

Annual Operating Budget

July 1, 2015—June 30, 2016



Cadillac's new universally accessible playground on the shores of Lake Cadillac will entertain children for the first time in the Summer of 2015.

CITY OF CADILLAC MICHIGAN



ELECTED OFFICIALS

Carla Filkins, Mayor
At Large

Shari Spoelman, Councilmember
First Ward

Antoinette Schippers, Councilmember
Second Ward

Art Stevens, Mayor Pro-Tem
Third Ward

Douglas Mellema, Councilmember
Fourth Ward

CITY ADMINISTRATION

City Manager	<i>Marcus A. Peccia</i>
Community Dev. Director	<i>Jerry Adams</i>
Director of Finance	<i>Owen Roberts</i>
Director of Public Utilities	<i>Jeff Dietlin</i>
Director of Public Works and Engineering	<i>Bruce DeWitt</i>
City Clerk	<i>Sandra Wasson</i>
City Treasurer	<i>Keri Lanning</i>
City Attorney	<i>Foster Swift Collins & Smith PC</i>

May 18, 2015

Dear Citizens of Cadillac:

I am pleased to submit to you the Annual Operating Budget for the City of Cadillac for the fiscal year beginning July 1, 2015 and ending June 30, 2016. This budget represents the culmination of many hours of work beginning over four months ago. Our thorough budget process has included several opportunities for members of the Cadillac community to provide input into the direction of the budget and I am confident that this document represents a very realistic and achievable plan for the upcoming fiscal year.



The FY2016 budget plans nearly \$18.4 million in spending across the whole organization. Included in this plan is over \$2.0 million in construction as the City works hard to plan for fixing our roads, maintaining other critical infrastructure and utilizing highly efficient and productive maintenance equipment to keep our city looking beautiful. The budget also includes over \$3.3 million in appropriations to Public Safety in recognition of our responsibility to provide for the protection of our community. Because of the revenue challenges that we continue to encounter here at the local level, each area of spending has been closely scrutinized for opportunities for cost savings and productivity and efficiency enhancements in order to position our organization for many years of sustainable community care and service.

Thank you for taking the time to review this extensive budget document. There are two areas that I want to highlight for you that should help make the document easier to navigate and understand. First, the **Budget Reader's Guide** found just after this letter provides a simple yet valuable overview of the finances of the organization and the document itself. Second, our City Manager presents his **Transmittal Letter** starting on page 1 of this document. In it he details the challenges facing the City of Cadillac as well as some additional information on the plans incorporated into the current budget.

I am very proud of the effort that has gone into the development of this budget. It is a true pleasure for me to serve as your Mayor and I look forward to interacting with you as we partner together to make this City a community of continuing success.

Sincerely,

Carla J. Filkins
Mayor

Glimpses of ...

... Cadillac



CITY OF
CADILLAC
MICHIGAN



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Budget Reader's Guide

2015-2016 BUDGET READER'S GUIDE

Welcome to the City of Cadillac's Annual Operating Budget for the fiscal year beginning July 1, 2015 through June 30, 2016. Thank you for taking the time to learn about the appropriation of resources within the City of Cadillac. Hopefully the time you invest in familiarizing yourself with this information will be time well spent. The City is committed to accountability in serving the 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, 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.

City of Cadillac, Michigan

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Budget Reader's Guide

The Process

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

Council Mission and Vision – Several years ago, the City Council established a Mission and Vision Statement. These statements essentially established the priorities and communicated the Council's vision for Cadillac. The departmental staff of the City of Cadillac utilizes these statements when evaluating annual priorities and establishes goals and objectives that will be implemented into City operations to assist the Council in carrying out their mission and vision. Periodic review of these statements will help assure Council that their priorities play an important role in the direction of the City.

Capital Improvement Program – In late fall each year, work begins on a 5-year capital improvement program. This program lays out projects with a cost greater than \$7,500 and a useful life of more than one year. Any project that meets these criteria 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.

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

Annual Independent Audit – Each year, the City retains an independent auditing firm to review the financial reports of the City and express an opinion on whether or not they fairly and adequately report the financial activities of the City. The results of this process are a vital part of the planning and budgeting process, as actual results are analyzed and compared with what was budgeted and appropriated. Any variances are closely analyzed and necessary adjustments are made in subsequent planning efforts.

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

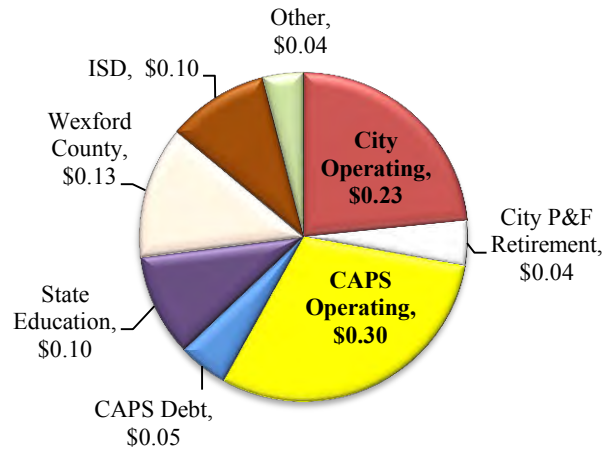
City of Cadillac, Michigan

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Budget Reader's Guide

City Property Tax Bill

While all taxes levied on property within the City are typically collected by the City of Cadillac, only a small portion of the payment actually remains at the City. In fact, only about \$0.27 of every \$1 in taxes paid on non-principal residence properties stays at the City, as the chart to the right shows. Most of the taxes are simply collected on behalf of other local taxing authorities. If the property has a principal residence exemption, about \$0.38 of every \$1 in taxes paid on a City tax bill is for City activities.



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 Carla Filkins

Councilmember from City at Large
Population of City: 10,355
Occupation: Director Regional Materials Management & Logistics
Term Expires: December 31, 2015
Annual Salary: \$4,200



Mayor Pro-Tem Art Stevens

Councilmember from Ward 3
Population of Ward: 2,631
Occupation: Financial Advisor
Term Expires: December 31, 2015
Annual Salary: \$2,900



Councilmember Douglas Mellema

Councilmember from Ward 4
Population of Ward: 2,480
Occupation: Manufacturing
Term Expires: December 31, 2017
Annual Salary: \$2,900

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Budget Reader's Guide

Elected Officials (Continued)



Councilmember Antoinette Schippers

Councilmember from Ward 2
Population of Ward: 2,561
Occupation: Teacher
Term Expires: December 31, 2017
Annual Salary: \$2,900



Councilmember Shari Spoelman

Councilmember from Ward 1
Population of Ward: 2,683
Occupation: MSU Extension Director
Term Expires: December 31, 2015
Annual Salary: \$2,900

A map of the four city voting wards is shown here as well. If you are wondering who your elected representative to City Council is, the map should help you answer that question. These elected officials welcome public comments and input and will do their best to be available to answer your questions. The Council meets on the first and third Monday of each month at 7:00 PM in the council chambers at the City municipal complex. There is time set aside at each meeting for public comment. Agendas and minutes of these meetings can also be found on the City's website.

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

Sincerely,

Marcus A. Peccia
City Manager

Owen E. Roberts
Director of Finance



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

MEMORANDUM

To: Honorable Mayor Carla J. Filkins and Cadillac City Council
From: Marcus A. Peccia, City Manager
Subject: Transmittal of 2015-2016 Annual Operating Budget
Date: April 1, 2015

INTRODUCTION

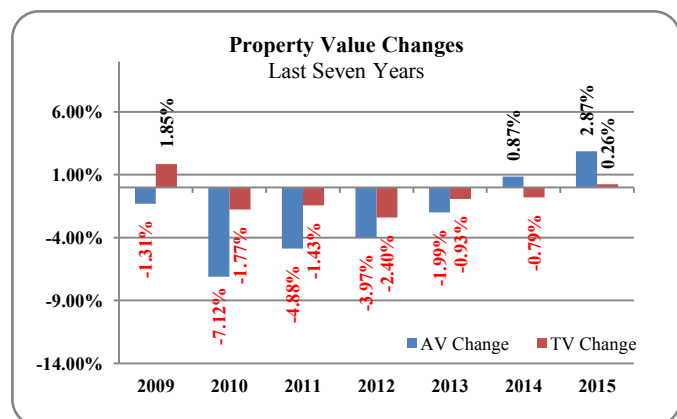
On behalf of the entire City of Cadillac staff, I am pleased to present to you the proposed FY2016 (July 1, 2015 - June 30, 2016) Annual Operating Budget that includes proposed expenditures totaling \$18.4 million.

The proposed FY2016 budget is balanced, with all operating and capital expenditures analyzed and covered by current revenues and available fund balance in accordance with the City's fiscal reserve standards. The overall City budget for all funds and activities will increase about 7% compared to the FY2015 budget. The increase is directly tied to additional construction that will result from an anticipated issuance of bonds in the current year as well as two significant capital upgrades to the City's downtown and lakefront parks area. The following is a general overview of the City's outlook and status of our various funds and activities.

OUTLOOK

Since last year, there have been some encouraging signs of growth in the national, state, and local economy. Industrial investment, declining unemployment, and business-friendly tax reform have provided anecdotal evidence that the economy is strengthening and that the local budgetary challenges faced by the City for several years may be lessening. The City has weathered these challenges well, confirmed by the City's strong balance sheet position across the organization. Unfortunately, we must continue to adapt and adjust to statutory tax reform that has the potential to have further negative impact on local property tax revenues, the most significant source of funding for our general fund operations.

Current numbers related to local property values provide further evidence that while things are improving, the recovery of property tax revenues will not happen fast. Total taxable value is expected to increase by only about 0.26% for this budget. Once the impact of captured taxes is taken into account, the City expects to receive only about \$5,000 more in general property tax revenues compared to the FY2015 budget. While ending the recent 5-year trend of declining values is certainly good news, this change will only provide a small amount of additional revenues and as a result the financial



challenges will persist. Over the 5-year period of taxable value losses, the City lost over \$18 million in taxable value, which equates to over \$250,000 in annual property tax revenues to the General Fund. These losses have forced City staff to carefully analyze opportunities to reduce overall costs. Several significant steps have been taken over the last 5 years to do this which is discussed later in this letter.

Another important area of concern that could further contribute to the recent budgetary challenges related to property tax revenues is the ongoing implementation of personal property tax reform. Exact calculations of the impact are still not known, as the City awaits further information from the State, especially related to the projection of replacement revenue. This makes it difficult to accurately determine how much property tax revenue - if any - that will be lost due to the reform and not subsequently replaced by the State. At this time the City is not expecting to be reimbursed 100% as promised by the State when the reform was proposed last year, based on recent discussions with our assessor. As these issues come more into focus, the City's Financial Services staff will be able to more accurately project the impact on the City's revenues and how this will affect the organization.

No matter what happens with the personal property tax situation, the City has already experienced the loss of critical funding that could have been used to pay for infrastructure, capital equipment, and operations. As evidenced by the maintenance of strong reserves across the organization, though, the City has done a good job of retooling our operations. We have been able to use reserves to help balance the budget over the past several years as we leverage these dollars to help minimize the immediate impact of revenue loss, and with additional efforts and planning we have actually used less than planned. Cadillac is resilient and we're still hanging on, doing everything possible to provide quality services with less and less resources.



Recent economic challenges have made it difficult to continue to invest in local infrastructure

It is important to recognize that while our revenue situation is still challenging, primarily due to State policy and statutory reforms, Cadillac is thriving. Evidenced by an increase in industrial property investment over the last couple of years, our industry - the heartbeat of our local economy - continues to find economic success and invest locally. Several local industries have added product lines, expanded operations, entered new markets, and consolidated other facilities from across the country into Cadillac facilities. This is a great indication of their commitment to the Cadillac community and the positive things available here.

The positive unemployment trends seen on the national stage have been reflected locally as well. The State unemployment rate has now dipped to 5.9%. This is a fairly significant drop from the 7.8% rate a year ago. The new rate represented 13,000 new jobs in Michigan and 5,000 fewer people working or looking for work.

There is no doubt that Michigan's economy is recovering in a big way. The concern is whether or not the growth in the economy will be enough to reverse the trend of declining local property values to any significant degree. If not, then at some point the City may be forced to look at a tax increase by way of a Headlee override or another mechanism to generate the minimum additional amount of revenues needed to continue providing core services. Without this, we may be forced to consider more drastic options such as a reduction of services in order to achieve long-term structural balance in our operations.

In order to add clarity to the discussion about our local revenue challenges and the difficulty of balancing this reality with service delivery expectations, it is important to remember that as stated in the past by Jerry Adams, Director of Community Development, “Cadillac is a microcosm of a large City given the diversity of sectors and uses that we have.” What this essentially means is that though our population may define us as a small town, local economic and social diversity paint an entirely different picture.

Factor	Cadillac	Wexford County (Excluding Cadillac)
Population	10,355 (32%)	22,380 (68%)
Population Density	1,523 people/sq. mi.	40 people/sq. mi.
Job Location	11,421 (69%)	5,111 (31%)
Daytime Population	17,013	16,397

Cadillac is comprised of a variety of residential neighborhoods, business and commercial sectors, industrial parks, recreational facilities, and is proud to be the seat of government in Wexford County. Consequently, the City is responsible for multiple layers and types of infrastructure ranging from a lake, to trails, lighting, streets and sidewalks, water and sewer, and parks. In addition, we are responsible for providing a wide variety of services including planning, zoning, water, sewer, police, fire, engineering, and public works.

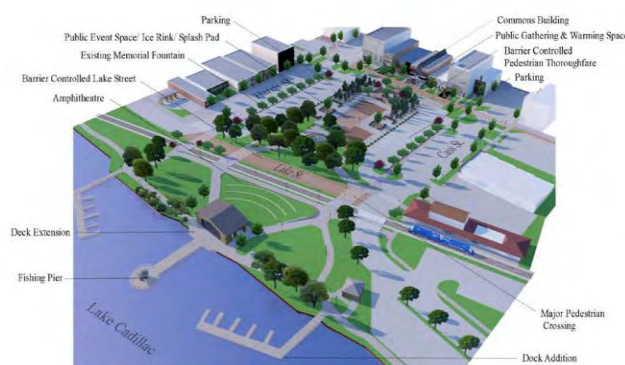
Given our composition, and the many layers of infrastructure that Cadillac is charged with providing and maintaining, the City is truly much different than the outlying areas that do not have the same types and/or amounts of infrastructure that Cadillac does, nor the population influx to support.

Cadillac is the regional urban center, and services a population much greater than our residential population of 10,355. As the chart above makes clear, approximately 70% of the jobs located within Wexford County are actually located inside the Cadillac city limits. Perhaps most important and interesting to note, the City’s daytime population increases by over 60% from its base residential population, actually outnumbering the total population in the rest of the County as a whole during the day. Clearly the strain on and demand for City resources and the associated impact on the City’s infrastructure needs to be evaluated not only in relationship to its official population of 10,355, but also in comparison to the true population it services on a daily basis.

The State of Michigan also continues to restructure the state shared revenue program. Over the last decade this has cost the program billions of dollars in lost revenue sharing - nearly a \$6 million cumulative loss to Cadillac! The positive side however is that Michigan’s corporate income tax is now considered to be one of the most competitive in the Midwest and among the best in the nation. This will hopefully produce the increased business investment in the State that was the primary purpose of the changes.

RESPONSE TO ECONOMIC CHALLENGES

Despite our recent financial challenges, Cadillac continues to plan towards the future and is committed to doing what we can to not only survive, but to be prosperous and to provide an attractive community that encourages new development and promotes redevelopment.



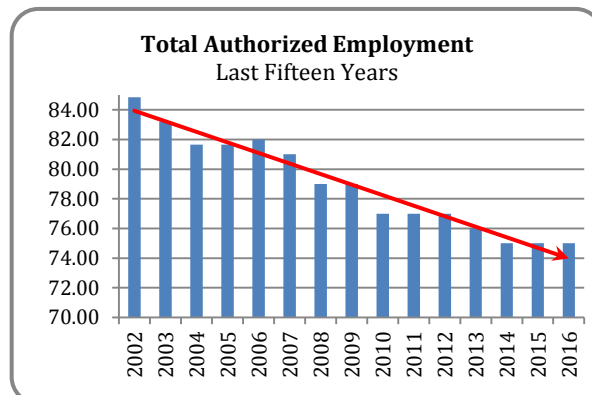
Projects on the verge of starting include our PlacePlans Project nicknamed “Cadillac Heritage Plaza.” The City was recently awarded a special \$200,000 grant to combine with other funding sources to begin Phase I of the project. The project will include utility line burials, Elk Avenue improvements, and parking lot reconfiguration. The image above shows the current concept for this project. Also scheduled for upcoming implementation include the extension of the White Pine Trail into downtown Cadillac, and remodeling of the Rotary Performing Arts Pavilion - all of which are place-making developments designed to increase economic activity along with providing a higher quality of life for residents.

As mentioned earlier, recent revenue losses have created the need to analyze each and every opportunity to reduce structural costs and increase the efficiency of operations. The following are highlights of actions that have been taken to reduce the overall cost structure of the organization over the last several years:

- **Eliminate Activities:** As of July 1, 2010 the City eliminated its full-time Building Inspection department. All inspection and permit activities were turned over to the Wexford County Building Department. This resulted in the elimination of one full-time position. Efforts are now underway to resume this responsibility. The City has agreed to enter into an agreement with a private company, Associated Government Services, to provide these services on a contractual basis, conditional on State approval of getting the authority back to conduct building inspectional services.
- **Consolidate Positions:** Staffing remains at the lowest level that it has been in many years, and in the past several years some key positions opened up due to staff retirements or resignations. Each time an opening occurred, the position was reevaluated and in several cases, duties were shifted and existing staff was utilized to perform the key duties and the positions were either left unfilled or were restructured to save costs. These include:

- **Assistant City Manager** – This department-head level position was unfilled when the former Assistant resigned in 2010. Since that time, a community development analyst position was created and filled at a 30% cost reduction.

- **Clerk/Treasurer** – This consolidated position was split into two positions that were assumed by two existing employees and the former position was not filled.



- **Public Works Director** – This department-head level position was replaced by an analyst-level position at a 30% cost reduction. Various responsibilities were assigned to other personnel, and the management duties were consolidated into another department head position.

- **Defer Major Capital Replacement/Upgrade Projects:** Prioritization of limited capital dollars has been an important and necessary analysis. The City has deferred the purchase of heavy equipment in the Public Works department like a front-end loader and plow trucks. The City recently took advantage of an attractive lease opportunity for a new front-end loader. Additionally, only a small portion of needed infrastructure reconstruction has taken place over the last several years. This is not sustainable for the future, as the City’s major pieces of maintenance equipment and street infrastructure are aging and will need to be upgraded, replaced, and improved soon.

- **Medical Insurance Plan Alternative:** After receiving a 23% renewal rate for our PPO medical insurance plan, the City restructured its benefits and now offers an HMO plan at a much lower cost. Nearly 80% of eligible employees and retirees elected the new plan, and the City plans to only offer the HMO plan for new hires after July 1, 2015.

Many changes have resulted from addressing the economic conditions experienced in the last several years, and additional analysis will be needed to achieve structural balance in the City's operations. I am confident that with the partnership of the Cadillac City Council, members of the community and other interested stakeholders, we will continue to confront new challenges we face with courageous and informed decision-making, and that the City will improve and grow as a result.

A discussion of the City's operational and financial structure follows, with a focus on the fund structure of the City.

MAJOR GOVERNMENTAL FUND

General Fund

The General Fund is presented with proposed expenditures of \$6,653,000, up slightly from the original adopted FY2015 budget of \$6,643,500. The revenue challenges faced by the City after five straight years of taxable value loss are acutely felt in the General Fund, which is where the majority of property taxes are accounted for. These losses in taxable value have reduced general property tax revenues by over \$250,000 per year. State revenue sharing also remains at levels that are \$70,000 below what was received ten years ago, and \$300,000 below what was received fifteen years ago. The City's responses to these economic challenges have already been highlighted, but it is important to note that the General Fund, which is where many of the core governmental services are reported, has experienced the most dramatic revenue losses. With a full-time workforce that remains at its lowest level in many years, further revenue restrictions and reductions will inevitably lead to reduced services.

The rate charged to residents for solid waste removal services is expected to remain about the same for FY2016, with a slight decrease possible due to inflationary indexes built into the hauling contract. The City signed a new 5-year contract for hauling services at a substantial reduction from the prior contract. As a result, recycling services were added, and are able to be provided along with refuse removal at a cost that is slightly below what residents were formerly paying for just refuse removal. Residents are now billed \$9.48 per month for refuse removal and \$2.53 per month for recycling services, for a total of \$12.01 plus an additional \$2.25 per month for rental of a tote.



Because funds from the State of Michigan for road maintenance are not sufficient to completely fund all the costs of street maintenance activities, the General Fund is required to transfer funds to make up the difference. The General Fund's contribution to the Local Street Fund to fund street maintenance and construction is \$325,000 for FY2016, which provides 55% of the Local Street Fund revenues. Funds transferred from the State in accordance with Act 51 – primarily from gas taxes – have recovered somewhat in the last few years, which has helped control the amount of the transfer that is required each year from the General Fund to support street maintenance.

Overall, converging economic and legislative factors have presented budgetary challenges over the last several budgetary cycles at levels not seen for many years and the situation is not changing quickly. It continues to be critical to fully understand the costs of providing governmental services and ensure that these core and critical services are being delivered in the most efficient and cost effective manner possible.

MAJOR PROPRIETARY FUND

The Water and Sewer Fund is accounted for and operated in this type of fund. Proprietary funds operate in the same manner as a private business. The method of budgeting and accounting for this fund is on an accrual basis.

The Water and Sewer Fund derives nearly all of its revenue from user charges. Rates for water and sewer have been frozen for three consecutive years. For the current year, an increase of 3% is proposed. This increase is based on the need to prepare for Phase II of the well field relocation project, and is also the result of slightly increased operational costs in the system. The City refinanced two outstanding revenue bond issues a year ago, saving nearly \$700,000 over the remaining life of the bonds. Annual debt service savings helped to minimize necessary rate increases, but since Phase II of the well field relocation project will soon begin, current and future rates will need to be analyzed to ensure that sufficient revenues are being raised to cover project costs and related debt service requirements. In addition to beginning Phase II of the well field relocation project, nearly \$900,000 of funds on hand will be committed through this budget for system upgrades related to street infrastructure and equipment replacement projects. Sufficient user charges to provide funds for these projects help avoid the need to issue additional debt to pay for them.



NON-MAJOR SPECIAL REVENUE FUNDS

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 finally begun to recover after several years of decline. The Major Street Fund also accounts for the work that the City provides to the State on a contractual basis to maintain the state trunk line system that runs through the city. The City is fully reimbursed for the costs of maintaining the major trunk lines in the City.

The Local Street Fund is a street system focused on the less traveled streets, predominantly the residential street system. This fund receives a portion of its revenues from the State of Michigan Gas and Weight Tax, while the majority of funding is received from the General Fund or other funds. Each local resident will contribute \$31 this year to maintain this infrastructure, which is the same as the FY2015 amount.

The Cemetery Operating Fund accounts for revenues and expenditures related to the maintenance of Maple Hill Cemetery. 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 as a result increased the rates in 2011. The cemetery is a beautiful showpiece at the entry to the City from the south. A survey was 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 Council is committed to keeping the downtown a viable and vibrant shopping area. The H.L. Green Operating Fund represents a prime example of these efforts. The City purchased a downtown commercial building, remodeled it and sold it on a land contract. The contract has been paid in full as of the end of FY2013. This fund accounted for the collection of the principal and interest. The fund ended this project with over \$100,000 in reserves which can be reinvested into other development projects.

On February 22, 2011, City voters approved a new millage to fund the treatment of Lake Cadillac against Eurasian water milfoil and other invasive aquatic species. This enabled the levy of 0.50 mills that is restricted for costs incurred to treat the lake. It raised about \$120,000 annually and was approved for three years. The millage is now expired, but sufficient funds remained to cover at least one additional year of lake treatment. The Lake Treatment Fund accounts for the revenues received from the millage and the treatment costs incurred.

NON-MAJOR DEBT SERVICE FUND

This fund is used to account for the retirement of the City's only remaining general obligation bond issue. 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. Three of four remaining debt issues were paid in full during FY2014. The per capita debt for FY2016 is \$891 (including revenue bonds) and 8.24% of outstanding principal will be retired during the fiscal year. The City is anticipating issuing general obligation bonds in order to fund construction. These bonds are expected to be issued late in FY2015 or early in FY2016 and will impact the City's debt service amounts and per capita debt levels.

NON-MAJOR PERMANENT FUNDS

The Capital Projects Fund is the result of the sale of the City's interest in a power generating plant many years ago. The assets are to be held as an endowment. Earnings on these assets have been used to help fund infrastructure projects. As of FY2016, over \$140,000 in contributions had been made using earnings on these endowment funds to assist in funding capital projects within the City. No contributions are currently planned for FY2016, though grant applications are regularly submitted and these funds could be used to contribute towards the City's local match so that the grant projects can be undertaken.

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 Operating Fund. The current market for the City's allowable investments has made it difficult to provide any significant funding to help operations, but the funds have been used to offset the cost of a new truck and new mower over the last couple of years.



NON-MAJOR CAPITAL PROJECTS FUNDS

This group of funds consists of four funds, two of which are new in this current budget. The Industrial Park Fund and the Special Assessment Capital Projects Fund have been a part of the City's financial structure for many years. New this year are two special capital projects funds, the Heritage Park Place Plans Project Fund, and the Rotary Park Project Fund.

The Industrial Park Fund has sold most of the remaining portions of land in the Harry VanderJagt Park and purchased another forty acres for an expansion project several years ago. The expanded area is known as the James E. Potvin Industrial Park. Several lots have been sold in this park with construction of two new facilities completed.

The Special Assessment Capital Projects Fund is where much of the activity for this budget's construction projects is funded. Funds on hand can be utilized for construction projects, and for FY2016 it is anticipated that the City will seek to sell bonds to fund a number of street reconstruction projects. At this point, it is estimated that \$2 million in bonds will be proposed, with about 2/3 of the proceeds utilized in FY2016 and the remaining proceeds spent in FY2017.

NON-MAJOR PROPRIETARY FUNDS

Enterprise Funds

A major revenue source of the Auto Parking Fund is the parking special assessment. The current downtown parking assessment was passed in FY2013 to ensure that funds are available for long-term maintenance on the lots. 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. In order to fully fund the parking lot maintenance activities, a transfer of about \$18,000 from other City funds will be required.

A State of Michigan Department of Environmental Quality District Office is located in the downtown Cadillac area. The building is owned by the City, and 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. The lease with the State of Michigan has recently been extended through 2021, with an option to extend it at that time for an additional fifteen (15) years.

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 cover oversight and administration of the street maintenance system. Equipment rental represents 95% of revenue to this fund. There are over 75 pieces of equipment in this fund.



The Information Technology Fund accounts for the information technology (IT) operations across all departments and activities of the City. Through this investment, the City continues to leverage improvements in technology to enhance efficiency and productivity wherever possible. Oversight of all IT activities has been contracted out since 2007, which continues to serve the city well and has led to improved service delivery. A new vendor was selected and began servicing the City's IT needs on July 1, 2012. This new 5-year contract was at a substantial cost reduction.

The Self-Insurance Fund provides funding for the City's health care needs. Because of proactive employee health management and positive claims experience over the last several years, FY2016 begins with a solid balance of reserves. The overall goal is to provide quality health care for City employees and their dependents while at the same time keeping costs under control. This fund also maintains a small, self-funded life insurance policy for retirees. For FY2016, most of the City's annual required contribution 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. The millage required for FY2016 is 2.6 mills, unchanged from FY2015. A local board of directors appointed by the City Council, as well as two additional members elected from the police and fire departments 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 enabled a reduction in the millage rate in FY2009. In 1977, assets of \$100,000 were available and as of June 30, 2014, these funds have grown to over \$9.3 million. The City contributes 34.24% as a percentage of payroll for police and fire to fund the liabilities of the system.

COMPONENT UNITS

This group of funds consists of legally separate organizations for which the city is financially responsible.

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 have been passed to cover the cost of operation of the facility and these costs will be accounted for in the operating fund. The special assessment expired in 2012, and planning for the future of the cleanup process is currently underway.

The Local Development Finance Authority Utility Fund accounts for the costs associated with a well which provides the water supply for a local power plant pursuant to the development agreement that governs the project as a whole.

The Downtown Development Authority Capital Projects Fund accounts for the revenue that 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.

CONCLUSION

I would like to thank the City Council for its continued support in working with staff to finalize a budget, especially during these on-going difficult financial times. Through input from a variety of sources, we are hopeful that this budget document identifies those services most needed and desired in the community, and the efforts committed to the development of the budget document by all parties, staff and council alike, are greatly appreciated.

I believe this document fairly and accurately reflects revenues and expenditures for FY2016. It is a budget which, especially when one considers the challenges presented to us by State and Federal mandates, does a superb job of continuing to serve the needs of our community through the 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 this year. These awards are something we can be proud of and are clear indications of the strong teamwork and commitment to excellence exhibited by the City Council and staff.

- ◆ **Tree City Award** goes to only those communities which meet strict standards for forestry management. The City has received this designation every year since 1983, clearly demonstrating our commitment to this most important natural resource.
- ◆ The **Award for Distinguished Budget Presentation** has been presented to the City of Cadillac for thirty 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, 2014. 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-nine years in a row, reflecting our sincere effort to provide accurate and complete financial data.
- ◆ The City was recently named the Region 6 winner of the Michigan Municipal League's Community Excellence Award for our *Bike Cadillac!* program.

This budget is prepared and formulated in accordance with State of Michigan guidelines and the City of Cadillac charter requirements. It also conforms to generally accepted accounting principles. There are four columns in the financial details of each fund: one contains audited figures from the most recently completed fiscal year; the next reflects unaudited anticipated activity for the current fiscal year; the third column is the current approved budget; and the final column is the proposed budget. These four columns, along with the fund balance descriptions are required by P. A. 621, the State of Michigan Budgeting and Accounting Act. Following this 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 2015-2016 fiscal year, the City Council begins its responsibility of examining the administration's proposals and its eventual approval of the document,

which will establish the direction of all municipal services and programs. The City Charter requires that the Council adopt the final budget and set the tax levy authorization before the end of May. This budget will take effect on July 1, 2015 and run through June 30, 2016.

FINAL THOUGHTS

While there might be a general sentiment that our City is still stuck in a downward spiral from a fiscal perspective, I know we are very aggressively pursuing opportunities and projects that will position Cadillac to be a strong, attractive, and fiscally resilient community.

This past year the City Council adopted new Core Values, Guiding Behaviors, and Goals. When partnered with its Mission and Vision Statements, these set the tone for ongoing success. The newly established goals are: Community Development & Enhancement; Economic Health & Development; Public Safety; and Customer Service & Organizational Enhancement. As part of this effort, City Council worked in coordination with City staff to identify a number of priority projects that will help achieve these important goals. Please continue reading on the following pages 13-26 for details on programs and projects that we believe will make Cadillac a better place in which to live, work, and play!

In closing, I acknowledge the tremendous efforts of our staff, and thank them for their genuine love for and dedication to our City. We continue to “do more with less,” all for the purpose of providing the very best public services possible to our community. I must also recognize and acknowledge the tremendous efforts of my executive and managerial staff, and specifically thank Owen Roberts and Carol Pacella from the Financial Services Department for their countless hours in the preparation of our budget document that I am pleased to present for consideration.

Respectfully submitted,



Marcus A. Peccia
City Manager

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Mission and Vision Statements



Mission & Vision Statements

Mission Statement

It is the mission of the City of Cadillac to be a well-managed, environmentally conscious and fiscally responsible appealing community in northwest Michigan. We will encourage and advocate for an environment for living and working that is founded upon a strong community spirit of trust, broad-based citizen involvement, and dignity and respect for all regardless of ethnic, social, or economic backgrounds.

Vision Statements

The City preserves and enhances its character and quality of life, and will be responsive to the changing needs of the residents and environment in a fiscally responsible manner.

The City will be an outstanding example of a well-managed, planned community which protects and enhances its historical heritage, architecturally significant buildings, residential neighborhoods, natural resources, open spaces and recreational areas. The City fosters well-planned business and commercial districts, encompassing a variety of industrial, manufacturing, retail and service establishments.

A strong commitment will be made to public health and safety, the maintenance of our infrastructure, and the conservation of our open spaces and natural resources, and where and when applicable, environmentally “green” practices will be utilized. Community services are distinguished by a strong commitment to quality, efficiency and outstanding public facilities, supported by reasonable property tax rates and/or fees.

The City will be known for its promotion of dignity, respect, and cooperation among residents regardless of ethnic, social, or economic backgrounds, as well as will be known for its promotion of cooperation among businesses, community agencies, and other units of government.

City of Cadillac
2015-2016 Annual Operating Budget

Goals, Objectives and Priority Programs

2016 FISCAL YEAR CITY COUNCIL GOALS

The City Council will annually review and discuss their mission/vision statements, financial realities, and priorities that they believe will maintain and improve our community. Council goals for FY2016 include the following:

Community Development & Enhancement

1. Promote positive image
2. Advance quality of life
3. Maintain and improve civic infrastructure
4. Maintain and improve public facilities and equipment
5. Maintain and improve environmental infrastructure

Public Safety

1. Crime prevention
2. Emergency readiness and response
3. Enhance regional cooperation and communication
4. Fire Prevention

Economic Health & Development

1. Actively support business development
2. Promote business retention
3. Maintain and improve financial condition

Customer Service & Organizational Enhancement

1. Maintain and improve human infrastructure
2. Maintain & improve use of technology
3. Review & update administrative procedures and policies

City of Cadillac
2015-2016 Annual Operating Budget

Goals, Objectives and Priority Programs

2016 FISCAL YEAR PRIORITY PROJECT DETAILS

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

1. Enhance Payment Options for Customers

Time Frame: Within 1 Year

Project Leader: Owen Roberts

Currently the City does not offer the ability to pay any bills online or with the use of credit cards. The Financial Services Department will identify vendors that work with the City's current software providers in an effort to accept both credit card payments and online payments for various City services and charges.

2. Study Future of Cadillac Community Center (former Naval Reserve)

Time Frame: 1-2 Years

Project Leader: Owen Roberts

The Cadillac Community Center has tenants in only a small portion of the facility, and the annual rents are not sufficient to fully cover annual costs of the facility. The facility is also in need of significant investment in order to attract new tenants. The City needs to engage community stakeholders and determine the best option for the facility.

3. Adopt Updated 5-Year Recreation Plan

Time Frame: Within 1 Year

Project Leader: Jerry Adams

The joint City/CAPS plan serves as a guide to the development and delivery of recreational facilities and services for the 2015 through 2020 period. The plan is an eligibility requirement for the receipt of recreational grant funds from the State of Michigan (Michigan Department of Natural Resources). The updated plan has gone through a series of public and local agency reviews and is ready for review and approval by the Cadillac City Council and the Cadillac Area Public School Board.

4. Adopt Updated City Master Plan

Time Frame: Within 1 Year

Project Leader: Jerry Adams

The master plan serves as a guide to the city's future growth and development and is a support instrument for the Cadillac Zoning Ordinance. The current master plan is undergoing an update. It is anticipated the plan will be ready for review and adoption by the Cadillac Planning Commission in April and the Cadillac City Council in June.

5. Develop Blight Control Program

Time Frame: 1-2 Years

Project Leader: Todd Golnick

Blighted areas prevent commercial and residential investment as well as attract crime and disorder. By aggressively pursuing and eliminating blight, economic development opportunities are created as well as a reduction in crime.

6. Develop Parks Beautification and Management Plan

Time Frame: 1-2 Years

Project Leader: Bruce DeWitt

The City has nearly 120 acres of beautiful park space. The trees throughout the parks need to be inspected and evaluated to determine if they are diseased or over grown. The emerald ash borer has affected many trees in the park system so removal of diseased trees will be a big undertaking. The trees around the lake will be evaluated and inventoried first. City forestry crews can then prioritize the trees that need to be removed, trimmed or treated and completed this part of the project within a year. This will also improve visibility around Lake Cadillac. The next phases of tree management will address trees in other areas of the City and will likely take a few years to complete. The City will also be pursuing grants that could provide funding for tree management software and assistance.

7. Achieve Certified Local Government Status

Time Frame: Within 1 Year

Project Leader: Jerry Adams

Designation as a Certified Local Government makes the city eligible for a range of grants from the National Park Service and the Michigan State Historic Preservation Office. Grant funds may be used for historic recordation and preservation purposes.

City of Cadillac
2015-2016 Annual Operating Budget

Goals, Objectives and Priority Programs

8. Update Lake Cadillac Invasive Species Management Program

Time Frame: 1 to 2 Years

Project Leader: Marcus Peccia

This program helps to insure the ongoing treatment of invasive species in Lake Cadillac. The City should first retain the services of a qualified Lake Management Consultant. Then the Lake Management Invasive Species Management Committee should reconvene for purposes of identifying management needs and program funding. Due to the normal transition of membership it is recommended committee participation be opened for the addition of new recruits. This group will help implement the lake management program going forward.

9. Initiate the Cadillac West Corridor Improvement Association

Time Frame: Within 1 Year

Project Leader: Jerry Adams

The Cadillac West Corridor Improvement Association (CWCIA) is a public redevelopment organization who purpose is to improve the commercial viability of the resort area commonly referred to as Cadillac West. The CWCIA will be comprised of a local board operating similar to the Downtown Development Authority and will be principally supported through tax increment financing.

10. Initiate Phase I of the PlacePlans Project

Time Frame: Within 1 Year

Project Leader: Jerry Adams

Phase I calls for the redevelopment of the City Park parking lot and Elk Avenue for purposes of improving the areas aesthetic appeal, commercial viability, and public use. The Michigan Economic Development Corporation is providing a \$200,000 grant for the project. The grant will be leveraged with DDA and Community Development funds.

11. Initiate Phase II of the Rotary Performing Arts Pavilion Redevelopment Project

Time Frame: 1-2 Years

Project Leader: Owen Roberts

The Cadillac Rotary Club has pledged additional funding for the continued renovation of the Rotary Performing Arts Pavilion and the surrounding area. The vision for the project exceeds the funds that are currently committed, so additional funding will need to be identified to move the project forward.

12. Pursue Outside Funding for White Pine Trail Downtown Bike Station

Time Frame: 1 to 2 Years

Project Leader: Bruce DeWitt

Grant funding for the development of the White Pine Trail Downtown Bike Station, as recognized in the newly updated City/CAPS 2015-2020 Recreation Plan, will be sought through the Michigan Department of Natural Resources (MDNR) and possibly the National Park Service. In the interim, measures will be taken to secure a lease agreement for use of the MDNR right-of-way to be used for trail purposes.

13. Enhance Customer Relationship Management

Time Frame: Ongoing

Project Leader: Marcus Peccia

Explore opportunities to improve the customer experience. Activities may include the use of new forms, technology, and policy(s).

14. Complete Phase II of Well Field Relocation Project

Time Frame: 2 Years

Project Leader: Jeff Dietlin

The City is in the process of getting appraisals for properties for the Phase II wellfield. A test production well will be installed on the selected property. Engineering services will be acquired and financing secured. Bids will be secured for construction of new well field. Construction anticipated to be completed in the summer of 2017.

15. Implement Plan to Upgrade all Street Rated in Poor Condition

Time Frame: 1-5 Years

Project Leader: Bruce DeWitt

Currently the City has 12 streets listed in poor condition which is a rating of 2 out of 10. The Engineering Department will place all of these street in the CIP and work with the Financial Services Department to find grants or sell bonds to improve these streets.

City of Cadillac
2015-2016 Annual Operating Budget

Goals, Objectives and Priority Programs

16. Enhance Web and Social Media Presence to Improve Communication and Expand Online Access to Public Information and Documents

Time Frame: Within 1 Year

Project Leader: Owen Roberts

Residents, property owners, community stakeholders and businesses are increasingly taking advantage of new and emerging technologies to communicate and do business. The City needs to identify and utilize new technologies to enhance communication with community members and offer access to public documents.

17. Update Existing Mutual Aid Agreements (Police and Fire)

Time Frame: Within 1 Year

Project Leader: Fred Osborn

Mutual Aid is an agreement among emergency responders to lend assistance across jurisdictional boundaries. This may occur due to an emergency response that exceeds local resources, such as a disaster or a multi-alarm fire. We will review & update current mutual aid and expired automatic aid agreements with bordering township fire departments (Cherry Grove & Haring Townships). We will also review & update mutual aid agreements with other Wexford, Missaukee, and Osceola County fire departments. Finally, we will review & update ladder truck agreements with Traverse City and Big Rapids.

18. Re-examine Neighborhood Watch Programs

Time Frame: 1 to 2 Years

Project Leader: Todd Golnick

Neighborhood Watch programs in Cadillac were strongest when the police department had a full-time Community Services Officer (CSO). Currently, the department has an officer assigned to 80% School Resource Officer duties and 20% CSO services. Police management will plan and prioritize the CSO services so as to re-invigorate and re-establish Neighborhood Watch programs in Cadillac.

19. Maintain 2-3 Months Fund Balance Reserves in General Fund

Time Frame: Ongoing

Project Leader: Owen Roberts

Prudent financial management includes insuring that adequate reserves are on hand to protect ongoing operations and ease cash flow issues. Regular review of expenditures, long-term financial planning, and expanding revenue sources are all an important part of achieving this important financial objective.

20. Improve Capacity to Encourage and Facilitate Local Development

Time Frame: 1 to 2 Years

Project Leader: Marcus Peccia

Identify and implement strategies to entice development for all sectors within the City. Engage various community stakeholders to identify strategies to share knowledge and resources in order to more effectively address community-wide issues that must be addressed to encourage growth and development. May include new efforts to market various city-owned properties for sale for the purpose of commercial, industrial, and residential development.

21. Resume Building/Construction Code-Related Activities

Time Frame: Within 1 Year

Project Leader: Fred Osborn

Wexford County currently handles the administration of construction codes. The City has been in the process of resuming these activities through a private firm. By resuming these activities, the City is aiming to increase customer service/satisfaction in a budget-neutral manner. Additionally, City staff will be reviewing our fire and maintenance codes and making recommendations to council for any updates that may be needed to stay “in-line” with the applicable state codes. The first major focus will be on adopting the 2012 edition of the International Property Maintenance Code, as well as addressing the emergency egress access in rental housing.

22. Develop Fleet Management Plan

Time Frame: Within 1 Year

Project Leader: Bruce DeWitt

The City will be implementing a Fleet Management System to better identify possible issues with vehicles and equipment. This will enable the City to make better decisions on which inventory takes priority to replace as well as keeping a log of the costs that have been spent repairing each piece of equipment. The street department will have a designated team that will inspect the vehicles on a regular determined schedule to ensure regular maintenance is completed and to note future problems that need to be watched and addressed. The City will evaluate fleet management software options. By implementing this plan, it should help the appearance, condition and longevity of the City’s fleet.

City of Cadillac
2015-2016 Annual Operating Budget

Goals, Objectives and Priority Programs

23. Examine Legal Service Options

Time Frame: Within 1 Year

Project Leader: Marcus Peccia

Pursuant to City Council discussion, develop and issue a request for qualifications/proposals for legal services. Primary purposes include the re-testing of the market place and determining whether feasible opportunities are available for reducing expenses while maintaining a high level of service.

24. Examine Smoking Restrictions in Public Park Areas

Time Frame: Within 1 Year

Project Leader: Jerry Adams

Implement an ordinance banning smoking in high use pedestrian zones in the city's public parks. Following passage of the ordinance, erect "No Smoking" signs as needed and inform the public of the smoking restrictions via local media outlets, the City website, and social media.

25. Evaluate Status and Future of Groundwater Cleanup

Time Frame: Within 1 Year

Project Leader: Jeff Dietlin

The Local Development Finance Authority (LDFA) has received a quote for a project close-out study. Once the LDFA board discusses and awards the study, it is anticipated to take less than a year to get a final report from the consultant on the progress and future of the LDFA Groundwater cleanup. If the study indicates that new funding is needed to operate the system, this issue will need to be addressed at that time.

26. Enhance Employee Development and Training

Time Frame: Ongoing

Project Leader: Marcus Peccia

Continue to explore opportunities to improve the City's largest investment - people. Discovering how we can better utilize our current technology and/or new technology to improve how we provide services, encouraging participation in training when applicable and feasible, and reviewing, updating, and/or creating administrative policies and procedures will be the focus.

27. Review/improve ISO Fire Rating

Time Frame: Within 1 Year

Project Leader: Fred Osborn

By classifying communities' ability to suppress fires, ISO helps the communities evaluate their public fire-protection services. The program provides an objective, country-wide standard that helps fire departments in planning and budgeting for facilities, equipment, and training. By securing lower fire insurance premiums for communities with better public protection, the PPC program provides incentives and rewards for communities that choose to improve their firefighting services. Department leadership will review & analyze past ISO ratings and formulate a strategic plan to improve our current ISO rating from a 5 to a 4.

Following is a chart that helps connect the priority programs with the goals of the City Council.

Goals, Objectives and Priority Programs

Project No.	Time Frame	Leader	Project Title (Note: Projects may encompass multiple fiscal years)
1	1 Year	Owen	Enhance payment options for City customers
2	1-2 Yrs.	Owen	Study future of Cadillac Community Center (former Naval Reserve)
3	1 Year	Jerry	Adopt Updated 5-Year Recreation Plan
4	1 Year	Jerry	Adopt Updated City Master Plan
5	1-2 Yrs.	Todd	Develop Blight Control Program
6	1-2 Yrs.	Bruce	Develop Parks Beautification and Management Plan
7	1 Year	Jerry	Achieve Certified Local Government Status
8	1-2 Yrs.	Marcus	Update Lake Cadillac Invasive Species Management Program
9	1 Year	Jerry	Initiate the Cadillac West Corridor Improvement Association
10	1 Year	Jerry	Initiate Phase I of the PlacePlans Project
11	1-2 Yrs.	Owen	Begin Phase II of the Rotary Performing Arts Pavilion Redevelopment Project
12	1-2 Yrs.	Bruce	Pursue Outside Funding for White Pine Trail Downtown Bike Station
13	Ongoing	Marcus	Enhance Customer Relationship Management
14	2 Yrs.	Jeff	Complete Phase II of Well Field Relocation Project
15	1-5 Yrs.	Bruce	Implement Plan to Upgrade all Streets Rated in Poor Condition
16	1 Year	Owen	Enhance Web and Social Media Presence
17	1 Year	Fred	Update Existing Mutual Aid Agreements (Police and Fire)
18	1-2 Yrs.	Todd	Re-examine Neighborhood Watch Programs
19	Ongoing	Owen	Maintain 2-3 Months Fund Balance Reserves in General Fund
20	1-2 Yrs.	Marcus	Improve Capacity to Encourage and Facilitate Local Development
21	1 Year	Fred	Resume Building/Construction Code-Related Activities
22	1 Year	Bruce	Develop Fleet Management Plan
23	1 Year	Marcus	Examine Legal Service Options
24	1 Year	Jerry	Examine Smoking Restrictions in Public Park Areas
25	1 Year	Jeff	Evaluate Status and Future of Groundwater Cleanup
26	Ongoing	Marcus	Enhance Employee Development and Training
27	1 Year	Fred	Review/Improve Fire Department ISO Rating

City of Cadillac
2015-2016 Annual Operating Budget

Goals, Objectives and Priority Programs

DEPARTMENTAL GOALS AND OBJECTIVES

City of Cadillac Departmental Structure

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

<u>Department</u>	<u>Department Director Title</u>
• Office of the City Manager • Financial Services Department • Department of Public Works and Engineering	City Manager (Marcus Peccia) Director of Finance (Owen Roberts) Director of Public Works and Engineering (Bruce DeWitt)
• Community Development Department	Community Development Director (Jerry Adams)
• Police Department • Fire Department • Utilities Department	Chief of Police (Vacant) Fire Senior Captain (Fred Osborn) Director of Utilities (Jeff Dietlin)

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

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

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

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

City of Cadillac
2015-2016 Annual Operating Budget

Goals, Objectives and Priority Programs

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Department: Financial Services Department
Director: Owen Roberts
Performance Measures: Pages 36-37, 61,62, 63, 64, 65, 173

Departmental Goals and Objectives:

To assist the City Council in achieving its mission, the **Financial Services Department** will:

1. Promote *fiscal responsibility* by advocating for and practicing prudent, conservative fiscal practices and decision-making. Identified tasks to help achieve this objective are:
 - a. Minimize personnel legacy costs. *(PP-19)*
 - b. Measure and fully fund annual pension and other post-employment benefits liabilities.
 - c. Maintain General Fund Working Capital fund balance assignment of at least 15% of total annual General Fund expenditures. *(PP-19)*
2. Foster a *community spirit of trust* by providing open and easy access to financial information and results. Identified tasks to help achieve this objective are:
 - a. Property tax information available on the City's website. *(PP-16)*
 - b. Annual Operating Budget, Comprehensive Annual Financial Report, and 5-Year Capital Improvement Program available on the City's website. *(PP-16)*
3. Promote a *community spirit of trust* by commitment to providing comprehensive and accurate financial information. Identified tasks to help achieve this objective are:
 - a. Obtain Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).
 - b. Obtain Distinguished Budget Presentation Award from the GFOA.
 - c. Obtain unmodified ("clean") audit opinion.
4. Demonstrate a *strong commitment to quality and efficiency* in the delivery of *community services* by utilizing technology to streamline communications and internal business processes. Identified tasks to help achieve this objective are:
 - a. Evaluate and invest in new and/or upgraded technologies to take advantage of new efficiencies. *(PP-26)*
 - b. Continue to meet schedule of hardware replacement to ensure optimal efficiency and minimize down time.
 - c. Develop new communication tools and utilize existing tools to enhance delivery of important information to local residents and businesses. *(PP-16)*
 - d. Implement credit card payment system. *(PP-1)*
 - e. Increase direct deposit utilization.

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Department: Department of Public Works and Engineering
Director: Bruce DeWitt
Performance Measures: Pages 67, 68, 79, 80, 82, 84, 117, 125, 169

Departmental Goals and Objectives:

To assist the City Council in achieving its mission, the **Public Works Department** will:

1. Enhance Cadillac as an *appealing community* by protecting our *natural resources, open spaces and recreational areas* throughout the City's parks, rights-of-way, open spaces and Maple Hill Cemetery. Identified tasks to help achieve this objective are:
 - a. Plant 100 trees annually in City right-of-way and public spaces. *(PP-6)*

City of Cadillac
2015-2016 Annual Operating Budget

Goals, Objectives and Priority Programs

- b. Continue forestry practices that have helped the City maintain the designation of Tree City USA for twenty-nine consecutive years. **(PP-6)**
 - c. Adequately staff seasonal crews to facilitate optimal maintenance of parks and cemetery. **(PP-6)**
- 2. Promote ***fiscal responsibility*** by seeking ways to help offset costs of parks maintenance and forestry activities and to provide funding for additional activities. Identified tasks to help achieve this objective are:
 - a. Actively seek forestry grants to assist in the cost of purchasing trees. **(PP-6)**
 - b. Utilize competitive bidding process to ensure lowest acquisition costs for goods and services. **(PP-15)**
 - c. Seek opportunities to utilize volunteer help where appropriate. **(PP-6)**
 - d. Utilize Wexford County trustee help to reduce manpower costs. **(PP-6)**
- 3. Promote a ***community spirit of trust*** by responding to citizen comments and concerns in a timely fashion. Identified tasks to help achieve this objective are:
 - a. Develop a system to track citizen requests and complaints in order to measure response times and satisfactory resolutions. **(PP-13)**
 - b. Provide online submission venue for citizen concerns, comments and complaints. **(PP-13)**
- 4. Support our ***strong commitment to monitoring the City's infrastructure*** by continually evaluating and updating the infrastructure needs within the City. Identified tasks to help achieve this objective are:
 - a. Annually rank the condition of City streets. **(PP-15)**
 - b. Review and rank utility infrastructure needs below the streets. **(PP-15)**
 - c. Review and update Capital Improvement Program projects. **(PP-15)**
 - d. Design, bid and inspect all street and utility construction projects. **(PP-15)**
 - e. Update the Geographic Information System (GIS) with new utility information. **(PP-15, 20)**
- 5. Enhance the City as a ***highly appealing and desirable community*** through maintenance practices that shall include:
 - a. Inspect and repair sidewalks thereby ensuring a safe walking environment for the public.
 - b. Continue the sign replacement program as well as maintaining the existing system of signs throughout the City.
 - c. Monitor and order repairs to all City lighting including streets, parks and the downtown business district.
 - d. Continue with the seasonal employment of a downtown maintenance worker who is responsible for sweeping sidewalks and side street parking spaces as well as resetting brick pavers and litter collection. **(PP-16)**
 - e. Optimize ice and snow control activities on State trunk lines, major and local streets and residential sidewalks.

Department: Community Development Department
Director: Jerry Adams
Performance Measures: Pages 85, 137-138

Departmental Goals and Objectives:

To assist the City Council in achieving its mission, the **Community Development Department** will:

- 1. Promote a ***well-managed and fiscally responsible community*** through the updating, adoption and implementation of key policy and land use instruments and through the formation of organizational structures identified as important to the city's future growth and development. Identified tasks for achieving this objective include:
 - a. Adopt the updated Community Recreation Plan. **(PP-3)**
 - b. Adopt the updated City Master Plan. **(PP-4)**
 - c. Initiate the Cadillac West Corridor Improvement Association. **(PP-9)**

City of Cadillac
2015-2016 Annual Operating Budget

Goals, Objectives and Priority Programs

2. Promote *fiscal responsibility* by carefully identifying, examining and pursuing local, state, and federal funding programs as a means of leveraging local dollars as well as providing for facilities and services potentially unavailable without the benefit of supplementary resources. Identified tasks for achieving this objective include:
 - a. Adopt the updated Community Recreation Plan to qualify for recreational grant funds through the Michigan Department of Natural Resources and local philanthropic organizations. **(PP-3)**
 - b. Pursue outside funding for the White Pine Trail Downtown Bike Station. **(PP-12)**
3. Enhance the City as a *highly appealing and desirable community* by fostering the growth and development of new facilities and services. Identified tasks for achieving this objective include:
 - a. Achieve Certified Local Government status. **(PP-7)**
 - b. Initiate Phase I of the PlacePlans project. **(PP-10)**
 - c. Begin Phase II of the Rotary Performing Arts Pavilion Redevelopment project. **(PP-11)**
 - d. Pursue outside funding for the White Pine Trail Downtown Bike Station. **(PP-12)**
4. Foster a *community spirit of trust* by instituting and participating in programs designed to inform and educate the public on community development matters. Identified tasks for achieving this objective include:
 - a. Adopt the updated City Master Plan. **(PP-4)**
 - b. Adopt the Community Recreation Plan. **(PP-3)**
5. Promote the *City's environmental well-being* by instituting programs designed to protect the City's natural resources. Identified tasks for achieving this objective include:
 - a. Examine smoking restrictions in public park areas. **(PP-24)**
 - b. Adopt the updated City Master Plan. **(PP-4)**
 - c. Adopt the Community Recreation Plan. **(PP-3)**

Department: Police Department
Director: Chief of Police (*Vacant*)
Performance Measures: Pages 69, 70, 71, 72, 73, 74, 78

Departmental Goals and Objectives:

To assist the City Council in achieving its mission, the **Police Department** will:

1. Foster a *community spirit of trust* and *broad-based citizen involvement* by continuing to work with the community to reduce crime and increase the feeling of community safety. Identified tasks to help achieve this objective are:
 - a. Promote the city wide Neighborhood Watch concept to help identify and prevent criminal activity. **(PP-18)**
 - b. Involve the Cadillac Community Policing Officer with local civic groups and community organizations to share information, offer other available resources, solve community problems, and offer crime prevention training in the community. **(PP-13)**
 - c. Build community trust by offering professional, competent, respectful, and helpful service to the community. **(PP-13)**
2. Enhance the City as a *highly appealing and desirable community* by placing a high emphasis on traffic safety. Identified tasks to help achieve this objective are:
 - a. Perform traffic surveys to identify problem areas.
 - b. Utilize the department's radar speed trailer throughout the city to raise speed limit awareness and promote compliance with the law.
 - c. Assign traffic patrol to identified problem areas.
 - d. Continue to focus on the increasing problem of operating under the influence of drugs by utilizing the departments Drug Recognition Expert to assist officers in recognizing and combating this dangerous situation.

City of Cadillac
2015-2016 Annual Operating Budget

Goals, Objectives and Priority Programs

3. Enhance the City as a *highly appealing and desirable community* by decreasing criminal activity such as larcenies, property damage, and breaking and entering. Identified tasks to help achieve this objective are:
 - a. Continue to deploy personnel on targeted neighborhood patrols. **(PP-18)**
 - b. Continue to put a high emphasis on investigating and solving crimes, and prosecuting the offenders.
 - c. Utilize the media, business contacts, and community groups to raise community awareness of current problems in order to promote early detection and reporting of suspicious or criminal activity. **(PP-16)**
4. Promote the City's *environmental well-being* by purchasing products and equipment for the department whenever possible that are environmentally friendly, safe, economical and that support local business when appropriate. Evaluate other operational opportunities to reduce emissions. Identified tasks to help achieve this objective are:
 - a. Evaluate environmental impact of equipment acquisitions and departmental activities.
 - b. Utilize Summer Patrol Officers on foot and on bikes to reduce fuel usage and emissions.
5. Promote a *well-managed and fiscally responsible community* by continuing current efforts and seeking out additional opportunities for co-operative mutual aid agreements with area public safety agencies. Identified tasks to help achieve this objective are:
 - a. Continue to take advantage of opportunities for joint in-house training utilizing local departmental instructors. **(PP-26)**
 - b. Promote sharing of specialized equipment with other local agencies to eliminate duplication in the acquisition of costly equipment. **(PP-17)**
 - c. Continued support of joint specialty teams. **(PP-17)**
 - d. Research options for a volunteer program to supplement and enhance our current resources. **(PP-17)**

Department: Fire Department
Director: Captain Fred Osborn
Performance Measures: Pages 74, 75, 76, 77, 78

Departmental Goals and Objectives:

To assist the City Council in achieving its mission, the **Fire Department** will:

1. Demonstrate a *strong commitment to public health and safety* by protecting local residents, businesses, and industries through fast, effective and efficient fire protection emergency medical services (EMS), hazardous materials protection, and extrication, ice and technical rescues. Identified tasks to help achieve this objective are:
 - a. Provide and document adequate training for all personnel. **(PP-26)**
 - b. Maintain safe, efficient, and updated equipment and fire apparatus. **(PP-22)**
 - c. Develop and maintain pre-incident action plans for high risk occupancies. **(PP-27)**
 - d. Continue to minimize fire losses through prevention, investigation, and personnel development. **(PP-27)**
2. Promote a *fiscally responsible community* by continuing partnerships with local agencies to provide efficient fire and EMS services. Identified tasks to help achieve this objective are:
 - a. Continue partnerships with Northflight and Clam Lake Township. **(PP-17)**
 - b. Continue and enhance mutual aid agreements with other local departments. **(PP-17)**
 - c. Develop county-wide training partnerships. **(PP-27)**
 - d. Enhance county-wide purchasing partnerships. **(PP-19)**
 - e. Maximize Wexford Fire Training Committee funds from the State of Michigan. **(PP-26)**
 - f. Fully utilize available cost-free training opportunities from FEMA and other federal agencies. **(PP-26)**

City of Cadillac
2015-2016 Annual Operating Budget

Goals, Objectives and Priority Programs

3. Promote a *strong community spirit of trust and broad-based citizen involvement* through community fire prevention and safety education, especially to “at-risk” groups like the very young and elderly. Identified tasks to help achieve this objective are:
 - a. Increase educational programs within local school systems, senior housing facilities, and other community-based organizations. **(PP-13)**
 - b. Develop closer relationship with community stakeholders in order to improve efficiency and effectiveness of code enforcement activities. **(PP-13)**

Department: Utilities Department
Director: Jeff Dietlin
Performance Measures: Pages 94, 96, 100, 103, 105, 110-112, 191-192, 194

Departmental Goals and Objectives:

To assist the City Council in achieving its mission, the **Utilities Department** will:

1. Promote *fiscal responsibility* by advocating for and practicing prudent decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate staff to maximize potential workloads. **(PP-26)**
 - b. Evaluate equipment needs and develop a comprehensive preventative maintenance program to extend useful life of all equipment. **(PP-22)**
2. Foster a *community spirit of trust* by providing open and easy access to information and results. Identified tasks to help achieve this objective are:
 - a. Encourage local residents and groups to tour departmental facilities. **(PP-13)**
 - b. Provide annual results of water quality tests on the City website. **(PP-16)**

Water Resources Division

1. Promote *fiscal responsibility* by advocating for and practicing prudent decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate opportunities for new revenue such as accepting additional hauled waste.
 - b. Maintain a well-run digester to ensure the production of alternate fuel sources to offset costs of natural gas usage.
2. Promote an *environmentally conscious attitude* by advocating for and practicing environmentally prudent decision-making. Identified tasks to help achieve this objective are:
 - a. Maintain a well-run digester to ensure the production of alternate fuel sources to reduce natural gas usage.
 - b. Evaluate green component of future purchases.
 - c. Maintain discharge levels below required NPDES permit levels.
 - d. Maintain an active Industrial Monitoring Program to limit amount of industrial waste that is discharged into the waste water treatment system.
 - e. Maintain the production of Class “A” EQ (Exceptional Quality) biosolids for land application.
 - f. Maintain bi-annual collection of Household Hazardous Waste.

Water Distribution and Collection Division

1. Promote *fiscal responsibility* by advocating for and practicing prudent financial decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate opportunities for new revenue such as selling bulk water.
 - b. Maintain a well-run meter program with less than 1% misreads per month. **(PP-26)**
 - c. Continue educational opportunities for the enhancement and proficiency of our employees. **(PP-26)**

City of Cadillac
2015-2016 Annual Operating Budget

Goals, Objectives and Priority Programs

2. Promote *environmentally conscious attitude* by advocating for and practicing prudent environmental decision-making. Identified tasks to help achieve this objective are:
 - a. Clean at least 20,000 feet of sewers a year.
 - b. Achieve total coliform tests results of zero for the year.
 - c. Flush all fire hydrants within the City two times per year.
 - d. Continue preventative maintenance program for all fire hydrants in the City.
 - e. Evaluate green alternatives for new well field infrastructure.

Laboratory Division

1. Promote *fiscal responsibility* by advocating for and practicing prudent financial decision-making. Identified tasks to help achieve this objective are:
 - a. Evaluate opportunities for new revenue such as expanding customer base for laboratory services.
 - b. Increase number of tests that laboratory and staff are certified to perform.
 - c. Perform over 32,000 total tests annually.
 - d. Bill over \$80,000 for contract laboratory services to non-City of Cadillac accounts.
 - e. Provide a chemical hygiene course yearly to prevent accidental chemical exposure.
 - f. Maintain an MSDS record for chemical spill response. **(PP-26)**
 - g. Maintain an SDS record for chemical spill response. **(PP-26)**
 - h. Research new vendors to receive best prices for the goods used.
2. Promote *environmentally conscious attitude* by advocating for and practicing prudent environmental decision-making. Identified tasks to help achieve this objective are:
 - a. Provide a place where total coliform measurements may be performed.
 - b. Maintain an updated and accurate record of chemicals at the Wastewater plant.
 - c. Give tours and classroom instruction for the schools around Cadillac. **(PP-13)**
 - d. Perform tests for Waste Water plant for compliance in Industrial Pretreatment Program, NPDES and the plant operation to maintain environmental compliance/protection.
 - e. Perform test for the Water plant to obtain/maintain a record of water quality.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Tax Limitations

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.

2015 Assessed Taxable Value	\$243,589,248		
2015 State Equalized Taxable Value	\$243,589,248		
Difference	<u>\$0</u>		
	<u>\$243,589,248</u>	equals	1.0000
	\$243,589,248		

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>2014 Total Taxable Value Minus 2015 Losses Taxable Value</u>			
		<u>2015 Total Taxable Value Minus 2015 Additions Taxable Value</u>			
Millage Rate					
13.9473	x	\$243,347,960	minus	\$2,824,047	
		\$243,589,248	minus	\$7,157,974	
13.9473	x	<u>\$240,523,913</u>			
		\$236,431,274			
13.9473	x	1.0173 (Base Tax Rate Factor)	=	14.1887	

15 mills is the base tax rate and charter maximum

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Tax Limitations

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 2015 taxable value is \$243,589,248, of which \$7,157,974 represents new value. After subtracting the net amount of new value, the Constitutional formula will further affect the City's millage rates only if last year's total taxable valuation is increased by an amount greater than the consumer price index (CPI), which for this fiscal year is 1.6%. 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 FY2016 as shown below:

2014 Taxable Value	\$243,347,960	
Less: Losses	<u>\$2,824,047</u>	
Net		\$240,523,913
Times the Consumer Price Index		<u>1.016</u>
Ceiling		\$244,372,296
2015 Taxable Value	\$243,589,248	
Less - Additions	<u>\$7,157,974</u>	
2015 Adjusted Value		<u>\$236,431,274</u>
Millage Reduction Factor (MRF)	Ceiling divided by adjusted value	1.0336
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, Michigan
2015-2016 Annual Operating Budget

FY2016 General Appropriations Act



ORDINANCE NO. 2015-xx

**ORDINANCE ADOPTING GENERAL APPROPRIATIONS ACT
FOR FISCAL YEAR 2016**

THE CITY OF CADILLAC ORDAINS:

Section 1, Title.

This Ordinance shall be known as the City of Cadillac General Appropriations Act For Fiscal Year 2016.

Section 2, Public Hearing on the Budget.

Pursuant to MCL 141.412 and Section 10.3 of the City Charter, notice of a public hearing on the proposed budget was published in a newspaper of general circulation on **April 10**, 2015, and a public hearing on the proposed budget was held on April 20, 2015.

Section 3, Expenditures.

The City hereby appropriates the expenditures for the fiscal year commencing July 1, 2015 and ending June 30, 2016 on a departmental and activity total basis as follows:

General Fund

Legislative	\$44,200
Office of the City Manager	254,700
Financial Services	219,800
City Clerk/Treasurer Department	282,100
Election Services	15,500
Assessing Services	134,500
Legal Services	200,000
Engineering Services	181,500
City Complex	287,000
Police Department	1,965,500
Code Enforcement	32,000
Fire Department	1,304,900
Public Works	819,500
Culture and Recreation	260,600
Economic Development and Assistance	150,000
Intergovernmental	101,200
Other	<u>400,000</u>
Total Expenditures	\$6,653,000

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

FY2016 General Appropriations Act

Section 4, Estimated Revenues.

The City estimates that revenues for the fiscal year commencing July 1, 2015 and ending June 30, 2016 will be as follows:

General Fund	
Taxes	\$4,205,000
Licenses & Permits	126,000
Intergovernmental	1,236,000
Charges for Services	914,500
Fines & Forfeits	15,000
Miscellaneous	21,000
Interest and Rents	36,500
Other Financing Sources	<u>99,000</u>
Total Revenues	\$6,653,000

Section 5, Budgets.

The City hereby approves budgets for the fiscal year commencing July 1, 2015 and ending June 30, 2016 for the following funds in the amounts set forth below:

	<u>Revenues</u>	<u>Expenses</u>
Governmental Funds		
Major Street Fund	\$751,000	\$713,400
Local Street Fund	592,500	543,600
Cemetery Operating Fund	127,000	126,800
Naval Reserve Center Fund	22,500	22,500
Cadillac Development Fund	63,900	63,900
Lake Treatment Fund	101,500	101,500
H.L. Green Operating Fund	1,000	0
2004 General Obligation Capital Improvement Bond	86,500	86,500
Industrial Park Fund	48,800	48,800
Special Assessment Capital Projects Fund	2,014,000	1,301,500
Heritage Park Place Plans Project Fund	550,000	550,000
Rotary Park Project Fund	300,000	300,000
Cemetery Perpetual Care Fund	14,500	500
Capital Projects Fund	8,000	500
 Proprietary Funds		
Auto Parking Fund	69,100	69,100
 Water & Sewer Fund	4,004,000	4,004,000
Capital		1,393,000
Debt Service		550,000
 Building Authority Operating Fund	155,500	114,100
Capital		45,000
Debt Service		140,000

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

FY2016 General Appropriations Act

	<u>Revenues</u>	<u>Expenses</u>
Central Stores & Municipal Garage Fund	561,000	559,800
Capital		260,000
Debt Service		50,000
Information Technology Fund	\$196,600	\$196,100
Capital		40,000
Self-Insurance Fund	1,245,500	1,245,500
Employee Safety Fund	15,500	15,500
Pension Trust Fund		
Police & Fire Retirement System	850,500	850,500
Component Units		
Local Development Finance Authority Operating Fund	361,300	361,300
Local Development Finance Authority Utility Fund	20,000	15,300
Local Development Finance Authority Capital Projects Fund	150,000	100,500
Downtown Development Authority Operating Fund	32,200	32,200
Downtown Development Authority Capital Projects Fund	260,500	260,500
Brownfield Redevelopment Authority Operating Fund	28,500	28,500

Section 6, Millage Levies.

(a) The City will levy a tax of 13.9473 mills for the period of July 1, 2015 through June 30, 2016, on all real and personal taxable property in the City, according to the valuation of the same. This tax is levied for the purpose of defraying the general expense and liability of the City and is levied pursuant to Section 20.6, Article 20 of the City Charter. The maximum authorized levy according to the City Charter is 15.00 mills.

(b) The City further levies a tax of 2.60 mills for the period of July 1, 2015 through June 30, 2016, on all real and personal taxable property in the City, according to the valuation of the same. This tax is levied for the purpose of defraying the cost of supporting the retirement plan for personnel of the police and fire departments of the City pursuant to the provisions of Public Act 345 of 1937, as amended, as approved by a vote of the citizens of the City on November 8, 1977.

(c) The City further levies a tax of 1.9548 mills for the period of July 1, 2015 through June 30, 2016, on all real and personal taxable property in the City, according to the valuation of the same in a district known as the Downtown Development District. This tax is levied for the purpose of defraying the cost of the Downtown Development Authority.

Section 7, Adoption of Budget by Reference.

The general fund budget of the City is hereby adopted by reference, with revenues and activity expenditures as indicated in Sections 5 and 6 of this Act.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

FY2016 General Appropriations Act

Section 8, Transfer Within Appropriation Centers.

The City Manager is hereby authorized to make budgetary transfers within the appropriation centers established throughout this budget. All transfers between appropriations may be made only by further resolution of the City Council pursuant to Section 10.5 of the City Charter and Section 19(2) of the provisions of the Michigan Uniform Accounting and Budget Act.

Section 9, Appropriations by Resolution.

The City Council may, by resolution, make additional appropriations during the 2016 Fiscal Year for unanticipated expenditures required of the City, but such expenditures shall not exceed the amount by which actual and anticipated revenues of the fiscal year are exceeding the revenues as estimated in the budget unless the appropriations are necessary to relieve an emergency endangering the public health, peace or safety.

Section 10, Effective Date.

This Ordinance shall take effect on July 1, 2015.

Approved this 18th day of May, 2015.

Sandra Wasson, Clerk

Carla J. Filkins, Mayor

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Charts and Graphs

Funds Formation

The financial structure of the City consists of various funds, which operate just like separate businesses within the organization and have their own set of balanced books. Budgets are adopted separately for each of these types of funds. Funds are differentiated between major and non-major funds. Major funds represent the significant activities of the City and basically include any fund where revenues or expenditures, excluding other financing sources and uses, constitute more than 10% of the revenues or expenditures of the appropriated budget. The breakdown of the City's fund structure is as follows:

Major Governmental Fund

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources. The budgeting and accounting for Governmental Funds are recorded on a modified accrual basis. The main operating fund for the City of Cadillac, the General Fund is a major fund of the City and is used to account for the resources devoted to funding services traditionally associated with local government. It has some limited interaction with many of the other funds.

Major Proprietary Fund

This type of fund accounts for the acquisition, operation and maintenance of government facilities and services which are entirely self-supported by user charges. The City of Cadillac incorporates both Enterprise Funds and Internal Service Funds into its processes. The City's only major proprietary fund is the Water and Sewer Fund, an enterprise fund that provides water and sewer utility services to the City's 3,500 water and sewer customers. Proprietary funds are budgeted and accounted for on a full accrual basis.

Non-major Special Revenue Funds

This type of fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Funds include: Major Street Fund, Local Street Fund, Cemetery Operating Fund, H.L. Green Operating Fund, Naval Reserve Center Fund, Cadillac Development Fund, and the Lake Treatment Fund. These funds are budgeted and accounted for on a modified accrual basis.

Non-major Debt Service Funds

This type of fund is used to account for the accumulation of resources for, and the repayment of general long-term debt, interest and related costs. These funds are budgeted and accounted for on a modified accrual basis. There is only one current debt service fund, which is the 2004 General Obligation Capital Improvement Debt Retirement Fund.

Non-major Capital Projects Funds

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

Non-major Permanent Funds

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

Non-major Proprietary Funds

This type of fund accounts for the acquisition, operation and maintenance of government facilities and services which are entirely self-supported by user charges. The Building Authority Operating Fund and the Auto Parking System Fund are the City's nonmajor proprietary funds, which are budgeted and accounted for on a full accrual basis.

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Internal Service Funds

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

Pension Trust Funds

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

Component Units

Component units are legally separate organizations for which the City is financially accountable. A component unit can be another organization for which the nature and significance of its relationship is such that exclusion would cause the City's financial statements to be misleading or incomplete. Organizations presented in this budget document that represent component units of the City are the Downtown Development Authority Fund, Downtown Development Authority Capital Projects Fund, Local Development Finance Authority Operating Fund, Local Development Finance Authority Utilities Fund, Local Development Finance Authority Capital Projects Fund, and the Brownfield Redevelopment Authority Fund. The Local Development Finance Authority Utilities Fund is budgeted and accounted for on a full accrual basis, while all other non-major component units are budgeted and accounted for on a modified accrual basis.

The City's comprehensive annual financial report contains several funds for which no funds are appropriated and therefore not included in this document. These funds include 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.

City of Cadillac, Michigan

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Charts and Graphs

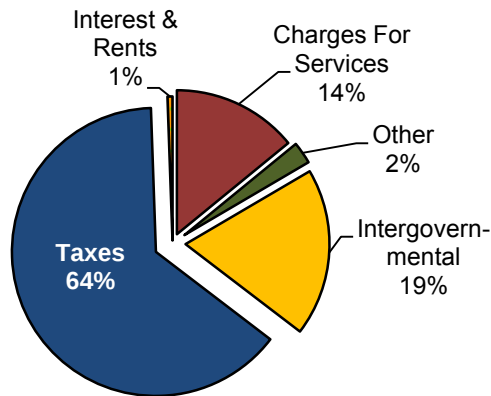
General Fund Highlights

As its name implies, the General Fund is the main operating fund of the City of Cadillac. This fund is where the property taxes levied on real and personal property within the City are recorded. Many of the typical services provided by a local unit of government – including property tax collections, general administration, police and fire services, culture and recreation, and economic development administration are found in the General Fund.

Revenue

The principal source of revenue for the General Fund is **Property Taxes**. Overall, property tax revenues will remain essentially flat in FY2016 compared with the prior year. After five straight years of overall taxable value declined, values ticked slightly upward in the current year. However, additional captures by one of the city's tax increment finance authorities kept General Fund revenues from increasing. Also accounted for in the General Fund are **Intergovernmental Revenues**, which principally consists of revenue shared from the State of Michigan, mostly from the generation of sales taxes. This source of revenue has also experienced significant declines in the last several years, but has recovered slightly over the last two fiscal years. **Charges for Services** are generated by solid waste collection charges, and administrative charges generated from other City-wide funds and activities.

General Fund Revenues by Type FY2016



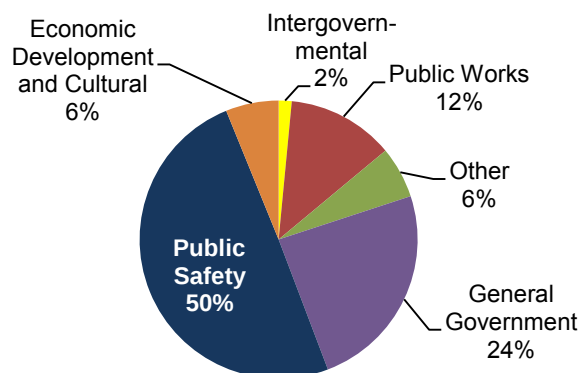
Source	Amount
Charges For Services	\$914,500
Other	162,000
Intergovernmental	1,236,000
Taxes	4,205,000
Interest & Rents	36,500
	<u><u>\$6,554,000</u></u>

Expenditures

General Fund expenditures were virtually unchanged for FY2015 compared to the prior year. This is further detailed in the General Fund budget section. Other Financing expenditures include amounts transferred to other funds, the majority of which is the amount that is contributed to the Local Street Fund, which is \$325,000 and the Cemetery Operating Fund, which is \$75,000 for FY2015.

General Fund Expenditures by Activity FY2016

Activity	Amount
Intergovernmental	\$101,200
Public Works	819,500
Other	400,000
General Government	1,619,300
Public Safety	3,302,400
Economic Development and Cultural	410,600
	<u><u>\$6,653,000</u></u>



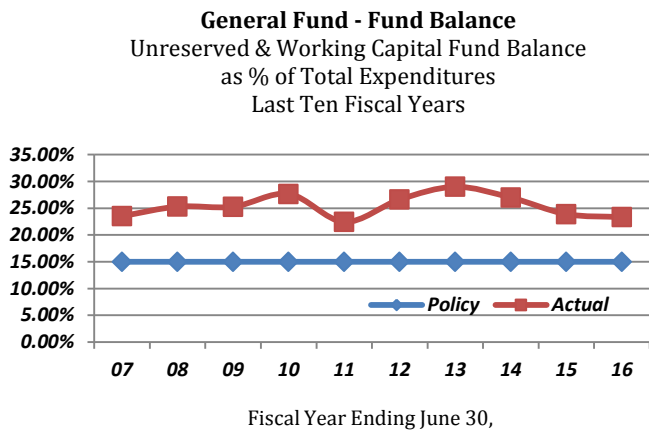
City of Cadillac, Michigan

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Fund Balance

The General Fund seeks to maintain a working capital fund balance assignment of at least 15% of total fund expenditures. This helps to insure that the City will have the cash on hand to cover any significant unforeseen expenditures and will be able to maintain sufficient cash flow to cover all expenditures in times of slower revenue collections. This eliminates the need for short-term borrowing to fund operations.



As seen in the chart to the left, this policy goal has been met for the last ten years. A portion of the unreserved fund balance has been assignment for the working capital reserve, while an additional assignment has been made to set aside funds for accrued sick and vacation leave that has been earned but unused by full-time City staff. For FY2016 the City is expecting to use about \$106,000 in reserves to balance the budget. This utilization will not cause the overall unreserved fund balance to fall below the policy benchmark of 15% of total General Fund expenditures. In fact, total unreserved fund balance will stay at nearly 25% of total expenditures.

Retirement and Other Post-Employment Benefit (OPEB) Liabilities

The City of Cadillac has three components of post-retirement benefits that are available to City employees. The appointed board of the **Act 345 Police and Fire Retirement System** administers the retirement benefits for all sworn police officers and fire fighters. The required contributions to this system are calculated annually by an actuary and are funded through a special millage. Virtually all full-time employees of the City who are not sworn police officers or fire fighters are a member of the **Municipal Employees Retirement System of Michigan (MERS)**, an agent multiple-employer system that administers the benefits and manages the assets of the system. Finally, many current full-time employees are eligible for certain **other post-employment benefits (OPEB)** including life insurance and medical insurance until age 65. Details of these three systems are presented below.

Status: ■ = Negative ■ = Watch ■ = Positive

Act 345 Police & Fire Retirement System

	Valuation Date				Status
	6/30/2011	6/30/2012	6/30/2013	6/30/2014	
Actuarially Accrued Liabilities	\$10,852,937	\$11,246,821	\$11,624,354	\$12,220,792	■
Actuarial Value of Assets	7,989,372	8,200,264	8,565,010	9,304,981	■
Unfunded Liabilities	\$2,863,565	\$3,046,557	\$3,059,344	\$2,915,811	■
% Funded	74%	73%	74%	76%	■
Average Pension	\$19,137	\$19,812	\$21,152	\$21,976	■
Annual Pension Costs	\$513,543	\$545,530	\$549,400	\$543,315	■
% of Annual Costs Contributed	183%	120%	127%	117%	■

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Municipal Employees Retirement System

	Valuation Date				Status
	12/31/2010	12/31/2011	12/31/2012	12/31/2013	
Actuarially Accrued Liabilities	\$9,911,006	\$10,426,829	\$10,811,817	\$11,171,505	
Actuarial Value of Assets	9,974,058	10,002,818	9,974,961	10,051,726	
Unfunded Liabilities	(\$63,052)	\$424,011	\$836,856	\$1,119,779	
% Funded	101%	96%	92%	90%	
Average Pension	\$11,188	\$11,652	\$12,427	\$12,579	
Annual Pension Costs	\$159,007	\$174,308	\$228,000	\$228,000	
% of Annual Costs Contributed	100%	100%	100%	100%	

Other Post-Employment Benefits (OPEB)

	Valuation Date		Status
	01/01/2010	6/30/13	
Actuarially Accrued Liabilities	\$3,453,575	\$4,334,676	
Actuarial Value of Assets	1,674,400	2,461,008	
Unfunded Liabilities	\$1,779,175	\$1,873,668	
% Funded	52%	57%	
Annual Costs	\$475,203	\$330,931	
% of Annual Costs Contributed	92%	31%	

Cost saving measures have been an ongoing effort for several years, especially geared toward reducing OPEB liabilities. As of July 1, 2009 no new hires in any City employment group are eligible for retiree medical care coverage. Small life insurance policies are still available to eligible retirees.

Total Unfunded Retirement and Other Post-Employment Benefit Liabilities

Though unfunded liabilities exist, the City continues to budget sufficiently to make 100% of the annual required contributions for each system. Taken as a whole, total unfunded liabilities for the three systems are:

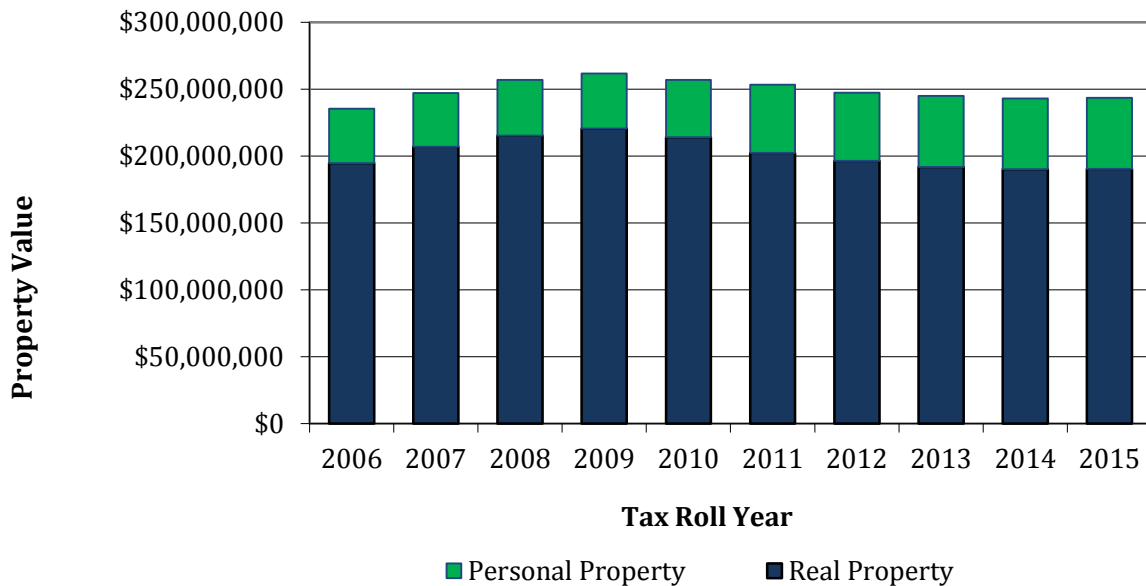
System	Unfunded Liability (Prior Valuation)	Unfunded Liability (Current Valuation)	% Funded	Status
Act 345 Police & Fire Retirement System	\$3,059,344	\$2,915,811	76%	
Municipal Employees Retirement System	836,856	1,119,779	90%	
Other Post-Employment Benefits	<u>1,873,668</u>	<u>1,873,668</u>	57%	
Total Unfunded Liabilities	\$5,769,868	\$5,909,258		

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Charts and Graphs

Taxable Value of Property

After many years of slow but steady growth, the taxable value of property located within the City of Cadillac has been dropping for the last several years. It is expected that total taxable value will increase only slightly – about 0.26% - after five consecutive years of taxable value loss. The City has experienced a loss of over \$18 million in taxable value in the last five years, which represents nearly \$250,000 per year in property taxes. Historical taxable value trends for the last ten years are presented below.



Tax Levy Year	Ad Valorem		Total Taxable Value	L.D.F.A. (1)	D.D.A. (2)
	Real	Personal			
2006	194,615,475	40,780,000	235,395,475	1,981,248	15,871,450
2007	206,850,622	40,257,800	247,108,422	2,747,427	15,329,020
2008	215,230,102	41,724,100	256,954,202	3,020,722	15,777,746
2009	220,482,178	41,225,600	261,707,778	2,576,266	15,884,335
2010	214,108,421	42,873,550	256,981,971	2,577,482	15,290,897
2011	202,455,519	50,840,200	253,295,719	2,356,704	15,323,410
2012	196,431,899	50,777,800	247,209,699	2,285,132	15,609,601
2013	191,926,234	52,972,480	244,898,714	3,631,644	15,478,515
2014	190,071,183	52,897,700	242,968,883	3,528,602	14,552,873
2015	190,337,448	53,251,800	243,589,248	3,755,968	14,602,325

(1) Base value for LDFA is \$551,400. Taxes captured for FY2016 are anticipated to be \$44,695 from the operating millage levy, and \$8,332 from Police and Fire Retirement millage levy. The LDFA also captures \$4,117,200 in value from Industrial Facilities Tax Exemption certificates. This generates an additional capture of City taxes of \$28,712 from the operating levy, and \$5,352 from the Police and Fire Retirement levy.

(2) Base value for DDA is \$11,654,550. Taxes captured for FY2016 are anticipated to be \$41,114 from the operating millage levy, and \$7,664 from the Police and Fire Retirement millage levy.

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Charts and Graphs

Residential Taxable Values

Residential class parcels comprise 80% of the total parcels within the City of Cadillac. These parcels make up just over 50% of the total taxable value of property within the City. Over the last five years, residential class parcels have experienced the following changes:

	2011	2012	2013	2014	2015
Residential Class					
Assessed Value (AV)	\$137,661,800	\$133,293,900	\$126,609,300	\$131,337,200	\$139,355,400
Change	-11.34%	-3.17%	-5.01%	3.73%	6.11%
Taxable Value (TV)	\$128,185,132	\$125,526,191	\$121,411,061	\$121,348,323	\$122,997,984
Change	-6.32%	-2.07%	-3.28%	-0.05%	1.36%
Gap	\$9,476,668	\$7,767,709	\$5,198,239	\$9,988,877	\$16,357,416
Gap as % of TV	7.39%	6.19%	4.28%	8.23%	13.30%
TV/AV	93.12%	94.17%	95.89%	92.39%	88.26%

Average Residential Taxable Value

The drop in residential values has also reduced the tax burden for the average homeowner. For the last ten years, the average taxable value of a home and the City taxes levied against it has trended as follows:

Tax Year	Average Home Taxable Value	City Millage	Average Tax Bill
2006	\$35,333	16.65	\$588.30
2007	\$36,775	16.75	\$615.98
2008	\$38,317	16.55	\$634.15
2009	\$39,728	16.55	\$657.50
2010	\$38,244	16.55	\$632.93
2011	\$35,746	17.05	\$609.47
2012	\$34,363	17.05	\$585.80
2013	\$33,017	17.05	\$562.94
2014	\$32,991	16.55	\$545.91
2015	\$33,541	16.55	\$555.01



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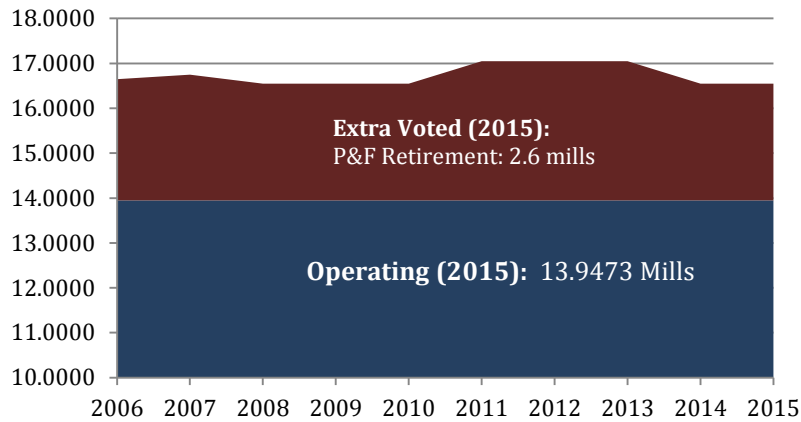
Charts and Graphs

Local Property Tax Rates

City of Cadillac Tax Rates

Last Ten Years

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



The operating millage for the City of Cadillac has been unchanged for many years. The added voted millage for the police and fire retirement system has fluctuated between 1.4 and 2.8 mills and is now levied at 2.6 mills. This rate may fluctuate based on the annual required contribution to the Police and Fire Retirement System as calculated each year by the system's actuary. In February 2011 the Cadillac voters approved an additional millage of 0.5 mills that was dedicated for treatment of Eurasian water milfoil and other invasive aquatic species on Lake Cadillac. This millage has expired and is not levied for FY2016.

Total Property Taxes

Last Ten Years

	City Taxes			Overlapping Tax Rates							
Tax					Cadillac- Wexford	Council	Cadillac- Wexford	Cadillac Area	Wexford	State	Direct and Overlapping
Levy	Extra	Total		Wexford	Transit	On	Wexford	Public	Missaukee	Education	Annual
<u>Year</u>	<u>General</u>	<u>Voted (1)</u>	<u>City</u>	<u>County (2)</u>	<u>Authority</u>	<u>Aging</u>	<u>Library</u>	<u>Schools (3)</u>	<u>ISD</u>	<u>Tax</u>	<u>Tax Rate</u>
2005	13.9473	1.8000	15.7473	8.0665	0.3948	0.9913	0.6805	21.4505	5.9614	6.0000	59.2923
2006	13.9473	2.7000	16.6473	8.0797	0.6000	0.9976	0.6785	20.5505	5.9419	6.0000	59.4955
2007	13.9473	2.8000	16.7473	8.0797	0.6000	0.9976	0.6785	20.9000	5.9419	6.0000	59.9450
2008	13.9473	2.6000	16.5473	8.2797	0.6000	0.9976	0.7500	20.9000	5.9419	6.0000	60.0165
2009	13.9473	2.6000	16.5473	8.2797	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	60.0189
2010	13.9473	2.6000	16.5473	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9689
2011	13.9473	3.1000	17.0473	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	60.4689
2012	13.9473	3.1000	17.0473	8.2297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	60.4689
2013	13.9473	3.1000	17.0473	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9689
2014	13.9473	2.6000	16.5473	7.7297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.4689

(1) Extra voted millage for City Taxes includes 2.6 mills for Act 345 Police and Fire Retirement, and 0.5 mills for Lake Cadillac Treatment.

(2) Wexford County rate includes allocated mills of 6.7797, 0.25 mills for Recreation, 0.95 mills for Road Patrol, and 0.25 mills for Animal Control. The Recreation and Animal Control millages were expired as of 2013.

(3) Cadillac Area Public Schools rate includes 18 mills for operating and 2.9 mills for debt service.

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Millage Rate Benchmarks

Property Tax Benchmark Communities	Total Millage	General Operating	Police & Fire	Other
Big Rapids	15.2729	10.2000	2.8073	2.0676
Sault Saint Marie	21.5393	16.8139	3.3922	1.3332
Mt. Pleasant	15.7500	12.4880	0.9120	2.3500
Manistee	18.4457	16.9457	0.0000	1.5000
Alpena	17.3316	16.2316	0.0000	1.1000
Cadillac	16.5473	13.9473	2.6000	0.5000

The information in the chart above illustrates that the City of Cadillac compares favorably with other similar communities in northern Michigan.

Total Tax Burden

The information presented below shows the total tax burden of property owners within the City of Cadillac for several classes of properties. Properties with a principal residence exemption (PRE) are exempt from school operating taxes. Properties within the Downtown Development Authority are subject to an additional millage of 1.9872 mills to fund downtown development activities.

Taxing Unit	Millage Rate	Property Type and Total Taxes at average taxable value of \$50,000					
		Principal Residence		Non-Principal Residence		DDA	
		Millage	Taxes	Millage	Taxes	Millage	Taxes
City of Cadillac							
City Operating	13.9473	13.9473	\$697.37	13.9473	\$697.37	13.9473	\$697.37
Police & Fire Retirement	2.6000	2.6000	130.00	2.6000	130.00	2.6000	130.00
Downtown Development Authority	1.9872		0.00		0.00	1.9872	99.36
Wexford County							
Allocated	6.7797	6.7797	338.99	6.7797	338.99	6.7797	338.99
Road Patrol	0.9500	0.9500	47.50	0.9500	47.50	0.9500	47.50
Cadillac-Wexford Transit Authority	0.6000	0.6000	30.00	0.6000	30.00	0.6000	30.00
Cadillac-Wexford Public Library	0.7500	0.7500	37.50	0.7500	37.50	0.7500	37.50
Council on Aging	1.0000	1.0000	50.00	1.0000	50.00	1.0000	50.00
Cadillac Area Public Schools							
Operating	18.0000	<i>Exempt</i>	0.00	18.0000	900.00	18.0000	900.00
Debt	2.9000	2.9000	145.00	2.9000	145.00	2.9000	145.00
State Education Tax	6.0000	6.0000	300.00	6.0000	300.00	6.0000	300.00
Wexford-Missaukee Intermediate School District	5.9419	5.9419	297.10	5.9419	297.10	5.9419	297.10
Total	61.4561	41.4689	\$2,073.46	59.4689	\$2,973.46	61.4561	\$3,072.82

* Wexford County millages for Animal Control (0.25 mills) and Recreation (.25 mills) were not renewed for the current year.

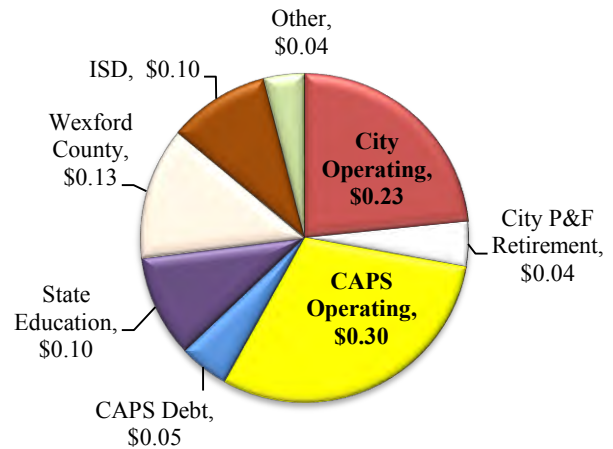
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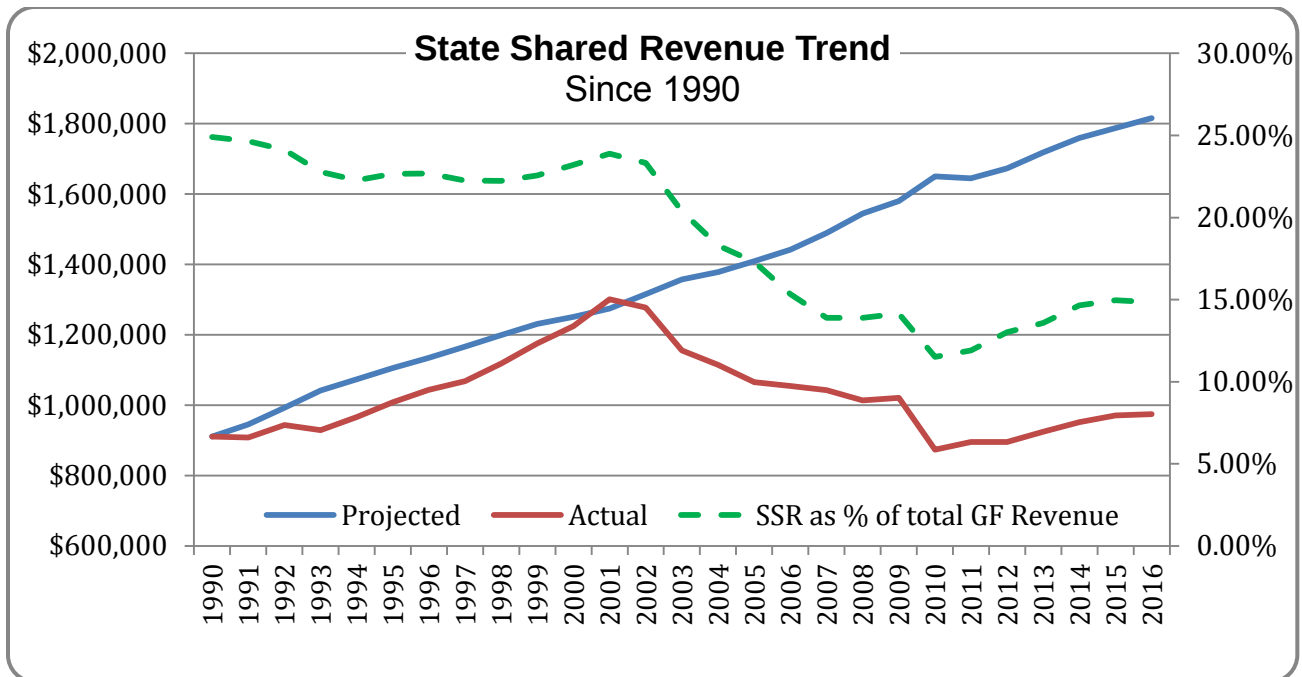
Tax Allocation

When property owners within the City of Cadillac pay their annual tax bills, a common misperception is that the entire amount collected stays at the City. In reality, only about \$0.27 of every \$1 in taxes paid is for the City. The other portion is collected on behalf of the other taxing jurisdictions and is then paid to the jurisdiction within a couple weeks of collection, as governed by state law. The actual allocation of an average tax bill on a non-principal residence within the City of Cadillac is illustrated in the chart to the right. If the property is a principal residence, about \$0.40 of every \$1 in taxes remains at the City.



State Shared Revenue

Another significant revenue source at the City of Cadillac is State Shared Revenue. This revenue has been on the decline for several years. The 'Budget Summaries' section of this document gives greater detail on the specific characteristics of this important source of revenue and the current projections and sentiment about what will happen to it in the upcoming years. The chart below shows several things. First, the blue line on the chart shows the actual revenue received in 1990 and projects annual increases based on the Consumer Price Index. Essentially, this is the trend line that this revenue "should have followed". The red line shows what actually happened since 1990 and reflects a trend that has been difficult for the City to absorb financially. Finally, the dashed green line illustrates (on the right axis of the chart) the percentage of total General Fund revenue provided by these funds.



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Employment Statistics

Full-Time Equivalent Employees by Activity

Last Ten Years

<u>Department</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>General Government</u>										
City Manager	1.50	1.50	1.50	1.50	1.50	2.37	2.20	2.20	2.20	2.20
Assistant City Manager	0.90	0.90	0.80	0.98	1.22	0.00	0.00	0.00	0.00	0.00
Financial Services	1.94	1.94	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Clerk/Treasurer	4.00	4.00	4.00	4.00	3.88	3.80	3.80	3.80	3.80	3.80
Assessor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Hall	1.30	1.30	1.10	1.27	1.28	1.32	1.00	1.00	1.00	1.00
City Engineer	2.41	2.41	2.41	2.51	1.79	1.80	1.80	1.80	1.80	1.80
<u>Public Safety</u>										
Police	18.41	17.41	17.06	16.81	17.01	16.91	17.36	16.86	16.95	16.95
Fire	11.50	11.50	11.85	11.85	11.85	11.85	11.50	11.00	11.00	11.00
Code Enforcement					0.40	0.50	0.50	0.50	0.50	0.50
Building Inspector	1.38	1.38	1.38	0.88	0.00	0.00	0.00	0.00	0.00	0.00
<u>Other</u>										
Public Works	14.22	14.22	14.03	13.03	13.03	12.70	12.10	12.10	12.10	12.10
Data Processing	1.06	0.06	0.00	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Auto Parking	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.00	0.00
Water/Sewer	20.00	20.00	20.00	19.00	19.87	20.00	20.00	20.00	20.00	20.00
Community Dev.	1.61	1.61	1.61	1.61	1.61	2.21	2.20	2.20	2.20	2.20
Cemetery	0.68	0.68	0.92	0.92	0.92	0.90	0.90	0.90	0.90	0.90
Total FTE	81.00	79.00	79.00	77.00	77.00	77.00	76.00	75.00	75.00	75.00

Employment Analysis

As the above chart illustrates, FTE levels have declined by four employees since FY2009. Lack of funding has forced further reductions in staff over the last several years. This was primarily accomplished through attrition and consolidation of duties. An allocation analysis was undertaken recently, and some re-allocations were made in an effort to maintain service levels as much as possible with reduced full-time staff. This accounts for the minor changes seen in the chart.

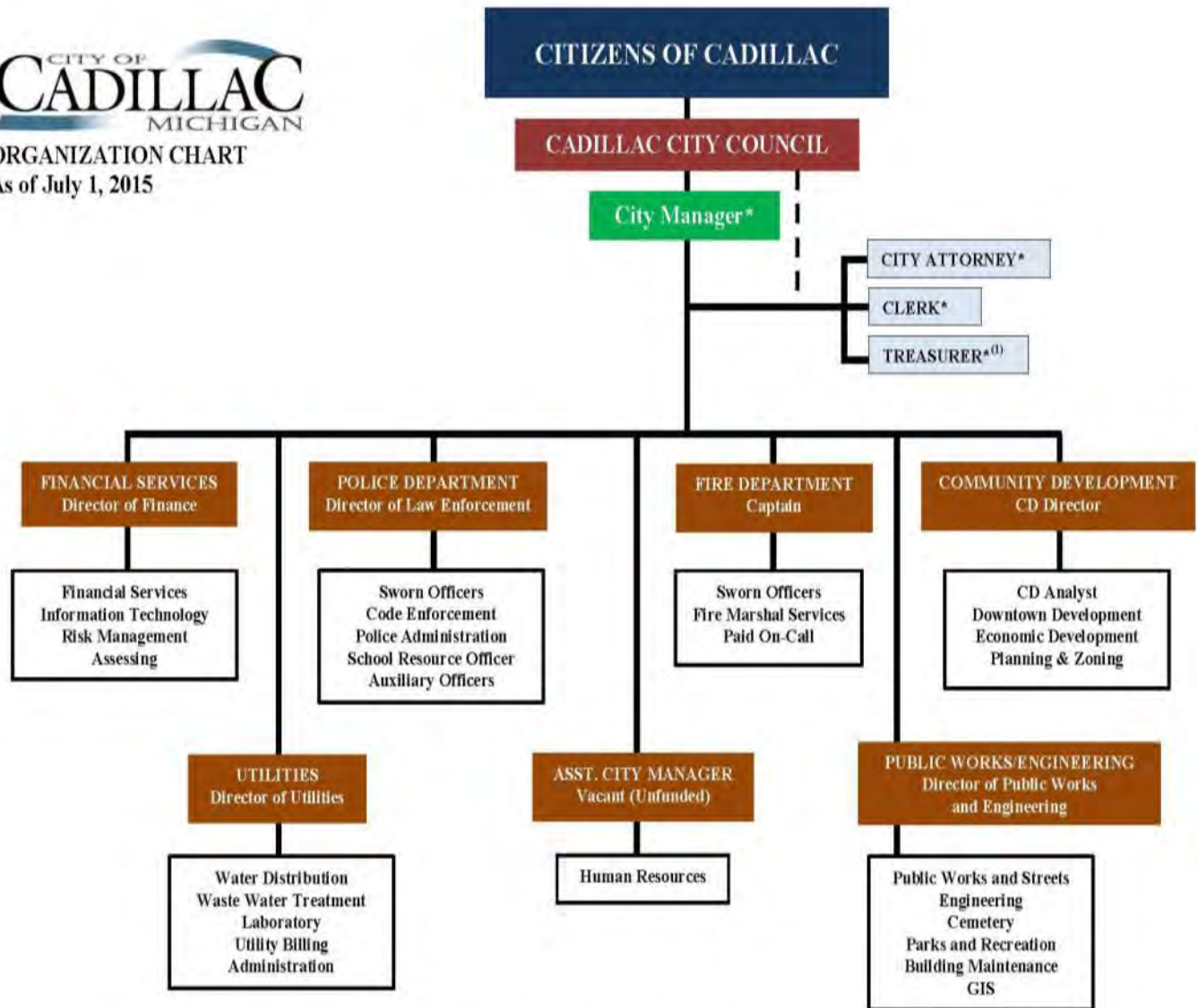
Employment Benchmarks

Comparable Communities	Population	FTE	Ratio	FTE per 1000 residents
Big Rapids	10,601	82	1:129	7.74
Alpena	10,483	75	1:140	7.15
Traverse City	14,674	148	1:99	10.09
Manistee	6,226	56	1:111	8.99
Sault St. Marie	14,144	118	1:120	8.34
Sturgis	10,994	120	1:92	10.92
Coldwater	10,945	116	1:94	10.60
Cadillac	10,355	75	1:138	7.24

Cadillac has 1 FTE per 138 residents. This comparison has many inherent variables, but in general a higher ratio indicates greater efficiency in service delivery. City employment peaked in 1993 at 91 FTE. Current employment level represents a 15% decline since the 1993 peak.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Charts and Graphs



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

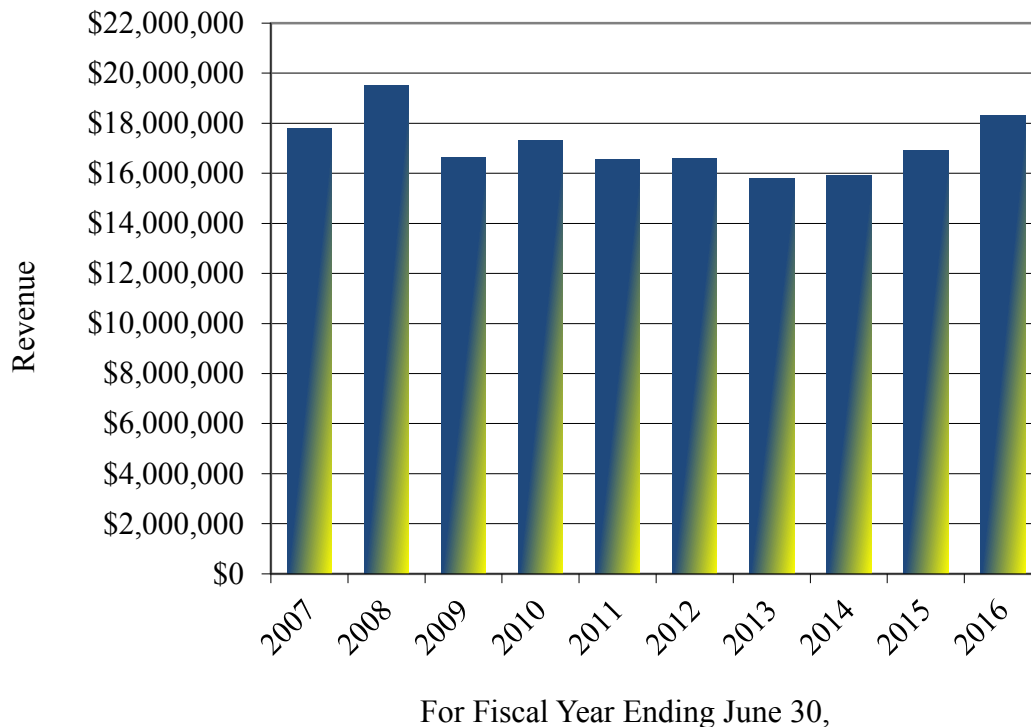
City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Budget Summaries

2015-2016 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. The increase in FY2016 is attributable to proceeds from a proposed bond issue to fund current year construction.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Budget Summaries

	Major Funds		Nonmajor Governmental Funds			
	General Fund	Water and Sewer Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Funds
<i>(All numbers in thousands)</i>						
<u>Revenues and Other Sources:</u>						
Taxes	\$4,205					
Licenses and Permits	126					
Intergovernmental	1,236		\$958		200	
Charges For Services	915	3,979	52			8
Fines and Forfeits	15					
Miscellaneous	21	5			35	
Other Financing Sources			400	87	2,000	
Local Funds			70		650	
Rental			12			
Principal Payment					12	
Interest Income - Loan			13			
Interest Income	36	20	13		6	15
Total	\$6,554	\$4,004	\$1,518	\$87	\$2,903	\$23
<u>Expenditures:</u>						
General Government	\$1,619					
Public Safety	3,302					
Public Works	820					
Culture and Recreation	261					
Economic Development	150					
Intergovernmental	101					
Other Financing Uses	400		146			
Operating		3,804	1,425	1	82	1
Capital Outlay						
Construction					2,100	
Principal				70	18	
Interest		200		16		
Non-Operating						
Total	\$6,653	\$4,004	\$1,571	\$87	\$2,200	\$1
Excess (Deficiency) of Revenues over Expenditures (1)	(\$99)	\$0	(\$53)	\$0	\$703	\$22
Fund Balances - Beginning	\$1,795	\$15,781	\$2,071	\$133	\$431	\$1,082
Ending	\$1,696	\$15,781	\$2,018	\$133	\$1,134	\$1,104

(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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Budget Summaries

				COMPARISON		
				FY2016	FY2015	FY2014
				Totals	Budget	Actual
					Totals	Totals
<i>(All numbers in thousands)</i>						
Revenues and Other Sources:						
Taxes			\$277	\$4,482	\$4,481	\$4,680
Licenses and Permits	\$2			128	123	129
Intergovernmental	212			2,606	2,308	2,450
Charges For Services	25		18	4,997	4,873	5,970
Fines and Forfeits				15	21	14
Miscellaneous	6			67	66	161
Other Financing Sources				2,487	2,650	808
Local Funds	1,055	665	3	2,443	1,248	694
Rental	684			696	742	867
Principal Payment	48			60	65	25
Interest Income - Loan	18			31	19	0
Interest Income		186	25	301	298	1,268
Total	\$2,050	\$851	\$323	\$18,313	\$16,894	\$17,066
Expenditures:						
General Government				\$1,619	\$1,588	1,667
Public Safety				3,302	3,307	3,153
Public Works				820	837	783
Culture and Recreation				261	252	296
Economic Development				150	196	202
Intergovernmental				101	101	0
Other Financing Uses				546	501	806
Operating	2,182	851	448	8,794	8,744	8,336
Capital Outlay			350	350	9	89
Construction				2,100	1,226	121
Principal				88	88	260
Interest	18			234	269	378
Non-Operating				0	0	0
Total	\$2,200	\$851	\$798	\$18,365	\$17,118	\$16,091
Excess (Deficiency) of Revenues over Expenditures (1)	(\$150)	\$0	(\$475)	(\$52)	(\$224)	\$975
Fund Balances - Beginning	\$3,565	\$10,081	\$3,051	\$37,990	\$37,193	\$37,369
Ending	\$3,415	\$10,081	\$2,576	\$37,938	\$36,969	\$38,344

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

(2) Includes Nonmajor Enterprise Funds and Internal Service Funds

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Budget Summaries

Analysis of Principal Revenue Sources

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

Revenue	Amount (Budget)	% of Total
Taxes	\$4,482	24.47%
Interest Income	\$301	1.64%
Intergovernmental Revenues	\$2,606	14.23%
Charges for Services	\$4,997	27.29%
Principal Repayment & Interest Income -		
Loans	\$91	0.50%
Local Funds	\$2,443	13.34%
Other	\$3,393	18.53%
Total	\$18,313	100.00%

Property Taxes

The major source of revenue for FY2016 is once again property taxes levied on property owned within the City. Authorized tax levies in the form of millages (one mill equals \$1 in taxes for each \$1,000 in value) levied against the taxable value of a property make up the bulk of these revenues. The City contracts with Wexford County for assessing services provided by the Wexford County Equalization Department. The assessor determines the taxable value of properties which is then used to calculate the tax levy due each year.

With the expiration of the Lake Cadillac Treatment millage the City is now back to two components of property taxes levied by the City of Cadillac on each taxable property within the City. These millages, along with the 5-year trend of the authorized millage rate, are:

Millage	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
City Operating	13.9473	13.9473	13.9473	13.9473	13.9473
Police and Fire Retirement	2.6000	2.6000	2.6000	2.6000	2.6000
Lake Cadillac Treatment	0.5000	0.5000	0.5000	0.0000	0.0000
Total City Millage Rate	17.0473	17.0473	17.0473	16.5473	16.5473

Authorization to levy the City's operating millage rests in the City Charter. The charter authorizes a maximum operating levy of 15 mills. Due to the Headlee Amendment, this millage has been rolled back to the current level and can only be increased back to the charter maximum levy by a vote of the City electors.

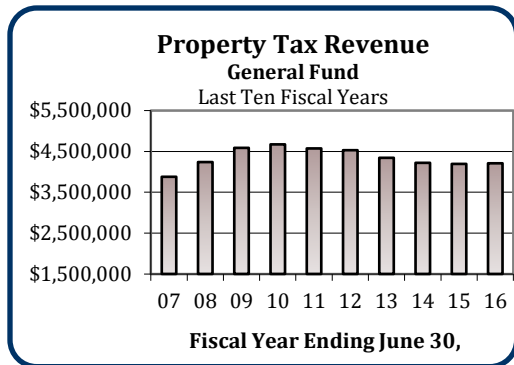
The Police and Fire Retirement millage was established when the City electors approved the adoption of an Act 345 Retirement System for sworn officers of the police and fire departments in November 1977. This millage rate is determined by comparing the City's taxable value to the annual required contribution to the pension determined by the annual actuarial valuation. The millage is set at a rate that will provide sufficient revenue to cover the required contribution.

The Lake Cadillac Treatment millage was approved by City voters in February 2011 and provided funding to treat milfoil and other invasive aquatic plant and animal species on Lake Cadillac. The millage rate was determined through an estimation of the required treatment costs and was approved for three (3) years. The millage expired after the FY2014 levy. There are still some funds remaining for treatment, but a new revenue source must be identified soon to continue treatments.

City of Cadillac, Michigan

2015-2016 Annual Operating Budget

Budget Summaries



Property Tax Outlook

Unfortunately, since 2009 the City has lost over \$18 million in taxable value, equating to over \$250,000 per year in lost revenue. The taxable value ticked up slightly for the current year, but for the General Fund this will only provide a couple thousand dollars in extra revenue. For the most part, this is simply a factor of the local, national and state economy. However, state tax reform related to personal property contributed to the decline in the current year. This impact is further discussed in the City Manager's transmittal letter. It will take years for the values to recover a significant portion of the loss that has been experienced in the last couple years. The chart to the left illustrates the downward trend in total property tax revenue for the last five years in the General Fund.

Tax Captures

There are three authorities within the City of Cadillac that have the ability to capture a portion of each component of property taxes for use within each authority's specific district. The tax captures are based on the right of each authority to utilize tax increment financing for approved funding uses within the districts. For FY2016, these entities, along with the amounts of City taxes they will capture, are:

Authority	City Operating	Police and Fire Retirement	Total Capture
Downtown Development Authority (DDA)	\$41,114	\$7,664	\$48,778
Local Development Finance Authority (LDFA)	\$44,995	\$8,332	\$53,027
LDFA Industrial Facilities Tax Exemption Capture	\$28,712	\$5,352	\$34,064
Brownfield Redevelopment Authority	\$4,536	\$846	\$5,382
Total Capture	\$119,357	\$22,194	\$141,251

Additionally, properties that are located within the DDA district pay an additional 1.9872 mills which provides funds for activities that target development within the DDA area.

Intergovernmental Revenues

The primary component of intergovernmental revenues is state shared revenue. These revenues are passed down from the State of Michigan according to formulas that annually pass certain revenues received by the State down to local units of government. These revenues are primarily comprised of the retail sales tax that is collected by the State. These revenues provide funding for critical General Fund services like Police and Fire protection and Parks and Recreation. Grant revenues from various state and federal sources are included in this category as well.

State Shared Revenue Outlook

Though recovering somewhat in the last couple of years, these revenues have experienced serious declines for the last 10-12 years. In fact, projections for FY2016 indicate that the City will receive less this year than what was received over twenty years ago. This has caused the City to rely to a greater and greater degree on revenues that are derived from local sources – principally property taxes.

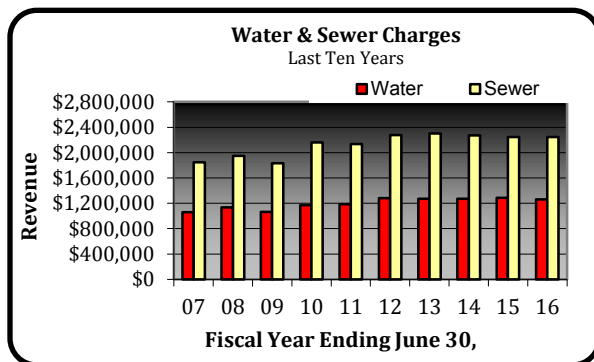
State shared revenue is broken into two categories – constitutional and statutory. The constitutional portion has been projected to increase slightly for FY2016 based on the State's projection of upcoming sales tax collections. This is expected to provide about \$10,000 in additional revenue for the fiscal year. Constitutional revenue sharing represents about 81% of total state shared revenue.

City of Cadillac, Michigan

2015-2016 Annual Operating Budget

Budget Summaries

The other portion of state revenue sharing is the statutory portion, which is subject to annual appropriations by the State of Michigan, and which has been under significant attack for a number of years. In fact, Michigan governor Rick Snyder eliminated statutory revenue sharing beginning in 2012, thereby cutting \$300 million in revenue to over 500 units of government in the state. As a partial replacement, he proposed an appropriation of an incentive-based revenue source for local units of government that adopt or continue best fiscal management practices and aggressively pursue employee cost-reducing measures. For FY2016 this portion of revenue for the City increased slightly based on estimates from the State of Michigan and confidence that management practices followed for years at the City of Cadillac will allow the City to meet many of the incentives for “winning” at least part of this amount back. This revenue increased about \$10,000 for the year.



Charges for Services

Charges for Services represent a significant revenue source for the City. These revenues are primarily derived from user charges within the City’s Water and Sewer systems. Rates within the systems are reviewed each year and are set at a level that will provide adequate funding to meet the City’s debt covenants and provide for the maintenance and operational costs of the systems. With a slight increase in usage, rate increases are the only way to provide additional revenue to cover ever-increasing costs of providing water and water treatment to City utility customers. Total user charges generated for each of the last ten years is presented in the chart to the right.

In the General Fund, the contract for Solid Waste removal is accounted for. To provide funding for this contract, each residential property with less than four (4) living units within the City is charged a user fee. The user fee is based on a competitively bid contract with a waste hauler, with just a slight markup that remains at the City to cover the costs of billing and administering the contract.

User Charges Outlook

After three consecutive years of no increase in rates, user charges for the Water and Sewer systems are proposed to be increased by 3% in FY2016. Costs of electric and gas in the system have increased, as have several other important operating costs. In addition, the City is nearing the implementation of the final phase of the well field relocation project. Overall, the City will be investing about \$6 million for the relocation of the entire system of municipal wells that provide the water for the system. Funding for this project will come in the form of low-interest loans through the State of Michigan’s Drinking Water Revolving Fund (DWRF) which will help minimize the cost of funds to about 2.5%. Because of the investment in the system, additional funds will be needed in the form of increased user rates over the next several years. With the increased industrial activity that has recently been seen in Cadillac, a small amount of additional usage should help as well. However, various conservation activities and processes undertaken by local industries will restrict the increase in usage.

Other Revenue

Other Revenue for the City of Cadillac includes a variety of miscellaneous sources. Included in this category are items such as Fines and Forfeits, Licenses and Permits, and Other Financing Sources. Other Financing Sources include administrative charges that come into the General Fund from other City funds and activities, as well as contributions from various funds and activities into the City’s Self Insurance Fund to cover the costs of annual medical and life insurance benefits.

Overall, the national, state and local economies have negatively impacted each and every source of City revenue and the recovery is expected to remain tepid at best. This has made it very challenging to continue to provide the same level of services that local residents and businesses have received for many years.

For additional discussion on revenues and the impact of revenue loss on City operations, please see the City Manager’s transmittal letter found in the Introductory section of this document.

City of Cadillac, Michigan

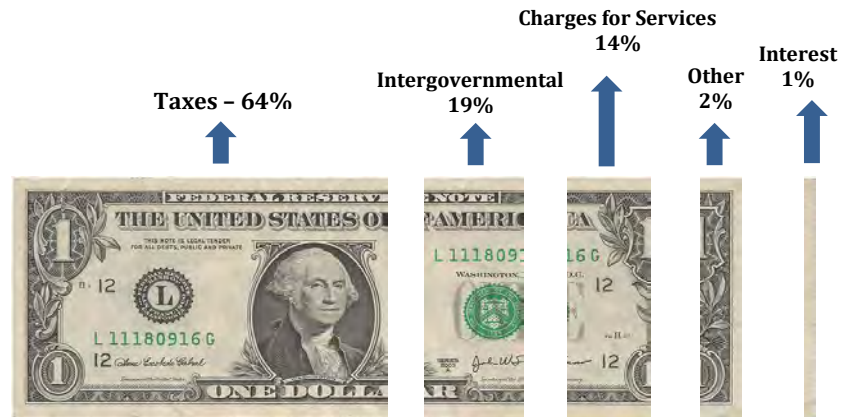
2015-2016 Annual Operating Budget

General Fund

Fund: General Fund

Type: General Fund
Oversight: Various

The General Fund of the City of Cadillac is the main operating fund of the City and records all revenues and expenditures which are not required to be accounted for in another fund. The General Fund is where most of the standard services that are provided to a community are accounted for. This includes police and fire, tax collections, parks and recreation, election services, community development and other core services. This fund is also where the main operating taxes of the City are received.

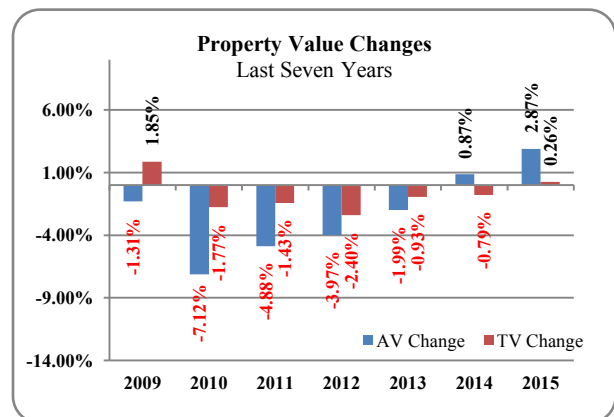


The average homeowner will pay about \$555 in City taxes this year, which is up slightly from \$546 in FY2015. Property taxes fund about \$0.64 of every \$1 of the cost of municipal services, and the other \$0.36 is derived from other sources, which help to fully fund services to Cadillac residents and businesses as illustrated on the graphic below.

REVENUE SUMMARY AND OUTLOOK

Property Taxes

A lot has been said in this budget document about the impact that declining local property values have had on property tax revenues needed to provide critical services to Cadillac residents and businesses. In the ten years prior to FY2011, taxable value grew each year by an average of 4.2%. Then the impacts of the recession hit and values began to decline. The chart to the right shows what has happened to taxable values in the last seven years. Over that time, over \$18,000,000 in taxable value has been lost, meaning that if taxable values had simply held flat, the City would be receiving over \$250,000 in additional revenues per year. This illustrates the challenges that have been faced in structurally balancing the organization so that in the long-term, operating expenditures are at a level that can be supported with ongoing, predictable, stable sources of revenue, while at the same time funds can be secured to fund critical capital improvement projects that are required over time.



State Shared Revenue

On top of experiencing dramatic losses in property tax revenue, the General Fund's other primary source of revenue – State Shared Revenue – has been on a steady decline for many years. Historically, State Shared Revenues were distributed by both constitutional and statutory formulas from revenues derived at the State level primarily from the state sales tax. This revenue source continues to deteriorate because of reductions by the State of Michigan. Not only has the economy impacted total sales tax revenues, but the State continues to balance their budget on the backs of local governments by reducing statutory portions of this revenue. Several years ago, Michigan's governor eliminated this entire source of revenue and replaced it with what is now called City, Village and Township Revenue Sharing (CVTRS) program, requiring Cadillac to provide additional information to the State each year in order to "qualify" for 100% of eligible funds. These revenues were cut by a third several years ago, and have only modestly begun to recover from that dramatic decrease.

City of Cadillac, Michigan

2015-2016 Annual Operating Budget

General Fund

At the end of the day, what this has meant for Cadillac is a loss of over \$300,000 in annual revenue compared to fifteen years ago. Initial budget proposals at the State level included a slight increase in this appropriation, but projects of a minimal increase will not provide a substantial amount of additional revenue to the City. This highlights what has become a significant problem throughout the state of Michigan, and shows that the State has broken their revenue-sharing promise made many years ago with local units of government.

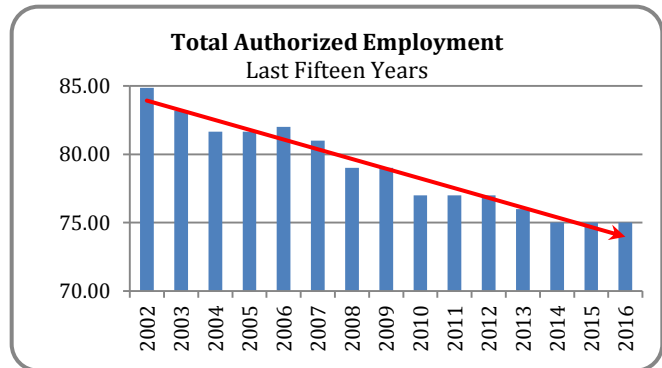
EXPENDITURE SUMMARY AND OUTLOOK

PERSONNEL COSTS

As a service organization, a significant amount of spending in the General Fund is for wages and benefits. For the current year, the General Fund proposes appropriations across all activities of \$2.6 million in wages and an additional \$1.6 million in benefits. Benefits are 60% of total salaries. A comparison of total salaries and benefits in the General Fund for the last five (5) years is presented in the chart below. The amounts for FY2016 and FY2015 represent budgeted amounts, while FY2012-2014 are actual audited amounts.

	FY2016	FY2015	FY2014	FY2013	FY2012
Wages	\$2,607,800	\$2,563,800	\$2,572,941	\$2,543,454	\$2,457,335
Benefits	1,561,600	1,595,200	1,524,111	1,528,901	1,528,215
Total	\$4,169,400	\$4,159,000	\$4,097,052	\$4,072,355	\$3,985,550
% of G.F. Expenditures	62.6%	61.7%	62.0%	60.9%	57.9%

Total employee compensation has remained relatively flat for the last several years but ten positions have been lost in the last fifteen years. This is due to a combination of both cost-saving measures taken regarding current employees and organizational restructuring that has achieved cost savings as well. Benefit costs have increased only slightly over the last five years, due in large part to the savings achieved through restructuring the City's health plans. The chart to the right details the overall City full-time employment since 2002. Only a portion of this reduction yielded savings in the General Fund.



It is the position of City administration that staffing levels across the organization are now at the lowest possible level that is necessary to maintain current service levels. Any further reductions in staffing would necessarily result in a reduction of services to the community. Additionally, many staff members have had only minimal cost-of-living pay adjustments in the last several years.

Fund Balance

The City of Cadillac has an established policy that an amount equal to 15% of the General Fund's expenditures will be set aside in a reserve entitled Working Capital. The City has been in compliance with this policy for many years and it is expected that the proposed FY2016 budget will maintain this reserve. This reserve helps the City with cash flow and is a safety net that prevents the City from having to borrow for short-term operating funds during times of lower revenue collections. The City has additional unassigned fund balance on hand beyond what has been designated for working capital, leaving total unreserved fund balance at about 24% of total General Fund expenditures.

The FY2016 budget proposes to use \$99,000 of the unassigned fund balance to balance the budget. This appropriation of fund balance on hand will provide the organization time to make additional decisions regarding overall costs and to identify potential new sources of revenue in order to achieve structural balance moving forward.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

Revenue Summary

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed	% Change
REVENUES AND OTHER SOURCES:					
Taxes	\$4,216,334	\$4,190,000	\$4,207,000	\$4,205,000	-0.05%
Licenses	129,179	128,200	121,000	126,000	4.13%
Intergovernmental	1,209,599	1,224,100	1,201,000	1,236,000	2.91%
Charges For Services	865,190	880,000	904,500	914,500	1.11%
Fines and Forfeits	13,582	12,000	20,000	15,000	-25.00%
Miscellaneous	25,786	26,500	17,500	21,000	20.00%
Interest and Rents	32,002	31,000	36,500	36,500	0.00%
Other Financing Sources	0	0	0	0	
Total Revenues	\$6,491,672	\$6,491,800	\$6,507,500	\$6,554,000	0.71%

General Fund Revenue Sources

	<i>Percentage of General Fund Revenues from 1975-2015</i>				
	FY2015	FY2005	FY1995	FY1985	FY1975
Taxes	64.16%	59.08%	54.50%	59.33%	38.73%
Intergovernmental	18.86%	22.61%	27.74%	23.04%	19.98%
Charges for Services	13.95%	13.28%	12.14%	7.21%	5.43%
Other	3.03%	5.03%	5.62%	10.42%	35.86%
	100.00%	100.00%	100.00%	100.00%	100.00%

The chart above illustrates the fact that the City is relying more and more on local sources of revenue (Taxes, Charges for Services) to fund municipal services as less and less revenue is available from the State of Michigan.

Property Tax Levy

The City levies 13.9473 mills for general operating purposes and 2.6 mills for the Act 345 Police and Fire Retirement System. Several tax increment financing authorities capture a portion of these taxes for use in the specific district for applicable purposes. Details of the tax levy and various captures are as follows:

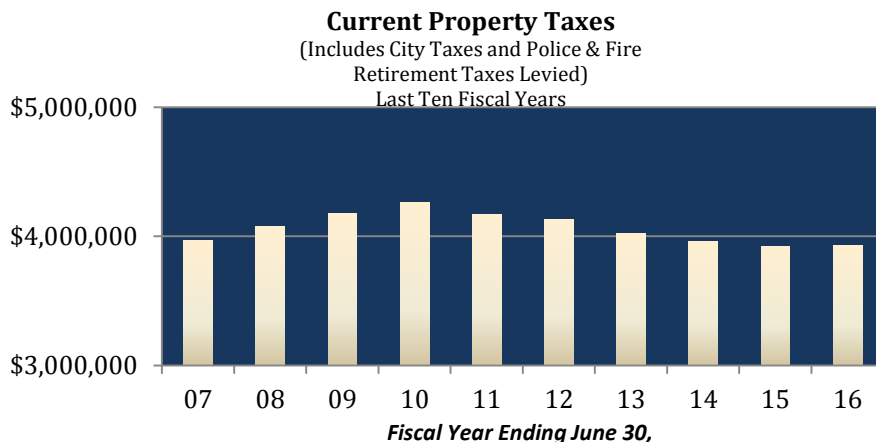
Total Anticipated Taxable Value: \$243,589,248

Total Levy	Total Tax Levy	DDA Capture	LDFA Capture	Brownfield Capture	General Fund Taxes	Taxes Captured
General Operating	\$3,397,412	41,114	44,695	4,536	\$3,307,067	\$90,345
P&F Retirement	\$633,332	7,664	8,332	846	\$616,490	\$16,842

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Taxes				
Current Tax	\$3,323,251	\$3,305,000	\$3,305,000	\$3,307,000
Industrial Facilities Tax	71,066	75,000	85,000	80,000
Current Property Tax - Police and Fire	633,158	615,000	615,000	620,000
Delinquent Tax Collections	1,912	1,000	0	1,000
Administration Fees	125,490	130,000	130,000	130,000
Trailer Park Fees	2,253	2,000	2,000	2,000
Penalties and Interest	32,399	35,000	40,000	35,000
Payment in Lieu of Taxes				
Housing	26,805	27,000	30,000	30,000
Total Taxes	\$4,216,334	\$4,190,000	\$4,207,000	\$4,205,000
Licenses and Permits				
Cable Franchise Fees	\$128,089	\$127,000	\$120,000	\$125,000
Business Licenses	1,090	1,200	1,000	1,000
Total Licenses and Permits	\$129,179	\$128,200	\$121,000	\$126,000
Intergovernmental Revenues				
State Shared Revenues:				
Sales & Use Tax - Constitutional	\$769,084	\$785,000	\$775,000	\$785,000
Sales & Use Tax - Statutory	182,548	187,000	180,000	190,000
Liquor Licenses	8,508	8,600	8,000	8,000
Telecommunications Right of Way	33,902	34,000	35,000	35,000
Grants from Local Units:				
Fire Protection	165,994	160,000	160,000	165,000
Michigan Justice Training Grant	2,872	3,000	3,000	3,000
CAPS - School Officer	41,912	10,000	40,000	10,000
Federal Grants	4,779	20,000	0	40,000
State of Michigan Grants	0	16,500	0	0
Total Intergovernmental Revenues	\$1,209,599	\$1,224,100	\$1,201,000	\$1,236,000



City of Cadillac, Michigan

2015-2016 Annual Operating Budget

General Fund

Revenue Highlights

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 nearly \$16 million. This results in a levy of about \$110,000. The Local Development Finance Authority capture approximately 26% of this amount.

Fire Protection

Clam Lake Township and the City of Cadillac have a fire protection agreement whereby the City provides fire protection to the township and in return the township pays the City a fee of 2 mills on its real and personal property taxes. The township's estimated taxable value is \$83.7 million. The fire contract is in effect until December 31, 2016.

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 rate reflects annual contractual adjustments which are based on inflationary indexes. It is anticipated that the rates may decline slightly in FY2016. Based on new contractual rates from the City's contractual waste hauler, recycling services were added in 2013. The contract for recycling services is separate from the refuse contract, and the service is provided by a separate hauler. The rate for the rental of tidy totes is recommended to remain at \$2.20 per month.

Refuse Collection

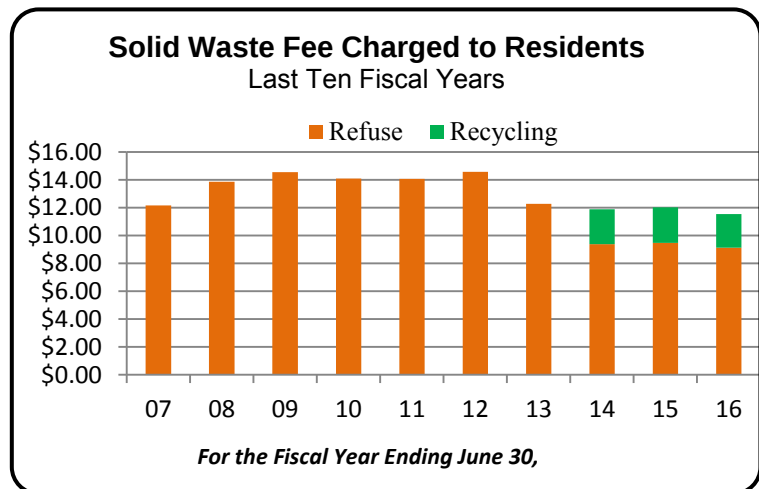
3,250 average units x \$9.48 recommended monthly fee x 12 = \$370,000 annual solid waste collection fee (\$8.83 is paid to the hauler for contractual removal service.)

Recycling

3,250 average units x \$2.53 recommended monthly fee x 12 = \$98,500 annual solid waste collection fee (this fee is passed on in full to the contractual recycling hauler).

Tidy Tote Garbage Cans

2,000 average customers x \$2.20 per month fee x 12 = \$53,000 annual collection (\$1.75 of the monthly collection fee is paid back to the waste collector.)



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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Charges For Services				
Zoning Fees	\$2,105	\$2,000	\$2,000	\$2,000
Exemption Certificate Fees	2,100	2,000	1,500	1,000
Northflight	67,949	63,000	63,000	65,000
Police Charges	4,832	4,000	3,000	3,000
Engineering Fees	305	0	0	0
Solid Waste Collection	485,363	500,000	525,000	520,000
DEQ Management Fee	0	0	0	15,000
Sale of Maps and Ordinances	278	1,000	1,000	500
Rental Housing Ordinance Fee	6,190	6,000	7,000	6,000
Administrative Charges				
Water and Sewer Fund	\$234,000	\$240,000	\$240,000	\$240,000
Stores & Garage Fund	20,000	20,000	20,000	20,000
Community Development Fund	12,000	12,000	12,000	12,000
Data Processing Fund	30,000	30,000	30,000	30,000
Miscellaneous	68	0	0	0
Total Charges For Services	\$865,190	\$880,000	\$904,500	\$914,500
Fines and Forfeits				
Violations Bureau	\$13,582	\$12,000	\$20,000	\$15,000
Total Fines and Forfeits	\$13,582	\$12,000	\$20,000	\$15,000
Interest and Rents				
Interest Income	\$30,435	\$30,000	\$35,000	\$35,000
Land and Building Rental	1,567	1,000	1,500	1,500
Total Interest and Rents	32,002	31,000	36,500	36,500
Miscellaneous				
Sale of Property	(51)	15,000	1,500	5,000
Cadillac Community Television (CCTV)				
Sales	455	1,000	1,000	1,000
Sponsorships	0	500	5,000	5,000
Contributions - Private Sources	8,282	0	0	0
Miscellaneous - Refunds and Rebates	17,100	10,000	10,000	10,000
Total Miscellaneous	\$25,786	\$26,500	\$17,500	\$21,000
Other Financing Sources				
Other Transfers In	0	0	0	0
Surplus - Reserved from Prior Contributions	0	0	0	0
Surplus - Undesignated Fund Balance	0	0	0	0
Total Other Financing Sources	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$6,491,672	\$6,491,800	\$6,507,500	\$6,554,000

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed	Change
<u>EXPENDITURES</u>					
General Government					
Legislative	\$37,871	\$44,200	\$44,200	\$44,200	0.00%
Office of the City Manager	252,345	251,500	253,200	254,700	0.59%
Financial Services	215,676	217,200	220,000	219,800	-0.09%
Clerk/Treasurer Department	289,068	288,800	278,600	282,100	1.26%
Election Services	8,840	21,000	14,500	15,500	6.90%
Assessing	128,752	130,000	131,000	134,500	2.67%
Legal Services	283,360	250,700	252,000	200,000	-20.63%
Engineering Services	175,907	180,200	178,200	181,500	1.85%
City Hall	275,120	281,100	281,300	287,000	2.03%
Total General Government	\$1,666,939	\$1,664,700	\$1,653,000	\$1,619,300	-2.04%
Public Safety					
Police Department	\$1,946,551	\$1,968,400	\$1,972,600	\$1,965,500	-0.36%
Code Enforcement	29,220	30,500	31,500	32,000	1.59%
Fire Department	1,236,446	1,328,700	1,338,300	1,304,900	-2.50%
Total Public Safety	\$3,212,217	\$3,327,600	\$3,342,400	\$3,302,400	-1.20%
Public Works	\$748,206	\$836,500	\$836,700	\$819,500	-2.06%
Culture and Recreation	229,347	252,300	251,800	260,600	3.49%
Economic Development and Assistance	202,000	156,300	158,400	150,000	-5.30%
Intergovernmental Expenses	100,719	100,800	101,200	101,200	0.00%
Other Financing	450,000	400,000	400,000	400,000	0.00%
TOTAL EXPENDITURES	\$6,609,428	\$6,738,200	\$6,743,500	\$6,653,000	-1.34%
FUND BALANCE AT YEAR END					
Net Change in Fund Balance	(\$117,756)	(\$246,400)	(\$236,000)	(\$99,000)	
Fund Balance - Beginning of Year	2,159,573	2,041,817	2,041,817	1,795,417	
FUND BALANCE AT YEAR END					
Nonspendable	37,127	-	-	-	
Restricted	54,076	45,390	45,390	40,390	
Committed	-	-	-	-	
Assigned	1,579,291	1,580,177	1,580,972	1,541,897	
Unassigned	371,323	169,850	179,455	114,130	
TOTAL FUND BALANCE	\$2,041,817	\$1,795,417	\$1,805,817	\$1,696,417	

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUND BALANCE

Most of the fund balance remaining at the end of the fiscal year is either reserved or has been assigned for a specific purpose. Specific classifications of fund balance at the end of FY2014 and estimates for FY2015 and FY2016 are as follows:

FUND BALANCE INFORMATION	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Nonspendable				
Prepaid Expenditures	37,127	0	0	0
Restricted For:				
Veterans Memorial	1,855	1,855	1,855	1,855
Youth Services	844	844	844	844
Drug Forfeiture	3,977	3,977	3,977	3,977
Fire Safety House	1,859	1,859	1,859	1,859
Blackburn Skate Park	2,996	2,996	2,996	2,996
White Pine Trail	1,859	1,859	1,859	1,859
Diggins Hill Park	1,840	500	500	500
Sound Garden Sundial Project	3,225	0	0	0
Bike Routes	2,000	1,500	1,500	500
Cadillac Trail Signage	5,000	2,500	2,500	0
McKellop Walkway Plowing	3,621	2,500	2,500	1,000
CAMA Lighthouse	25,000	25,000	25,000	25,000
Total Restricted	54,076	45,390	45,390	40,390
Assigned For:				
Sick and Vacation Funding	420,930	430,000	430,000	440,000
Working Capital	991,414	1,010,730	1,011,525	997,950
Mayor Wedding Fees	700	300	300	300
Pistol Range	3,727	2,127	2,127	2,127
CASA Field Use	2,520	2,520	2,520	2,520
Appropriated to Budget	160,000	134,500	134,500	99,000
Total Assigned	1,579,291	1,580,177	1,580,972	1,541,897
Unassigned	371,323	169,850	179,455	114,130
TOTAL FUND BALANCE	\$2,041,817	\$1,795,417	\$1,805,817	\$1,696,417

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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GENERAL GOVERNMENT

Legislative

Salaries	\$15,800	\$15,800	\$15,800	\$15,800
Fringes	1,231	1,400	1,400	1,400
Office Supplies	329	1,000	1,500	1,500
Contractual Services	0	3,000	3,500	3,500
Data Processing	4,000	4,000	4,000	4,000
Dues & Publications	6,202	7,000	7,000	7,000
Travel and Education	3,729	5,500	6,000	6,000
Ordinances and Proceedings	6,580	6,500	5,000	5,000
Total Legislative	\$37,871	\$44,200	\$44,200	\$44,200

<i>City Council Measures</i>				
Full-Time Positions	0	0	0	0
Part-Time Positions	5	5	5	5
Cost Per Resident	\$3.66	\$4.27	\$4.27	\$4.27

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 the last couple years. The re-codification of the ordinances has been completed and current budgeted costs represent ongoing supplemental updates to the code.

Elected Officials

The structure of the Cadillac City Council is set by City Charter. The Council consists of four (4) members with one each from the City's four districts. Council members are elected to staggered four-year terms, with two council members up for election every two years. The mayor is elected at large by voters of the City and serves a two-year term. Details of the current City Council as well as a map of the City wards can be found in the Budget Reader's Guide on pages iii-vi of the budget document.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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GENERAL GOVERNMENT (Cont.)

Office of the City Manager

Salaries	\$158,278	\$160,000	\$162,500	\$165,000
Fringes	69,998	64,000	61,000	60,000
Office Supplies	1,482	2,000	2,500	2,500
Data Processing	8,000	8,000	8,000	8,000
Dues & Publications	3,271	4,000	4,500	4,000
Telephone	1,760	1,800	2,000	2,500
Travel & Education	4,506	7,000	7,500	7,500
Vehicle Allowance	4,200	4,200	4,200	4,200
Suggestion Award	850	500	1,000	1,000
Capital Outlay	0	0	0	0
Total Office of the City Manager	\$252,345	\$251,500	\$253,200	\$254,700

<i>City Manager Measures</i>				
Full-Time Positions	2.2	2.2	2.2	2.2
Part-Time Positions	0.5	0.5	0.5	0.5
Cost Per Resident	\$24.37	\$24.29	\$24.45	\$24.60

City Manager

The chief administrative officer of the City of Cadillac is the City Manager. The City Manager is responsible for the administration of all City departments and also for making reports and recommendations to the City Council. Marcus Peccia was appointed the chief administrative officer of the City in November 2009. He came to the city after being the Assistant City Manager in Lake Forest, Illinois.

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

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

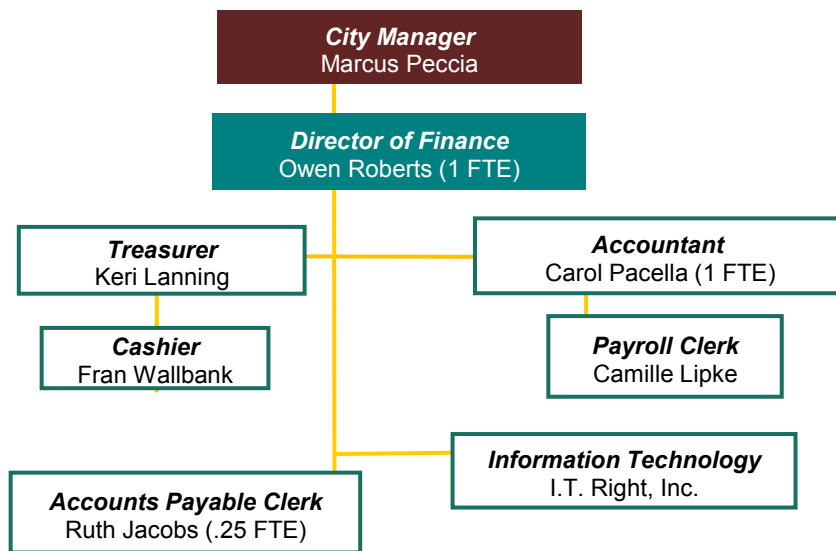
City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

Financial Services

The financial services department has the overall responsibility of all accounting and finance related functions. This responsibility is discharged in accordance with Federal and State regulations, the City Charter, Ordinances enacted by the City Council and directives from the City Manager, and is consistent with Governmental Accounting and Financial Standards established by the Governmental Accounting Standards Board. The Director of Finance oversees the treasurer, accounting, and information technology functions. In addition to the management activities, budgeting and investing of the City's money are critical functions of this department.

The treasurer, cashier and payroll clerk are under the supervision of the Director of Finance. The costs of these positions are accounted for in the Clerk/Treasurer department of the General Fund.



PERFORMANCE MEASURES - FINANCIAL SERVICES

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Received GFOA Budget/CAFR Awards		Yes	Yes	Yes	Yes	↔
General Fund Working Capital + Unassigned Fund Balance		\$1,482,397	\$1,362,737	\$1,190,980	\$1,112,080	↓
Unreserved Fund Balance as % of General Fund Expenditures		22.19%	20.40%	17.50%	16.71%	↓
Fund Balance Policy Level (15%)		\$1,002,146	\$991,414	\$1,021,050	\$998,400	↓
Total Above (Below) Policy Benchmark *		\$480,251	\$371,323	\$169,930	\$113,680	↓
Unmodified Audit Opinion		Yes	Yes	Yes	Yes	↔

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

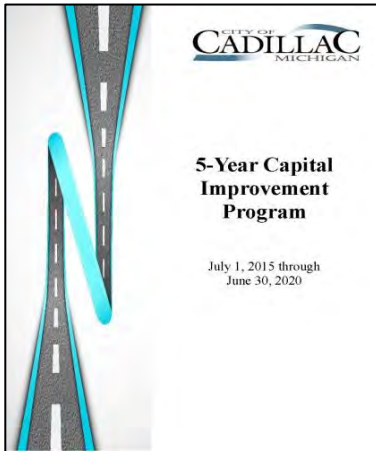
FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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GENERAL GOVERNMENT (Cont.)

Financial Services

Salaries	\$125,073	\$128,000	\$125,000	\$129,000
Fringes	45,431	48,000	49,000	47,500
Office Supplies	3,657	6,000	7,000	7,000
Audit	13,100	7,400	11,000	8,000
Data Processing	20,000	20,000	20,000	20,000
Dues & Publications	1,488	1,500	1,500	1,500
Telephone	1,800	1,800	1,500	1,800
Travel & Education	5,127	4,500	5,000	5,000
Total Financial Services	\$215,676	\$217,200	\$220,000	\$219,800

Financial Services Department Measures				
Full-Time Positions	2.25	2.25	2.25	2.25
Part-Time Positions	0	0	0	0
Cost Per Resident	\$20.83	\$20.98	\$21.25	\$21.23



Capital Improvement Planning

One of the important responsibilities of the Financial Services Department is developing the annual 5 Year Capital Improvement Program for all City activities. This program is completed prior to the budget process each year. As funds are available, the projects included in the program are scheduled into the Annual Operating Budget. The issuance of bonds in FY2016 will facilitate nearly all scheduled projects to be completed over the next couple of years. The picture to the left is the cover of the most recent program document. The program is summarized in the 'Capital Improvement' section of this budget document, and is available for review on the City's website.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

Departmental Highlights

City Clerk/Treasurer

This department is divided into two major sections. The first is the City Treasurer's Office, which has all custody of the revenues of the City and is established under the City Charter. Tax rolls are prepared and collected by this department and mailed to citizens. The second major area is the Clerk's Office, which is the Clerk to the City Council, signs all ordinances, keeps a permanent journal of all Council proceedings, and handles the City-wide elections.

PERFORMANCE MEASURES - CITY TREASURER/CLERK

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Total City-wide Assessed Value		\$258,296,600	\$253,171,509	\$255,363,300	\$262,703,500	↑
Total City-wide Taxable Value		\$247,209,699	\$244,898,714	\$242,968,883	\$243,589,248	↓
Taxable Value as % of Assessed Value		95.7%	96.7%	95.1%	92.7%	↔
Tax Bills Issued		9,870	9,872	9,900	9,900	↔
Total Number of Annual Receipts		44,542	44,394	44,000	44,000	↔
Dollar Value of Annual Receipts		\$22,604,805	\$22,843,505	\$23,000,000	\$23,000,000	↔
Accounts Payable Checks Issued		3,045	3,034	2,800	2,500	↔
Payroll Checks Issued		1,140	961	800	700	↓
Payroll Direct Deposits		3,755	3,886	4,000	4,100	↑
Miscellaneous Billing Invoices Issued		689	779	675	675	↔
Total Registered Voters		7,156	7,214	7,200	7,200	↔
Number of Elections		2	1	3	2	↔
Total Cost of Elections		\$14,021	\$8,840	\$21,000	\$15,500	↔
Cost per Election		\$7,011	\$8,840	\$7,000	\$7,750	↔

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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GENERAL GOVERNMENT (Cont.)

Clerk/Treasurer Department

Salaries	\$150,823	\$141,000	\$136,000	\$141,000
Fringes	85,905	90,000	90,000	87,000
Office Supplies	3,155	2,000	3,000	3,000
Postage	12,398	10,500	10,000	12,000
Data Processing	20,000	20,000	20,000	20,000
Dues & Publications	580	500	600	600
Travel & Education	3,387	2,800	4,000	3,500
Bad Debt Expense (1)	12,820	22,000	15,000	15,000
Total Clerk/Treasurer Department	\$289,068	\$288,800	\$278,600	\$282,100

(1) Bad Debt Expense represents delinquent taxes that Wexford County paid to the City of Cadillac but were subsequently unable to collect, therefore requiring the City to repay the amounts received from the County.

<i>Clerk/Treasurer Measures</i>				
Full-Time Positions	3.800	3.800	3.800	3.800
Part-Time Positions	0.000	0.000	0.000	0.000
Cost Per Resident	\$27.92	\$27.89	\$26.90	\$27.24

Election Services

Salaries	\$4,613	\$15,000	5,000	\$8,000
Office Supplies	3,532	6,000	6,500	6,500
Contractual Services	695	0	3,000	1,000
Capital Outlay	0	0	0	0
Total Election Services	\$8,840	\$21,000	\$14,500	\$15,500

<i>Elections Measures</i>				
Full-Time Positions	0.000	0.000	0.000	0.000
Part-Time Positions	15.000	15.000	15.000	15.000
Cost Per Resident	\$0.85	\$2.03	\$1.40	\$1.50
Registered Voters	7,063	7,063	7,050	7,050
Cost per registered voter	\$1.25	\$2.97	\$2.06	\$2.20

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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GENERAL GOVERNMENT (Cont.)

Assessor

Postage	\$2,526	\$3,000	\$3,000	\$3,500
Contractual Services	215	500	2,500	2,000
Wexford County Contract	109,846	110,000	109,000	112,500
Data Processing	15,000	15,000	15,000	15,000
Board of Review	1,165	1,500	1,500	1,500
Total Assessor	\$128,752	\$130,000	\$131,000	\$134,500

<i>Assessing Measures</i>				
Full-Time Positions	0	0	0	0
Part-Time Positions	0	0	0	0
Cost Per Resident	\$12.43	\$12.55	\$12.65	\$12.99

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, 2017. 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 as well as any related appraisal costs. Mr. Joe Porterfield was appointed the County's Equalization Director in 2009.

Annual costs of the assessing contract are as follows:

	Charge	# of Parcels	Annual Cost
Service			
Per Parcel assessing charge	\$16.95	6,100	\$103,395
Per Parcel assessment roll maintenance	\$1.30	6,100	\$7,930
Total Charges			\$111,325

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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GENERAL GOVERNMENT (Cont.)

Legal Services

Office Supplies	\$3,473	\$700	2,000	\$0
Legal Services - General Counsel	78,540	85,000	85,000	85,000
Legal Services - Special	167,124	130,000	130,000	80,000
Legal Services - Prosecution	34,223	35,000	35,000	35,000
Total Legal Services	\$283,360	\$250,700	\$252,000	\$200,000

Cost Per Resident	\$27.36	\$24.21	\$24.34	\$19.31
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Legal Services

Mr. Michael Homier of Foster, Swift, Collins & Smith, PC's Grand Rapids office has been the chief counsel for the City of Cadillac since 2010. Several other attorneys from the firm provide counsel in specific areas of expertise.



City Prosecution Services

Since April 2010, prosecution of City cases have been handled by the Wexford County Prosecutor. Prosecution and legal services provided under this arrangement include all eligible traffic misdemeanors, all other eligible misdemeanors (including MIP), all traffic civil infractions, parking infractions, and other civil infractions of a traditional criminal-type nature such as disorderly conduct and others. Prosecution for cases involving ordinance violations are handled on a per-hour basis at the rate of \$110 per hour.

Costs for Legal Services

General counsel services provided by Foster, Swift, Collins & Smith, PC will be billed at an hourly rate of \$175 per hour. There is no annual maximum included in the agreement. The Wexford County Prosecutor's Office will handle all general prosecution-related cases for an annual cost of \$30,240. Other special legal services include environmental, labor, property tax, and other special kinds of legal work. These are typically billed between \$175 and \$250 per hour, depending on the specific work being done. The vast majority of these special services are performed by the City Attorney.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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GENERAL GOVERNMENT (Cont.)

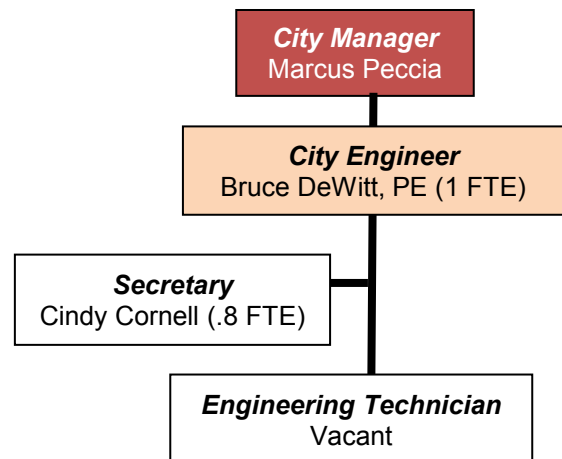
Engineering Services

Salaries	\$100,377	\$103,000	\$100,000	\$102,000
Fringes	46,380	47,000	46,000	47,000
Office Supplies	917	1,500	2,900	2,500
Postage	0	0	200	200
Contractual Services	7,986	8,000	8,000	8,000
Data Processing	18,000	18,000	18,000	18,000
Dues & Publications	10	400	600	500
Telephone	900	900	500	1,000
Travel & Education	110	400	800	800
Equipment Rental	1,227	1,000	1,200	1,500
Capital Outlay	0	0	0	0
Total Engineering Services	\$175,907	\$180,200	\$178,200	\$181,500

Engineering Services Department Measures				
Full-Time Positions	1.80	1.80	1.80	1.80
Part-Time Positions	0	0	0	0
Cost per Resident	\$16.99	\$17.40	\$17.21	\$17.53

Engineering Services

The engineering department, which operates under the direction of the City Manager, is responsible for the planning, design, inspection and testing of the City street construction projects and any other related construction jobs. A professional engineer licensed by the State of Michigan oversees 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 develop and build out the City's Geographic Information System (GIS). The secretary has 80% of her salary applied to this department. In FY2011, necessary budget reductions led to the elimination of the Engineering Technician position.



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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GENERAL GOVERNMENT (Cont.)

City Hall

Salaries	\$34,758	\$42,000	\$41,500	\$42,500
Fringes	24,392	26,000	26,000	25,000
Operating Supplies	16,465	15,000	13,500	15,000
Contractual Services	3,670	5,000	10,000	7,500
Service/Lease Contracts	7,131	6,500	6,500	7,000
Data Processing	6,000	6,000	6,000	6,000
Liability Insurance	55,673	60,700	60,000	62,500
Travel and Education	1,137	4,000	2,000	2,000
Utilities	86,210	85,000	85,000	85,000
Repair and Maintenance	30,230	22,000	22,000	25,000
Equipment Rental	7,482	7,300	7,300	7,500
Parking Contract	1,972	1,600	1,500	2,000
Capital Outlay	0	0	0	0
Total City Hall	\$275,120	\$281,100	\$281,300	\$287,000

<i>City Hall Measures</i>				
Full-Time Positions	1.000	1.000	1.000	1.000
Part-Time Positions	0.5	0.5	0.5	0.5
Cost per Resident	\$26.57	\$27.15	\$27.17	\$27.72

TOTAL GENERAL GOVERNMENT	\$1,666,939	\$1,664,700	\$1,653,000	\$1,619,300
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<i>Total General Government Measures</i>				
Full-Time Positions	11.050	11.050	11.050	11.050
Part-Time Positions	21.000	21.000	21.000	21.000
Cost per Resident	\$160.98	\$160.76	\$159.63	\$156.38
% of General Fund Budget	25.22%	24.71%	24.51%	24.34%

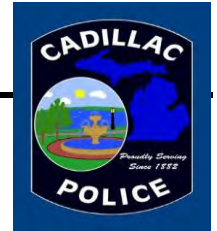


City Hall

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. Several proposed capital improvements to the municipal complex have been postponed as a result of funding constraints.

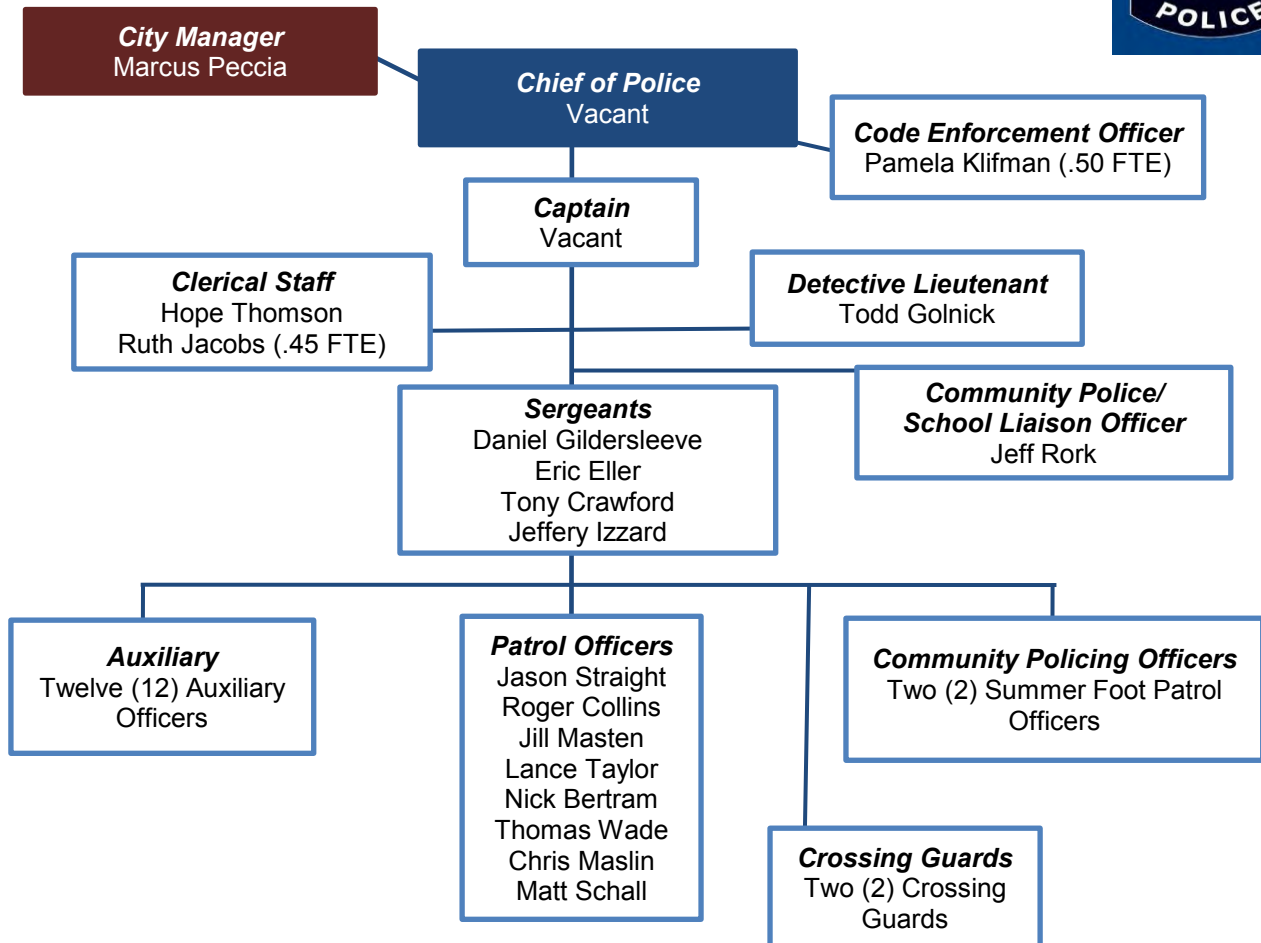
City of Cadillac, Michigan
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General Fund



POLICE DEPARTMENT

CHART OF ORGANIZATION



Values Statement

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

Mission Statement:

It is the mission of the Cadillac Police Department to:

- * **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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

Police Department Information and Performance Measures

Community Policing Officers



Community policing officers, formally known as the summer foot patrol, are graduates of the police academy and work from May to September. There are typically 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 law. The program was conceived in 1989. A steady decline in violations has been noted since the program's inception, confirming the effectiveness of the program. CPO's focus on contacts with downtown business owners to identify and solve problems.

<i>Cadillac Police Department Fleet Details</i>			
#	Vehicle	Assignment	Miles
2	2015 Interceptor	Sergeant	2,221
3	2006 Dodge Durango	Patrol/K-9	92,455
4	2008 Impala	School & Training	123,296
5	2007 Impala	Detective	119,318
6	2013 Interceptor	Patrol	66,062
7	2009 Impala	School Resource Officer	100,141
8	2011 Impala	Patrol	84,002
9	2006 Impala	Training	93,359
11	2014 Interceptor	Patrol	30,852
<i>Average Mileage</i>			<i>79,078</i>



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

Residential Speed Reduction

As part of helping enhance the livability of Cadillac neighborhoods and residential areas, it was determined by the police department through contact with residents that speeding in neighborhoods represents a quality of life concern. Officers have been assigned regularly to specific problem areas. The areas, or "targeted traffic zones", focus on thoroughfares in and out of the city passing through residential areas. The traffic zones were first identified by citizen complaints and speed surveys conducted by DPW. Officers focus primarily on educating motorists and requesting voluntary compliance. Verbal warnings are given to most drivers, with an approximate ratio of 3 verbal warnings to every 1 traffic citation. A new speed trailer purchased in June 2011 is assisting in reducing speeds in target enforcement zones.

City of Cadillac, Michigan
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General Fund

PERFORMANCE MEASURES - POLICE DEPARTMENT

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Sworn Officers		15	14	15	15	↔
Police Reports Completed		4,125	3,891	4,200	4,200	↔
Police Reports per Sworn Officer		275	278	280	280	↔
Traffic Citations Issued		586	536	650	650	↔
Traffic Verbal Warnings Issued		2,566	2,233	2,800	2,800	↔
Criminal Investigations		2,467	2,392	2,500	2,500	↔
Freedom of Information Requests Fulfilled		169	215	155	155	↔
Handgun Registrations		234	203	225	225	↔
K-9 Unit Tracking Calls		6	6	10	10	↔
K-9 Unit Demonstrations		8	10	15	15	↔
K-9 Unit Searches		18	28	20	20	↔
Non-Criminal Investigations		2,002	1,902	1,900	1,900	↔
Total Calls for Service		6,226	6,108	6,500	6,500	↔
Total Arrests		984	1,090	1,000	1,000	↔
Average Mileage of Fleet		100,750	93,823	85,000	95,000	↑
Average Mileage of Patrol Vehicles		65,650	55,118	60,000	60,000	↔
Operating Cost per Sworn Officer		\$128,863	\$139,039	\$121,640	\$128,967	↔

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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PUBLIC SAFETY

Police Department

Salaries - Supervisory	\$42,615	\$0	\$15,000	\$75,000
Salaries - Patrolmen	889,299	765,000	775,000	810,000
Salaries - Overtime	78,135	105,000	66,000	70,000
Salaries - Clerks	0	60,000	61,500	63,500
Salaries - Crossing Guards	6,262	7,000	7,500	7,500
Salaries - Auxiliary	2,888	3,000	5,000	5,000
Salaries - Summer Patrol	16,165	18,000	15,000	18,000
Fringes	719,914	705,000	709,100	720,000
Office Supplies	6,160	7,500	7,500	7,500
Operating Supplies	41,452	37,000	38,000	38,000
Operating Supplies - Community Service	816	1,000	1,000	1,000
Uniform Cleaning	8,836	9,000	9,500	9,500
Data Processing	48,000	45,000	45,000	40,000
Dues & Publications	2,580	2,400	2,500	2,500
Radio & Equipment Maintenance	4,047	4,500	4,500	4,500
Telephone	2,143	2,000	3,000	3,000
Travel & Education	13,853	18,000	20,000	20,000
Vehicle Repair and Maintenance	22,918	16,000	23,500	23,500
Uniforms and Maintenance	7,012	9,000	10,000	10,000
Equipment Rental	749	3,000	3,000	3,000
Copier Lease	2,715	3,000	3,000	3,000
Capital Outlay	29,992	148,000	148,000	31,000
Total Police Department	\$1,946,551	\$1,968,400	\$1,972,600	\$1,965,500

Police Department Measures

Full-Time Positions	16.360	16.950	16.950	16.950
Part-Time Positions	16.000	16.000	16.000	16.000
Cost per Resident	\$187.98	\$190.09	\$190.50	\$189.81

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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PUBLIC SAFETY

Code Enforcement

Salaries	\$19,056	\$19,000	\$19,000	\$20,000
Fringes	10,164	11,000	11,500	11,000
Office Supplies	0	500	1,000	1,000
Total Code Enforcement	\$29,220	\$30,500	\$31,500	\$32,000

Code Enforcement Measures

Full-Time Positions	0.500	0.500	0.500	0.500
Part-Time Positions	0.000	0.000	0.000	0.000
Cost per Resident	\$2.82	\$2.95	\$3.04	\$3.09

Code Enforcement Department

In order to show the true costs of code enforcement activities, they were split into a separate department beginning in April 2009. Code enforcement activities are principally handled by code enforcement officer Pam Klifman, with oversight duties provided by the Police Department.

The code enforcement division investigates city ordinance violations such as blight, junk vehicles, noxious weeds, and snow removal violations. Activities also include the enforcement of downtown time zone parking areas.

PERFORMANCE MEASURES - CODE ENFORCEMENT

MEASURE	Fiscal Year:	<i>Actual</i>		<i>Projected</i>	<i>Budgeted</i>	Trend
		2013	2014	2015	2016	
Yards cleaned up (Blight Ordinance)		130	99	130	130	↔
Junk Vehicles Removed/Repaired		25	35	30	30	↔
Lawn Complaints (Noxious Weed Ordinance)		124	141	125	125	↔
Total Complaint Numbers Pulled		260	275	265	265	↔



These pictures are examples of the blight that the code enforcement activities help eliminate within the City.

City of Cadillac, Michigan
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General Fund

Public Safety Benchmarking

<i>Police Department</i>						
<i>Cities</i>	<i>2010 Census</i>	<i>FY2015 Police Budget</i>	<i>Number of Sworn Officers</i>	<i>Citizens Served Per Officer</i>	<i>Per Capita Costs</i>	<i>% of General Fund</i>
Manistee	6,226	\$1,040,161	12	518.83	\$167.07	17.33%
Big Rapids	10,601	\$2,194,400	18	588.94	\$207.00	25.54%
Alpena	10,483	\$1,985,246	17	616.65	\$189.38	21.02%
Traverse City	14,674	\$3,549,850	29	506.00	\$241.91	23.30%
Sault Ste. Marie	14,144	\$2,666,000	21	673.52	\$188.49	23.46%
Coldwater	10,945	\$1,943,259	17	643.82	\$177.55	21.03%
Sturgis	10,994	\$2,276,495	19	578.63	\$207.07	28.96%
City of Cadillac	10,355	\$1,972,600	15	690.33	\$190.50	29.25%

<i>Fire Department</i>						
<i>Cities</i>	<i>2010 Census</i>	<i>FY2015 Fire Department Budget</i>	<i>Number of Full-Time Officers</i>	<i>Citizens Served Per Full-Time Officer</i>	<i>Per Capita Costs</i>	<i>% of General Fund</i>
Manistee	6,226	\$936,781	8	778.25	\$150.46	15.60%
Big Rapids	10,601	\$922,000	9	1,177.89	\$86.97	10.73%
Alpena	10,483	\$1,572,323	26	403.19	\$149.99	16.65%
Traverse City	14,674	\$2,486,650	23	638.00	\$169.46	16.32%
Sault Ste. Marie	14,144	\$1,454,400	18	785.78	\$102.83	12.80%
Coldwater	10,945	\$1,741,215	16	684.06	\$159.09	18.84%
Sturgis	10,994	\$1,495,905	11	999.45	\$136.07	19.03%
City of Cadillac	10,355	\$1,338,300	11	941.36	\$129.24	19.85%

City of Cadillac, Michigan
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General Fund

Fire Department Information

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

PERFORMANCE MEASURES - FIRE DEPARTMENT

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Total Runs		1,711	1,786	1,700	1,700	↔
Number of Medical Emergencies Responses		1,439	1,545	1,350	1,350	↔
Hours Spent on Commercial Inspections		*	1,005	1,000	1,000	↔
Hours Spent on Rental Inspection		800	900	800	800	↔
Number of Fires Reported		51	34	40	40	↔
Hours Spent on Fire Investigations		102	250	80	80	↔
Total Hours Spent in Training		2,000	1,622	2,000	2,000	↔
Fire Mutual Aid Responses Received		8	7	7	7	↔
Fire Mutual Aid Responses Given		4	2	4	4	↔
Average Fire Fighter turnout per Building Fire		10	10	10	10	↔
Citizens Attending Education Programs		3,000	3,000	3,000	3,000	↔
Hours Spent on Public Relations		720	350	500	500	↓
Average Time on Scene of Building Fire		2:34	2:05	2:00	2:00	↔
Average Time on Scene of EMS Run		0:35	0:30	0:30	0:30	↔
Operating Cost per Fire Fighter		\$111,382	\$109,718	\$120,791	\$113,627	↑

* New measure beginning in FY2014

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FIRE DEPARTMENT CHART OF ORGANIZATION



City Manager
Marcus Peccia

Fire Marshal
Anthony Wolff

Captains
Fred Osborn
Mark Near

Lieutenants
Chris Cater
Robert Keith, Jr.

Firefighters
Mark Feister
Stevan VanDyk
James Kozlowski
Chris Koontz
Blake Meyering
Michael Fisk

Auxiliary
Eighteen (18) Auxiliary
Officers



City of Cadillac, Michigan
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General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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PUBLIC SAFETY (Cont.)

Fire Department

Salaries - Firefighters	\$439,786	\$530,000	\$570,000	\$515,000
Salaries - FLSA Overtime	30,314	31,000	37,000	37,000
Salaries - Overtime	164,561	150,000	85,000	80,000
Salaries - Volunteer	19,663	20,000	30,000	25,000
Fringes	429,309	475,000	497,700	465,500
Office Supplies	561	1,500	2,000	4,000
Operating Supplies	24,826	22,000	20,000	22,000
Operating Supplies-Community Service	106	1,500	1,500	1,500
Marshal Division Expenses	0	0	0	5,000
Uniform Cleaning	3,858	2,800	2,800	2,800
Subsistence Allowance	18,659	15,600	15,600	16,000
Data Processing	10,845	10,800	11,000	11,000
Dues & Publications	2,723	3,300	2,500	800
Radio & Equipment Maintenance	6,537	6,000	6,500	5,000
Telephone	774	1,000	1,500	1,600
Travel & Education	10,359	10,000	11,000	11,000
Vehicle Repair & Maintenance	30,032	29,000	25,000	20,000
Vehicle Preventive Maintenance	0	0	0	9,500
Uniforms & Maintenance	8,483	14,000	14,000	12,000
Employee Safety	5,500	5,200	5,200	5,200
Capital Outlay	29,550	0	0	55,000
Total Fire Department	\$1,236,446	\$1,328,700	\$1,338,300	\$1,304,900

Fire Department Measures

Full-Time Positions	11.000	11.000	11.000	11.000
Part-Time Positions	17.000	18.000	18.000	18.000
Cost per Resident	\$119.41	\$128.31	\$129.24	\$126.02

TOTAL PUBLIC SAFETY

\$3,212,217	\$3,327,600	\$3,342,400	\$3,302,400
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Total Public Safety Measures

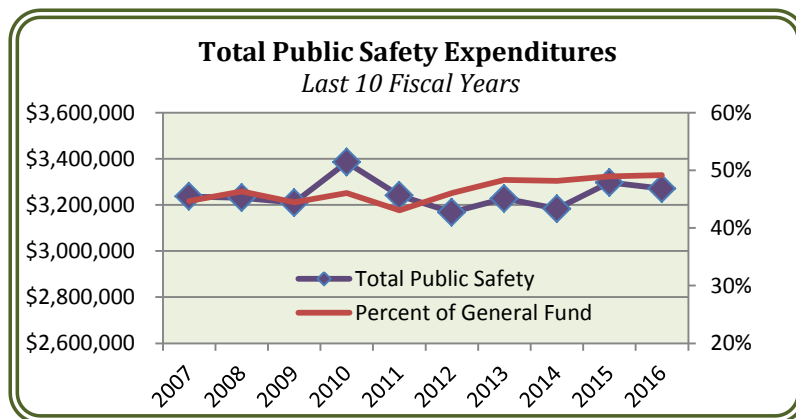
Full-Time Positions	27.860	28.450	28.450	28.450
Part-Time Positions	33.000	34.000	34.000	34.000
Cost per Resident	\$310.21	\$321.35	\$322.78	\$318.92
% of General Fund Budget	48.60%	49.38%	49.56%	49.64%

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

Public Safety Expenditures
as a Percentage of Total General Fund Expenditures
Last Twenty Years

Fiscal Year	Expenditures		Total Police & Fire	General Fund Total Expenditures and other financing uses	Percent of total expenditures of General Fund		Total Police & Fire (% of General Fund)
	Police	Fire			Police	Fire	
2016	\$1,965,500	\$1,304,900	\$3,270,400	\$6,653,000	29.54%	19.61%	49.16%
2015	\$1,968,400	\$1,328,700	\$3,297,100	\$6,738,200	29.21%	19.72%	48.93%
2014	\$1,946,551	\$1,236,446	\$3,182,997	\$6,609,428	29.45%	18.71%	48.16%
2013	\$1,997,044	\$1,230,248	\$3,227,292	\$6,680,973	29.89%	18.41%	48.31%
2012	\$1,948,809	\$1,219,075	\$3,167,884	\$6,880,810	28.32%	17.72%	46.04%
2011	\$1,915,811	\$1,324,444	\$3,240,255	\$7,522,009	25.47%	17.61%	43.08%
2010	\$1,842,464	\$1,494,544	\$3,337,008	\$7,347,924	25.07%	20.34%	45.41%
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%



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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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PUBLIC WORKS

Public Works - Administration

Salaries	\$66,905	\$65,000	\$58,000	\$50,000
Fringes	22,485	26,000	23,500	20,000
Property Taxes	151	1,100	2,000	1,000
Operating Supplies	31	0	0	0
Street Lighting	22,093	96,000	95,000	95,000
Telephone	1,440	1,700	2,000	2,400
Maintenance of Dam	11,778	2,500	2,500	5,000
Equipment Rental	853	1,500	9,000	10,000
Hydrant Rental	24,400	23,900	24,000	24,000
Total Public Works - Administration	\$150,136	\$217,700	\$216,000	\$207,400

Public Works - Administration Measures

Full-Time Positions	1.800	1.100	1.100	1.100
Part-Time Positions	0.000	0.000	0.000	0.250
Cost per Resident	\$14.50	\$21.02	\$20.86	\$20.03

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 485 street lights in the City. Hydrant Rental by ordinance is \$50 per hydrant paid to the Utilities Department for the readiness to serve charge for fire protection. There are currently 475 hydrants within the City.



Street Lights

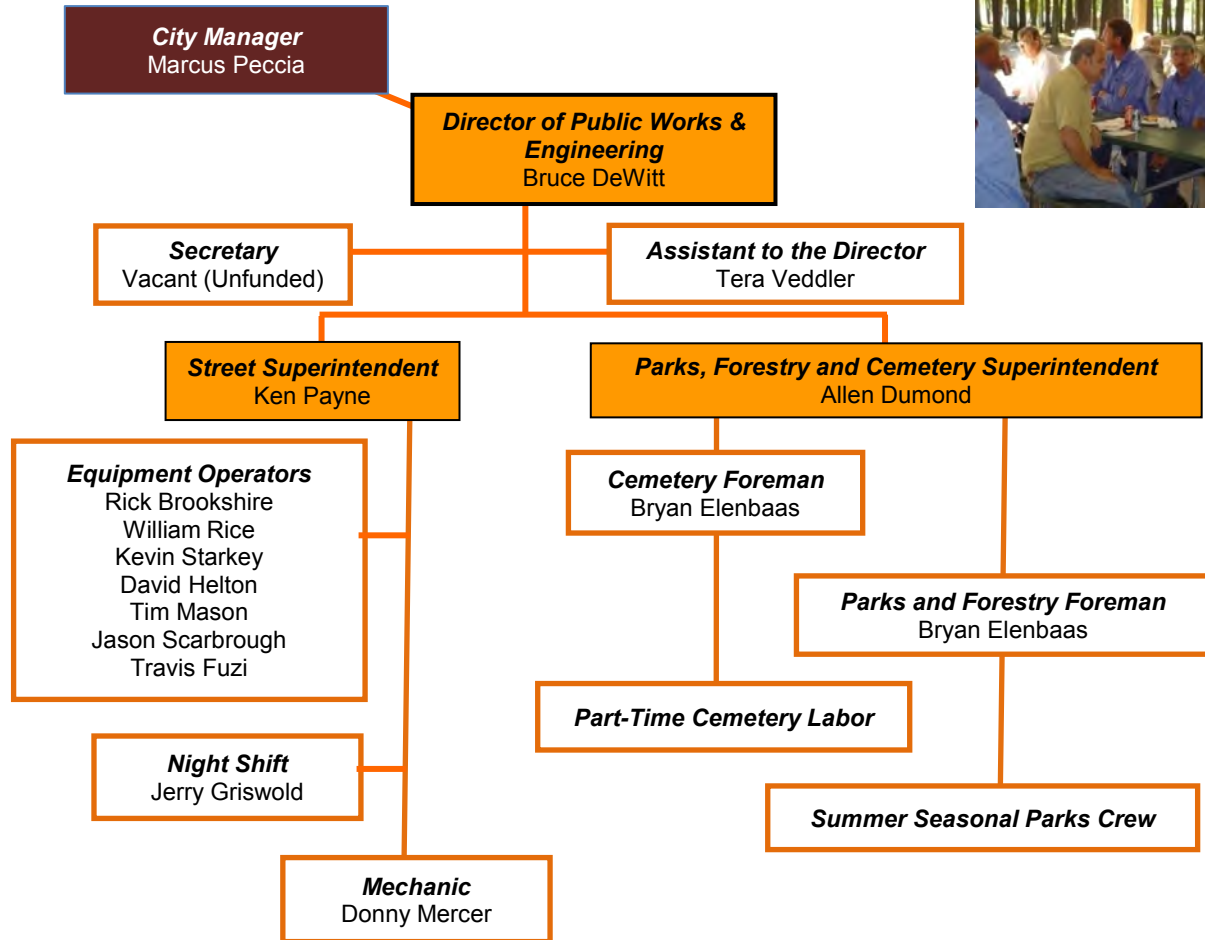
Number of Lights	Lumens	Monthly Rate	Annual Cost
35	14,000	\$14.400	\$6,048
421	8,500	\$11.750	59,361
29	24,000	\$21.140	7,357
485			\$72,766

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

Public Works Department Structure and Organization



PERFORMANCE MEASURES - PUBLIC WORKS

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Hours spent in leaf pickup		422	414	400	400	↔
Hours spent plowing sidewalks		399	550	450	450	↔
Miles of sidewalks maintained		53	53	53	53	↔

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
<u>PUBLIC WORKS (Cont.)</u>				
Sidewalks and Alleys				
Salaries	\$6,425	\$10,000	\$11,000	\$8,000
Salaries - Part Time	0	7,000	8,000	8,000
Fringes	2,540	7,000	6,600	6,000
Operating Supplies	736	2,000	3,000	2,000
Equipment Rental	42,788	34,000	30,000	25,000
Total Sidewalks and Alleys	\$52,489	\$60,000	\$58,600	\$49,000
Leaves				
Salaries	\$6,802	\$7,500	6,000	\$7,500
Fringes	3,423	4,200	3,600	4,500
Equipment Rental	36,696	33,000	27,000	30,000
Total Leaves	\$46,921	\$44,700	\$36,600	\$42,000
Grass & Weed Control				
Salaries	\$6,335	\$6,500	\$7,000	\$8,000
Fringes	3,047	3,500	3,700	4,000
Equipment Rental	11,551	15,000	18,000	12,000
Total Grass and Weed Control	\$20,933	\$25,000	\$28,700	\$24,000
Composting				
Salaries	\$153	\$1,200	\$500	\$1,000
Fringes	110	500	300	600
Contractual Services	0	0	1,500	500
Equipment Rental	415	2,200	1,500	2,000
Total Composting	\$678	\$3,900	\$3,800	\$4,100

Sidewalks

This account reflects the maintenance costs for the City-owned sidewalks and the plowing of alleys. In 1998, the city began a special assessment sidewalk replacement project to upgrade severely deteriorated sidewalks throughout the city. This program was last undertaken in FY2009 and will have to be evaluated again over the next couple of years.

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.

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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PUBLIC WORKS (Cont.)

Waste Removal

Salaries	\$67	\$0	\$0	\$0
Fringes	41	0	0	0
Operating Supplies	0	100	0	0
Removal Contract	476,442	484,000	490,000	490,000
City Debris Removal Fees	477	1,000	3,000	3,000
Equipment Rental	22	100	0	0
Total Waste Removal	\$477,049	\$485,200	\$493,000	\$493,000

TOTAL PUBLIC WORKS

\$748,206	\$836,500	\$836,700	\$819,500
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Public Works per Resident Costs

\$72.26	\$80.78	\$80.80	\$79.14
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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 \$0.45 for a collection fee. About 1,900 customers take advantage of this on a monthly basis. The cost of the contract decreased in 2012 year due primarily to tipping fee decreases subsequent to the sale of the Wexford County Landfill. Rate adjustments are made in April based on inflationary indexes.

MONTHLY CONTRACT FEES		
Fiscal Year	Cost	Increase
2007	\$11.53	2.31%
2008	\$12.77	10.75%
2009	\$13.89	8.77%
2010	\$13.19	-5.04%
2011	\$13.41	1.67%
2012	\$11.72	-12.60%
2013	\$11.72	0.00%
2014 *	\$11.23	-4.18%
2015	\$11.36	1.16%
2016	\$11.00	-2.05%

* Removal contract was re-bid and recycling was added. Current charges for contractual waste hauling are \$8.73 per customer per month, and recycling is an additional \$2.50 per customer per month.

City of Cadillac, Michigan
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General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
<u>CULTURE AND RECREATION</u>				
Arts Council	\$10,500	\$10,500	\$10,500	\$10,500
Cadillac Community Television (CCTV)				
Salaries	\$12,571	\$13,000	\$17,500	\$15,000
Fringes	962	1,300	1,800	1,600
Office Supplies	177	1,000	1,000	2,000
Contractual Services	1,800	2,500	3,500	3,500
Total CCTV	\$15,510	\$17,800	\$23,800	\$22,100

Arts Council

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

Cadillac Community Television (CCTV)

Beginning July 1, 2010 the City assumed responsibility for the operation of the local PEG channels. These operations were formerly overseen by Cadillac Area Public Schools (CAPS). The schools remain an important part of the partnership as they host all of the facilities required to operate the stations. Also, the Wexford-Missaukee Intermediate School District has played an important role as well by partnering with CAPS in providing educational classes in production and other TV-related fields. This enables CAPS to continue to house the operations.

The operations of the station are overseen by Mr. Jeff Smith, under the supervision of the City Manager. Mr. Smith is a part-time City of Cadillac employee. The station also uses some contract labor to assist with operations and to provide technical staff for various events.

All Cadillac City Council meetings are shown live on the station. Other meetings, like the Cadillac Planning Commission, are also carried live. This is an important component in public access to City operations.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Parks				
Salaries	\$41,223	\$48,000	\$43,000	\$46,000
Salaries - Part Time	51,175	50,000	50,000	50,000
Fringes	28,592	31,000	29,000	27,000
Operating Supplies	24,117	23,000	23,000	26,000
Contractual Services	430	0	0	0
Telephone	660	700	700	700
Travel and Education	162	300	300	300
Utilities	25,136	24,500	25,000	25,000
Repair and Maintenance	20,507	20,000	25,000	25,000
Equipment Rental	10,235	16,000	11,000	11,000
Rental Building	1,100	1,500	1,500	1,500
Capital Outlay	0	9,000	9,000	15,500
Total Parks	\$203,337	\$224,000	\$217,500	\$228,000
TOTAL CULTURE AND RECREATION	\$229,347	\$252,300	\$251,800	\$260,600
Cost per Resident	\$22.15	\$24.37	\$24.32	\$25.17

Parks

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

PERFORMANCE MEASURES - PARKS AND RECREATION

MEASURE	Fiscal Year:	<i>Actual</i>		<i>Projected</i>	<i>Budgeted</i>	Trend
		2013	2014	2015	2016	
Total Park Acres		117	117	117	117	↔
Total Parks Maintenance Costs		\$219,006	\$203,337	\$207,800	\$208,500	↔
Parks Maintenance Cost per Acre		\$1,872	\$1,738	\$1,776	\$1,782	↔
Parks Maintenance Cost per Resident		\$21	\$20	\$20	\$20	↔
Park Acres per 1,000 Population		11	11	11	11	↔
Seasonal Parks Maintenance Employees		9	9	9	9	↔

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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ECONOMIC DEVELOPMENT AND ASSISTANCE

Community Development

Salaries	\$73,847	\$76,000	\$78,000	\$74,000
Fringes	26,117	32,000	29,000	27,500
Office Supplies	4,465	3,000	3,000	3,000
Contractual Services	713	1,100	0	0
Data Processing	2,500	2,500	2,500	2,500
Dues & Publications	665	500	400	500
Telephone	810	1,000	1,000	1,000
Travel & Education	603	1,200	2,000	3,000
Publisher's Costs	450	1,000	1,500	1,500
Capital Outlay	0	0	0	0
Total Community Development	\$110,170	\$118,300	\$117,400	\$113,000

<i>Community Development Measures</i>				
Full-Time Positions	2.200	2.200	2.200	2.200
Part-Time Positions	0.500	0.000	0.000	0.000
Cost Per Resident	\$10.64	\$11.42	\$11.34	\$10.91

Community Development

The Community Development department is responsible for the preparation and maintenance of the City Master Plan and for the administration and enforcement of the City's zoning and land division ordinances. The director of the department serves as the secretary of the Zoning Board of Appeals and the Planning Commission and serves as staff liaison to various other committees as necessary.

The General Fund is responsible for 35% of the Community Development Director's salary. The remaining portions are funded by other activities of the City. The salary of the Community Development Coordinator is accounted for in this account as well as 20% of the salary of a secretary.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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ECONOMIC DEVELOPMENT AND ASSISTANCE (Continued)

Community Promotions

Salaries	\$8,091	\$9,500	\$11,500	\$9,500
Fringes	3,786	4,500	6,000	6,000
Operating Supplies	1,039	3,000	4,000	4,000
Contractual Services	5,002	4,500	5,000	5,000
Utilities	1,856	2,000	2,000	2,000
Equipment Rental	4,894	7,000	8,000	6,000
Special Projects	1,128	2,500	2,500	2,500
Chamber of Commerce	2,000	2,000	2,000	2,000
Community Development	64,034	3,000	0	0
Total Community Promotions	\$91,830	\$38,000	\$41,000	\$37,000

TOTAL ECONOMIC DEVELOPMENT	\$202,000	\$156,300	\$158,400	\$150,000
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INTERGOVERNMENTAL EXPENDITURES

Clam Lake Township	\$1,519	\$1,600	\$2,000	\$2,000
Airport	33,000	33,000	33,000	33,000
Recreation	66,200	66,200	66,200	66,200
Total Intergovernmental Expenditures	\$100,719	\$100,800	\$101,200	\$101,200

Community Promotions

Special projects were eliminated due to lack of funding. The Community Development line item accounts for small grants received for a variety of purposes. This has included projects like assisting with the redevelopment of the Cobbs-Mitchell building in downtown Cadillac through the administration of a State of Michigan Cool Cities grant, which was passed through to the developer that acquired the facility to help offset construction costs.

Intergovernmental Expenditures

Funds are transferred to the Wexford County Airport, which is a joint effort with Wexford County. The County funds 60% and the City funds the remaining 40% of costs after the operational revenues are considered. The net operating need of the airport for 2016 is estimated to be approximately \$82,700. The County is responsible for 60% - or \$49,700 - of the net operating need and the City is responsible for the remaining 40% - or \$33,000. 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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

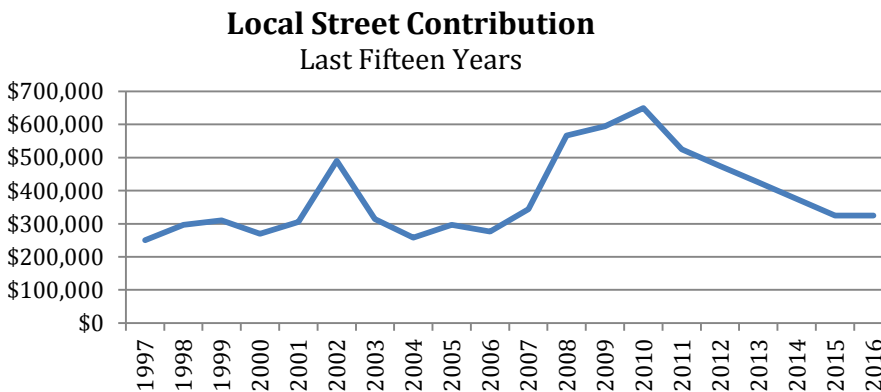
FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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OTHER FINANCING

Transfers to Other Funds:				
Local Street	375,000	325,000	325,000	325,000
Cemetery Operating Fund	75,000	75,000	75,000	75,000
Total Other Financing	\$450,000	\$400,000	\$400,000	\$400,000

TOTAL EXPENDITURES	\$6,609,428	\$6,738,200	\$6,743,500	\$6,653,000
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Local Street Contribution



The transfer that the General Fund must make to the Local Street Fund for street maintenance has gone back down somewhat after it had skyrocketed in the last several years due to the decline in local street revenues from the State of Michigan.

<u>Cities</u>	<u>Population</u>	2015 General <u>Fund Budget</u>	Per Capita <u>Expenditures</u>
Manistee	6,226	\$6,003,338	\$964.24
Big Rapids	10,601	\$8,590,600	\$810.36
Alpena	10,483	\$9,446,173	\$901.09
Traverse City	14,674	\$15,236,250	\$1,038.32
Sault St. Marie	14,144	\$11,365,100	\$803.53
Coldwater	10,945	\$9,240,060	\$844.23
Sturgis	10,994	\$7,860,620	\$714.99
Cadillac	10,355	\$6,743,500	\$651.23

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

General Fund

General Fund Capital Outlay

FY2016

City Hall (1)

No projects	\$0	
		\$0

Police Department (2)

Patrol Vehicle	\$31,000	
		\$31,000

Fire Department (3)

Bathrooms	\$50,000	
		\$50,000

Parks and Recreation (4)

Shoreline Stabilization	\$7,500	
Sprinkler System Valve Replacement	8,000	
		\$15,500

Total	\$96,500	
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Source of Funds (5)

State Shared Revenue - Statutory Funds	\$96,500	
		\$96,500

Footnotes:

1. Municipal Complex: There are no capital projects planned for the Municipal Complex in FY2016.

2. Police Department: The patrol vehicle replacement program is recommended to again fund the replacement of a patrol vehicle. The department has already experienced additional maintenance costs due to an aging fleet, and replacing a vehicle will help reduce annual maintenance costs.

3. Fire Department: This budget plans for an upgrade to the bathroom facilities in the Fire Department.

4. Parks and Recreation: This budget plans for upgrades to the sprinkler system in the lakefront park systems. This will help save increasing maintenance costs that result from aging equipment and downtime. In addition, a small investment will be made to help protect the shorelines of Lake Cadillac.

5. Source of Funds: Due to the volatility of Statutory state shared revenue, as much as possible of these funds are earmarked to fund capital projects. Because of this, should these state funds be eliminated or cut even further, the City could quickly respond by cancelling capital purchases instead of having to reduce staff or make other drastic cost elimination decisions.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

Fund: Water and Sewer Fund

Type: Enterprise Fund
Oversight: Director of Utilities

Nature and Purpose:

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

The Cadillac City Charter dictates that user rates within the water and sewer systems must be set at a level that will meet all costs of the utilities. **Section 16.4 of the City Charter states,**

"The Council shall have the power to fix from time to time, such just and reasonable rates and other charges as may be deemed advisable for supplying the inhabitants of the city and others with such public utility services as the city may provide.

The rates and charges of any municipal public utility for the furnishing of public utility services shall be so fixed as to at least meet all the costs of such utilities. There shall be no discrimination in such rates within any classification of users thereof, nor shall free service be permitted, but higher rates may be charged for service outside the city limits."

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Water Sales	\$1,269,490	\$1,260,000	\$1,285,000	\$1,295,000
Sewer Sales - Flat Rate	42,839	47,000	45,000	50,000
Sewer Sales - Metered	2,120,491	2,115,000	2,125,000	2,185,000
Fire Protection	126,344	100,000	100,000	105,000
Hydrant Rental	0	24,000	24,000	24,000
Charges for Services	11,013	10,000	10,000	10,000
Services & Materials	13,651	16,000	20,000	20,000
Interest Income	17,043	18,500	30,000	20,000
Sale of Surplus Material	0	70,000	5,000	5,000
Wexford County DPW	111,214	85,000	75,000	60,000
Leachate	246,629	200,000	100,000	140,000
Laboratory Fees	88,192	74,000	75,000	85,000
Federal Grants	0	10,000	0	0
Other Income	1,899	2,500	5,000	5,000
Total Revenues	\$4,048,805	\$4,032,000	\$3,899,000	\$4,004,000

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

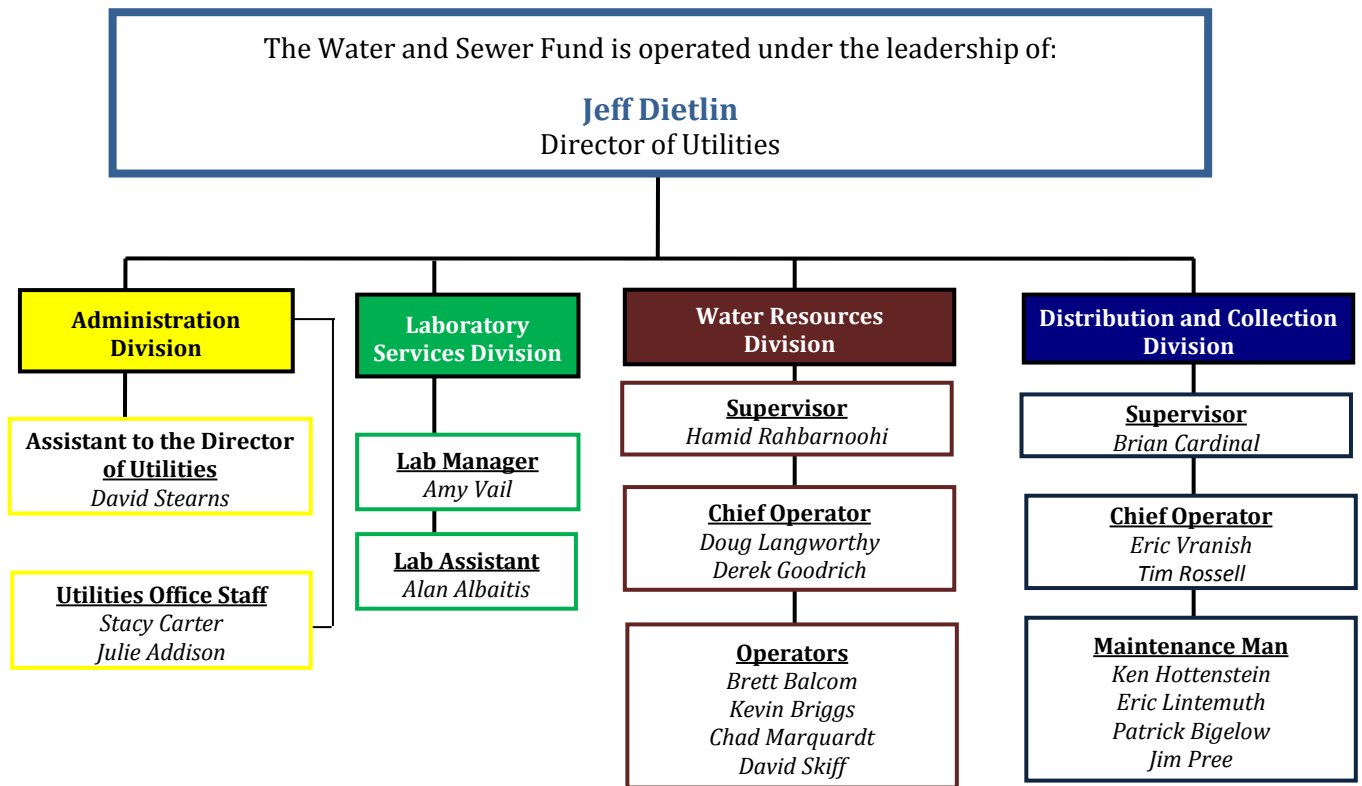
Water and Sewer Fund

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Expenses				
Total Administration	\$1,033,280	\$1,046,600	\$1,034,200	\$1,010,300
Water Resources				
Preliminary Treatment	\$26,264	\$29,300	\$27,500	\$27,300
Primary Treatment	22,086	30,000	25,000	24,000
Secondary Treatment	125,389	123,000	86,400	99,900
Tertiary Treatment	103,828	108,500	70,200	92,500
Sludge Removal	112,048	155,500	112,100	111,700
Nutrient Removal	83,079	76,000	67,400	71,800
Effluent Disposal	60,744	60,000	55,500	56,800
Building & Grounds	186,263	188,500	229,000	227,000
Industrial Surveillance	13,475	15,600	21,300	19,400
Lift Station-Sanitary	91,533	95,700	92,100	96,700
Vehicles	34,387	21,500	23,600	24,900
Total Water Resources	\$859,096	\$903,600	\$810,100	\$852,000
Distribution and Collection				
Building & Water Tank	\$22,735	\$23,700	\$29,200	\$29,400
Pumping Station	251,931	246,500	221,300	252,000
Wells & Well Field	45,310	53,500	58,000	56,800
General Street Expense	16,081	16,600	20,100	19,100
Meter Reading & Delinquent Accounts	20,914	26,300	26,800	25,600
Meter Operations & Maintenance	236,570	240,000	181,000	268,600
Customer Service	28,503	26,000	38,800	33,700
Maintenance-Mains & Hydrants	76,260	158,000	90,500	89,300
New Water Service	9,412	16,300	17,100	15,100
Water Service Maintenance	74,272	96,000	11,300	14,300
Sanitary Sewer	68,710	66,500	68,000	67,500
Vehicles	56,137	28,700	36,800	36,600
Total Distribution and Collection	\$906,835	\$998,100	\$798,900	\$908,000
Laboratory Division				
General Laboratory	\$53,657	\$58,600	\$62,000	\$61,500
Contract Laboratory	45,420	44,700	43,500	52,200
Total Laboratory Division	\$99,077	\$103,300	\$105,500	\$113,700
Total Non-Operating	\$1,240,075	\$1,145,000	\$1,150,000	\$1,120,000
Total Expenses	\$4,138,363	\$4,196,600	\$3,898,700	\$4,004,000
NET ASSETS AT YEAR END				
Change in Net Assets	(\$89,558)	(\$164,600)	\$300	\$0
Total Net Assets - Beginning of Year	16,034,812	15,945,254	15,945,254	15,780,654
Total Net Assets at Year End	\$15,945,254	\$15,780,654	\$15,945,554	\$15,780,654

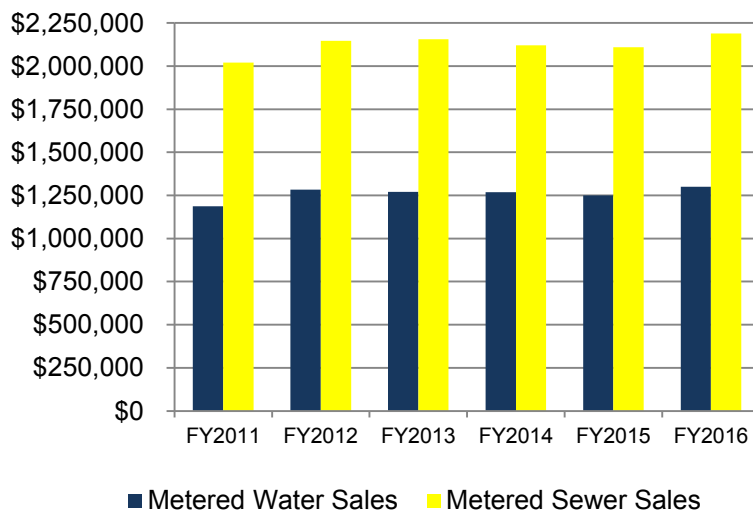
City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

Fund Staffing and Organizational Structure



Water and Sewer Metered Usage - Last Six Years



Metered Usage

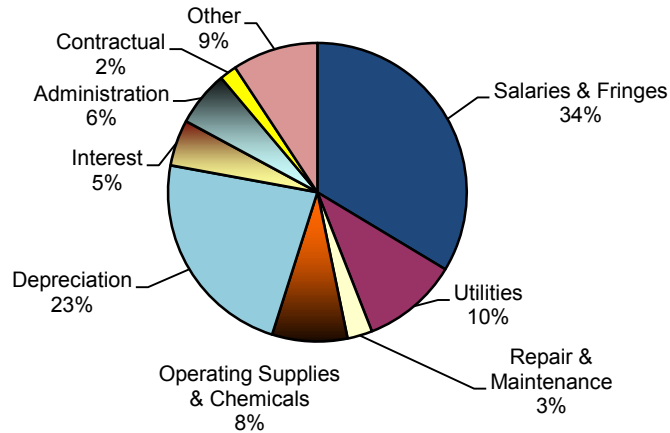
The chart to the left shows that there has been virtually no increase in metered usage of water and sewer over the last six fiscal years. The operations of the system have taken advantage of several efficiency-enhancing measures, including replacing old meters with radio read meters, that has enabled the system to operate within the revenue parameters.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

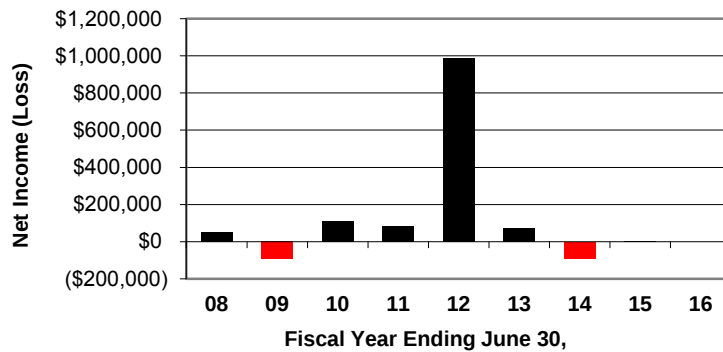
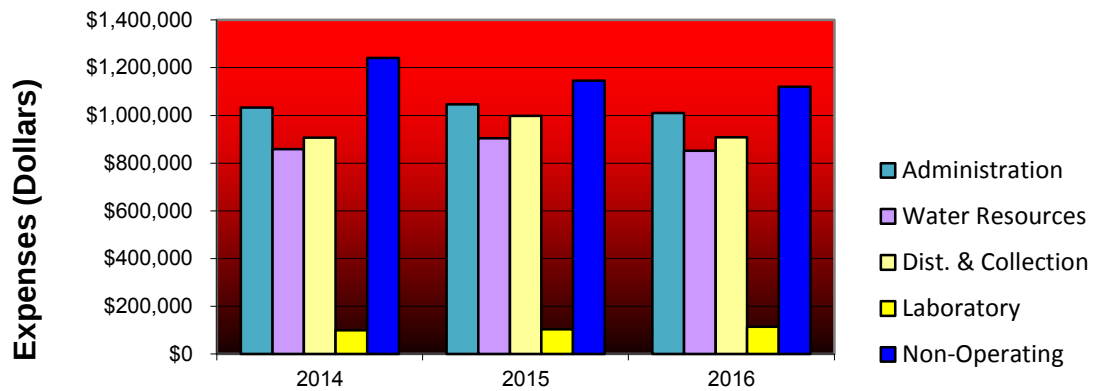
Water and Sewer Fund

Fund Highlights

Water & Sewer Fund - Expenses by Type



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



**Water and Sewer Fund
Change in Net Assets
Last Ten Fiscal Years**

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
<u>Expenses</u>				
Administration				
Salaries and Wages	\$354,207	\$355,000	\$345,000	\$345,000
Fringes	167,405	175,000	181,200	160,000
Office Supplies	16,204	12,000	12,000	12,000
Postage	23,081	21,000	21,000	21,000
Safety Supplies	4,876	4,500	4,800	4,800
Contractual Services	17,146	20,000	20,000	20,000
Engineering Fees	6,513	15,000	18,000	18,000
Audit	6,000	6,000	4,000	4,000
G.I.S. Contractual Services	24,287	28,000	36,000	35,000
Legal Fees	56,223	40,000	10,000	10,000
State Mandated Fees	15,633	20,000	20,000	21,000
Data Processing	47,500	50,000	50,000	47,500
Liability Insurance	30,000	30,000	30,000	30,000
Dues & Publications	3,684	2,500	2,500	2,500
Telephone	6,913	6,800	7,000	7,000
Alarm Systems	2,552	2,800	4,700	3,000
Travel & Education - Salary	5,746	6,500	7,000	7,000
Travel & Education - Hourly	4,157	5,000	5,500	5,500
Vehicle Repair & Maintenance	225	1,000	1,000	1,000
Employee Safety	3,500	3,500	3,500	5,000
Bad Debt Expense	0	0	1,000	1,000
Property Taxes	0	0	7,500	7,500
Administration - City	234,000	240,000	240,000	240,000
Public Relations	3,428	2,000	2,500	2,500
Total Administration	\$1,033,280	\$1,046,600	\$1,034,200	\$1,010,300

Cost and Expense Analysis

Administration

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

PERFORMANCE MEASURES - WATER RESOURCES DIVISION

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Number of Customers - Sewer		3,581	3,604	3,580	3,580	↔
Miles of Sewer Main		51	51	51	51	↔
Number of Water Resources FTE		7	7	7	7	↔
Water Resources service connections per FTE		512	515	511	511	↔
Millions of Gallons Treated per Day		2.620	2.373	2.500	2,500	↔
Industrial Monitoring and Pretreatment Discharge permits		20	20	20	20	↔
Rate Increase - Sewer		0.00%	0.00%	0.00%	3.00%	↑
Number of NPDES Permit Violations		0	8	0	0	↔

Water Resources Division Responsibilities:

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

Objective:

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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Expenses (Cont.)

Water Resources Division:

Preliminary Treatment

Salaries and Wages	\$13,018	\$15,000	\$14,000	\$14,000
Fringes	6,576	8,000	7,700	7,500
Operating Supplies	1,256	800	800	800
Utilities	3,361	3,500	3,000	3,000
Repair & Maintenance	2,053	2,000	2,000	2,000
Total	\$26,264	\$29,300	\$27,500	\$27,300

Primary Treatment

Salaries and Wages	\$12,827	\$18,000	\$14,000	\$14,000
Fringes	6,597	9,500	7,700	7,500
Operating Supplies	480	1,500	1,500	1,000
Repair & Maintenance	2,182	1,000	1,800	1,500
Total	\$22,086	\$30,000	\$25,000	\$24,000

Secondary Treatment

Salaries and Wages	\$23,173	\$20,000	\$13,000	\$13,000
Fringes	12,037	11,000	7,200	6,700
Operating Supplies	1,179	500	1,200	1,200
Utilities	84,018	85,000	61,000	75,000
Repair & Maintenance	4,982	6,500	4,000	4,000
Total	\$125,389	\$123,000	\$86,400	\$99,900

Cost and Expense Analysis

Preliminary Treatment

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

Primary Treatment

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

Secondary Treatment

Secondary treatment includes aeration tanks with fine bubble diffusers that have air supplied by centrifugal blowers, secondary clarifiers, and a return sludge system. Primary effluent flows in the aeration tanks where it is mixed with return sludge that provides the bacteria for treatment. After eight hours of aeration, the mixed liquor is settled in the secondary clarifiers, then returned to the aeration tanks to continue the cycle. The secondary treatment process provides 85-90% removal of pollutants.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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Expenses (Cont.)

Water Resources Division (Cont.)

Tertiary Treatment

Salaries and Wages	\$20,790	\$20,000	\$13,000	\$16,000
Fringes	10,646	12,000	7,200	8,500
Operating Supplies	3,307	8,000	4,500	4,500
Utilities	63,123	60,000	37,000	55,000
Repair & Maintenance	5,962	8,500	8,500	8,500
Total	\$103,828	\$108,500	\$70,200	\$92,500

Sludge Treatment

Salaries and Wages	\$26,202	\$22,000	\$22,000	\$22,000
Fringes	13,259	12,000	12,100	11,700
Operating Supplies	4,426	1,500	2,000	2,000
Laboratory	5,390	5,000	5,000	5,000
Injection Contract Cost	33,314	90,000	45,000	45,000
Utilities	20,601	19,000	20,000	20,000
Repair & Maintenance	8,856	6,000	6,000	6,000
Total	\$112,048	\$155,500	\$112,100	\$111,700

Nutrient Removal

Salaries and Wages	\$18,132	\$16,000	\$10,400	\$13,400
Fringes	9,566	8,500	5,800	7,200
Operating Supplies	1,937	500	700	700
Chemicals	42,430	38,000	41,000	41,000
Repair & Maintenance	11,014	13,000	9,500	9,500
Total	\$83,079	\$76,000	\$67,400	\$71,800

Cost and Expense Analysis

Tertiary Treatment

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

Sludge Treatment and Disposal

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

Cost and Expense Analysis

Nutrient Removal

Nutrient removal consists of phosphorus and ammonia removal from the wastewater. Both compounds are fertilizers that would promote weed growth and eutrophication of the receiving stream if discharged in excessive amounts. Phosphorus is removed by the addition of ferric chloride. The majority of ammonia is converted in the secondary treatment process. Any remaining ammonia is converted to nitrate by microbes that oxidize the ammonia as the water passes through the RBC's.

Buildings and Grounds

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



Wastewater Treatment Facility

Water and Sewer System - 15 Largest Users

<u>Customer</u>	2014 Usage and Billing				
	Cubic Feet		Gallons		Total Billing
	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	
Avon Rubber & Plastics	15,223,400	12,273,800	113,871,032	91,808,024	\$417,405
Cadillac Castings	16,555,900	7,606,500	123,838,132	56,896,620	\$293,262
AAR Cadillac Manufacturing	10,416,500	7,530,400	77,915,420	56,327,392	\$268,375
Country Acres	1,106,800	1,106,800	8,278,864	8,278,864	\$66,562
Piranha Hose	1,924,600	1,924,600	14,396,008	14,396,008	\$61,895
Mercy Hospital	1,214,500	1,214,500	9,084,460	9,084,460	\$56,857
Borg-Warner	1,425,600	1,425,600	10,663,488	10,663,488	\$49,212
Cadillac Renewable Energy	0	1,078,100	0	8,064,188	\$38,423
Pheasant Ridge	1,050,500	1,050,500	7,857,740	7,857,740	\$33,928
Michigan Rubber Products	711,000	711,000	5,318,280	5,318,280	\$31,229
Four Winns	593,700	593,700	4,440,876	4,440,876	\$26,303
Paulstra CRC	460,500	460,500	3,444,540	3,444,540	\$20,638
Leisure Park	397,400	397,400	2,972,552	2,972,552	\$13,439
Kolarevic Car Wash	312,400	312,400	2,336,752	2,336,752	\$11,707
Rexair, Inc.	123,300	123,300	922,284	922,284	\$9,677
	51,516,100	37,809,100	385,340,428	282,812,068	\$1,398,912

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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Expenses (Cont.)

Water Resources Division (Cont.)

Effluent Disposal

Salaries and Wages	\$15,647	\$14,000	\$12,000	\$13,000
Fringes	8,443	7,500	6,600	6,900
Operating Supplies	2,634	2,000	2,400	2,400
Plant Lab Supplies	5,661	5,500	6,000	6,000
Chemicals	459	500	500	500
Contracted Laboratory	7,246	10,000	10,000	9,000
Utilities	16,804	16,500	14,500	15,500
Repair & Maintenance	3,850	4,000	3,500	3,500
Total	\$60,744	\$60,000	\$55,500	\$56,800

Building & Grounds

Salaries and Wages	\$70,913	\$75,000	\$95,500	\$95,500
Salaries - Part Time	6,631	6,500	9,000	9,000
Fringes	35,418	40,000	57,500	55,500
Operating Supplies	34,458	35,000	35,000	35,000
Utilities	24,872	20,000	20,000	20,000
Repair & Maintenance	13,971	12,000	12,000	12,000
Total	\$186,263	\$188,500	\$229,000	\$227,000

Industrial Surveillance

Salaries and Wages	\$6,187	\$7,500	\$10,400	\$9,400
Fringes	3,489	4,000	5,800	5,000
Operating Supplies	970	500	1,000	1,000
Laboratory	1,878	2,500	3,000	3,000
Repair & Maintenance	951	1,100	1,100	1,000
Total	\$13,475	\$15,600	\$21,300	\$19,400

Cost and Expense Analysis

Effluent Disposal

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



Industrial Surveillance

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
<u>Expenses (Cont.)</u>				
Water Resources Division (Cont.)				
Lift Station - Sanitary				
Salaries and Wages	\$15,339	\$16,000	\$18,100	\$18,100
Fringes	8,120	8,500	10,000	9,600
Operating Supplies	8,726	10,000	9,500	9,500
Disposal Fees	1,463	1,200	1,500	1,500
Utilities	43,719	45,000	40,000	44,000
Repair & Maintenance	14,166	15,000	13,000	14,000
Total	\$91,533	\$95,700	\$92,100	\$96,700
Vehicles				
Salaries and Wages	\$228	\$500	\$700	\$700
Fringes	92	200	400	400
Operating Supplies	1,115	800	500	800
Fuel Costs	15,152	12,000	13,000	14,000
Repair & Maintenance	17,800	8,000	9,000	9,000
Total	\$34,387	\$21,500	\$23,600	\$24,900
Total Water Resources Division	\$859,096	\$903,600	\$810,100	\$852,000

Cost and Expense Analysis

Lift Stations

Lift stations includes operation and maintenance of the plant lift station, plus five major and six minor lift stations. These facilities are used to lift up sewage by pump from deep sewers to higher points in the gravity system so that it can flow to the wastewater treatment plant for treatment.



Vehicles

Several vehicles and over-the-road pieces of equipment are used in plant operations, lift station operation and maintenance, and building and grounds maintenance. Costs of maintenance and fuel are included in this department.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

PERFORMANCE MEASURES - WATER DISTRIBUTION AND COLLECTION DIVISION

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Number of Customers - Water		3,553	3,578	3,550	3,550	↔
Miles of Water Main		74	74	74	74	↔
Number of Distribution and Collection FTE		7	7	7	7	↔
Water Service Connections per FTE		508	511	507	507	↔
Millions of Gallons Pumped per Day		2.064	2.076	2.100	2.100	↔
Total Calls for Service		1,067	1,296	1,050	1,050	↔
Total Calls for Service Per FTE		152	185	150	150	↔
MISS-DIG Responses		500	895	650	650	↑
Meter Repairs		129	112	135	135	↔
New Meter Installations		8	8	10	10	↔
Feet of Sanitary Sewers Cleaned		28,673	22,991	30,000	35,000	↑

Distribution and Collection Division Purpose:

This division is responsible for the operation of the public water system, sanitary sewer system and storm sewer system. The public water system supplies water to nearly 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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
<u>Expenses (Cont.)</u>				
Distribution & Collection Division				
Building & Water Tank				
Salaries and Wages	\$4,871	\$5,000	\$4,000	\$5,000
Salaries - Part Time	3,877	3,500	4,500	4,500
Fringes	2,834	3,200	4,700	5,100
Operating Supplies	11,088	11,000	14,500	13,500
Repair & Maintenance	65	1,000	1,500	1,300
Total	\$22,735	\$23,700	\$29,200	\$29,400
Pumping Station				
Salaries and Wages	\$8,832	\$6,500	\$4,700	\$5,200
Fringes	3,761	3,500	2,600	2,800
Operating Supplies	12,880	10,000	10,000	10,000
Chemicals	5,478	20,000	28,500	28,500
Laboratory Control	20,691	15,000	18,000	18,000
Utilities	197,613	190,000	155,000	185,000
Repair & Maintenance	2,676	1,500	2,500	2,500
Total	\$251,931	\$246,500	\$221,300	\$252,000
Wells & Well Field				
Salaries and Wages	\$10,580	\$12,000	\$10,000	\$10,000
Fringes	5,601	6,500	5,500	5,300
Operating Supplies	4,371	6,500	5,000	5,000
Wellhead Protection	1,111	500	2,000	2,000
Contractual Services	17,180	20,000	25,000	25,000
Repair & Maintenance	6,467	8,000	10,500	9,500
Special Projects	0	0	0	0
Total	\$45,310	\$53,500	\$58,000	\$56,800

Cost and Expense Analysis

Buildings and Water Tank

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

Pumping Station

The City's pumping station metered and chlorinated in excess of 760 million gallons of water in 2012. This was up slightly from 2011, but still about 10% below the levels of several years ago. Much of this decrease was attributed to the impact of the economy on local usage patterns. Vacant homes and idle businesses use little or no water, thereby decreasing total flow in the City's system. The costs of chemicals and utilities are the pumping stations' major costs.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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Expenses (Cont.)

Distribution & Collection Division (Cont.)

General Street Expense

Salaries and Wages	\$416	\$700	\$700	\$700
Fringes	267	400	400	400
Operating Supplies	3,210	3,000	3,000	3,000
Contractual Services	12,188	12,500	16,000	15,000
Total	\$16,081	\$16,600	\$20,100	\$19,100

Meter Reading & Delinquent Accounts

Salaries and Wages	\$13,675	\$17,000	\$16,500	\$16,500
Fringes	7,239	9,000	10,000	8,800
Operating Supplies	0	300	300	300
Total	\$20,914	\$26,300	\$26,800	\$25,600

Meter Operations & Maintenance

Salaries and Wages	\$123,555	\$120,000	\$100,000	\$120,000
Fringes	68,727	60,000	55,000	63,600
Operating Supplies	44,288	60,000	26,000	85,000
Total	\$236,570	\$240,000	\$181,000	\$268,600

Customer Service

Salaries and Wages	\$18,267	\$17,000	\$25,000	\$22,000
Fringes	10,236	9,000	13,800	11,700
Total	\$28,503	\$26,000	\$38,800	\$33,700

Maintenance - Mains & Hydrants

Salaries and Wages	\$30,291	\$40,000	\$42,000	\$42,000
Fringes	16,372	23,000	23,500	22,300
Operating Supplies	22,462	20,000	21,500	21,500
Contractual Services	7,135	75,000	3,500	3,500
Total	\$76,260	\$158,000	\$90,500	\$89,300

Cost and Expense Analysis

General Street Expense

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

Meter Reading & Delinquent Accounts

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

Customer Services

Many types of service calls are responded to in the course of a year. MISS-DIG is also a call this department responds to for construction needs when a user needs to know the location of water and sewer mains, or any other infrastructure located beneath the ground. Responses to water quality complaints and various other customer service issues are accounted for under this heading.

Maintenance - Mains and Hydrants

The City maintains 477 fire hydrants. All fire hydrant records and histories are computerized. The General Fund contributes \$50 per fire hydrant as a ready-to-serve charge. The City replaces water mains annually as streets are torn up to be resurfaced.

Water Supply Statistics				
	Gallons Pumped	Gallons Sold	% Lost (1)	Customers
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
2008	840,240,000	731,961,000	12.90	3,544
2009	737,164,500	634,869,338	13.90	3,497
2010	743,793,507	667,112,042	10.31	3,474
2011	731,875,000	665,734,212	9.04	3,504
2012	762,732,000	695,207,656	8.85	3,551
2013	753,696,000	676,170,000	10.29	3,553
2014	757,791,760	675,181,452	10.90	3,578

(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 2014 was 10.90%, below the acceptable range of 10-15% for public water supplies. Water loss occurs from meter variances, worn meters, water used for fire purposes, water lost through system flushing, and water lost during run water situations in the winter.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
<u>Expenses (Cont.)</u>				
Distribution & Collection Division (Cont.)				
New Water Service				
Salaries and Wages	\$994	\$3,500	\$2,500	\$2,500
Fringes	523	1,800	1,400	1,400
Operating Supplies	7,806	10,000	12,000	10,000
Contractual Services	89	1,000	1,200	1,200
Total	\$9,412	\$16,300	\$17,100	\$15,100
Water Service Maintenance				
Salaries and Wages	\$25,840	\$25,000	\$5,000	\$7,000
Fringes	12,618	13,000	2,800	3,800
Operating Supplies	4,197	3,000	3,000	3,000
Damage Contractual Services	31,010	50,000	0	0
Repair & Maintenance	607	5,000	500	500
Total	\$74,272	\$96,000	\$11,300	\$14,300
Sanitary Sewer				
Salaries and Wages	\$34,272	\$30,000	\$30,000	\$30,000
Fringes	17,667	15,500	16,500	16,000
Operating Supplies	10,240	10,000	10,000	10,000
Contractual	6,451	9,500	9,500	9,500
Damage Contractual Services	0	500	1,000	1,000
Repair & Maintenance	80	1,000	1,000	1,000
Total	\$68,710	\$66,500	\$68,000	\$67,500
Vehicles				
Salaries and Wages	\$151	\$500	\$800	\$700
Fringes	110	200	500	400
Operating Supplies	2,809	3,000	2,500	2,500
Fuel & Oil	20,683	13,000	18,000	18,000
Repair & Maintenance	32,384	12,000	15,000	15,000
Total	\$56,137	\$28,700	\$36,800	\$36,600
Total Distribution and Collection	\$906,835	\$998,100	\$798,900	\$908,000

Cost and Expense Analysis

Sanitary Sewer

This section includes equipment used to clean sanitary sewer, along with the related costs of labor, repairs and maintenance. It also includes costs for outside contractors to do TV inspections. This important maintenance activity has decreased over the last couple of years due to the limited availability of maintenance labor.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
<u>Expenses (Cont.)</u>				
Laboratory Division				
General Laboratory				
Salaries and Wages	\$23,698	\$26,000	\$28,000	\$28,000
Fringes	15,285	15,000	15,400	14,900
Operating Supplies	12,474	13,500	14,500	14,500
Repair & Maintenance	1,550	2,100	2,100	2,100
Equipment Rental	450	500	500	500
Research & Development	200	1,500	1,500	1,500
Total	\$53,657	\$58,600	\$62,000	\$61,500
Contract Laboratory				
Salaries and Wages	\$17,132	\$16,000	\$14,000	\$17,000
Fringes	10,850	9,000	7,700	9,100
Operating Supplies	15,104	14,500	14,700	19,000
Repair & Maintenance	2,226	5,000	5,600	5,600
Equipment Rental	0	0	500	500
Research & Development	108	200	1,000	1,000
Total	\$45,420	\$44,700	\$43,500	\$52,200
Total Laboratory Division	99,077	103,300	105,500	113,700
Non-Operating				
Interest Expense	\$266,008	\$225,000	\$225,000	\$200,000
Bond Issuance Costs	56,421	0	0	0
Depreciation	917,646	920,000	925,000	920,000
Total	\$1,240,075	\$1,145,000	\$1,150,000	\$1,120,000
TOTAL EXPENSES	\$4,138,363	\$4,196,600	\$3,898,700	\$4,004,000

Non-Operating

Three revenue bond issues comprise the interest activity:

2013 Revenue Refunding Bond: Interest payments September 1, 2015 and March 1, 2016 total \$99,428.

2007 State of Michigan SRF Loan: Interest payments October 1, 2015 and April 1, 2016 total \$44,528.

2011 State of Michigan DWRF Loan: Interest payments October 1, 2015 and April 1, 2016 total \$51,096.

Depreciation has increased based on several significant capital investments. The \$4 million upgrade project at the Wastewater Treatment facility was completed in 2009, Phase I of the well field relocation project is being depreciated as of FY2013, and other capital equipment purchases have taken place as well. It is calculated based on annual depreciation schedules using the straight-line method of depreciation.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

PERFORMANCE MEASURES - LABORATORY DIVISION

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Number of Laboratory Analyses Performed		33,906	33,826	35,000	35,000	↑
Charges for Services - Laboratory		\$82,707	\$88,192	\$80,000	\$80,000	↔
Number of Laboratory FTE		3	3	3	3	↔
Analyses Performed per FTE		11,302	11,275	11,667	11,667	↑

Cost and Expense Analysis

Laboratory Services Division

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

Analyses Performed:	2009	2010	2011	2012	2013	2014
Lead and Copper	30	31	45	41	37	24
Metals	8,122	8,202	8,345	7,402	7,034	7,034
Volatile Organic	72	72	72	12	87	72
Bacterial Testing	1,506	1,952	1,937	1,880	1,748	1,696
Wet Chemistry	24,550	25,000	25,500	25,500	25,000	25,000

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.



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

Source and Use of Funds For Capital Improvements

FY2016

Source of Funds

State of Michigan Drinking Water Revolving Fund	500,000	
Investments - Unrestricted	893,000	
		<u>\$1,393,000</u>

Total Source of Funds

Use of Funds

Anticipated Capital Investment

Evert Street	50,000
Holly Road	40,000
E. Garfield Street	40,000
Simons Street	40,000
Selma Street	90,000
Aldrich Street	40,000
W. Division Street	95,000
Channel Monster	75,000
Manhold Rehabilitation	25,000
Raw/Primary Sampler Replacement	10,000
Water Tower Painting	350,000
Service Truck	26,000
Wastewater Parking Lot Maintenance	12,000
Water Supply Improvements	<u>500,000</u>

Total Use of Funds

\$1,393,000

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.



Manhole Replacement

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

Cash Flow Analysis

FY2016

Additions

Net Income from Operations	\$0	
DWRF Loan Funds	500,000	
Depreciation	920,000	
Total Additions		1,420,000

Deductions

Principal Payments (1)	\$550,000	
Capital Improvements	1,393,000	
Total Deductions		1,943,000

Net Increase (Decrease) of Available Cash	<u><u>(\$523,000)</u></u>
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Footnotes:

(1) Principal payments include:

2013 Revenue Refunding Bond

September 1, 2015	275,000	
September 1, 2015 (2.70%)		51,570
March 1, 2016 (2.70%)		47,858

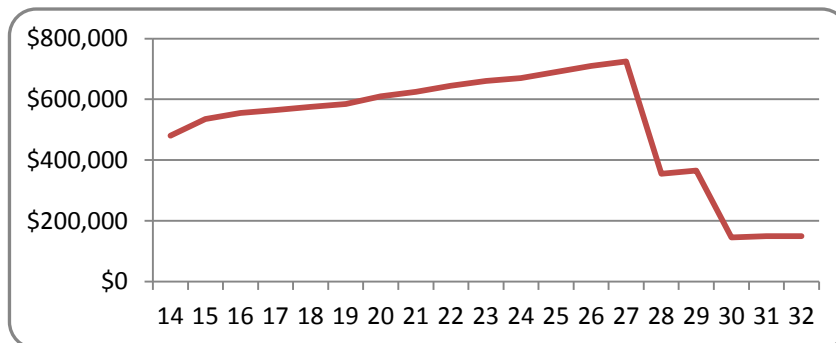
2007 State of Michigan SRF Loan

October 1, 2015	180,000	
October 1, 2015 (1.625%)		22,995
April 1, 2016 (1.625%)		21,533

2011 State of Michigan DWRF Loan

April 1, 2016	95,000	
October 1, 2015 (2.50%)		25,548
April 1, 2016 (2.50%)		25,548

Total Debt Payments	<u>\$550,000</u>	<u>\$195,052</u>	\$745,052
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Water and Sewer System
Future Debt Principal Payments

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

Water and Sewer Rates

Rates and Charges proposed as of July 1, 2015

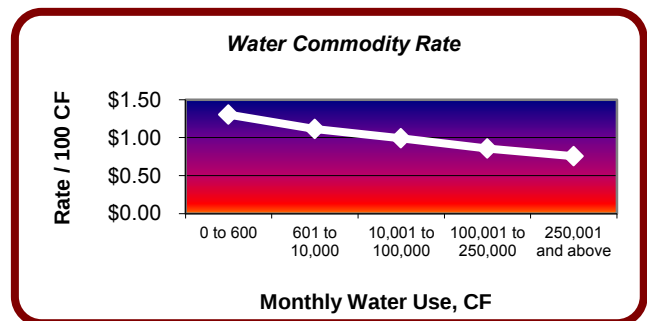
Ready to serve charge

<u>Meter Size</u>	<u>Water</u>	<u>Wastewater</u>
5/8"	\$6.23	\$10.05
3/4"	\$9.17	\$15.10
1"	\$15.28	\$25.15
1-1/2"	\$30.62	\$50.31
2"	\$48.84	\$80.51
3"	\$106.96	\$176.25
4"	\$183.36	\$301.96
6"	\$382.06	\$629.19
8"	\$550.15	\$906.00

Commodity Charge

Volume (Cubic Feet - CF)

0 to 600	\$1.30	
601 to 10,000	\$1.11	
10,001 to 100,000	\$0.99	
100,001 to 250,000	\$0.85	
250,001 and above	\$0.75	
Per 100 cubic feet per month		\$2.33



Unmetered Users (Flat Rate)

1. Monthly room charge (Living, Dining, Bedroom and Kitchens)	
1 to 3 rooms	\$8.69
4 to 6 rooms	\$9.75
7 to 8 rooms	\$11.51
Each additional room	\$1.59
2. Additional for each bathtub and shower	
	\$4.16
3. Additional for each toilet	
	\$4.59

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

Continuing Disclosure Information

Revenue as Billed By Meter Classification

Fiscal Year Ended June 30, 2014

<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	\$109	0.01	\$49,375	2.23
5/8"	557,797	42.76	828,790	37.36
3/4"	2,949	0.23	2,602	0.12
1"	80,739	6.19	88,609	3.99
1-1/2"	87,394	6.70	115,600	5.21
2"	195,190	14.96	467,339	21.07
3"	34,614	2.65	68,314	3.08
4"	186,639	14.31	313,540	14.13
6"	138,887	10.65	265,873	11.99
8"	20,015	1.53	18,254	0.82
	<u>\$1,304,333</u>	<u>100.00</u>	<u>\$2,218,296</u>	<u>100.00</u>

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

Last Ten Fiscal Years

Fiscal Year	Meter Classification								
	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	6"	8"
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
2008	8.35	12.55	20.90	41.75	66.85	146.30	250.65	522.25	752.00
2009	8.55	12.85	21.40	42.80	68.50	149.95	256.90	535.30	770.80
2010	8.93	13.43	22.36	44.73	71.58	156.70	268.46	559.39	805.49
2011	9.34	14.03	23.37	46.74	74.80	163.75	280.54	584.56	841.73
2012	9.76	14.66	24.42	48.84	78.17	171.12	293.17	610.87	879.61
2013	9.76	14.66	24.42	48.84	78.17	171.12	293.17	610.87	879.61
2014	9.76	14.66	24.42	48.84	78.17	171.12	293.17	610.87	879.61
2015	9.76	14.66	24.42	48.84	78.17	171.12	293.17	610.87	879.61

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*

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

Continuing Disclosure Information (Continued)

Monthly Ready-To-Serve Charge For Fire Protection
Fiscal Year Ended June 30, 2015

<u>Line Size</u>	<u>Monthly Ready-To-Serve Charge</u>
3/4"	\$2.23
1"	\$3.82
1-1/2"	\$7.58
2"	\$12.23
3"	\$26.56
4"	\$45.67
6"	\$95.32
8"	\$137.34
10"	\$221.21
12"	\$327.88

Monthly Water Supply Ready-To-Serve Charge By Meter Classification
Last Ten Fiscal Years

Fiscal Year	Meter Classification								
	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	6"	8"
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
2008	5.15	7.60	12.70	25.40	40.55	88.80	152.20	317.10	456.65
2009	5.30	7.80	13.00	26.05	41.55	91.00	156.00	325.05	468.05
2010	5.54	8.15	13.59	27.22	43.42	95.10	163.02	339.68	489.11
2011	5.79	8.52	14.20	28.45	45.37	99.37	170.36	354.96	511.12
2012	6.05	8.90	14.84	29.73	47.42	103.85	178.02	370.94	534.12
2013	6.05	8.90	14.84	29.73	47.42	103.85	178.02	370.94	534.12
2014	6.05	8.90	14.84	29.73	47.42	103.85	178.02	370.94	534.12
2015	6.05	8.90	14.84	29.73	47.42	103.85	178.02	370.94	534.12

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*

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Water and Sewer Fund

Continuing Disclosure Information (Continued)

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

Fiscal Year	Water Supply Customers		Wastewater Treatment Customers	
	Number	Percent of Change	Number	Percent of Change
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)
2008	3,544	0.77	3,592	0.79
2009	3,496	(1.35)	3,541	(1.42)
2010	3,474	(0.63)	3,527	(0.40)
2011	3,497	0.66	3,542	0.43
2012	3,551	1.54	3,582	1.13
2013	3,553	0.06	3,581	(0.03)
2014	3,578	0.70	3,604	0.64

Average Number of Water Supply and Wastewater Treatment Customers By Meter Classification
Fiscal Year Ended June 30, 2014

Meter Classification	Average Customers	
	Water Supply	Wastewater Treatment
Unmetered	2	159
5/8"	3,232	3,160
3/4"	8	8
1"	139	112
1-1/2"	89	76
2"	81	66
3"	9	9
4"	12	10
6"	5	3
8"	1	1
	<u>3,578</u>	<u>3,604</u>

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Special Revenue Funds Summary

Special Revenue Funds Summary

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

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

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

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.

Lake Treatment Fund - The fund is established for collection of an added voted millage dedicated for the eradication of Eurasian water milfoil and other invasive aquatic species in Lake Cadillac.

H. L. Green Operating Fund – This fund was established to account for the rental and sale of the H. L. Green building in downtown Cadillac.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Special Revenue Funds Summary

Special Revenue Funds Summary

FY2016

	Major Street Fund	Local Street Fund	Cemetery Operating Fund	Naval Reserve Center Fund
REVENUES				
Interest Income		\$500		
Interest Income-Loan				
Intergovernmental Revenue	\$751,000	207,000		
Rental				\$12,100
Charges for Services			\$52,000	
Local Funds		60,000		\$10,400
General Fund		325,000	75,000	
Property Taxes				
Surplus				
TOTAL REVENUES	\$751,000	\$592,500	\$127,000	\$22,500
EXPENDITURES				
Operating Expenditures	\$635,200	475,300	\$126,800	\$22,500
Community Development				
Capital Outlay				
Debt Service				
Transfer Out	78,200	68,300		
TOTAL EXPENDITURES	\$713,400	\$543,600	\$126,800	\$22,500
Fund Balance				
Change in Fund Balance (1)	\$37,600	\$48,900	\$200	\$0
Fund Balance - Beginning of Year	287,399	207,676	22,204	3,865
Fund Balance - End of Year	\$324,999	\$256,576	\$22,404	\$3,865

(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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Special Revenue Funds Summary

Special Revenue Funds Summary (Continued)

FY2016

	Cadillac Development Fund	Lake Treatment Fund	H.L. Green Operating Fund	Total
REVENUES				
Interest Income	\$10,000	\$1,500	\$1,000	\$13,000
Interest Income-Loan	\$13,000			13,000
Intergovernmental Revenue				958,000
Rental				12,100
Charges for Services				52,000
Local Funds				70,400
General Fund				400,000
Property Taxes				0
Surplus	40,900	100,000		140,900
TOTAL REVENUES	\$63,900	\$101,500	\$1,000	\$1,659,400
EXPENDITURES				
Operating Expenditures	\$30,000	\$101,500		\$1,391,300
Community Development	33,900			33,900
Capital Outlay				0
Debt Service				0
Transfer Out				146,500
TOTAL EXPENDITURES	\$63,900	\$101,500	\$0	\$1,571,700
Fund Balance				
Change in Fund Balance (1)	(40,900)	(100,000)	1,000	(\$53,200)
Fund Balance - Beginning of Year	1,311,266	122,558	115,754	\$2,070,722
Fund Balance - End of Year	\$1,270,366	\$22,558	\$116,754	\$2,017,522

(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.

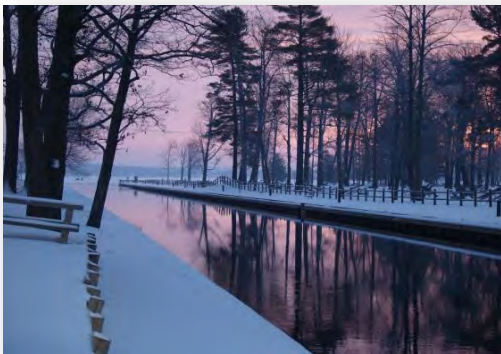
City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Special Revenue Funds Summary

GLIMPSES OF CADILLAC



**SCENES FROM THE LAKE CADILLAC
SHORELINES**



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Major Street Fund

Fund: Major Street Fund

Type: Special Revenue Fund
Oversight: Director of Public Works and Engineering

Nature and Purpose:

Each Michigan city is required to establish a major street fund in compliance with Act 51 of the Public Acts of 1951. The Major Street Fund is designed to support the operation and maintenance of the 21.53 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 and US-131. These highways are maintained for the State of Michigan by the City under a contract with the Michigan Department of Transportation.

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 reimbursed to the City by the State for trunkline maintenance.

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.

PERFORMANCE MEASURES - MAJOR STREET SYSTEM

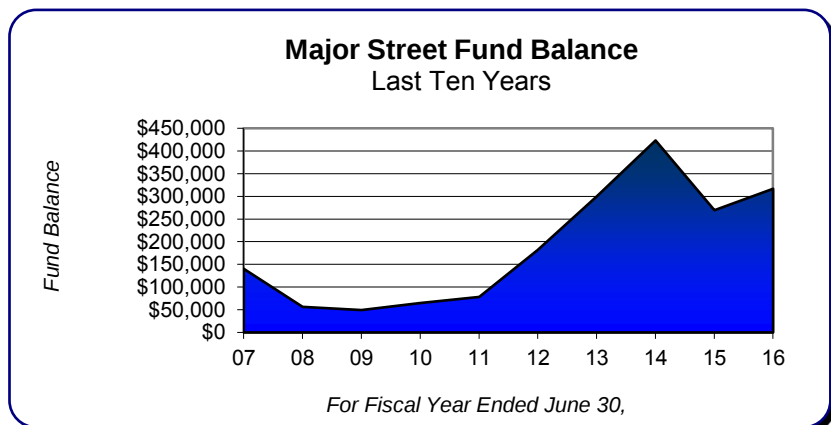
MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Miles of Major Streets		21.53	21.53	21.53	21.53	↔
Miles of State Trunk Line		5.19	5.19	5.19	5.19	↔
Operating Expenditures per Road Mile		\$14,344	\$17,626	\$16,948	\$17,901	↑
Operating Expenditures per Resident		\$30	\$37	\$35	\$37	↑
Hours Spent in Major Street Maintenance		4,785	5,490	5,564	5,077	↔
Cost per Hour of Major Street Maintenance		\$65	\$69	\$66	\$76	↑
Total Winter Maintenance Expenditures		\$133,644	\$180,152	\$149,000	\$135,000	↔
Hours Spent in Winter Maintenance		1,537	2,057	1,600	1,300	↔
Cost per Hour of Winter Maintenance		\$87	\$88	\$93	\$104	↑
Winter Maintenance Expenditures per Mile		\$6,207	\$8,367	\$6,921	\$6,270	↔
Winter Maintenance Expenditures per Resident		\$13	\$17	\$14	\$13	↔
State Trunk Line Maintenance Expenditures		\$146,790	\$172,942	\$159,900	\$184,300	↑
State Trunk Line Maintenance Exp. Per Mile		\$28,283	\$33,322	\$30,809	\$35,511	↑
Total Hours of State Trunk Line Maintenance		1,648	1,384	1,324	2,000	↑

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Major Street Fund

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Motor Vehicle Highway Fund	\$574,759	\$575,000	\$550,000	\$576,000
State Trunkline Maintenance	187,231	159,900	139,000	175,000
State of Michigan	18,055	15,000	0	0
Other Contributions	0	8,000	0	0
Interest Income	15	0	0	0
Surplus	0	0	0	0
Total	\$780,060	\$757,900	\$689,000	\$751,000
Expenditures				
Construction	\$2,062	\$230,000	\$237,500	\$7,500
Surface Maintenance	40,467	42,500	58,700	64,000
Sweeping and Flushing	20,514	22,600	23,800	19,800
Forestry	37,023	51,500	53,500	67,800
Catch Basin	32,818	35,000	34,600	33,100
Drainage	22,416	18,300	21,100	16,500
Traffic Services	46,101	54,000	63,500	57,200
Winter Maintenance	180,152	146,000	138,100	135,000
Administration	102,001	133,900	124,300	128,200
State Trunkline	172,942	159,900	139,000	184,300
Total	\$656,496	\$893,700	\$894,100	\$713,400
Fund Balance				
Net Change in Fund Balance	\$123,564	(\$135,800)	(\$205,100)	\$37,600
Fund Balance - Beginning of Year	299,635	423,199	423,199	287,399
FUND BALANCE AT YEAR END	\$423,199	\$287,399	\$218,099	\$324,999

Major Street Fund Balance



City of Cadillac, Michigan

2015-2016 Annual Operating Budget

Major Street Fund

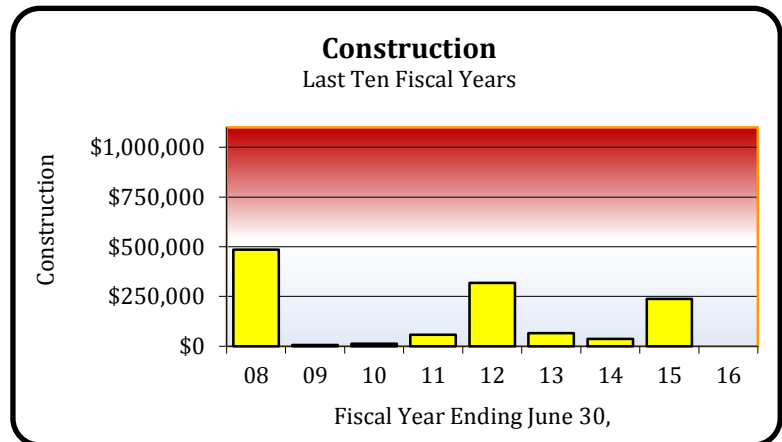
Revenue Details

The major source of revenue is the gas and weight taxes collected by the State of Michigan and shared with local units of government. The formula received by cities is based on miles of streets, population and a factor placed by the State. For FY2016, the revenue is based on the projection of funding anticipated for the current fiscal year. The second major source of revenue is for the state trunkline contract. This revenue item should equal the amount of expenditures for trunkline maintenance.

Cost and Expenditure Details

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. Funds for street construction projects have continued to decline, as evidenced by the trend seen on the construction chart to the right.



FY2016 Proposed Construction

Street Sign Replacement

Cost

\$7,500

\$7,500

Other Expenditure Details

Administrative Salaries represents 40% of Street Superintendent Ken Payne.

Transfers Out reflect the transfer to a debt service fund to cover principal and interest payments on debt obligations of the system. Current transfer is for debt service related to the 2004 GO Capital Improvement Bonds.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Major Street Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
<u>Expenditures</u>				
Construction				
Contractual Services	\$2,062	\$230,000	\$237,500	\$7,500
Surface Maintenance				
Salaries and Wages	\$14,022	\$14,000	\$17,000	\$16,000
Fringes	7,583	7,500	9,700	9,000
Operating Supplies	8,959	9,000	15,000	24,000
Equipment Rental	9,903	12,000	17,000	15,000
Total Surface Maintenance	\$40,467	\$42,500	\$58,700	\$64,000
Sweeping and Flushing				
Salaries and Wages	\$2,825	\$3,000	\$3,000	\$3,000
Fringes	1,991	1,600	1,800	1,800
Operating Supplies	1,431	0	0	0
Equipment Rental	14,267	18,000	19,000	15,000
Total Sweeping and Flushing	\$20,514	\$22,600	\$23,800	\$19,800
Forestry				
Salaries and Wages	\$9,444	12,500	\$12,700	\$18,500
Fringes	4,595	7,000	7,500	10,800
Operating Supplies	5,052	4,000	4,800	5,000
Contractual Services	4,213	7,000	6,000	8,000
Travel	65	500	500	500
Repair and Maintenance	1,540	3,000	4,000	3,000
Equipment Rental	12,114	17,500	18,000	22,000
Total Forestry	\$37,023	\$51,500	\$53,500	\$67,800
Catch Basin				
Salaries & Wages	\$9,088	\$11,000	\$13,000	\$10,000
Fringes	4,241	5,500	7,600	5,100
Operating Supplies	3,438	1,500	2,000	2,000
Contractual Services	0	1,000	2,000	0
Equipment Rental	16,051	16,000	10,000	16,000
Total Catch Basin	\$32,818	\$35,000	\$34,600	\$33,100
Drainage				
Salaries and Wages	\$8,899	\$6,500	\$7,500	\$5,500
Fringes	4,808	3,500	4,300	3,000
Operating Supplies	1,734	300	300	0
Contractual Services	0	3,500	5,000	4,000
Equipment Rental	6,975	4,500	4,000	4,000
Total Drainage	\$22,416	\$18,300	\$21,100	\$16,500

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Major Street Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
<u>Expenditures (Continued)</u>				
Traffic Services				
Salaries and Wages	\$11,025	\$14,000	\$15,500	\$12,500
Fringes	6,505	8,500	9,000	7,200
Operating Supplies	10,371	10,000	15,000	15,000
Contractual	13,872	13,000	16,000	15,000
Equipment Rental	4,328	8,500	8,000	7,500
Total Traffic Services	\$46,101	\$54,000	\$63,500	\$57,200
Winter Maintenance				
Salaries and Wages	\$33,133	\$28,000	\$25,000	\$20,000
Fringes	16,803	16,000	15,100	12,000
Operating Supplies	39,864	27,000	20,000	28,000
Equipment Rental	90,352	75,000	78,000	75,000
Total Winter Maintenance	\$180,152	\$146,000	\$138,100	\$135,000
Administration				
Salaries and Wages	\$22,255	\$35,000	\$25,000	\$26,000
Fringes	9,646	13,000	12,500	13,000
Office Supplies	0	100	0	0
Audit	1,500	1,000	1,500	1,000
Operating Supplies	2,951	0	0	2,500
Equipment Rental	7,449	7,000	7,500	7,500
Contribution - Local Street	40,000	60,000	60,000	60,000
Transfers Out	18,200	17,800	17,800	18,200
Total Administration	\$102,001	\$133,900	\$124,300	\$128,200
State Trunkline				
Surface Maintenance				
Salaries and Wages	\$4,423	\$500	\$500	\$3,000
Fringes	1,982	300	300	1,800
Operating Supplies	797	1,000	1,000	1,000
Equipment Rental	2,775	1,000	1,500	2,000
Total Surface Maintenance	\$9,977	\$2,800	\$3,300	\$7,800
Sweeping & Flushing				
Salaries and Wages	\$490	\$1,000	\$1,000	\$1,000
Fringes	290	600	600	600
Operating Supplies	266	0	0	0
Equipment Rental	2,764	3,000	2,500	3,500
Total Sweeping & Flushing	\$3,810	\$4,600	\$4,100	\$5,100

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Major Street Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
<u>Expenditures (Cont.)</u>				
State Trunkline (Cont.)				
Shoulder Maintenance				
Salaries and Wages	\$51	\$300	\$0	\$0
Fringes	38	100	0	0
Operating Supplies	16	0	0	0
Equipment Rental	130	100	0	0
Total Shoulder Maintenance	\$235	\$500	\$0	\$0
Traffic Signs				
Utilities	\$1,984	\$2,000	\$8,500	\$2,000
Total Traffic Signs	\$1,984	\$2,000	\$8,500	\$2,000
Trees and Shrubs				
Salaries and Wages	\$0	\$1,500	\$1,500	\$1,000
Fringes	0	600	900	600
Operating Supplies	0	0	0	0
Equipment Rental	0	2,000	1,500	2,000
Total Trees and Shrubs	\$0	\$4,100	\$3,900	\$3,600
Drainage				
Salaries and Wages	\$1,330	\$1,500	\$2,300	\$7,000
Fringes	708	900	1,300	3,800
Operating Supplies	190	0	0	0
Equipment Rental	493	1,000	200	2,000
Total Drainage	\$2,721	\$3,400	\$3,800	\$12,800
Winter Maintenance				
Salaries and Wages	\$20,694	\$21,000	\$15,000	\$25,000
Fringes	10,194	12,000	9,000	15,000
Operating Supplies	45,392	30,000	35,000	43,000
Equipment Rental	50,480	45,000	40,000	50,000
Total Winter Maintenance	\$126,760	\$108,000	\$99,000	\$133,000
Snow Hauling				
Salaries and Wages	\$6,948	\$8,000	\$4,000	\$5,000
Fringes	3,557	4,500	2,400	3,000
Operating Supplies	1,915	2,000	0	2,000
Equipment Rental	15,035	20,000	10,000	10,000
Total Snow Hauling	\$27,455	\$34,500	\$16,400	\$20,000
Total State Trunkline	\$172,942	\$159,900	\$139,000	\$184,300
Total Expenditures	\$656,496	\$893,700	\$894,100	\$713,400

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Major Street Fund

Other Fund Information

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 Avenue 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 Boulevard	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
South Street	S. Lake Street	S. Mitchell Street	708

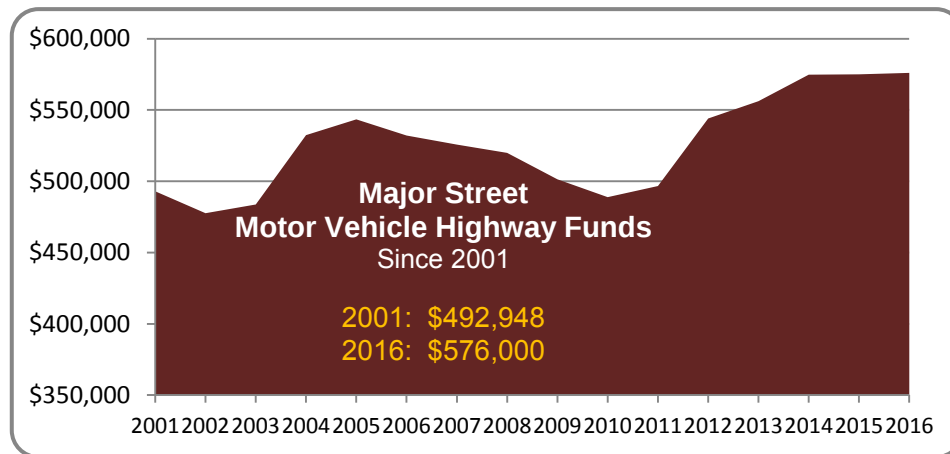
City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Major Street Fund

<i>Streets in the Major Street System (Continued)</i>			
W. Bremer Street	<i>N. Mitchell Street</i>	<i>N. Lake Street</i>	653
Spruce Street	<i>N. Mitchell Street</i>	<i>N. Shelby Street</i>	498
Holbrook Street	<i>North Street</i>	<i>E. Division Street</i>	1,798
Sixth Avenue	<i>W. Thirteenth Street</i>	<i>Sixth Street</i>	2,621
E. Thirteenth Street	<i>Mitchell Street</i>	<i>Plett Road</i>	2,620
Beech Street	<i>N. Mitchell Street</i>	<i>N. Shelby Street</i>	414
Huston Street	<i>Chestnut Street</i>	<i>W. Division Street</i>	1,271
Sixth Street	<i>Leeson Avenue</i>	<i>Fifth Avenue</i>	2,970
Fifth Avenue	<i>Sixth Street</i>	<i>Fifth Street</i>	366
Fourth Avenue	<i>Seventh Street</i>	<i>Thirteenth Street</i>	2,200
Total Feet:			113,205 (21.53 Miles)

State of Michigan Act 51 Funds Recovering

The graphic below presents the harsh funding reality that has plagued the street system until the last several years. Revenue from the State of Michigan in the form of Act 51 funds has finally begun to recover and increase after several years of reductions. As costs of street maintenance continue to escalate, additional revenue is critical to maintaining core infrastructure in the Major Street system.



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Street Fund

Fund: Local Street Fund

Type: Special Revenue Fund
Oversight: Director of Public Works and Engineering

Nature and Purpose:

Each Michigan city is required to establish this fund to comply with Act 51 of the Public Acts of 1951. The Local Street system has 41.81 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. The purpose of this fund is to:

1. Receive all local street funds paid to the City by the State of Michigan.
2. Account for construction, maintenance, traffic services and winter maintenance on all streets classified as local streets within the City of Cadillac.
3. Account for money received from General Fund contributions for local street maintenance.

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.

PERFORMANCE MEASURES - LOCAL STREET SYSTEM

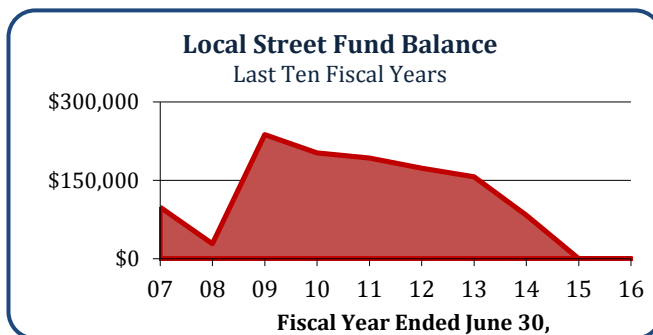
MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Miles of Local Streets		41.81	41.81	41.81	41.81	↔
Operating Expenditures per Road Mile		\$7,874	\$9,109	\$10,244	\$9,514	↑
Operating Expenditures per Resident		\$32	\$37	\$41	\$38	↑
Hours Spent in Local Street Maintenance		5,543	5,758	6,324	5,938	↑
Cost per Hour of Local Street Maintenance		\$59	\$59	\$68	\$67	↑
Total Winter Maintenance Expenditures		\$97,419	\$142,076	\$102,500	\$99,800	↔
Hours Spent in Winter Maintenance		1,110	1,607	1,100	1,100	↔
Cost per Hour of Winter Maintenance		\$88	\$88	\$93	\$91	↔
Winter Maintenance Expenditures per Mile		\$2,330	\$3,398	\$2,452	\$2,387	↔
Winter Maintenance Expenditures per Resident		\$9	\$14	\$10	\$10	↑
% of Local Streets remaining Unpaved		4.38%	4.38%	4.38%	4.38%	↔
Number of Trees Planted		86	32	75	75	↔
Number of Trees Removed		59	63	50	50	↔

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Street Fund

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Motor Vehicle Highway Fund	\$206,046	\$207,000	\$206,000	\$207,000
State of Michigan	32,811	50,000	0	0
Interest Income	1,400	500	500	500
Other Revenue	1,000	0	0	0
General Fund	375,000	325,000	325,000	325,000
Major Street Fund	40,000	60,000	60,000	60,000
Surplus	0	0	0	0
Total	\$656,257	\$642,500	\$591,500	\$592,500
Expenditures				
Construction	\$166,533	\$7,500	\$7,500	\$7,500
Surface Maintenance	55,945	58,000	82,000	78,600
Sweeping and Flushing	42,997	52,500	51,200	46,200
Forestry	55,045	57,500	88,600	83,500
Catch Basin	44,834	38,700	56,900	39,300
Drainage	26,947	20,500	22,000	17,800
Traffic Services	12,991	23,000	27,800	32,600
Winter Maintenance	142,076	102,500	99,800	99,800
Administration	182,659	157,700	138,200	138,300
TOTAL EXPENDITURES	\$730,027	\$517,900	\$574,000	\$543,600
Fund Balance				
Net Change in Fund Balance	(\$73,770)	\$124,600	\$17,500	\$48,900
Fund Balance - Beginning of Year	156,846	83,076	83,076	207,676
Ending Fund Balance	\$83,076	\$207,676	\$100,576	\$256,576

Fund Balance Analysis



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. In FY2009, proceeds from a sale of a property owned by the City were transferred to this fund to be allocated to street construction projects. This amount will be spent down over the next couple of fiscal years on construction projects.

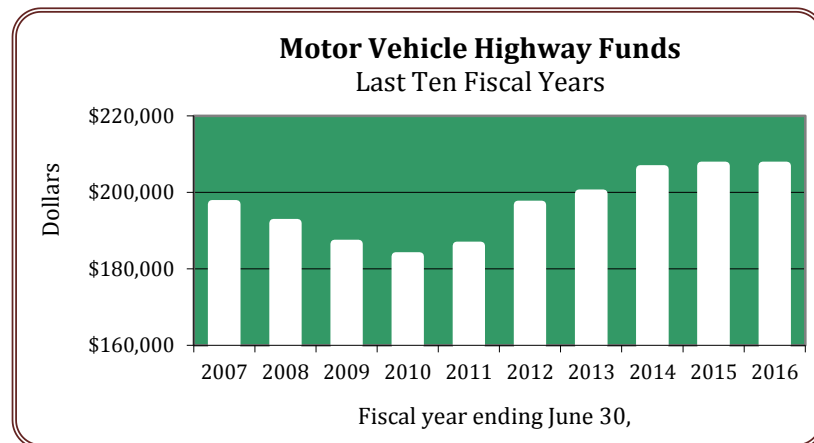
City of Cadillac, Michigan

2015-2016 Annual Operating Budget

Local Street Fund

Revenue Details

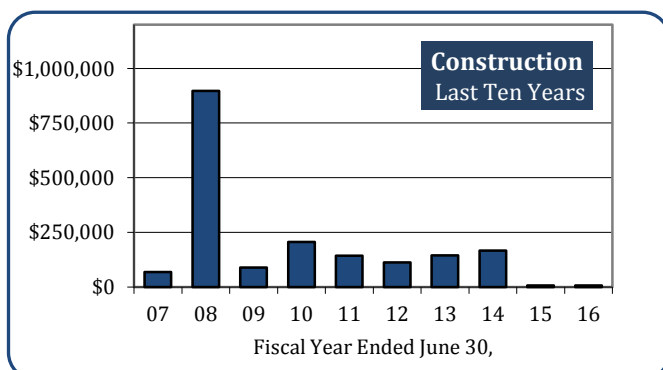
The first major source of revenue is the State of Michigan Motor Vehicle Highway Funds which are generated from the gas and weight taxes collected state wide and distributed to local governments based on miles of streets, a flat rate established by the State, and the population of the City. The second 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.



Cost and Expenditure Details

Construction

Construction projects over the next few years are anticipated to be funded through the issuance of bonds. Over the last 10 years, construction in the Local Street Fund has totaled nearly \$2.4 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 and will be even more important as revenues continue to decline. 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 FY2016:

No Major Project	\$0
Street Signs	7,500
Total	\$7,500

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Street Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
<u>Expenditures</u>				
Construction				
Contractual Services	\$166,533	\$7,000	\$7,500	\$7,500
Surface Maintenance				
Salaries and Wages	\$15,767	\$15,000	\$19,000	\$17,000
Fringes	8,137	8,000	11,000	9,600
Operating Supplies	12,184	10,000	17,000	17,000
Equipment Rental	19,857	25,000	35,000	35,000
Total Surface Maintenance	\$55,945	\$58,000	\$82,000	\$78,600
Sweeping and Flushing				
Salaries and Wages	\$5,727	\$7,500	\$7,000	\$7,000
Fringes	4,132	5,000	4,200	4,200
Operating Supplies	3,000	0	0	0
Equipment Rental	30,138	40,000	40,000	35,000
Total Sweeping and Flushing	\$42,997	\$52,500	\$51,200	\$46,200
Forestry				
Salaries and Wages	\$17,467	\$16,000	\$25,500	\$25,500
Fringes	7,580	8,500	15,100	15,000
Operating Supplies	4,664	3,000	4,000	5,000
Contractual Services	2,650	5,000	6,000	8,000
Equipment Rental	22,684	25,000	38,000	30,000
Total Forestry	\$55,045	\$57,500	\$88,600	\$83,500
Catch Basin				
Salaries and Wages	\$10,648	\$10,000	\$16,500	\$12,500
Fringes	4,349	6,000	9,400	6,800
Operating Supplies	4,764	500	500	2,000
Utilities	2,236	2,200	2,500	2,000
Equipment Rental	22,837	20,000	28,000	16,000
Total Catch Basin	\$44,834	\$38,700	\$56,900	\$39,300

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Street Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Expenditures (Cont'd)				
Drainage				
Salaries and Wages	\$11,159	\$9,000	\$10,000	\$8,500
Fringes	5,809	5,000	6,000	4,800
Operating Supplies	3,093	1,500	1,500	0
Equipment Rental	6,886	5,000	4,500	4,500
Total Drainage	\$26,947	\$20,500	\$22,000	\$17,800
Traffic Services				
Salaries and Wages	\$6,105	\$10,000	\$10,500	\$11,500
Fringes	3,436	6,000	6,300	6,600
Operating Supplies	1,516	2,000	5,000	8,000
Contractual Services	0	0	0	0
Equipment Rental	1,934	5,000	6,000	6,500
Total Traffic Services	\$12,991	\$23,000	\$27,800	\$32,600
Winter Maintenance				
Salaries and Wages	\$25,881	\$20,000	\$18,000	\$18,000
Fringes	12,947	12,500	10,800	10,800
Operating Supplies	27,540	20,000	15,000	15,000
Equipment Rental	75,708	50,000	56,000	56,000
Total Winter Maintenance	\$142,076	\$102,500	\$99,800	\$99,800
Administration				
Salaries and Wages	\$33,448	\$51,000	\$39,000	\$38,500
Fringes	14,758	27,000	19,000	19,500
Audit	1,500	1,000	1,500	1,000
Operating Supplies	3,704	0	0	3,500
Equipment Rental	7,449	7,500	7,500	7,500
Principal Payment	52,222	0	0	0
Interest Expense	1,178	0	0	0
Transfers Out	68,400	71,200	71,200	68,300
Total Administration	\$182,659	\$157,700	\$138,200	\$138,300
TOTAL EXPENDITURES	\$730,027	\$517,900	\$574,000	\$543,600

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Street Fund

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:

<i>Bond Issue</i>	Principal	Interest	Total
2004 GO Capital Improvement Bonds	55,300	11,500	66,800
Total:			\$66,800
			\$500 Audit Fees
			\$1,000 Paying agent fees
			\$68,300

Administrative Charges

Administrative Salaries represents 60% of Street Superintendent Ken Payne.

Unpaved Local Streets	Length (Miles)	Unpaved Local Streets	Length (miles)
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%

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Cemetery Operating Fund

Fund: Cemetery Operating Fund

Type: Special Revenue Fund

Oversight: Director of Public Works and Engineering

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 56% of Cemetery operations. This is below the average of other cemeteries in Northern Michigan. This contribution was 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 the true operating cost of the cemetery, these amounts are now shown in this fund.

Advisory Board & Cemetery Management

Article 18, Section 18.1 of the City Charter reflects that an advisory board shall be established to handle policy related cemetery rules and ordinances relating to the cemetery. The City Manager, for all practical purposes, has delegated this responsibility to the Director of Public Works and Engineering. 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

Glenna Anderson, *Chairperson*

Charles LaBar, *Member*

Thomas Olmsted, *Member*

Sandra Wasson, *Secretary*

Bruce DeWitt, *Ex-Officio, Director of Public Works and Engineering*

PERFORMANCE MEASURES - MAPLE HILL CEMETERY

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Number of Lots Sold		31	41	30	30	↔
Number of Burials		40	45	40	40	↔
Number of Cremains		29	34	30	30	↔
Total Generated Revenue		\$54,667	\$51,940	\$50,500	\$52,400	↔
General Fund Contribution		\$75,000	\$75,000	\$75,000	\$75,000	↔
G.F. Contribution as % of Expenditures		58%	50%	48%	59%	↔

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Cemetery Operating Fund

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenue				
Charges For Services:				
Sale of Lots & Burial Rites	\$7,400	\$10,000	\$11,000	\$10,000
Grave Openings & Storage	37,300	33,000	33,000	34,000
Foundations & Miscellaneous	7,240	7,500	8,400	8,000
Miscellaneous:				
Transfer In - Perpetual Care	32,000	12,000	12,000	0
Contribution from General Fund	75,000	75,000	75,000	75,000
Surplus	0	0	0	0
Total	\$158,940	\$137,500	\$139,400	\$127,000
Expenditures				
Salaries - Regular	\$39,190	\$40,000	\$40,000	\$42,000
Salaries - Part Time	18,227	22,000	25,000	21,000
Fringes	27,196	26,000	28,000	26,000
Liability Insurance	500	500	500	500
Operating Supplies	15,675	14,000	15,000	15,000
Audit	500	500	500	500
Utilities	9,553	11,000	11,000	11,000
Telephone	295	400	300	300
Equipment Rental	4,312	4,500	4,300	5,000
Travel & Education	409	400	400	500
Repair and Maintenance	4,070	7,000	5,300	5,000
Capital Outlay	29,378	9,000	9,000	0
Total	\$149,305	\$135,300	\$139,300	\$126,800
Fund Balance				
Net Change in Fund Balance	9,635	2,200	100	200
Fund Balance - Beginning of Year	10,369	20,004	20,004	22,204
Ending Fund Balance	\$20,004	\$22,204	\$20,104	\$22,404

Cemetery Staffing

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 Supervisory	85.0%

Part-Time Labor

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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Naval Reserve Center Fund

Fund: Naval Reserve Center Fund

Type: Special Revenue Fund
Oversight: Director of Finance

Nature and Purpose:

In 1947 the City of Cadillac began leasing the Naval Reserve Center to the Department of Navy. The lease was for \$1 per year. During this time the Navy was responsible for all operational costs of the Naval Reserve Center including all utilities and property and building maintenance. This resulted in no cost to the City of Cadillac. Due to military downsizing by the federal government, the Department of Navy vacated the Naval Reserve Center on June 1, 1996. Since then, the City has rented the building to various non-profit organizations for office, classroom, storage, and recreational space.



FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Interest Income	\$0	\$0	\$100	\$0
Rental Income:				
City of Cadillac Parks Division	1,100	1,500	1,100	1,500
Senior Citizens Center	5,925	5,900	5,500	6,000
Northwest Baptist Association	3,936	4,000	4,000	4,000
Wexford Genealogical Society	623	600	600	600
Miscellaneous	4,800	2,500	0	10,400
Surplus	0	8,500	11,200	0
Total	\$16,384	\$23,000	\$22,500	\$22,500
Expenditures				
Building Maintenance	\$2,113	\$4,500	\$5,000	\$5,000
Liability Insurance	500	500	500	500
Utilities	19,954	18,000	17,000	17,000
Total	\$22,567	\$23,000	\$22,500	\$22,500
Fund Balance				
Net Change in Fund Balance	(\$6,183)	(\$8,500)	(\$11,200)	\$0
Fund Balance - Beginning of Year	18,548	12,365	12,365	3,865
Ending Fund Balance	\$12,365	\$3,865	\$1,165	\$3,865

City of Cadillac, Michigan

2015-2016 Annual Operating Budget

Naval Reserve Center Fund

Other Facility Information

The City of Cadillac converted the former Naval Reserve Center into a Community Center. The Center has been mostly vacant for several years. Significant upgrades will be required in order for the available space to be leased out in the future. The Senior Citizens Center, Cadillac Genealogy Society, and the City of Cadillac Parks Division currently rent space at the building. Funding for the Senior Center is provided through the Cadillac Community Schools Recreation Program, to which the City contributes about \$66,000 annually.

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.

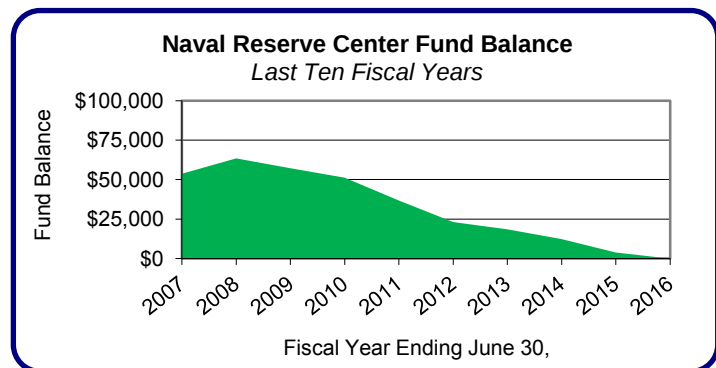
The City was able to improve and expand the parking lot in 2002. The flat section of the roof was previously scheduled for replacement, but the project has been postponed until a later date when funds are available.

Property Management

Director of Finance Owen Roberts functions as the property manager for the City, providing management oversight. Municipal Complex Custodian Jim Givens assists with maintenance issues at the facility.

Fund Balance

Due to the facility being mostly vacant for several years, the fund balance is nearly gone. Decisions will need to be made regarding the future of the facility.



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Cadillac Development Fund

Fund: Cadillac Development Fund

Type: Special Revenue Fund
Oversight: Community Development Director

Nature and Purpose:

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

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

The Community Development Director is a full-time position funded 40% by this 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.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Interest Income	\$6,178	\$7,500	\$10,000	\$10,000
Interest Income - Loans	15,957	17,000	17,000	13,000
Surplus	0	47,000	40,900	40,900
Total	\$22,135	\$71,500	\$67,900	\$63,900
Expenditures				
Urban Redevelopment and Housing Administration	\$12,500	\$27,600	\$30,000	\$30,000
Community Development Director	33,807	36,400	37,900	33,900
	\$46,307	\$64,000	\$67,900	\$63,900
Fund Balance				
Net Change in Fund Balance	(\$24,172)	(\$39,500)	(\$40,900)	(\$40,900)
Fund Balance - Beginning of Year	1,374,938	1,350,766	1,350,766	1,311,266
Ending Fund Balance	\$1,350,766	\$1,311,266	\$1,309,866	\$1,270,366

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Cadillac Development Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Expenditures				
Urban Redevelopment and Housing Administration				
Office Supplies	\$0	\$100	\$0	\$0
Audit	500	500	500	500
Contractual Services	0	0	2,500	2,500
Administration	12,000	12,000	12,000	12,000
Transfer Out - Auto Parking Fund	0	15,000	15,000	15,000
Total Administration	\$12,500	\$27,600	\$30,000	\$30,000
Community Development Director				
Salaries	\$24,503	\$25,000	\$25,500	\$22,000
Fringes	9,304	10,500	11,500	11,000
Office Supplies	0	100	300	300
Dues and Publications	0	300	300	300
Travel & Education	0	500	300	300
Total Community Development Director	\$33,807	\$36,400	\$37,900	\$33,900
Total Expenditures	\$46,307	\$64,000	\$67,900	\$63,900

Cadillac Development Fund Goals:

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

Community Development Director

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

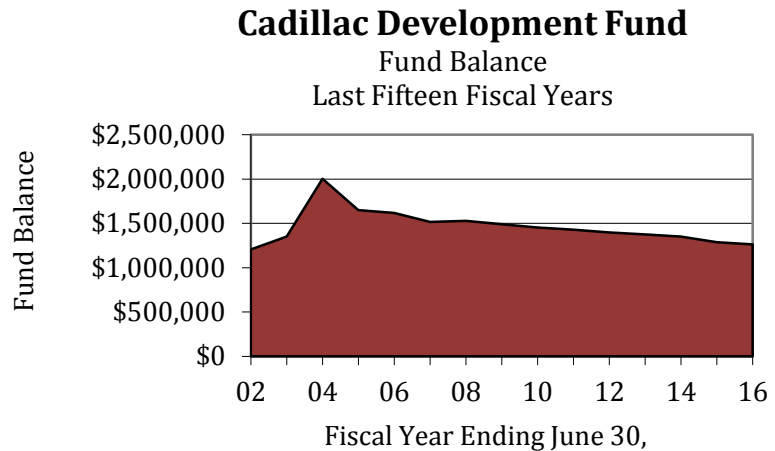
City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Cadillac Development Fund

Fund Financial Highlights

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.



Interest Income - Loans

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

Transfer Out - Auto Parking Fund

This fund helps subsidize downtown parking lot maintenance activities. The parking lot assessment does not fully cover these costs.

Project Highlights

Façade Improvement Loans Granted

Address

108 Beech Street
102 South Mitchell Street (2 granted) *
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 *

Business

Commercial Rental Facility
Lakeside Title/Manpower
Shay Station
Brink's Custom Framing
Steve Fowler's Hairstyling Salon
Quadrant Northwest Appraisal Service
Baird, Cotter & Bishop, CPA, PC
Comfort Center
Muffler Man
Commercial/Retail Rental Building

* See additional highlights of project below

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Cadillac Development Fund

Project Highlights (Continued)



102 South Mitchell Street

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. This project was completed in 2006.

106 South Mitchell Street

This project was a participation between Rich and Beth Boscher, owners of the Shay Station restaurant, and Firstbank. The project significantly enhanced the appearance of a downtown building. The project was completed in 2006.



134 West Harris Street

Citizens Bank and the City of Cadillac partnered to provide the partners in the accounting firm of Baird, Cotter & Bishop, CPAs, with a low-interest loan to give their office building a facelift in 2005. This project is near the lakefront and provided the opportunity to improve the appearance of the professional office facility.

117 North Mitchell Street

The commercial rental facility known as the Kramer building suffered substantial damage from a fire in 2006. The City worked with the owners to partner with 5/3 Bank in providing funds to assist with the renovation of the building façade which was completed in 2007.



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Lake Treatment Fund

Fund: Lake Treatment Fund

Type: Special Revenue Fund
Oversight: Community Development Director

Nature and Purpose:

The Lake Treatment Fund was formed to segregate revenues received exclusively for the treatment of milfoil and other invasive aquatic plant and animal species that found their way to Lake Cadillac. The voters of Cadillac approved a millage in February 2011 to provide resources for this treatment. The millage has expired, and funding for ongoing lake treatment will need to be addressed this fiscal year.

Lake Cadillac represents a 1,150 acre freshwater inland lake located within the city's boundaries. The lake is considered the city's greatest natural asset and one of its most important recreational resources. Unfortunately, like many of Michigan's inland lakes, Lake Cadillac experiences the presence of several invasive aquatic species including Eurasian watermilfoil and Zebra mussels.

Funds raised from the millage, which is now expired, are dedicated to the implementation of measures oriented to the control of these undesirable plants and animals. These funds will be used to retain a qualified freshwater aquatic consultant to assist on matters of invasive species management and for lake treatment programs, public education, and related activities.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Special Assessment Payments	\$121,890	\$0	\$0	\$0
Local Funds	6,102		0	0
Interest Income	1,556	700	1,500	1,500
Surplus	0	0	123,000	100,000
Total	\$129,548	\$700	\$124,500	\$101,500
Expenditures				
Contractual Services	\$45,257	\$75,000	\$122,500	\$100,000
Supplies	353	500	1,500	1,000
Audit	500	500	500	500
Total	\$46,110	\$76,000	\$124,500	\$101,500
Fund Balance				
Net Change in Fund Balance	\$83,438	(\$75,300)	(\$123,000)	(\$100,000)
Fund Balance - Beginning of Year	114,420	197,858	197,858	122,558
Ending Fund Balance	\$197,858	\$122,558	\$74,858	\$22,558

Contractual Service

The principal use of funding provided by the millage is for engineering and treatment services provided contractually by outside vendors. These services are expected to be about \$70,000 - \$100,000 per year. The remainder of the costs are for permits and educational activities.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

H.L. Green Operating Fund

Fund: H.L. Green Operating Fund

Type: Special Revenue Fund
Oversight: Director of Finance

Nature and Purpose:

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

The purpose of this fund is to track revenues and expenses associated with the operation of the building, to assure receipt of land contract payments, and to ensure repayments of funding sources utilized in the initial development.

Revenues

The major source of revenue in this fund was from the land contract, which was paid in full in FY2013.

Expenditures

There are no planned expenditures for FY2016.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Land Contract - Grant	\$0	\$0	\$0	\$0
Interest Income	624	500	1,000	1,000
Total	\$624	\$500	\$1,000	\$1,000
Expenditures				
Audit	\$500	\$0	\$500	\$0
Operating Supplies	875	0	0	0
Total	\$1,375	\$0	\$500	\$0
Fund Balance				
Net Change in Fund Balance	(\$751)	\$500	\$500	\$1,000
Fund Balance - Beginning of Year	116,005	115,254	115,254	115,754
Ending Fund Balance	\$115,254	\$115,754	\$115,754	\$116,754

City of Cadillac, Michigan

2015-2016 Annual Operating Budget

Debt Service Funds Summary

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.

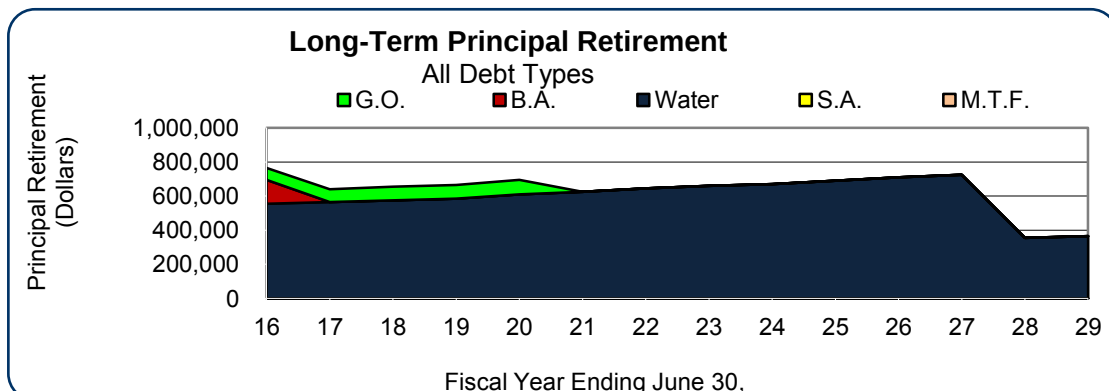
More information regarding the City's debt policy can be found in the Supplemental Section of the Operating Budget document.

LEGAL DEBT MARGIN - JUNE 30, 2014 (amounts expressed in thousands)

Taxable Valuation			\$244,899
Statutory Debt Limit - 10% of Assessed Valuation			\$24,490
Amount of Debt Applicable to Limit:			
Gross Bonded Debt		\$10,003	
Less			
Assets Available for Debt Service	2		
Bond Debt Not Subject To Limit:			
Special Assessment Bonds			
Revenue Bonds	9,499		
Other Debt	44	9,545	
Total Amount of Debt Applicable to Debt Limit			458
LEGAL DEBT MARGIN			\$24,032

Principal Retirement Schedule

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



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Debt Service Funds Summary

Debt Summary

<i>Fiscal Year Ending June 30, 2016</i>				
Description of Debt	Fund Servicing Debt	Debt Outstanding June 30, 2015	July 1, 2015 - June 30, 2016 Debt Service Payments	
			<u>Principal</u>	<u>Interest</u>
Bonds and Installment Notes				
1999	Building Authority ** Final Payment	140,000	140,000	3,220
Revenue Bonds				
2007	State of Michigan SRF	2,830,205	180,000	44,528
2012	State of Michigan DWRF	2,043,856	95,000	51,096
2013	Revenue Refunding	3,820,000	275,000	99,428
General Obligation Bonds				
2004	Major/Local Streets	390,000	70,000	14,483
Total Debt		<u>\$9,224,061</u>	<u>\$760,000</u>	<u>\$212,755</u>

Other Debt Statistics

Fiscal Year Ending	Total Debt Per Capita	Rate of
<u>June 30,</u>	<u>Total Debt Per Capita</u>	<u>Principal</u>
	<u>2010 Census - 10,355</u>	<u>Retirement</u>
2007	1,062.00	6.92%
2008	988.50	7.49%
2009	1,301.00	5.89%
2010	1,182.52	7.59%
2011	1,092.71	8.40%
2012	1,000.50	9.12%
2013	1,150.67	8.82%
2014	1,029.25	6.76%
2015	958.27	7.46%
2016	890.78	8.24%

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

2004 General Obligation Capital Improvement Debt Retirement Fund

2004 G.O. Capital Improvement Bonds Debt Retirement Fund

Type: Debt Service Fund
Oversight: Director of Finance

TITLE OF ISSUE: 2004 General Obligation Capital Improvement Bonds

DATE OF ISSUE: November 1, 2004

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

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Transfer from Local Street Fund	\$68,400	\$71,200	\$71,200	\$68,300
Transfer from Major Street Fund	18,200	17,800	17,800	18,200
Transfer In - Other Debt Funds	128,693	0	0	0
Total	\$215,293	\$89,000	\$89,000	\$86,500
Expenditures				
Audit	500	500	500	500
Bond Principal Paid	65,000	70,000	70,000	70,000
Interest Expense	19,865	18,500	18,500	16,000
Total	\$85,365	\$89,000	\$89,000	\$86,500
Fund Balance				
Net Change in Fund Balance	\$129,928	\$0	\$0	\$0
Fund Balance - Beginning of Year	3,524	133,452	133,452	133,452
Ending Fund Balance	\$133,452	\$133,452	\$133,452	\$133,452

DEBT SERVICE REQUIREMENTS						
	Major Street Fund		Local Street Fund		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
Fiscal Year						
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
	81,900	8,771	308,100	32,996	\$390,000	\$41,767

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

2004 General Obligation Capital Improvement Debt Retirement Fund

DEBT SERVICE DETAILS

AMOUNT OF ISSUE		AMOUNT REDEEMED		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
	\$995,000	\$535,000	\$70,000	\$390,000

DEBT SERVICE REQUIREMENTS				
DUE DATES	RATE	PRINCIPAL	INTEREST	TOTAL
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
		\$390,000	\$41,767	\$431,767

FIVE YEAR PROJECTIONS

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Revenues					
Local Contribution - Local Street Fund	\$69,500	\$71,500	\$68,700	\$69,500	\$0
Local Contribution - Major Street Fund	18,500	19,000	18,300	18,500	0
Total Revenues	\$88,000	\$90,500	\$87,000	\$88,000	\$0
Expenditures					
Audit	\$500	\$500	\$500	\$500	\$0
Principal Payment	75,000	80,000	80,000	85,000	0
Interest Expense	12,500	10,000	6,500	2,500	0
Total Expenditures	\$88,000	\$90,500	\$87,000	\$88,000	\$0

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Capital Projects Funds Summary

Capital Projects Funds Summary

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.

Heritage Park Place Plans Project Fund - Accounts for the reconstruction and redevelopment of the downtown Heritage Park area and the parking lots nearby in accordance with the recent Place Plans Report.

Rotary Park Project Fund - Accounts for the reconstruction and upgrades to the Rotary Performing Arts Pavilion and surrounding area.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Capital Projects Funds Summary

Capital Projects Funds Summary

FY2016

	Industrial Park Fund	Special Assessments Capital Projects Fund	Heritage Park Place Plans Project Fund	Rotary Park Project Fund	Total
Revenues					
Sale of Property	\$35,000				\$35,000
Local Funds			\$250,000	\$220,000	470,000
Grants			200,000		200,000
Interest Income	4,000	\$500			4,500
Interest Income - Assessments		1,500			1,500
Special Assessment Principal		12,000			12,000
Bond Proceeds		2,000,000			2,000,000
Contributions			100,000	80,000	180,000
Surplus	9,800				9,800
Total Revenue (2)	\$48,800	\$2,014,000	\$550,000	\$300,000	\$2,912,800
Expenditures					
Fees and Commissions	\$3,500				\$3,500
Administration	2,500	\$1,500			4,000
Contractual Services			\$50,000	\$25,000	75,000
Construction	25,000	1,300,000	500,000	275,000	2,100,000
Office Supplies					0
Principal Payment	17,800				17,800
Interest Payment					0
Total Expenditures	\$48,800	\$1,301,500	\$550,000	\$300,000	\$2,200,300
Fund Balance					
Net Change in Fund Balance (1)	(\$9,800)	\$712,500	\$0	\$0	\$702,700
Fund Balance - Beginning	\$390,538	\$40,424	\$0	\$0	\$430,962
Fund Balance - End of Year	\$380,738	\$752,924	\$0	\$0	\$1,133,662

Footnotes:

(1) Excludes "Surplus". Surplus indicates the appropriation of prior fund balance to fund current expenditures. The budget staff has determined that sufficient prior year fund balance is available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section of budget document.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Industrial Park Fund

Fund: Industrial Park Fund

Type: Capital Project Fund
Oversight: Community Development Director

Nature and Purpose:

This fund was created to account for capital expansion and development within the City of Cadillac's three industrial parks which include:

Cadillac Industrial Park

Developed in 1981, this 48-acre parcel of land established the Cadillac Industrial Park.

Harry VanderJagt Industrial Park

Industrial growth in the 80's and 90's was a reflection of the City's ability to purchase and develop enough land to encourage an industrial explosion. Demands were great for a second park so the 200-acre Harry VanderJagt Industrial Park was established. The streets and utilities were put in place with a Federal Economic Development Administration Grant.

James E. Potvin Industrial Park

The VanderJagt park is nearly full at this time. Additional inquiries were routinely received by the City and accordingly a third park was constructed as a result of the demand for industrial space. This newest park, the James E. Potvin Industrial Park, has been broken into two phases, with phase one being complete. All public utilities are in place for this phase, which encompasses 14 lots over a 65 acre area. Most of the developed lots in this park are still available for sale and development.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Sale of Property	\$0	\$0	\$35,000	\$35,000
Interest Income	3,158	3,500	4,000	4,000
Surplus	0	15,300	10,100	9,800
Total	\$3,158	\$18,800	\$49,100	\$48,800
Expenditures				
Property Taxes	\$0	\$0	\$2,000	\$2,000
Audit	800	500	800	500
Capital Outlay	0	0	25,000	25,000
Principial Payment	17,721	17,800	17,800	17,800
Fees and Commissions	251	500	3,500	3,500
Total	\$18,772	\$18,800	\$49,100	\$48,800
Fund Balance				
Net Change in Fund Balance	(\$15,614)	(\$15,300)	(\$10,100)	(\$9,800)
Fund Balance - Beginning of Year	421,452	405,838	390,538	390,538
Ending Fund Balance	\$405,838	\$390,538	\$380,438	\$380,738

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Industrial Park Fund

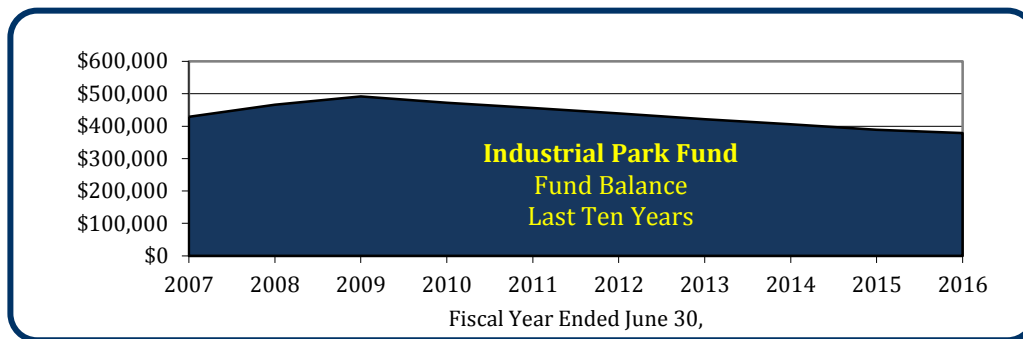
Fund Financial Highlights

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 March 31, 2015 was \$31,012.

Other Financial Highlights

Management's goal is to sell one three-acre lot 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.



Current Park Occupants

Cadillac Industrial Park - "Certified Industrial Park"

Kendall Electric	Beneteau Group (Boat Manuf.) Engineering Facility
Michigan Rubber Products	FIAMM Technologies
Avon Automotive World Headquarters	Hope Network
Beneteau Group (Boat Manuf.) Main Plant	Metal Punch, Inc.

Harry VanderJagt Industrial Park - "Certified Industrial Park"

Arvco Corporation	Big Foot Manufacturing
United Parcel Services	7-UP Distributing
Beneteau Group (Boat Manuf.) Trailers	Fiber-Tech Industries
Cadillac Renewable Energy	Fed-Ex Ground
Cadillac Fabrication	DTE Energy
Northwest MI Community Action Agency	

James Potvin Industrial Park

Piranha Hose
Spencer Plastics

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Special Assessment Capital Projects Fund

Fund: Special Assessment Capital Projects Fund

Type: Capital Project Fund
Oversight: Director of Finance

Nature and Purpose:

This fund is a Capital Projects Fund and was established to account for construction projects that are paid for through special assessments on the benefited property. Its use has been expanded to include other infrastructure-related capital projects, including those funded through the use of debt. The fund is budgeted and accounted for on a modified accrual basis.

Excess funds must be used for capital projects.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Interest Income - Special Assessment	\$4,674	\$3,000	\$2,500	\$1,500
Special Assessment	24,937	18,000	18,000	12,000
Bond Proceeds	0	0	1,500,000	2,000,000
Grant Revenue	0	175,000	0	0
Interest Income	8	500	500	500
Surplus	0	0	0	0
Total Revenue	\$29,619	\$196,500	\$1,521,000	\$2,014,000
Expenditures				
Audit	\$1,500	\$1,500	\$1,500	\$1,500
Construction	0	360,000	985,000	1,300,000
Total Expenditures	\$1,500	\$361,500	\$986,500	\$1,301,500
Fund Balance				
Net Change in Fund Balance	\$28,119	(\$165,000)	\$534,500	\$712,500
Fund Balance - Beginning of Year	177,305	205,424	205,424	40,424
FUND BALANCE AT YEAR END	\$205,424	\$40,424	\$739,924	\$752,924

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Special Assessment Capital Projects Fund

Fund Financial Highlights

Special Assessments

These payments are received from special assessments approved on abutting property owners for various street construction projects. These assessments have no underlying special assessment debt associated with them.

Construction Project Information

FY2016 Major Construction Projects						
<i>Source of Funds:</i>						
Project	Bond Proceeds	Capital Projects Fund	Local Street Fund	Utilities Fund	Major Street Fund	Total
West Division Street	\$160,000			\$95,000		\$255,000
Evart Street	140,000			50,000		190,000
Holly Road	180,000			40,000		220,000
East Garfield Street	240,000			40,000		280,000
Simons Street	240,000			40,000		280,000
Selma Street	200,000			90,000		290,000
Aldrich Street	120,000			40,000		160,000
Water Supply Improvements				500,000		500,000
Total Projects	<u>\$1,280,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$895,000</u>	<u>\$0</u>	<u>\$2,175,000</u>

Notes:

> Over the last several years, several general obligation debt issues have been paid in full. This has provided the ability to utilize a new debt issue to fund the next several years of construction projects. It is expected that bonds will be issued in FY2015 accordingly.

> The Well Supply Improvements project will encompass several years and cost an estimated \$6 million in total. The project began in 2011, and initial Phase II costs are included in the FY2015 budget. The City will once again seek financing assistance from the State of Michigan's Drinking Water Revolving Fund program for Phase II. This program provides low-interest loans - currently 2.5% - for projects such as this.

City of Cadillac, Michigan
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Heritage Park Place Plans Project Fund

Fund: Heritage Park Place Plans Project Fund

Type: Capital Project Fund
Oversight: Community Development Director

Nature and Purpose:

This fund is intended to appropriate funds to facilitate the implementation of the project that resulted from the recent Place Plans study in downtown Cadillac. The project will include redevelopment of the Heritage Park area and the parking lots around the park. The project will help connect the downtown with the lakefront.

Project Design Concept

Shown in the graphic to the right is the current conceptual design of the complete redevelopment of the downtown parking lot and Heritage Park area. This project is designed to connect the downtown with the Lakefront area. Various partnerships will be critical to adequately fund this project.



FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
State of Michigan	\$0	\$0	\$0	\$200,000
Local Funds	0	0	\$0	250,000
Contributions from Private Sources	0	0	0	100,000
Total	\$0	\$0	\$0	\$550,000
Expenditures				
Contractual Services	\$0	\$0	\$0	\$50,000
Construction	0	0	0	500,000
Total	\$0	\$0	\$0	\$550,000
Fund Balance				
Net Change in Fund Balance	\$0	\$0	\$0	\$0
Fund Balance - Beginning of Year	0	0	0	0
Ending Fund Balance	\$0	\$0	\$0	\$0

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Rotary Park Project Fund

Fund: Rotary Park Project Fund

Type: Capital Project Fund
Oversight: Director of Finance



Nature and Purpose:

The City recently completed a master plan for the future of the Rotary Performing Arts Pavilion and the surrounding area. The Cadillac Rotary Club has continued to commit significant funds to this area. These donations have been leveraged to help the City secure other funding sources to continue to invest in the park.

This is a multi-phase project funded through various sources including the Cadillac Rotary Club, State and Federal Grant Funding, local funds, and other contributions.

The overall improvement project began in 2014 with the construction of a new and significantly improved bathroom facility near the pavilion. This project was funded through a grant from the Michigan Council for Arts and Cultural Affairs and contributions from Cadillac Rotary. The restroom facility will open to the public for the first time in Spring 2015.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
State of Michigan	\$0	\$37,500	\$37,500	\$0
Local Funds	0	0	\$0	220,000
Contributions from Private Sources	0	112,500	112,500	80,000
Total	\$0	\$150,000	\$150,000	\$300,000
Expenditures				
Contractual Services	\$0	\$8,000	\$10,000	\$25,000
Construction	0	142,000	140,000	275,000
Total	\$0	\$150,000	\$150,000	\$300,000
Fund Balance				
Net Change in Fund Balance	\$0	\$0	\$0	\$0
Fund Balance - Beginning of Year	0	0	0	0
Ending Fund Balance	\$0	\$0	\$0	\$0

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Permanent Funds Summary

Permanent Funds Summary

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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Permanent Funds Summary

Permanent Funds Financial Summary

FY2016

	Cemetery Perpetual Care	Capital Projects Trust	Total
Revenues			
Interest Income	\$5,000	\$7,000	\$12,000
Realized gains	2,000	1,000	3,000
Perpetual Care of Lots	7,500	0	7,500
Surplus	0	0	0
Total Revenues	14,500	8,000	22,500
Expenditures			
Audit	500	500	1,000
Contribution - Cemetery Operating	0	0	0
Contribution - Public Infrastructure	0	0	0
Total Expenditures	500	500	1,000
Fund Balance			
Net Change in Fund Balance	14,000	7,500	21,500
Beginning Fund Balance	491,685	590,696	1,082,381
Ending Fund Balance	505,685	598,196	1,103,881

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Cemetery Perpetual Care Fund

Fund: Cemetery Perpetual Care Fund

Type: Permanent Fund
Oversight: Director of Finance

Nature and Purpose:

The Cemetery Perpetual Care Fund is a permanent fund established to maintain the operation of the cemetery. With assets of over \$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.

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.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Perpetual Care of Lots	\$8,850	\$8,500	\$7,500	\$7,500
Gain (Loss) on Investments	(3,031)	2,000	10,000	2,000
Interest Income	1,838	2,000	10,000	5,000
Surplus	0	0	0	0
TOTAL REVENUES	\$7,657	\$12,500	\$27,500	\$14,500
Expenditures				
Audit	\$1,100	\$500	\$500	\$500
Transfer out - Cemetery Operating	32,000	12,000	12,000	0
Total	\$33,100	\$12,500	\$12,500	\$500
Fund Balance				
Net Change in Fund Balance	(\$25,443)	\$0	\$15,000	\$14,000
Fund Balance - Beginning of Year	517,128	491,685	491,685	491,685
Ending Fund Balance	\$491,685	\$491,685	\$506,685	\$505,685

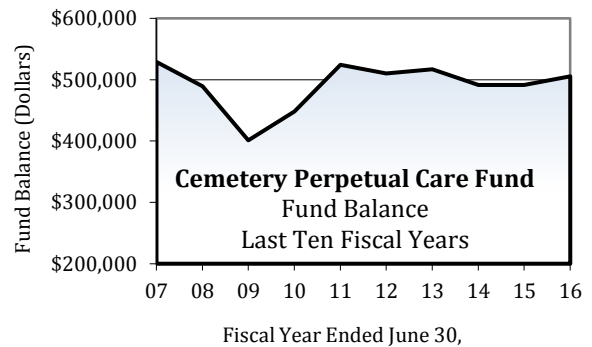
City of Cadillac, Michigan
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Cemetery Perpetual Care Fund

Fund Financial Highlights

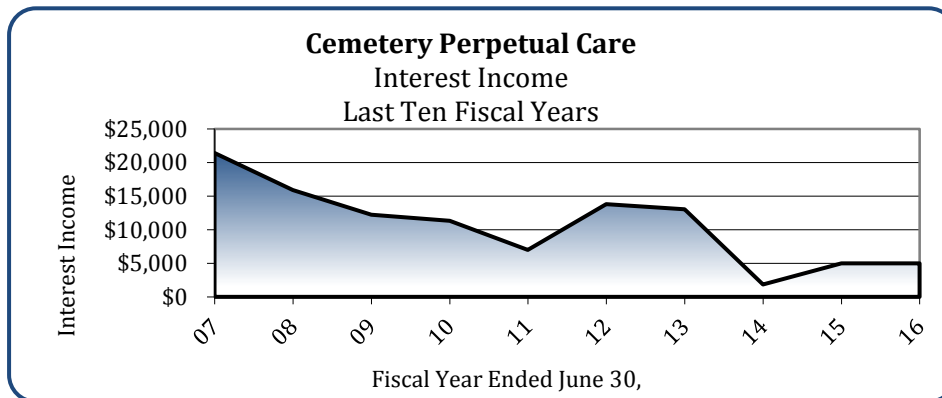
Fund Balance

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. The recent recession impacted this fund, as the fund balance dropped in FY2009. The decline was due to the loss in value of the fund's investment portfolio.



Interest Income

Loss of interest revenue as a result of the economic recession will impact the operations at the Maple Hill Cemetery. The interest earned on the perpetual care funds is transferred to the operating fund to help offset perpetual care maintenance costs. Absence of interest earnings puts increased strain on the maintenance budget which threatens the ongoing stability of the cemetery operation.



Cemetery Facts

The Cemetery rates were last increased in 2011 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 investment earnings are transferred for the operation of the cemetery.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Capital Projects Trust Fund

Fund: Capital Projects Trust Fund

Type: Permanent Fund
Oversight: Director of Finance

Nature and Purpose:

Established in 1998, this fund is an endowment fund created by the City Council with the intent to be used for capital items such as public infrastructure. The City Council's intent is to use only the earnings generated from the principal of the endowment. The funds came from the sale of the City's partnership interest in the electric cogeneration power plant. Several projects have been accomplished over the past few years as earnings have allowed. 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.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Interest Income	\$2,424	\$1,500	\$10,000	\$7,000
Gain on Investments	(1,510)	0	10,000	1,000
Surplus	0	0	0	0
Total	\$914	\$1,500	\$20,000	\$8,000
Expenditures				
Audit	\$500	\$500	\$500	\$500
Contribution - Public Infrastructure	0	0	0	0
Total	\$500	\$500	\$500	\$500
Fund Balance				
Net Change in Fund Balance	\$414	\$1,000	\$19,500	\$7,500
Fund Balance - Beginning of Year	589,282	589,696	589,696	590,696
Ending Fund Balance	\$589,696	\$590,696	\$609,196	\$598,196

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Capital Projects Trust Fund

Past Public Infrastructure Projects

<i>Fiscal Year</i>	<i>Projects Assisted with Endowment Earnings</i>	<i>Amount</i>
1999	Cummer Street	\$12,056
2000	Alley behind Milliken's	10,344
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	No activity	0
2008	Alley between Henry and Evart Streets (gravel)	10,000
2009	Diggins Hill Tennis Court Restoration Project	25,000
2010	No activity	0
2011	Chestnut Street	20,000
2012	Gunn-Seventh Street	25,000
Total:		\$146,300



Before

Diggins Hill Tennis Court Restoration

In FY2010, City Council identified this project as one that warranted a contribution from the City. As such, \$25,000 was appropriated to assist in the completion of the project. This exciting restoration project was completed in 2010.



After

Current Year Funding

No current contributions are appropriated. However, several grant applications have been submitted for various projects which will require matching local funds. Grant matching funds could be appropriated from this fund as necessary during the year.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Enterprise Funds Summary

Enterprise Funds Summary

Enterprise Funds

Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services.

The City appropriates resources for the following Enterprise Funds:

Major Enterprise Fund (Reported in Major Fund Section):

Water and Sewer Fund - Used to account for the operations of the City's water and sewer systems.

Nonmajor Enterprise Funds:

Auto Parking Fund - Used to account for the maintenance of downtown parking lots and the charges received to fund the maintenance and to enforce parking restrictions.

Building Authority Operating Fund - Used to account for activities related to the lease of the City-owned facility located at 120 W. Chapin Street and leased to the Michigan Department of Environmental Quality.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Enterprise Funds Summary

Nonmajor Enterprise Funds Financial Summary

FY2016

	Auto Parking Fund	Building Authority Operating Fund	Total
Revenues			
Interest Income	\$1,000	\$1,500	\$2,500
Downtown Parking Assessment	48,000		48,000
Rental		154,000	154,000
Fines and Permits	2,500		2,500
Local Funds	17,600		17,600
Total Revenues	69,100	155,500	224,600
Expenditures			
Operating Expenses	69,100	109,600	178,700
Debt Service		4,500	4,500
Total Expenditures	69,100	114,100	183,200
Fund Balance			
Net Change in Fund Balance	0	41,400	41,400
Beginning Fund Balance	665,325	1,145,964	1,811,289
Ending Fund Balance	665,325	1,187,364	1,852,689

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Auto Parking Fund

Fund: Auto Parking Fund

Type: Enterprise Fund
Oversight: Community Development Director

Nature and Purpose:

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

The Auto Parking Fund has undergone significant change in the last thirty years. For many years and up to 1989, parking was funded by parking meters. From 1990 to 1994 it was funded through a voluntary contract system. Given the difficulties with non-payment 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. Two subsequent five-year assessments were adopted, expiring most recently in 2010. After a one-year reduced assessment in FY2011 and no assessment in FY2012, the Cadillac City Council passed a new five-year assessment in FY2013 to fund parking maintenance activities.

The parking assessment funds approximately 60% of the costs of parking lot maintenance. Other funds must be raised locally, from parking enforcement activities and from transfers from other City resources.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Parking Violations	\$398	\$500	\$1,000	\$1,000
Parking Permit Fees	682	1,100	1,500	1,500
Interest Income	1,552	1,500	1,000	1,000
Special Assessment	41,281	48,000	47,000	48,000
Local Funds	0	15,000	15,000	17,600
Surplus	0	800	3,600	0
Total	\$43,913	\$66,900	\$69,100	\$69,100
Expenses				
Operation	\$22,503	\$22,700	\$23,100	\$23,100
Lot Repair	3,537	4,900	6,400	6,400
Snow Plowing	20,357	22,300	22,600	22,600
Snow Hauling	16,900	17,000	17,000	17,000
Total	\$63,297	\$66,900	\$69,100	\$69,100
Net Assets				
Change in Net Assets	(\$19,384)	(\$800)	(\$3,600)	\$0
Net Assets - Beginning of Year	685,509	666,125	666,125	665,325
TOTAL NET ASSETS - END OF YEAR				
Invested in Capital Assets	\$526,506	\$509,706	\$509,706	\$492,906
Unrestricted	139,619	155,619	152,819	172,419
TOTAL	\$666,125	\$665,325	\$662,525	\$665,325

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Auto Parking Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
<u>EXPENSES</u>				
Operations				
Salaries - Enforcement	\$3,430	\$3,400	\$5,000	\$5,000
Fringes	1,819	2,000	800	800
Office Supplies	0	0	0	0
Audit	500	500	500	500
Depreciation	16,754	16,800	16,800	16,800
Total Operations	\$22,503	\$22,700	\$23,100	\$23,100
Lot Repair				
Salaries	\$1,226	\$1,500	\$1,500	\$1,500
Fringes	813	1,000	900	900
Operating Supplies	698	1,200	2,000	2,000
Equipment Rental	800	1,200	2,000	2,000
Total Lot Repair	\$3,537	\$4,900	\$6,400	\$6,400
Snow Plowing				
Salaries	\$5,511	\$6,000	\$6,000	\$6,000
Fringes	3,048	3,300	3,600	3,600
Operating Supplies	94	500	1,000	1,000
Equipment Rental	11,704	12,500	12,000	12,000
Total Snow Plowing	\$20,357	\$22,300	\$22,600	\$22,600
Snow Hauling				
Salaries	\$5,000	\$5,000	\$5,000	\$5,000
Fringes	2,900	3,000	3,000	3,000
Equipment Rental	9,000	9,000	9,000	9,000
Total Snow Hauling	\$16,900	\$17,000	\$17,000	\$17,000
TOTAL EXPENSES	\$63,297	\$66,900	\$69,100	\$69,100

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 the activities in parking enforcement. Enforcement activities are conducted under the supervision of the Chief of Police.



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Building Authority Operating Fund

Fund: Building Authority Operating Fund

Type: Enterprise Fund
Oversight: Director of Public Works and Engineering

Nature and Purpose:

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



The most recent use of the building authority was to sell bonds for parking lot renovations. The parking lots were reconstructed in the summer of 1998.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Rental Income	\$195,870	\$185,000	\$195,900	\$154,000
Interest Income	514	1,200	1,500	1,500
Total	\$196,384	\$186,200	\$197,400	\$155,500
Expenditures				
Building Maintenance	12,271	20,000	15,000	20,000
Contractual Services	15,185	20,000	30,000	30,000
Audit	900	900	900	900
Liability Insurance	700	700	700	700
Utilities	3,019	3,200	3,500	3,500
Administration	5,000	5,000	5,000	15,000
Depreciation	36,408	37,000	39,500	39,500
Debt Service				
Interest Payment	14,485	9,000	11,000	4,500
Total	\$87,968	\$95,800	\$105,600	\$114,100
Net Assets				
Change in Net Assets	\$108,416	\$90,400	\$91,800	\$41,400
Total Net Assets - Beginning of Year	947,148	1,055,564	1,055,564	1,145,964
TOTAL NET ASSETS AT YEAR END	\$1,055,564	\$1,145,964	\$1,147,364	\$1,187,364

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Building Authority Operating Fund

Fund Highlights

Revenues

The City of Cadillac rents the building to the State of Michigan and the rent is based on the operating expenses as well as the debt payments on the bond. The lease with the State of Michigan has been extended for six (6) years through March 31, 2021 with another option to renew for an additional fifteen (15) years through March 31, 2036. Interest Income is earned by investing cash reserves and idle funds in accordance with the City's investment policy.

Expenditures

Building Maintenance costs cover the air conditioning, elevator, heating, electrical and other related items that are contracted for to maintain the facility. The contractual services reflect the contracts for landscaping, fire suppression system, and snow removal. Administration is the fee paid for management oversight of the facility. 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, resulting in \$33,000 in net present value savings. This debt issue will be fully repaid in FY2016.

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

Chairperson:

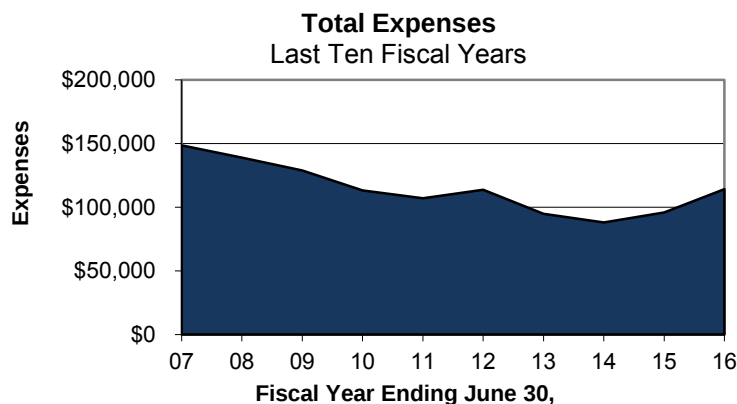
Marcus A. Peccia
City Manager
City of Cadillac

Vice-Chairperson:

Michael Homier
Foster, Swift, Collins & Smith
City Attorney
City of Cadillac

Secretary - Treasurer:

Owen E. Roberts
Director of Finance
City of Cadillac



Net Assets

Net assets are reserved for debt service and any unanticipated maintenance issues as the building ages.

Expenses have remained relatively flat. Interest Expense continues to decline as the outstanding debt decreases.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Building Authority Operating Fund

Source and Use of Funds For Capital Improvements

FY2016

Source of Funds

Operational funds	45,000	
Total Source of Funds		<u><u>\$45,000</u></u>

Use of Funds

Carpet Replacement	45,000	
Total Use of Funds		<u><u>\$45,000</u></u>

Note:

The Building Authority is responsible for maintaining the facility, including capital upgrades as necessary. The City has committed to the State that this carpet replacement will happen this fiscal year as part of an ammendment and extension to the lease.

Cash Flow Analysis

FY2016

Additions:

Net Gain from Operations	41,400	
Depreciation	39,500	
Total Additions		\$80,900

Deductions:

Principal Payment	140,000	
Capital Improvements	45,000	
Total Deductions		\$185,000

Net Increase (Decrease) in Cash	<u><u>(\$104,100)</u></u>
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Note:

There are sufficient reserves on hand to cover the use of cash anticipated for FY2016.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Building Authority Operating Fund

Outstanding Debt Issue

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, 1995.

DEBT SERVICE DETAILS

		Amount Redeemed		<u>Balance</u>
		<u>Prior</u>	<u>Current</u>	
Amount of Issue:	\$1,265,000	\$990,000	\$135,000	\$140,000

DEBT SERVICE REQUIREMENTS				
<u>DUE DATES</u>	<u>RATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
October 1, 2015	4.60%	\$140,000	\$3,220	\$143,220
		\$140,000	\$3,220	\$143,220

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Internal Service Funds Summary

Internal Service Funds Summary

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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Internal Service Funds Summary

Internal Service Funds Financial Summary

FY2016

	Stores and Garage Fund	Information Technology Fund	Self- Insurance Fund	Employee Safety Fund	Total
Revenues					
Services and Materials	\$25,000				\$25,000
Equipment Rental	530,000				530,000
Interest Income		\$100	\$15,000	\$100	15,200
Sale of Surplus Material	6,000	500			6,500
Intergovernmental Services		196,000		15,500	211,500
Employer Contribution			977,000		977,000
Employee Contribution			60,000		60,000
Surplus			193,500		193,500
Total Revenues	\$561,000	\$196,600	\$1,245,500	\$15,600 (2)	\$2,018,700
Expenditures					
Administration	\$425,500		\$40,500	\$15,500	\$481,500
Outside Work	26,000				26,000
Building & Grounds	19,800				19,800
Operating		\$156,100			156,100
Reinsurance			960,000		960,000
Benefit Payments			245,000		245,000
Interest Expense	13,500				13,500
Depreciation	75,000	40,000			115,000
Total Expenditures	\$559,800	\$196,100	\$1,245,500	\$15,500	\$2,016,900
Change in Net Assets (1)	\$1,200	\$500	(\$193,500)	\$100	(\$191,700)
Net Assets - Beginning of Year	358,450	421,610	959,556	14,096	1,753,712
Net Assets - End of Year	\$359,650	\$422,110	\$766,056	\$14,196	\$1,562,012

Footnotes:

(1) Excludes "Surplus". Surplus indicates the appropriation of prior fund balance to fund current expenditures. The budget staff has determined that sufficient prior year fund balance is available to offset current year deficiencies.

(2) Surplus is excluded from total revenues for the purposes of the Budget Summaries section of budget document.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Stores and Garage Fund

Fund: Stores and Garage Fund

Type: Internal Service Fund
Oversight: Director of Public Works and Engineering

Nature and Purpose:

This fund is used to record the operations of the Stores and Garage 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. Services and materials revenue is for work done for City residents such as brush removal, parking lot cleaning, and tree removal.

Equipment Rental is responsible for 94% of the revenues for FY2016. Over 70 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.

PERFORMANCE MEASURES - STORES AND GARAGE FUND

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Number of Vehicles/Equipment Maintained		75	75	75	75	↔
Total Fuel Costs		\$61,628	\$71,131	\$55,000	\$60,000	↔
Gallons of Diesel Used		13,988	18,764	14,500	15,000	↔
Gallons of Unleaded Fuel Used		5,264	3,788	4,500	500	↔
Cost per Gallon - Diesel		\$3.20	\$3.14	\$2.50	\$2.75	↔
Cost per Gallon - Unleaded		\$2.96	\$2.87	\$2.30	\$2.65	↔
Total Annual Cost of Road Salt		\$76,309	\$68,550	\$95,914	\$98,000	↔
Tons of Road Salt Used		1,230	1,250	1,400	1,400	↔
Cost per Ton - Road Salt		\$62.04	\$54.84	\$68.51	\$70.00	↑

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

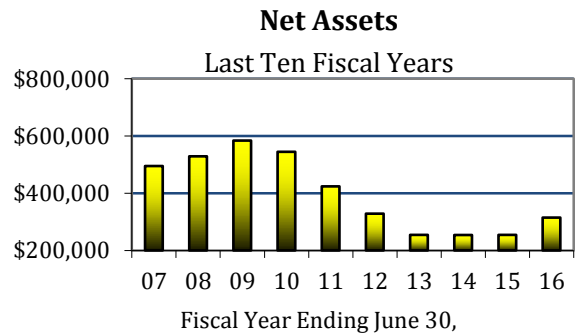
Stores and Garage Fund

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Charges for Services:				
Services & Materials	\$17,073	\$20,000	\$25,000	\$25,000
Equipment Rental	570,744	525,000	535,000	530,000
Miscellaneous				
Sale of Surplus Material	0	50,000	2,500	5,000
Administration	71,767	0	0	0
Other	1,320	1,200	1,000	1,000
Total	\$660,904	\$596,200	\$563,500	\$561,000
Expenses				
Administration	\$566,773	\$517,400	\$529,000	\$514,000
Outside Work	29,096	23,100	23,000	26,000
Building & Grounds	4,607	12,000	11,100	19,800
Total	\$600,476	\$552,500	\$563,100	\$559,800
Net Assets				
Change in Net Assets	\$60,428	\$43,700	\$400	\$1,200
Total Net Assets - Beginning of Year	254,322	314,750	314,750	358,450
Total Net Assets - End of Year	\$314,750	\$358,450	\$315,150	\$359,650

Financial Highlight

Net Assets

The Net Assets of this fund have been fairly consistent for the last several years. Most of the net assets are in the form of capital equipment, net of related depreciation.



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Stores and Garage Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Expenses				
Administration				
Salaries and Wages	\$103,579	\$101,000	\$100,000	\$105,000
Salaries - Part Time	826	900	500	500
Fringes	73,903	68,000	60,500	63,000
Operating Supplies	42,172	35,000	25,000	30,000
Fuel Costs	71,131	60,000	65,000	60,000
Property Taxes	0	0	1,000	0
Audit	2,600	500	500	500
Data Processing	5,000	5,000	5,000	5,000
Travel & Education	2,689	3,500	4,000	5,000
Insurance	15,000	15,000	15,000	15,000
Utilities	27,987	24,000	25,000	25,000
Employee Safety	2,974	2,500	2,500	5,000
General Administrative Charges	20,000	20,000	20,000	20,000
Depreciation	91,711	85,000	100,000	75,000
Equipment Maintenance	90,418	75,000	90,000	75,000
Equipment Rental	826	7,000	0	16,500
Interest Expense	15,957	15,000	15,000	13,500
Total Administration	\$566,773	\$517,400	\$529,000	\$514,000
Outside Work				
Salaries	\$8,694	\$7,000	\$7,000	\$8,000
Fringes	4,210	3,800	4,000	4,500
Supplies	7,495	4,300	4,500	5,000
Equipment Rental	8,697	8,000	7,500	8,500
Total Outside Work	\$29,096	\$23,100	\$23,000	\$26,000
Building & Grounds				
Salaries	\$968	\$5,000	\$1,000	\$4,000
Fringes	523	3,000	600	1,800
Operating Supplies	1,315	1,500	3,000	3,000
Contractual Services	0	0	0	4,000
Repair and Maintenance	1,801	2,000	6,000	7,000
Equipment Rental	0	500	500	0
Total Building & Grounds	\$4,607	\$12,000	\$11,100	\$19,800
Total Expenses	\$600,476	\$552,500	\$563,100	\$559,800

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Stores and Garage Fund

Source and Use of Funds For Capital Improvements

FY2016

Source of Funds:

Internal Loan	230,000	
Operating Funds	<u>\$30,000</u>	
Total Source of Funds		<u>\$260,000</u>

Use of Funds:

Equipment:

Tandem Axle Plow Truck	\$195,000	
Service Truck	25,000	
1-Ton 4x4 Truck Chassis	<u>40,000</u>	
Total Use of Funds		<u>\$260,000</u>



Footnote: Replacing aging equipment is a vital part of the ongoing operations in this department. All proposed equipment purchases will replace outdated models, saving the department costs arising from increased maintenance on older equipment. The Department is anticipating replacing a front-end loader used primarily in winter maintenance activities, as well as a service truck and underbody plows.

Cash Flow Analysis

FY2016

ADDITIONS:

Depreciation	\$75,000	
Net Income (Loss)	<u>1,200</u>	
TOTAL ADDITIONS		\$76,200

DEDUCTIONS:

Principal Payment - Internal Loan	\$50,000	
Capital Items	<u>260,000</u>	
TOTAL DEDUCTIONS		<u>\$310,000</u>

NET INCREASE (DECREASE) OF AVAILABLE CASH **(\$233,800)**



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Information Technology Fund

Fund: Information Technology Fund

Type: Internal Service Fund
Oversight: Director of Finance

Nature and Purpose:

The City of Cadillac has been very successful in leveraging technology to improve productivity. The City's 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.

As an internal service fund, revenues are received from contributions by other City funds and activities.

Currently the IT Department equipment list includes the following:

- > 63 workstations including desktop and notebook computers;
- > 10 file servers including Email, Application, Storage, and Security servers;
- > Numerous printers, tablets, scanners, and other related equipment and software.

PERFORMANCE MEASURES - INFORMATION TECHNOLOGY

MEASURE	Fiscal Year:	Actual		Projected	Budgeted	Trend
		2013	2014	2015	2016	
Number of Workstations		68	63	65	65	↔
Operating Cost per Workstation		\$2,612	\$3,020	\$3,000	\$3,100	↑
Number of Workstations Replaced		6	19	15	15	↑
Total Capital Investment		\$66,388	\$40,784	\$40,000	\$165,000	↔

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Information Technology Fund

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
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Revenues

Charges for Services - Intergovernmental

General Fund

City Council	\$4,000	\$4,000	\$4,000	\$4,000
City Manager	8,000	8,000	8,000	8,000
Finance	20,000	20,000	20,000	20,000
Assessor	15,000	15,000	15,000	15,000
Treasurer	20,000	20,000	20,000	20,000
Municipal Complex	6,000	6,000	6,000	6,000
Police	45,000	45,000	45,000	40,000
Fire	10,000	10,000	10,000	10,000
Engineering	18,000	18,000	18,000	18,000
Community Development	2,500	2,500	2,500	2,500
Water & Sewer	47,500	47,500	47,500	47,500
Stores and Garage	5,000	5,000	5,000	5,000
Total Intergovernmental Services	201,000	201,000	201,000	196,000

Interest Income	7	100	100	100
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Sale of Property	0	500	500	500
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Total Revenue	\$201,007	\$201,600	\$201,600	\$196,600
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Expenses

Salaries	\$8,810	\$8,900	\$9,000	\$9,000
Fringes	3,584	4,000	4,200	4,200
Office Supplies	3,662	6,000	7,000	7,000
Audit	700	500	700	500
Contractual Services	12,000	12,000	12,300	12,300
Hardware and Accessories	20,924	20,000	0	15,000
Software and Programming	63,358	62,000	66,000	66,000
Liability Insurance	1,100	1,100	1,100	1,100

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Information Technology Fund

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Expenses (Continued)				
Dues & Publications	0	0	0	0
Telephone	6,182	6,500	6,500	6,500
Travel and Education	0	500	1,500	1,500
Repair and Maintenance	784	3,000	3,000	3,000
Depreciation	39,176	35,000	60,000	40,000
Administration	30,000	30,000	30,000	30,000
Total Expenses	\$190,280	\$189,500	\$201,300	\$196,100
Net Assets				
Change in Net Assets	\$10,727	\$12,100	\$300	\$500
Total Net Assets - Beginning of Year	400,483	411,210	411,210	423,310
Total Net Assets - End of Year	\$411,210	\$423,310	\$411,510	\$423,810

Expense Descriptions

Salaries and Fringes

The Information Technology Fund pays an employee (0.3 FTE) to perform functions related to the City's electronic document storage system, including scanning new and existing documentation.

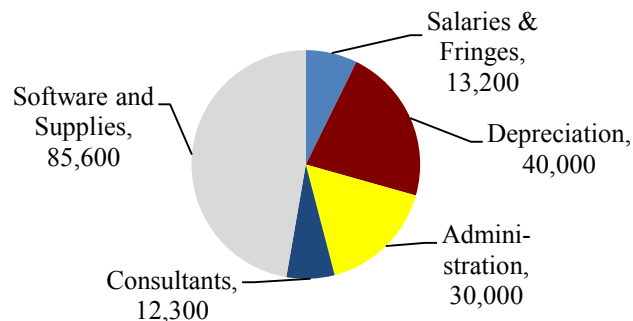
Software and Programming

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 contract was awarded to a new vendor beginning July 1, 2012. I.T. Right, Inc. of Bath, MI is now serving as the City's contracted IT department.

Expenses by Type
Current Budget Request



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Information Technology Fund

Other Financial Analysis

Source and Use of Funds For Capital Improvements

FY2016

Source of Funds:

Revenues:

Operating Revenues	40,000
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Total Source of Funds	\$40,000
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Use of Funds

Computer Replacement	\$20,000
IT Infrastructure	20,000

Total Use of Funds	\$40,000
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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

FY2016

Additions

Depreciation	\$40,000
Net Income (Loss)	500

Total Additions	\$40,500
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Deductions

Capital Items	40,000
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Total Deductions	\$40,000
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Net Increase (Decrease) in Available Cash	\$500
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Budget staff has confirmed that there will be sufficient cash on hand to handle the projected cash flow needs for FY2016.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Self Insurance Fund

Fund: Self Insurance Fund

Type: Internal Service Fund
Oversight: City Manager

Nature and Purpose:

This fund provides for the health and life insurance of all full-time City employees and their families, as well as eligible retirees. Eligible retirees receive health insurance until age 65, in accordance with the applicable collective bargaining agreement or non-union schedule of benefits. The various funds within the City are charged an employer contribution rate equivalent to the estimated cost of providing the benefits on a per month per employee cost basis.

Basic and Master Medical

The employer contribution rate has held fairly consistent for several years and has provided the fund with solid reserves to help mitigate the risk of higher-than-normal claims years. Because of health care reform, certain benefits had to be offered to City employees. This resulted in a plan change for all City of Cadillac employees. Because of the changes, total costs increased nearly 20%. Employee contributions were increased to help offset the rise in costs. 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.

FUNDING DETAILS	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Employer Contributions	\$895,843	\$960,000	\$990,000	\$875,000
Employer Contributions-Dental	74,781	78,000	75,000	80,000
Employer Contributions-Optical	10,170	10,500	10,000	15,000
Employer Contributions-Life	6,819	7,000	6,500	7,000
Employee Contribution	124,854	74,000	65,000	60,000
Interest Income	9,404	9,000	15,000	15,000
Surplus	0	116,000	199,000	193,500
Total	\$1,121,871	\$1,254,500	\$1,360,500	\$1,245,500
Expenses				
Audit	\$500	\$500	\$500	\$500
Reinsurance Premiums	1,014,195	1,000,000	1,025,000	960,000
Administration	39,308	41,000	35,000	40,000
Benefit Payments				
Health Insurance	101,363	200,000	290,000	235,000
Life Insurance	6,218	13,000	10,000	10,000
Total	\$1,161,584	\$1,254,500	\$1,360,500	\$1,245,500
Net Assets				
Change in Net Assets	(\$39,713)	(\$116,000)	(\$199,000)	(\$193,500)
Total Net Assets - Beginning of Year	1,115,269	1,075,556	1,075,556	959,556
Total Net Assets - End of Year	\$1,075,556	\$959,556	\$876,556	\$766,056

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Self Insurance Fund

System Benefits Highlights

Health Insurance

The City has traditionally provided a preferred provider organization (PPO) medical insurance plan for active employees. In order to manage health care insurance costs, a health maintenance organization (HMO) plan was initiated in 2014. This plan saves significant costs and about 75% of eligible employees and retirees have switched to the HMO plan.

Life Insurance

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

Health Insurance Retiree Benefit Payments

A portion of the City's annual required contribution for other post-employment benefits (OPEB) will be taken from this fund for FY2016, in the amount of approximately \$50,000. These funds have been accumulating here and will now be transferred to the City's retiree health care funding vehicle at MERS. Additionally, this fund continues to cover retiree health premiums on a "pay-as-you-go" basis while the funds are building in the trust.

Plan Cost Summaries

Plan Type	Annual Costs			Total	Employee Co-Pay	Co-Pay as % of Total Costs	# of Participants
	Medical	Dental	Vision				
Blue Cross Blue Shield PPO							
Single	\$7,193	\$444	\$97	\$7,734	\$1,247	16.12%	4
Two-Person	\$17,265	\$820	\$149	\$18,234	\$2,993	16.41%	6
Family	\$21,581	\$1,447	\$267	\$23,295	\$3,741	16.06%	3
							13
Blue Care Network HMO							
Single	\$4,786	\$444	\$97	\$5,327	\$180	3.38%	10
Two-Person	\$11,008	\$820	\$149	\$11,977	\$300	2.50%	22
Family	\$13,162	\$1,447	\$267	\$14,876	\$420	2.82%	39
							71

* An additional 14 employees/retirees that are eligible for health care participate in the City's opt-out program. The City provides opt-out payments of up to \$2,700 per year for electing other available coverage.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Safety Fund

Fund: Safety Fund

Type: Internal Service Fund
Oversight: Safety Director (Currently: Laboratory Manager)

Nature and Purpose:

The Safety Fund was created to enable the development of a safety culture that would enhance employee performance by assisting employees in maintaining the highest possible level of health and safety.

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

The Safety Coordinator also 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.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Interest Income	\$1	\$0	\$300	\$100
General Fund	5,500	5,500	5,500	5,500
Water and Sewer Fund	3,500	3,500	3,500	5,000
Stores & Garage Fund	2,500	2,500	2,500	5,000
Surplus	0	0	0	0
Total	\$11,501	\$11,500	\$11,800	\$15,600
Expenditures				
Salaries and Wages	\$2,500	\$3,000	\$3,500	\$3,500
Fringes	405	100	1,800	1,500
Operating Supplies	2,077	2,500	3,000	7,000
Audit	500	500	500	500
Dues and Publications	350	300	500	500
Travel and Education	1,203	4,000	2,500	2,500
Total	\$7,035	\$10,400	\$11,800	\$15,500
Net Assets				
Change in Net Assets	\$4,466	\$1,100	\$0	\$100
Total Net Assets - Beginning of Year	8,530	12,996	12,996	14,096
Total Net Assets - End of Year	\$12,996	\$14,096	\$12,996	\$14,196

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Safety Fund

Safety Program Highlights

Safety Committee

The Safety Committee is comprised of employees from various departments with a total of 7 members.

Laboratory Manager Amy Vail has been the safety coordinator since 2010 and works hard at helping City of Cadillac employees enjoy a safe work environment.

Safety Statistics				
Cases	2011	2012	2013	2014
Deaths	0	0	0	0
Number of cases with days away from work	0	1	5	2
Number of cases with job transfer/restriction	1	1	1	3
Other reported cases	4	5	3	1
Days				
Total days away from work	0	1	41	3
Total days of job transfer/restriction	7	15	4	40
Total hours worked - all employees	170,428	169,121	167,418	166,907

Note:

An extended leave injury to one employee in the Fire Department accounted for the increase in total days away from work in 2013.

GOALS

FY2016

1. Offer personal defense course to City staff.
2. Create action plan to handle dangerous or irate customers at various City departments.
3. Conduct walk through with MIOSHA Consultation, Education and Training (CET) consultant to identify potential safety issues.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Police and Fire Retirement Fund

Fund: Police and Fire Retirement Fund

Type: Pension Trust Fund
Oversight: Director of Finance

Nature and Purpose:

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

The financial objective is to establish and receive contributions, expressed as a percent of active payroll, which will remain approximately level from year to year and will not be increased for future generations. The system is supported by City contributions, investment income from the retirement assets, and an employee contribution of 3% of salary. To fund the system, the City contributes 34.24% of the police member salaries and 29.76% of the fire members' salaries. The system is meeting its annual funding requirements. The system is 76.1% funded, slightly up from 73.68% 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.

PERFORMANCE MEASURES - POLICE AND FIRE RETIREMENT SYSTEM

MEASURE	Actuarial Valuation Date: June 30,				Trend
	2011	2012	2013	2014	
Actuarially Accrued Pension Liabilities	\$10,852,937	\$11,246,821	\$11,624,354	\$12,220,792	↑
Funding Value of Accrued Assets	\$7,989,372	\$8,200,264	\$8,565,010	\$9,304,981	↑
Unfunded Actuarially Accrued Liabilities	\$2,863,565	\$3,046,557	\$3,059,344	\$2,915,811	↔
Funded Ratio (Assets/Liabilities)	73.61%	72.91%	73.68%	76.14%	↑
Total Pension Payments	\$631,514	\$614,185	\$719,195	\$769,149	↑
Number of Retirees	33	31	34	35	↑
Average Annual Pension	\$19,137	\$19,812	\$21,153	\$21,976	↑
Contribution Required (% of payroll) - Police	35.18%	35.00%	35.15%	34.24%	↔
Contribution Required (% of payroll) - Fire	25.03%	26.98%	31.59%	29.76%	↔
Total Contribution Required	\$513,543	\$545,530	\$549,400	\$543,315	↔
Number of Active Members	26	26	26	26	↔
Average Annual Salary	\$59,414	\$61,564	\$60,557	\$62,726	↑

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Police and Fire Retirement Fund

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Additions				
Contributions - Employer	633,673	\$620,000	\$625,000	\$625,000
Contributions - Employee	42,195	\$40,000	\$45,000	40,000
Interest and Dividend Income	15	500	\$2,000	500
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	1,153,132	500,000	133,000	200,000
Investment Expenses	(6,215)	(12,000)	(15,000)	(15,000)
Total Additions	\$1,822,800	\$1,148,500	\$790,000	\$850,500
Deductions				
Benefit Payments				
Retirement	\$743,524	\$805,000	\$780,000	840,000
Administrative Expenses				
Audit	1,500	2,000	2,000	2,500
Contractual Services	5,700	8,000	8,000	8,000
Total Deductions	\$750,724	\$815,000	\$790,000	\$850,500
Net Increase (Decrease) in Plan Assets	\$1,072,076	\$333,500	\$0	\$0
Net Assets Held in Trust for Pension Benefits				
Beginning of Year	\$8,675,454	\$9,747,530	\$9,747,530	\$10,081,030
End of Year	\$9,747,530	\$10,081,030	\$9,747,530	\$10,081,030

Plan and Membership Information

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

Retirement Board

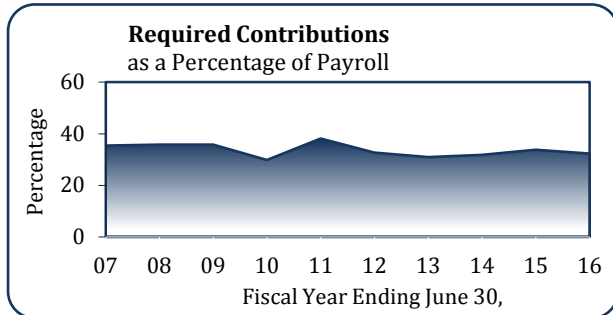
Jay Thiebaut, *Chairperson* - Citizen Member
Keri Lanning, *Secretary/Treasurer* - City Treasurer
Chris Shankland, Citizen Member
James Kozlowski, Fire Fighter Member
Todd Golnick, Police Member

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Police and Fire Retirement Fund

Plan Financial Details



Required Contribution

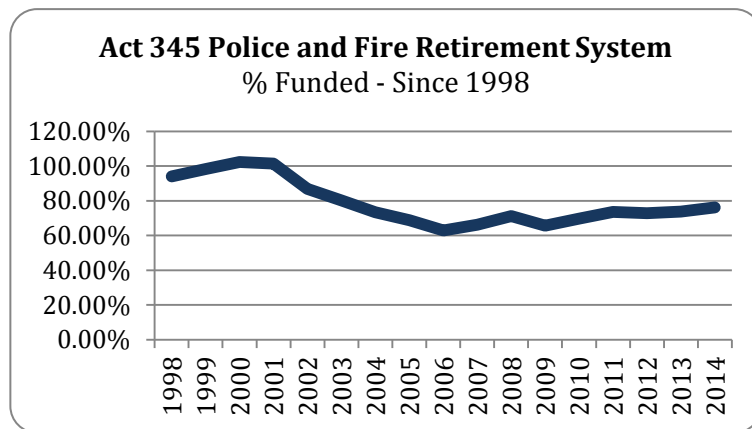
Contribution rates have trended upward as a result of a declining stock market, low interest rates, and additional benefits. The annual required contribution as a percentage of payroll dropped slightly to 32.22% in FY2016 from 33.75% in FY2015 due primarily the smoothing of annual returns on the assets of the system.

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).



Funded Status

Enhanced retirement benefits in the early 2000's had a detrimental impact on the overall funded status of the plan. Coupled with the devastating impact the economy has had recently on the assets of the system, as of the last valuation dated June 30, 2014 the plan is now 76.1% funded.

Summary of Actuarial Methods and Assumptions

Last Valuation Date	June 30, 2014
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	10
Remaining Amortization - Benefit Increase	17 Years
Asset Valuation Method	5-year smoothed market

Assumptions:

Investment Rate of Return	7.5%
Projected Salary Increases	4.0%
Assumed Rate of Payroll Growth	4.0%
Assumed Rate of Membership Growth	0.0%

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Police and Fire Retirement Fund

Summary of Act 345 Benefits & Conditions

<i>Eligibility:</i>	<i>Benefit:</i>
Regular Retirement	
Age 50 with 25 or more years of service or age 60 regardless of service.	Straight life pension equals 2.5% of 5 year average final compensation (AFC) times first 25 years of service plus 1% of AFC times years of service in excess of 25 years.
Deferred Retirement	
10 or more years of service.	Computed as service retirement but based upon service, AFC and benefit in effect at termination. Benefit begins at the date the member would have been eligible to retire if employment had continued.
Death After Retirement	
Payable to a surviving spouse, if any, upon the death of a retired member who was receiving a straight life pension which was effective July 1, 1975 or later.	Spouse's pension equals 60% of the straight life pension the deceased retiree was receiving.
Duty Disability Retirement	
Payable upon the total and permanent disability of a member in the line of duty.	To age 55: 50% of AFC. At age 55: same credit as service retirement pension with service credit from date of disability to age 55.
Non-Duty Disability Retirement	
Payable upon the total and permanent disability of a member with 5 or more years of service.	To age 55: 1.5% of AFC times years of service. At age 55: same as service retirement pension.
Duty Death in Service Retirement	
Payable upon the expiration of worker's compensation to the survivors of a member who died in the line of duty.	Same amount that was paid by Worker's Compensation.
Non-Duty Death in Service Retirement	
Payable to a surviving spouse, if any, upon the death of a member with 20 or more years of service.	Accrued straight life pension actuarially reduced in accordance with an Option 1 election.

Member Contribution:

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**



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Component Unit Funds Summary

Component Unit Funds Summary

Component Units

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

Local Development Finance Authority (LDFA) - The LDFA was created by the City Council pursuant to the provisions of Act 251, Public Acts of 1986. The members of the board of the LDFA are appointed by the City Council. The LDFA has a stated purpose to provide for the acquisition, construction and financing of a groundwater treatment facility, which will consist of a complex of wells and pumps installed on property where contaminated groundwater is located, piping sufficient to carry the contaminated groundwater to the cleaning facility, and the cleaning facility itself. The LDFA has also indicated that, if funds are available, they will construct roads, water and sewer lines within the VanderJagt Industrial Park. Money to finance these projects will come from tax increments attributed to increases in the value of real and personal property resulting from new construction, and property value increases within the industrial park.

Local Development Finance Authority Utilities Fund - This fund was established to provide water utility services to the cogeneration plant located within the boundaries of the LDFA.

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

Downtown Development Authority (DDA) - The DDA was established through City Ordinance under Act 197 of the Public Acts of Michigan of 1975. 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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Component Unit Funds Summary

Component Unit Funds Summary

FY2016

	Local Development Finance Authority Operating	Local Development Finance Authority Utilities	Local Development Finance Authority Capital Projects	Brownfield Redevelopment Authority Operating
Revenues				
Tax Revenues			\$140,000	\$28,000
Interest Income	\$12,000	\$1,500	10,000	\$500
Water Revenues		18,500		
Contributions				
Surplus	349,300			
Total Revenues	\$361,300	\$20,000	\$150,000	\$28,500
Expenditures				
Salaries - Regular	\$18,500	\$3,000		
Salaries - Part Time				
Fringes	10,200	1,800		
Other Operating Expenses	332,600	10,500	500	28,500
Capital Outlay			100,000	
Total Expenditures	\$361,300	\$15,300	\$100,500	\$28,500
Fund Balance				
Net Change in Fund Balance (1)	(\$349,300)	\$4,700	\$49,500	\$0
Beginning Fund Balance	1,008,780	302,545	1,138,173	215,852
Ending Fund Balance	\$659,480	\$307,245	\$1,187,673	\$215,852

(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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Component Unit Funds Summary

Component Unit Funds Summary (Continued)

FY2016

	Downtown Development Authority	Downtown Development Authority Capital Projects	Total
Revenues			
Tax Revenues	\$29,000	\$80,000	\$277,000
Interest Income	200	1,000	25,200
Water Revenues			18,500
Contributions	3,000		3,000
Surplus		179,500	528,800
Total Revenues	\$32,200	\$260,500	\$852,500
Expenditures			
Salaries - Regular	\$14,000		\$35,500
Salaries - Part Time	2,500		2,500
Fringes	6,700		18,700
Other Operating Expenses	9,000	10,500	391,600
Capital Outlay		250,000	350,000
Total Expenditures	\$32,200	\$260,500	\$798,300
Fund Balance			
Net Change in Fund Balance (1)	0	(179,500)	(\$474,600)
Beginning Fund Balance	963	384,213	\$3,050,526
Ending Fund Balance	\$963	\$204,713	\$2,575,926

(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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Component Unit Funds Summary

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*

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Development Finance Authority Operating Fund

Fund: Local Development Finance Authority Operating Fund

Type: Component Unit - Special Revenue Fund
Oversight: Director of Utilities

Nature and Purpose:

The Local Development Finance Authority (LDFA) established an operating fund which reflects the operational costs of the groundwater cleanup process in the industrial park. This fund has a sole source of revenue which is the special assessments paid by the industrial community within the contaminated area. 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 2015 will be the nineteenth full year the plant has been in operation.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Tax Revenue	\$0	\$0	\$0	\$0
Interest Income	16,565	18,000	25,000	12,000
Surplus	0	241,500	0	0
Total	\$16,565	\$259,500	\$25,000	\$12,000
Expenditures				
Salaries and Wages - Regular	\$17,437	\$18,000	18,500	18,500
Fringes	10,095	10,000	10,200	10,200
Operating Supplies	10,154	10,000	11,500	11,500
Chemicals	0	0	200	200
Contractual Services	0	0	75,000	75,000
Legal Contractual Services	0	7,500	9,500	9,500
Audit	900	500	900	900
Contracted Lab Costs	48,123	45,000	45,000	45,000
Utilities	165,121	161,000	160,000	160,000
Repair & Maintenance	9,764	7,500	15,500	15,500
Carbon	0	0	0	0
Engineering Fees	0	0	15,000	15,000
Total	\$261,594	\$259,500	\$361,300	\$361,300
Fund Balance				
Net Change in Fund Balance	(\$245,029)	(\$241,500)	(\$336,300)	(\$349,300)
Fund Balance - Beginning of Year	1,495,309	1,250,280	1,008,780	1,008,780
Ending Fund Balance	\$1,250,280	\$1,008,780	\$672,480	\$659,480

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Development Finance Authority Operating Fund

System Information

The purge and treat system was constructed during 1995 and 1996 with start-up in September of 1996. System design includes a chromium removal process and dual stage air stripping for volatile organic chemical (VOC) removal. Maximum design flow for the treatment system is 3.2 million gallons per day (MGD). During 2013 the daily average was 2.3 MGD. Treated groundwater is discharged to the Clam River near the old Lake Cadillac dam.

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

Board of Directors:	
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Marcus A. Peccia - Chairperson	City Manager, City of Cadillac
Jo Spry	Superintendent, Cadillac Area Public Schools
Steve Frisbie	Owner, Frisco Management
Bill Tencza	President, Cadillac Area Chamber of Commerce
Jim Petersen	Retired Bank President
Frank Verhoven	Assistant Superintendent of Operations and Personnel, Cadillac Area Public Schools
Denny Benson	Local Attorney
Leslie Housler	Wexford County Commissioner

Fund Financial Highlights

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

It is anticipated that the Soil Vapor Extraction site will be closed. The USEPA has granted clearance for this to take place, and the project is anticipated to begin soon. In FY2015, a comprehensive study will take place regarding the current status of the groundwater cleanup process and the future needs for the facility.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Development Finance Authority Operating Fund

L.D.F.A. Groundwater Treatment Statistics

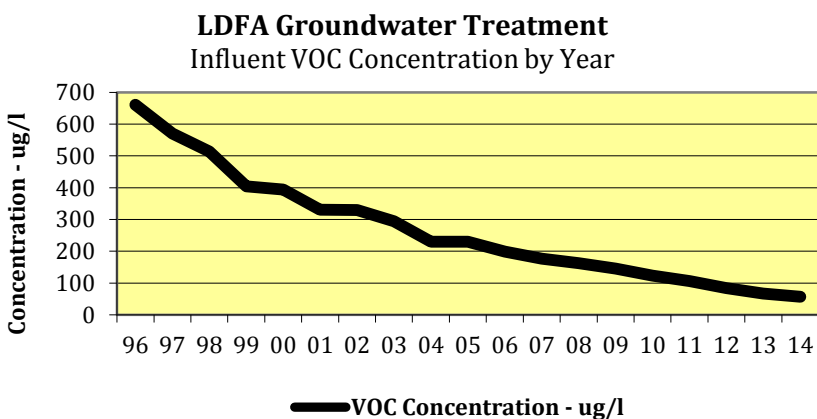
Volume of groundwater pumped and treated:

Year	Gallons	
	Per Day	Per Year
2005	2,339,300	853,850,000
2006	2,387,000	871,400,000
2007	2,422,000	884,190,000
2008	2,401,700	857,000,000
2009	2,405,479	878,000,000
2010	2,400,000	876,000,000
2011	2,360,000	861,600,000
2012	2,324,000	848,260,000
2013	2,255,041	823,090,000
2014	2,194,055	800,830,000



LDFA Water Treatment Facility

Year	Estimated pounds of volatile organics stripped from the water (per year):	Hours spent in Operation and Maintenance
2005	1,673	830
2006	1,453	940
2007	1,305	1,140
2008	1,195	1,014
2009	1,067	819
2010	899	800
2011	762	950
2012	594	966
2013	460	890
2014	381	961



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Development Finance Authority Operating Fund

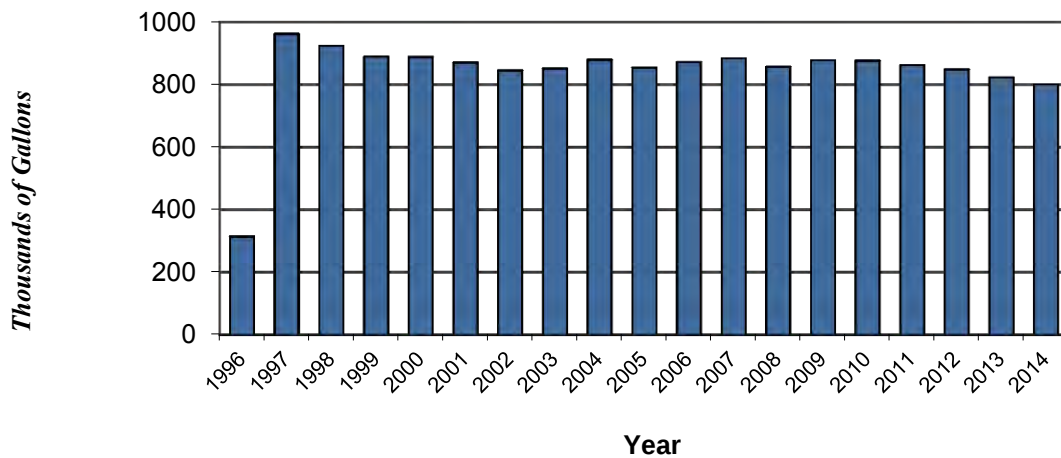
Other L.D.F.A. Groundwater Treatment Details



* More than 15.9 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.

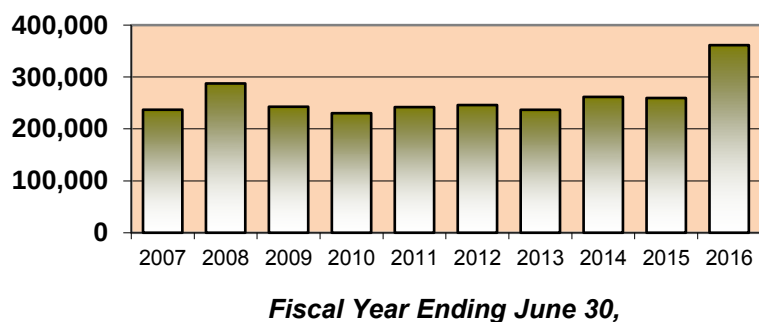
Treated Gallons per Calendar Year



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
Last Ten Fiscal Years***



City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Development Authority Utilities Fund

Fund: Local Development Finance Authority Utilities Fund

Type: Component Unit - Enterprise Fund
Oversight: Director of Utilities

Nature and Purpose:

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

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

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

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Water Revenue	\$17,968	\$18,000	\$18,500	\$18,500
Interest Income	2,424	1,500	1,500	1,500
Total	\$20,392	\$19,500	\$20,000	\$20,000
Expenditures				
Salaries and Wages - Regular	\$2,323	\$2,500	\$3,000	\$3,000
Fringes	1,302	1,300	1,800	1,800
Operating Supplies	1,176	1,000	500	500
Contractual Services	0	1,000	4,500	4,500
Audit	400	500	500	500
Depreciation	0	4,600	5,000	5,000
Total	\$5,201	\$10,900	\$15,300	\$15,300
Net Assets				
Change in Net Assets	\$15,191	\$8,600	\$4,700	\$4,700
Total Net Assets - Beginning of Year	278,754	293,945	293,945	302,545
TOTAL NET ASSETS - END OF YEAR	\$293,945	\$302,545	\$298,645	\$307,245

Fund Highlights

Net Assets

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

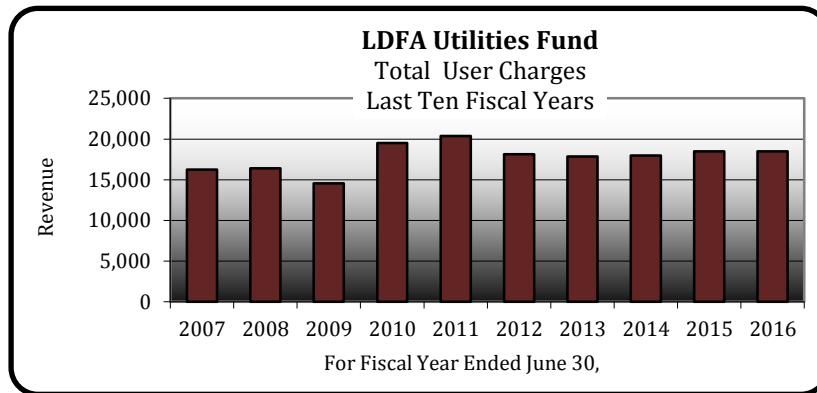
City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Development Authority Utilities Fund

Fund Highlights

Revenue

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.



System Statistics & Measures

<i>Volume of Water Pumped</i>	
<i>Year</i>	<i>Gallons</i>
2005	140,912,000
2006	148,930,000
2007	123,957,000
2008	147,034,000
2009	134,265,000
2010	109,877,000
2011	130,352,000
2012	131,905,000
2013	133,881,884
2014	139,840,000



LDFA well house (foreground) with Cadillac Renewable Energy in background



LDFA Well

<i>Hours spent in operation and maintenance</i>	
<i>Year</i>	<i>Hours</i>
2005	134
2006	125
2007	175
2008	151
2009	110
2010	127
2011	126
2012	112
2013	102
2014	134

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Development Authority Capital Projects Fund

Fund: Local Development Finance Authority Capital Projects Fund

Type: Component Unit - Capital Project Fund
Oversight: Director of Utilities

Nature and Purpose:

This fund accounts for tax increment finance revenues (TIF) collected on behalf of the LDFA after debt service requirements have been met. The TIF revenues are restricted for capital investments, and this fund will help ensure that the restricted funds are used only for allowable purposes.

The debt service for the groundwater treatment infrastructure in the LDFA district was paid in full in FY2006. For the next couple of years, the TIF revenues were deposited in the operating fund of the Local Development Finance Authority. Because of the restrictions on the use of the funds, it was determined that establishing this fund would be the best way to account for them.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Tax Increment Financing Revenue	\$138,343	\$140,000	\$135,000	\$140,000
Interest Income	4,381	6,000	10,000	10,000
Total	\$142,724	\$146,000	\$145,000	\$150,000
Expenditures				
Audit	\$500	\$500	\$500	\$500
Construction	0	0	100,000	100,000
Total	\$500	\$500	\$100,500	\$100,500
Fund Balance				
Net Change in Fund Balance	\$142,224	\$145,500	\$44,500	\$49,500
Fund Balance - Beginning of Year	850,449	992,673	992,673	1,138,173
Ending Fund Balance	\$992,673	\$1,138,173	\$1,037,173	\$1,187,673

Tax Increment Finance Revenues

Tax increment finance (TIF) revenues collected by Cadillac's LDFA are restricted for capital projects. There is ongoing tax capture after the debt service requirements have been fulfilled which is accounted for in this fund. Accounting for them in a separate fund segregates them for capital purposes in compliance with the TIF plan. Details of the TIF capture are presented on the next page.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Local Development Authority Capital Projects Fund

LDFA Groundwater Treatment System

Anticipated Capital Needs

The LDFA telemetry system was budgeted for replacement in FY2015. The project will be funded using TIF funds and is expected to cost approximately \$100,000.



LDFA Treatment Facility

Constructed in 1995 and 1996, the groundwater treatment system started up in September 1996, and has since treated over 9 billion gallons of groundwater.

LDFA Operating Fund

All operations of the treatment facility are covered by a special assessment. This activity is accounted for in the LDFA Operating Fund.

Source of Tax Increment Financing Revenue

The Local Development Finance Authority captures taxes in the LDFA District as follows:

	<u>Ad Valorem</u>	<u>IFT</u>	<u>Total</u>
Total LDFA District Taxable Value	\$3,755,968	\$4,117,200	\$7,873,168
Base Value	(551,400)	0	(551,400)
Captured Value	\$3,204,568	\$4,117,200	\$7,321,768

		<u>Capture</u>		
	<u>Millage</u>	<u>Ad Valorem</u>	<u>IFT</u>	<u>Total</u>
Taxes Captured:				
City Operating	13.94730	\$44,695	\$28,712	\$73,407
Police and Fire Retirement (City)	2.60000	8,332	5,352	13,684
Wexford County Allocated	6.77970	21,726	13,957	35,683
Wexford County - Recreation	0.25000	801	515	1,316
Wexford County - Animal Control	0.25000	801	515	1,316
Wexford County - Road Patrol	0.95000	3,044	1,956	5,000
CWTA	0.60000	1,923	1,235	3,158
Cadillac-Wexford Public Library	0.75000	2,403	1,544	3,947
Council on Aging	0.99760	3,197	2,054	5,251
Total Taxes Captured	27.12460	\$86,923	\$55,839	\$142,761

Note: Captured taxes are calculated by multiplying the millage rate by the captured value. The millage rate must first be divided by 1000, as one mill is equal to \$1 in taxes per \$1,000 in taxable value. IFT parcels receive exemptions of 50% of taxes. Total City-wide taxable value is \$243,589,248. The LDFA captures about 1.3% of the ad valorem tax roll, and an additional 25.8% of the IFT tax levy.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Downtown Development Authority Operating Fund

Fund: Downtown Development Authority Operating Fund

Type: Component Unit - Special Revenue Fund
Oversight: DDA Director

Nature and Purpose:

The volunteer board members of the Cadillac Downtown Development Authority (DDA) are charged with the responsibility of encouraging economic development and halting declining property values in the Downtown Development District, for the benefit of the Downtown District's businesses and the community at large, as prescribed according to the provisions of Public Act 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. DDA activities must meet public purposes and be financially supported by legally ascribed funding methods.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Interest Income	\$1	\$200	\$200	\$200
Tax Revenue	30,291	29,000	30,000	29,000
DEQ Management Fee	5,000	5,000	5,000	0
Contributions From Private Sources	1,725	2,000	3,000	3,000
Total	\$37,017	\$36,200	\$38,200	\$32,200
Expenditures				
Salaries and Wages - Regular	\$17,969	\$18,000	\$18,500	\$14,000
Salaries and Wages - Part Time	2,657	3,000	2,000	2,500
Fringes	7,011	8,000	7,500	6,700
Office Supplies	659	200	200	200
Other Supplies	1,584	0	0	0
Postage	0	0	100	100
Contractual Services	9,391	7,000	7,000	6,500
Audit	900	500	900	500
Travel and Education	471	200	200	200
Publisher's Costs	852	500	500	500
Downtown Marketing	58	1,200	1,000	1,000
Total	\$41,552	\$38,600	\$37,900	\$32,200
Fund Balance				
Change in Fund Balance	(\$4,535)	(\$2,400)	\$300	\$0
Fund Balance - Beginning of Year	7,898	3,363	3,363	963
Ending Fund Balance	\$3,363	\$963	\$3,663	\$963

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Downtown Development Authority Operating Fund

Fund Structure and Staffing

There are 420 parcels of property within the Downtown Development District (including real and personal property) on which taxes are paid. These parcels are anticipated to generate \$29,000 in property tax revenue from the DDA's two mill levy, which averages about \$70 per parcel of property taxes paid per year in the district.

DDA Staff

The City's Community Development Director is also the director of the DDA. Approximately 25% of the CD Director's time is committed to the DDA. In addition, during the summer months a part-time summer employee is hired to clean and monitor the downtown area to enhance the image of our community.

Cadillac DDA Board of Directors

<i>Name</i>		<i>Business</i>	<i>Occupation</i>
Robert Levand	Chairperson	N/A	DDA District Resident
Bill Cinco	Vice-Chairperson	Trend Designers	Owner
Marcus A. Peccia	Secretary/Treasurer	City of Cadillac	City Manager
Chris Huckle	Member	Cadillac News	Owner/Publisher
Tim Coffey	Member	Coffey Insurance Agency	Owner
Curtis Schultz	Member	Markur Consulting	Consultant
Stephanie Trombley	Member	Bridal Expressions	Owner
Gregg Carner	Member	Brinks Custom Framing	Owner
Michelle Bosscher	Member	Downtown Property Owner	Owner
Michael Bush	Member	Resident	DDA District Resident
David Gaunt	Member	After 26 Café	Board of Directors

Fund Financial Highlights

Tax Revenue

The tax revenues of the DDA are based on a millage levied on properties within the district for operating purposes. Over the last ten years, there has not been significant growth in the district-wide taxable value, which has restricted the growth in revenues available for operating purposes.

Fiscal Year	Taxable Value	Millage	Taxes	Change
2007	\$15,871,450	1.9548	\$31,026	1.24%
2008	\$15,329,020	1.9548	\$30,004	-3.29%
2009	\$15,777,746	1.9548	\$30,850	2.82%
2010	\$15,884,335	1.9548	\$31,051	0.65%
2011	\$15,290,897	1.9548	\$29,580	-4.74%
2012	\$15,323,410	1.9548	\$30,029	1.52%
2013	\$15,609,601	1.9548	\$30,513	1.61%
2014	\$15,478,515	1.9548	\$30,174	-1.11%
2015	\$14,552,873	1.9548	\$28,527	-5.46%
2016	\$14,602,325	1.9548	\$28,545	0.06%

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Downtown Development Authority Capital Projects Fund

Fund: Downtown Development Authority Capital Projects Fund

Type: Component Unit - Capital Project Fund

Oversight: DDA Director

Nature and Purpose:

In November, 1992 the Cadillac Downtown Development Authority (DDA) and the Cadillac City Council approved the DDA's Development and Tax Increment Financing (TIF) plans. The purpose of these plans is to provide a source of revenue for the DDA to undertake various capital and public infrastructure improvements within the DDA Development District. It is anticipated that this public investment will in turn enhance the Development District and initiate spin-off private investment, resulting in an overall increase in downtown economic development and the elimination of declining property taxes.

While the plans were established in 1992, the first TIF capture was not realized until FY1997. In order for a TIF capture to be realized, the base property value for the entire DDA Development District must be exceeded by future years property values. From 1993 to 1995, property values in the DDA Development District continued to show an overall net decline. It was not until 1996 that the district's overall property values exceeded the 1992 base value (\$11,654,550), producing the first DDA TIF revenue capture of \$13,000. The taxable value of the district grew to over \$15,000,000, but has remained relatively flat over the last ten years. The purpose of Cadillac's DDA Capital Projects Fund is to receive these TIF revenues and track their expenditures on Development Plan projects.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Tax Revenue	\$105,188	\$95,000	\$80,000	\$80,000
Interest Income	2,072	1,000	500	1,000
Surplus	0	0	0	179,500
Total	\$107,260	\$96,000	\$80,500	\$260,500
Expenditures				
Audit	\$500	\$400	\$500	\$500
Contractual Services	14,438	4,000	4,000	10,000
Construction	0	0	0	250,000
Debt Service	30,682	0	0	0
Total	\$45,620	\$4,400	\$4,500	\$260,500
Fund Balance				
Net Change in Fund Balance	\$61,640	\$91,600	\$76,000	(\$179,500)
Fund Balance - Beginning of Year	230,973	292,613	292,613	384,213
Ending Fund Balance	\$292,613	\$384,213	\$368,613	\$204,713

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Downtown Development Authority Capital Projects Fund

Other Fund Information

In accordance with the Michigan Public Act 197 of 1975, as amended (the DDA Act), the Cadillac DDA must spend its TIF revenues only as prescribed by law and only on projects listed in its Development Plan. Typically, these projects are of a public infrastructure nature, but can include overall district marketing efforts and some operational expenditures, as directly related to the DDA office and staff. The Cadillac DDA has detailed a number of such public improvements in its Development Plan, including additional sidewalks and lighting improvements along downtown side streets, parking lot improvements, public water and sewer improvements associated with private developments, and building acquisitions/demolitions, to name a few. In 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 were used in part to repay this fifteen year bond issue. The bonds have since been paid off.

Construction

For FY2016, the DDA will be partnering with other local agencies and groups to help redevelop a portion of some downtown parking lots in conjunction with the Heritage Park Place Plans Project. This exciting project will significantly enhance the downtown area as well as its connection to the lakefront area.

Debt Service

Expenditures classified under Debt Service represent funds to repay an internal loan that was taken out as part of the 2009 Mitchell Street Improvement Project to assist in cash flow.

Source of Tax Increment Financing Revenue

The DDA Capital Projects Fund captures taxes in the DDA District as follows:

Total DDA District Taxable Value		\$14,602,325
1996 Base Value		<u>(11,654,550)</u>
Captured Value		\$2,947,775
Taxes Captured:	<u>Millage</u>	<u>Capture</u>
City Operating	13.94730	\$41,114
Police and Fire Retirement (City)	2.60000	7,664
Wexford County - Allocated	6.77970	19,985
Wexford County - Recreation	0.25000	737
Wexford County - Animal Control	0.25000	737
Wexford County - Road Patrol	0.95000	2,800
CWTA	0.60000	1,769
Cadillac-Wexford Public Library	0.75000	2,211
Council on Aging	0.99760	2,941
Total Taxes Captured	27.12460	\$79,958

***Note:** Captured taxes are calculated by multiplying the millage rate by the captured value. The millage rate must first be divided by 1000, as one mill is equal to \$1 in taxes per \$1,000 in taxable value. Total City-wide taxable value is projected to be \$243,589,248. The DDA captures about 1.2% of the ad valorem tax roll.*

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Brownfield Redevelopment Fund

Fund: Brownfield Redevelopment Fund

Type: Component Unit - Special Revenue Fund
Oversight: Community Development Director

Nature and Purpose:

The Cadillac Brownfield Redevelopment Authority (BRA) was established on December 6, 1996. It was the first Authority established in the State of Michigan under Michigan Public Act 381 of 1996. The BRA is charged with the redevelopment of brownfield sites throughout the City of Cadillac. A "brownfield" is defined as a previously developed property that is either perceived or known to have environmental contamination. Because Cadillac is a "core community," properties that are functionally obsolete may also be considered a brownfield site. 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 which 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.

FUNDING SUMMARY	FY2014 Actual	FY2015 Estimated	FY2015 Adopted	FY2016 Proposed
Revenues				
Current Property Taxes	\$27,059	\$20,000	\$25,000	\$28,000
Interest Income	2	500	500	500
State of Michigan - Grant	20,736	21,000	0	0
Total	\$47,797	\$41,500	\$25,500	\$28,500
Expenditures				
Contractual Services	\$34,588	\$35,000	\$25,000	\$28,000
Audit	500	500	500	500
Total	\$35,088	\$35,500	\$25,500	\$28,500
Fund Balance				
Net Change in Fund Balance	\$12,709	\$6,000	\$0	\$0
Fund Balance - Beginning of Year	197,143	209,852	209,852	215,852
Ending Fund Balance	\$209,852	\$215,852	\$209,852	\$215,852

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Brownfield Redevelopment Fund

Fund Highlights

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)
- > 301 N. Lake Street - the Kraft site (former manufacturing/storage facility)
- > 1002 Sixth Street - the Northernair 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)
- > 314 S. Mitchell Street - the Brasseur site (former gas station) *
- > 302 South Mitchell Street (former YMCA site) *
- > 111 West Chapin Street (former Harris Milling Site) *
- > 924 S. Mitchell Street (Willow Mercantile facility)
- > 100 E. Chapin Street (Cobbs/Mitchell Building)
- > 940 N. Mitchell (Cad-A-Stran Building)

* Three sites now make up the new Chemical Bank facility

<i>Brownfield Redevelopment Authority</i>	
<i>Board of Directors:</i>	
Mike Figliomeni	Regan O'Neill
Jack Benson	Marcus A. Peccia
Ron Swanson	

Fund Financial Information

Captured Taxes

Currently, there are taxes being captured for three projects. An additional project related to the Cobbs/Mitchell Building (former MDOT location) is expected to be added to the Brownfield TIF capture. Projected tax captures for FY2016 are as follows:

Total Brownfield Taxable Value	\$795,000
Base Value	\$282,447
Captured Value	\$512,553

Captured Taxes

City Operating	\$4,536
Police and Fire Retirement (City)	846
Lake Cadillac Treatment (City)	163
Wexford County	2,677
Other	764
CAPS Operating	9,226
State Education Tax	3,075
Wexford-Missaukee ISD	3,046
Total Taxes Captured	\$24,333

Each project is captured differently, and the specific taxes which each project can capture may vary as well.

City of Cadillac, Michigan

2015-2016 Annual Operating Budget

Capital Improvement Program

What is the 5-Year Capital Improvement Program?

An important part of the City's annual financial planning process is the development of the 5-Year Capital Improvement Program. In it, projects are identified that need to be addressed over the next five fiscal years. The program serves as a crucial planning component within the City's overall operational management structure. Since its inception, the majority of projects undertaken within the City have come through this planning document. The program provides important information that aids in maintaining the City's critical infrastructure as well as the equipment needed to carry out the delivery of services to the community.

What is a Capital Project?

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



Project Types:

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

How is the program developed?

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Capital Improvement Program

How are project priorities determined?

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

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

Capital Budget vs. Capital Improvement Program

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

What are the advantages of a Capital Improvement Program?

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

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

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Capital Improvement Program

2015-2016 Capital Budget

The following projects have been planned and proposed for funding in FY2016. Included in the chart is an estimate of the impact that the project will have on the annual operating budget.

Plan Fiscal Year: 2015-2016				
Fund	Department	Project	Cost	Operating Budget Impact
General Fund	Police	POLICE PATROL VEHICLE	\$30,000	\$2,000
General Fund	Fire	BATHROOM RENOVATION	55,000	(1,000)
General Fund	Parks	SPRINKLER SYSTEM VALVE REPLACEMENT	8,000	1,500
General Fund	Parks	SHORELINE STABILIZATION	7,500	0
General Fund Total			\$100,500	\$2,500
Major Street	Major Street	STREET SIGN REPLACEMENT	7,500	0
Major Street Total			\$7,500	\$0
Local Street	Local Street	STREET SIGN REPLACEMENT	7,500	0
Local Street Total			\$7,500	\$0
Capital Projects	Major Street	WEST DIVISION STREET (LEESON TO SENECA)	160,000	2,500
Capital Projects	Local Street	EVART STREET (OAK TO LESTER)	140,000	2,500
Capital Projects	Local Street	HOLLY ROAD (BARBARA TO WREN)	180,000	2,500
Capital Projects	Local Street	EAST GARFIELD STREET (HOLBROOK TO HIGGINS)	240,000	3,000
Capital Projects	Local Street	SIMONS STREET (HARRIS TO BREMER)	240,000	3,000
Capital Projects	Local Street	SELMA STREET (W. DIVISION TO WRIGHT)	200,000	3,000
Capital Projects	Local Street	ALDRICH STREET (BOND TO LINDEN)	120,000	2,500
Capital Projects Total			\$1,280,000	\$19,000
Water & Sewer	Water/Wastewater	EVART STREET	50,000	2,500
Water & Sewer	Water/Wastewater	HOLLY ROAD	40,000	2,500
Water & Sewer	Water/Wastewater	EAST GARFIELD STREET	40,000	2,500
Water & Sewer	Water/Wastewater	SIMONS STREET	40,000	2,500
Water & Sewer	Water/Wastewater	SELMA STREET	90,000	2,500
Water & Sewer	Water/Wastewater	ALDRICH STREET	40,000	2,500
Water & Sewer	Water/Wastewater	WEST DIVISION STREET	95,000	2,500
Water & Sewer	Water/Wastewater	CHANNEL MONSTER	75,000	2,500
Water & Sewer	Water/Wastewater	MANHOLE REHABILITATION	25,000	2,500
Water & Sewer	Water/Wastewater	RAW/PRIMARY SAMPLER REPLACEMENT	10,000	500
Water & Sewer	Water/Wastewater	WATER TOWER PAINTING	350,000	5,000
Water & Sewer	Water/Wastewater	SERVICE TRUCK	26,000	2,000
Water & Sewer	Water/Wastewater	WASTEWATER PARKING LOT IMPROVEMENTS	12,000	500
Water & Sewer	Water/Wastewater	WATER SUPPLY IMPROVEMENTS	500,000	(5,000)
Water & Sewer Total			\$1,393,000	\$25,500
Stores & Garage	Stores & Garage	TANDEM AXLE PLOW TRUCK	195,000	5,000
Stores & Garage	Stores & Garage	1-TON 4X4 TRUCK CHASSIS ONLY	40,000	2,000
Stores & Garage	Stores & Garage	3/4-TON 4X4 PICKUP TRUCK	25,000	2,000
Stores & Garage Total			\$260,000	\$9,000

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Capital Improvement Program

IT	IT	COMPUTER REPLACEMENT	20,000	1,000
IT	IT	IT INFRASTRUCTURE	20,000	500
IT Total			\$40,000	\$1,500
Industrial Park	Industrial Parks	ENTRANCE SIGNS	25,000	0
Industrial Park Total			\$25,000	\$0
Capital Projects	Comm. Dev.	ROTARY PERFORMING ARTS PAVILION UPGRADES	300,000	2,000
Capital Projects	Comm. Dev.	PLACE-PLANS DEVELOPMENT	550,000	(2,500)
Capital Projects Total			\$850,000	(\$500)
Grand Total			\$3,963,500	\$57,000

General Fund Projects

General property taxes and revenue from the State of Michigan are utilized to fund General Fund projects. For FY2016 the City is planning on replacing a police patrol vehicle. Keeping this fleet of vehicles updated is critical to the operations of the Cadillac Police Department. This helps avoid significant repair costs that result from utilizing older vehicles as patrol vehicles. The bathroom renovation is scheduled for the Fire Department. The project will split the current restroom facility in order to provide both male and female restroom facilities within the department. Expanded facilities will slightly increase annual costs of supplies and utilities usage.

Improvement to the infrastructure in the parks system will help reduce annual contractual maintenance costs of the sprinkler system. Stabilizing the shore of Lake Cadillac is an important investment in protecting the usefulness and integrity of the shoreline. It is not expected to have an impact on the operating budget.

Major and Local Street Fund Projects

The street signs in both the major and local street systems will continue to be replaced with the newer design. This project has been ongoing for several years and should be complete within 3-5 years. This project doesn't have a material effect on the annual operating budget. Several streets in both major and local systems are scheduled for reconstruction in the budget. These projects are discussed below. When completed, these reconstruction/resurfacing projects reduce the amount of maintenance that low-rated streets require, including patching, striping and painting, crack sealing, etc.

Capital Projects Fund(s) Projects

Over \$1.2 million in street projects are scheduled for construction in this budget. In order to complete these projects, the City will issue bonds to fund the construction. The City's general obligation debt levels are very low which provides the flexibility and ability at this time to take advantage of a favorable interest rate market to fund a high level of construction projects over the next couple of fiscal years. As previously discussed, these reconstruction/resurfacing projects significantly reduce annual street maintenance and repair costs.

Water and Sewer Projects

The Water and Sewer Fund is planning nearly \$1.4 million in projects for this fiscal year. Underground water and sewer infrastructure is scheduled for replacement during street reconstruction projects. This coordination is important so that this replacement can be done while the street is already torn up. Replacing old infrastructure reduces maintenance costs associated with aging pipes. In addition, several pieces of equipment will be upgraded/replaced this year as part of the normal schedule of replacement. This helps insure that both the water distribution and the waste water collection and treatment systems operate at optimal levels.

A significant project this year will be to paint the City's only water tower. This is a significant project not just because of the importance of the tower to the system, but because of the visibility of the tower as somewhat of a landmark for the community. Selecting a color and exterior graphics will take place in the upcoming months. This project should help reduce a small amount of maintenance on the tower.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Capital Improvement Program

Lastly, the final phase of the well field relocation project should pick up steam in this fiscal year. Selection and acquisition of a location or locations for the final wells should take place earlier in the year, and by the end of the year the application for low-interest financing for the project through the State of Michigan's Drinking Water Revolving Fund (DWRf) program should be complete. Once this project is complete, it may somewhat increase operating costs, but these increases will be almost completely offset by the reduction of maintenance costs required in the current well field, which is 50 years old.

Stores and Garage Fund

This fund provides the fleet of equipment that maintains all of the City's streets and other public works infrastructure. Because of recent economic conditions, the department has not been able to replace the heavy equipment required for the operations as often as desired. The current budget proposes to purchase a new plow truck for the first time in ten (10) years. In addition, two heavy-duty trucks will be replaced. These purchases help improve productivity and efficiency of the operations and reduce equipment downtime. This should have a positive impact on the operating budget.

Information Technology (IT) Fund

Leveraging technology to enhance the efficiency of operations continues to be a critical management tool as the trend of staffing reductions continues. The current year provides funding to continue the regular replacement of computers and the replacement and upgrade of various other IT infrastructure. This will help reduce annual maintenance costs and downtime associated with older equipment.

Other Capital Projects

Two other significant capital projects are planned for this fiscal year. These projects have been in the planning phase for some time and are now ready for scheduling and funding. Both the Rotary Performing Arts Pavilion Upgrades project and the Heritage Park Place Plans project will provide significant improvements in the City's core downtown area, helping connect the downtown area to the beautiful lakefront area. These projects will require the partnership of the City, the City's Downtown Development Authority, the local Cadillac Rotary Club, as well as grants and other local funding to complete. Once completed, the projects are expected to add some annual costs due to increase park maintenance and supply purchases. Upgrading the pavilion area will help reduce current maintenance costs.

Summary of Other Upcoming Projects

The projects above are scheduled for the current fiscal year. Other projects identified in the recently approved 5-year Capital Improvement Program for the 2017-2020 fiscal years are summarized below:

Plan Fiscal Year: 2016-2017		
Department	Project	Cost
General Gov't.	FIRE DEPARTMENT RESTROOM RENOVATION	50,000
General Gov't.	STAFF CAR	23,000
Public Safety	POLICE PATROL VEHICLE	31,000
Public Safety	INCIDENT MANAGEMENT SOFTWARE	30,000
Parks	RIDING LAWN MOWER	9,000
Parks	KENWOOD BATHROOM	140,000
Major Street	LEESON STREET (CHESTNUT TO WEST DIVISION)	130,000
Major Street	STREET SIGN REPLACEMENT	7,500
Local Street	CRIPPEN STREET (MITCHELL TO PARK)	200,000
Local Street	SOUTH STREET (LAKE TO FOUR WINNS TEST CENTER)	75,000
Local Street	MARBLE STREET (MITCHELL TO SUNNYSIDE)	180,000
Local Street	SMITH STREET (WHEELER TO BURLINGAME)	100,000
Local Street	BLODGETT STREET (LINCOLN TO E. DIVISION)	65,000
Local Street	STREET SIGN REPLACEMENT	7,500

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Capital Improvement Program

Cemetery	SPRINKLER SYSTEM UPGRADE	15,000
Cemetery	RIDING MOWER	9,000
Water/Wastewater	CRIPPEN STREET	60,000
Water/Wastewater	SOUTH STREET	40,000
Water/Wastewater	MARBLE STREET	100,000
Water/Wastewater	SMITH STREET	35,000
Water/Wastewater	BLODGETT STREET	25,000
Water/Wastewater	STAFF CAR	18,000
Water/Wastewater	DUMP TRUCK	75,000
Water/Wastewater	MUFFLE FURNACE/DRYING OVEN REPLACEMENT	8,000
Water/Wastewater	MANHOLE REHABILITATION	25,000
Water/Wastewater	EMPLOYEE BREAKROOM AND LOCKER FACILITY	40,000
Water/Wastewater	FEW PUMP REPLACEMENT	20,000
Water/Wastewater	WATER WELL MAINTENANCE	25,000
Water/Wastewater	ULTRAVIOLET DISINFECTION EQUIPMENT	15,000
Water/Wastewater	ATOMIC ABSORPTION SPECTROSCOPY MACHINE	70,000
Water/Wastewater	WATER SUPPLY IMPROVEMENTS	3,000,000
Stores & Garage	USED BUCKET TRUCK	75,000
Stores & Garage	REGENERATIVE STREET SWEEPER	175,000
Stores & Garage	V-PLOW FOR MEDIUM DUTY TRACTOR	8,500
IT	IT INFRASTRUCTURE	20,000
IT	COMPUTER SOFTWARE REPLACEMENT	125,000
IT	COMPUTER REPLACEMENT	20,000
Comm. Dev.	WHITE PINE TRAIL CONNECTOR	250,000
Total for FY 2016-2017		\$5,301,500

Plan Fiscal Year: 2017-2018

Department	Project	Cost
General Gov't.	CONCRETE APRON REPLACEMENTS	22,000
General Gov't.	COBB STREET SIDEWALK	100,000
General Gov't.	CHESTNUT STREET SIDEWALK	75,000
General Gov't.	CARMEL STREET SIDEWALK	75,000
General Gov't.	PEARL STREET SIDEWALK	100,000
Public Safety	POLICE PATROL VEHICLE	31,000
Public Safety	FIRE PUMPER	385,000
Parks	SKATE PARK EQUIPMENT	40,000
Parks	PARKING LOT UPGRADES - LAKE AND CHESTNUT ST.	35,000
Parks	KENWOOD PARKING LOT	60,000
Parks	WALKWAY BRIDGE GAZEBO	25,000
Parks	SHORELINE STABILIZATION	7,500
Major Street	WEST BREMER STREET (LAKE TO MITCHELL)	80,000
Major Street	COBB & CARMEL STREET	250,000
Local Street	EAST BREMER STREET (MITCHELL TO PARK)	150,000
Local Street	CRESTVIEW, EVART AND STIMSON STREETS	220,000

City of Cadillac, Michigan
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Capital Improvement Program

Local Street	STREET SIGN REPLACEMENT	7,500
Cemetery	CEMETERY ROAD PAVING	40,000
Water/Wastewater	WEST BREMER STREET	85,000
Water/Wastewater	COBB & CARMEL STREET	50,000
Water/Wastewater	EAST BREMER STREET	85,000
Water/Wastewater	CRESTVIEW, EVART AND STIMSON STREETS	90,000
Water/Wastewater	SEWER JETTER	100,000
Water/Wastewater	SERVICE TRUCK	27,000
Water/Wastewater	CIRCULAR PUMP	15,000
Water/Wastewater	RAS PUMP	11,000
Water/Wastewater	WATER WELL MAINTENANCE	25,000
Water/Wastewater	TWO (2) WASTEWATER FUME HOODS	20,000
Water/Wastewater	MANHOLE REHABILITATION	25,000
Water/Wastewater	BOD INCUBATOR	7,500
Stores & Garage	SINGLE AXLE PLOW TRUCK	160,000
Stores & Garage	REPLACEMENT UNDERBODY PLOW	9,500
Stores & Garage	REVERSING FRONT PLOW	9,000
Stores & Garage	3/4-TON 4X4 PICKUP TRUCK	30,000
IT	COMPUTER REPLACEMENT	20,000
IT	IT INFRASTRUCTURE	50,000

Total for FY 2017-2018 \$2,522,000

Plan Fiscal Year: 2018-2019

Department	Project	Cost
General Gov't.	HEATING AND COOLING RENOVATION	75,000
General Gov't.	UPGRADE MUNICIPAL COMPLEX RESTROOMS	30,000
Public Safety	POLICE PATROL VEHICLE	32,000
Parks	RIDING LAWN MOWER	9,000
Major Street	NORTH BOULEVARD	350,000
Local Street	COLFAX STREET	180,000
Local Street	STREET SIGN REPLACEMENT	7,500
Cemetery	RIDING LAWN MOWER	9,000
Cemetery	ENTRANCE PILLARS	50,000
Water/Wastewater	COLFAX STREET	60,000
Water/Wastewater	WATER WELL MAINTENANCE	25,000
Water/Wastewater	3/4 TON, 4X4 SERVICE TRUCK	28,000
Water/Wastewater	MOBILE DIESEL AIR COMPRESSOR	20,000
Water/Wastewater	MANHOLE REHABILITATION	25,000
Water/Wastewater	LAB FRIDGES AND FREEZERS	10,000
Water/Wastewater	FERRIC PUMPS	10,000
Water/Wastewater	CUTTER STACK FOR MUFFIN MONSTER	25,000
Water/Wastewater	CONCRETE/ASPHALT WORK AT WWTP	175,000

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Capital Improvement Program

Water/Wastewater	TWO SERVICE TRUCKS	55,000
Water/Wastewater	BAR SCREENS AT WWTP	50,000
Water/Wastewater	SUNSET/LAKESHORE MAIN REPLACEMENT	20,000
Stores & Garage	SINGLE AXLE PLOW TRUCK	160,000
Stores & Garage	REVERSING FRONT PLOW	9,000
Stores & Garage	RIDING LAWN MOWER	10,000
Stores & Garage	SIDEWALK AND PARKING LOT SWEEPER	25,000
IT	COMPUTER REPLACEMENT	20,000

Total for FY 2018-2019 \$1,469,500

Plan Fiscal Year: 2019-2020		
Department	Project	Cost
Public Safety	POLICE PATROL VEHICLE	32,000
Parks	SHORELINE STABILIZATION	7,500
Local Street	STREET SIGN REPLACEMENT	7,500
Cemetery	MAINTENANCE GARAGE	100,000
Water/Wastewater	WATER WELL MAINTENANCE	25,000
Water/Wastewater	SOUTH SHORE LIFT STATION BUILDING	8,000
Water/Wastewater	MANHOLE REHABILITATION	25,000
Water/Wastewater	LABORATORY INCUBATORS	8,000
Water/Wastewater	EQ BASIN BLOCK REPLACEMENT/REPAIR	25,000
Water/Wastewater	TWO (2) SERVICE TRUCKS	55,000
Water/Wastewater	BIO-MAKEUP AIR/FURNACE	25,000
Water/Wastewater	PRIMARY DRIVE REPLACEMENT/RENOVATION	45,000
Water/Wastewater	SECONDARY DRIVE REPLACEMENT/RENOVATION	60,000
Water/Wastewater	RAS PUMPS 1&2 REPLACEMENT	30,000
Stores & Garage	SINGLE AXLE BLADE TRUCK WITH REVERSING PLOW	185,000
Stores & Garage	DUAL WHEEL 29' BUCKET TRUCK	65,000
Stores & Garage	ALLEY TRACTOR	45,000
IT	IT INFRASTRUCTURE	20,000
IT	COMPUTER REPLACEMENT	20,000
Industrial Parks	JAMES E. POTVIN INDUSTRIAL PARK	525,000

Total for FY 2019-2020 \$1,313,000

5-Year Total Capital Improvement Program \$14,577,500

A full copy of the 2016-2020 5-Year Capital Improvement Program can be found on the City's website at www.cadillac-mi.net.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Supplemental Section

2015-2016 Annual Budget Calendar

2014

December City Manager, Director of Finance have preliminary discussions regarding budget objectives and priorities.



2015

January 13 Staff meeting held to discuss the general guidelines for the 2015-2016 Annual Operating Budget preparation. Departments given access to Budget Maintenance in financial software as well as given a copy of 2015-2016 Personnel Summary.

February 6 Budget input completed by Department Heads and any related documentation submitted to Finance Department for review. Budget advanced to Director of Finance level for review.

February 28 Finance review completed. Information on balanced budget submitted to the City Manager for review and approval.

March 25 City Manager concludes review and preliminary budget is prepared.

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

April 6 City Council holds budget work session.

April 8 City Clerk makes public notice of public hearing on the budget.

April 20 Public hearing held on the preliminary budget.

May 4 City Council holds additional budget work session (if necessary).

May 18 Budget adoption and tax levy authorization.

June 20 City Treasurer completes 2015 tax roll.

June 30 Tax bills mailed.

July 1 2015-2016 Annual Operating Budget takes effect.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Supplemental Section

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:
 - 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.

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Supplemental Section

Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes.

The **Debt Service Funds** account for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

Permanent Funds account for assets of which the principal may not be spent.

B. **Proprietary Funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable Financial Accounting Standards Board pronouncements in accounting and reporting for the proprietary operations. Proprietary funds include the following fund types:

The **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

C. **Fiduciary Funds** account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

The **Pension Trust Funds** are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the government's public safety employees' pension plan.

Fund Balance Policies

Fund balances will vary by each fund and fund type but as a general rule the State of Michigan has indicated in Public Act 2 the fund balance shall not be negative. In the General Fund, the Cadillac City Council has established a policy of striving to keep the reserve for working capital at 15% of the operating budget. This reserve is for unexpected decreases in revenues or increases in expenditures. A reserve account records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure. The City Council has identified several reserved accounts in the General Fund. These funds typically can be turned quickly into liquid assets. Fund balances are shown in all funds with the exception of proprietary funds which involves retained earnings. Retained earnings are not as liquid since often the assets are equipment or water lines or some other form of illiquid asset.

Basis of Budgeting

The City of Cadillac does not distinguish between Basis of Budgeting and Basis of Accounting. The principles set forth as the Basis of Accounting are strictly observed in the budgeting process. A fund's Basis of Budgeting and Basis of Accounting determines when a transaction or event is recognized within a fund's operating statement. The State of Michigan has indicated in Public Act 2 the fund balance shall not be negative.

- | | |
|--------------------------|------------------|
| • Governmental Funds | Modified Accrual |
| • Proprietary Funds | Full Accrual |
| • Internal Service Funds | Full Accrual |
| • Pension Trust Funds | Modified Accrual |

City of Cadillac, Michigan
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Supplemental Section

Policy: General Finance

Administrative Policy A-10

Dated: November 5, 1993

PURPOSE: Many financial policies may already exist in practice by need to be put in written form in a central location. This will allow City Council and management to view the present approach to financial management from an overall, long-range vantage point.

POLICY:

- 1) Generally Accepted Accounting Principles (GAAP) – The City of Cadillac will establish and maintain a high standard of accounting practices. Accounting standards will conform to generally accepted accounting principles as promulgated by the Government Accounting Standards Board.
- 2) Audit
 - a) An annual audit will be conducted by a properly licensed independent public accounting firm.
 - b) All general purpose, combined and individual fund and account group statements and schedules shall be subject to full scope audit.
 - c) Any employee will be prosecuted to the extent of the law in any instance where the employee is proven to have committed any illegal act such as theft.
- 3) Financial Statements
 - a) The finance office will prepare monthly financial reports for internal management purposes. These reports will be combined on or before ten (10) days following the end of the month.
 - b) Annually, the finance office will prepare a comprehensive annual financial report. This report shall be made available to the elected officials, bond rating agencies, creditors and citizens.
 - c) Annually, the City will submit its comprehensive annual financial reports to the GFOA to determine its eligibility to receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- 4) Budgets
 - a) The fund balance in the General Fund shall have a reserve set aside entitled Working Capital. The amount is equivalent to three months of capital needed to operate or 15% of the General Fund expenditures.
 - b) Format and balancing of budgets will be in accordance with the State of Michigan Public Act 2 of 1968.

City of Cadillac, Michigan
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Supplemental Section

Policy: Debt Management

Administrative Policy B-13

Dated: March 29, 1994

Reviewed: January 22, 2004

PURPOSE: Because of its conservative basis of accounting for tax revenues, the City of Cadillac is not required to borrow money for operations. When incurred, the City's long term general obligation and special assessment debt is handled through a debt service fund. The revenue bond requirements are handled through an Enterprise Fund. The following objectives are employed by the City of Cadillac in managing its debt:

POLICY:

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

City of Cadillac, Michigan
2015-2016 Annual Operating Budget

Supplemental Section

Policy: City of Cadillac Investment Policy

Administrative Policy B-5

Dated: March 17, 1980

Revised: January 7, 1985; February 17, 1986; April 6, 1998

Reviewed: January 22, 2004

(Last 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, 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.

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- (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

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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).

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INVESTMENT POLICY GLOSSARY (Continued)

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.

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.

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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.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

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INVESTMENT POLICY GLOSSARY (Continued)

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.

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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.

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.

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COLLECTIVE BARGAINING AGREEMENTS

Command Officers Association of Michigan

Contract Expiration Date: June 30, 2017

Membership: 5

Police Captain

4 Sergeants

Police Officers Association of Michigan

Contract Expiration Date: June 30, 2017

Membership: 9

8 Patrol Officers

1 School Resource Officer

International Association of Firefighters Local 704

Contract Expiration Date: June 30, 2015

Membership: 11

1 Fire Marshal

2 Captains

2 Lieutenants

6 Fire Fighters

United Steelworkers of America Local 14317

Contract Expiration Date: June 30, 2016

Membership: 20

5 Water Division Members

5 Sewer Division Members

1 Laboratory Division Member

9 Street Division Members

* Each union contract is designed as a three-year agreement.

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Cadillac, Michigan |

Population:

2010 Census Population: 10,355
Wexford County Population: 31,553
(City represents 32% of county population)

Area within the City:

9 square miles
Large all-sports lake 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

Employment Data:

2010 – 19,737 labor force in the Wexford/Missaukee Labor Market Area (LMA)
2010 - 16.6% unemployment rate in LMA

**Source: Michigan Department of Labor and Economic Growth; Retrieved from: www.milmi.org*

Other:

- Class 5 fire department rating.
- Three police agency headquarters, including City, Wexford County Sheriff and State Police.
- Cadillac is the County seat of Wexford County and as such, many legal and financial experts reside and practice here.
- 97 bed hospital.
- Several truck lines serve the area and railroad, bus line and airport further enhance the transportation network.



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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 renowned 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.

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Taxable Value and Estimated Actual Value of Taxable Property
Last Ten (10) Fiscal Years

Fiscal Year Ended June 30,	Real Property Valuation	Personal Property Valuation	Total Taxable Valuation	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
2007	194,615,475	40,780,000	235,395,475	595,311,200	39.54%	16.6473
2008	206,850,622	40,257,800	247,108,422	609,768,000	40.52%	16.7473
2009	215,230,102	41,724,100	256,954,202	616,947,766	41.65%	16.5473
2010	220,482,178	41,225,600	261,707,778	608,880,544	42.98%	16.5473
2011	214,108,421	42,873,550	256,981,971	565,558,400	45.44%	16.5473
2012	202,455,519	50,840,200	253,295,719	537,969,400	47.08%	17.0473
2013	196,431,899	50,777,800	247,209,699	516,593,200	47.85%	17.0473
2014	191,926,234	52,972,480	244,898,714	506,343,018	48.37%	17.0473
2015	190,071,183	52,897,700	242,968,883	510,726,600	47.57%	16.5473
2016	190,337,448	53,251,800	243,589,248	525,407,000	46.36%	16.5473

Source: City of Cadillac Treasurer's Office

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

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Principal Property Tax Payers
Current Year and Nine (9) Years Ago

Taxpayer	2014			2005		
	Taxable Value	Rank	Percentage of Total City Taxable Value ^a	Taxable Value	Rank	Percentage of Total City Taxable Value ^b
Cadillac Renewable Energy ^c	\$13,021,800	1	5.32%	\$11,049,000	2	4.81%
Cadillac Casting ^d	10,395,100	2	4.24%	14,288,900	1	6.23%
Avon Protection	7,020,687	3	2.87%			
Consumers Energy	6,802,666	4	2.78%	5,615,893	5	2.45%
Paulstra CRC Corporation	6,537,060	5	2.67%	3,496,000	9	1.52%
Avon Automotive	4,415,000	6	1.80%			
Rexair, Inc.	4,350,490	7	1.78%	6,425,864	4	2.80%
AAR Cadillac Manufacturing	3,880,600	8	1.58%	4,420,587	8	1.93%
Piranha Hose Products Inc.	3,696,370	9	1.51%			
FIAMM Technologies, Inc.	3,569,600	10	1.46%	5,212,711	6	2.27%
925 Frisbie Street LLC ^e				3,360,445	10	1.46%
Avon Rubber & Plastics				8,306,822	3	3.62%
Michigan Rubber				4,652,032	7	2.03%
Totals	<u>\$63,689,373</u>		<u>26.01%</u>	<u>\$66,828,254</u>		<u>29.12%</u>

Source: City of Cadillac Treasurer's Office

^a Based on total taxable value of \$244,898,714.

^b Based on total taxable value of \$229,508,673.

^c Formerly Beaver MI Associates LTD Partnership.

^d Formerly CMI Cast Parts.

^e Formerly Four Winns Boats, LLC.

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Property Tax Levies and Collections

Last Ten (10) Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date^a	
		Fiscal year of Levy	Percentage		Amount	Percentage
		Amount	of Levy			of Levy
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%
2008	4,329,051	4,163,604	96.18%	165,447	4,329,051	100.00%
2009	4,426,255	4,233,403	95.64%	192,852	4,426,255	100.00%
2010	4,500,222	4,267,823	94.84%	232,400	4,500,222	100.00%
2011	4,408,769	4,167,763	94.53%	241,006	4,408,769	100.00%
2012	4,487,315	4,273,383	95.23%	213,931	4,487,315	100.00%
2013	4,409,413	4,190,778	95.04%	218,635	4,409,413	100.00%
2014	4,300,632	4,128,524	96.00%	172,108	4,300,632	100.00%

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.

City of Cadillac, Michigan
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Supplemental Section

Demographic and Economic Statistics
Last Ten (10) Calendar Years

Fiscal Year	Population¹	Personal Income (thousands)	Per Capita Personal Income²	School Enrollment³	Local Unemployment Percentage Rate⁴	State Unemployment Percentage Rate⁴	Civilian Labor Force⁴
2005	10,000	241,500	24,150	3,614	7.3	6.7	21,707
2006	10,000	245,500	24,550	3,479	7.9	7.1	22,088
2007	10,000	251,600	25,160	3,460	8.1	7.7	21,648
2008	10,000	258,010	25,801	3,381	11.2	8.9	21,563
2009	10,000	263,090	26,309	3,376	17.3	15.3	20,138
2010	10,000	258,620	25,862	3,334	15.3	13.0	19,161
2011	10,355	277,493	26,798	3,267	12.0	11.1	18,540
2012	10,355	292,984	28,294	3,262	9.8	9.3	18,960
2013	10,355	294,455	28,436	3,378	11.7	9.0	19,399
2014	10,355	N/A	N/A	3,371	7.6	7.2	19,491

Data Sources:

¹ Bureau of the Census

² Bureau of Economic Analysis

³ School Districts

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

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

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Supplemental Section

Principal Employers
Current Year and Nine (9) Years Ago

Employer	Type of Business	2014	2005
		Employees	Employees
AAR Mobility Systems	Rapid deployment mobile equipment mfg.	500-999	250-499
Mercy Hospital Cadillac	General medical and surgical hospitals	500-999	500-999
Avon Automotive	Hose supplier for various industries	250-499	500-999
Avon Protection Systems Inc.	Metal coating and nonprecious engraving	250-499	
Cadillac Area Public Schools	Elementary and secondary schools	250-499	500-999
Cadillac Casting Inc.	Iron foundries	250-499	250-499
Four Winns/Glastron/Wellcraft	Boat building	250-499	500-999
Michigan Rubber Products Inc	All other rubber product manufacturing	100-249	250-499
Rexair	Household vacuum cleaners	100-249	100-249
Fiamm Technologies	New motor vehicle parts merchant wholesale	100-249	100-249
Paulstra CRC Corp	Rubber product mfg. for mechanical use	100-249	100-249
Lakeview Lutheran Manor	Homes for the elderly	100-249	100-249
BorgWarner Cooling Systems	Automotive parts and accessories		100-249
Universal Trim, Inc.	Automotive Seat Covers		100-249

Sources: Michigan Department of Technology, Management & Budget, Labor Market Information; Cadillac Area Chamber of Commerce

Note: Data is representative of the City of Cadillac.

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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.

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

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

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

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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.

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

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

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

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

DOWNTOWN DEVELOPMENT AUTHORITY 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.

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

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

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

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

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 Information Technology Fund provides data processing services in the various internal and external agencies that use the City's computer system. The Self Insurance Fund records 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 a specific district. The board of directors is appointed by the City Council. The LDFA has the ability to bond for construction related projects and oversee the district.

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

MAJOR 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.

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

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

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

OPEB Other Post-Employment Benefits.

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

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

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

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

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

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

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

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

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

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

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

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

TAXABLE VALUE Taxable value is simply the lesser of the assessed value or capped value.

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

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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.

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

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City of Cadillac

Michigan

For the Fiscal Year Beginning

July 1, 2014

Executive Director

DISTINGUISHED BUDGET PRESENTATION AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Cadillac, Michigan for its annual budget for the fiscal year beginning July 1, 2014. 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.

