the code enforcement program as well as the Building Inspection department fall within his responsibilities as well.



Jeff Hawke
Director of Public Safety



CALEA Recognition Achieved

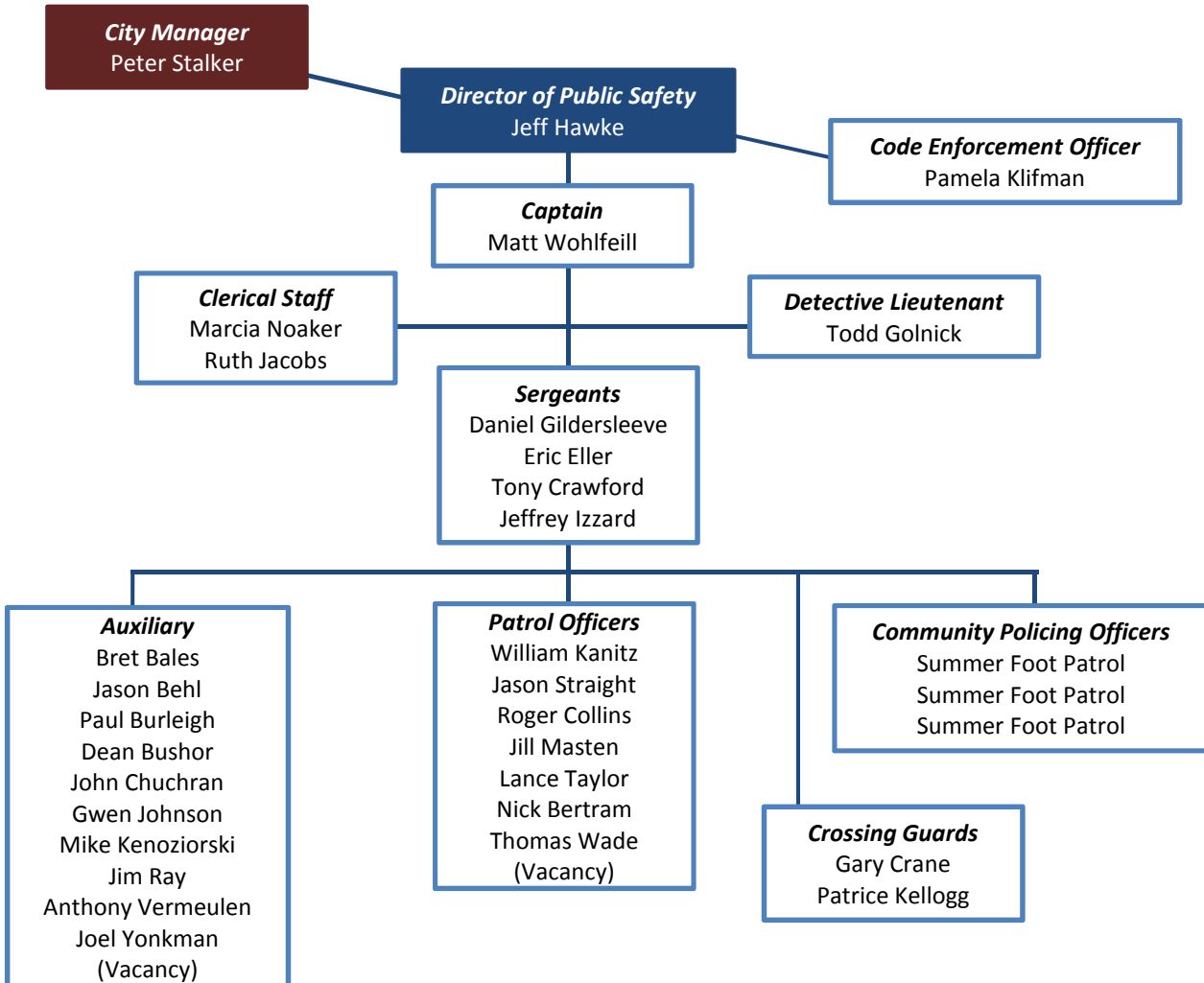
Under Jeff's leadership, the Cadillac Police Department achieved recognition from the Commission on Accreditation For Law Enforcement Agencies (CALEA). This intensive process ensures that the department is in compliance with the highest standards in the carrying out of their duties. A reevaluation process will be conducted every three years to make sure the department continues to apply and conform to the standards.



Self-Contained Breathing Apparatus (SCBA) Replacement

In 2007, the Fire Department was awarded a grant to replace their SCBA units. These units are a critical part of a firefighter's ability to enter a burning structure, to communicate with other firefighters on sight, and to locate another member of the department who may become injured or disoriented inside a burning building.

POLICE DEPARTMENT - CHART OF ORGANIZATION



Values Statement

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

Mission Statement:

It is the mission of the Cadillac Police Department to:

- * **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.



Cadillac Mounted Patrol/Community Policing Officers

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 18 years, confirming the effectiveness of the program.

K-9 Officer Bo, along with his partner Officer Lance Taylor conducted:

	2002	2003	2004	2005	2006	2007
Tracking Calls	27	39	39	3	10	5
Demonstrations	11	21	23	25	6	5
Drug Searches	15	23	30	6	26	11

Note: Due to the promotion of the past K-9 handler and the subsequent need to select and train a new K-9 handler, the K-9 unit was only operational for the last three months of the year.

Cadillac Police Department Fleet Details

#	Vehicle	Assignment	Miles
1	2007 Fusion	Detective	10,715
2	2002 Impala	Captain	69,208
3	2003 Suburban	Command	133,073
4	2000 Crown Vic.	Code Enforcement	95,773
5	2007 Impala	Patrol	9,467
6	2003 Impala	Patrol Back-Up	71,229
7	2001 Jeep	K-9	63,855
8	2003 Impala	Patrol Back-Up	72,261
9	2006 Impala	Patrol	28,215
10	2004 Impala	Patrol Back-Up	69,641
11	2005 Tahoe	Patrol	52,260
12	1998 Ford F-150	Utility	157,555
13	2005 Impala	Director	16,400



The Cadillac Police Department prides itself in a safe, clean, and well-maintained fleet of patrol and emergency vehicles.

POLICE DEPARTMENT - WORKLOAD MEASURES					
	2003	2004	2005	2006	2007
Police Reports	4,953	4,984	4,899	4,625	4,520
Traffic Citations	857	1,530	1,468	1,251	1,015
NSF Check Complaints	117	97	107	74	51
Freedom of Information Requests	144	102	169	145	118
Handgun Registrations	62	112	101	75	82
Total	6,133	6,825	6,744	6,170	5,786

FY2009 Capital Outlay Requests	
1. Patrol Car	\$27,000
2. Wireless Data Communications	\$28,600
Total	\$55,600

CALEA Performance Standards and Measurements - FY2008		
Performance Standard Category	Performance Standard Requirements	CPD Status
Use of Force	> Use of Force > Administrative Review > Weapons/Ammo Authorization > Proficiency Demonstration > Annual Training/Qualification	Standard Achieved
Training and Career Development	> Updated Training Records > Entry Level Training > Field Training	Standard Achieved
Internal Affairs	> Departmental Complaints Investigation > Maintenance of Complaint Records	Standard Achieved

Departmental Goals

2008-2009

1. Continue CALEA Recognition process by maintaining proof files, conducting mandatory audits, reviewing and revising policies, and implementing newly required standards.
2. Enhance public relations and community awareness through "Street Beat" television show with TV2.
3. Survey speeds in residential neighborhoods as part of the long term council goal of speed reduction.

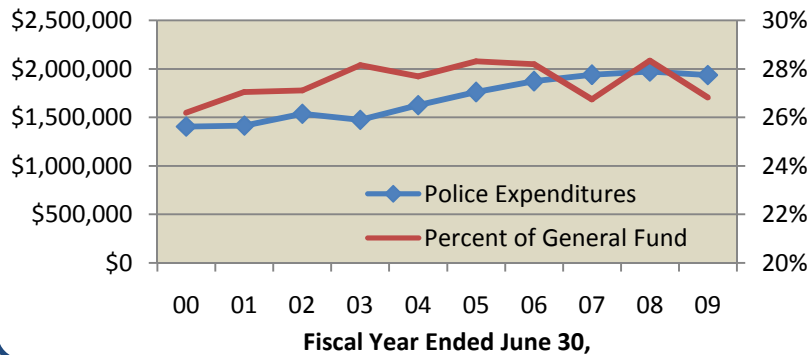
2007-2008 (Status Included)

1. Achieve recognition status from Commission on Accreditation of Law Enforcement Agencies (CALEA).
Status: Accomplished
2. Enhance department investigative abilities for cyber crimes. *Status: Ongoing training efforts*
3. Incorporate video and audio recording capability in police department interview room. *Status: In progress*

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
<u>PUBLIC SAFETY</u>				
Police Department				
Salaries - Supervisory	\$93,716	\$95,000	\$96,000	\$98,900
Salaries - Patrolmen	680,329	715,000	673,500	670,000
Salaries - Overtime	79,356	68,000	55,000	68,000
Salaries - Clerks	73,342	70,000	94,000	91,000
Salaries - Crossing Guards	8,092	7,500	11,000	7,300
Salaries - Auxiliary	3,624	3,500	4,500	5,500
Salaries - Summer Patrol	16,737	18,000	18,000	18,000
Fringes	674,108	785,000	736,400	705,400
Office Supplies	10,624	9,000	9,000	7,500
Operating Supplies	51,157	43,000	43,000	41,000
Operating Supplies - Community Service	364	1,500	1,500	1,000
Uniform Cleaning	8,973	9,500	9,500	9,500
Data Processing	50,000	55,000	55,000	55,000
Dues & Publications	4,402	3,000	2,000	2,000
Radio & Equipment Maintenance	2,567	3,500	4,000	4,500
Telephone	4,488	3,000	5,000	5,000
Travel & Education	29,897	32,600	32,600	29,000
Vehicle Repair and Maintenance	28,407	20,000	23,500	23,500
Uniforms and Maintenance	11,029	12,000	11,500	11,500
Equipment Rental	21,827	20,000	23,500	23,000
Vehicle Lease	3,566	7,800	7,800	7,500
Copier Lease	2,958	3,700	3,700	3,700
Capital Outlay	78,365	53,000	53,100	48,800
Total Police Department	\$1,937,927	\$2,038,600	\$1,973,100	\$1,936,600

Personnel				
Full-Time Positions	18.5	18.5	17.1	17.1
Part-Time Positions	16	16	16	17
Police Cost per Capita	\$193.79	\$203.86	\$197.31	\$193.66

Total Police Expenditures - Last 10 Fiscal Years



Total Police Expenditures

The chart at the left shows total police expenditures for the last ten fiscal years and the related percentage of total General Fund expenditures for the fiscal year. Much of the gradual increase is due to the rising cost of funding the Act 345 retirement system, as well as the City's implementation of GASB 45, which has led to a commitment to advanced funding of other post-employment benefits (OPEB).

CITY OF CADILLAC BENCHMARKING MEASURES

Police Department		2007-2008 Total Police Department Budget	Number of Full-Time Officers	Citizens Served Per Full-Time Officer	Per Capita Costs	Percent of General Fund
Cities	2000 Census					
Manistee	6,586	\$1,048,228	13	506.62	\$159.16	20.51%
Big Rapids	10,849	\$1,879,300	16	678.06	\$173.22	26.17%
Alpena	11,304	\$1,702,771	18	628.00	\$150.63	19.52%
Traverse City	14,532	\$3,892,750	24	605.50	\$267.87	26.48%
Sault St. Marie	16,542	\$1,987,850	25	661.68	\$120.17	18.84%
City of Cadillac	10,000	\$1,973,100	14	714.29	\$197.31	28.28%

Fire Department		2007-2008 Total Fire Department Budget	Number of Full-Time Officers	Citizens Served Per Full-Time Officer	Per Capita Costs	Percent of General Fund
Cities	2000 Census					
Manistee	6,586	\$697,562	7	940.86	\$105.92	13.65%
Big Rapids	10,849	\$860,900	9	1,205.44	\$79.35	11.99%
Alpena	11,304	\$1,343,101	24	471.00	\$118.82	15.40%
Traverse City	14,532	\$3,497,600	27	538.22	\$240.68	23.79%
Sault St. Marie	16,542	\$1,074,703	9	1,838.00	\$64.97	10.19%
City of Cadillac	10,000	\$1,258,000	11	909.09	\$125.80	18.03%

Fire Department

The Cadillac Fire Department uses a capable and well-trained staff of 11 full-time firefighters and 18 volunteers to provide 24-hour fire protection to the City of Cadillac and Clam Lake Township. In addition to their fire fighting duties and in conjunction with the City's rental housing ordinance, the firefighters conduct periodic rental housing inspections designed to help prevent fires. The rental program requires that all rental property be inspected for building, electrical, mechanical and housekeeping deficiencies, and must have their rental certificate renewed every three years through a passing inspection.



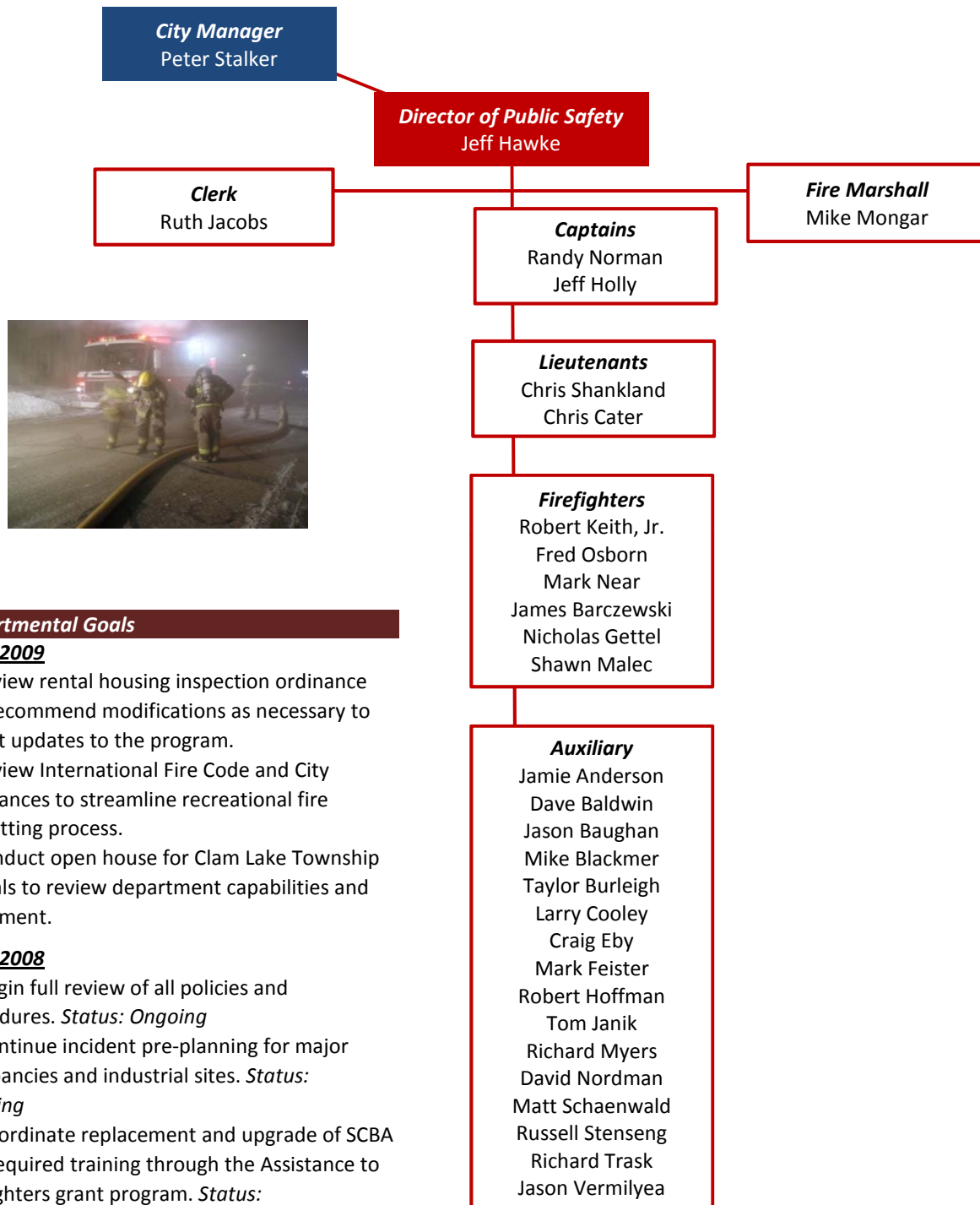
Fire Marshal

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

PERFORMANCE MEASURES - Fire Department

	2003	2004	2005	2006	2007
Man-Hours spent in training	4,250	4,400	4,500	4,615	4,440
Hours spent in water rescue:					
Training	28	80	62	50	75
Total runs	N/A	N/A	N/A	1,361	1,653
Number of Fire Inspections	50	57	129	71	64
Number of Educational Programs Offered	11	11	12	12	12
Number of Fire Investigations Performed	57	54	64	51	56
Number of Fires Reported	57	54	64	51	56
Percentage of Fires Preventable by Inspection	20	10	20	20	10
Number of Fires of Suspicious Origins	11	2	6	2	4
Citizens attending Educational Programs	3,450	3,500	3,350	3,200	3,400
Fires in Inspected Buildings	1	2	4	3	2
Fires In Uninspected Buildings	9	18	25	24	26
Number of EMT Runs	1,347	1,414	1,322	1,080	1,303
Man-Hours Spent Maintaining Vehicles	730	800	692	720	760
Rental Inspection Hours		630	624	747	667
Man hours spent on inspections		2,190	2,889	2,827	2,900
Man hours spent on reports		450	500	540	520
Man hours spent on fires		81	96	102	112
Man hours spent on public relations		700	740	720	700
Total man hours worked in last three years		31,120	33,600	33,680	33,000

FIRE DEPARTMENT CHART OF ORGANIZATION



Departmental Goals

2008-2009

1. Review rental housing inspection ordinance and recommend modifications as necessary to reflect updates to the program.
2. Review International Fire Code and City Ordinances to streamline recreational fire permitting process.
3. Conduct open house for Clam Lake Township officials to review department capabilities and equipment.

2007-2008

1. Begin full review of all policies and procedures. *Status: Ongoing*
2. Continue incident pre-planning for major occupancies and industrial sites. *Status: Ongoing*
3. Coordinate replacement and upgrade of SCBA and required training through the Assistance to Firefighters grant program. *Status: Accomplished*

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
<u>PUBLIC SAFETY (Cont.)</u>				
Fire Department				
Salaries - Supervisory	\$34,794	\$36,500	\$37,000	\$37,200
Salaries - Firefighters	433,056	485,000	495,000	509,300
Salaries - Clerks	0	0	0	10,000
Salaries - Overtime	130,828	120,000	71,000	72,300
Salaries - Volunteer	29,600	32,000	36,000	36,000
Fringes	435,152	535,000	504,900	488,100
Office Supplies	2,239	1,500	1,500	1,500
Operating Supplies	21,708	20,000	20,000	20,000
Operating Supplies-Community Service	1,215	1,700	1,700	1,700
Uniform Cleaning	2,175	2,500	2,800	2,800
Subsistence Allowance	15,432	12,800	12,800	13,200
Data Processing	7,700	10,000	10,000	11,000
Dues & Publications	2,154	2,000	2,000	2,000
Radio & Equipment Maintenance	2,550	3,000	5,500	4,500
Telephone	1,321	1,200	1,200	1,200
Travel & Education	16,219	14,500	14,500	11,000
Vehicle Repair & Maintenance	20,080	18,000	18,000	18,000
Uniforms & Maintenance	16,122	13,000	15,000	15,000
Vehicle Lease	3,406	3,900	3,900	4,800
Employee Safety	3,200	5,200	5,200	5,200
Capital Outlay	119,409	0	0	7,700
Total Fire Department	\$1,298,359	\$1,317,800	\$1,258,000	\$1,272,500

Personnel				
Full-Time Positions	11.5	11.5	11.5	11.9
Part-Time Positions	18	20	20	15
Fire Cost per Capita	\$129.84	\$131.78	\$125.80	\$127.25

TOTAL PUBLIC SAFETY	\$3,236,286	\$3,356,400	\$3,231,100	\$3,209,100
Public Safety Cost per Capita	\$323.63	\$335.64	\$323.11	\$320.91

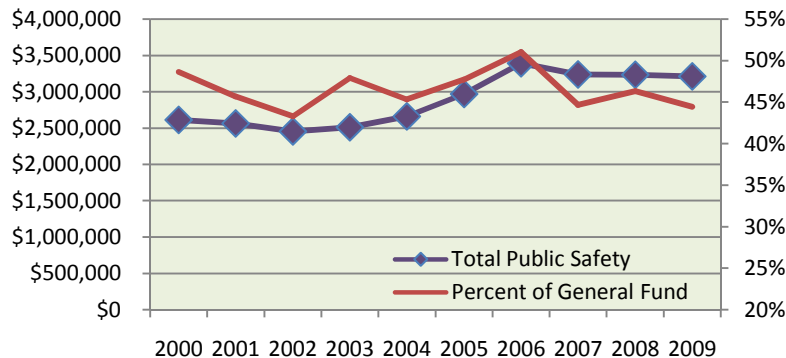
Fringe Benefits

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

Public Safety Expenditures as a Percentage of Total General Fund Expenditures 1991-2009

Fiscal Year	Expenditures		Total Public Safety	General Fund Total Expenditures and other financing uses	Percent of total expenditures of General Fund		Total Public Safety (% of General Fund)
	Police	Fire			Police	Fire	
2009	\$1,936,600	\$1,272,500	\$3,209,100	\$7,221,900	26.82%	17.62%	44.44%
2008	\$1,973,100	\$1,258,000	\$3,231,100	\$6,977,100	28.28%	18.03%	46.31%
2007	\$1,937,927	\$1,298,359	\$3,236,286	\$7,247,727	26.74%	17.91%	44.65%
2006	\$1,872,203	\$1,517,368	\$3,389,571	\$6,642,264	28.19%	22.84%	51.03%
2005	\$1,760,171	\$1,207,111	\$2,967,282	\$6,217,441	28.31%	19.41%	47.73%
2004	\$1,626,181	\$1,035,891	\$2,662,072	\$5,872,347	27.69%	17.64%	45.33%
2003	\$1,475,406	\$1,034,873	\$2,510,279	\$5,239,720	28.16%	19.75%	47.91%
2002	\$1,537,630	\$916,998	\$2,454,628	\$5,671,563	27.11%	16.17%	43.28%
2001	\$1,575,551	\$988,632	\$2,564,183	\$5,613,156	28.07%	17.61%	45.68%
2000	\$1,465,293	\$1,144,998	\$2,610,291	\$5,366,921	27.30%	21.33%	48.64%
1999	\$1,433,047	\$991,645	\$2,424,692	\$5,234,493	27.38%	18.94%	46.32%
1998	\$1,447,101	\$873,240	\$2,320,341	\$4,948,684	29.24%	17.65%	46.89%
1997	\$1,369,058	\$908,804	\$2,277,862	\$4,687,638	29.21%	19.39%	48.59%
1996	\$1,236,945	\$824,857	\$2,061,802	\$4,532,936	27.29%	18.20%	45.48%
1995	\$1,214,244	\$835,244	\$2,049,488	\$4,553,093	26.67%	18.34%	45.01%
1994	\$1,271,421	\$1,149,142	\$2,420,563	\$4,832,474	26.31%	23.78%	50.09%
1993	\$1,148,090	\$680,831	\$1,828,921	\$4,199,778	27.34%	16.21%	43.55%
1992	\$1,142,313	\$671,956	\$1,814,269	\$3,937,455	29.01%	17.07%	46.08%
1991	\$999,179	\$582,199	\$1,581,378	\$3,621,131	27.59%	16.08%	43.67%

Total Public Safety Expenditures - Last 10 Fiscal Years



Total Public Safety Expenditures

This chart highlights the fact that although Public Safety expenditures have been increasing, the increase is comparable with the General Fund as a whole. The percentage of General Fund expenditures appropriated to Public Safety has been between 44% and 50% for a number of years.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
PUBLIC WORKS				
Community Development				
Salaries	\$56,391	\$59,000	\$58,000	\$60,000
Fringes	23,417	27,000	29,300	29,100
Office Supplies	1,721	3,000	3,000	2,000
Postage	648	500	500	500
Data Processing	3,200	4,000	4,000	2,500
Dues & Publications	370	500	500	400
Telephone	443	500	500	500
Travel & Education	0	500	500	500
Publisher's Costs	1,055	600	0	1,200
Equipment Rental	292	0	0	0
Capital Outlay	1,000	0	0	0
Total Community Development	\$88,538	\$95,600	\$96,300	\$96,700

Personnel				
Full-Time Positions	1.21	1.21	1.21	1.21
Part-Time Positions	0.5	0.5	0.5	0

Community Development

Jerry Adams has over thirty years of professional planning and community development experience. He has eight 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.



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.

PERFORMANCE MEASURES - Community Development

Activity	2007	2006	2005	2004	2003
Number of Zoning Board of Appeals Meetings	5	5	9	10	9
Number of Planning Commission Meetings	7	8	9	11	12
Number of Site Plans Reviewed	109	111	89	216	200
Number of Historic District Commission Mtgs.	5	10	6	n/a	n/a
Number of Diggins Hill Committee Meetings	4	N/A	N/A	N/A	N/A

Housing Activity Development Summary for Active Projects
Apartments - Condominiums - Manufactured Home Parks
March, 2008

<u>Projects</u>	Construction		
	<u>Units</u> <u>Approved</u>	<u>Work in</u> <u>Progress</u>	<u>Pending</u>
<u>Apartments</u>			
Sunnyside Estates	84	48	36
White Pine Village	138	42	96
Forest Edge	70	0	70
Northland Meadow	80	80	0
Total Apartment Units	372	170	202
<u>Condominiums</u>			
Davidson Estates	18	4	14
Lake Street	24	2	22
Total Condominium Units	42	6	36
<u>Manufactured Home Parks</u>			
Red Pine Village	220	0	220
Total Manufactured Home Park Units	220	0	220
<u>Other Housing</u>			
DeShano Elder Care Facility	19	0	19
Total of all units activity	653	176	477

The Cadillac Housing Market

Similar to national trends, the 2007 housing market was somewhat static with several developers placing the construction of all or a portion of their approved units on hold. Of the constructed units, developers report good to excellent occupancy absorption rates.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
<u>PUBLIC WORKS (Cont.)</u>				
Public Works - Miscellaneous				
Salaries	\$4,075	\$6,500	\$4,300	\$3,500
Fringes	3,389	4,000	2,400	2,600
Property Taxes	20,291	6,500	900	5,000
Street Lighting	98,367	100,000	92,300	103,300
Maintenance of Dam	3,232	2,500	1,600	2,500
Equipment Rental	13,605	24,000	15,300	16,300
Hydrant Rental	22,700	23,200	23,200	23,200
Total Public Works Miscellaneous	\$165,659	\$166,700	\$140,000	\$156,400

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 464 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.



Street Lights

Number of Lights	Lumens	Monthly Rate
10	2,500	\$7.772
3	3,500	\$8.173
96	7,500	\$10.020
183	20,000	\$16.507
281	8,500	\$9.281
1	24,000	\$16.240

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
<u>PUBLIC WORKS (Cont.)</u>				
Sidewalks				
Salaries	\$7,589	\$9,000	\$9,400	\$8,500
Salaries - Part Time	1,600	0	0	0
Fringes	3,804	6,000	5,600	6,300
Operating Supplies	1,637	2,000	4,500	1,900
Contractual Services	0	0	0	7,500
Equipment Rental	17,646	20,000	29,100	18,600
Total Sidewalks	\$32,275	\$37,000	\$48,600	\$42,800
Leaves				
Salaries	\$3,616	\$7,500	5,900	\$6,100
Fringes	1,833	5,500	3,400	4,600
Equipment Rental	20,115	45,000	36,800	43,800
Total Leaves	\$25,565	\$58,000	\$46,100	\$54,500

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. This program was reinstituted for FY2009, and the City's portion of the assessment is included in Contractual Services.

Miles of sidewalks

Cadillac - 132

Alpena - 115

Greenville - 65

Manistee - 88

Ludington - 120

Cheboygan - 28

Marshall - 25

Big Rapids - 60

Petoskey - 28

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:

1998	439	2003	451
1999	401	2004	412
2000	333	2005	361
2001	350	2006	272
2002	437	2007	246

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
PUBLIC WORKS (Cont.)				
Grass & Weed Control				
Salaries	\$7,390	\$6,500	6,900	\$7,400
Fringes	3,842	4,500	4,000	5,500
Equipment Rental	22,794	25,000	33,300	29,300
Total Grass and Weed Control	\$34,026	\$36,000	\$44,200	\$42,200
Composting				
Salaries	\$4,270	\$4,000	\$40,000	\$6,000
Fringes	2,080	2,700	2,700	3,500
Equipment Rental	1,222	2,400	2,400	7,200
Total Composting	\$7,573	\$9,100	\$45,100	\$16,700

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:			
Fiscal Year	Complaints	Hours Spent	Lots Mowed
2002	150	6.00	10
2003	198	27.60	26
2004	219	25.60	29
2005	321	59.00	79
2006	235	45.50	49
2007	187	41.00	46

Composting

As a result of a 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.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
PUBLIC WORKS (Cont.)				
Waste Removal				
Salaries	\$59	\$0	\$0	\$200
Fringes	31	0	0	100
Operating Supplies	990	0	0	100
Removal Contract	497,270	550,000	580,000	582,000
City Debris Removal Fees	3,242	4,000	4,400	5,300
Equipment Rental	19		0	100
Total Waste Removal	\$501,610	\$554,000	\$584,400	\$587,800

TOTAL PUBLIC WORKS	\$855,246	\$956,400	\$1,004,700	\$997,100
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Public Works per Capita Costs	\$85.52	\$95.64	\$100.47	\$99.71
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Waste Removal

This group of accounts reflects the solid waste contract. The current contract is with Allied Waste. The contractor serves approximately 3,250 customers weekly with curbside pickup. The City does the billing and collects from the customers and reimburses the contractor. In addition the contractor offers a Tidy Tote garbage can for a fee of \$2.20 per month of which the City gets \$0.35 for a collection fee. Nearly 1,800 customers take advantage of this on a monthly basis. The cost of the contract has increased nearly 75% since July 1, 2004 due primarily to tipping fee increases at the Wexford County Landfill. The contract has recently been competitively bid, and current costs are set based upon the low bid received.

MONTHLY CONTRACT FEES		
Fiscal Year	Cost	Increase
2004	\$8.07	0.88%
2005	\$8.18	1.36%
2006	\$11.27	37.78%
2007	\$11.53	2.31%
2008	\$12.77	10.75%
2009	\$13.89	8.77%

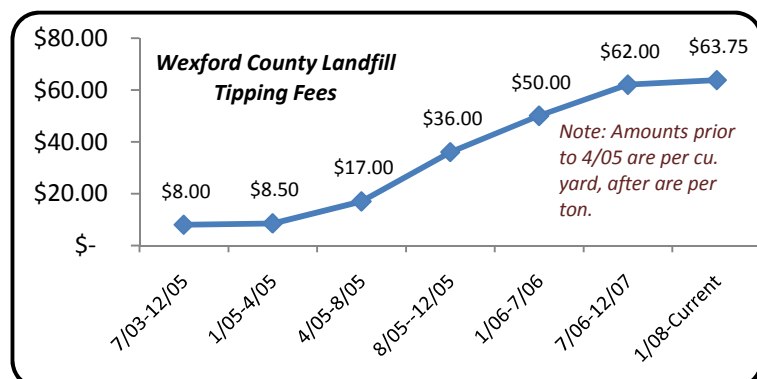
Percent of Removal Contract for Landfill fees

Note: Increase in cost over the past five years has been 58.24%.

2003	22.30%
2004	21.40%
2005	33.80%
2006	38.80%
2007	48.24%
2008	48.00%

Wexford County Landfill Tipping Fees

The chart to the right highlights the changes over the last 5 years in the tipping fees at the Wexford County Landfill. This significant increase is the major driver behind the increase in costs to the residents in the City for weekly trash pickup.



	ACTUAL FY2007	Budget		PROPOSED FY2009
		ESTIMATED FY2008	CURRENT FY2008	
<u>CULTURE AND RECREATION</u>				
Arts Council	\$10,500	\$10,500	\$10,500	\$10,500
Parks				
Salaries	\$34,822	\$35,000	\$32,000	\$27,800
Salaries - Part Time	36,219	45,000	49,100	52,800
Fringes	18,234	22,500	22,100	21,700
Operating Supplies	16,182	18,000	15,000	17,700
Contractual Services	1,223	2,000	2,200	2,200
Data Processing	0	0	0	1,000
Telephone	472	400	500	500
Travel and Education	192	200	200	200
Utilities	21,257	19,000	17,400	21,200
Repair and Maintenance	22,613	17,000	17,000	20,000
Equipment Rental	9,406	14,000	16,200	13,200
Rental Building	1,100	1,500	1,100	1,100
Capital Outlay	236,214	5,000	5,000	21,400
Total Parks	\$397,935	\$179,600	\$177,800	\$200,800
TOTAL CULTURE AND RECREATION	\$408,435	\$190,100	\$188,300	\$211,300
Cost per capita	\$40.84	\$19.01	\$18.83	\$21.13

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

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. 2007 reflects a new bridge in the park (\$125,000), security cameras (\$31,000), a new sprinkler system (\$48,700), and upgrades to the sound system at the pavilion (\$5,300).

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u>				
Community Promotions				
Salaries	\$7,971	\$8,000	\$9,100	\$9,000
Fringes	4,093	6,200	5,400	6,700
Operating Supplies	2,745	1,500	1,700	2,000
Newsletter	2,875	4,000	4,000	3,000
Contractual Services	6,135	5,000	5,500	5,500
Utilities	1,640	9,000	1,500	1,800
Equipment Rental	5,821	8,000	9,400	8,200
Special Projects	47	700	0	0
Chamber of Commerce	0	1,000	1,000	1,000
Community Development	214,000	0	0	0
Total Economic Development and Assistance	\$245,328	\$43,400	\$37,600	\$37,200
<u>INTERGOVERNMENTAL EXPENDITURES</u>				
Housing Commission	\$241,123	\$240,000	\$205,000	\$245,000
Clam Lake Township	1,073	1,100	1,200	1,200
Airport	26,800	33,000	33,000	50,000
Recreation	66,200	66,200	66,200	66,200
Milfoil Treatment	32,476	33,000	35,000	24,800
Special Projects	0		0	0
Total Intergovernmental Expenditures	\$367,672	\$373,300	\$340,400	\$387,200

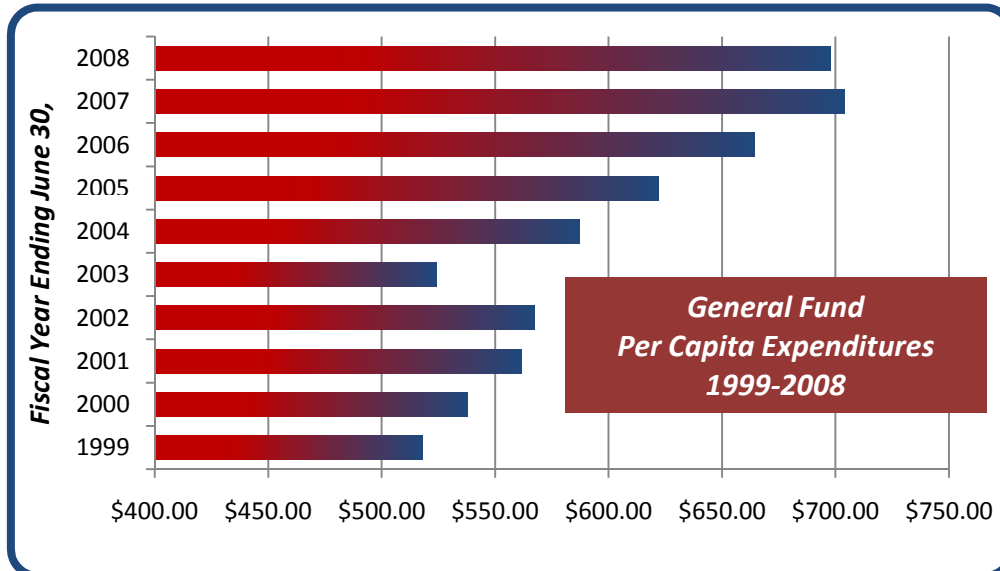
Community Promotions

Special projects were eliminated due to lack of funding. Chamber of Commerce is a contribution to help offset their tax burden. The Community Development expenditure in FY2007 represents a grant received from the State of Michigan for job training, which was passed through to a local manufacturing company.

Intergovernmental Expenditures

Funds are transferred to the Wexford County Airport, which is a joint effort with Wexford County. The County funds 60% and the City funds the remaining 40% of costs after the operational revenues are considered. The County reduced funding along with the City. The County is contributing \$45,000 in FY2009, which indicates the City's 40% share is \$30,000. The airport has also requested assistance in matching grant funds to fund runway repaving. This \$1.7 million project must only be matched with a 2.5% local share, of which the City of Cadillac's portion would be \$17,000. 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.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
OTHER FINANCING				
Transfers to Other Funds:				
Local Street	344,300	472,600	472,600	594,300
Police & Fire Retirement Fund	0	0	80,000	40,000
Cemetery Operating Fund	0	0	0	68,400
Milfoil Eradication Fund	400	0	0	0
Sick/Vacation Funding	0	0	0	0
Total Other Financing	\$344,700	\$472,600	\$552,600	\$702,700
TOTAL EXPENDITURES	7,247,727	7,158,700	6,977,100	7,221,900



<u>Cities</u>	<u>Population</u>	General Fund <u>Budget</u>	Per Capita <u>Expenditures</u>
Manistee	6,586	\$5,109,744	\$775.85
Big Rapids	10,849	\$7,181,900	\$661.99
Alpena	11,304	\$8,723,864	\$771.75
Traverse City	14,532	\$14,701,000	\$1,011.63
Sault St. Marie	16,542	\$10,549,774	\$637.76
Cadillac	10,000	\$6,977,100	\$697.71

Note: Per Capita costs for Cadillac prior to the 2000 census are based on a population of 10,104 from the 1990 census, while 2000 and beyond are based on a population of 10,000 per 2000 census numbers.

Capital Outlay Items

2008-2009

General Government

Desk Replacement (1)	7,500	
Utilities Department Front Counter	10,000	
Engineering Department Vehicle (2)	17,000	
Sidewalk Replacement (4)	<u>7,500</u>	
		\$42,000

Police

Patrol Vehicle (3)	\$27,000	
Wireless Data Communications	<u>\$28,600</u>	
		\$55,600

Fire

Portable Radios	<u>\$7,700</u>	
		\$7,700

Parks

Shoreline Stabilization	6,400	
Canal Seawall (5)	<u>15,000</u>	
		\$21,400

Total	<u><u>\$126,700</u></u>	
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Source of Funds

State Shared Revenue - Statutory Funds	128,200	
	<u><u>\$128,200</u></u>	

Footnotes:

1. Replace desks installed originally with building in 1970's.
2. Replaces 1995 Chevy Astro van that has been in use long after its useful life was up.
3. Routinely replace a police vehicle each year. Each vehicle will last five years.
4. Represents City's portion of sidewalk special assessment program.
5. Seawall in canal has deteriorated to a point that maintenance is critical.

Major Street Fund

2008-2009 City of Cadillac Annual Operating Budget

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.

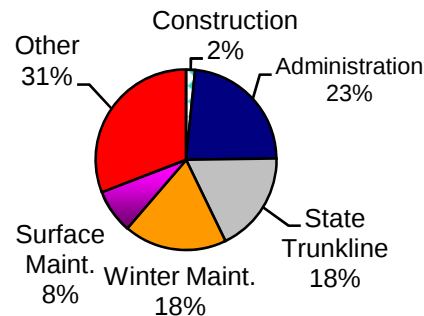
This fund technically has no employees but contracts with the Stores and Garage Fund, the Utilities Fund and the General Fund to furnish manpower, supplies and equipment. The hours worked on each project are supported with time sheets.

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 FY2009, 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 Street Signs	\$10,000
Total	<u><u>\$10,000</u></u>

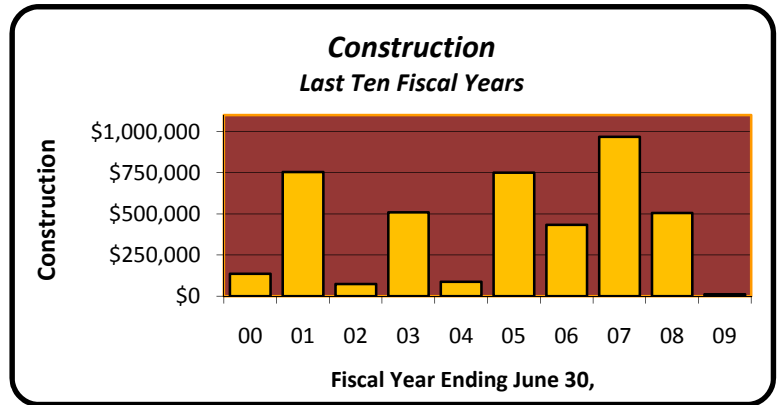


**Expenditures
2008-2009**

	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
REVENUES				
Motor Vehicle Highway Fund	\$525,708	\$520,000	\$515,000	\$510,000
State Trunkline Maintenance	119,001	128,900	116,000	112,700
State of Michigan	495,000	445,000	425,000	0
Federal Grants	254,776	0	0	0
Interest Income	3,362	2,000	5,000	1,500
Transfer In	0	0	0	0
Contributions from Private Sources	603	0	0	0
Surplus	0		165,200	0
TOTAL REVENUES	\$1,398,449	\$1,095,900	\$1,226,200	\$624,200
EXPENDITURES				
Construction	\$967,885	\$457,000	\$505,000	\$10,000
Surface Maintenance	32,426	44,000	50,400	49,200
Sweeping and Flushing	23,345	26,200	34,600	34,100
Forestry	35,036	45,600	50,200	48,700
Drainage	12,730	11,100	11,100	13,400
Catch Basin	16,390	34,500	23,100	24,000
Traffic Services	51,278	81,500	74,200	72,300
Winter Maintenance	109,283	147,000	110,400	115,100
Administration	237,433	249,200	251,200	144,700
State Trunkline	99,857	128,900	112,600	112,700
TOTAL EXPENDITURES	\$1,585,663	\$1,225,000	\$1,222,800	\$624,200
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues				
Over Expenditures	(\$187,215)	(\$129,100)	(\$161,800)	\$0
Fund Balance - Beginning of Year	327,380	140,165	140,165	11,065
FUND BALANCE AT YEAR END	\$140,165	\$11,065	(\$21,635)	\$11,065

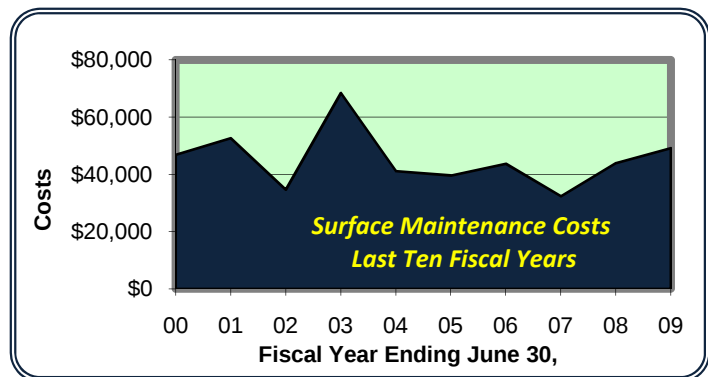
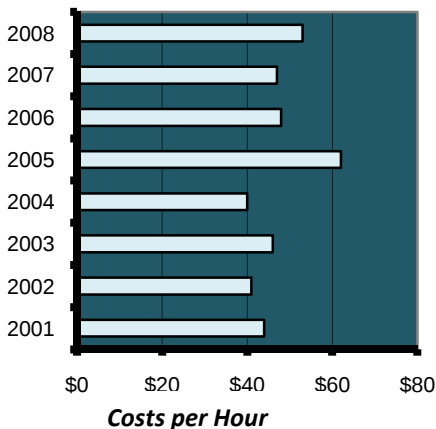
Construction

Construction levels vary from year to year depending on the 5-year capital improvement program, availability of funds, and grants secured. The City has been very successful in securing grants for infrastructure projects and will need to continue this trend to be able to sustain a high level of capital investment. Construction for 2009 includes only the replacement of various street signs throughout the City. This only amounts to \$10,000, not significant enough to appear on the graph to the right.



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. The winter of 2007-2008 was particularly tough on roadways and will continue to require significant maintenance to bring it back up to a usable standard. Total and per hour costs of surface maintenance for the previous ten fiscal years is presented below.



	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENDITURES				
Construction				
Contractual Services	\$967,885	\$25,000	\$505,000	\$10,000
Surface Maintenance				
Salaries	\$11,303	\$13,500	\$13,500	\$14,900
Fringes	5,845	7,000	8,000	10,300
Operating Supplies	5,976	7,500	8,900	8,000
Equipment Rental	9,302	16,000	20,000	16,000
Total Surface Maintenance	\$32,426	\$44,000	\$50,400	\$49,200
Sweeping and Flushing				
Salaries	\$3,053	\$3,700	\$3,700	\$3,800
Fringes	1,531	2,500	2,100	2,800
Equipment Rental	18,761	20,000	28,800	27,500
Total Sweeping and Flushing	\$23,345	\$26,200	\$34,600	\$34,100
Forestry				
Salaries	\$10,087	9,900	\$9,900	\$10,500
Fringes	5,154	7,000	5,800	7,800
Operating Supplies	3,013	5,500	6,300	5,300
Contractual Services	1,477	2,000	4,800	4,000
Travel	200	900	900	800
Repair and Maintenance	0	300	300	300
Equipment Rental	15,105	20,000	22,200	20,000
Total Forestry	\$35,036	\$45,600	\$50,200	\$48,700

Sweeping and Flushing

Sweeping the main arteries of debris and dirt is the emphasis of this account. The major streets are typically cleaned eight times per year. Average estimated costs in 2007 will be \$116 per hour and it is estimated in 2008 the hourly costs will be \$112 per hour.

Average Cost per Hour - Sweeping and Flushing			
Year	Cost	Year	Cost
2000	\$104	2004	\$99
2001	\$85	2005	\$109
2002	\$99	2006	\$111
2003	\$104	2007	\$112

Forestry

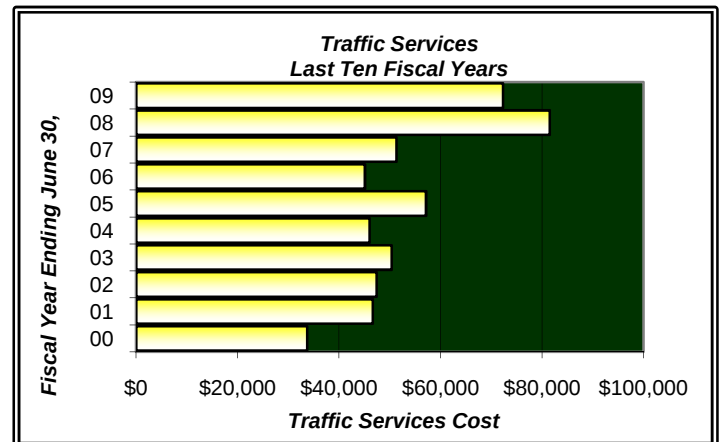
The street department maintains the trees along the major highways that earns the City of Cadillac the distinction of being a Tree City. Over the last five fiscal years, crews have spent nearly 1,100 hours per year on forestry activities in major street right-of-ways.

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

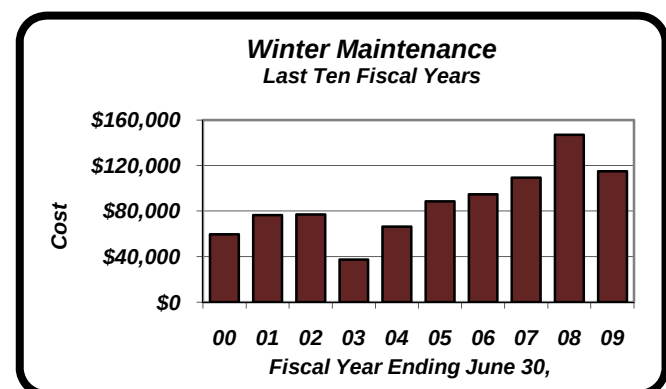
This account deals with the various traffic signs and the various needs to allow the traffic to flow smoothly on the major streets.



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 and hauling are critical in keeping roadways and parking spaces accessible to the many vehicles that utilize the vast system of roads in this community. Gasoline continues to be a major cost concern as prices continue to rise. The winter of 2007-2008 was a particularly harsh winter in terms of snowfall amounts. Because of the severity of the winter season, the costs of winter maintenance experienced a related spike, and will present a challenge for FY2008 expenditures. Costs below include only the City portion of major street winter maintenance.

WINTER MAINTENANCE INPUT MEASURES			
Year	Total Cost	Hours	Cost/Hour
2009	\$115,000	1,400	\$82.14
2008	\$147,000	1,593	\$92.28
2007	\$109,283	1,529	\$71.47
2006	\$94,716	1,492	\$63.48
2005	\$88,678	1,261	\$70.32
2004	\$66,328	1,082	\$61.30
2003	\$97,429	1,408	\$69.20
2002	\$77,049	1,210	\$63.68



	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENDITURES (Cont.)				
Catch Basin				
Salaries & Wages - Regular	\$3,431	\$5,000	\$2,400	\$0
Salaries & Wages - Utilities	0	2,500	2,500	4,500
Fringes	1,261	6,000	2,900	5,400
Operating Supplies	1,632	1,000	1,300	1,400
Contractual Services	2,145	1,000	3,000	2,600
Equipment Rental	7,920	19,000	11,000	10,100
Total Catch Basin	\$16,390	\$34,500	\$23,100	\$24,000
Drainage				
Salaries	\$6,363	\$5,000	\$5,400	\$6,000
Fringes	3,454	3,500	3,100	4,500
Operating Supplies	349	100	100	300
Contractual Services	0	0	0	0
Equipment Rental	2,564	2,500	2,500	2,600
Total Drainage	\$12,730	\$11,100	\$11,100	\$13,400
Traffic Services				
Salaries	\$12,038	\$20,000	\$12,900	\$18,500
Fringes	6,050	15,000	7,400	10,900
Operating Supplies	13,907	18,500	18,500	16,000
Contractual	13,698	15,000	23,000	17,000
Equipment Rental	5,585	13,000	12,400	9,900
Total Traffic Services	\$51,278	\$81,500	\$74,200	\$72,300
Winter Maintenance				
Salaries	\$22,488	\$24,000	\$18,900	\$20,800
Fringes	10,758	18,000	11,000	15,500
Operating Supplies	13,515	15,000	12,400	12,700
Equipment Rental	62,523	90,000	68,100	66,100
Total Winter Maintenance	\$109,283	\$147,000	\$110,400	\$115,100

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/Cemetery Superintendent	

Debt Service: Principal and Interest payments are for the debt retirement accounts applicable to Major Street construction projects.

2004 Capital Improvement Bond

Principal	\$11,550
Interest	\$6,770

PERFORMANCE MEASURES - Yearly Work Activities by Hours for the Major Streets					
Activity	2003	2004	2005	2006	2007
Drainage	258	474	356	348	433
Traffic	838	588	1,050	609	819
Winter Maint.	1,408	1,082	1,261	1,492	1,529
Sweeping	217	236	174	263	208
Surface Maint.	886	1,037	920	947	769
Forestry	860	764	563	817	686

Data furnished by Director of Public Works

Public Works Departmental Goals:

Forestry

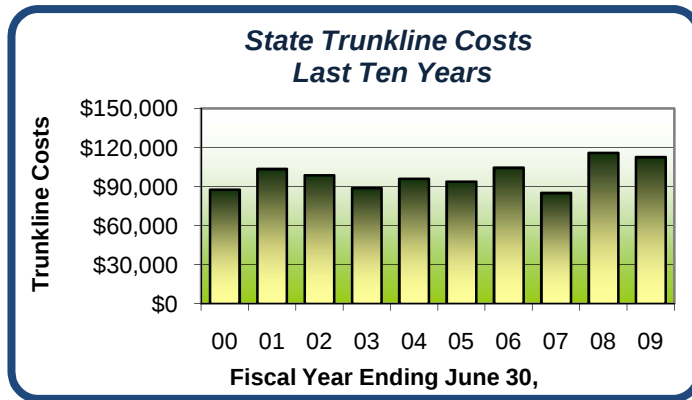
1. Plant 100 trees along city right-of-way as requested by residents and determined by City Forester. **Status: Ongoing**
2. Seek additional grants to plant trees and beautify our city. **Status: Ongoing**

Streets

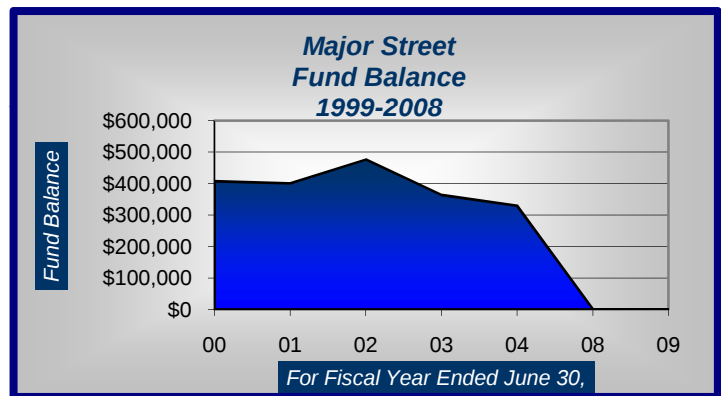
1. Crack Seal streets where investment in manpower and materials will be most beneficial. **Status: Ongoing**
2. Identify training programs for personnel to enhance performance. **Status: Ongoing**
3. Review new innovations in equipment. **Status: Ongoing**
4. Upgrade street signs as budget allows. **Status: Replacements ongoing in FY2008 and FY2009**

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENDITURES (Cont.)				
Administration				
Salaries	\$45,586	\$46,000	\$46,000	\$47,400
Fringes	14,444	18,000	20,100	22,000
Office Supplies	0	0	0	100
Audit	1,800	2,000	1,900	2,000
Data Processing	17,000	17,500	17,500	8,000
Travel and Education	1,435	700	700	1,600
Equipment Rental	6,568	7,500	7,500	6,400
Administration	35,000	41,400	41,400	39,200
Contribution-Local Street	115,600	97,000	97,000	0
Transfers Out	0	19,100	19,100	18,000
Total Administration	\$237,433	\$249,200	\$251,200	\$144,700
State Trunkline				
Surface Maintenance				
Salaries	\$2,839	\$2,500	\$2,200	\$2,400
Fringes	1,441	1,500	1,300	1,800
Operating Supplies	1,330	1,500	1,700	1,600
Equipment Rental	4,393	3,500	3,200	3,900
Total Surface Maintenance	\$10,004	\$9,000	\$8,400	\$9,700
Sweeping & Flushing				
Salaries	\$496	\$1,500	\$600	\$600
Fringes	323	1,000	400	400
Equipment Rental	2,411	5,000	3,400	3,400
Total Sweeping & Flushing	\$3,230	\$7,500	\$4,400	\$4,400
Traffic Signs				
Utilities	\$7,634	\$8,300	\$6,400	\$8,400
Total Traffic Signs	\$7,634	\$8,300	\$6,400	\$8,400

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENDITURES (Cont.)				
State Trunkline (Cont.)				
Trees and Shrubs				
Salaries	\$0	\$500	\$1,000	\$0
Fringes	0	300	600	0
Equipment Rental	0	1,000	1,800	0
Total Trees and Shrubs	\$0	\$1,800	\$3,400	\$0
Drainage				
Salaries & Wages - Regular	\$855	\$1,500	\$4,100	\$4,400
Fringes	456	1,100	2,400	2,700
Operating Supplies	0	500	500	100
Contractual Services	0	500	800	0
Repairs & Maintenance	0	0	0	0
Equipment Rental	345	1,500	0	100
Total Drainage	\$1,656	\$5,100	\$7,800	\$7,300
Winter Maintenance				
Salaries	\$14,577	\$16,000	\$14,000	\$14,800
Fringes	6,994	12,500	8,300	11,000
Operating Supplies	16,491	17,000	14,100	16,000
Equipment Rental	30,471	35,000	35,700	29,000
Total Winter Maintenance	\$68,531	\$80,500	\$72,100	\$70,800
Snow Hauling				
Salaries	\$2,316	\$5,000	\$3,400	\$3,300
Fringes	1,105	4,000	2,000	2,500
Equipment Rental	5,382	9,500	8,100	6,300
Total Snow Hauling	\$8,803	\$18,500	\$13,500	\$12,100
Total State Trunkline	\$99,857	\$128,900	\$112,600	\$112,700
TOTAL EXPENDITURES	\$1,585,663	\$793,000	\$1,222,800	\$624,200



PERFORMANCE MEASURES		
Cost per Mile - Last 10 Years (5.19 Trunkline miles)		
2000	\$16,900	
2001	\$19,969	
2002	\$19,042	
2003	\$17,148	
2004	\$18,529	
2005	\$18,106	
2006	\$20,158	
2007	\$16,416	
2008	\$22,351	
2009	\$21,715	Average: \$19,033



**Source and Use of Funds For Capital Improvements
2008-2009**

Source of Funds:

Operations	\$10,000	
TOTAL SOURCE OF FUNDS		<u><u>\$10,000</u></u>

Use of Funds:

Construction Projects:		
Street Sign Replacement	\$10,000	
TOTAL USE OF FUNDS		<u><u>\$10,000</u></u>

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-Seneca Street	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-East City Limits	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 Granite Street	1,497

<i>Streets in the Major Street System (Continued)</i>			
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	Business U.S. 131 - Mitchell	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 (21.53 Miles)



Street reconstruction is an activity provided by this fund for any of the streets listed above. This activity - coupled with other surface maintenance efforts - is critical in maintaining a smooth flow of traffic throughout the City.

Local Street Fund

2008-2009 City of Cadillac Annual Operating Budget

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.

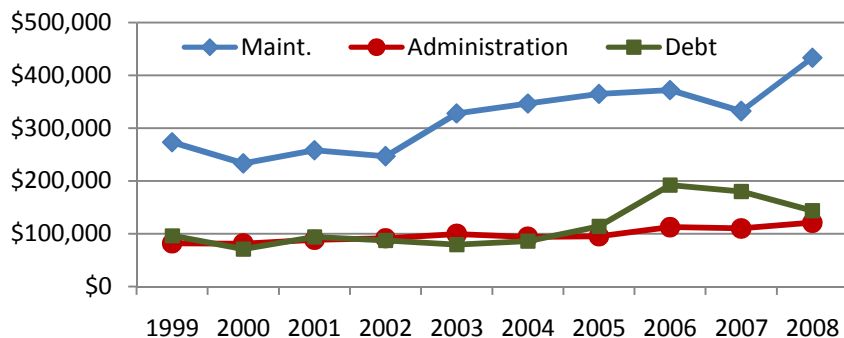
Technically there are no employees working directly for this fund. The personnel, supplies and equipment rental are contracted from the Stores and Garage Fund and the Administration is contracted as well.

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 slightly less in FY2009 than what is anticipated to be received in FY2008, 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 1.83 miles, or 4.38% 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.

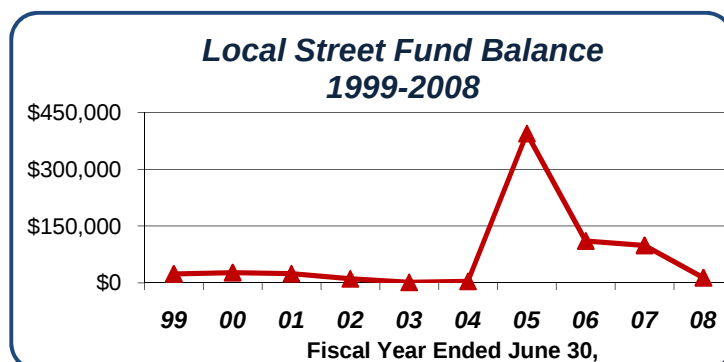
Expenses by Type Last 10 Fiscal Years



Expenses by Type

This chart highlights the fact that the maintenance costs of the local street system have been increasing over time. When considered with the fact that MVHF revenues from the State of Michigan have declined, it shows that the local street system is relying more and more on the General Fund and general tax dollars to fund street maintenance activities.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Motor Vehicle Highway Fund	\$196,996	\$192,000	\$190,000	\$185,000
Interest Income	7,716	4,000	0	3,500
Grants	11,608	800,000	800,000	0
Capital Projects Fund	0	10,000	10,000	0
General Fund	344,300	472,600	472,600	594,300
Major Streets	97,000	97,000	97,000	0
Special Assessments	0	0	135,000	0
Private Contributions	4,032	40,000	40,000	0
Surplus	0	0	124,400	0
TOTAL REVENUES	\$661,653	\$1,615,600	\$1,869,000	\$782,800
EXPENDITURES				
Construction	\$69,159	\$1,025,000	\$1,171,500	\$60,000
Surface Maintenance	61,773	54,700	64,500	67,700
Sweeping and Flushing	54,414	73,500	70,300	62,800
Forestry	72,612	75,500	100,300	96,800
Catch Basin	34,676	58,900	58,600	56,600
Drainage	14,824	13,800	17,000	18,400
Traffic Services	14,260	30,000	29,800	33,500
Winter Maintenance	69,061	109,000	92,700	92,100
Administration	282,649	264,700	264,300	294,900
TOTAL EXPENDITURES	\$673,426	\$1,705,100	\$1,869,000	\$782,800
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenditures	(\$11,773)	(\$89,500)	(\$20,000)	\$0
Fund Balance - Beginning of Year	110,398	98,625	98,625	9,125
FUND BALANCE AT YEAR END	\$98,625	\$9,125	\$78,625	\$9,125

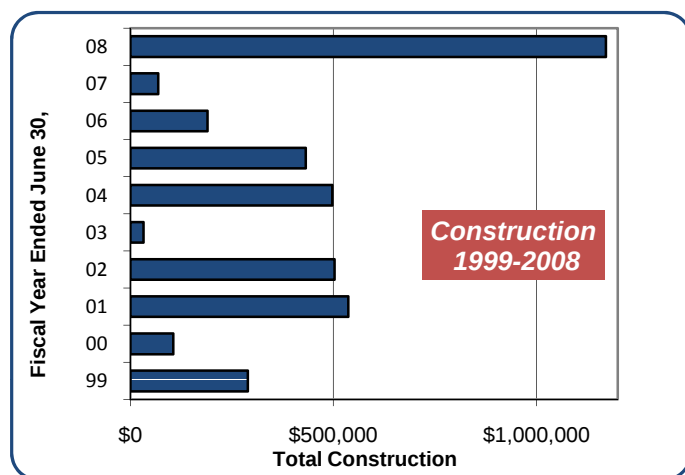


Fund Balance

The Local Street Fund does not typically have a significant fund balance. The spike in 2005 was due to the receipt of bond proceeds, which were subsequently spent down over the next three fiscal years.

Construction

Based on the city engineer's estimates, the total construction costs for 2008-2009 will be \$1,100,000 for the Local Street Fund. Over the last 10 years, construction has totaled over \$3.8 million. Much of this construction has been paid for through the use of grant funding. Securing grants to assist in funding capital projects is a critical function within the City. Depending on the amount of grant funding received each year as well as various special assessments approved, construction can vary significantly from year to year.

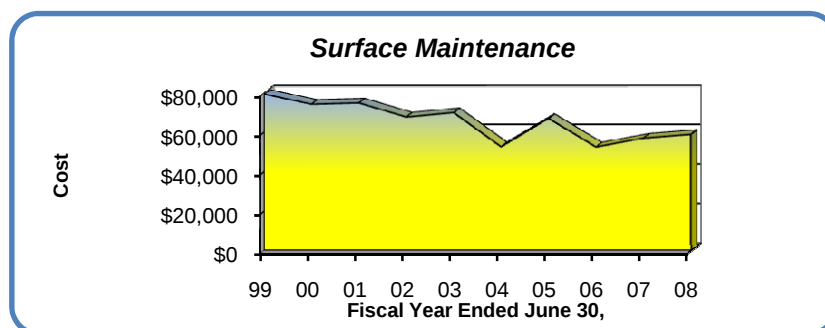


The following construction projects are proposed for FY2009:

East Bremer Street	50,000
Street Sign Replacement	10,000
Total	\$60,000

Surface Maintenance

The purpose of this work is to maintain the infrastructure, and includes activities such as crack sealing and pothole repair. Harsh winter conditions increase the need for surface maintenance activities.



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. Streets are also swept in the spring after the snow season is over to clear any residual salt, sand and debris from the road system.

EXPENDITURES	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
Construction				
Contractual Services	\$69,159	\$1,100,000	\$1,171,500	\$60,000
Surface Maintenance				
Salaries	\$16,708	\$15,000	\$16,400	\$17,300
Fringes	8,860	12,000	9,700	12,900
Operating Supplies	12,342	10,700	10,700	11,100
Equipment Rental	23,863	17,000	27,700	26,400
Total Surface Maintenance	\$61,773	\$54,700	\$64,500	\$67,700
Sweeping and Flushing				
Salaries	\$7,666	\$7,500	\$6,200	\$7,700
Fringes	3,797	6,000	3,600	5,700
Equipment Rental	42,950	60,000	60,500	49,400
Total Sweeping and Flushing	\$54,414	\$73,500	\$70,300	\$62,800
Forestry				
Salaries	\$20,602	\$20,000	\$26,100	\$26,000
Fringes	10,327	16,000	15,300	19,400
Operating Supplies	6,889	7,500	8,300	7,300
Contractual Services	1,477	2,000	4,800	2,300
Equipment Rental	33,316	30,000	45,800	41,800
Total Forestry	\$72,612	\$75,500	\$100,300	\$96,800

Forestry:

PERFORMANCE MEASURES (Includes all forestry activities - both major and local street right-of-ways)					
	2007	2006	2005	2004	2003
Number of trees removed	49	23	44	60	70
Number of new trees planted	103	42	102	111	100
Hours spent - forestry maintenance	2,082	2,158	1,719	1,692	2,733

Forestry services include tree planting and removal, tree trimming, and other related services. The City operates an aerial bucket truck and a brush chipper as well to assist in these duties. The "Tree City USA" designation has been accomplished for the 25th year in a row for 2008, which recognizes the City's commitment to these kinds of efforts.

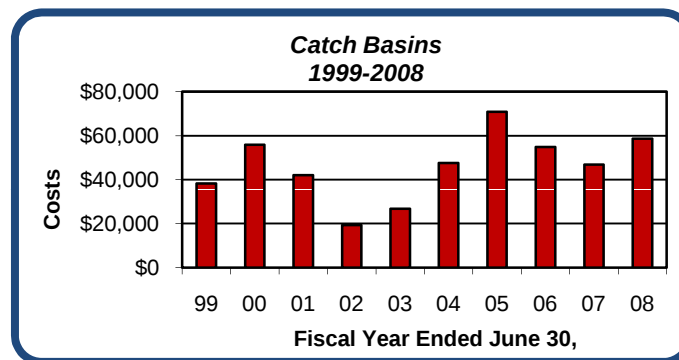
Drainage

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 ten years:

Annual cost per labor hour - Drainage			
Year	Cost	Year	Cost
2007	\$29	2002	\$23
2006	\$28	2001	\$26
2005	\$31	2000	\$21
2004	\$29	1999	\$22
2003	\$29	1998	\$25

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. 2002-05 the activity level increased again as the State of Michigan is stressed 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:

Annual cost per labor hour - Traffic Services			
Year	Cost	Year	Cost
2007	\$36	2002	\$29
2006	\$33	2001	\$29
2005	\$33	2000	\$24
2004	\$33	1999	\$26
2003	\$29	1998	\$25

EXPENDITURES (Cont.)	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
Catch Basin				
Salaries - Regular	\$14,300	\$15,000	\$11,500	\$18,900
Fringes	3,917	10,000	6,500	13,300
Operating Supplies	236	400	400	300
Contractual Services	507	5,000	5,000	0
Utilities	600	500	600	600
Equipment Rental	15,117	28,000	34,600	23,500
Total Catch Basin	\$34,676	\$58,900	\$58,600	\$56,600
Drainage				
Salaries	\$7,498	\$6,000	\$7,700	\$8,000
Fringes	4,022	4,000	4,500	6,000
Operating Supplies	0	300	300	300
Equipment Rental	3,303	3,500	4,500	4,100
Total Drainage	\$14,824	\$13,800	\$17,000	\$18,400
Traffic Services				
Salaries	\$5,788	\$10,500	\$11,900	\$10,100
Salaries - Part Time	0	\$0	0	4,500
Fringes	3,477	8,000	6,800	8,000
Operating Supplies	1,579	5,000	5,600	5,300
Contractual	0	500	500	500
Equipment Rental	3,416	6,000	5,000	5,100
Total Traffic Services	\$14,260	\$30,000	\$29,800	\$33,500
Winter Maintenance				
Salaries	\$13,808	\$17,000	\$15,300	\$15,600
Fringes	6,634	12,000	9,000	11,600
Operating Supplies	7,677	10,000	8,400	8,200
Equipment Rental	40,942	70,000	60,000	56,700
Total Winter Maintenance	\$69,061	\$109,000	\$92,700	\$92,100

Winter Maintenance

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

Year	Man-Hours	Cost Per Hour	Cost Per Mile
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
2006	1,125.0	\$74	\$1,999
2007	939.0	\$74	\$1,652

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%

Transfer Out

Transfers out of the Local Street Fund represent amounts that are transferred to various Debt Service Funds to cover principal and interest payments on debt obligations of the system. Details of debt service payments due are as follows:

Bond Issue	Principal	Interest	Total
2004 GO Capital Improvement Bonds	43,500	23,500	67,000
1996 MTF Bonds	25,000	3,500	28,500
1997 MTF Bonds	15,000	500	15,500
2000 MTF Bonds	25,000	10,400	35,400
		Total:	\$146,400
			\$900 Paying agent fees
			\$147,300

Administration Charges

Administrative charges are for the various staff personnel who are not funded directly such as the cashier, accountant and City Manager. These administrative personnel spend a percentage of their time dealing with local street issues, including budgeting, accounting, and planning, but their salaries are fully funded in the General Fund.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENDITURES (Cont.)				
Administration				
Salaries	\$40,819	\$41,200	\$41,200	\$42,400
Fringes	12,610	18,000	17,600	19,300
Office Supplies	0	0	0	100
Audit	1,650	1,800	1,800	1,900
Data Processing	14,000	14,500	14,500	8,000
Equipment Rental	6,552	7,500	7,500	6,800
Administration	30,200	38,200	38,200	35,800
Principal Payment	26,111	0	0	26,200
Interest Expense	4,902	0	0	8,000
Transfers Out	145,805	143,500	143,500	146,400
Total Administration	\$282,649	\$264,700	\$264,300	\$294,900
TOTAL EXPENDITURES	\$673,426	\$1,705,100	\$1,869,000	\$782,800

Maintenance operations by a highly skilled staff is becoming a greater portion of the operating budget as the infrastructure begins to age.



Source and Use of Funds For Capital Improvements

2008-2009

Source of Funds:

General Fund \$60,000

TOTAL SOURCE OF FUNDS \$60,000

Use of Funds:

Construction Projects:

East Bremer Street \$50,000

Street Signs 10,000

TOTAL USE OF FUNDS \$60,000

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

**Total Unpaved Miles
of Local Streets** **1.83**

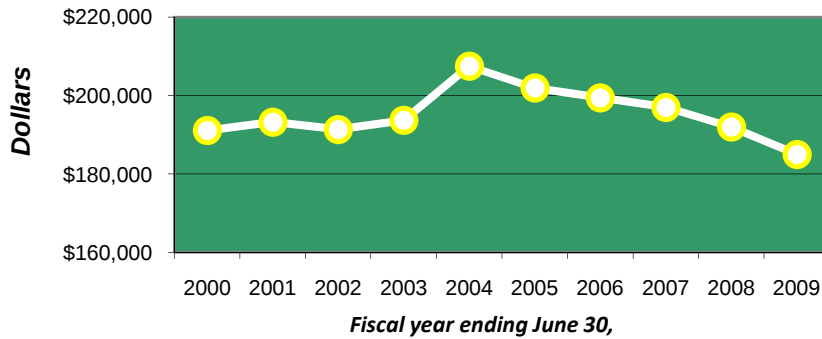
Total miles of local streets 41.81

Unpaved represents 4.38%

1998 total unpaved local streets were 7.03 miles - a reduction of 73.97%
over the last 9 years.

CHARTS AND GRAPHS

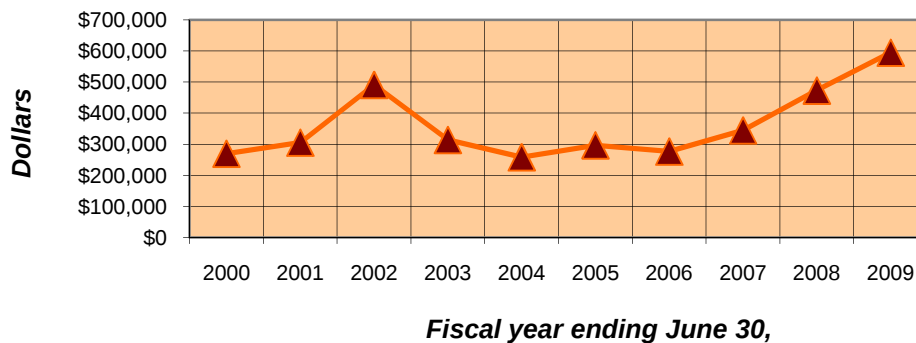
**Motor Vehicle Highway Funds
Last Ten Fiscal Years**



Michigan MVHF Funds and General Fund Contribution

The chart above highlights a painful reality felt by this fund, and that is that the MVHF funds are proving to be less and less a source of revenue. The effect of this reduction is a greater reliance on the General Fund and therefore general tax dollars to fund street operations. The chart below further highlights this fact, showing the significant increase in the General Fund contribution over the last several years, which directly correlates with the decline in MVHF funds.

**General Fund Contribution
Last Ten Fiscal Years**



Water and Sewer Fund

2008-2009 City of Cadillac Annual Operating Budget

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 \$21.9 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 for 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

Twenty seven percent of the revenues generated in 2008-2009 will be from the sale of water. This percentage is similar to the past years. **Water rates are recommended to be increased 2.5% to keep abreast of inflation.**

Statistics:

Number of Customers:	3,517
Average Daily Flow:	2.54 million gallons
Gallons of Flow in 2007:	925,900,000
Miles of Water Mains:	63
No. of employees in operation:	7
Average Water Rate in	
Northern Michigan (1), (2):	\$15.84
Cadillac Average Rate (2):	\$11.62

- (1) 2005 Gosling Czubak Inc. Survey
(2) Per 5,000 gallons

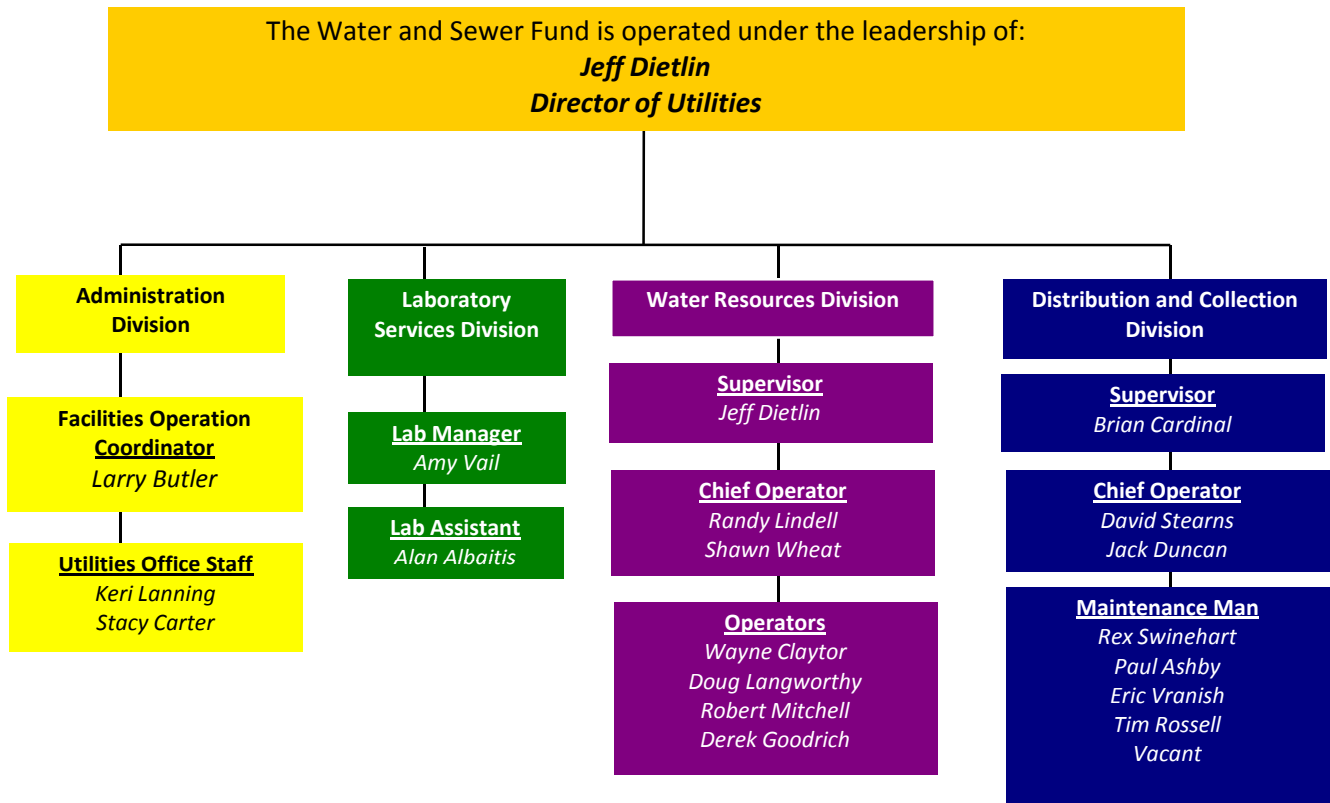
SEWER

Annual revenues from rates charged for the system are estimated to be just over \$2 million. 49% of utility revenues are sewer related. **Sewer rates are recommended to be increased 2.5% to keep abreast of inflation.**

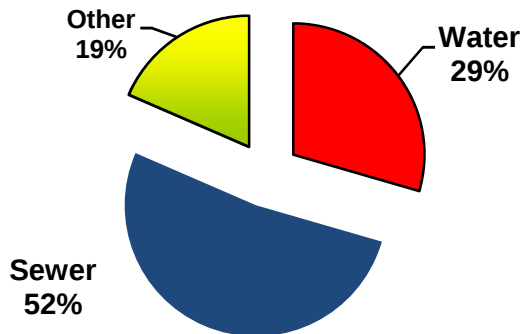
Statistics:

Number of Customers:	3,564
Average Daily Flow:	2.29 million gallons
Gallons of Flow in 2007:	835,600,000
Miles of Sewer Mains:	61
No. of employees in operation:	8
Average Sewer Rate in	
Northern Michigan (1), (2):	\$22.33
Cadillac Average Rate (2):	\$20.43

- (1) 2005 Gosling Czubak Inc. Survey
(2) Per 5,000 gallons



**Water and Sewer Fund Revenues
2008-2009**



Both water and sewer rates include a recommended 2.5% increase in metered rates. Revenue from utility sales in fiscal year 2009 is projected to increase minimally over the previous year due to a decrease in usage and interest earnings declining slightly as the investment dollars are used to install new mains.

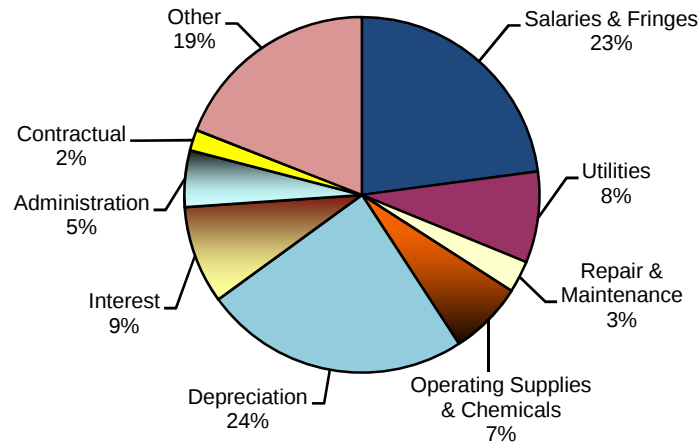
	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
REVENUES				
Water Sales	\$1,057,747	\$1,155,000	\$1,122,000	\$1,158,000
Sewer Sales - Flat Rate	45,311	47,000	65,200	49,000
Sewer Sales - Metered	1,845,921	1,955,000	2,004,000	1,995,000
Fire Protection	93,307	95,000	92,500	96,900
Hydrant Rental	9,458	23,000	23,200	22,900
Charges for Services	12,020	12,000	9,500	11,500
Services & Materials	11,735	23,000	23,900	20,000
Interest Income	150,640	150,000	95,000	129,000
Sale of Surplus Material	1,118	1,000	5,000	19,500
Wexford County DPW	83,399	60,000	67,800	84,500
Leachate	528,374	250,000	250,000	290,000
Laboratory Fees	45,449	60,000	43,500	49,500
Refunds	988	2,500	3,500	2,500
Federal Grants	15,104	0	0	0
State of Michigan (1)	394,990	0	394,900	0
TOTAL REVENUES	\$4,295,561	\$3,833,500	\$4,200,000	\$3,928,300

(1) 2008 reflects an S2 grant for the wastewater treatment plant engineering.

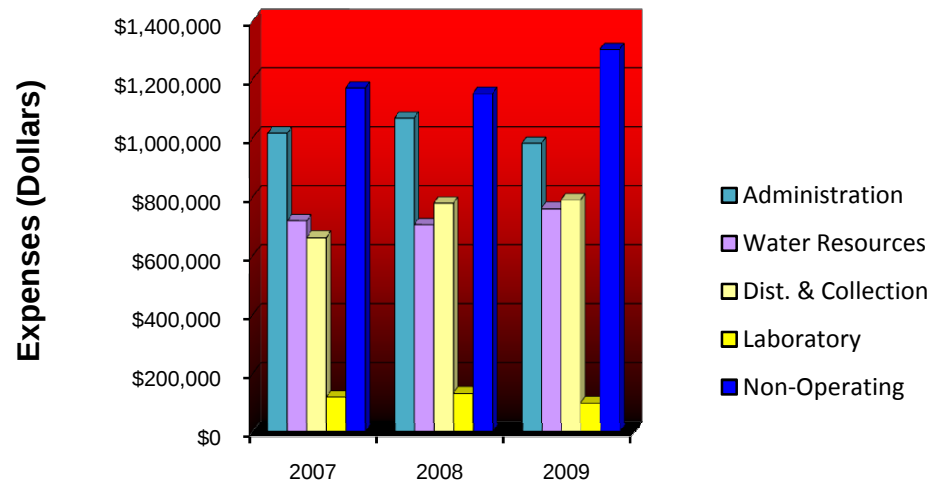
EXPENSES				
Total Administration	\$1,015,113	\$1,067,600	\$998,400	\$980,800
Water Resources Division:				
Preliminary Treatment	\$22,368	\$19,800	\$19,900	\$20,300
Primary Treatment	17,055	30,500	31,700	28,200
Secondary Treatment	67,117	84,700	72,400	81,500
Tertiary Treatment	58,323	68,700	64,700	81,300
Sludge Removal	109,242	128,300	116,100	123,400
Nutrient Removal	55,745	55,400	49,900	60,900
Effluent Disposal	50,058	57,700	50,600	61,600
Building & Grounds	211,172	131,400	176,000	176,600
Industrial Surveillance	14,177	30,300	30,300	25,000
Lift Station-Sanitary	101,749	85,200	87,500	87,800
Vehicles	10,957	13,300	13,000	13,500
Total Water Resources	\$717,962	\$705,300	\$712,100	\$760,100

Charts and Graphs

Water & Sewer Fund - FY 2009 Expenditures by Type



Water and Sewer Fund - Expenses by Type - Last 3 Fiscal Years



	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENSES (Cont.)				
Distribution and Collection Division:				
Building & Water Tank	\$25,902	\$37,200	\$36,500	\$23,500
Pumping Station	181,147	161,800	174,700	197,400
Wells & Well Field	61,642	54,000	51,000	56,600
General Street Expense	15,535	25,800	18,200	22,100
Meter Reading & Delinquent Accounts	7,508	29,400	29,400	26,700
Meter Operations & Maintenance	122,585	132,500	130,200	132,600
Customer Service	9,172	17,400	17,400	24,800
Maintenance-Mains & Hydrants	109,175	132,900	130,900	133,600
New Water Service	27,343	32,400	32,400	26,400
Water Service Maintenance	6,468	15,800	15,700	14,200
Sanitary Sewer	62,411	105,000	91,900	96,100
Vehicles	32,774	33,600	33,300	34,100
Total Distribution and Collection Division	\$661,663	\$777,800	\$761,600	\$788,100
Laboratory Division				
General Laboratory	\$87,297	\$91,300	\$33,600	\$56,300
Contract Laboratory	32,153	41,200	49,800	43,000
Total Laboratory Division	\$119,449	\$132,500	\$83,400	\$99,300
Total Non-Operating	\$1,169,491	\$1,150,000	\$1,150,000	\$1,300,000
TOTAL EXPENSES	\$3,683,678	\$3,833,200	\$3,705,500	\$3,928,300



	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENSES				
Administration				
Salaries	\$350,026	\$375,000	\$324,400	\$335,400
Salaries - Part Time	10,973	3,000	3,500	4,500
Fringes	182,331	200,000	158,700	170,600
Office Supplies	9,200	15,000	8,400	9,200
Postage	19,684	19,000	17,500	19,500
Safety Supplies	4,019	4,000	4,800	4,800
Property Taxes	7,087	7,600	7,500	7,600
Contractual Services	24,376	50,000	23,000	19,000
Engineering Fees	11,662	10,000	18,500	14,000
Audit	4,800	5,100	5,000	5,100
G.I.S. Contractual Services	44,687	38,000	38,000	36,000
Legal Fees	33	0	5,000	4,000
State Mandated Fees	22,340	18,500	18,500	22,500
Data Processing	50,000	54,000	54,000	55,000
Liability Insurance	38,323	38,000	38,000	41,000
Dues & Publications	1,903	2,400	2,400	2,400
Telephone	4,962	6,000	4,500	7,800
Alarm Systems	3,847	4,500	4,400	4,400
Travel & Education - Salary	5,698	5,500	5,500	5,500
Travel & Education - Hourly	4,155	4,500	4,500	4,500
Vehicle Repair & Maintenance	364	500	500	500
Employee Safety	1,200	2,100	2,100	2,100
Bad Debt Expense	0	0	1,000	1,000
Administration - City	212,300	203,800	203,800	201,900
Grant Match	0		43,900	0
Public Relations	1,145	1,100	1,000	2,500
TOTAL ADMINISTRATION	\$1,015,113	\$1,067,600	\$998,400	\$980,800

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. The allocation of these charges was carefully reviewed for the FY2009 budget to ensure appropriate charges are being made against this fund.

Fringes

Fringe benefit costs have increased substantially over the last few years. Driving much of this increase is the decision to fund other post-employment benefits (OPEB). This has increased overall personnel costs by nearly 10% city-wide, and has led to multiple benefit-changing decisions in an attempt to control the rising costs.

Benefit rates are the following:	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Administration	39.76%	40.69%	45.80%	48.18%	50.12%
Water Resources Division	49.55%	50.08%	48.80%	48.13%	53.98%
Distribution & Collection Division	49.55%	50.85%	48.80%	48.13%	48.76%
Laboratory Services Division	49.38%	49.38%	48.80%	48.13%	54.15%

	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
EXPENSES (Cont.)				
Water Resources Division:				
Preliminary Treatment				
Salaries	\$11,890	\$9,000	\$9,400	\$9,400
Fringes	5,178	4,800	4,700	4,800
Operating Supplies	500	800	800	800
Utilities	1,967	2,200	2,000	2,300
Repair & Maintenance	2,833	3,000	3,000	3,000
Total Preliminary Treatment	\$22,368	\$19,800	\$19,900	\$20,300
Primary Treatment				
Salaries	\$10,054	\$11,000	\$11,500	\$11,500
Fringes	4,343	6,000	6,200	5,800
Operating Supplies	0	11,000	11,500	6,400
Repair & Maintenance	2,658	2,500	2,500	4,500
Total Primary Treatment	\$17,055	\$30,500	\$31,700	\$28,200
Secondary Treatment				
Salaries	\$11,850	\$16,600	\$16,600	\$14,400
Fringes	4,448	8,300	8,300	7,300
Operating Supplies	12	1,800	1,800	1,800
Utilities	49,180	50,000	43,000	53,800
Repair & Maintenance	1,627	8,000	2,700	4,200
Total Secondary Treatment	\$67,117	\$84,700	\$72,400	\$81,500

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

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

Secondary Treatment

Secondary treatment includes aeration tanks with fine bubble diffusers that have air supplied by centrifugal blowers, secondary clarifiers, 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.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENSES (Cont.)				
Water Resources Division (Cont.)				
Tertiary Treatment				
Salaries	\$10,720	\$21,300	\$21,300	\$21,300
Fringes	3,727	10,500	10,500	10,700
Operating Supplies	10,617	5,900	5,900	7,400
Utilities	22,623	24,000	20,500	33,400
Repair & Maintenance	10,636	7,000	6,500	8,500
Total Tertiary Treatment	\$58,323	\$68,700	\$64,700	\$81,300
Sludge Treatment				
Salaries	\$21,036	\$33,000	\$33,000	\$31,300
Fringes	9,171	16,300	16,300	15,800
Operating Supplies	1,297	5,000	5,200	4,800
Laboratory	3,735	5,000	5,500	5,500
Injection Contract Cost	55,667	40,000	39,500	42,000
Utilities	9,836	21,000	8,100	16,500
Repair & Maintenance	8,500	8,000	8,500	7,500
Total Sludge Treatment	\$109,242	\$128,300	\$116,100	\$123,400
Nutrient Removal				
Salaries	\$5,206	\$9,000	\$9,000	\$8,600
Fringes	2,386	4,500	4,500	4,400
Operating Supplies	429	1,500	1,500	1,500
Chemicals	41,257	38,000	32,500	41,000
Repair & Maintenance	6,467	2,400	2,400	5,400
Total Nutrient Removal	\$55,745	\$55,400	\$49,900	\$60,900

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 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 \$42,000 for 2008-2009.

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).

City of Cadillac Fifteen Largest Water and Sewer Users - 2007					
Customer	Cubic Feet		Gallons		Total Dollars
	Water	Sewer	Water	Sewer	
Cadillac Castings	10,371,700	7,676,400	77,580,316	57,419,472	\$359,871
Avon Rubber & Plastics	13,460,200	10,872,200	100,682,296	81,324,056	\$276,700
AAR Cadillac Manu.	16,005,700	9,296,900	119,722,636	69,540,812	\$236,871
Paulstra CRC	1,088,000	4,000,800	8,138,240	29,925,984	\$85,292
Mercy Hospital	4,089,000	4,089,000	30,585,720	30,585,720	\$62,776
Cadillac Renewable Energy	602,800	4,529,100	4,508,944	33,877,668	\$51,920
Piranha	4,317,200	4,317,200	32,292,656	32,292,656	\$56,481
Borg-Warner	3,735,200	3,735,200	27,939,296	27,939,296	\$48,800
Michigan Rubber Products	2,568,600	2,568,600	19,213,128	19,213,128	\$35,611
Pheasant Ridge	2,627,000	2,627,000	19,649,960	19,649,960	\$30,771
Country Acres	1,901,400	1,901,400	14,222,472	14,222,472	\$26,873
Four Winns	1,331,200	1,331,200	9,957,376	9,957,376	\$24,547
Lakeshore Linen	288,000	288,000	2,154,240	2,154,240	\$26,204
Leisure Park	707,000	707,000	5,288,360	5,288,360	\$10,420
Kolarevic Car Wash	635,800	635,800	4,755,784	4,755,784	\$8,918
	63,728,800	58,575,800	476,691,424	438,146,984	\$1,342,055

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

Buildings and Grounds

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



Wastewater Treatment Facility

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENSES (Cont.)				
Water Resources Division (Cont.)				
Effluent Disposal				
Salaries	\$9,309	\$11,200	\$11,200	\$12,500
Fringes	4,008	5,500	5,500	6,400
Operating Supplies	1,389	5,000	3,500	8,300
Plant Lab Supplies	6,522	8,000	6,500	7,400
Chemicals	0	1,000	1,000	500
Contracted Laboratory	12,067	10,000	10,500	11,000
Utilities	9,434	12,000	7,000	11,500
Repair & Maintenance	7,329	5,000	5,400	4,000
Total Effluent Disposal	\$50,058	\$57,700	\$50,600	\$61,600
Building & Grounds				
Salaries	\$54,910	\$48,400	\$48,400	\$58,500
Salaries - Part Time	\$8,265	\$8,000	\$6,000	\$5,000
Fringes	22,292	24,500	23,900	29,500
Operating Supplies	36,337	20,000	18,500	19,500
Utilities	66,130	12,000	60,700	48,500
Repair & Maintenance	23,237	18,500	18,500	15,600
Total Building & Grounds	\$211,172	\$131,400	\$176,000	\$176,600
Industrial Surveillance				
Salaries	\$8,069	\$15,000	\$15,000	\$12,400
Fringes	2,949	7,500	7,500	6,300
Operating Supplies	677	2,500	2,500	1,800
Laboratory	1,755	5,000	5,000	3,900
Repair & Maintenance	728	300	300	600
Total Industrial Surveillance	\$14,177	\$30,300	\$30,300	\$25,000

Effluent Disposal

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



Industrial Surveillance

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

	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
EXPENSES (Cont.)				
Water Resources Division (Cont.)				
Lift Station - Sanitary				
Salaries	\$13,990	\$22,200	\$22,200	\$21,600
Fringes	5,620	11,000	11,000	10,900
Operating Supplies	6,245	5,000	4,500	4,600
Disposal Fees	1,100	2,000	2,000	2,000
Utilities	55,551	28,000	30,500	38,200
Repair & Maintenance	19,244	17,000	17,300	10,500
Total Lift Station - Sanitary	\$101,749	\$85,200	\$87,500	\$87,800
Vehicles				
Salaries	\$1,142	\$1,200	\$1,200	\$2,500
Fringes	257	800	800	1,400
Operating Supplies	626	700	400	500
Fuel Costs	4,647	4,800	4,800	5,200
Repair & Maintenance	4,285	5,800	5,800	3,900
Total Vehicles	\$10,957	\$13,300	\$13,000	\$13,500
TOTAL WATER RESOURCES DIVISION	717,962	705,300	712,100	760,100

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.



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

Objective:

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

Goals:

2008-2009

1. Complete \$4.0 million Wastewater and collection system improvement project.
2. Complete NPDES Permit renewal.

2007-2008

1. Complete State Revolving Loan Fund. *Status: Completed*
2. Begin wastewater construction projects. *Status: In Progress*
3. Lift station improvements. *Status: In Progress*
4. Complete NPDES permit renewal. *Status: In Progress*

Distribution and Collection Division

2006/2007 Water Usage		
Meter Size	Usage - CCF	Revenue
5/8" Meter	259,955	\$437,255
3/4" Meter	195	608
1" Meter	32,471	48,043
1 1/2" Meter	33,868	53,388
2" Meter	139,468	147,264
3" Meter	25,665	30,337
4" Meter	150,083	125,668
6" Meter	215,369	154,543
8" Meter	<u>10,300</u>	<u>13,363</u>
Total	867,374	\$1,010,469



Average usage per service connection per day:

Year	Usage	Year	Usage
2007	664 (gallons)	2003	638 (gallons)
2006	618	2002	633
2005	658	2001	660
2004	608		

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENSES (Cont.)				
Distribution & Collection Division				
Building & Water Tank				
Salaries	\$1,883	\$10,700	\$10,700	\$1,900
Salaries - Part Time	3,717	6,500	6,000	5,000
Fringes	555	5,500	5,300	1,100
Operating Supplies	16,343	12,500	12,500	13,500
Repair & Maintenance	3,404	2,000	2,000	2,000
Total Building & Water Tank	\$25,902	\$37,200	\$36,500	\$23,500
Pumping Station				
Salaries - Regular	\$3,428	\$5,500	\$5,500	\$9,500
Fringes	1,454	2,800	2,800	4,900
Operating Supplies	9,065	9,000	8,500	8,500
Chemicals	24,421	25,000	26,400	28,500
Laboratory Control	21,711	21,000	21,500	22,000
Utilities	118,321	95,000	106,500	121,000
Repair & Maintenance	2,747	3,500	3,500	3,000
Total Pumping Stations	\$181,147	\$161,800	\$174,700	\$197,400
Wells & Well Field				
Salaries - Regular	\$1,243	\$6,000	\$6,000	\$9,600
Salaries - Part time	646	1,000	0	0
Fringes	378	3,000	2,900	5,000
Operating Supplies	606	3,500	3,600	3,200
Wellhead Protection	2,766	4,000	4,500	3,500
Contractual Services	33,891	23,000	20,500	20,500
Repair & Maintenance	22,111	13,500	13,500	14,800
Total Wells & Well Field	\$61,642	\$54,000	\$51,000	\$56,600

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 925,900,000 gallons of water in 2007. This was an increase of 133 million gallons from 2006, a 14% increase. Much of this increase was attributed to the dry summer which resulted in near record water pumpage for July and August. The costs of chemicals and utilities are the pumping stations' major costs.

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.

	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
EXPENSES (Cont.)				
Distribution & Collection Division (Cont.)				
General Street Expense				
Salaries	\$441	\$1,000	\$1,000	\$1,000
Fringes	240	700	700	700
Operating Supplies	(7,519)	4,100	4,000	4,000
Contractual Services	22,373	20,000	12,500	16,400
Total General Street Expense	\$15,535	\$25,800	\$18,200	\$22,100
Meter Reading & Delinquent Accounts				
Salaries	\$5,641	\$19,500	\$19,500	\$17,500
Fringes	1,867	9,600	9,600	8,900
Operating Supplies	0	300	300	300
Total Meter Reading & Delinquent Account	\$7,508	\$29,400	\$29,400	\$26,700
Meter Operations & Maintenance				
Salaries	\$61,377	\$73,500	\$73,500	\$74,500
Fringes	26,482	34,000	34,000	37,400
Operating Supplies	34,725	25,000	22,700	20,700
Total Meter Operations & Maintenance	\$122,585	\$132,500	\$130,200	\$132,600
Customer Service				
Salaries	\$6,356	\$11,600	\$11,600	\$16,500
Fringes	2,816	5,800	5,800	8,300
Total Customer Service	\$9,172	\$17,400	\$17,400	\$24,800
Maintenance - Mains & Hydrants				
Salaries	\$60,617	\$64,300	\$64,300	\$68,300
Fringes	25,104	31,600	31,600	34,300
Operating Supplies	18,512	27,000	28,500	23,500
Contractual Services	4,942	10,000	6,500	7,500
Total Maintenance - Mains & Hydrants	\$109,175	\$132,900	\$130,900	\$133,600

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:

Year	Meter Repairs	New Meter Installations	Year	Meter Repairs	New Meter Installations
1998	599	22	2003	243	12
1999	644	8	2004	185	18
2000	575	7	2005	238	23
2001	521	8	2006	312	41
2002	455	18	2007	296	9

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.

Year	Service Calls	MISS-DIGS	Year	Service Calls	MISS-DIGS
1998	695	533	2003	1,042	949
1999	727	514	2004	1,151	1,385
2000	675	507	2005	1,481	1,198
2001	1,243	571	2006	1,378	1,481
2002	661	1,025	2007	1,281	964

Maintenance - Mains and Hydrants

The City maintains 464 fire hydrants. All fire hydrant records and histories are computerized. The City replaces water mains annually as streets are torn up to be resurfaced.

Water Supply Statistics

Year	Gallons Pumped	Gallons Sold	% Lost (1)	Average Number of Customers
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
2006	792,900,000	714,000,000	10.00	3,524
2007	925,900,000	786,500,000	14.00	3,517

(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 2007 was 14%, within the acceptable range of 10-15% for public water supplies. Water loss occurs from meter variances, worn meters, water used for fire purposes, water lost through system flushing, and water lost during run water situations in the winter.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENSES (Cont.)				
Distribution & Collection Division (Cont.)				
New Water Service				
Salaries	\$1,302	\$3,200	\$3,200	\$2,500
Fringes	517	1,700	1,700	1,400
Operating Supplies	24,174	25,000	25,000	21,000
Contractual Services	1,350	2,500	2,500	1,500
Total New Water Service	\$27,343	\$32,400	\$32,400	\$26,400
Water Service Maintenance				
Salaries	\$2,115	\$6,500	\$6,500	\$5,500
Fringes	507	3,300	3,300	2,800
Operating Supplies	2,849	4,000	3,900	3,900
Repair & Maintenance	998	2,000	2,000	2,000
Total Water Service Maintenance	\$6,468	\$15,800	\$15,700	\$14,200
Sanitary Sewer				
Salaries	\$34,131	\$53,000	\$43,600	\$48,500
Fringes	12,658	26,000	21,500	24,400
Operating Supplies	10,273	12,000	9,300	10,500
Contractual	4,229	10,000	13,500	9,500
Damage Contractual Services	445	2,000	2,000	2,000
Repair & Maintenance	675	2,000	2,000	1,200
Total Sanitary Sewer	\$62,411	\$105,000	\$91,900	\$96,100
Vehicles				
Salaries	\$0	\$1,300	\$1,300	\$2,500
Fringes	0	800	800	1,400
Operating Supplies	986	2,500	700	1,200
Fuel & Oil	17,129	16,000	15,500	17,500
Repair & Maintenance	14,659	13,000	15,000	11,500
Total Vehicles	\$32,774	\$33,600	\$33,300	\$34,100
TOTAL DISTRIBUTION & COLLECTION	\$661,663	\$777,800	\$761,600	\$788,100

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. In 2007, over 64,000 feet of sanitary sewers were cleaned, compared to 73,750 feet in 2006 and 31,600 feet in 2005. The significant increase over the last couple of years is due to the availability of two transferred DPW workers who have worked in the collection crew in the summer months.

Vehicles

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

1990 Ingersoll-Rand Air Compressor	2001 VacCon Sewer Machine
1992 Sewer Jetter	1994 and 2002 JCB Loader/Backhoe
2005 Ford Pickup	1996 and 2004 Ford Service Van
1975 International Dump Truck	2004 Ford Utility Truck
1995 GMC Utility Truck	2000 and 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 3,500 accounts. These accounts range from domestic users to industrial customers using up to 500,000 gallons of water per day. The water system personnel must be licensed by the Michigan Department of Environmental Quality. The sanitary sewer system collects the wastewater from the users and transports it to the wastewater treatment plant. The storm sewer system collects storm water and transports it to the lakes, rivers and seepage ponds.

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

Goals:

2008-2009

1. Complete hydrogeologic investigation for proposed well locations.
2. Complete water tower inspection and prepare painting specifications.
3. Finalize plans for Mitchell Street infrastructure improvements related to 2009 MDOT project.

2007-2008

1. Complete project plan for future drinking water revolving loan fund. *Status: Will be completed in FY2009.*
2. Complete water main replacement on East Nelson and Park Streets. *Status: Completed*
3. Complete Phase II of the Wellfield investigation. *Status: Ongoing; to be completed in FY2009.*

		Budget		
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENSES (Cont.)				
Laboratory Division				
General Laboratory				
Salaries	\$56,074	\$55,000	\$12,200	\$25,200
Fringes	13,816	20,000	6,100	12,800
Operating Supplies	13,716	13,000	12,000	14,500
Repair & Maintenance	1,724	2,300	2,300	2,300
Equipment Rental	0	0	0	500
Research & Development	1,967	1,000	1,000	1,000
Total General Laboratory	\$87,297	\$91,300	\$33,600	\$56,300
Contract Laboratory				
Salaries	\$12,280	\$15,000	\$23,000	\$12,800
Fringes	5,542	7,400	11,300	6,500
Operating Supplies	8,097	8,000	7,200	12,400
Repair & Maintenance	5,430	9,000	6,500	9,600
Equipment Rental	562	1,000	1,000	500
Research & Development	241	800	800	1,200
Total Contract Laboratory	\$32,153	\$41,200	\$49,800	\$43,000
TOTAL LABORATORY DIVISION	119,449	132,500	83,400	99,300
Non-Operating				
Interest Expense	\$355,436	\$330,000	\$330,000	\$350,000
Depreciation	814,055	820,000	820,000	950,000
Total Non-Operating	\$1,169,491	\$1,150,000	\$1,150,000	\$1,300,000
TOTAL EXPENSES	\$3,683,678	\$3,833,200	\$3,705,500	\$3,928,300
NET ASSETS AT YEAR END				
Change in Net Assets	\$611,883	\$300	\$494,500	\$0
Total Net Assets - Beginning of Year	14,029,360	14,641,243	14,641,243	14,641,543
Total Net Assets at Year End	\$14,641,243	\$14,641,543	\$15,135,743	\$14,641,543

Laboratory Services Division

This division consists of two distinct areas: general use for internal functions and contract for external purposes.

Laboratory Services has now received certification from the State of Michigan in the areas of bacteriological analysis, and metals analysis. Volatile organic testing is completed by a contract laboratory.

Analyses Performed:	2002	2003	2004	2005	2006	2007
Lead and Copper	52	81	195	175	64	37
Metals	8,939	7,050	8,315	8,980	7,776	9,210
Volatile Organic	226	280	264	272	148	152
Bacterial Testing	1,780	1,313	2,680	3,120	2,452	2,836
Wet Chemistry	20,800	23,200	23,870	24,050	22,976	26,200

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:

2008-2009

1. Obtain MDEQ laboratory certification in e-coli enumeration.
2. Complete SDWA initial distribution system organic testing.
3. Continue training new laboratory technician for metals and bacteriological testing.

2007-2008

1. Develop new methods for atomic absorption metals analysis by furnace. *Status: Complete*
2. Obtain MDEQ Laboratory certification renewal. *Status: Complete*
3. Expand laboratory contract sample analysis for other municipalities. *Status: Ongoing*

Non-Operating

Three revenue bond issues comprise the interest activity:

1999 Revenue Refunding Bond: Interest payments September 1, 2008 and March 1, 2009 total \$58,144.

2001 Revenue and Revenue Refunding Bond: Interest payments September 1, 2008 and March 1, 2009 total \$250,879.

2007 State of Michigan SRF Loan: Interest payment March 1, 2009 totals \$33,365.

Depreciation is increasing substantially for FY2009. The \$4 million upgrade project at the Wastewater Treatment facility will be coming online and will begin to be depreciated. It is calculated based on annual depreciation schedules using the straight-line method of depreciation.

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 2.3 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. Throughout FY2008 and into FY2009 the City will be completing a \$4.0 million project that replaces aging equipment within the system.

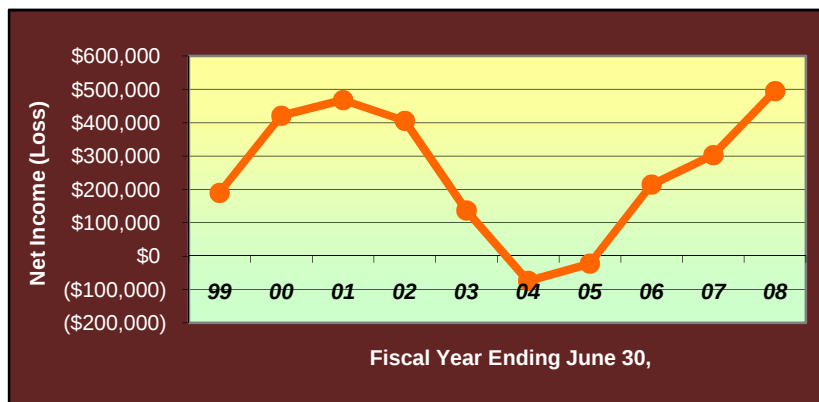


September, 1923 construction of original facilities.

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.

State of Michigan - State Revolving Fund Loan

The City of Cadillac has received a low-interest loan through the State of Michigan to undergo the nearly \$4 million update project referenced above. Included in this was a grant received in the past fiscal year to cover all costs of engineering related to the project, nearly \$400,000 in total.



**Water and Sewer Fund
Change in Net Assets
1999-2008**

Source and Use of Funds For Capital Improvements

2008-2009

Source of Funds

State of Michigan - SRF Loan
Investments - Unrestricted

2,700,000	←
<u>705,500</u>	
<u><u>\$3,405,500</u></u>	

Total Source of Funds

Use of Funds

2008-2009 Infrastructure/System Costs

Wastewater Treatment System Renovation
Mitchell Street
East Bremer Street

2,700,000	←
650,000	
<u>\$32,500</u>	
<u><u>\$3,382,500</u></u>	

Equipment

Pickup Truck

<u>23,000</u>	
<u><u>23,000</u></u>	

Total Use of Funds

<u><u>\$3,405,500</u></u>

The SRF loan through the State of Michigan will be used to fund total improvements of \$3.87 million. A portion of the project was completed and a corresponding portion of the loan was drawn in FY2008.

Capital Improvements and Purchases

Through the use of strong financial planning and sound cash management, the City has been able to use a "pay-as-you-go" financing approach to fund many capital improvements and purchases. This has given the City the flexibility to take advantage of low-interest loans similar to the one received in October of 2007 from the State of Michigan's State Revolving Fund (SRF), which was a \$3.9 million loan that is being used to fund a substantial Wastewater Treatment Plant renovation.



Valve Replacement



Manhole Replacement

Cash Flow Analysis

2008-2009

Additions

Net Income from Operations	\$0
State of Michigan - SRF Loan	\$2,700,000
Depreciation	950,000

Total Additions 3,650,000

Deductions

Principal Payments (1)	\$410,000
Capital Improvements	3,405,500

Total Deductions 3,815,500

Net Increase (Decrease) of Available Cash (\$165,500)

Footnotes:

(1) Principal payments include:

1999 Revenue Refunding Bond

September 1, 2008	305,000	
September 1, 2008 (4.25%)		32,313
March 1, 2009 (4.25%)		25,831

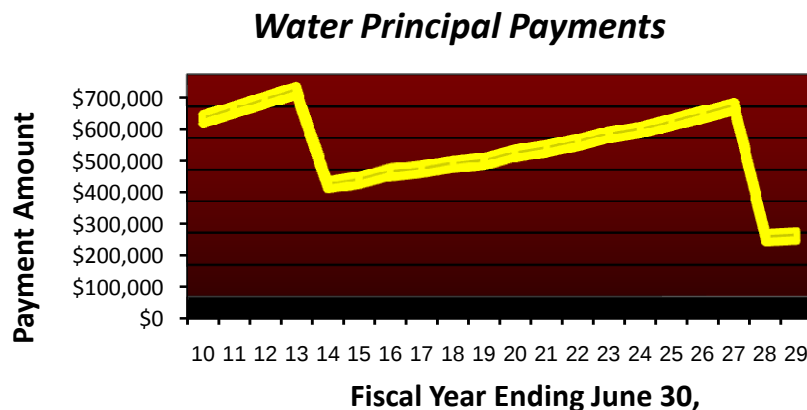
2001 Revenue Refunding Bond

September 1, 2008	105,000	
September 1, 2008 (4.38%)		126,588
March 1, 2009 (4.38%)		124,291

2007 State of Michigan SRF Loan

April 1, 2008 (1.625%)		33,365
------------------------	--	--------

Total Debt Payments \$410,000 \$342,388



Principal Payments

Principal payments are on the **1999 Revenue Refunding Bond** and the **2001 Revenue and Revenue Refunding Bond**. Principal payments on the new SRF loan will begin in FY2010.

Rates and Charges proposed as of July 1, 2007

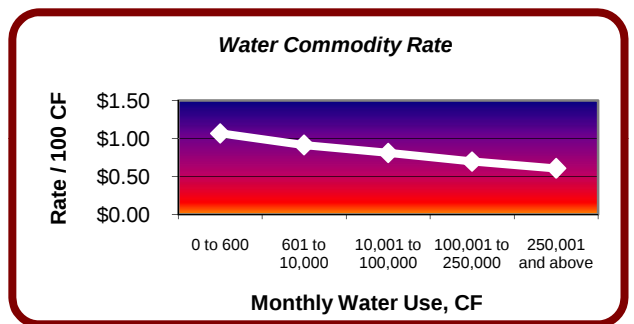
Ready to serve charge

<u>Meter Size</u>	<u>Water</u>	<u>Wastewater</u>
5/8"	\$5.07	\$8.25
3/4"	\$7.48	\$12.35
1"	\$12.51	\$20.60
1-1/2"	\$25.01	\$41.15
2"	\$39.98	\$65.91
3"	\$87.54	\$144.17
4"	\$150.01	\$247.03
6"	\$312.52	\$514.70
8"	\$450.08	\$741.18

Commodity Charge

Volume (Cubic Feet - CF)

0 to 600	\$1.07	
601 to 10,000	\$0.91	
10,001 to 100,000	\$0.81	
100,001 to 250,000	\$0.70	
250,001 and above	\$0.60	
Per 100 cubic feet per month		\$1.86



Unmetered Users (Flat Rate)

1. Monthly room charge (Living, Dining, Bedroom and Kitchens)

1 to 3 rooms	\$7.07
4 to 6 rooms	\$8.00
7 to 8 rooms	\$8.97
Each additional room	\$1.28
2. Additional for each bathtub and shower \$3.38
3. Additional for each toilet \$3.74

Revenue as Billed By Meter Classification
For Fiscal Year Ended June 30, 2006

<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			\$44,587	2.35
5/8"	\$437,255	43.27	734,599	38.70
3/4"	608	0.06	931	0.05
1"	48,043	4.75	72,352	3.81
1-1/2"	53,388	5.28	84,541	4.45
2"	147,264	14.57	454,683	23.95
3"	30,337	3.00	64,257	3.39
4"	125,668	12.44	176,471	9.30
6"	154,543	15.29	248,881	13.11
8"	13,363	1.32	16,973	0.89
	<u>\$1,010,469</u>	<u>100.0</u>	<u>\$1,898,275</u>	<u>100.0</u>

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

Fiscal Year Ended	Meter Classification								
or Ending June 30,	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
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
2006	7.80	11.70	19.50	39.00	62.40	136.55	234.00	487.55	702.05
2007	8.05	12.05	20.10	40.15	64.30	140.65	241.00	502.15	723.10

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. *Source: Cadillac Utilities Department*

Monthly Ready-To-Serve Charge For Fire Protection Through Fiscal Year Ended June 30, 2007

<u>Line Size</u>	<u>Monthly Ready-To-Serve Charge</u>
3/4"	\$1.80
1"	\$3.05
1-1/2"	\$6.05
2"	\$9.75
3"	\$21.20
4"	\$36.45
6"	\$76.10
8"	\$109.60
10"	\$176.55
12"	\$261.70

Monthly Water Supply Ready-To-Serve Charge By Meter Classification for Fiscal Years Ended June 30, 1998-2007

<u>Fiscal Year Ended</u>	<u>Meter Classification</u>								
<u>or Ending June 30,</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>
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
2006	4.80	7.10	11.85	23.70	37.85	82.90	142.10	296.00	426.30
2007	4.95	7.30	12.20	24.40	39.00	85.40	146.35	304.90	439.10

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. *Source: Cadillac Utilities Department*

Number of Water Supply and Wastewater Treatment Customers for Fiscal Years ended June 30, 1998-2007

Fiscal Year	Water Supply Customers		Wastewater Treatment Customers	
	Number	Percent of	Number	Percent of
		Change		Change
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
2006	3,524	0.11	3,573	0.11
2007	3,517	(0.20)	3,564	(0.25)

**Average Number of Water Supply and Wastewater Treatment Customers By Meter Classification
Fiscal Year Ended June 30, 2007**

Meter Classification	Average Customers	
	Water Supply	Wastewater Treatment
Unmetered	0	176
5/8"	3,185	3,118
3/4"	5	5
1"	130	105
1-1/2"	83	68
2"	86	68
3"	9	9
4"	13	11
6"	5	3
8"	1	1
	3,517	3,564

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. *Source: Cadillac Utilities Department*

Building Authority Operating Fund

2008-2009 City of Cadillac Annual Operating Budget

Cadillac Building Authority

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 and other related items that are contracted for to maintain the facility. The contractual services reflect the contracts for landscaping, fire suppression system, and snow removal. Administration is the fee paid to the DDA fund for their management oversight of the facility. The Building Authority issued debt to fund the construction of this facility. In 1999 the debt was refinanced in order 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 was 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

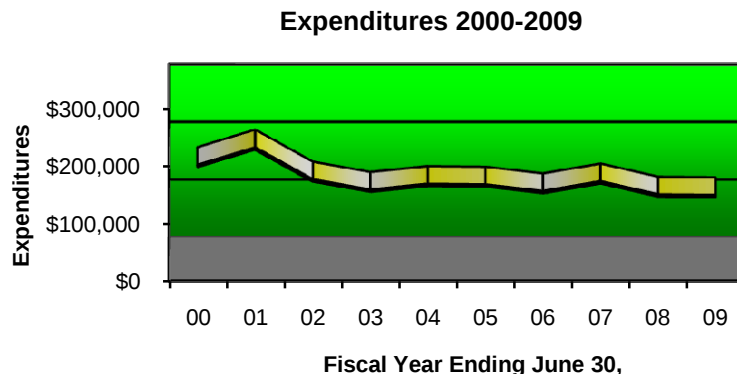
McCurdy & Wotila
City Attorney
City of Cadillac

Secretary - Treasurer:

Owen E. Roberts

Director of Finance
City of Cadillac

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Rental Income	\$195,870	\$195,900	\$195,900	\$195,900
Interest Income	4,970	3,500	5,000	2,000
TOTAL REVENUES	\$200,840	\$199,400	\$200,900	\$197,900
EXPENDITURES				
Building Maintenance	7,096	5,000	5,000	7,000
Contractual Services	29,299	30,000	30,000	30,000
Audit	900	1,000	1,000	1,000
Liability Insurance	593	600	600	700
Utilities	2,982	3,000	2,500	3,000
Administration	5,000	5,000	5,000	5,000
Depreciation	38,435	39,000	35,000	39,900
Debt Service				
Interest Payment	49,600	51,000	46,600	42,000
TOTAL EXPENDITURES	\$133,905	\$134,600	\$125,700	\$128,600
TOTAL NET ASSETS AT YEAR END				
Change in Net Assets	\$66,935	\$64,800	\$75,200	\$69,300
Total Net Assets - Beginning of Year	395,242	462,177	526,977	526,977
TOTAL NET ASSETS AT YEAR END	\$462,177	\$526,977	\$602,177	\$596,277



Net Assets

Net assets are reserved for debt service and any unanticipated maintenance issues as the building ages. In FY2009, the carpet throughout the office building is expected to be replaced, using a portion of the on-hand reserves to cover the capital costs.

Source and Use of Funds For Capital Improvements
2008-2009
Source of Funds

 Operational funds 45,500
Total Source of Funds \$45,500
Use of Funds

 Carpet Replacement 45,500
Total Use of Funds \$45,500
Cash Flow Analysis
2008-2009
Additions:

Net Gain from Operations 69,300

 Depreciation 39,900
Total Additions \$109,200

Deductions:

Principal Payment 105,000

 Carpet Replacement 45,500
Total Deductions \$150,500

Net Increase (Decrease) in Cash (\$41,300)

Note: There are sufficient reserves on hand to cover the decrease in cash anticipated in 2009.

Outstanding Debt Issues

TITLE OF ISSUE: 1999 Building Authority Fund Refunding Bonds **DATE OF ISSUE:** February 2, 1999

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,

DEBT SERVICE DETAILS

		AMOUNT REDEEMED		<u>Balance</u>
		Prior	Current	
AMOUNT OF ISSUE:	\$1,265,000	\$185,000	\$105,000	\$975,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
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
		\$975,000	\$187,777	\$1,162,777

Non-Major Special Revenue Funds Summary

2008-2009 City of Cadillac Annual Operating Budget

Special Revenue Funds

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.

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 and Housing and Urban Development funds to assist low and moderate income families to bring their homes up to the city building codes.

Building Inspection Fund - 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

	Cemetery Fund	H. L. Green Operating Fund	Naval Reserve Center Fund	Building Inspection Fund	Cadillac Development Fund	Milfoil Eradication Fund	Total
REVENUES							
Interest Income	\$3,500	\$4,500	\$2,100		\$25,000	\$4,500	\$39,600
Interest Income-Loan					27,500		\$27,500
Principal Repayment-Loan		26,500					\$26,500
Rental			\$39,300				\$39,300
Building Permits				75,000			\$75,000
Heating and Fence Permits				500			\$500
Charges for Services	\$54,400						\$54,400
Local Funds	20,000			33,000			\$53,000
General Fund	68,400						\$68,400
Special Assessment Revenue						82,500	\$82,500
Surplus					45,500		\$45,500
TOTAL REVENUES	\$146,300	\$31,000	\$41,400	\$108,500	\$98,000	\$87,000	\$512,200
EXPENDITURES							
Audit							\$4,100
Operating Expenditures	600	700	400	500	1,400	500	\$371,700
Community Development	145,700		34,700	108,000	26,800	56,500	\$36,800
Capital Outlay					36,800		\$0
Transfer to Debt Retirement		19,000					\$19,000
Transfer Out					33,000		\$33,000
TOTAL EXPENDITURES	\$146,300	\$19,700	\$35,100	\$108,500	\$98,000	\$57,000	\$464,600
Change in Fund Balance	\$0	\$11,300	\$6,300	\$0	(\$45,500)	\$30,000	\$2,100
Fund Balance - Beginning of Year	51,894	37,260	56,750	596	1,503,303	76,129	\$1,725,932
Fund Balance - End of Year	\$51,894	\$48,560	\$63,050	\$596	\$1,457,803	\$106,129	\$1,728,032

Footnotes:

(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.

Cemetery Operating Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

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.

The General Fund of the City funds approximately 47% of Cemetery operations. This is below the average of other cemeteries in Northern Michigan. This contribution is shown for the first time in FY2009. Historically the General Fund has provided administrative support services at no cost to the Cemetery, but in an effort to more accurately reflect true costs, these amounts are now shown separately.

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 the cemetery supervisor and two part-time maintenance workers. These part-time workers do not work during the winter months, but begin working when the snow melts to maintain the Cemetery.

Advisory Board

Roy Wohlford, Jr., *Chairperson*
Del Packard, *Member*
Nick Nelson, *Member*
Janice Nelson, *Secretary*
Robert Johnson, *Ex-Officio Public Works Director*

Proposed Capital Outlay in 2008-2009:

None	\$0
Total	\$0

Rate Structure

Rates were reviewed and increased in 2006. Rates were further analyzed in 2007 and a slight adjustment was made to ensure equity in burial costs regardless of burial time. Perpetual Care interest has been declining due to the interest rate market, which coupled with the elimination of the availability of prison labor has made it much more difficult to fund the operations of the Cemetery. The rates continue to be 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, and a General Fund contribution will be required to fund 47% of Cemetery operations in FY2009.

Revenues

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 2008-2009, it is anticipated interest earnings from Perpetual Care will generate less revenue compared to the past few years due to the depressed investment market.

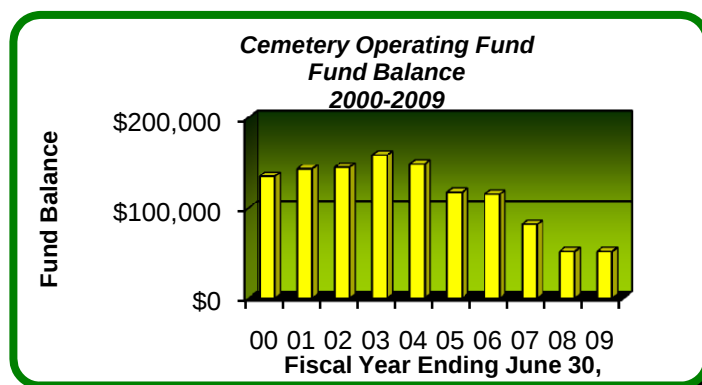
The charges and services are based on a three-year trend as it is difficult to predict the accurate number of burials.

Year	Burials	Cremaains	Revenue	Lots sold
2007	44	34	\$50,129	30
2006	57	31	\$59,062	45
2005	94	32	\$54,165	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

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Charges for Services Rendered	\$50,129	\$55,500	\$56,400	\$54,400
Miscellaneous	25,331	27,000	35,000	23,500
General Fund Contribution	0	0	0	68,400
Surplus	0	30,000	1,000	0
TOTAL REVENUES	\$75,460	\$112,500	\$92,400	\$146,300
EXPENDITURES				
Salaries & Fringes	\$61,920	\$77,500	\$58,900	\$99,500
Operational Expenses	35,051	33,700	32,200	45,200
Capital Outlay	11,773	1,300	1,300	0
TOTAL EXPENDITURES	\$108,744	\$112,500	\$92,400	\$144,700
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenditures	(\$33,284)	(\$30,000)	(\$1,000)	\$1,600
Fund Balance - Beginning of Year	115,178	81,894	81,894	51,894
FUND BALANCE AT YEAR END	\$81,894	\$51,894	\$80,894	\$53,494

Fund Balance

The fund balance has been declining for several years due to added costs of operating the cemetery. Much of this increase in costs is related to labor. The State of Michigan has eliminated the availability of prison labor, thus requiring the Cemetery to hire part time workers to help maintain the Cemetery. This costs significantly more than the low rate at which prison labor was formerly available.



General Fund Contribution

Historically the City has made no contribution from the General Fund to cover Cemetery operating costs. However, the City has contributed administrative oversight at no cost. In an effort to more accurately reflect the cost of operating the Cemetery, these costs are now accounted for separately. This has made it necessary to show a General Fund contribution in order to fully cover annual operating costs.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Charges For Services:				
Sale of Lots & Burial Rites	\$8,900	\$11,000	\$10,300	\$9,900
Grave Openings & Storage	32,850	33,000	34,800	34,000
Foundations & Miscellaneous	8,379	11,500	11,300	10,500
Miscellaneous:				
Interest Income	3,760	7,000	5,300	3,500
Transfer In - Perpetual Care	21,326	20,000	29,700	20,000
Contributions from Private Sources	245	0	0	0
Contribution from General Fund	0	0	0	68,400
Surplus	0	0	1,000	0
TOTAL REVENUES	\$75,460	\$82,500	\$92,400	\$146,300
EXPENDITURES				
Salaries - Regular	\$26,608	\$26,500	\$26,500	\$37,100
Salaries - Part Time	21,821	35,000	16,500	38,600
Fringes	13,491	16,000	15,900	23,800
Liability Insurance	79	100	100	100
Operating Supplies	9,417	7,500	7,500	9,200
Audit	600	700	600	600
Utilities	12,800	11,700	9,000	10,500
Telephone	493	300	300	500
Equipment Rental	2,784	3,500	5,300	8,200
Administration	0	0	0	8,700
Data Processing	4,000	4,500	4,500	2,500
Travel & Education	399	400	400	400
Repair and Maintenance	4,479	5,000	4,500	4,500
Capital Outlay	11,773	1,300	1,300	0
TOTAL EXPENDITURES	\$108,744	\$112,500	\$92,400	\$144,700

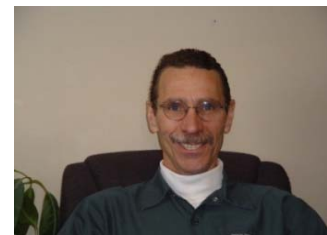
Administrative Salaries

A portion of administrative salaries are allocated to this fund according to the estimated time spent on Cemetery activities, as follows:

Allen Dumond	Parks & Cemetery Superintendent	5.0%
Bryan Elenbaas	Cemetery Supervisor	85.0%
Tera Veddler	Secretary	2.0%

Salaries - Part Time

Due to the elimination of prison labor availability from the State of Michigan, the Cemetery will need to hire 2 part-time workers to keep up with the daily maintenance of the Cemetery. This has added significant costs to the Cemetery and will create long-term challenges that need to be addressed to insure the long-term stability of the Cemetery operation.



Bryan Elenbaas
Cemetery Supervisor



Allen Dumond

*City of Cadillac
Superintendent of Parks and Cemetery*

*Board of Directors, Michigan Association of
Municipal Cemeteries, 2007-2010*

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

A recent survey taken in the winter of 2007 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-\$1,475	\$175	\$175	\$155
Single	\$475	\$450 - \$3,450	\$515	\$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	\$0.40	\$0.27	n/a	\$0.30	\$0.40
<u>Grave Openings</u>					
Normal Working Hours					
4/16 to 10/31	\$500	\$400	\$515	\$475	\$485
11/1 to 4/15	\$575	\$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	\$325	\$220
Infants 11/15 to 4/15	\$190				
Sat. or after 3:30 P.M.	n/a	\$550	\$915	\$875	\$565
11/15 to 4/14	\$190	n/a	\$915	\$575	525-625
<u>Cremations</u>					
Saturdays	\$250	\$190	\$240	\$250	\$125
	\$275	\$290	n/a	n/a	n/a
Percent of General Fund Contribution	47%	82%	60%	78%	77%
Annual Budget	\$144,700	\$575,500	\$152,000	\$358,600	\$156,000

H.L. Green Operating Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

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

The **purpose** of this fund is to track revenues and expenses associated with the operation of the building, to assure receipt of land contract payments, and 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

In FY2009, most of the expenditures will be allocated towards repaying the contribution from the Cadillac Downtown Fund. This amount is expected to be fully repaid over the next three fiscal years.



The H.L. Green Building is nestled in the heart of beautiful downtown Cadillac.

"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"....

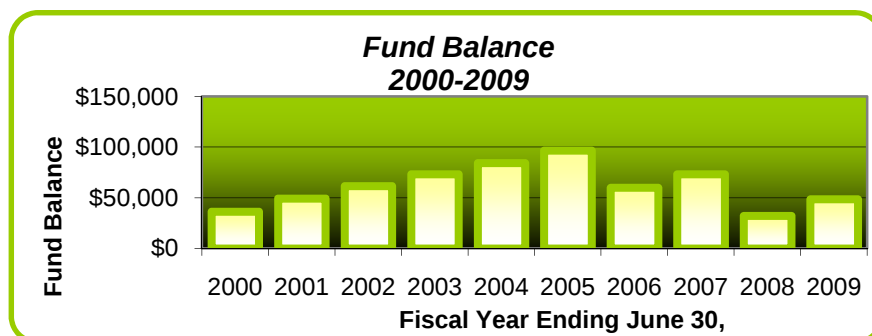
AAA Michigan Living January 2000



	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Land Contract - Grant	\$24,640	\$25,500	\$29,000	\$26,500
Interest Income	8,446	6,900	500	4,500
Surplus	0	45,200	41,100	0
TOTAL REVENUES	\$33,086	\$77,600	\$70,600	\$31,000
EXPENDITURES				
Audit	\$600	\$700	\$600	\$700
Principal Payment	0	76,900	70,000	19,000
Cadillac Development Fund	10,000	0	0	0
TOTAL EXPENDITURES	\$10,600	\$77,600	\$70,600	\$19,700
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	\$22,486	(\$45,200)	(\$41,100)	\$11,300
Fund Balance - Beginning of Year	59,974	82,460	82,460	37,260
FUND BALANCE AT YEAR END	\$82,460	\$37,260	\$41,360	\$48,560

Principal Payment

To complete the project of renovating the H.L. Green building prior to its sale, four sources of funding were used. One was a loan from the State of Michigan, which was paid off in 2006. The next two were internal transfers from the Cadillac Development Fund and the Community Development Fund. The Cadillac Development Fund was repaid in full in 2006, and the Community Development Fund will be repaid in full in 2008. Lastly, funds were contributed from the Cadillac Downtown Fund with the understanding that they would be repaid with funds available after all other obligations had been met. There is an outstanding balance of \$56,897.12 which will begin to be repaid in 2009. The proposed budget for 2009 represents the first payments towards this amount, which is anticipated to be paid back - interest free - over the next three fiscal years.



Naval Reserve Fund

2008-2009 City of Cadillac Annual Operating Budget

Origin



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.

Nature and Purpose

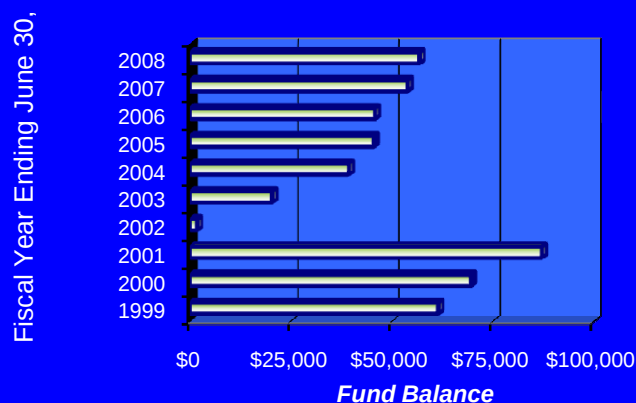
The City of Cadillac has converted the Naval Reserve Center into a Community Building. The OASIS/Family Resource Center, YMCA Teen Center, Cadillac Footlitters Community Theater, Senior Citizens Center, Cadillac Genealogy Society, and City of Cadillac Parks Division currently rent space at the building. 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. The flat section of the roof was previously scheduled for replacement, but the project has been postponed until a later date when funds are available. Funds are currently being set aside to accomplish the roofing project.

Fund Balance

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 and is being designated towards the repair of the roof.

**Naval Reserve Center Fund Balance
1999-2008**



	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Interest Income	\$2,314	\$1,700	\$1,000	\$2,100
Rental Income:				
City of Cadillac Parks Division	1,100	1,500	1,500	1,500
Oasis Rental	21,271	22,400	22,400	23,600
Senior Citizens Center	3,500	4,000	4,000	4,000
YMCA	6,058	5,000	5,800	6,100
Footliters	3,111	3,300	3,300	3,400
Wexford Genealogical Society	401	600	600	500
Northernlight Church of God	0	600	0	200
Surplus	0	0	0	0
TOTAL REVENUES	\$37,755	\$39,100	\$38,600	\$41,400
EXPENDITURES				
Building Maintenance	\$6,338	\$13,000	\$13,600	\$9,000
Audit	400	\$500	400	400
Liability Insurance	605	600	600	700
Utilities	22,393	22,000	24,000	25,000
Capital Outlay	0	0	0	0
TOTAL EXPENDITURES	\$29,736	\$36,100	\$38,600	\$35,100
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	\$8,019	\$3,000	\$0	\$6,300
Fund Balance - Beginning of Year	45,731	53,750	53,750	56,750
FUND BALANCE AT YEAR END				
Undesignated	39,542	39,542	39,542	39,542
Designated - Roof Replacement	14,208	17,208	14,208	23,508
	\$53,750	\$56,750	\$53,750	\$63,050

Oversight and Property Management

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

Designated Fund Balance

Management has determined that the roof will need to be replaced at the Naval Reserve facility in the next few years. As such, annual increases in fund balance are being designated to this project to build up the reserves to fund the project. Early estimates are that the project will cost approximately \$100,000.

Cadillac Development Fund

2008-2009 City of Cadillac Annual Operating Budget

Origin and Purpose

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



Use of Funds

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 ten loans have been made to date. Additional commercial redevelopment programs and opportunities are currently under exploration.



Precia Garland
DDA Director

Façade Improvement Loans Granted

108 Beech Street
102 South Mitchell Street (2)
106 South Mitchell Street
112 South Mitchell Street
114 South Mitchell Street
118 South Mitchell Street
134 West Harris Street
408 North Mitchell Street
823 North Mitchell Street
117 North Mitchell Street

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Interest Income	\$65,722	\$60,000	\$46,000	\$25,000
Interest Income - Loans	(6,260)	\$0	\$0	27,500
Loan Principal Collection	1,488	\$1,600	\$0	0
Contributions from Private Sources	3,279	\$0	\$0	0
Transfer In	271,171	0	0	0
Surplus	0	0	27,500	45,500
TOTAL REVENUES	\$335,400	\$61,600	\$73,500	\$98,000
EXPENDITURES				
Urban Redevelopment and Housing Administration	\$30,363	\$41,200	\$41,300	\$60,800
Community Development Director	33,406	32,800	32,200	36,800
	\$63,769	\$74,000	\$73,500	\$97,600
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenditures	\$271,631	(\$12,400)	(\$27,500)	(\$45,100)
Fund Balance - Beginning of Year	1,244,072	1,515,703	1,515,703	1,503,303
FUND BALANCE AT YEAR END	\$1,515,703	\$1,503,303	\$1,488,203	\$1,458,203

Transfer In

Community Development Fund was merged with this fund in 2007. Transfer In represents the remaining Fund Balance from the Community Development Fund coming in to the Cadillac Development Fund. Funds originated 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 were beginning to decline as the fund matures and it was decided to merge with this fund.

Interest Income - Loans

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

EXPENDITURES	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
Urban Redevelopment and Housing Administration				
Office Supplies	(\$49)	\$100	\$100	\$100
Postage	62	200	200	200
Data Processing	4,000	4,500	4,500	4,500
Audit	1,350	1,000	1,400	1,400
Contractual Services	0	300	0	2,500
Administration	15,000	17,600	17,600	19,100
Transfer Out - Building Inspection Fund	10,000	17,500	17,500	33,000
Total Administration	\$30,363	\$41,200	\$41,300	\$60,800
Community Development Director				
Salaries	\$24,322	\$25,000	\$25,000	\$26,800
Fringes	3,460	5,000	4,900	7,300
Office Supplies	169	300	300	300
Postage	100	300	300	300
Dues and Publications	399	700	500	600
Telephone	0	0	200	0
Travel & Education	512	1,000	1,000	1,000
Public Works	4,444	0	0	0
Property Taxes	0	500	0	500
Total Community Development Director	\$33,406	\$32,800	\$32,200	\$36,800
TOTAL EXPENDITURES	\$63,769	\$74,000	\$73,500	\$97,600

Community Development Director

The community development director is a full-time position funded 40% by the Community Development Fund, 30% by the General Fund and 30% 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.

Transfer Out - Building Inspection Fund

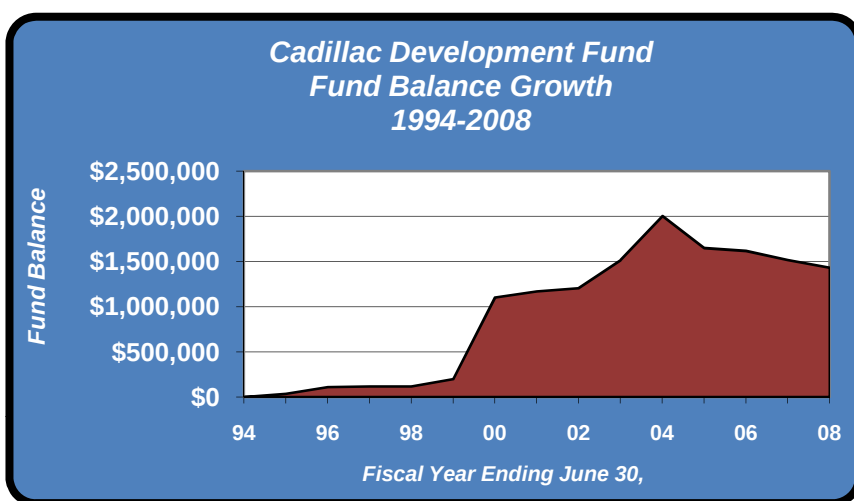
Transfers are made to the Building Inspection Fund to help sustain this activity through difficult economic times.

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.

Fund Balance

The fund balance in this fund has experienced very positive results since the Hampton Inn loan was repaid in 2000. The resources in this fund continue to provide funds for development purposes, including the funds committed to sustaining city building inspection activities. A portion of the fund balance has been used over the last several years, as interest earnings have dropped and increased contributions have been made to various development activities.



Low-Interest Façade Improvement Program

The picture to the left is an excellent example of the use of these funds for façade improvements. The City participated with the City Park Professional group and Citizens Bank to help assist the redevelopment of the façade of a prominent downtown building. This provided a very significant enhancement to the downtown area and also helped enable re-use of an older downtown structure.

Building Inspection Fund

2008-2009 City of Cadillac Annual Operating Budget

Building Inspector

Bob Hunt joined the City of Cadillac in January of 2006 as Building Inspector, Electrical Inspector and Plan Reviewer. Before joining the City he was employed by Otsego County in a similar capacity. 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 his duties with the City, Bob functions as the following:

- > Building Official
- > Flood Plan Manager
- > Plan Reviewer
- > Electrical Inspector
- > Soil Erosion Enforcement Officer
- > Rental Housing Program Director



Cindy Cornell
Building Department Secretary

The Insurance Services Office, Inc. (ISO) provides advisory insurance underwriting and rating information to insurers and has completed a 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.

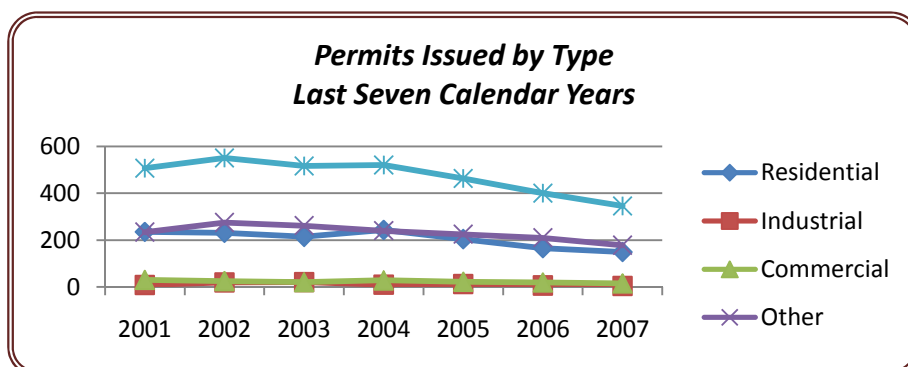
Legislative Mandate

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."

		Budget		
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Building Permits	\$88,061	\$70,000	\$81,000	\$75,000
Heating and Fence Permits	345	3,000	2,700	500
Cadillac Development Fund	10,000	17,500	17,500	33,000
Sale of Code Books	197	100	0	0
Interest Income	448	100	0	0
TOTAL REVENUES	\$99,051	\$90,700	\$101,200	\$108,500

EXPENDITURES				
Salaries	\$56,571	\$58,000	\$57,500	\$60,800
Fringes	25,765	29,000	31,800	35,100
Office Supplies	1,327	2,700	2,800	2,500
Postage	761	800	1,100	1,100
Audit	400	500	400	500
Data Processing	3,200	4,000	4,000	4,000
Dues & Publications	580	600	600	1,000
Telephone	0	0	0	0
Travel & Education	2,324	1,300	2,000	2,000
Publishing Costs	0	0	500	500
Equipment Rental	327	0	500	1,000
Capital Outlay	1,000	0	0	0
TOTAL EXPENDITURES	\$92,255	\$96,900	\$101,200	\$108,500

FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	6,796	(6,200)	0	0
Fund Balance - Beginning of Year	0	6,796	6,796	596
FUND BALANCE AT YEAR END	\$6,796	\$596	\$6,796	\$596



Building Permit Fee Schedule

New Construction -

Current Fees

Approved 7/1/05

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

\$305 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 \$0.03/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

\$30

(fire sprinklers, alarms, etc.)

Permit Fees

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 Last 10 Calendar Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Description										
Multi-Family	2	1	5	8	5	3	3	8	21	3
New Single Family	41	36	44	21	42	27	36	30	14	11
Houses Razed	9	7	9	5	7	6	8	3	5	0
Home Additions/Repairs	109	138	150	161	153	138	170	140	116	122
New Garages/Sheds	39	34	47	34	22	38	23	23	8	12
Garages Razed	1	0	1	6	2	2	3	0	1	1
Church Additions/Repairs	0	2	4	3	3	4	2	2	3	2

Industrial:										
New	2	1	1	0	1	4	0	0	0	0
Razed	2	0	0	0	0	1	1	0	0	0
Addition/Repairs	14	18	13	8	18	15	8	12	6	4

Commercial:										
New	3	1	3	4	1	3	0	0	0	1
Razed	5	2	4	3	1	0	1	0	0	0
Addition/Repairs	30	22	19	23	23	17	27	22	18	14

Public Building:										
Addition/Repairs	0	1	0	1	7	0	1	0	0	0
Excavation/Fill	6	6	2	1	5	3	2	1	1	0
Total	263	269	302	278	290	261	285	241	193	170

Summary by Type:										
Residential	201	218	260	238	234	218	245	206	168	151
Industrial	18	19	14	8	19	20	9	12	6	4
Commercial	38	25	26	30	25	20	28	22	18	15
Public	6	7	2	2	12	3	3	1	1	0
Other	0	0	0	0	0	0	0	0	0	0
Total	263	269	302	278	290	261	285	241	193	170

Total Permits Issued

2007	348	Additional Permits:	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
2006	403	Fences	44	45	39	41	40	33	17
2005	466	Mechanical	165	192	198	169	168	64	0
2004	525	Signs	25	38	25	30	17	21	15
2003	523	Electrical	0	0	0	0	0	92	146
2002	565	* New Building Inspector Bob Hunt does not do mechanical permits, but now issues electrical permits.							
2001	512								
2000	571								

Data furnished by the City Building Department

Milfoil Eradication Fund

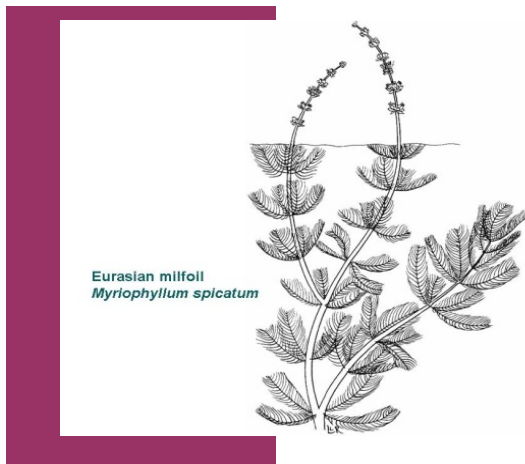
2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

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 per year of the assessment. 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.

Assessment Reduction:

Due to the costs of treatment falling below what was anticipated, the board has decided to reduce the FY2009 assessment by 25%. This reduction will save property owners money, yet will continue to enable the assessment to provide funding for ongoing treatment. The year-end reserves will also be used in subsequent years for future treatment.



Milfoil is very invasive and has the potential of choking other life out of a lake. Complete elimination is impossible, making ongoing treatment activities critical to the longterm health of the lake.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Special Assessment Payments	\$110,784	\$110,000	\$110,000	\$82,500
Contributions From Private Sources	11,950	0	0	0
Interest Income	3,624	3,500	1,200	4,500
TOTAL REVENUES	\$126,358	\$113,500	\$111,200	\$87,000
EXPENDITURES				
Contractual Services	\$56,629	\$65,000	\$106,100	\$55,000
Supplies	0	1,000	2,500	1,500
Audit	400	500	400	500
Transfer	0	40,200	0	0
TOTAL EXPENDITURES	\$57,029	\$106,700	\$109,000	\$57,000
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	\$69,329	\$6,800	\$2,200	\$30,000
Fund Balance - Beginning of Year	0	69,329	76,129	76,129
FUND BALANCE AT YEAR END	\$69,329	\$76,129	\$78,329	\$106,129

Transfer Out

The General Fund of the City transferred money to this fund in 2006 to cover costs of treatment that were incurred prior to the collection of the first special assessments. This amount has been transferred back to the General Fund in FY2008.

Contractual Costs:

FY2009 (Budgeted Costs - Third and final full year of treatment program)

Treatment Expenses	45,000	
Engineering - Treatment Design Costs	5,000	
		\$50,000

FY2008 (Estimated Costs - Second full year of treatment program)

Treatment Expenses	65,000	
Engineering - Treatment Design Costs	7,000	
		\$72,000

FY2006/2007 (Actual Costs - First full year of treatment program)

Treatment Expenses	83,437	
Engineering - Treatment Design Costs	18,742	
		\$102,179
Total		224,179

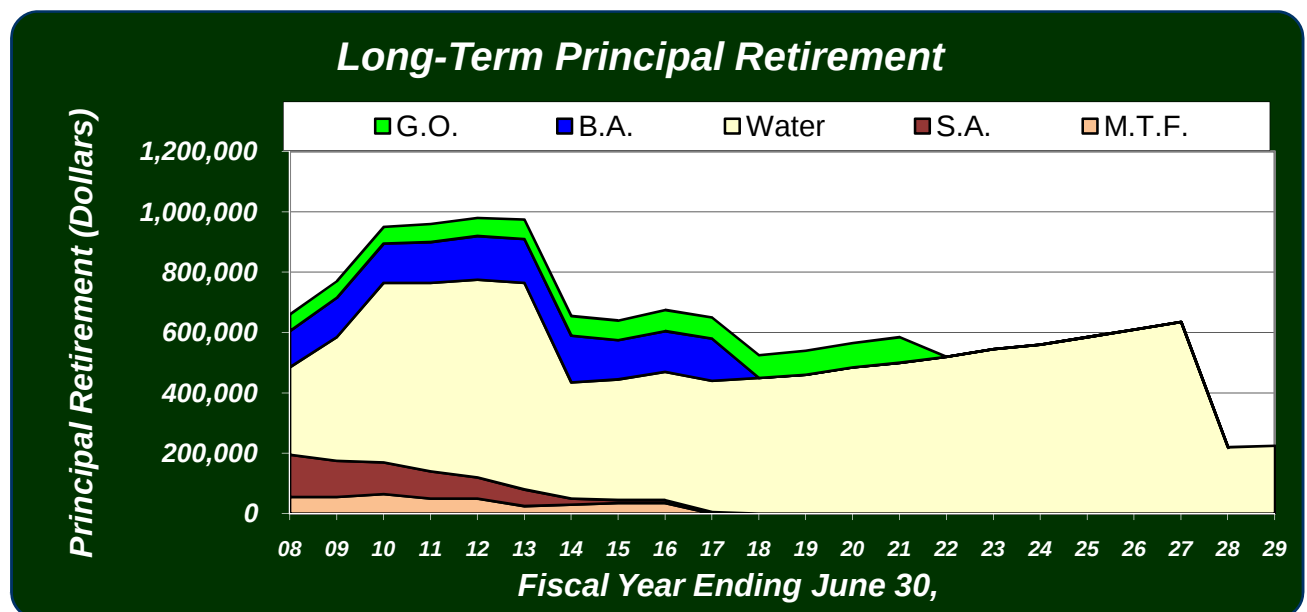
Debt Management Policy

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, 2007

Taxable Valuation			<u>\$271,606,409</u>
Statutory Debt Limit - 10% of Assessed Valuation			\$27,160,641
Amount of Debt Applicable to Limit:			
Gross Bonded Debt		\$11,317,000	
Less			
Assets Available for Debt Service	5,300		
Bond Debt Not Subject To Limit:			
Special Assessment Bonds	485,000		
Revenue Bonds	8,005,000		
Other Debt	1,432,000	9,927,300	
Total Amount of Debt Applicable to Debt Limit			<u>1,389,700</u>
LEGAL DEBT MARGIN			<u><u>\$25,770,941</u></u>

DIRECT AND OVERLAPPING DEBT - JUNE 30, 2007

		GROSS BONDED DEBT	(1) EXCLUSIONS	NET BONDED DEBT
<u>DIRECT DEBT:</u>				
Outstanding Bonds				
General Obligation		\$1,395,000	\$5,300	\$1,389,700
Special Assessment		485,000	485,000	0
Revenue Bonds				
Water and Sewer		6,925,000	6,925,000	0
Primary Government		1,080,000	1,080,000	0
Other		1,432,000	1,432,000	0
Total Direct Debt		<u>\$11,317,000</u>	<u>\$9,927,300</u>	<u>\$1,389,700</u>
	(2)			
<u>GROSS OVERLAPPING DEBT</u>	<u>% APPLICABLE</u>			
Cadillac Area Public Schools	39.49%	\$8,393,600	\$0	\$8,393,600
Wexford County	28.25%	1,428,320	0	1,428,320
Total Gross Overlapping Debt		<u>\$9,821,920</u>	<u>\$0</u>	<u>\$9,821,920</u>
NET DIRECT AND OVERLAPPING DEBT		<u><u>\$21,138,920</u></u>	<u><u>\$9,927,300</u></u>	<u><u>\$11,211,620</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.

Nonmajor Debt Service Funds Summary

Debt Summary

2008-2009

			July 1, 2008 - June 30, 2009	
			Debt Service Payments	
Description of Debt	Fund Servicing Debt	Debt Outstanding June 30, 2008	Principal	Interest
Bonds and Installment Notes				
1996	Special Assessment	55,000	30,000	2,230
1997	Special Assessment	95,000	25,000	4,457
2000	Special Assessment	65,000	15,000	3,154
2002	Special Assessment	150,000	35,000	5,824
1997	Building Authority	140,000	25,000	6,587
1999	Building Authority	975,000	105,000	41,634
Revenue Bonds				
1999	Water and Wastewater	1,445,000	60,000	65,870
2001	Water and Wastewater	5,165,000	10,000	253,389
2007	State of Michigan SRF	3,870,000		33,365
Michigan Transportation Bonds				
1996	Local Street	75,000	25,000	3,438
1997	Local Street	15,000	15,000	401
2000	Local Street	200,000	25,000	10,329
General Obligation Bonds				
2004	Major/Local Streets	830,000	55,000	29,625
Total Debt		\$13,080,000	\$425,000	\$460,303

<u>Fiscal Year Ending June 30,</u>	<u>Total Debt Per Capita</u> (inclusive of all funds) <u>2000 Census - 10,000</u>		<u>Rate of Principal Retirement</u>	
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		2007	6.92%
2008	988.50		2007	7.49%
2009 *	1,308.00		2007	7.49%

* Per Capita debt increased in 2007 due to the securing of a low-interest loan from the State of Michigan in the amount of \$3,870,000. This loan is to fund a substantial improvement project at the Wastewater Treatment Plant, and will be paid for with Water and Sewer system revenues.

Nonmajor Debt Service Funds Summary

2008-2009

	1996 S.A.	1997 S.A.	2000 S.A.	2002 S.A.	1997 Building Authority
Revenues:					
Local Contribution - Local Street					
Local Contribution - Major Street					
Special Assessments	\$16,000	\$15,000	\$7,800	\$11,000	\$32,100
Interest Income - Assessments	3,000	3,700	2,000	3,400	
Interest Income	2,000	3,000	500		
Transfer in				97,000	
Surplus	69,300	48,900	8,900		
Total Revenues	\$90,300	\$70,600	\$19,200	\$111,400	\$32,100
Expenditures					
Audit	\$600	\$600	\$600	\$600	\$400
Bond Principal Payment	30,000	25,000	15,000	35,000	25,000
Interest Expense	2,700	5,000	3,600	6,300	6,700
Transfer out	57,000	40,000			
Total Expenditures	\$90,300	\$70,600	\$19,200	\$41,900	\$32,100
Revenue Over (Under) Expenditures (1)	(\$69,300)	(\$48,900)	(\$8,900)	\$69,500	\$0

	2004 G.O. Capital				Total
	1996 M.T.F.	1997 M.T.F.	2000 M.T.F.	Improvement	
Revenues:					
Local Contribution - Local Street	\$29,200	\$16,300	\$36,300	\$67,500	\$149,300
Local Contribution - Major Street				18,000	18,000
Special Assessments					81,900
Interest Income - Assessments					12,100
Interest Income					5,500
Transfer In					97,000
Surplus					127,100
Total Revenues	\$29,200	\$16,300	\$36,300	\$85,500	\$490,900
Expenditures					
Audit	\$400	\$400	\$400	\$400	\$4,400
Bond Principal Payment	25,000	15,000	25,000	55,000	250,000
Interest Expense	3,800	900	10,900	30,100	70,000
Transfer Out					97,000
Total Expenditures	\$29,200	\$16,300	\$36,300	\$85,500	\$421,400
Revenue Over (Under) Expenditures	\$0	\$0	\$0	\$0	(\$57,600)

(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 of this document.

1996 Special Assessment Debt Retirement Fund

2008-2009 City of Cadillac Annual Operating Budget

TITLE OF ISSUE: 1996 Special Assessment Limited Tax Bonds

DATE OF ISSUE: May 1, 1996

PURPOSE: Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.

DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		
		<u>Prior</u>	<u>Current</u>	<u>Balance</u>
	\$425,000	\$340,000	\$30,000	\$55,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
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
		\$55,000	\$3,499	\$58,499

Five Year Projections

	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014
Revenues					
Special Assessments	\$14,000	\$10,000	\$0	\$0	\$0
Interest Income - Assessments	2,700	1,200	0	0	0
Surplus	200	0	0	0	0
Total Revenues	\$16,900	\$11,200	\$0	\$0	\$0

Expenditures					
Audit	\$700	\$700	\$0	\$0	\$0
Principal Payment	15,000	10,000	0	0	0
Interest Expense	1,200	500	0	0	0
Total Expenditures	\$16,900	\$11,200	\$0	\$0	\$0

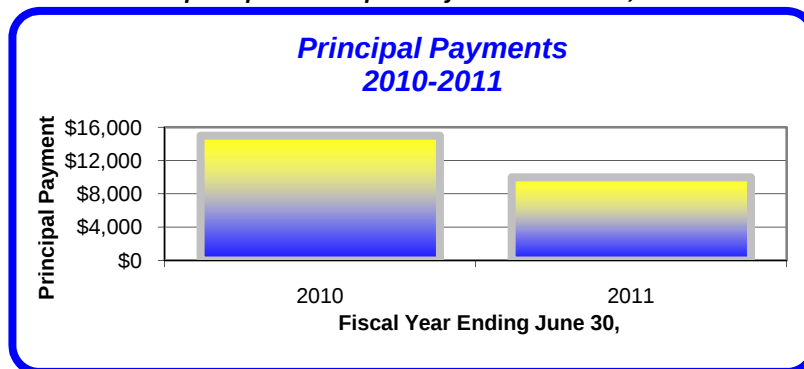
Bond issue will be paid in full on October 1, 2010.

	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
REVENUES				
Special Assessments	\$17,096	\$15,000	\$15,000	\$16,000
Penalties and Interest	0	0	0	0
Interest Income	4,182	5,000	0	2,000
Interest Income - Assessments	4,092	5,000	5,000	3,000
Surplus	0	9,900	14,900	69,300
TOTAL REVENUES	\$25,370	\$34,900	\$34,900	\$90,300
EXPENDITURES				
Audit	\$540	\$600	\$600	\$600
Office Supplies	3	0	0	0
Bond Principal Paid	30,000	30,000	30,000	30,000
Interest Expense	5,778	4,300	4,300	2,700
Transfer Out - 2002 S.A. Debt Retirement Fund	0		0	57,000
TOTAL EXPENDITURES	\$36,321	\$34,900	\$34,900	\$90,300
FUND BALANCE AT YEAR END				
Net Change in Fund Balance	(\$10,951)	(\$9,900)	(\$14,900)	(\$69,300)
Fund Balance - Beginning of Year	120,834	109,883	99,983	99,983
FUND BALANCE AT YEAR END	\$109,883	\$99,983	\$85,083	\$30,683

Transfer Out

Any fund balance exceeding the remaining debt service requirements is transferred to the next outstanding debt retirement fund

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



1997 Special Assessment Debt Retirement Fund

2008-2009 City of Cadillac Annual Operating Budget

TITLE OF ISSUE: 1997 Special Assessment Limited Tax Bonds

DATE OF ISSUE: May 1, 1997

PURPOSE: Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.

DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		
		<u>Prior</u>	<u>Current</u>	<u>Balance</u>
	\$360,000	\$240,000	\$25,000	\$95,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
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
		\$95,000	\$9,881	\$104,881

Five Year Projections

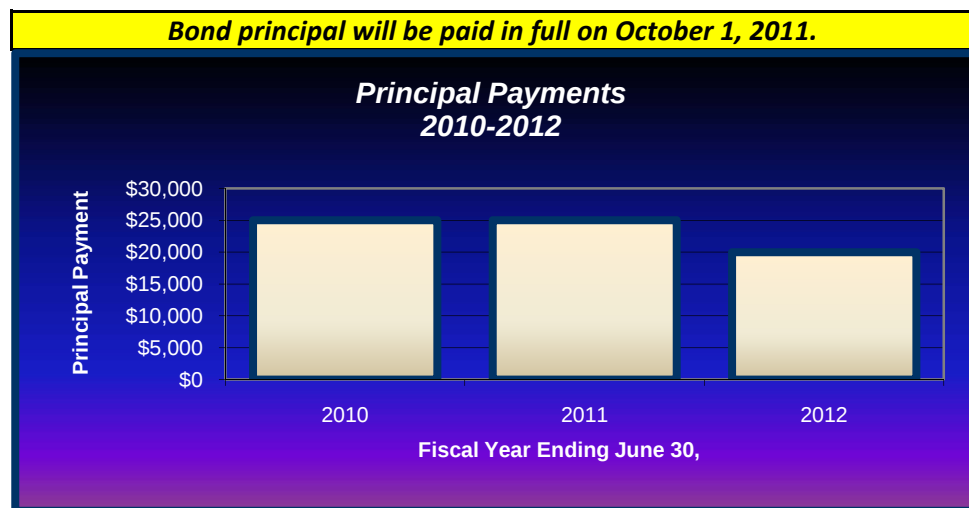
Revenues

	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014
Special Assessments	\$13,000	\$10,000	\$10,000	\$0	\$0
Interest Income - Assessments	6,000	4,000	4,000	0	0
Surplus	10,000	13,700	7,700	0	0
Total Revenues	\$29,000	\$27,700	\$21,700	\$0	\$0

Expenditures

Audit	\$700	\$700	\$700	\$0	\$0
Principal Payment	25,000	25,000	20,000	0	0
Interest Expense	3,500	2,000	1,000	0	0
Total Expenditures	\$29,200	\$27,700	\$21,700	\$0	\$0

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Special Assessments	\$16,752	\$16,000	\$20,000	\$15,000
Interest Income - Assessments	4,716	7,000	6,000	3,700
Interest Income	3,962	700	0	3,000
Surplus	0	38,300	36,000	48,900
TOTAL REVENUES	\$25,430	\$62,000	\$62,000	\$70,600
EXPENDITURES				
Audit	\$540	\$600	\$600	\$600
Office Supplies	4		0	0
Bond Principal Paid	25,000	25,000	25,000	25,000
Interest Expense	7,427	6,400	6,400	5,000
Transfer Out - 2002 S.A. Debt	100,000	30,000	30,000	40,000
TOTAL EXPENDITURES	\$132,971	\$62,000	\$62,000	\$70,600
FUND BALANCE AT YEAR END				
Net Change in Fund Balance	(\$107,541)	(\$38,300)	(\$36,000)	(\$48,900)
Fund Balance - Beginning of Year	279,216	171,675	171,675	133,375
FUND BALANCE AT YEAR END	\$171,675	\$133,375	\$135,675	\$84,475



2000 Special Assessment Debt Retirement Fund

2008-2009 City of Cadillac Annual Operating Budget

TITLE OF ISSUE: 2000 Special Assessment Limited Tax Bonds

DATE OF ISSUE: June 1, 2000

PURPOSE: Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.

DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		
		<u>Prior</u>	<u>Current</u>	<u>Balance</u>
	\$210,000	\$125,000	\$20,000	\$65,000

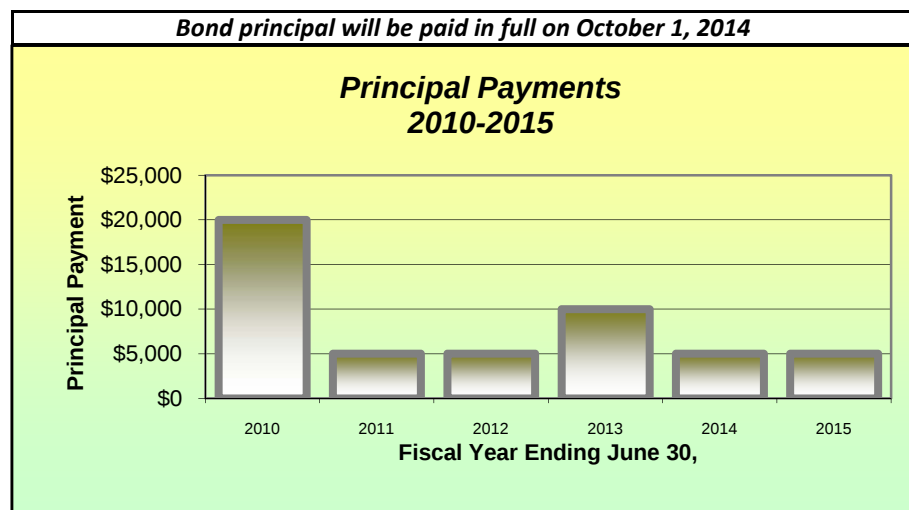
DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2008	5.45%	\$15,000	\$1,781	\$16,781
April 1, 2009			\$1,373	\$1,373
October 1, 2009	5.45%	\$20,000	\$1,373	\$21,373
April 1, 2010			\$827	\$827
October 1, 2010	5.50%	\$5,000	\$827	\$5,827
April 1, 2011			\$690	\$690
October 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
		\$65,000	\$9,499	\$74,499

Five Year Projections

	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014
<u>Revenues</u>					
Special Assessments	\$12,500	\$11,000	\$10,000	\$10,000	\$7,000
Interest Income - Assessments	4,000	3,000	2,500	2,000	1,500
Surplus	6,700	0	0	0	0
Total Revenues	\$23,200	\$14,000	\$12,500	\$12,000	\$8,500
<u>Expenditures</u>					
Audit	\$700	\$700	\$700	\$700	\$700
Principal Payment	20,000	5,000	5,000	10,000	5,000
Interest Expense	2,500	1,700	1,700	1,300	900
Total Expenditures	\$23,200	\$7,400	\$7,400	\$12,000	\$6,600

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Special Assessments	\$9,424	\$8,000	\$10,200	\$7,800
Interest Income - Assessments	2,428	2,000	2,000	2,000
Interest Income	564	2,000	0	500
Transfer In (1)	24,000	0	0	0
Surplus	0	13,200	13,000	8,900
TOTAL REVENUES	\$36,416	\$25,200	\$25,200	\$19,200
EXPENDITURES				
Audit	\$540	\$600	\$600	\$600
Bond Principal Paid	20,000	20,000	20,000	15,000
Interest Expense	5,458	4,600	4,600	3,600
Transfer Out	0	0	0	0
TOTAL EXPENDITURES	\$25,998	\$25,200	\$25,200	\$19,200
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	\$10,418	(\$13,200)	(\$13,000)	(\$8,900)
Fund Balance - Beginning of Year	118,554	128,972	128,972	115,772
FUND BALANCE AT YEAR END	\$128,972	\$115,772	\$115,972	\$106,872

(1) Transfer in is from 1993 Special Assessment Debt Retirement Fund.



2002 Special Assessment Debt Retirement Fund

2008-2009 City of Cadillac Annual Operating Budget

TITLE OF ISSUE: 2002 Special Assessment Limited Tax Bonds

DATE OF ISSUE: June 1, 2002

PURPOSE: Paying all or part of the cost of public improvements in certain Special Assessment Districts in the City of Cadillac.

DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		
		Prior	Current	Balance
	\$325,000	\$145,000	\$30,000	\$150,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
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
		\$150,000	\$17,468	\$167,468

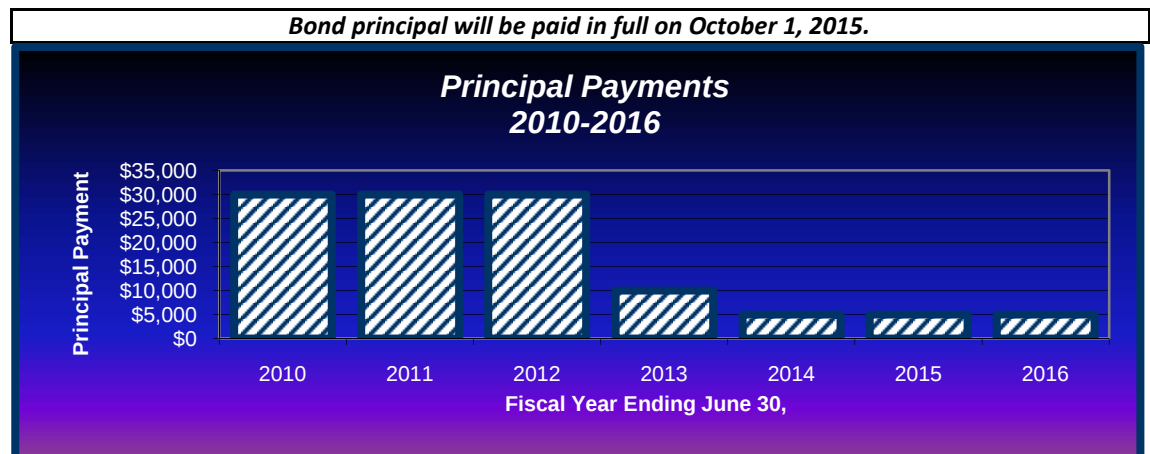
Five Year Projections

	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014
Revenues					
Special Assessments	\$18,000	\$16,000	\$14,000	\$14,000	\$12,000
Interest Income - Assessments	4,200	4,000	3,500	3,500	3,000
Surplus	13,500	14,500	15,500	0	0
Total Revenues	\$35,700	\$34,500	\$33,000	\$17,500	\$15,000
Expenditures					
Audit	\$700	\$700	\$700	\$700	\$700
Principal Payment	30,000	30,000	30,000	10,000	5,000
Interest Expense	5,000	3,800	2,300	1,400	1,100
Total Expenditures	\$35,700	\$34,500	\$33,000	\$12,100	\$6,800

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Special Assessments	\$12,878	\$15,000	\$15,000	\$11,000
Interest Income - Assessments	4,048	3,000	3,000	3,400
Transfer In - 1996 S.A. Debt	0	0	0	57,000
Transfer In - 1997 S.A. Debt	100,000	30,000	30,000	40,000
TOTAL REVENUES	\$116,926	\$48,000	\$48,000	\$111,400
EXPENDITURES				
Audit	\$540	\$600	\$600	\$600
Bond Principal Paid	30,000	30,000	30,000	35,000
Interest Expense	8,423	7,500	7,500	6,300
Transfer Out - 1992 S.A. Debt	3,000	0	0	0
TOTAL EXPENDITURES	\$41,963	\$38,100	\$38,100	\$41,900
FUND BALANCE AT YEAR END				
Net Change in Fund Balance	\$74,963	\$9,900	\$9,900	\$69,500
Fund Balance - Beginning of Year	0	74,963	84,863	84,863
FUND BALANCE AT YEAR END	\$74,963	\$84,863	\$94,763	\$154,363

Transfer In

Other debt retirement funds have fund balance exceeding the debt outstanding. These excess available funds are transferred to the next outstanding debt retirement fund.



1997 Building Authority Debt Retirement Fund

2008-2009 City of Cadillac Annual Operating Budget

TITLE OF ISSUE *1997 Building Authority Fund Bonds* **DATE OF ISSUE:** December 1, 1997

PURPOSE Pay all or part of the cost of public parking lot improvements in the City of Cadillac

DEBT SERVICE DETAILS

		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
AMOUNT OF ISSUE	\$310,000	\$145,000	\$25,000	\$140,000

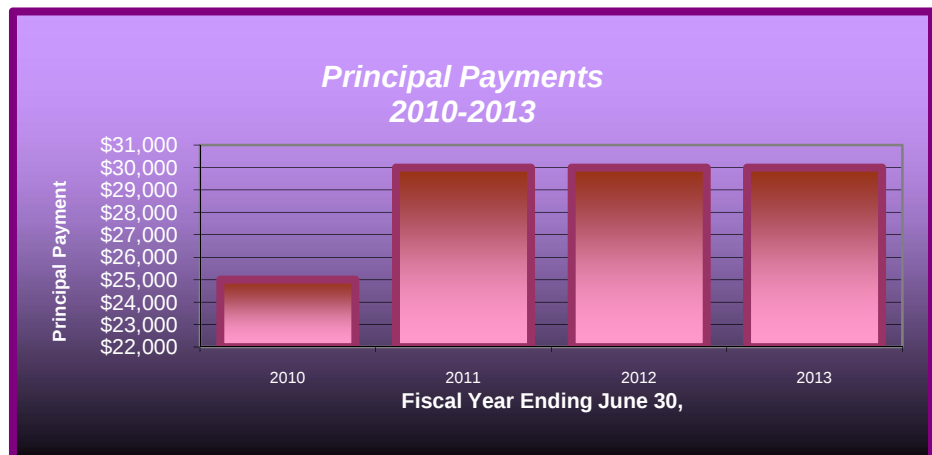
DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2008	5.05%	\$25,000	\$3,609	\$28,609
April 1, 2009			\$2,978	\$2,978
October 1, 2009	5.10%	\$25,000	\$2,978	\$27,978
April 1, 2010			\$2,340	\$2,340
October 1, 2010	5.15%	\$30,000	\$2,340	\$32,340
April 1, 2011			\$1,568	\$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
		\$140,000	\$18,957	\$158,957

Five Year Projections

	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014
Revenues					
Tax Increment Financing Revenues	\$30,000	\$33,000	\$33,000	\$31,400	\$0
Interest Income - TIF	1,300	1,800	400	400	0
Total Revenues	\$31,300	\$34,800	\$33,400	\$31,800	\$0
Expenditures					
Audit	\$500	\$600	\$600	\$600	\$0
Principal Payment	25,000	30,000	30,000	30,000	0
Interest Expense	5,800	4,200	2,800	1,200	0
Total Expenditures	\$31,300	\$34,800	\$33,400	\$31,800	\$0

	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
REVENUES				
Tax Increment Financing Revenues	\$30,000	\$33,300	\$33,300	\$32,100
Surplus	0	300	300	0
TOTAL REVENUES	\$30,000	\$33,600	\$33,600	\$32,100
EXPENDITURES				
Audit	\$400	\$400	\$400	\$400
Bond Principal Paid	20,000	25,000	25,000	25,000
Interest Expense	9,262	8,200	8,200	6,700
TOTAL EXPENDITURES	\$29,662	\$33,600	\$33,600	\$32,100
FUND BALANCE AT YEAR END				
Net Change in Fund Balance	\$338	(\$300)	(\$300)	\$0
Fund Balance - Beginning of Year	1	339	39	39
FUND BALANCE AT YEAR END	\$339	\$39	(\$261)	\$39

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



1996 Michigan Transportation Debt Retirement Fund

2008-2009 City of Cadillac Annual Operating Budget

TITLE OF ISSUE: 1996 Michigan Transportation Fund Bonds

DATE OF ISSUE: May 1, 1996

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.

DEBT SERVICE DETAILS

		AMOUNT REDEEMED		Balance
		Prior	Current	
AMOUNT OF ISSUE	\$230,000	\$135,000	\$20,000	\$75,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
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		\$75,000	\$6,187	\$81,187

Five Year Projections

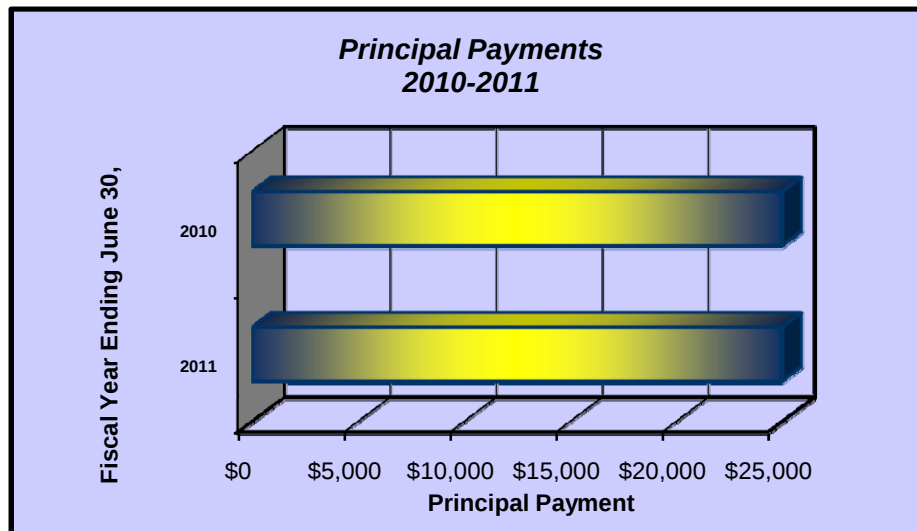
	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014

Revenues					
Local Contribution - Local Street	\$27,800	\$26,400	\$0	\$0	\$0
Total Revenues	<u>\$27,800</u>	<u>\$26,400</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Expenditures					
Audit	\$400	\$400	\$0	\$0	\$0
Principal Payment	25,000	25,000	0	0	0
Interest Expense	2,400	1,000	0	0	0
Total Expenditures	<u>\$27,800</u>	<u>\$26,400</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Local Contribution - Local Street Fund	\$26,000	\$25,400	\$25,400	\$29,200
TOTAL REVENUES	\$26,000	\$25,400	\$25,400	\$29,200
EXPENDITURES				
Audit	\$400	\$400	\$400	\$400
Office Supplies	3	0	0	0
Bond Principal Paid	20,000	20,000	20,000	25,000
Interest Expense	6,075	5,000	5,000	3,800
TOTAL EXPENDITURES	\$26,478	\$25,400	\$25,400	\$29,200
FUND BALANCE AT YEAR END				
Net Change in Fund Balance	(\$478)	\$0	\$0	\$0
Fund Balance - Beginning of Year	4,424	3,946	3,946	3,946
FUND BALANCE AT YEAR END	\$3,946	\$3,946	\$3,946	\$3,946

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



1997 Michigan Transportation Debt Retirement Fund

2008-2009 City of Cadillac Annual Operating Budget

TITLE OF ISSUE *1997 Michigan Transportation Fund Bonds* **DATE OF ISSUE:** May 1, 1997

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.

DEBT SERVICE DETAILS

		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
AMOUNT OF ISSUE	\$110,000	\$80,000	\$15,000	\$15,000
DEBT SERVICE REQUIREMENTS				
<u>DUE DATES</u>	<u>RATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2008	5.35%	\$15,000	\$401	\$15,401
Total		\$15,000	\$401	\$15,401

Debt issue will be paid in full October 1, 2008.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
<u>REVENUES</u>				
Local Contribution - Local Street Fund	\$17,200	\$17,600	\$17,300	\$16,300
TOTAL REVENUES	\$17,200	\$17,600	\$17,300	\$16,300
<u>EXPENDITURES</u>				
Audit	\$400	\$400	\$600	\$400
Bond Principal Paid	15,000	15,000	15,000	15,000
Interest Expense	2,303	2,200	1,700	900
TOTAL EXPENDITURES	\$17,703	\$17,600	\$17,300	\$16,300
<u>FUND BALANCE AT YEAR END</u>				
Net Change in Fund Balance	(\$503)	\$0	\$0	\$0
Fund Balance - Beginning of Year	1,112	609	609	609
FUND BALANCE AT YEAR END	\$609	\$609	\$609	\$609

Debt issue will be paid in full October 1, 2008.

2000 Michigan Transportation Debt Retirement Fund

2008-2009 City of Cadillac Annual Operating Budget

TITLE OF ISSUE **2000 Michigan Transportation Fund Bonds** **DATE OF ISSUE:** June 1, 2000

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.

DEBT SERVICE DETAILS

AMOUNT OF ISSUE	\$300,000	AMOUNT REDEEMED <u>Prior</u> \$80,000	<u>Current</u> \$20,000	<u>Balance</u> \$200,000
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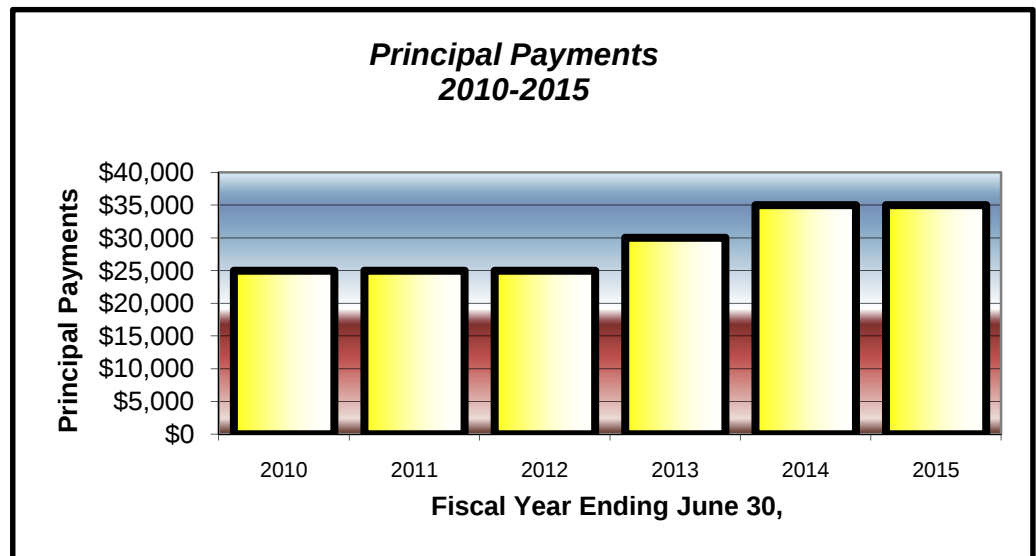
DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
October 1, 2008	5.45%	\$25,000	\$5,505	\$30,505
April 1, 2009			\$4,824	\$4,824
October 1, 2009	5.45%	\$25,000	\$4,824	\$29,824
April 1, 2010			\$4,142	\$4,142
October 1, 2010	5.50%	\$25,000	\$4,142	\$29,142
April 1, 2011			\$3,455	\$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
		\$200,000	\$41,711	\$241,711

Five Year Projections

	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014
Revenues					
Local Contribution - Local Street	\$34,900	\$33,200	\$33,200	\$35,600	\$38,900
Total Revenues	<u>\$34,900</u>	<u>\$33,200</u>	<u>\$33,200</u>	<u>\$35,600</u>	<u>\$38,900</u>
Expenditures					
Audit	\$400	\$400	\$400	\$400	\$400
Principal Payment	25,000	25,000	25,000	30,000	35,000
Interest Expense	9,500	7,800	6,700	5,200	3,500
Total Expenditures	<u>\$34,900</u>	<u>\$33,200</u>	<u>\$32,100</u>	<u>\$35,600</u>	<u>\$38,900</u>

	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
REVENUES				
Local Contribution - Local Street Fund	\$33,305	\$32,400	\$32,400	\$36,300
TOTAL REVENUES	\$33,305	\$32,400	\$32,400	\$36,300
EXPENDITURES				
Audit	\$400	\$400	\$400	\$400
Bond Principal Paid	20,000	20,000	20,000	25,000
Interest Expense	12,906	12,000	12,000	10,900
TOTAL EXPENDITURES	\$33,306	\$32,400	\$32,400	\$36,300
FUND BALANCE AT YEAR END				
Net Change in Fund Balance	(\$1)	\$0	\$0	\$0
Fund Balance - Beginning of Year	1	0	0	0
FUND BALANCE AT YEAR END	\$0	\$0	\$0	\$0

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



2004 G.O. Capital Improvement Bonds Debt Retirement Fund

2008-2009 City of Cadillac Annual Operating Budget

TITLE OF ISSUE *2004 General Obligation Capital Improvement Bonds*

PURPOSE Paying all or part of the cost of public improvements

DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		
		Prior	Current	Balance
	\$995,000	\$110,000	\$55,000	\$830,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
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
		\$830,000	\$208,598	\$1,038,598

Five Year Projections

Fiscal Year Ending June 30,

	2010	2011	2012	2013	2014
Revenues					
Local Contribution - Local Street Fund	\$69,700	\$68,300	\$70,900	\$69,500	\$67,600
Local Contribution - Major Street Fund	18,800	18,400	19,000	18,500	18,000
Total Revenues	\$88,500	\$86,700	\$89,900	\$88,000	\$85,600
Expenditures					
Audit	\$400	\$400	\$400	\$400	\$400
Principal Payment	60,000	60,000	65,000	65,000	65,000
Interest Expense	28,100	26,300	24,500	22,600	20,200
Total Expenditures	\$88,500	\$86,700	\$89,900	\$88,000	\$85,600

	ACTUAL FY2007	ESTIMATED FY2008	Budget	
			CURRENT FY2008	PROPOSED FY2009
REVENUES				
Local Contribution - Local Street Fund	\$69,300	\$67,500	\$67,500	\$67,500
Local Contribution - Major Street Fund	18,600	19,100	\$19,100	18,000
TOTAL REVENUES	\$87,900	\$86,600	\$86,600	\$85,500
EXPENDITURES				
Audit	400	400	0	400
Bond Principal Paid	55,000	55,000	55,000	55,000
Interest Expense	32,461	31,600	31,600	30,100
TOTAL EXPENDITURES	\$87,861	\$87,000	\$86,600	\$85,500
FUND BALANCE AT YEAR END				
Net Change in Fund Balance	\$39	(\$400)	\$0	\$0
Fund Balance - Beginning of Year	368	407	7	7
FUND BALANCE AT YEAR END	\$407	\$7	\$7	\$7

DEBT SERVICE REQUIREMENTS						
	Major Street Fund		Local Street Fund		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
Fiscal year ended June 30,						
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
	174,300	43,806	655,700	164,792	830,000	208,598

Non-Major Capital Projects Funds Summary

2008-2009 City of Cadillac Annual Operating Budget

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.

Non-Major Capital Projects Funds Summary

2008-2009 City of Cadillac Annual Operating Budget

2008-2009

	Industrial Park Fund	Special Assessments Capital Projects	Total
<u>Revenues</u>			
Sale of Property	\$35,000		\$35,000
Interest Income	10,000	2,000	12,000
Interest Income-Sp. Assessment		\$18,000	18,000
Special Assessment Principal		50,000	50,000
Bond Issue			0
Grants - State of Michigan		500,000	500,000
Water and Sewer Fund			0
Major Street Fund			0
Local Street Fund			0
Capital Projects Fund			0
Local Funds			0
Surplus		13,700	13,700
Total Revenue	\$45,000	\$583,700	\$628,700
<u>Expenditures</u>			
Audit	\$800	\$2,000	2,800
Fees and Commissions	3,500		3,500
Administration	2,700		2,700
Office Supplies			0
Principal Payment	17,800	11,300	29,100
Interest Payment		400	400
Special Projects	12,500	570,000	582,500
Total Expenditures	\$37,300	\$583,700	\$621,000
Excess (Deficiency) of Revenues over Expenditures	\$7,700	(\$13,700)	(\$6,000)
Fund Balance - Beginning	\$424,090	\$68,190	\$492,280
Fund Balance - Ending	\$431,790	\$54,490	\$486,280

Industrial Park Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

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	Four Winns Engineering Facility
Michigan Rubber Products	FIAMM
Avon Automotive World Headquarters	NOC, Inc.
Four Winns Main Plant	Metal Punch, Inc.

Ongoing Development

Harry VanderJagt Industrial Park

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

James E. Potvin Industrial Park

The VanderJagt 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. Piranha Hose is the only current tenant in this park. A spec building was constructed by the Cadillac Industrial Fund which has been leased to Piranha to provide them with additional space beyond their main plant.

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 in turn markets the industrial park. The commission paid on land sales is 10% of the sale price.

Park Certifications and Designations

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**.

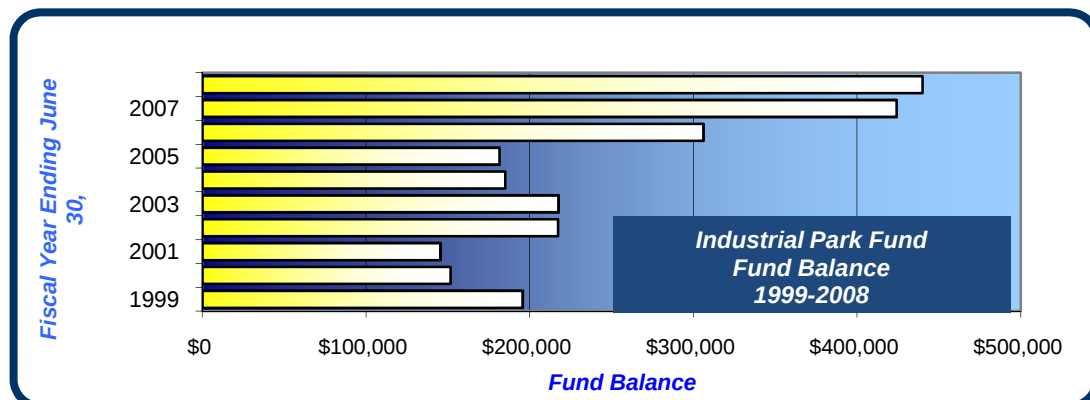
	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Sale of Property	\$151,534	\$0	\$35,000	\$35,000
Interest Income	13,807	12,000	7,000	10,000
TOTAL REVENUES	\$165,341	\$12,000	\$42,000	\$45,000
EXPENDITURES				
Property Taxes	\$4,119	\$4,500	\$4,200	\$2,700
Audit	650	700	700	800
Contractual Services	4,844	2,000	0	0
Land Purchase	0	0	0	0
Capital Outlay	0	0	0	12,500
Principal Payment	17,721	17,800	17,800	17,800
Fees and Commissions	15,300	0	3,500	3,500
TOTAL EXPENDITURES	\$42,634	\$25,000	\$26,200	\$37,300
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	\$122,707	(\$13,000)	\$15,800	\$7,700
Fund Balance - Beginning of Year	306,090	428,797	415,797	415,797
FUND BALANCE AT YEAR END	\$428,797	\$415,797	\$431,597	\$423,497

Principal Repayment

A portion of the money received from the State of Michigan to develop the James E. Potvin Industrial Park was in the form of an interest-free loan. Quarterly payments are made to the state, and the loan will be paid in full December 1, 2016. The outstanding balance of the loan as of January 31, 2008 was \$159,500.

Capital Outlay

New entrance signs will be installed at the industrial park in FY2009 in the amount of \$12,500.



Special Assessment Capital Projects Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

This fund is a Capital Projects Fund and was established to account for construction projects that are paid for through special assessments on the benefited property. This fund only accounts for these projects that are not financed through the use of debt. The fund is budgeted and accounted for on a modified accrual basis.

2008-2009 Major Construction Projects

Source of Funds:

Project Name	Special Assessment	General Fund	Grant	Local Street	Utilities Fund	Major Street	Total
East Bremer Street				\$50,000	\$32,500		\$82,500
Sidewalk Replacement	\$70,000	\$7,500					\$77,500
Safe Routes To School			\$500,000				\$500,000
Street Sign Replacement				\$10,000		\$10,000	\$20,000
Mitchell Street					\$650,000		\$650,000
Total Projects	\$70,000	\$7,500	\$500,000	\$60,000	\$682,500	\$10,000	\$1,330,000

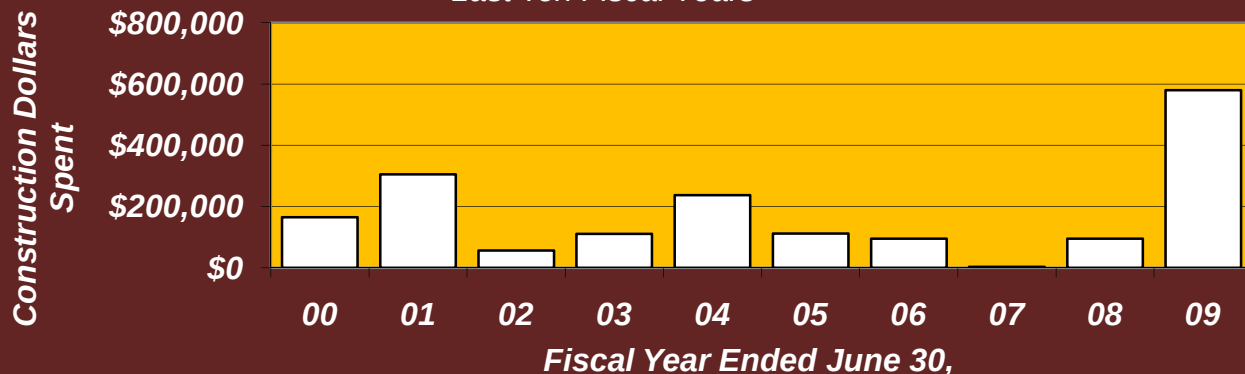
Notes:

> The Special Assessment portions of the construction activity are accounted for in this fund.

> The Mitchell Street project is a very large construction project being undertaken by the State, since it is a trunkline project. The underlying utilities infrastructure will be replaced while the street is torn up.

Construction Projects

Last Ten Fiscal Years



	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Interest Income - Special Assessment	\$17,242	\$21,000	\$20,000	\$18,000
Special Assessment	61,708	55,000	175,000	50,000
Grant - State of Michigan	0	0	0	500,000
Interest Income	1,603	0	2,000	2,000
Surplus	0	0	0	13,700
TOTAL REVENUES	\$80,553	\$76,000	\$197,000	\$583,700
EXPENDITURES				
Audit	\$2,000	\$2,000	\$2,200	\$2,000
Principal Payment	11,250	11,300	11,300	11,300
Interest Expense	1,317	700	500	400
Total Other	\$14,567	\$14,000	\$14,000	\$13,700
Construction - Special Assessment				
Sidewalk	\$0	\$0	\$0	\$70,000
Kentucky Street	0	0	30,000	0
Jonathan Drive	2,529	65,000	47,000	0
Snider Street	94	30,000	18,000	0
Total Construction - Special Assessment	\$2,623	\$95,000	\$95,000	\$70,000
Construction - Other				
Safe Routes to School	\$0	\$0	\$0	\$500,000
TOTAL EXPENDITURES	\$17,190	\$109,000	\$109,000	\$583,700
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues Over Expenses	\$63,363	(\$33,000)	\$88,000	(\$13,700)
Fund Balance - Beginning of Year	37,827	101,190	68,190	68,190
FUND BALANCE AT YEAR END	\$101,190	\$68,190	\$156,190	\$54,490

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 \$22,500. This loan will be paid in full in FY2009.

Safe Routes to School Project

The City received a grant that will enhance the safety and walkability surrounding a local elementary school. This grant will fund the construction that provides for the improvement of infrastructure owned by the school, not the city.

Non-Major Permanent Funds Summary

2008-2009 City of Cadillac Annual Operating Budget

Permanent Funds

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

The City appropriates resources for the following Permanent Funds:

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

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

Non-Major Permanent Funds Summary

2008-2009 City of Cadillac Annual Operating Budget

2008-2009

	Cemetery Perpetual Care	Capital Projects Trust	Total
<u>Revenues</u>			
Interest Income	\$20,000	\$3,500	\$23,500
Realized gains	10,000	25,000	35,000
Perpetual Care of Lots	10,000		10,000
Total Revenues	40,000	28,500	68,500
<u>Expenditures</u>			
Audit	1,000	500	1,500
Contribution - Cemetery Operating	20,000		20,000
Contribution - Public Infrastructure		25,000	25,000
Total Expenditures	21,000	25,500	46,500
Excess (Deficiency) of Revenues Over Expenditures	19,000	3,000	22,000
Beginning Fund Balance	537,952	877,562	1,415,514
Ending Fund Balance	556,952	880,562	1,437,514

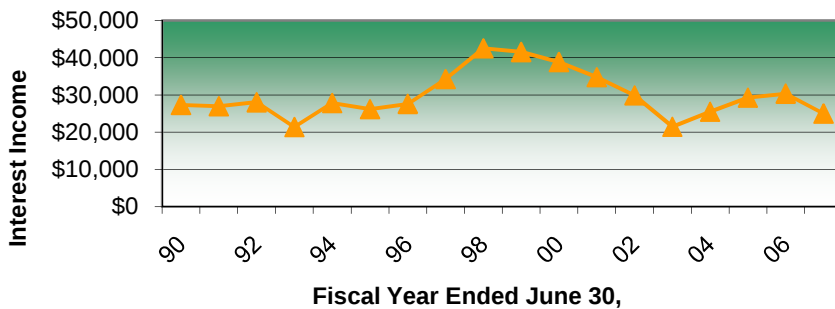
Cemetery Perpetual Care Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

The **Cemetery Perpetual Care Fund** is a permanent fund established to maintain the operation of the cemetery. With endowed assets of \$500,000, the generation of interest income from the funds is used for the primary purpose of maintaining the cemetery and helps offset normal operating costs. This fund is accounted for on a modified accrual basis. Revenue projections for the investments are based on the estimated investment climate, while the sale of cemetery lots which generate perpetual care income is based on a historical trend. All of the interest income is transferred to the Cemetery Operating Fund to assist in the daily operation of the cemetery.

**Cemetery Perpetual Care
Interest Income
1989-2008**



Interest Income

Interest income declined as the market conditions reflect a receding investment climate from 1998 through 2003. Market conditions continue to be down and interest revenue continues to decline.

Perpetual Care of Lots

A portion of each sale of a cemetery lot is designated for perpetual care and is set aside into this trust fund to maintain a well manicured cemetery. A normal burial plot costs \$475 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.

Cemetery Fence Project

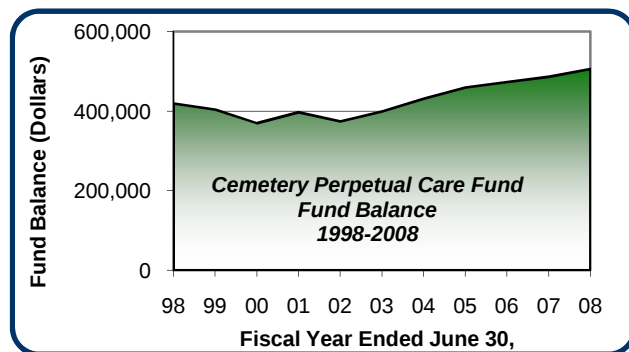
The Maple Hill Cemetery Fence Project is now in its second phase. Phase I, which cost approximately \$47,000 to complete, involved the installation of nearly 2,100 linear feet of decorative fencing along the west property line of the cemetery. Phase II involves the purchase and installation of two pillars 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.



	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Perpetual Care of Lots	\$8,900	\$10,000	\$10,700	\$10,000
Gain on investments	47,304	0	10,000	10,000
Interest Income	21,434	15,000	29,700	20,000
TOTAL REVENUES	\$77,638	\$25,000	\$50,400	\$40,000
EXPENDITURES				
Audit	\$1,000	\$1,100	\$1,000	\$1,000
Transfer out - Cemetery Operating	21,326	15,000	29,700	20,000
TOTAL EXPENDITURES	\$22,326	\$16,100	\$30,700	\$21,000
FUND BALANCE AT YEAR END				
Net Change in Fund Balance	\$55,312	\$8,900	\$19,700	\$19,000
Fund Balance - Beginning of Year	473,740	529,052	537,952	537,952
FUND BALANCE - END OF YEAR	\$529,052	\$537,952	\$557,652	\$556,952

Fund Balance

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 2006 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.

Capital Projects Trust Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

Established in 1998, this fund is an endowment fund created by the City Council with the intent to be used for capital items such as public infrastructure. The City Council's intent is to use only the 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 4% 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 accounted for on a modified accrual basis, similar to all other Governmental Fund types.



Leisure Road before reconstruction



Leisure Road after reconstruction

Leisure Road Construction

The reconstruction of Leisure Road is a great example of using the earnings from this trust fund to accomplish a City Council long term goal. The road was a gravel road that is now paved.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Interest Income	\$6,607	\$3,000	\$39,000	\$3,500
Gain on Investments	125,753	25,000	20,000	25,000
TOTAL REVENUES	\$132,360	\$28,000	\$59,000	\$28,500
EXPENDITURES				
Audit	\$400	\$500	\$400	\$500
Contribution - Public Infrastructure	0	10,000	10,000	25,000
TOTAL EXPENDITURES	\$400	\$10,500	\$10,400	\$25,500
FUND BALANCE				
Net Change in Fund Balance	\$131,960	\$17,500	\$48,600	\$3,000
Fund Balance - Beginning of Year	728,102	860,062	877,562	877,562
FUND BALANCE - END OF YEAR	\$860,062	\$877,562	\$926,162	\$880,562

Fiscal Year	Projects Assisted with Endowment Earnings	Amount
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	No activity	\$0
2007	Leisure Road (gravel street)	\$20,000
2008	Alley between Henry and Evert Streets (gravel)	\$10,000
2009	Diggins Hill Tennis Court Restoration Project	\$25,000
Total:		\$96,122

Auto Parking Fund

2008-2009 City of Cadillac Annual Operating Budget

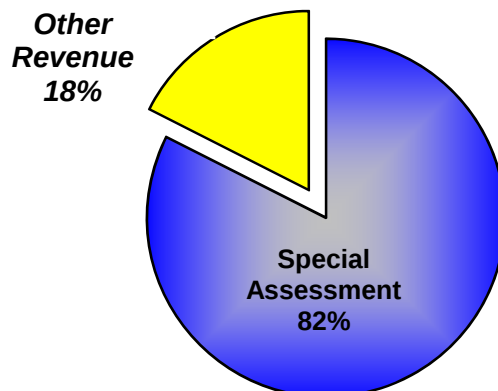
Nature and Purpose

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

The Auto Parking Fund has undergone significant change in the last thirty years. For many years and up to 1989, parking was funded by parking meters. From 1990 to 1994 it was funded through a voluntary contract system. Given the difficulties with non-payment 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.

The current special assessment roll was developed by separating the downtown properties into two zones based on location: the Mitchell Street Zone and the Side Street Zone. An assessment for each property was calculated based upon 50% of assessable front footage and 50% of net assessable square footage. A 200 square feet per private parking space parking credit was included in the formula. Given the district over which the assessment is spread, it is estimated that \$45,600 per year will be raised. The assessment represents over 80% of the total revenues in this fund, which are used to cover maintenance and snow removal from the parking lots.

Auto Parking Fund Revenue 2008-2009



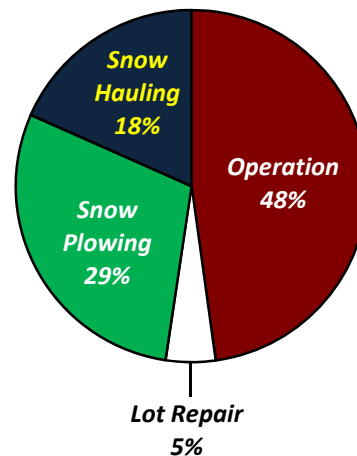
Snow Removal and Hauling

The Auto Parking Fund is responsible for clearing snow in all municipal parking lots each year. The costs of these activities vary from year to year depending on the amount of annual snowfall.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Parking Violations	\$1,536	\$2,000	\$2,500	\$2,200
Parking Permit Fees	1,539	1,900	1,200	1,500
Interest Income	5,280	6,000	3,000	6,000
Special Assessment	45,620	45,600	45,000	45,600
Surplus	0	2,000	3,500	0
TOTAL REVENUES	\$53,975	\$57,500	\$55,200	\$55,300
EXPENSES				
Operation	\$24,970	\$26,500	\$27,500	\$26,300
Lot Repair	5,216	3,200	2,500	2,500
Snow Plowing	18,226	15,000	14,100	16,100
Snow Hauling	5,377	12,800	11,100	10,100
TOTAL EXPENSES	\$53,789	\$57,500	\$55,200	\$55,000
NET ASSETS AT YEAR END				
Change in Net Assets	\$186	(\$2,000)	(\$3,500)	\$300
Net Assets - Beginning of Year	772,152	772,338	770,338	770,338
TOTAL NET ASSETS - END OF YEAR	\$772,338	\$770,338	\$766,838	\$770,638

Expenses

Plowing and removal of snow represents nearly half each year's annual budget.



	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENSES				
Operations				
Salaries - Enforcement	\$2,877	\$3,200	\$2,800	\$3,000
Fringes	1,479	1,900	2,400	2,500
Office Supplies	160	200	200	200
Audit	800	900	800	800
Data Processing	2,900	3,300	3,300	3,000
Depreciation	16,754	17,000	18,000	16,800
Total Operations	\$24,970	\$26,500	\$27,500	\$26,300
Lot Repair				
Salaries	\$118	\$400	\$0	\$0
Fringes	61	300	0	0
Operating Supplies	4,903	2,000	2,500	2,500
Equipment Rental	134	500	0	0
Total Lot Repair	\$5,216	\$3,200	\$2,500	\$2,500
Snow Plowing				
Salaries	\$4,058	\$3,500	\$2,700	\$3,200
Fringes	1,914	2,500	1,600	2,400
Operating Supplies	60	0	0	0
Equipment Rental	12,194	9,000	9,800	10,500
Total Snow Plowing	\$18,226	\$15,000	\$14,100	\$16,100
Snow Hauling				
Salaries	\$1,243	\$3,000	\$2,300	\$2,200
Fringes	578	2,300	1,300	1,600
Equipment Rental	3,556	7,500	7,500	6,300
Total Snow Hauling	\$5,377	\$12,800	\$11,100	\$10,100
TOTAL EXPENSES	\$53,789	\$57,500	\$55,200	\$55,000

Salaries and Equipment Rental

The Street Department provides the labor required to maintain the parking lots, including snow plowing and hauling. The equipment that is used is rented from the City's Stores and Garage Fund. In the Operations section, a portion of the Code Enforcement Officer's salary is classified due to her activities in parking enforcement. Enforcement activities are conducted under the supervision of the Public Safety Director.

Source and Use of Funds For Capital Improvements

2008-2009

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

2008-2009

Additions:

Excess Revenue over Expenditures \$300
Depreciation \$16,800

Total Additions \$17,100

Deductions:

0

Total Deductions \$0

Net Increase in Cash Flow \$17,100



Significant snowfalls will quickly pack municipal parking lots with huge piles of snow that must be hauled away.

Internal Service Funds Summary

2008-2009 City of Cadillac Annual Operating Budget

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's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in general, special revenue or enterprise funds.

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

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

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

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

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

Internal Service Funds Summary

2008-2009 City of Cadillac Annual Operating Budget

2008-2009

	Stores and Garage Fund	Information Technology Fund	Self- Insurance Fund	Employee Safety Fund	Total
Revenues					
Services and Materials	\$33,400				\$33,400
Equipment Rental	589,500				589,500
Interest Income	1,000	\$1,500	\$40,000	\$300	42,800
Sale of Surplus Material	2,000	500			2,500
Intergovernmental Services		294,800		9,000	303,800
Employer Contribution			891,700		891,700
Employee Contribution			40,000		40,000
Surplus			16,300	5,200	21,500
Total Revenues	\$625,900	\$296,800	\$988,000	\$14,500	(2) \$1,925,200
Expenditures					
Administration	\$564,400		\$35,000	\$14,000	\$613,400
Outside Work	19,800				19,800
Building & Grounds	4,400				4,400
Operating		296,800			296,800
Audit			500	500	1,000
Reinsurance			500,000		500,000
Benefit Payments			452,500		452,500
Total Expenditures	\$588,600	\$296,800	\$988,000	\$14,500	\$1,887,900
Change in Net Assets (1)	\$37,300	\$0	(\$16,300)	(\$5,200)	\$15,800
Total Net Assets - Beginning of Year	470,197	297,664	1,297,045	13,799	2,078,705
Total Net Assets - End of Year	\$507,497	\$297,664	\$1,280,745	\$8,599	\$2,094,505

Footnotes:

(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.

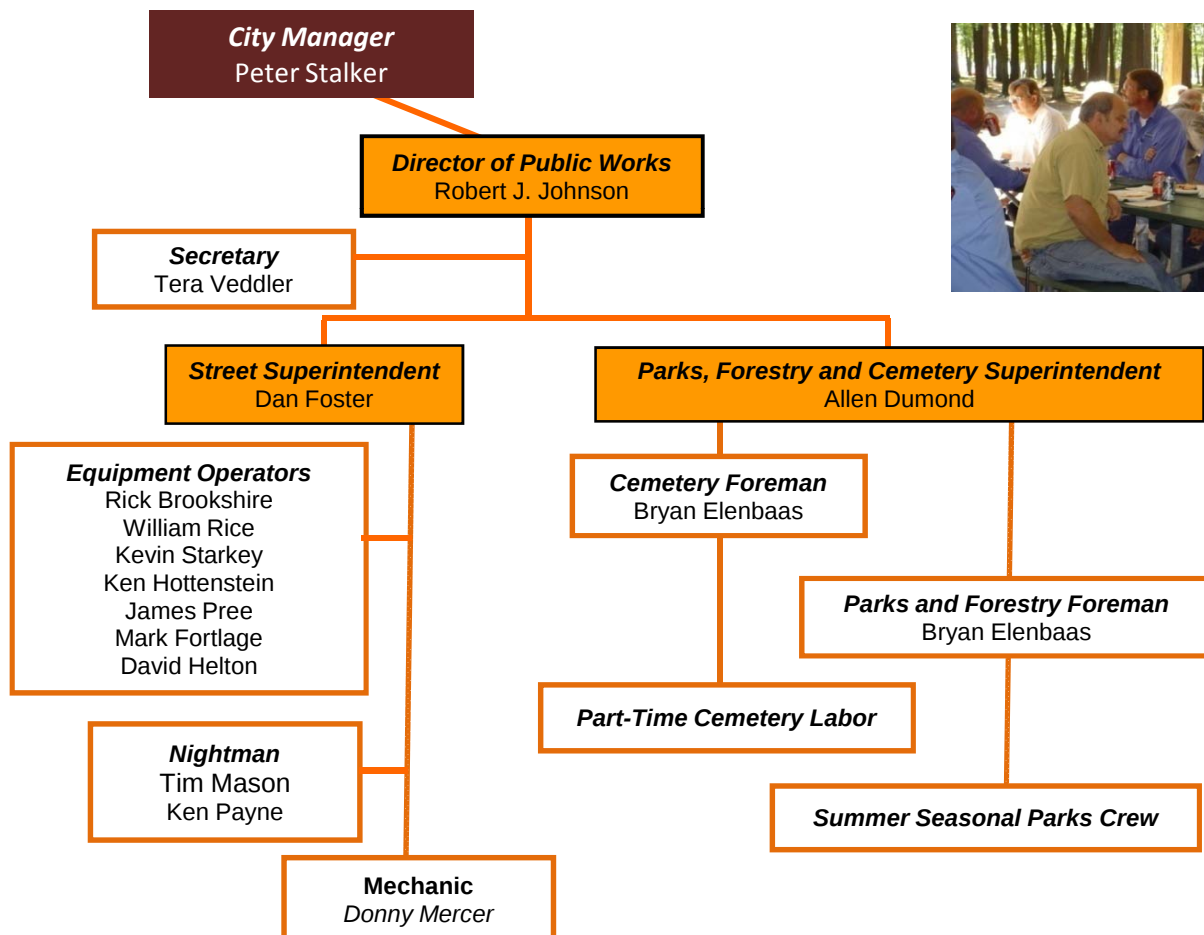
Stores and Garage Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

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 FY2009 will be maintained at 35% to cover the rising costs of providing services, including personnel costs, fuel costs, and repairs and maintenance on the fleet. Services and materials revenue is for work done for taxpayers such as brush removal, parking lot cleaning and and/or tree removal.

Department of Public Works Chart of Organization



	Budget		
	ACTUAL	ESTIMATED	CURRENT
	FY2007	FY2008	FY2008
REVENUES			PROPOSED
			FY2009
Charges for Services:			
Services & Materials	\$35,710	\$21,000	\$26,000
Equipment Rental	466,243	590,000	659,000
Miscellaneous			
Interest Income	443	500	2,900
Sale of Surplus Material	0	0	6,000
Refunds and Rebates	26	200	0
Surplus	0	0	0
TOTAL REVENUES	\$502,421	\$611,700	\$693,900
EXPENSES			
Administration	\$671,701	\$614,800	\$613,800
Outside Work	21,295	18,400	21,300
Building & Grounds	3,825	3,300	3,800
TOTAL EXPENSES	\$696,821	\$636,500	\$638,900
NET ASSETS AT YEAR END			
Change in Net Assets	(\$194,399)	(\$24,800)	\$55,000
Total Net Assets - Beginning of Year	689,396	494,997	470,197
TOTAL NET ASSETS - END OF YEAR	\$494,997	\$470,197	\$525,197

Equipment Rental

Equipment Rental is responsible for 94% of the revenues for FY2009. This increase from the previous year is a result of increasing charges for equipment. 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 had deficits planned in the past few years in an effort to reduce the size of the Net Assets but will begin to develop a profit basis once again.

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
EXPENSES				
Administration				
Salaries - Regular	\$173,386	\$150,000	\$155,500	\$123,400
Salaries - Part Time	0	0	0	0
Fringes	95,425	82,000	80,200	70,000
Operating Supplies	121,630	90,000	80,100	42,000
Fuel Costs	0	0	0	48,000
Property Taxes	2,064	2,200	2,100	2,400
Contractual Services	340	0	1,000	1,000
Legal	0	0	1,000	0
Audit	3,000	3,200	3,200	3,300
Data Processing	21,000	23,000	21,000	13,500
Travel & Education	1,201	1,500	1,400	1,500
Insurance	15,255	13,000	19,300	20,000
Utilities	26,354	23,000	22,700	31,000
Telephone	975	1,000	1,100	1,100
Employee Safety	900	1,700	1,700	1,700
Administration	47,400	45,700	45,700	30,100
Depreciation	133,550	134,000	130,000	140,000
Equipment Maintenance	7,179	10,000	15,000	12,400
Equipment Rental	626	500	0	0
Vehicle Lease	7,037	9,000	7,800	0
Interest Expense	14,380	25,000	25,000	23,000
Total Administration	\$671,701	\$614,800	\$613,800	\$564,400

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%
Tera Veddler	<i>Secretary</i>	55%

Vehicle Lease

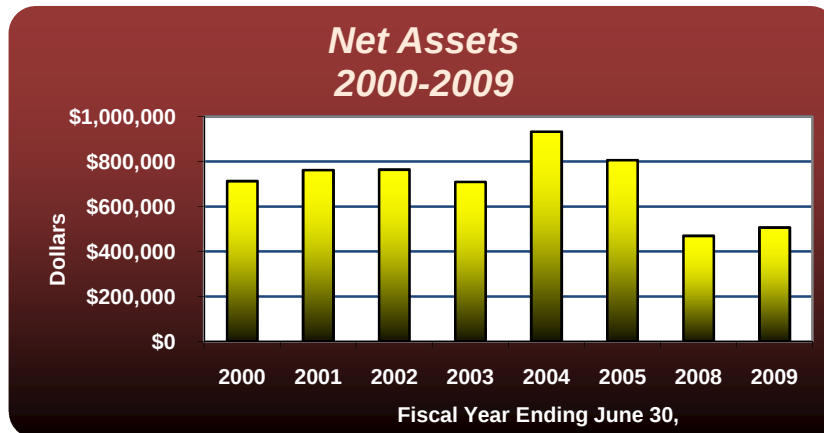
Leases came due on two supervisor trucks in April, 2008. The decision was made to purchase trucks instead of re-leasing.

Forestry

Forestry activities throughout the City are an important service provided by Street Department workers. All forestry equipment is owned by this fund.



	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
EXPENSES (Cont.)				
Outside Work				
Salaries	\$7,194	\$6,000	\$6,800	\$6,100
Fringes	3,849	4,000	4,000	3,500
Supplies	2,976	3,000	5,200	5,100
Equipment Rental	7,276	5,400	5,300	5,100
Total Outside Work	\$21,295	\$18,400	\$21,300	\$19,800
Building & Grounds				
Salaries	\$889	\$1,300	\$1,900	\$1,700
Fringes	465	1,000	1,000	1,000
Operating Supplies	850	200	100	0
Contractual Services	1,512	300	300	0
Repair and Maintenance	0	500	500	1,500
Equipment Rental	109	0	0	200
Total Building & Grounds	\$3,825	\$3,300	\$3,800	\$4,400
TOTAL EXPENSES	\$696,821	\$636,502	\$638,900	\$588,600



Net Assets

The Net Assets of this fund were intentionally reduced over the last several fiscal years by lowering the markup rate charged on all internal equipment rental. This markup rate is designed to ensure that the fund recovers all costs of operation from the user charges. In the current fiscal year and going forward, this rate will be studied annually and set at a level that will cover all operational costs.

Source and Use of Funds For Capital Improvements

2008-2009

Source of Funds:

Investments	\$129,000	
Total Source of Funds		\$129,000

Use of Funds:

Equipment:

Pickup Truck	\$21,000
Patch Trailer	24,500
Underbody Plow	7,000
Sidewalk Tractor	42,000
Wood Chipper	27,000
Paving	7,500

Total Use of Funds	\$129,000
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Replacing outdated equipment helps ensure the safety of Street Department employees as they perform many necessary tasks throughout the City.

Footnote: Replacing aging equipment is a vital part of the ongoing operations in this department. All proposed equipment purchases will replace outdated models, saving the department costs arising from increased maintenance on older equipment.

Cash Flow Analysis

2008-2009

ADDITIONS:

Depreciation	\$140,000	
Net Income (Loss)	37,300	
TOTAL ADDITIONS		\$177,300

DEDUCTIONS:

Principal Payment	\$50,000	
Capital Items	129,000	

TOTAL DEDUCTIONS	\$179,000
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NET INCREASE (DECREASE) OF AVAILABLE CASH	(\$1,700)
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GASOLINE USAGE - LAST FOUR FISCAL YEARS

2003-2004

<u>Month</u>	<u>Gallons</u>	<u>Dollars</u>	<u>Cost Per Gallon</u>
<u>2003</u>			
July	1,878.6	\$1,844.13	\$0.98
August	1,683.3	\$1,829.99	\$1.09
September	1,314.4	\$1,337.77	\$1.02
October	2,063.6	\$2,102.18	\$1.02
November	1,311.6	\$1,278.43	\$0.97
December	1,907.0	\$1,875.68	\$0.98
<u>2004</u>			
January	4,889.9	\$5,315.63	\$1.09
February	3,952.1	\$4,314.08	\$1.09
March	1,655.0	\$1,941.65	\$1.17
April	1,647.5	\$2,058.92	\$1.20
May	2,021.6	\$2,761.19	\$1.37
June	2,004.9	\$2,604.66	\$1.40
Total 03-04	26,329.5	\$29,264.31	\$1.11
Average	2,194.1	\$2,438.69	\$1.11

2004-2005

<u>Month</u>	<u>Gallons</u>	<u>Dollars</u>	<u>Cost Per Gallon</u>
<u>2004</u>			
July	1,991.5	\$2,654.37	\$1.33
August	1,693.3	\$2,299.32	\$1.36
September	1,305.9	\$1,797.07	\$1.38
October	1,570.1	\$2,468.57	\$1.57
November	1,491.3	\$2,151.11	\$1.44
December	3,179.2	\$4,231.08	\$1.33
<u>2005</u>			
January	3,031.2	\$4,125.12	\$1.36
February	2,350.3	\$3,405.52	\$1.45
March	1,799.4	\$2,879.34	\$1.60
April	1,991.3	\$3,296.38	\$1.66
May	1,925.9	\$3,014.71	\$1.57
June	1,891.0	\$3,128.38	\$1.65
Total 04-05	24,220.4	\$35,450.97	\$1.46
Average	2,018.4	\$2,954.25	\$1.46

2005-2006

<u>Month</u>	<u>Gallons</u>	<u>Dollars</u>	<u>Cost Per Gallon</u>
<u>2005</u>			
July	2,007.0	\$3,422.57	\$1.71
August	1,713.2	\$3,744.78	\$2.19
September	1,806.1	\$4,324.54	\$2.39
October	1,702.8	\$3,809.04	\$2.24
November	2,600.0	\$4,811.65	\$1.85
December	3,164.2	\$5,792.29	\$1.83
<u>2006</u>			
January	2,593.1	\$4,739.06	\$1.83
February	3,013.6	\$5,480.47	\$1.82
March	2,011.7	\$3,915.26	\$1.95
April	1,699.9	\$3,761.22	\$2.21
May	1,853.2	\$4,124.19	\$2.23
June	1,553.8	\$3,497.50	\$2.25
Total 05-06	25,718.6	\$51,422.57	\$2.00
Average	2,143.2	\$4,285.21	\$2.00

2006-2007

<u>Month</u>	<u>Gallons</u>	<u>Dollars</u>	<u>Cost Per Gallon</u>
<u>2006</u>			
July	1,375.0	\$3,253.84	\$2.37
August	1,613.5	\$3,793.77	\$2.35
September	1,232.3	\$2,241.09	\$1.82
October	1,913.1	\$3,419.17	\$1.79
November	1,382.4	\$2,538.63	\$1.84
December	2,210.5	\$4,194.98	\$1.90
<u>2007</u>			
January	2,704.8	\$4,471.16	\$1.65
February	2,870.7	\$5,470.12	\$1.91
March	2,841.9	\$5,876.85	\$2.07
April	1,952.3	\$4,406.41	\$2.26
May	1,635.6	\$3,946.39	\$2.41
June	1,249.9	\$2,913.58	\$2.33
Total 06-07	22,982.0	\$46,525.99	\$2.02
Average	1,915.2	\$3,877.17	\$2.02

Equipment Replacement Activities

The Director of Public Works reviews the fleet annually and recommends replacements and upgrades that are necessary to maintain a safe and efficient inventory of equipment, both heavy and light duty. By planning the purchase of new equipment this fund can efficiently manage the maintenance and the appearance of the equipment. Listed below are the anticipated capital equipment replacements and upgrades proposed for the next five fiscal years July 1, 2008 through June 30, 2013. Nearly \$845,000 in equipment replacements are scheduled in this time period.



Director of Public Works
Robert J. Johnson

2008-2009	
Pickup Truck	\$21,000
Patch Trailer	24,500
Underbody Plow	7,000
Sidewalk Tractor	42,000
Pave driveway	7,500
Wood Chipper	27,000
Total	\$129,000

Priority

4
5
3
2
6
1

Note: Current year major equipment purchases and capital improvements have been prioritized, recognizing the fact that funding shortfalls may cause a reduction in capital spending.

2009-2010	
Underbody Plow	\$7,200
Vacuum Street Sweeper	185,000
Total	\$192,200

2010-2011	
Pickup Truck	\$22,000
Underbody Plow	7,500
Aerial Lift Truck	91,000
Crack Sealer	39,500
Total	\$160,000

2011-2012	
Pickup Truck	\$23,000
Underbody Plow	7,900
Dump Truck	29,500
Wheel Loader	100,000
Total	\$160,400



The City owns 6 plow trucks, similar to the one shown above. Each truck costs approximately \$100,000 and has a useful life of about 10 years.

2012-2013	
Duopatcher	\$55,000
Blade Truck	115,000
One-way Plow	8,000
Sidewalk Sweeper	25,000
Total	203,000

Outstanding Debt Issue

TITLE OF ISSUE: *2007 Stores and Garage Cash Flow Note* **DATE OF ISSUE:** December 14, 2006

PURPOSE: To assist the fund with a cash flow shortage after purchasing equipment. Debt issue represents an internal loan from the Cadillac Development Fund.

DEBT SERVICE DETAILS

AMOUNT OF ISSUE	\$500,000	AMOUNT REDEEMED		
		<u>Prior</u>	<u>Current</u>	<u>Balance</u>
		\$0	\$50,000	\$450,000

DUE DATES	DEBT SERVICE REQUIREMENTS			
	RATE	PRINCIPAL	INTEREST	TOTAL
September 1, 2008	5.25%	\$50,000	\$11,813	\$61,813
March 1, 2009			\$10,500	\$10,500
September 1, 2009	5.25%	\$50,000	\$10,500	\$60,500
March 1, 2010			\$9,188	\$9,188
September 1, 2010	5.25%	\$50,000	\$9,188	\$59,188
March 1, 2011			\$7,875	\$7,875
September 1, 2011	5.25%	\$50,000	\$7,875	\$57,875
March 1, 2012			\$6,563	\$6,563
September 1, 2012	5.25%	\$50,000	\$6,563	\$56,563
March 1, 2012			\$5,250	\$5,250
September 1, 2013	5.25%	\$50,000	\$5,250	\$55,250
March 1, 2013			\$3,938	\$3,938
September 1, 2014	5.25%	\$50,000	\$3,938	\$53,938
March 1, 2014			\$2,625	\$2,625
September 1, 2015	5.25%	\$50,000	\$2,625	\$52,625
March 1, 2015			\$1,313	\$1,313
September 1, 2016	5.25%	\$50,000	\$1,313	\$51,313
Total		\$450,000	\$106,313	\$556,313

Information Technology Fund

2008-2009 City of Cadillac Annual Operating Budget



Information Technology Services

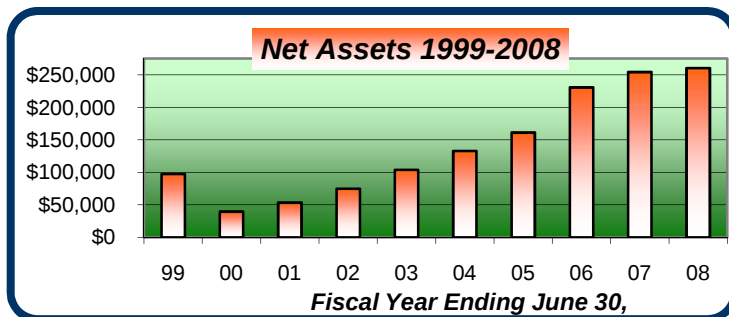
The City of Cadillac has been very successful in leveraging technology to improve productivity. The City's investment in the New World Systems comprehensive public sector software package has paid significant dividends in streamlining City services at every department level. The City IT Department coordinates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

Chief Technology Officer

Timothy Gillen of Terrapin Networks serves as the Chief Technology Officer (CTO) for the City. As head of the firm in charge of the City IT Department, he oversees all functions of the IT Department from design and planning to daily user support. Terrapin Networks began providing IT services to the City in May of 2004; in early 2007 the decision was made to contract all facets of the IT Department to Terrapin Networks. They are well versed in municipal IT networks and have utilized that experience to efficiently support the City IT Department. Terrapin Networks has been providing IT services throughout northern Michigan since 1990.

Currently the IT Department equipment list includes the following:

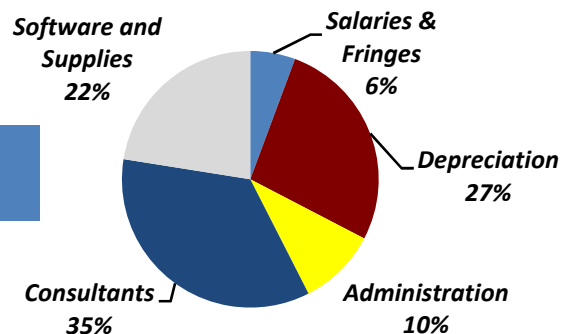
- > 68 workstations including desktop and notebook computers;
- > 11 file servers including Email, Application, and Security servers;
- > Numerous printers, smart phones, scanners, and other related equipment and software.



Net Assets

Net Assets in this fund have been steadily increasing. Much of the increase is attributed to investment in capital assets.

Expenses by Type 2008-2009



	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
<u>REVENUES</u>				
Intergovernmental Services				
General Fund				
City Council	\$0	\$0	\$0	\$9,300
City Manager	3,200	4,000	4,000	3,500
Assistant City Manager	3,200	4,000	4,000	3,500
Finance	16,000	18,500	18,500	28,000
Assessor	46,400	47,000	47,000	18,000
Treasurer	39,000	40,000	40,000	40,000
Municipal Complex	0	0	0	5,500
Police	50,000	55,000	55,000	55,000
Fire	7,700	10,000	10,000	11,000
Engineering	16,000	17,500	17,500	20,000
Parks and Recreation	0	0	0	1,000
Community Development	3,200	4,000	4,000	2,500
Water & Sewer	50,000	54,000	54,000	55,000
Stores and Garage	21,000	23,000	23,000	13,500
Major Street	17,000	17,500	17,500	8,000
Auto Parking	2,900	3,300	3,300	3,000
Local Street	14,000	14,500	14,500	8,000
Cadillac Development	4,000	4,500	4,500	2,000
Cemetery	4,000	4,500	4,500	2,500
Downtown Development Authority	0	0	0	1,500
Building Inspection	3,200	4,000	4,000	4,000
Total Intergovernmental Services	300,800	325,300	325,300	294,800
Interest Income	1,843	3,500	3,500	1,500
Sale of Property	1,260	500	2,000	500
TOTAL REVENUES	\$303,903	\$329,300	\$330,800	\$296,800
<u>EXPENSES</u>				
Operating	\$280,284	\$286,000	\$298,800	\$296,800
TOTAL EXPENSES	\$280,284	\$286,000	\$298,800	\$296,800
<u>NET ASSETS AT YEAR END</u>				
Change in Net Assets	\$23,619	\$43,300	\$32,000	\$0
Total Net Assets - Beginning of Year	230,745	254,364	297,664	297,664
TOTAL NET ASSETS - END OF YEAR	\$254,364	\$297,664	\$329,664	\$297,664

	ACTUAL FY2007	Budget		PROPOSED FY2009
		ESTIMATED FY2008	CURRENT FY2008	
EXPENSES				
Operating				
Salaries	\$36,193	\$20,000	\$5,000	\$15,600
Fringes	12,679	3,000	2,700	1,300
Office Supplies	10,058	10,500	10,100	10,000
Hardware & Accessories	719	0	0	0
Audit	800	900	900	900
Contractual Services	0	0	0	104,000
Software and Programming	126,966	150,000	107,000	49,500
Liability Insurance	161	200	200	300
Dues & Publications	0	200	200	200
Telephone	549	900	600	800
Travel and Education	2,124	2,500	2,500	2,000
Repair and Maintenance	2,969	2,500	2,700	3,000
Depreciation	66,767	75,000	59,000	80,000
Administration	20,300	20,300	21,900	29,200
Capital Outlay	0	0	86,000	0
TOTAL EXPENSES	\$280,284	\$286,000	\$298,800	\$296,800

Software and Programming

This line item accounts for the annual maintenance and subscription fees for the many software programs used throughout the City. Included in these fees are the City's financial software (including Utility Billing, Financials, Community Development, and Payroll) and tax billing software (including tax billing and special assessment tracking). The monthly costs of the T-1 line that provides internet access to the municipal complex are allocated to this line item as well, as are other services such as programming and maintenance of the phone system in the municipal complex. In the last couple of years, the costs of using an outside company to provide IT services was accounted for in this line. As detailed below, this cost has been split out into a separate line item moving forward.

Contractual Services

In January, 2007, the City made the decision to contract out the provision of Information Technology services. A four-year contract was signed which will expire in 2011. The annual costs of this contract are classified to this line item.

Note: The name of this fund was changed this year from 'Data Processing Fund' to 'Information Technology Fund' to more accurately reflect advances in technology. This fund accounts for much more than the processing of data and now encompasses the full realm of technology utilized within the organization.

Source and Use of Funds For Capital Improvements

2008-2009

Source of Funds:

Revenues:

Operating Revenues 75,000

Total Source of Funds \$75,000

Use of Funds

Computer Replacement \$25,000

Printer \$5,000

Network Back-Up 10,000

Software 35,000

Total Use of Funds \$75,000

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

Cash Flow Analysis

2008-2009

Additions

Depreciation \$80,000

Net Income (Loss) 0

Total Additions \$80,000

Deductions

Capital Items 75,000

Total Deductions \$75,000

Net Increase in Available Cash \$5,000

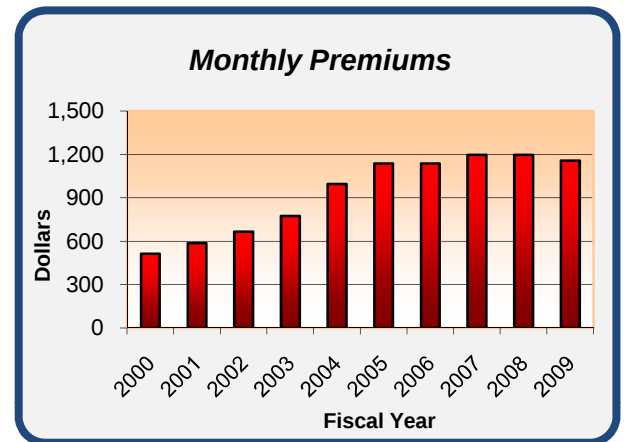
Self-Insurance Fund

2008-2009 City of Cadillac Annual Operating Budget

Purpose

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,	Medical	Dental	Optical	Life	Monthly Total
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
2008	1,129	50	11	8	1,198
2009	1,075	67	11	5	1,158



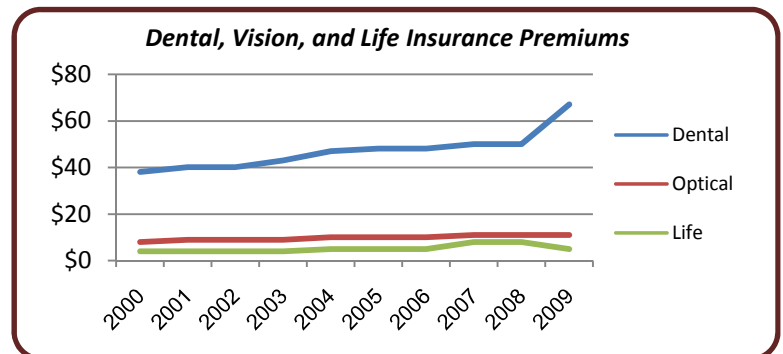
Monthly Premiums

Basic and Master Medical

The City has seen very positive results from using a self-funded insurance program. Health claims have remained lower than expectations, allowing a 5% reduction in overall rates for medical insurance in FY2009. An employee wellness program was started in 2007 and has produced immediate cost savings while enhancing the quality of life for City employees. The overall management of the health care plan is vital to containing health care costs and ensuring that the City will be able to provide health care benefits to its employees in the future. Net Assets in this fund have been growing as cost containment efforts have continued, allowing the current-year rate reduction and enhancing the long-term stability of the fund.

Dental, Vision, and Life Insurance

The City's rates for Dental, Optical and Life Insurance have remained relatively flat over the last 10 years. In 2009, rates for dental insurance were increased approximately 30% to more accurately reflect true costs, while optical rates remained unchanged. Rates charged for life insurance premiums have dropped for the current fiscal year as well.



	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
REVENUES				
Employer Contributions	\$808,579	\$840,000	\$910,000	\$817,500
Employer Contributions-Dental	40,974	43,000	45,000	57,500
Employer Contributions-Optical	8,546	9,000	9,300	9,700
Employer Contributions-Life	6,821	7,000	7,000	7,000
Employee Contribution	49,609	53,000	40,000	40,000
Interest Income	46,445	43,000	20,000	40,000
Surplus	0	0	0	16,300
TOTAL REVENUES	\$960,974	\$995,000	\$1,031,300	\$988,000
EXPENDITURES				
Audit	\$400	\$500	\$1,000	\$500
Reinsurance Premiums	384,879	500,000	572,000	500,000
Administration	33,040	35,000	18,400	35,000
Benefit Payments				
Health Insurance	255,713	300,000	322,000	444,000
Life Insurance	7,789	7,000	3,500	8,500
TOTAL EXPENDITURES	\$681,821	\$842,500	\$916,900	\$988,000
NET ASSETS AT YEAR END				
Change in Net Assets	\$279,153	\$152,500	\$114,400	(\$16,300)
Total Net Assets - Beginning of Year	865,392	1,144,545	1,297,045	1,297,045
TOTAL NET ASSETS - END OF YEAR	\$1,144,545	\$1,297,045	\$1,411,445	\$1,280,745

Self-Insurance Plan Details

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.

Life Insurance

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.

Health Insurance Benefit Payments

A portion of the City's annual required contribution for other post-employment benefits will be taken from this fund for FY2009, in the amount of \$16,000. These funds have been accumulating here and will now be transferred to the City's retiree health care funding vehicle at MERS.

Safety Fund

2008-2009 City of Cadillac Annual Operating Budget

MISSION STATEMENT

Enhance employee performance by assisting employees in maintaining the highest possible level of health and safety.

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

The Safety Coordinator also insures 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.

Safety Coordinator Sergeant Dave Koenig retired at the end of 2008. Fire Marshal Mike Mongar has taken the reigns and now looks forward to assisting City of Cadillac employees in achieving a safe work environment. Mike will be assisted by Tera Veddler, an administrative City employee. Tera will provide support with various record-keeping and reporting issues.

City of Cadillac Employees logged more than 200,000 productive hours in 2007. Lost time days totaled 287, primarily due to extended days lost with an injury in the street department and another in the fire department. A severe injury to a police officer also contributed to the total.

Lost Time Days						
Department	2002	2003	2004	2005	2006	2007
Administration	1	0	1	0	0	0
Fire	0	11	72	3	50	14
Police	98	2	0	0	0	79
Public Works	0	0	0	0	5	191
Utilities	10	0	0	0	30	0
Total	109	13	73	3	85	284

GOALS

2008-2009

1. Analyze 2007 accident reports to determine prevention and mitigation strategies.
2. Conduct preventative MIOSHA CET informal inspection of all City facilities.
3. Review safety training opportunities to be delivered at the department level on a regular basis.



Tera Veddler

Assistant Safety Coordinator



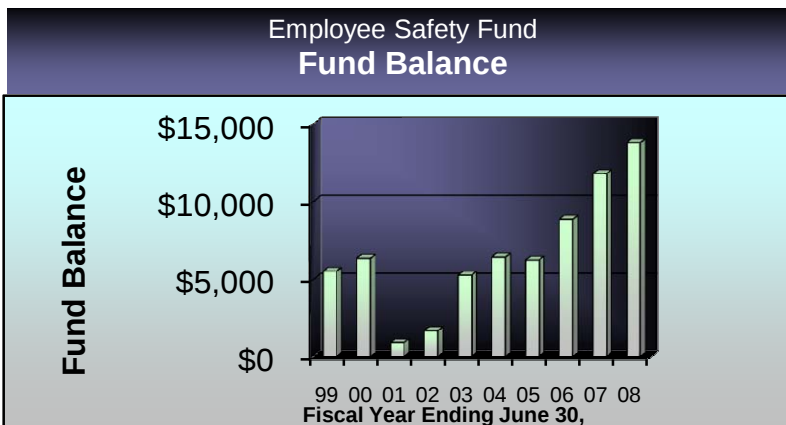
Mike Mongar

Safety Coordinator

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Interest Income	\$541	\$400	\$400	\$300
General Fund	3,200	5,200	5,200	5,200
Water and Sewer Fund	1,200	2,100	2,100	2,100
Stores & Garage Fund	900	1,700	1,700	1,700
Surplus	0	0	8,000	5,200
TOTAL REVENUES	\$5,841	\$9,400	\$9,400	\$14,500
EXPENDITURES				
Salaries and Wages	2,000	\$5,000	\$12,000	\$7,000
Operating Supplies	382	500	3,000	3,000
Audit	400	500	400	500
Dues and Publications	32	400	500	1,000
Travel and Education	95	1,000	1,500	3,000
TOTAL EXPENDITURES	\$2,909	\$7,400	\$17,400	\$14,500
NET ASSETS AT YEAR END				
Change in Net Assets	\$2,932	\$2,000	(\$8,000)	(\$5,200)
Total Net Assets - Beginning of Year	8,867	11,799	13,799	13,799
TOTAL NET ASSETS - END OF YEAR	\$11,799	\$13,799	\$5,799	\$8,599

Safety Committee

The Safety Committee is comprised of employees from various departments with a total of 7 members. 2008 reflects an increased emphasis on the workplace safety.



Fund Balance

The Fund Balance was reduced in FY2001 by using the excess balance to make the annual departmental contributions.

Police and Fire Retirement Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

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

The financial objective is to establish and receive contributions, expressed as a percent of active payroll, which will remain approximately level from year to year and will not be increased for future generations. The system is supported by City contributions, investment income from the retirement assets, and an employee contribution of 3% of salary. To fund the system, the City contributes 36.03% of the police member salaries and 35.15% of the fire members' salaries. Unfunded actuarial liabilities are amortized as a level percent of active member payroll over a period of years. The 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 66.1% funded, up from 62.8% on the previous valuation. In 2001 the police officers and the fire officers agreed to an employee deduction to cover the actuarial costs of increasing the retirement factor from 2.0 to 2.5. The members agreed to make contributions to cover the additional benefit, which was subsequently capped at 3% of salary, requiring the City to make up any difference.

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

Current Membership Details

There are twenty eight retirees and beneficiaries on the *retirement rolls* as of June 30, 2007. Annual pensions of \$447,970 are paid from the revenue stream of the retirement system. The average annual pension is \$15,999, which increased 4.3% from last year. The average age at retirement was 53.0 years of age and those retirees current average age is 66.4 years old.

There are 27 active members in this retirement system. The average age of the active members is 42.1 and the average length of service is 13.7 years. The average salary is \$54,924, up 3.2% over the previous year.

For every retiree there is one active employee in the retirement system.

Board of Directors:

Jay Thiebaut, Chairperson
Citizen

Jan Nelson, Secretary/Treasurer
City Treasurer

Dan Brooks, Member
Citizen

Chris Shankland, Member
Firefighter

Eric Eller, Member
Police Officer

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

Board Members

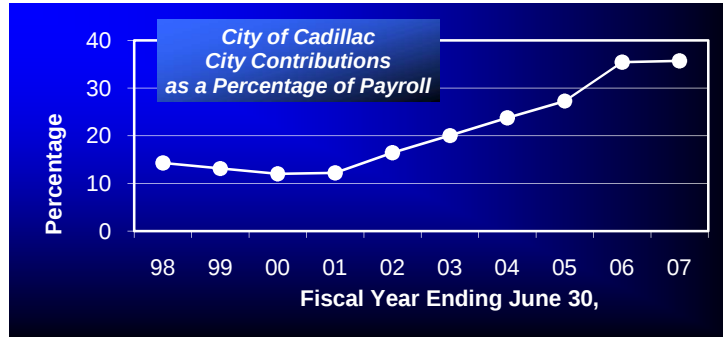
Jay Thiebaut, a local CPA and Dan Brooks, a local insurance agent, have been on the Police and Fire Retirement Board volunteering their time for over twenty years. These gentlemen reflect the dedication and commitment to this community by countless numbers of citizens who give freely of their time to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

	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
ADDITIONS				
Contributions - Employer	556,555	\$530,000	\$440,000	\$510,000
Contributions - Employee	30,974	\$46,000	\$45,000	43,000
Interest and Dividend Income	5,603	8,000	\$131,000	5,000
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	975,835	100,000	300,000	200,000
Investment Expenses	(27,533)	(32,000)	(60,000)	(35,000)
TOTAL ADDITIONS	\$1,541,434	\$652,000	\$856,000	\$723,000
DEDUCTIONS				
Benefit Payments				
Retirement	\$442,196	\$500,000	\$465,000	575,000
Administrative Expenses				
Audit	2,100	1,400	1,500	2,100
Actuarial	18,282	19,000	15,000	20,000
TOTAL DEDUCTIONS	\$462,578	\$520,400	\$481,500	\$597,100
Net Increase (Decrease) in Plan Assets	\$1,078,856	\$131,600	\$374,500	\$125,900
Net Assets Held in Trust for Pension Benefits				
Beginning of Year	\$5,813,757	\$6,892,613	\$6,892,613	\$7,024,213
End of Year	\$6,892,613	\$7,024,213	\$7,267,113	\$7,150,113

Retirement Benefit Payments

Retirement benefit payments have increased substantially due to the retirement of 3 public safety officers since 2007.

Summary of Active Members - Last Ten Fiscal Years					
Valuation Date	Active Members	Valuation Payroll	Age	Average Service	Average Payroll
June 30,					
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
2006	27	1,437,073	42.6	14.1	\$53,225
2007	27	1,482,941	42.1	13.7	\$54,924



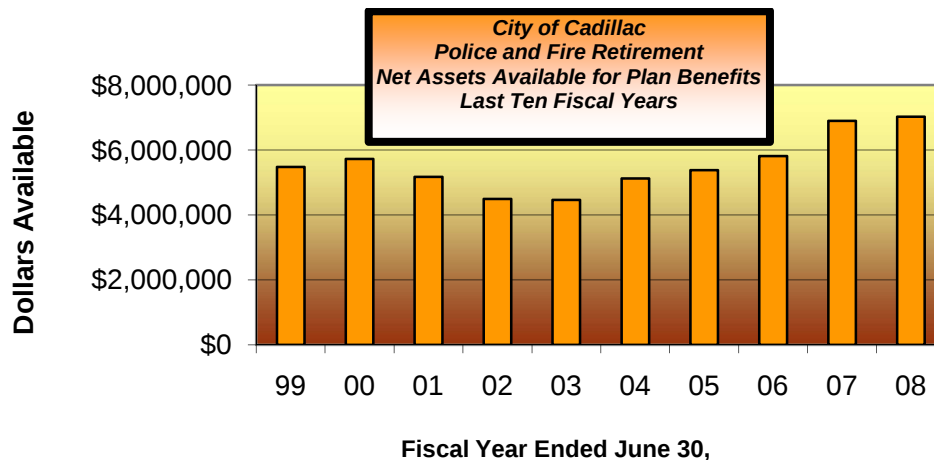
City Contribution

The rates are moving upward as a result of a declining stock market, low interest rates, and additional benefits. However, a change in investment management has resulted in improved returns and has kept the increase very minimal for the current year.

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

Last Valuation Date	June 30, 2007
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	10
Remaining Amortization - Benefit Increase	25 Years
Asset Valuation Method	5-year smoothed market

Assumptions:

Investment Rate of Return	7.0%
Projected Salary Increases	4.0%
Assumed Rate of Payroll Growth	4.0%
Assumed Rate of Membership Growth	0.0%

Actual Investment Returns

Fiscal Year	Return
1999	11.00%
2000	9.60%
2001	5.70%
2002	0.80%
2003	-2.10%
2004	-0.70%
2005	-1.20%
2006	1.80%
2007	15.90%

Summary of Act 345 Benefits & Conditions:

Eligibility:	Benefit:
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, FAC 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:

All active members contribute 3% of their salary to the system to pay for an increase in the benefit multiplier.

**Fire responded
to by City Fire
Department**



Component Unit Funds Summary

2008-2009 City of Cadillac Annual Operating Budget

Component Units

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

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

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

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.

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.

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

2008-2009 City of Cadillac Annual Operating Budget

2008-2009

	Major Fund	Nonmajor Funds		
	Local Development Finance Authority Operating	Local Development Finance Authority Utilities	Local Development Finance Authority Capital Projects	Brownfield Redevelopment Authority Operating
Revenues				
Tax Revenues	\$220,000		\$65,000	\$13,000
Interest Income	60,000	\$5,000	3,000	4,000
Management Fees				
Water Revenues		14,800		
State of Michigan - Grant				849,300
Loan Proceeds				280,000
Contributions				
Surplus				
Total Revenues	\$280,000	\$19,800	\$68,000	\$1,146,300
Expenditures				
Salaries - Regular	\$18,500	\$3,000		
Salaries - Part Time				
Fringes	9,200	1,600		
Operating Supplies	11,500	500		
Chemicals	200			
Carbon	3,000			
Postage				
Contractual Services	36,700	4,500		\$1,140,600
Audit	900	400	\$500	500
Publisher's Costs				
Travel				
Downtown Marketing				
Capital Outlay				
Interest Payment				
Contracted Lab Costs	45,000			
Utilities	125,000			
Repair & Maintenance	15,500			
Engineering Fees	14,500			
Depreciation		5,000		
Total Expenditures	\$280,000	\$15,000	\$500	\$1,141,100
Excess (Deficiency) of Revenues Over Expenditures (1)	0	\$4,800	\$67,500	\$5,200
Beginning Fund Balance	1,767,128	\$347,884	\$215,300	\$108,568
Ending Fund Balance	<u>1,767,128</u>	<u>\$352,684</u>	<u>\$282,800</u>	<u>\$113,768</u>

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

Component Unit Funds Summary (Continued)

2008-2009 City of Cadillac Annual Operating Budget

2008-2009	Nonmajor Funds		Total
	Downtown Development Authority	Downtown Development Authority Capital Projects	
Revenues			
Tax Revenues	\$30,000	\$107,000	\$435,000
Interest Income	1,000	800	73,800
Management Fees	5,000		5,000
Water Revenues			14,800
State of Michigan - Grant			849,300
Loan Proceeds			280,000
Contributions	3,000		3,000
Surplus	3,800	40,800	44,600
	\$42,800	\$148,600	\$1,705,500
Total Revenues			
Expenditures			
Salaries - Regular	\$20,100		\$41,600
Salaries - Part Time	3,000		3,000
Fringes	5,600		16,400
Operating Supplies	1,000		13,000
Chemicals			200
Carbon			3,000
Postage	500		500
Contractual Services	8,000	\$26,600	1,216,400
Audit	900	400	3,600
Publisher's Costs	1,000		1,000
Travel	200		200
Downtown Marketing	2,500		2,500
Capital Outlay		90,000	90,000
Interest Payment		25,000	25,000
Contracted Lab Costs		6,600	51,600
Utilities			125,000
Repair & Maintenance			15,500
Engineering Fees			14,500
Depreciation			5,000
Total Expenditures	\$42,800	\$148,600	\$1,628,000
Excess (Deficiency) of Revenues Over Expenditures (1)	(3,800)	(40,800)	\$32,900
Beginning Fund Balance	4,481	202,619	\$3,110,632
Ending Fund Balance	681	161,819	\$3,143,532

(1) Excludes "Surplus." Surplus indicates the use of prior year's earnings to balance current budget. 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 of the budget document.

GLIMPSES OF CADILLAC



The beautiful Kris Eggle Memorial Fountain in the downtown City park.

Community service and education is a big role played by Cadillac City Firefighters



Each spring, dozens of volunteers help to clean up city parks after a long winter season

Local Development Finance Authority Operating Fund

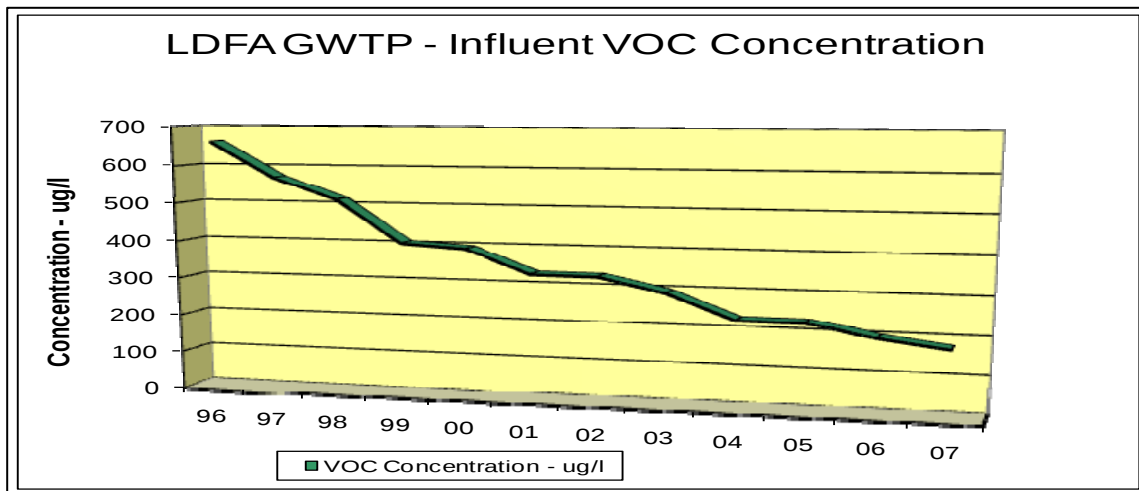
2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

The Local Development Finance Authority (LDFA) established an operating fund which reflects the operational costs of the groundwater cleanup process in the industrial park. This fund has a sole source of revenue which is the special assessments paid by the industrial community within the contaminated area. In 2007 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 2009 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 2007 the daily average was 2.42 MGD. Treated groundwater is discharged to the Clam River near the old Lake Cadillac dam.

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



Board of Directors:

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

	ACTUAL FY2007	ESTIMATED FY2008	Budget	
			CURRENT FY2008	PROPOSED FY2009
REVENUES				
Tax Revenue	\$276,107	\$220,000	\$220,000	\$220,000
Interest Income	75,529	65,000	67,500	60,000
Surplus	0	0	0	0
TOTAL REVENUES	\$351,636	\$285,000	\$287,500	\$280,000
EXPENDITURES				
Salaries and Wages - Regular	\$18,254	\$17,000	17,100	18,500
Fringes	6,863	8,000	8,800	9,200
Operating Supplies	10,143	15,000	10,000	11,500
Chemicals	0	0	200	200
Contractual Services	26,265	30,000	33,000	27,200
Legal Contractual Services	13,910	0	9,500	9,500
Audit	400	900	400	900
Contracted Lab Costs	50,915	45,000	41,000	45,000
Utilities	124,265	128,000	118,000	125,000
Repair & Maintenance	30,038	15,000	11,500	15,500
Carbon	0	0	3,000	3,000
Engineering Fees	8,071	12,000	35,000	14,500
TOTAL EXPENDITURES	\$289,124	\$270,900	\$287,500	\$280,000
FUND BALANCE				
Excess (Deficiency) of Revenues over Expenditures	\$62,512	\$14,100	\$0	\$0
Fund Balance - Beginning of Year	1,690,516	1,753,028	1,767,128	1,767,128
FUND BALANCE AT YEAR END	\$1,753,028	\$1,767,128	\$1,767,128	\$1,767,128

Fund Balance

Fund Balance is reserved for capitalized interest and assessment shortfalls. The Special Assessment is calculated at a level that covers all operating costs, which include all of the above except Contractual Services, Legal Contractual Services, Carbon, and Engineering Fees.

Engineering Fees

In fiscal year 2008-2009, it is proposed to close the the Soil Vapor Extraction site.

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

Volume of groundwater pumped and treated:

	<u>Gallons per Year</u>	<u>Gallons per Day</u>
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
2006	871,400,000	2,387,000
2007	884,190,000	2,422,000

Estimated pounds of volatile organics stripped from the water:

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
2001	2,402 pounds per year	2006	1,453 pounds per year
2002	2,322 pounds per year	2007	1,305 pounds per year

Hours spent in operation and maintenance:

1998	580 hours	2003	940 hours
1999	380 hours	2004	970 hours
2000	435 hours	2005	830 hours
2001	770 hours	2006	940 hours
2002	890 hours	2007	1,140 hours



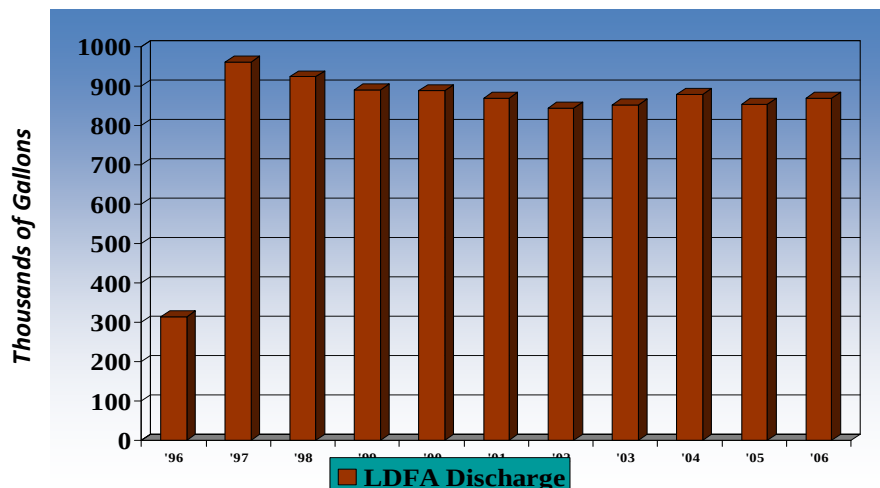
LDFA Water Treatment Facility

L.D.F.A. Treatment Details



- * More than 9 billion gallons of water have been treated since the inception of the program.
- * VOC distribution in the LDFA discharge has been below detection limit since the beginning of the program in 1996.

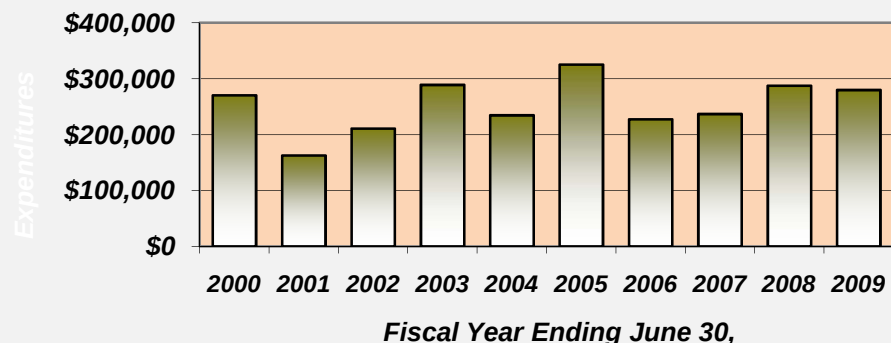
Treated gallons per calendar year



Expenditures

The costs of operating the LDFA treatment facility have remained relatively consistent since the beginning of the treatment program.

*L.D.F.A. Operating Expenditures
2000-2009*



Local Development Finance Authority Capital Projects Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

This fund accounts for tax increment finance revenues collected on behalf of the LDFA after debt service requirements have been met.

Ongoing Development

	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
REVENUES				
Tax Increment Financing Revenue	\$0	\$67,000	\$0	\$65,000
Interest Income	0	1,800	0	3,000
Transfer In	0	147,000	0	0
TOTAL REVENUES	\$0	\$215,800	\$0	\$68,000
EXPENDITURES				
Audit	\$0	\$500	\$0	\$500
TOTAL EXPENDITURES	\$0	\$500	\$0	\$500
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	\$0	\$215,300	\$0	\$67,500
Fund Balance - Beginning of Year	0	0	215,300	215,300
FUND BALANCE AT YEAR END	\$0	\$215,300	\$215,300	\$282,800

Tax Increment Finance Revenues

Tax increment finance (TIF) revenues collected by Cadillac's LDFA are restricted for capital projects. There is very little ongoing tax capture since the debt service requirements have been fulfilled, but those that remain are accounted for in this fund which segregates them for capital purposes in compliance with the TIF plan.

Local Development Finance Authority Utilities Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

The Local Development Finance Authority (LDFA) developed a deep well to provide cooling water for the Power Plant. This water is untreated and can be used only for industrial purposes. Water is also available from the LDFA Groundwater Treatment Plant for the same purposes.

Revenue from the sale of water is used to pay for the cost of providing the water. The rates are established by the LDFA and are not part of the City's Utilities Ordinance.

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

Volume of Water Pumped (Gallons)

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
2006	148,930,000
2007	123,957,000



LDFA WELLHOUSE (foreground) with Cadillac Renewable Energy in background

Hours spent in operation and maintenance

1998	156
1999	168
2000	154
2001	148
2002	122
2003	115
2004	170
2005	134
2006	125
2007	175



LDFA WELL

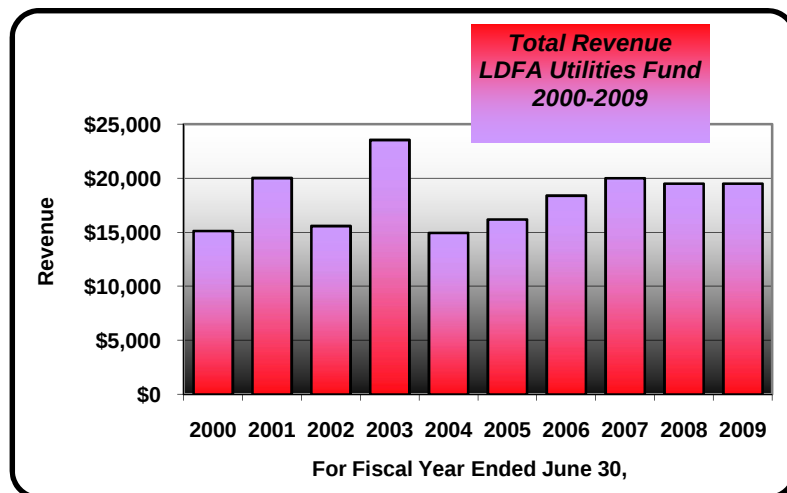
	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Water Revenue	\$16,248	\$15,000	\$14,800	\$14,800
Interest Income	7,298	5,500	4,700	5,000
TOTAL REVENUES	\$23,546	\$20,500	\$19,500	\$19,800
EXPENDITURES				
Salaries and Wages - Regular	\$2,639	\$3,000	\$2,100	\$3,000
Fringes	707	1,200	1,400	1,600
Operating Supplies	0	500	500	500
Contractual Services	0	4,500	4,500	4,500
Audit	400	400	400	400
Depreciation	4,536	4,600	5,000	5,000
TOTAL EXPENDITURES	\$8,282	\$14,200	\$13,900	\$15,000
NET ASSETS AT YEAR END				
Change in Net Assets	\$15,264	\$6,300	\$5,600	\$4,800
Total Net Assets - Beginning of Year	326,320	341,584	347,884	347,884
TOTAL NET ASSETS - END OF YEAR	\$341,584	\$347,884	\$353,484	\$352,684

Fund Balance

The fund balance is at a level to assist in replacement of the well or any major repairs.

Contractual Services

Contractual Services are to replace RPZ valve.



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.

Downtown Development Authority Operating Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

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 30% 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 \$30,000 in property tax revenue from the DDA's two mill levy, which averages \$95 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.



Downtown Clock Gazebo - DDA project completed in 2003.



Annual Downtown Sidewalk Sales

	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
REVENUES				
Interest Income	\$999	\$1,000	\$700	\$1,000
Tax Revenue	31,097	31,000	32,000	30,000
DEQ Management Fee	5,000	5,000	5,000	5,000
Contributions From Private Sources	3,585	2,000	2,500	3,000
Refunds & Rebates	0	0	0	0
Surplus	0	3,700	3,700	3,800
TOTAL REVENUES	\$40,681	\$42,700	\$43,900	\$42,800
EXPENDITURES				
Salaries and Wages - Regular	\$21,297	\$22,000	\$22,000	\$20,100
Salaries and Wages - Part Time	3,761	3,000	3,000	3,000
Fringes	3,316	5,000	5,400	5,600
Office Supplies	601	1,000	1,500	1,000
Postage	456	500	500	500
Contractual Services	8,542	7,000	8,000	8,000
Audit	700	900	700	900
Travel and Education	302	300	300	200
Publisher's Costs	1,220	500	0	1,000
Downtown Marketing	0	2,500	2,500	2,500
TOTAL EXPENDITURES	\$40,195	\$42,700	\$43,900	\$42,800
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	\$486	(\$3,700)	(\$3,700)	(\$3,800)
Fund Balance - Beginning of Year	7,695	8,181	8,181	4,481
FUND BALANCE AT YEAR END	\$8,181	\$4,481	\$4,481	\$681

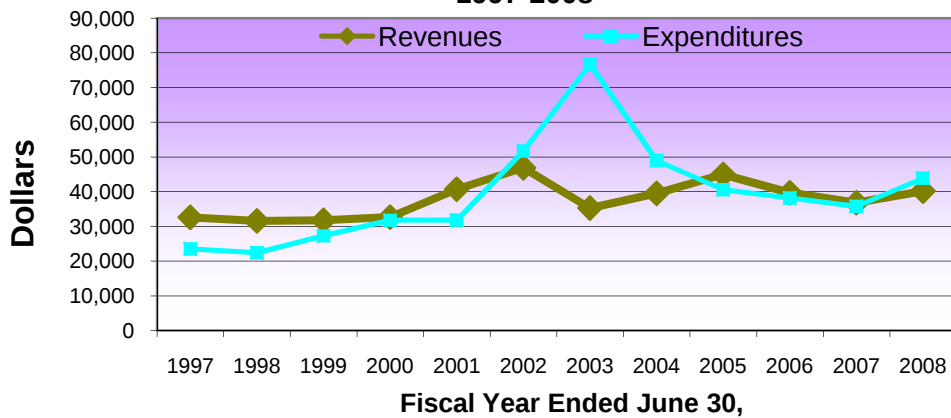
Contractual Services

New flower baskets are purchased each year to hang from the lightposts through the downtown. Funds for the purchase of the baskets and the subsequent summer flower watering services are appropriated to this line item.

***Cadillac Downtown Development Authority
Board of Directors***

<i>Name</i>	<i>Position</i>	<i>Business</i>	<i>Occupation</i>
Deb Christie	Chairperson	Firstbank	Branch Officer
Robert Levand	Vice-Chairperson	N/A	DDA District Resident
Peter Stalker	Secretary/Treasurer	City of Cadillac	City Manager
Bill Cinco	Member	Trend Designers	Owner
Tim Coffey	Member	Coffey Insurance Agency	Owner
Curtis Schultz	Member	Kodiak's Coffeehouse & Deli	Owner
Hermann Suhs	Member	Hermann's European Café	Owner
Margo Copley	Member	Lakeside Title Company	Assistant Manager
Chris Huckle	Member	Cadillac News	Owner/Publisher
Stephanie Trombley	Member	Bridal Expressions	Owner

**Downtown Development Authority
Revenues and Expenditures
1997-2008**



Overview of the Cadillac Downtown Development Authority 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. Funding has been secured and construction is scheduled to begin in April 2009.
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.



Harris Street planters add beauty to a key downtown intersection.



Banners and flowers add color and vitality to the downtown district.

Downtown Development Authority Capital Projects Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

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

While the plans were established in 1992, the first TIF capture was not realized until 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 2008-2009 fiscal year, a TIF revenue capture of \$107,000 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.

Efforts are currently underway to plan for a major streetscape project in 2009 on Mitchell Street. Grant funding has been secured, design engineering is underway, and construction is expected to begin in April 2009. The FY2009 budget includes costs for a marketing campaign regarding the project.

The purpose of the Cadillac DDA Capital Project Fund is to receive these DDA TIF revenues and track their expenditures on Development Plan projects.

2009 Mitchell Street Improvement Project

This drawing depicts the improved Mitchell/Cass Street intersection planned for 2009. The DDA will be responsible for an estimated \$550,000 in costs related to the project.



	Budget			
	ACTUAL FY2007	ESTIMATED FY2008	CURRENT FY2008	PROPOSED FY2009
REVENUES				
Tax Revenue	\$116,656	\$107,000	\$107,000	\$107,000
Interest Income	886	900	0	800
Surplus	0	0	0	40,800
TOTAL REVENUES	\$117,542	\$107,900	\$107,000	\$148,600
EXPENDITURES				
Audit	\$0	\$0	\$400	\$400
Contractual Services	9,610	0	48,500	26,600
Construction	1,335	1,000	1,500	90,000
Transfer to Debt Retirement Fund				
Principal Payment	0	25,000	25,000	25,000
Interest Payment	0	8,000	8,000	6,600
Public Works	30,000	0	0	0
TOTAL EXPENDITURES	\$40,945	\$34,000	\$83,400	\$148,600
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	\$76,597	\$73,900	\$23,600	(\$40,800)
Fund Balance - Beginning of Year	52,122	128,719	202,619	202,619
FUND BALANCE AT YEAR END	\$128,719	\$202,619	\$226,219	\$161,819

Debt Service

TITLE OF ISSUE: 1997 Building Authority Fund Bonds **DATE OF ISSUE:** December 1, 1997

PURPOSE: Pay all or part of the cost of public parking lot improvements in the City of Cadillac

		AMOUNT REDEEMED		
		Prior	Current	Balance
AMOUNT OF ISSUE	\$310,000	\$145,000	\$25,000	\$140,000
DEBT SERVICE REQUIREMENTS				
DUE DATES	RATE	PRINCIPAL	INTEREST	TOTAL
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
		\$140,000	\$18,957	\$158,957

Brownfield Redevelopment Authority Fund

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

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 four times, most recently on May 1, 2006. 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 Northernnaire 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)

<i>Brownfield Redevelopment Authority</i>	
<i>Board of Directors:</i>	
Mike Figliomeni	Regan O'Neill
Jack Benson	Peter D. Stalker
Ron Swanson	

	Budget			
	ACTUAL	ESTIMATED	CURRENT	PROPOSED
	FY2007	FY2008	FY2008	FY2009
REVENUES				
Current Property Taxes	\$1,686	\$27,000	\$27,000	\$13,000
Interest Income	4,681	2,000	2,000	4,000
State of Michigan - Grant	0	0	0	849,300
Loan Proceeds	0	0	0	280,000
TOTAL REVENUES	\$6,367	\$29,000	\$29,000	\$1,146,300
EXPENDITURES				
Contractual Services	\$0	\$27,000	\$28,200	\$1,140,600
Audit	800	800	800	500
TOTAL EXPENDITURES	\$800	\$27,800	\$29,000	\$1,141,100
FUND BALANCE AT YEAR END				
Excess (Deficiency) of Revenues over Expenditures	\$5,567	\$1,200	\$0	\$5,200
Fund Balance - Beginning of Year	101,801	107,368	108,568	108,568
FUND BALANCE AT YEAR END	\$107,368	\$108,568	\$108,568	\$113,768

Contractual Services

Contingent upon the receipt of a grant, remediation of the Harris Milling site should occur throughout the remainder of 2008. Project details can be found on the next page.

Lakeside Development Agreement

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. This transfer is accounted for in the Contractual Services line item.



2008-2009 Remediation and Redevelopment

Plans for a significant site remediation and redevelopment project are currently underway. A developer has come forward with a substantial project for the old Harris Milling/YMCA/Brasseur site. The securing of a developer will enable the City through the BRA to secure a grant to fund site remediation, including demolishing the existing structure, removing the contamination from the soil, and preparing the site for the development project.

Project Details:

Source of Funds:

MDEQ Brownfield Grant/Loan Program		
Grant	\$849,275	
Loan	\$280,025	
Total		\$1,129,300

Use of Funds:

BEA	\$3,500	
Due Care Remediation	\$603,000	
Building Demolition	\$315,000	
Work Plan/Grant Administration	\$60,500	
Contingencies	\$147,300	
Total		\$1,129,300

Additionally, the overall scope of the project proposes to use tax increment financing money available in both the BRA and the Downtown Development Authority to fund the following public infrastructure projects in the area of the remediation activity:

Public Sidewalks	\$10,000	
Public Parking/Alley	\$100,000	
Underground Utilities	\$60,000	
W. Chapin Repaving	\$50,000	
Work Plan/MEGA Review	\$8,500	
Total		\$228,500

Prior Remediation and Redevelopment Activity

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.



Kraft Site Development Project

One of the sites identified as a brownfield in the City of Cadillac was the Kraft site, a prominent lot located near Lake Cadillac. Over the last few years, remediation of this site was completed, and a new 3-story condominium project has been constructed at the site, a significant improvement to the lakefront area. This kind of remediation and redevelopment effort is testament of the value of the Brownfield Redevelopment Authority.

Capital Improvement Program

2008-2009 City of Cadillac Annual Operating Budget

Nature and Purpose

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 more than one year** ;
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.

Capital Budget vs. Capital Improvement Program

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

An effective and ongoing capital improvement program provides significant benefit to elected officials, staff and to the taxpayers of the City. These benefits include:

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 financing 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.

Preparation of the Capital Improvement Program

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.

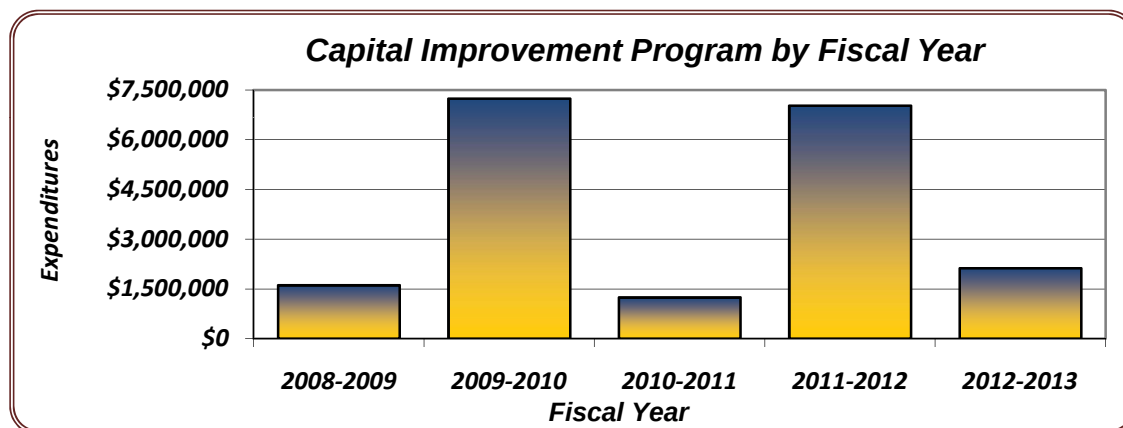
What projects are to be included and what are their priorities?

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

Capital Improvement Program Summary 2008-2013

Fund	Year One 2008-2009	Year Two 2009-2010	Year Three 2010-2011	Year Four 2011-2012	Year Five 2012-2013	Total	Average Percent
General Fund	\$385,400	\$250,400	\$129,800	\$167,500	\$221,900	\$1,155,000	6.00%
Major Street Fund	10,000	4,184,000	80,000	1,510,000	0	5,784,000	30.06%
Local Street Fund	680,000	625,000	280,000	23,200	819,000	2,427,200	12.61%
Cemetery Fund	23,000	35,000	12,000	9,200	60,000	139,200	0.72%
Industrial Park Fund	12,500	538,900	14,700	0	0	566,100	2.94%
Brownfield Redevelopment	155,000	100,000	0	0	0	255,000	1.33%
Water & Wastewater Fund	139,500	1,253,000	463,500	5,100,000	759,300	7,715,300	40.10%
Stores & Garage Fund	129,000	192,200	160,000	160,400	203,000	844,600	4.39%
Data Processing Fund	75,000	60,000	100,000	60,000	60,000	355,000	1.84%
Total	\$1,609,400	\$7,238,500	\$1,240,000	\$7,030,300	\$2,123,200	\$19,241,400	100.00%



Impact on the Annual Operating Budget

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.

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

Summary

2008-2009

				Impact on Operating Costs
Department	Project	Amount	Summary	
Municipal Complex	Office Desks	\$7,500	Replacement	(\$100)
Municipal Complex	Utilities Front Counter	\$10,000	Replacement	(\$100)
Municipal Complex	Engineer Pick-Up	\$19,000	Replacement	(\$800)
Municipal Complex	Sidewalk Replacement Program	\$91,200	Sidewalk Improvements	\$0
Police Department	Vehicle Replacement	\$27,000	Replacement	(\$600)
Police Department	Wireless Data Communications	\$28,600	Enhance Communications	(\$1,000)
Fire Department	Portable Radios	\$7,700	Replacement	(\$500)
Fire Department	Tanker Truck	\$173,000	Replacement	(\$1,000)
Parks Department	Shoreline Stabilization	\$6,400	Rip Rap Installation	(\$500)
Parks Department	Canal Seawall	\$15,000	Replacement	(\$500)
Industrial Park	Entrance Signs	\$12,500	Replacement	(\$500)
Major Streets	Street Signs	\$10,000	Replacement	(\$500)
Local Streets	East Bremer Street	\$50,000	Reconstruction	(\$1,000)
Local Streets	Lynn Street	\$120,000	Reconstruction	(\$400)
Local Streets	Street Signs	\$10,000	Replacement	(\$500)
Local Streets	Safe Routes to School Sidewalks	\$500,000	Reconstruction	(\$500)
Cemetery Operating	Pickup Truck	\$23,000	Replacement	(\$750)
Brownfield Red.	Harris Milling Project	\$155,000	Site Remediation/Restoration	(\$3,000)
Water & Wastewater	East Bremer Street	\$32,500	Replace Utilities	(\$400)
Water & Wastewater	Lynn Street	\$84,000	Replace Utilities	(\$1,000)
Water & Wastewater	Pickup Truck	\$23,000	Replacement	(\$500)
Stores and Garage	Pickup Truck	\$21,000	Replacement	(\$700)
Stores and Garage	Patch Trailer	\$24,500	Replacement	(\$200)
Stores and Garage	Underbody Plow	\$7,000	Replacement	(\$800)
Stores and Garage	Sidewalk Tractor	\$42,000	Replacement	(\$900)
Stores and Garage	Wood Chipper	\$27,000	Replacement	(\$1,000)
Stores and Garage	Paving	\$7,500	Site Enhancements	(\$500)
Data Processing	Printer	\$5,000	Replacement	(\$600)
Data Processing	Computer Replacement	\$25,000	Replacement	(\$1,000)
Data Processing	Network Backup	\$10,000	Replacement	(\$500)
Data Processing	Software Applications	\$35,000	Replacement/Upgrades	(\$500)
Total		<u>\$1,609,400</u>		<u>(\$20,850)</u>

Footnotes:

1. Safe Routes to School project is in conjunction with Cadillac Area Public Schools for the purpose of improving the sidewalks and parking area at Lincoln Elementary School.
2. The Tanker Truck for the Fire Department is contingent upon grant funding to enable purchase.
3. The sidewalk replacement project includes all costs of improvements assessed against property owners.
4. The Harris Milling Project accounts for costs associated with remediating a brownfield site in the downtown area.
5. This fiscal year is included throughout the budget in the various departments.

City of Cadillac**Capital Improvement Program
Summary****2009-2010**

Department	Project	Amount	Summary	Impact on Operating Costs
Municipal Complex	Upgrade Restrooms	\$25,000	Municipal Complex Improvement	(\$600)
Municipal Complex	Staff Vehicle	\$19,000	Replace 10-Year old Vehicle	(\$500)
Municipal Complex	Office Desks	\$17,000	Replacement	(\$100)
Police Department	Vehicle Replacement	\$28,000	Replacement	(\$600)
Police Department	Wireless Data Communications	\$48,400	Enhance Communications	(\$1,000)
Fire Department	Portable Radios	\$7,700	Replacement	(\$500)
Parks Department	Equipment	\$5,300	Replacement	(\$500)
Parks Department	Diggins Hill Tennis Courts	\$100,000	Reconstruction	\$1,500
Industrial Park	Potvin Industrial Park Phase II	\$525,000	New Development	\$2,000
Industrial Park	Entrance Signs	\$13,900	Replacement	(\$500)
Major Streets	Street Signs	\$10,000	Replacement	(\$500)
Major Streets	Mitchell Street	\$2,127,000	Reconstruction	(\$6,000)
Major Streets	Mitchell Street	\$2,047,000	Reconstruction	(\$5,000)
Local Streets	Street Signs	\$10,000	Replacement	(\$500)
Local Streets	Lincoln Street	\$100,000	Reconstruction	(\$1,200)
Local Streets	Alley - Washington Street	\$10,000	Reconstruction	(\$500)
Local Streets	Marathon Drive	\$161,000	Reconstruction	(\$2,000)
Local Streets	Arthur Street	\$344,000	Reconstruction	(\$500)
Cemetery Operating	Paving	\$35,000	Reconstruction	(\$500)
Brownfield Red.	Harris Milling Project	\$100,000	Site Remediation/Restoration	(\$3,000)
Water & Wastewater	Lincoln Street	\$10,000	Replace Utilities	(\$1,200)
Water & Wastewater	Mitchell Street	\$380,000	Replace Utilities	(\$5,000)
Water & Wastewater	Mitchell Street	\$280,000	Replace Utilities	(\$5,000)
Water & Wastewater	Tractor Mower	\$25,000	Replacement	(\$200)
Water & Wastewater	Pickup Truck	\$23,000	Replacement	(\$500)
Water & Wastewater	Marathon Drive	\$151,000	Replace Utilities	(\$2,500)
Water & Wastewater	Arthur Street	\$174,000	Replace Utilities	(\$500)
Water & Wastewater	Alley - Washington Street	\$10,000	Replace Utilities	(\$500)
Water & Wastewater	Cobb Street	\$200,000	New Development	\$2,000
Stores and Garage	Underbody Plow	\$7,200	Replacement	(\$800)
Stores and Garage	Vacuum Street Sweeper	\$185,000	Replacement	(\$1,500)
Data Processing	Computer Replacement	\$25,000	Replacement	(\$1,000)
Data Processing	Software Applications	\$5,000	Replacement/Upgrades	(\$500)
Data Processing	Data Storage	\$15,000	Replacement	(\$600)
Data Processing	IT Infrastructure	\$15,000	Replacement	(\$500)
Total		\$7,238,500		(\$38,800)

City of Cadillac

2010-2011

Capital Improvement Program Summary

Department	Project	Amount	Summary	Impact on Operating Costs
Municipal Complex	Floor Covering	\$9,700	Replace Worn Carpet	(\$300)
Municipal Complex	Office Desks	\$10,000	Replacement	(\$100)
Police Department	Vehicle Replacement	\$34,500	Replacement	(\$600)
Police Department	Body Armor	\$16,000	Replacement	(\$600)
Fire Department	Thermal Imaging Camera	\$8,500	Replacement	(\$500)
Parks Department	Equipment	\$5,300	Replacement	(\$500)
Parks Department	Riding Lawnmower	\$8,500	Replacement	(\$500)
Parks Department	Walk-Behind Mower	\$5,900	Replacement	(\$500)
Parks Department	Shoreline Stabilization	\$6,400	Rip Rap Installation	(\$500)
Parks Department	Walkway Bridge Gazebo	\$25,000	Construction	\$500
Industrial Park	Entrance Signs	\$14,700	Replacement	(\$500)
Major Streets	Street Signs	\$10,000	Replacement	(\$500)
Major Streets	Carmel Street	\$30,000	Reconstruction	(\$600)
Major Streets	West Bremer Street	\$40,000	Reconstruction	(\$500)
Local Streets	Street Signs	\$10,000	Replacement	(\$500)
Local Streets	East Bremer Street	\$70,000	Reconstruction	(\$1,000)
Local Streets	Selma Street	\$100,000	Reconstruction	(\$1,200)
Local Streets	May Street	\$30,000	Reconstruction	(\$500)
Local Streets	Washington Street	\$70,000	Reconstruction	(\$600)
Cemetery Operating	Blowers, Trimmers	\$3,500	Replacement	(\$600)
Cemetery Operating	Riding Lawnmower	\$8,500	Replacement	(\$500)
Water & Wastewater	East Bremer Street	\$22,000	Reconstruction	(\$400)
Water & Wastewater	Selma Street	\$91,000	Reconstruction	(\$500)
Water & Wastewater	May Street	\$13,500	Reconstruction	(\$500)
Water & Wastewater	Washington Street	\$49,000	Reconstruction	(\$2,000)
Water & Wastewater	West Bremer Street	\$38,000	Reconstruction	(\$400)
Water & Wastewater	Water Tower Painting	\$210,000	Facility Maintenance	(\$1,000)
Water & Wastewater	Service Truck	\$15,000	Replacement	(\$200)
Water & Wastewater	Carmel Street	\$25,000	Reconstruction	(\$1,200)
Stores & Garage	Pickup Truck	\$22,000	Replacement	(\$700)
Stores & Garage	Underbody Plow	\$7,500	Replacement	(\$800)
Stores & Garage	Aerial Lift Truck	\$91,000	Replacement	(\$500)
Stores & Garage	Crack Sealer	\$39,500	Replacement	(\$1,000)
Data Processing	Computer Replacement	\$25,000	Replacement	(\$1,000)
Data Processing	Software Applications	\$5,000	Replacement/Upgrades	(\$500)
Data Processing	Network Servers	\$70,000	Replacement/Upgrades	(\$1,000)
Total		<u>\$1,240,000</u>		<u>(\$22,300)</u>

City of Cadillac

Capital Improvement Program

Summary

2011-2012

				Impact on Operating Costs
Department	Project	Amount	Summary	
Municipal Complex	Office Desks	\$12,000	Replacement	(\$100)
Police Department	Vehicle Replacement	\$34,500	Replacement	(\$600)
Police Department	Wireless Data Communications	\$54,000	Enhance Communications	(\$1,000)
Fire Department	Rescue Tools	\$12,000	Replacement	(\$800)
Parks Department	Kenwood Park paving	\$55,000	Pave gravel lot	(\$1,000)
Major Streets	Street Signs	\$10,000	Replacement	(\$500)
Major Streets	Mitchell Street	\$1,500,000	Reconstruction	(\$5,000)
Local Streets	Street Signs	\$10,000	Replacement	(\$500)
Local Streets	Cedar Street	\$13,200	Reconstruction	(\$400)
Cemetery Operating	Blowers, Trimmer	\$3,700	Replacement	(\$600)
Cemetery Operating	Walk-behind Mower	\$5,500	Replacement	(\$500)
Water & Wastewater	Mitchell Street	\$600,000	Replace Utilities	(\$5,000)
Water & Wastewater	Water Supply Improvement	\$4,500,000	System Improvements	\$2,000
Stores & Garage	Pickup Truck	\$23,000	Replacement	(\$700)
Stores & Garage	Underbody Plow	\$7,900	Replacement	(\$800)
Stores & Garage	Dump Truck	\$29,500	Replacement	(\$1,000)
Stores & Garage	Wheel Loader	\$100,000	Replacement	(\$1,000)
Data Processing	Computer Replacement	\$25,000	Replacement	(\$1,000)
Data Processing	Software Applications	\$5,000	Replacement/Upgrades	(\$500)
Data Processing	Data Storage	\$15,000	Replacement	(\$600)
Data Processing	Printer	\$5,000	Replacement	(\$600)
Data Processing	Network Backup	\$10,000	Replacement	(\$500)
Total		<u>\$7,030,300</u>		<u>(\$20,700)</u>

City of CadillacCapital Improvement Program
Summary

2012-2013

				Impact on Operating Costs
Department	Project	Amount	Summary	
Municipal Complex	Office Desks	\$7,000	Replacement	(\$100)
Police Department	Vehicle Replacement	\$35,500	Replacement	(\$600)
Fire Department	Vehicle Replacement	\$38,000	Replacement	(\$300)
Parks Department	Chestnut Street Parking Lot	\$35,000	Reconstruction	(\$500)
Parks Department	Sprinkler System	\$60,000	Replacement	(\$4,500)
Parks Department	Skate Park Equipment	\$40,000	New Equipment	\$500
Parks Department	Shoreline Stabilization	\$6,400	Rip Rap Installation	(\$500)
Local Streets	Street Signs	\$10,000	Replacement	(\$500)
Local Streets	South Street	\$50,000	Reconstruction	(\$1,200)
Local Streets	Wheeler Street	\$90,000	Reconstruction	(\$1,000)
Local Streets	Holly Road	\$99,000	Reconstruction	(\$1,000)
Local Streets	Crippen Street	\$105,000	Reconstruction	(\$1,000)
Local Streets	Hersey Street	\$100,000	Reconstruction	(\$1,200)
Local Streets	Ayers Street	\$70,000	Reconstruction	(\$1,000)
Local Streets	Blodgett Street	\$65,000	Reconstruction	(\$1,000)
Local Streets	Aldrich Street	\$60,000	Reconstruction	(\$1,000)
Local Streets	East Garfield Street	\$120,000	Reconstruction	(\$2,000)
Local Streets	East Bremer Street	\$50,000	Reconstruction	(\$2,000)
Cemetery Operating	Gate Restoration	\$10,000	Reconstruction	(\$300)
Cemetery Operating	Entrance Pillar Reconstruction	\$50,000	Reconstruction	(\$500)
Water & Wastewater	Wheeler Street	\$65,000	Replace Utilities	(\$500)
Water & Wastewater	Blodgett Street	\$23,800	Replace Utilities	(\$500)
Water & Wastewater	Crippen Street	\$58,000	Replace Utilities	(\$500)
Water & Wastewater	Hersey Street	\$35,000	Replace Utilities	(\$500)
Water & Wastewater	Ayers Street	\$17,500	Replace Utilities	(\$500)
Water & Wastewater	Service Truck	\$40,000	Replacement	(\$200)
Water & Wastewater	East Bremer Street	\$85,000	Replace Utilities	(\$1,000)
Water & Wastewater	Aldrich Street	\$40,000	Replace Utilities	(\$1,000)
Water & Wastewater	Mitchell Alley	\$45,000	Replace Utilities	(\$1,000)
Water & Wastewater	Tractor Backhoe	\$60,000	Replacement	(\$2,500)
Water & Wastewater	Sewer Vacuum/Jet Truck	\$220,000	Replacement	(\$2,500)
Water & Wastewater	South Street	\$35,000	Replace Utilities	(\$500)
Water & Wastewater	East Garfield Street	\$35,000	Replace Utilities	(\$500)
Stores & Garage	Duopatcher	\$55,000	Replacement	(\$750)
Stores & Garage	Blade Truck	\$115,000	Replacement	(\$1,000)
Stores & Garage	One-Way Plow	\$8,000	Replacement	(\$250)
Stores & Garage	Downtown Street Sweeper	\$25,000	Replacement	(\$500)
Data Processing	Computer Replacement	\$25,000	Replacement	(\$1,000)
Data Processing	Software Applications	\$35,000	Replacement/Upgrades	(\$500)
Total		<u>\$2,123,200</u>		<u>(\$35,400)</u>

2007

- November 30 Department heads submit goals.
- December 3 City Council work session to discuss City wide-goals.
- December 3 City Manager, Assistant City Manager and Director of Finance have preliminary discussions regarding budget objectives and priorities.
- December 17 City Council approves City-wide goals.



2008

- January 8 Staff meeting held to discuss the general guidelines for the 2008-2009 Annual Operating Budget preparation. Departments given access to Budget Maintenance in financial software as well as given a copy of 2008-2009 Personnel Summary.
- January 25 Additional personnel requests, if any, are submitted to Human Resources.
- January 31 All budget maintenance must be completed and any related documentation submitted to Finance Department for review. Budget advanced to Director of Finance level for review.
- February 29 Finance review completed. Information on balanced budget submitted to the City Manager for review and approval.
- March 14 City Manager concludes review and preliminary budget is prepared.
- March 17 City Council holds preliminary budget work session.
- April 1 Administrative budget is completed and in accordance with the City Charter is submitted to the City Council for their review.
- April 7 City Council holds final budget work session.
- April 10 City Clerk makes public notice of public hearing on the budget.
- April 21 Public hearing held on the preliminary budget.
- May 19 Budget adoption and tax levy authorization.
- June 23 City Clerk prepares the tax roll.
- June 30 Mail the tax bills.
- July 1 2008-2009 Annual Operating Budget takes effect.

City of Cadillac

Financial Policies

Budgetary Policies

1. The annual operating budget including proposed expenditures and the means of financing them, must be presented by the City Manager to the City Council on 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.
6. Budgets are reviewed, monthly, and amended, if needed, quarterly. The budget is amended on a fund basis for all funds other than the general fund, which is amended on a departmental basis.

Accounting Policies

1. The accounts of the City of Cadillac are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

2. The City of Cadillac has the following fund types 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.

Permanent Funds account for assets of which the principal may not be spent.

B. **Proprietary Funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable Financial Accounting Standards Board pronouncements in accounting and reporting for the proprietary operations. Proprietary funds include the following fund types:

The **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

C. **Fiduciary Funds** account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

The **Pension Trust Funds** are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the government's public safety employees' pension plan.

Fund Balance Policies

Fund balances will vary by each fund and fund type but as a general rule the State of Michigan has indicated in Public Act 2 the fund balance shall not be negative. In the General Fund, the Cadillac City Council has established a policy of striving to keep the reserve for working capital at 15% of the operating budget. This reserve is for unexpected decreases in revenues or increases in expenditures. A reserve account records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure. The City Council has identified several reserved accounts in the General Fund. These funds typically can be turned quickly into liquid assets. Fund balances are shown in all funds with the exception of proprietary funds which involves retained earnings. Retained earnings are not as liquid since often the assets are equipment or water lines or some other form of illiquid asset.

Basis of Budgeting

The City of Cadillac does not distinguish between Basis of Budgeting and Basis of Accounting. The principles set forth as the Basis of Accounting are strictly observed in the budgeting process. A fund's Basis of Budgeting and Basis of Accounting determines when a transaction or event is recognized within a fund's operating statement. The State of Michigan has indicated in Public Act 2 the fund balance shall not be negative.

• Major Governmental Funds	Modified Accrual
• Major Proprietary Funds	Full Accrual
• Non Major Special Revenue Funds	Modified Accrual
• Non Major Debt Service Funds	Modified Accrual
• Non Major Capital Project Funds	Modified Accrual
• Non Major Permanent Funds	Modified Accrual
• Non Major Proprietary Funds	Full Accrual
• Internal Service Funds	Full Accrual
• Pension Trust Funds	Modified Accrual
• Major Component Unit Funds	Modified Accrual
• Non Major Component Unit Funds	Modified Accrual

CITY OF CADILLAC, MICHIGAN INVESTMENT POLICY (Approved by City Council October 16, 1998)

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) Bankers' acceptance of United States banks.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.129.111 to 129.118.

- (i) 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.
- (j) 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 financial institution deposits, entered into by the Director of Finance shall be on a delivery vs. payment basis. Securities may be held by a third party custodian designated by the Director of Finance and evidenced by safekeeping receipts.

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.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS – The City of Cadillac finance department will maintain a list of financial institutions authorized to provide investment services in Michigan as well as their credit worthiness. No public deposit shall be made except in a qualified public depository as established by the State of Michigan. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the City with certification of having read this investment policy.

MAXIMUM MATURITIES - To the extent possible, the City of Cadillac will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

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.

INVESTMENT POLICY GLOSSARY

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of 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 at 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.

INVESTMENT POLICY GLOSSARY (Continued)

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.

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.

INVESTMENT POLICY GLOSSARY (Continued)

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.

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.

INVESTMENT POLICY GLOSSARY (Continued)

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.

FINANCE PROVISIONS OF THE 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.

FINANCE PROVISIONS OF THE CITY CHARTER (Continued)

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, 2010

Police Officers Association of Michigan

Expiration Date: June 30, 2008

International Association of Firefighters Local 704

Expiration Date: June 30, 2009

United Steelworkers of America Local 14317

Expiration Date: June 30, 2010

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 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.

Assistant City Manager and Deputy 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 Association. Ms. Garland also serves on the Board of Directors for the Michigan Community Development Corporation, the Cadillac Area Community Health Clinic, and is a member of the Cadillac Mercy Hospital Quality Committee.

Director of Finance

Owen Roberts

Mr. Roberts was appointed to the position of Director of Finance in February, 2008. He began his career with the City of Cadillac in August, 2000 as the City's accountant, and was promoted to the position of Assistant Director of Finance in 2004. He holds a Bachelor's Degree in Accounting and Business Administration from Malone College in Canton, Ohio, and a Master of Business Administration degree from Central Michigan University, with a special concentration in Management Consulting. Mr. Roberts is a member of the Government Finance Officers Association of the United States and Canada, the Michigan Government Finance Officers Association, and the Association of Governmental Accountants. He has completed the Advanced Government Finance Institute sponsored by the Government Finance Officers Association and held at the University of Wisconsin-Madison and is nearing completion of the GFOA's Certified Public Finance Officer program.

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.



Administrative Leadership

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, Northwest Regional Community Correctional Board of Directors, Baker College Career Services 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.

Cadillac, MICHIGAN

Population:

2000 Census Population: 10,000
Trading and labor drawing
area - 65,000 population

Area within the City:

9 square 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:

2007 – 15,066 labor force in the County; 8.1% unemployment rate*
2007 – 21,808 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 police officers 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.

CITY OF CADILLAC, MICHIGAN
TAXABLE VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property Valuation	Personal Property Valuation	Total Taxable Valuation	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
1998	\$134,086,505	\$ 32,023,100	\$ 166,109,605	\$ 397,886,136	41.75%	\$13.9600
1999	138,456,334	35,290,222	173,746,556	411,683,512	42.20%	13.9600
2000	143,791,718	33,979,991	177,771,709	398,922,200	44.56%	14.0900
2001	153,053,692	35,377,232	188,430,924	429,828,200	43.84%	14.0371
2002	165,243,210	31,372,200	196,615,410	470,913,500	41.75%	13.9907
2003	168,351,258	43,240,100	211,591,358	508,916,600	41.58%	13.9473
2004	178,542,129	42,307,800	220,849,929	544,632,400	40.55%	13.9473
2005	184,439,086	44,176,605	228,615,691	572,448,210	39.94%	13.9473
2006	195,913,798	57,748,505	253,662,303	598,120,000	42.41%	13.9473
2007	217,388,709	54,217,700	271,606,409	661,735,800	41.04%	13.9473

Source: City of Cadillac Treasurer's Office

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

CITY OF CADILLAC, MICHIGAN
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2007			1998		
	Taxable Value	Rank	Percentage of Total City Taxable Value ^a	Taxable Value	Rank	Percentage of Total City Taxable Value ^b
Cadillac Renewable Energy ^c	\$ 12,300,000	1	4.53%	\$ 16,375,000	2	8.24%
Cadillac Rubber & Plastics ^e	7,464,590	2	2.75%	6,888,523	4	3.47%
Cadillac Casting ^d	6,596,400	3	2.43%	17,215,400	1	8.66%
Consumers Energy	5,852,150	4	2.15%	4,624,700	6	2.33%
Rexair, Inc.	5,520,467	5	2.03%	7,145,000	3	3.60%
FIAMM Technologies, Inc.	4,726,894	6	1.74%	5,108,711	5	2.57%
AAR Cadillac Manufacturing	4,694,349	7	1.73%			
Michigan Rubber Products	4,635,170	8	1.71%	4,389,384	7	2.21%
Paulstra CRC Corporation	4,206,100	9	1.55%	3,301,300	9	1.66%
Four Winns Boats, LLC	3,408,230	10	1.25%	3,707,969	8	1.87%
Transpro Group				3,299,700	10	1.66%
Totals	<u>\$ 59,404,350</u>		<u>21.87%</u>	<u>\$ 72,055,687</u>		<u>36.27%</u>

Source: City of Cadillac Treasurer's Office

^a Based on total taxable value of \$271,606,409.

^b Based on total taxable value of \$198,943,068.

^c Formerly Beaver MI Associates LTD Partnership.

^d Formerly CMI Cast Parts.

^e Formerly AVON Rubber and Plastics.

CITY OF CADILLAC, MICHIGAN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date ^a	
		Fiscal year of Levy			Percentage	
		Amount	of Levy		Amount	of Levy
1998	\$ 2,760,777	\$ 2,614,120	94.69%	\$ 146,657	\$ 2,760,777	100.00%
1999	2,785,428	2,641,637	94.84%	143,791	2,785,428	100.00%
2000	2,879,032	2,740,866	95.20%	138,166	2,879,032	100.00%
2001	3,107,601	2,950,978	94.96%	156,623	3,107,601	100.00%
2002	3,167,040	3,029,463	95.66%	137,577	3,167,040	100.00%
2003	3,265,098	3,136,141	96.05%	128,957	3,265,098	100.00%
2004	3,481,675	3,364,230	96.63%	117,445	3,481,675	100.00%
2005	3,648,449	3,529,267	96.73%	119,182	3,648,449	100.00%
2006	3,803,126	3,691,936	97.08%	111,190	3,803,126	100.00%
2007	4,109,224	3,952,750	96.19%	156,474	4,109,224	100.00%

Source: City of Cadillac Treasurer's Office

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

CITY OF CADILLAC, MICHIGAN
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Fiscal		Personal	Per		Local	State	Civilian
Year	Population¹	Income (amounts expressed in thousands)	Capita Personal Income²	School Enrollment³	Unemployment Percentage Rate⁴	Unemployment Percentage Rate⁴	Labor Force⁴
1998	10,104	\$ 199,574	\$ 19,752	3,834	8.2	4	20,802
1999	10,104	213,114	21,092	3,787	6.4	3.8	22,267
2000	10,000	221,670	22,167	3,608	6.4	3.7	22,596
2001	10,000	217,780	21,778	3,514	9.4	5.2	21,836
2002	10,000	223,750	22,375	3,465	8.3	6.2	21,369
2003	10,000	227,810	22,781	3,639	9.8	7.1	21,298
2004	10,000	239,200	23,920	3,674	8.2	7	21,553
2005	10,000	236,050	23,605	3,614	7.3	6.7	21,707
2006	10,000	N/A	N/A	3,479	7.9	7.1	22,088
2007	10,000	N/A	N/A	3,460	8.1	7.7	21,648

Data Sources:

¹ Bureau of the Census

² Bureau of Economic Analysis

³ School Districts

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

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

CITY OF CADILLAC, MICHIGAN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Four Winns Boats	845	1	4.25%	600	2	3.23%
AAR Mobility Systems	720	2	3.62%	348	9	1.87%
Avon Automotive	644	3	3.24%			0.00%
Mercy Hospital Cadillac	584	4	2.93%	538	3	2.89%
Cadillac Area Public Schools	500	5	2.51%	420	7	2.26%
Cadillac Castings ¹	389	6	1.95%	450	5	2.42%
Michigan Rubber Products BorgWarner Cooling Systems ²	359	7	1.80%	495	4	2.66%
	229	8	1.15%	346	8	1.86%
Rexair, Inc.	222	9	1.12%	450	6	2.42%
CNI (Universal Trim)	185	10	0.93%			0.00%
Avon Rubber and Plastics				936	1	5.03%
FIAMM Technologies, LLC				180	10	0.97%
	<u>4,677</u>		<u>23.50%</u>	<u>4,763</u>		<u>25.61%</u>

Source: Michigan Department of Labor & Economic Growth; Cadillac Area Chamber of Commerce

¹ Formerly known as CMI Cadillac.

² Formerly known as Kysor of Cadillac.

Note: Percentage of Total City Employment is based on total employment in the Wexford-Missaukee labor market area.

CITY OF CADILLAC, MICHIGAN
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function</u>	<u>Fiscal Year</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>	<u>2006</u>	<u>2007</u>
Police										
Traffic Citations	1,491	2,843	1,699	1,167	895	857	1,530	1,468	1,257	N/A ¹
Fire										
Number of Fire Inspections	41	30	50	30	50	50	57	129	370	N/A ¹
Number of Fires Reported	29	70	63	52	33	57	54	64	51	N/A ¹
Number of EMT Runs	984	837	516	463	949	1,347	1,414	1,322	1,119	N/A ¹
Building Inspection										
Number of Permits Issued	540	560	571	512	565	523	525	466	403	N/A ¹
Water										
Total Customers	3,375	3,383	3,408	3,414	3,407	3,456	3,487	3,520	3,524	3,517
Average Daily Consumption	2,320	2,298	2,417	2,349	2,132	2,202	2,155	2,252	2,310	2,564
(thousands of gallons)										
Wastewater										
Total Customers	3,477	3,481	3,499	3,504	3,493	3,526	3,544	3,569	3,573	3,564
Average Daily Treatment	2,225	2,028	2,227	2,260	2,231	2,087	2,103	2,173	2,098	2,467
(thousands of gallons)										

¹ Public Safety statistics are kept on a calendar year basis and are therefore not yet available for 2006.
Note: Indicators are not available for the general government function.

Source: Various government departments

CITY OF CADILLAC, MICHIGAN
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function</u>	<u>Fiscal Year</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>	<u>2006</u>	<u>2007</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	7	7	7	7	9	9	9	9	9	9
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Mobile Units	7	7	7	7	6	6	6	6	6	6
Culture and Recreation										
Parks Acreage	117	117	117	117	117	117	117	117	117	117
Parks	4	4	4	4	4	4	4	4	4	4
Streets										
Streets (Miles)	66	66	66	66	68	68	68	68	68	68
Street Lights	572	572	568	570	571	573	574	574	574	574
Water										
Fire Hydrants	406	414	422	432	432	453	455	454	454	458
Miles of Mains	61	61	61	61	63	63	63	63	64	64
Water Mains Replaced (Feet)	6,000	7,000	7,858	7,200	6,330	4,700	3,450	3,185	200 ⁽¹⁾	2,360
Wastewater										
Miles of Mains	63	63	63	63	59	59	59	59	59	59
Feet of Sanitary Sewers Inspected with TV Cameras	4,687	2,010	2,150	2,805	4,600	3,670	2,949	3,380	1,900	1,350

(1) Water mains replaced were low in 2006, but the main projects through the year, including North Boulevard, Paluster Street and Kenwood Street were all projects where a total of one mile of new water mains were added.

Note: Capital asset statistics are not available for the general government function.

Source: Various City government departments

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.

BALANCED BUDGET

A balanced budget is where the revenues and other financing sources match the expenditures and other financing uses or expenses.

BOND

A certificate or instrument certifying the existence of a debt. Local units of government only have those powers to borrow monies expressly granted by law. Municipal obligations are generally classified as either general obligation or special obligation bonds. A special obligation bond is payable from a specially identified source; general obligation bond is payable without reference to a specific source.

BONDED DEBT

That portion of indebtedness represented by outstanding bonds.

BUDGET ADJUSTMENT

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.

GLOSSARY (Continued)

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 EXPENDITURES

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

CAPITAL IMPROVEMENT PROGRAM

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

CAPITAL PROJECTS FUND

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

CAPITAL OUTLAY

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

CEMETERY OPERATING FUND

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

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.

GLOSSARY (Continued)

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 citizen's 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.

GLOSSARY (Continued)

GENERAL OBLIGATION BONDS

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

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.

GLOSSARY (Continued)

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.

GLOSSARY (Continued)

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.



DISTINGUISHED BUDGET PRESENTATION AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Cadillac, Michigan for its annual budget for the fiscal year beginning July 1, 2007. 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-three consecutive Distinguished Budget Presentation awards.



CITY OF
CADILLAC
MICHIGAN