CITY OF CADILLAC MICHIGAN

ANNUAL OPERATING BUDGET

July 1, 2016 - June 30, 2017

CITY OF
CADILLAC
MICHIGAN

ELECTED OFFICIALS

Carla Filkins, Mayor
At Large

Shari Spoelman, Mayor Pro-Tem
First Ward

Antoinette Schippers, Councilmember
Second Ward

Matthew Wohlfeill, Councilmember
Third Ward

John Meinhardt, Councilmember
Fourth Ward

CITY ADMINISTRATION

City Manager	*Marcus A. Peccia*
Community Dev. Director	*John Wallace*
Director of Finance	*Owen Roberts*
Director of Public Utilities	*Jeff Dietlin*
Director of Public Works and Engineering	*Bruce DeWitt*
City Clerk	*Sandra Wasson*
City Treasurer	*Keri Lanning*
City Attorney	*Mike Homier* *Foster Swift Collins & Smith PC*

CITY OF CADILLAC MICHIGAN

Office of the Mayor
200 N. Lake Street
Cadillac, MI 49601
(231) 775-0181

May 16, 2016

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, 2016 and ending June 30, 2017. 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 FY2017 budget plans nearly $19.8 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

2016-2017 BUDGET READER'S GUIDE

Welcome to the City of Cadillac's Annual Operating Budget for the fiscal year beginning July 1, 2016 through June 30, 2017. 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" 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 most of the other core services provided by the City of Cadillac that are not part of the General Fund. Financial details for activities related to street maintenance, including 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 "Non-Major Funds" section is the budget detail for the rest of the funds that are within the City's financial structure. Activities such as the operation of the City cemetery, community development services, and others are found in this section, along with the details of the various debt service requirements of the City. Information technology is another area that the City commits substantial resources to in order to enhance efficiency and employee productivity, and these activities are tracked separately in this section. The City's costs for employee health insurance are found in a fund within this section as well.

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.

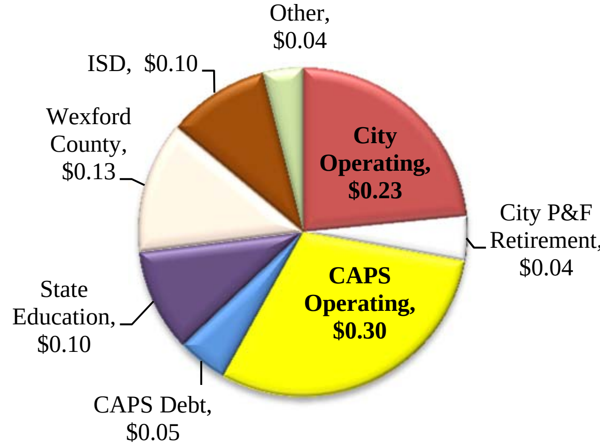
Annual Independent Audit – Each year, the City retains an independent auditing firm to review the financial reports of the City and express an opinion on whether or not they fairly and adequately report the financial activities of the City. The results of this process are a vital part of the planning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

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, 2017
Annual Salary: $4,300

Mayor Pro-Tem Shari Spoelman

Councilmember from Ward 1
Population of Ward: 2,683
Occupation: MSU Extension Director
Term Expires: December 31, 2019
Annual Salary: $3,000

Councilmember Antoinette Schippers

Councilmember from Ward 2
Population of Ward: 2,561
Occupation: Teacher
Term Expires: December 31, 2017
Annual Salary: $3,000

Elected Officials (Continued)

Photo Coming!

Councilmember Matthew Wohlfeill
Councilmember from Ward 3
Population of Ward: 2,683
Occupation: Retired Police Officer
Term Expires: December 31, 2019
Annual Salary: $3,000

Photo Coming!

Councilmember John Meinhardt
Councilmember from Ward 4
Population of Ward: 2,480
Occupation:
Term Expires: December 31, 2017
Annual Salary: $3,000

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 6:00 PM in the council chambers at the City municipal complex. There is time set aside at each meeting for public comment. Agendas and minutes of these meetings can also be found on the City's website.

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

Sincerely,

Marcus A. Peccia
City Manager

Owen E. Roberts
Director of Finance

Table of Contents

Table of Contents

Table of Contents

Table of Contents

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 2016-2017 Annual Operating Budget
Date: April 1, 2016

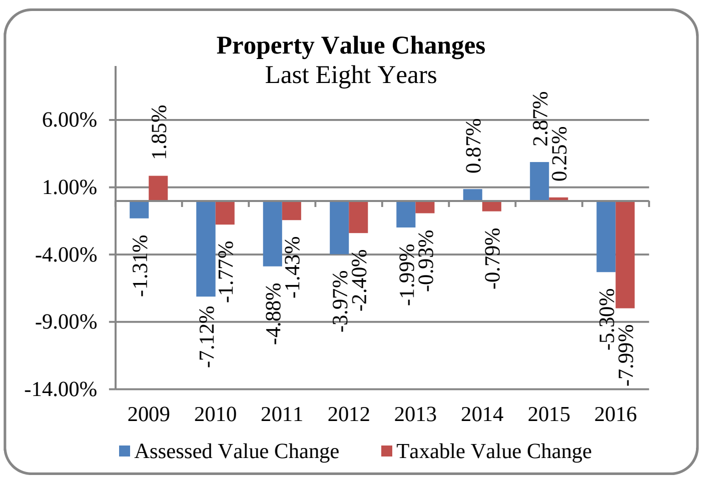
INTRODUCTION

On behalf of the entire City of Cadillac staff, I am pleased to present to you the proposed FY2017 (July 1, 2016 - June 30, 2017) Annual Operating Budget that includes proposed expenditures totaling $19.8 million.

The proposed FY2017 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 decrease about 5% compared to the FY2016 budget. The decrease is primarily the result of changes in grant and construction activity throughout City operations. The following is a general overview of the City's outlook and status of our various funds and activities.

OUTLOOK

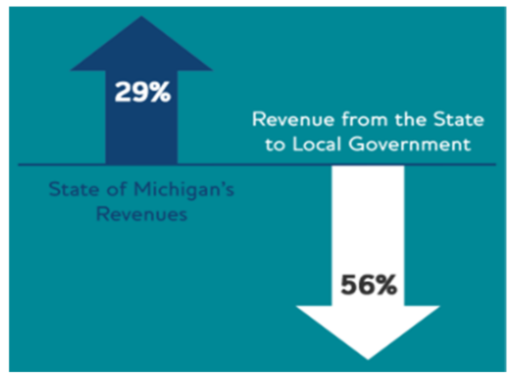
Last year there was encouraging signs of growth in the national, state, and local economies. Industrial investment, declining unemployment, and business-friendly tax reform provided anecdotal evidence that the economy is strengthening and that the local budgetary challenges faced by the City for several years may be lessening. However, while the City continues to weather these challenges well - confirmed by the City's strong balance sheet position across the organization - we must continue to adapt. We also must adjust to statutory tax reform that seems to regularly eat into our local property tax revenues, the most significant source of funding for our general fund operations.

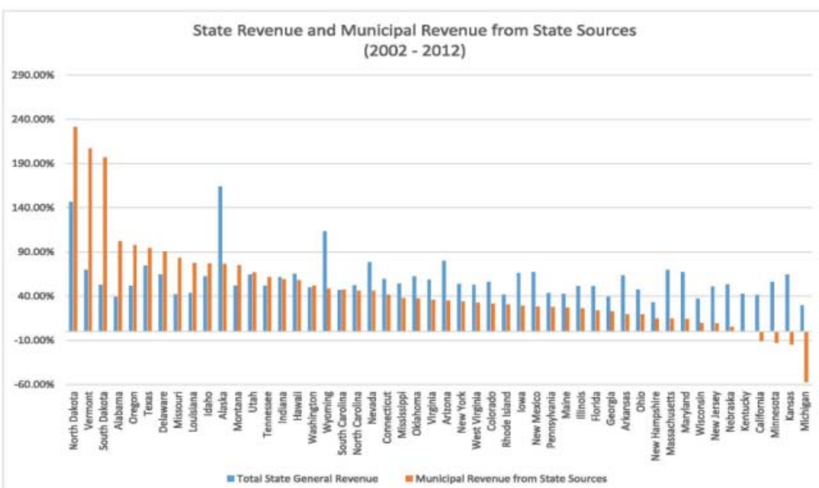


Recent business-friendly tax reforms in Michigan appear to have helped contribute to stronger local economies. However, these reforms have also reduced the City's tax base. Most notably, the State has passed personal property tax reform. Since 2014, personal property taxes are exempt on parcels that have $80,000 or less in personal property, which overall resulted in an estimated loss of $20,000 in annual property tax revenues. Effective January 1, 2016, the State's tax reform now also begins eliminating taxes on all eligible manufacturing personal property (EMPP). EMPP acquired prior to January 1, 2006 or after December 31, 2012 is now fully exempt from property taxes. Exemptions on EMPP purchased between 2006 and 2012 will be phased in over the next seven years.

This revenue loss will continue to erode the ability for our City and municipalities across the state to provide quality services. In Cadillac, this latest implementation of the personal property tax reform has reduced our taxable value for personal property by over 40%, resulting in a reduction of property tax revenue by over $300,000! Fortunately, the State does have a plan to reimburse this loss in its entirety, and has pledged to do so as part of the tax reform law; however our City is still waiting for the check to arrive.

In addition to the impact from the personal property tax reform, we must never forget that the City has experienced significant and long-term revenue loss through the State's unwillingness to rightfully compensate the City through State Shared Revenue. According to the Michigan Municipal League's "www.SaveMiCity.org" website, the chart on the right shows that the State's revenues have increased nearly 30% while revenue payments from the State to local governments have dropped 56%. This data is for the time period between the years 2002 and 2012, and is from U.S. Census Bureau data.





Source: U.S. Census Bureau, 2002 Census of Governments and 2012 Census of Governments: Finance - Surveys of State and Local Government Finances.

As the table to the left indicates, nationally, Michigan is one of four states that reduced revenues to local governments. However, it is the only state that did so at such a comparatively high level, since the other three states reduced revenue sharing by approximately 10% and Michigan did so by nearly 60%! According to data available on the "www.SaveMiCity.org" website, the City of Cadillac has lost $4,012,686.13 in revenue sharing between 2002 and 2015. Municipalities throughout the State of Michigan have lost an estimated $7.5 billion!

Despite these challenges, our city continues to prevail, as evidenced by strong reserves across the organization, and our ability to use a small portion of these reserves to help balance our budget. This utilization has helped in our efforts to minimize the impact that a declining tax base and decreasing revenues will have on our ability to deliver services. While striving to continue to provide excellent public services, the City continues to carefully analyze opportunities to reduce overall costs, which may inevitably result in changes or reductions in service delivery. In order to help avoid that scenario, several significant steps have been taken over the last several years that have positioned the City to not have drastic or noticeable changes in available services.

There are also some recent indications that the economy in our City is thriving. This is evidenced by an increase in industrial property investment and recent news that an industry is in the process of purchasing nearly 21-acres of industrial property to build a large distribution facility. The continued commitment our industrial corporate partners have for Cadillac is amazing, but they are not doing it alone! Our community has also seen a resurgence of activity in our core downtown area, and has welcomed new retail and service businesses to the area.

There is also little doubt that Michigan's economy is continuing to improve. Unfortunately, the State's financial system is broken, and now more than ever, statutory financial reform is necessary. The City is strongly represented in a renewed effort that is being spearheaded by the Michigan Municipal League to work with our legislators in creating meaningful reform. I am optimistic that there will be positive statutory changes within a relatively short timeframe (1-3 years) that will improve our situation; otherwise, as stated previously over the last several years, Cadillac 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.

RESPONSE TO ECONOMIC CHALLENGES

Cadillac continues to be a great place to call home, and we are moving forward with planning for a bright future. While the economy might be in a fragile state, and the State of Michigan continues to "hold-up" the much needed funds from its revenue sharing program, our City is determined to control its destiny and has implemented several monumental placemaking projects that will create new public gathering spaces and places that will become new destination locations for people of all ages and demographics.

Heritage Plaza – To Be Completed Summer 2016

Rotary Pavilion – To Be Completed Spring 2016

Creating these new places is critically important to Cadillac's future. Cadillac not only provides services and amenities to its official population of 10,355, but to an entire region, with its daytime population spiking approximately 70%! 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. By developing new, attractive and fun spaces for people to gather, it will help drive our local area economy, which may also lead to new private investment/new development in our community.

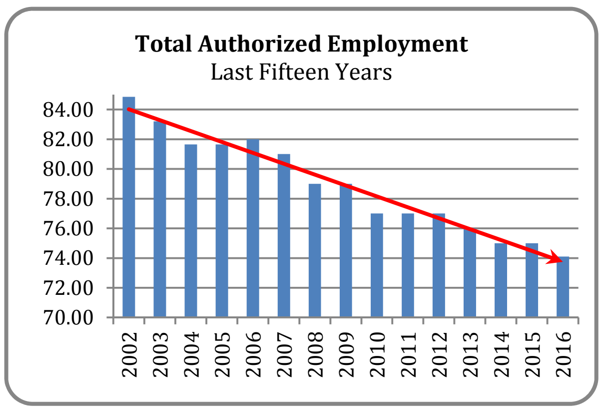
As mentioned earlier, recent revenue losses have created the need to analyze each and every opportunity to reduce structural costs and increase the efficiency of operations. The following are highlights of actions that have been taken to reduce the overall cost structure of the organization over the 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. The City has entered into an agreement with a private company, Associated Government Services, to provide these services on a contractual basis. This new arrangement prevents the City from having to subsidize the full-time staff required to conduct these activities using City staff.

- **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 substantial cost savings.

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



  - ***Public Works Director*** – This department-head level position was replaced by an analyst-level position at a 40% cost reduction. Various responsibilities were assigned to other personnel, and the management duties were consolidated into another department head position.

  - ***Cemetery Foreman*** – This mid-management position was unfilled when the former Foreman retired in 2016. Maintenance activities will be rolled into the DPW crew and will be managed by the Parks and Cemetery Superintendent.

- **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, mainly plow trucks, for many years. The City was finally able to lease a new loader, and should be purchasing the first new plow truck in ten (10) years during FY2016. However, the backlog of heavy equipment that needs to be replaced has continued to grow. Major reconstruction of infrastructure along with acquisition of new equipment continues to be done slowly, but the City has certainly experienced the operational and budgetary challenges presented by aging equipment.

- **Medical Insurance Plan Alternative**: After receiving a significant renewal rate increase for our PPO medical insurance plan a few years ago, 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, 2016.

Many changes have resulted from addressing the economic conditions experienced in the last several years. Reflection on and analysis of our organization and our services will continue in order to maintain structural balance in the City's operations. Especially taking into consideration our focus on improving our City's public spaces and community gathering places, I am confident that we are doing great things to foster a positive environment that will ignite new growth and investment.

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 $6,522,000, down 5% from the original adopted FY2016 budget of $6,653,000. The revenue challenges faced by the City after 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 already reduced general property tax revenues by over $250,000 per year, and personal property tax reform has reduced this even further for the current year. State revenue sharing also remains at levels that are $25,000 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 FY2017, with a slight decrease possible due to inflationary indexes built into the hauling contract. The City's current 5-year contract for hauling services yielded 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 $9.05 per month for refuse removal and $2.39 per month for recycling services, for a total of $11.44 plus an additional $2.10 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 $200,000 for FY2017, which provides 33% of the Local Street Fund revenues. This is down significantly from $325,000 in FY2016. 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. In fact, the projected revenue for the Major and Local Street Funds is expected to increase by an estimated $180,000 which enabled the significant reduction in the General Fund's contribution.

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 were frozen for three consecutive years before being increased 3% in FY2016. For FY2017, an increase of 2.5% 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 couple of years 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, $650,000 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. Because of new funding priorities passed at the State level, road funding from the State is expected to increase by approximately $100,000 – or 17% - for FY2017. The City is optimistic that the State will provide this appropriation as promised. 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 approximately 42% of its revenues from the State of Michigan Gas and Weight Tax, while the remainder of funding is received from the General Fund or other funds. Each local resident will contribute $37 this year to maintain this infrastructure, which is down slightly from $38 in FY2016.

The Cemetery Operating Fund accounts for revenues and expenditures related to the maintenance of Maple Hill Cemetery. In order to help mitigate budget pressure, the Cemetery Foreman position was not filled after the former employee recently retired. This helped reduce current costs, but 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 2015. 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, and the principal of the funds continues to be available to make internal loans to help provide the financing for major capital projects and purchases.

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. The City has only one general obligation debt issue remaining with a balance of just $320,000 as of June 30, 2016. The per capita debt for FY2017 is $817 (including revenue bonds) and 7.50% 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 FY2016 or early in FY2017 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 FY2017, over $300,000 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 FY2017, 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 other 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 two funds, the Industrial Park Fund and the Special Assessment Capital Projects 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 City recently signed an agreement to sell about 21 acres of property that will provide some significant funds to reinvest in the park.

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 FY2017 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 75% of the proceeds utilized in FY2017 and the remaining proceeds spent in FY2018.

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 $19,000 from other City sources 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, FY2017 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 FY2017, 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 FY2017 is 2.6 mills, unchanged from FY2016. 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, 2015, these funds have grown to nearly $10 million. The City contributes 31.09% 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 FY2017. 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, 2015. 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 thirty years in a row, reflecting our sincere effort to provide accurate and complete financial data.

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 2016-2017 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, 2016 and run through June 30, 2017.

FINAL THOUGHTS

Our City operations continue to be confronted with unbelievable economic stress that has been the direct result of the State's broken financial system. Although there is a tremendous effort underway to fix this system state-wide, Cadillac is determined to plow ahead and create our own positive environment that will stimulate growth and investment.

We have embraced our Core Values, Guiding Behaviors and Goals, and the aforementioned public placemaking projects line up perfectly with these initiatives. But these projects alone are not enough - we need to continue to invest in our future! Continuing our fight to take on blight (we've recently been awarded nearly $80,000 from the State to remove four structures), and especially continuing our mission to make Cadillac a truly special place by taking on new special projects such as extending the White Pine Trailhead into our downtown core, reimagining the west side of Cadillac along M-115, and creating a new plan for our downtown, will make our City stronger and better equipped to continue to ride the economic rollercoaster we are on that for the most part is being driven by the State and out of our ability to control.

In closing, I acknowledge the tremendous efforts of our staff, and thank them for their genuine dedication to our City. We are successful in providing our core services, and we are striving to take on greater challenges and projects while continuing to "do more with less," all for the purpose of providing the very best public services and amenities possible to our community.

I must also recognize and acknowledge the tremendous efforts of my executive team, 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 & 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.

2016 CITY COUNCIL GOALS

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

Community Development & Enhancement

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

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

KEY PRIORITY PROGRAMS AND PROJECTS

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

1. **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.
   Update: New financial system scheduled to be live in August/September 2016. Capabilities of new system will enable both online payments, and credit card payments at the Cadillac Municipal Complex.

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.
   Update: There have been no new tenants identified and the facility is falling further into disrepair. Unless new tenants are identified and new leases signed, this current budget marks the final year that the complex has the funds to operate.

3. **Adopt Updated 5-Year Recreation Plan**
   Time Frame: Within 1 Year *Project Leader: ~~Jerry Adams~~John Wallace*
   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.
   Update: The 5-Year Recreation Plan was completed and approved by the City of Cadillac, Cadillac Area Public Schools and the State of Michigan. No further work or action on this plan required.

4. **Adopt Updated City Master Plan**
   Time Frame: Within 1 Year *Project Leader: ~~Jerry Adams~~John Wallace*
   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.
   Update: The City of Cadillac Master Plan was completed and approved by the City Council on September 8, 2015. No further work or action on this plan is required.

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.
   Update: Several departments have worked cooperataively to create an aggressive start to a long term plan. A committee has been formed to address overall blight issues. Code enforcement has created a new partnership with the proescuting attorney's office resulting in cleanup of some of the worst residential properties. CPD is addressing blight with newly formed neighborhood watches and providing dumpsters to neighborhoods to clean up properties. The City was recently successful in obtaining a grant for $79,000 to have the city's worst blighted buildings razed.

Goals, Objectives and Priority Programs

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 evaulated 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.
Update; No activity on this project due to time constraits.

7. **Achieve Certified Local Government Status**
Time Frame: Within 1 Year *Project Leader: ~~Jerry Adams~~John Wallace*
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.
Update: The document to achieve Certified Local Government Status has been completed and reviewed the Cadillac Historic District Committee. The document has been submitted to the State Historic Preservation Office (SHPO) for their review and comment. Remaining action on this project would be to respond to comments received by SHPO. The document submitted calls for ongoing activities in the city's historic districts.

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.
Update: The Agreement between the City and Progressive A/E concludes at the end of the 2016 treatment season. The program fund is sufficient to cover treatment and consulting costs throughout this season and possibly the next. In the fall of 2016, the City will look to reconvene the Lake Management Committee, a group composed primarily of lakeside property owners. Discussions regarding future program funding sources and management strategies will be their priorities.

9. **Initiate the Cadillac West Corridor Improvement Association**
Time Frame: Within 1 Year *Project Leader: ~~Jerry Adams~~John Wallace*
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.
Update: The Cadillac West Corridor Improvement Association has been formed. Early efforts have not succeeded in finding sufficient board members for this association. Future efforts needed for this project are to complete the board, prepare a redevelopment plan, and to prepare a tax increment financing plan. The estimated cost above staff time to achieve these activities would be $25,000.

10. **Initiate Phase I of the PlacePlans Project**
Time Frame: Within 1 Year *Project Leader: ~~Jerry Adams~~John Wallace*
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.
Update: The PlacePlans project (Heritage Plaza) has been designed and the construction bidding has commenced. The utility burying component is currently being bid and construction will begin around April 15, 2016. The parking lot and plaza will be bid out a week or two later with construction to begin at the end of April or beginning of May,

Goals, Objectives and Priority Programs

2016. The farmers market portion of the project will be bid out last with construction to begin in June, 2016. All portions of this project are to be completed by August, 2016.

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 fo 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.
Update: Project is scheduled to be completed by Summer 2016.

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.
Update: City submitted a grant application to the MDNR on April 1, 2016. Project does require a local match so if the City is successful in obtaining the grant, local funds will need to be identified.

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).
Update: Preparing to offer customers the use of credit or bank cards for utility and tax payments; now accepting faxed or e-mailed applications and resumes of job seekers; providing faster FOIA processing; increased the use of Facebook to communicate City projects and general information; instituted a police community partnership program; utilized public service announcements for winter plowing basics; continued use of our online Report A Concern system; and reinstated the issuance of building permits in-house.

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 apprasials 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.
Update: The City has an accepted purchase agreement in place for the new well field. The test well should be completed in early spring 2016. Once financing is in place, construction could begin as early as late summer 2016.

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.
Update: Cobb Street and W. Division Street should be completed in 2016, utilizing grant funds and Motor Vehicle Highway Funds from the Major Street Fund. City has identified priority projects in the CIP and will explore debt financing to complete an estimated $2 million in street reconstruction projects over the next couple of years.

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.

Goals, Objectives and Priority Programs

Update: Additional documents have been added to the City's website. The City is considering options for redeveloping the current website. In addition, new financial software that is being implemented will enable online access to property tax and utility accounts.

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.
Update: Documents have been located. Discussions have been started with Cherry Grove & Haring to update local mutual aid for Fire and starting discussions on Medical mutual aid. MABIS discussion on hold until Wexford Chiefs update county mutual aid documents.

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 prioritze the CSO services so as to re-invigorate and re-establish Neghborhood Watch programs in Cadillac.
Update: The Cadillac Police Department is instituting a department wide crime prevention effort entitiled "Cadillac Community Partnership". This partnership consists of four pillars, *Neighborhoods, Schools, Retail and Rental Housing*. The neighborhood pillar of this initiative consists of a new neighborhood watch project that has created much enthusiasm in the city's NE sector. The department intends to solicit more neighborhoods into the watch.

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.
Update: Achieved as of June 30, 2015. It is anticipated that this will also be achieved for FY2016.

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.
Update: The city has taken the following actions to encourage and facilitate local development:

- City staff has been updating local and state databases of Cadillac buildings and properties that are for-sale, lease, or available for development
- City staff has updated the Master Plan that includes many goals and objectives for city-wide economic development.
- Aggressively pursued the design and implementation of the PlacePlans Project (Heritage Plaza).
- City staff meets regularly with the Cadillac Downtown Fund and the Downtown Development Authority to facilitate and coordinate with their strategic planning.
- City staff is working with the "Wayfinding" subcommittee of the Downtown Development Authority to explore implementation of a wayfinding system for the Cadillac area, and the "Streetscape" subcommittee regarding future improvements to the Mitchell Street Corridor.
- City staff has met or connected with several development related inquiries related to new residential, commercial, and industrial development.

Goals, Objectives and Priority Programs

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.

Update: AGS has been providing building, mechanical, and plumbing inspection services since July 22, 2016. City adopted the 2012 editions of the IPMC and Fire Codes.

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.

Update: Department of Public Works started to develop and roll out a plan; implementing fleet management software in the near future will make the plan more efficient and manageable.

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.

Update: City staff now provide City Council with a monthly legal update that details the charges that have been incurred and where the charges were allocated, and includes comparisons to prior years. Through modifications of internal processing of Freedom of Information Act Requests, and a general calming of our political environment, expenses have decreased. At this time there are no plans in place to rebid the services.

24. Examine Smoking Restrictions in Public Park Areas

Time Frame: Within 1 Year *Project Leader: ~~Jerry Adams~~John Wallace*

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.

Update: The city has adopted a resolution to make select areas of the city's parks and facilities tobacco-free areas. Signs have been installed to inform the public of these areas. No additional action is required for this project.

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.

Update: A draft report on the close-out study has been issued and will be discussed by the LDFA board. Once the board has a chance to review the report, future initiatives and requirements for operating the system will be evaluated.

Goals, Objectives and Priority Programs

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.

Update: The City is enhancing the employee's benefit enrollment and information management process through the introduction of an on-line web portal. Additionally, the shared network drive has been populated with the most often-used forms by employees for their convenience. All employee trainings such as CPR & First Aid; Active Shooter; "Communication Skills" by 2 The Rescue; and Fire Extinguisher Use were offered to assist in one's job and personal safety. These trainings are in addition to various job specific education and trainings offered at the department level. Social media and leave policies are also being crafted or edited in an effort to improve their intended use.

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.

Update: Department member training documentation has risen over 25% the past year. Strides improving dispatching, company inspections and maintenance record scores will be the new focus.

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

Goals, Objectives and Priority Programs

CITY OF CADILLAC MICHIGAN

Fiscal Year 2016
Priority Programs

Project No.	Time Frame	Leader	Project Title (Note: Projects may encompass multiple fiscal years)	Community Development and Enhancement					Economic Health and Development				Public Safety				Service and Organizational Enhancement			
				Promote Positive Image	Advance Quality of Life	Maintain & Improve Civic Infrastructure	Maintain & Improve Public Facilities and Equipment	Maintain & Improve Environmental Infrastructure	Actively Suport Local Business Development	Promote Business Retention	Maintain and Improve Financial Condition		Crime Prevention	Emergency Readiness and Response	Enhance Regional Cooperation and Communication	Fire Prevention	Maintain and Improve Human Infrastructure	Maintain and Improve Use of Technology	Update Administrative Procedures and Policies	
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	■	■	■			■	■				■		■	■	■	■	

DEPARTMENTAL GOALS AND OBJECTIVES

City of Cadillac Departmental Structure

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

Department	Department Director Title
• Office of the City Manager	**City Manager** (Marcus Peccia)
• Financial Services Department	**Director of Finance** (Owen Roberts)
• Department of Public Works and Engineering	**Director of Public Works and Engineering** (Bruce DeWitt)
• Community Development Department	**Community Development Director** (John Wallace)
• Police Department	**Chief of Police** (Todd Golnick)
• Fire Department	**Fire Senior Captain** (Fred Osborn)
• Utilities Department	**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.

Goals, Objectives and Priority Programs

Department: Financial Services Department
Director: Owen Roberts
Performance Measures: Pages 36-37, 63,64, 65, 66, 67, 171

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.

Department: Department of Public Works and Engineering
Director: Bruce DeWitt
Performance Measures: Pages 69, 70, 81, 82, 84, 86, 119, 127, 133, 167

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)***

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:	John Wallace
Performance Measures:	Pages 87, 136-137

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)***

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 Todd Golnick
Performance Measures:	Pages 71-76, 80

<u>Departmental Goals and Objectives:</u>

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.

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 76-80

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)***
    e. Develop and maintain company inspection program that focuses on Fire Code compliance in the Downtown District **(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)***

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 92-94, 96, 99, 102, 105, 108, 111-114, 189-190, 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. Reestablish 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)***

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 test results of zero for the year.
    c. Flush all fire hydrants within the City two times per year.
    d. Continue preventative maintenance program for all fire hydrants in the City.
    e. Evaluate green alternatives for new well field infrastructure.

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.

FY2017 General Appropriations Act

ORDINANCE NO. 2016-05

ORDINANCE ADOPTING GENERAL APPROPRIATIONS ACT FOR FISCAL YEAR 2017

THE CITY OF CADILLAC ORDAINS:

Section 1, Title.
This Ordinance shall be known as the City of Cadillac General Appropriations Act For Fiscal Year 2017.

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 7, 2016, and a public hearing on the proposed budget was held on April 18, 2016.

Section 3, Expenditures.
The City hereby appropriates the expenditures for the fiscal year commencing July 1, 2016 and ending June 30, 2017 on a departmental and activity total basis as follows:

General Fund	
Legislative	$45,400
Office of the City Manager	257,000
Financial Services	231,700
City Clerk/Treasurer Department	288,500
Election Services	15,500
Assessing Services	135,500
Legal Services	200,000
Engineering Services	176,300
City Complex	292,000
Police Department	1,970,500
Code Enforcement	31,500
Fire Department	1,307,500
Public Works	796,500
Culture and Recreation	256,000
Economic Development and Assistance	152,300
Intergovernmental	100,800
Other	265,000
Total Expenditures	**$6,522,000**

FY2017 General Appropriations Act

Section 4, Estimated Revenues.
The City estimates that revenues for the fiscal year commencing July 1, 2016 and ending June 30, 2017 will be as follows:

General Fund	
Taxes	$4,148,000
Licenses & Permits	131,000
Intergovernmental	1,241,000
Charges for Services	904,500
Fines & Forfeits	15,000
Miscellaneous	15,000
Interest and Rents	31,500
Other Financing Sources	36,000
Total Revenues	**$6,522,000**

Section 5, Budgets.
The City hereby approves budgets for the fiscal year commencing July 1, 2016 and ending June 30, 2017 for the following funds in the amounts set forth below:

	Revenues	**Expenses**
Governmental Funds		
Major Street Fund	$873,900	$781,300
Local Street Fund	605,500	534,800
Cemetery Operating Fund	117,000	113,000
Cadillac Development Fund	69,400	69,400
Naval Reserve Center Fund	20,800	22,500
Lake Treatment Fund	91,500	91,500
H.L. Green Operating Fund	1,000	0
SAW Grant Fund	1,000,000	1,000,000
2004 General Obligation Capital Improvement Bond	88,000	88,000
Industrial Park Fund	44,300	44,300
Special Assessment Capital Projects Fund	2,013,500	1,501,500
Cemetery Perpetual Care Fund	14,500	500
Capital Projects Fund	8,000	500
Proprietary Funds		
Auto Parking Fund	72,200	72,200
Water & Sewer Fund	4,104,000	4,104,000
Capital		3,655,500
Debt Service		560,000
Building Authority Operating Fund	155,000	121,000

FY2017 General Appropriations Act

	Revenues	Expenses
Central Stores & Municipal Garage Fund	560,500	556,400
Capital		283,500
Debt Service		70,000
Information Technology Fund	$196,600	$195,900
Capital		165,000
Self-Insurance Fund	1,200,000	1,200,000
Employee Safety Fund	15,600	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	130,000	100,500
Downtown Development Authority Operating Fund	30,700	29,500
Downtown Development Authority Capital Projects Fund	1,361,000	1,360,500
Brownfield Redevelopment Authority Operating Fund	23,500	23,500

Section 6, Millage Levies.

(a) The City will levy a tax of 13.9473 mills for the period of July 1, 2016 through June 30, 2017, 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, 2016 through June 30, 2017, 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, 2016 through June 30, 2017, 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.

FY2017 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 2017 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, 2016.

Approved this 16th day of May, 2016.

Sandra Wasson, Clerk	Carla J. Filkins, Mayor

Funds Formation

The financial structure of the City consists of various funds, which operate just like separate businesses within the organization and have their own set of balanced books. 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 aggregate appropriated budget of similar funds. 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.

Charts and Graphs

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.

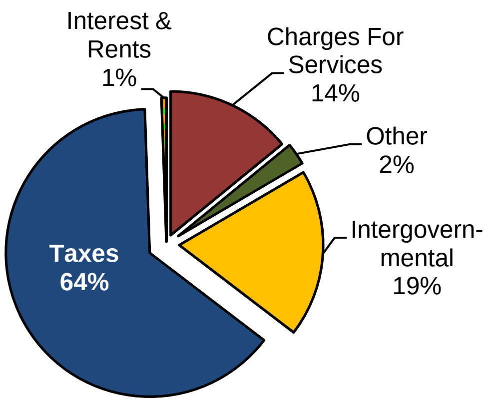
Charts and Graphs

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 declined significantly for FY2017 due to the elimination of personal property taxes on eligible manufacturing personal property. This loss is expected to be reimbursed by the State of Michigan. 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 several 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
FY2017

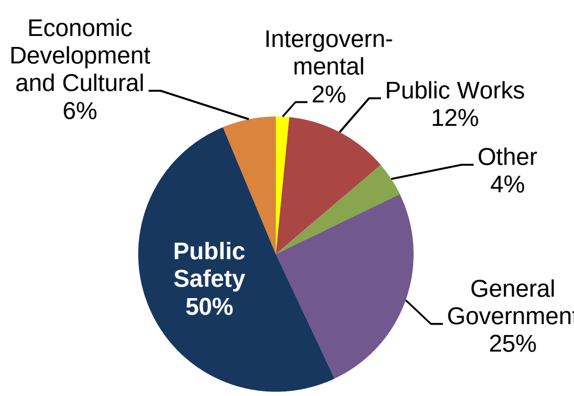


Source	Amount
Charges For Services	$904,500
Other	161,000
Intergovernmental	1,241,000
Taxes	4,148,000
Interest & Rents	31,500
	$6,486,000

Expenditures
General Fund expenditures declined by just under 2% for FY2017, or about $128,000, 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 $200,000 and the Cemetery Operating Fund, which is $65,000 for FY2017.

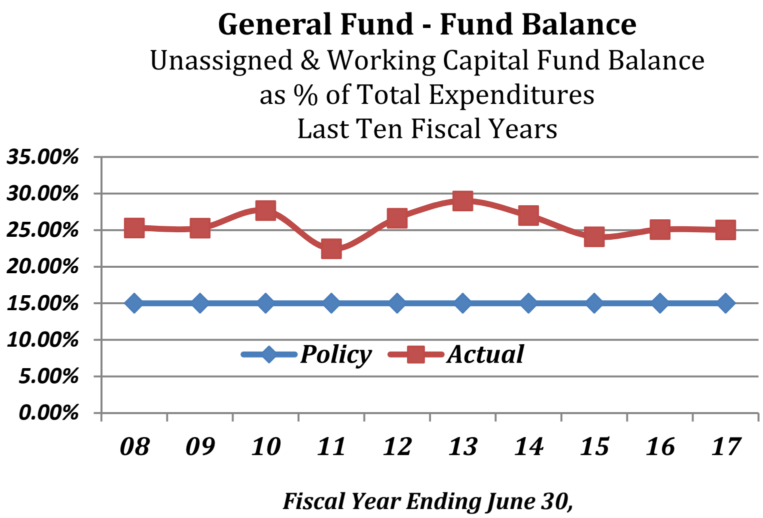
General Fund Expenditures by Activity
FY2017

Activity	Amount
Intergovernmental	$100,800
Public Works	796,500
Other	265,000
General Government	1,641,900
Public Safety	3,309,500
Economic Development and Cultural	408,300
	$6,522,000



Charts and Graphs

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 FY2017 the City is expecting to use about $36,000 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 available fund balance will stay at about 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: (red) = Negative (yellow) = Watch (green) = Positive

Act 345 Police & Fire Retirement System

	Valuation Date				
	6/30/2012	6/30/2013	6/30/2014	6/30/2015	Status
Actuarially Accrued **Liabilities**	$11,246,821	$11,624,354	$12,220,792	$12,681,727	Watch
Actuarial Value of **Assets**	8,200,264	8,565,010	9,304,981	9,937,183	Watch
Unfunded Liabilities	$3,046,557	$3,059,344	$2,915,811	$2,744,544	Negative
% Funded	73%	74%	76%	78%	Negative
Average Pension	$19,812	$21,152	$21,976	$23,093	Positive
Annual Pension Costs	$545,530	$549,400	$543,315	$533,253	Watch
% of Annual Costs Contributed	120%	127%	117%	119%	Positive

Charts and Graphs

Municipal Employees Retirement System

	Valuation Date				
	12/31/2011	12/31/2012	12/31/2013	12/31/2014	Status
Actuarially Accrued **Liabilities**	$10,426,829	$10,811,817	$11,171,505	$11,625,621	
Actuarial Value of **Assets**	10,002,818	9,974,961	10,051,726	10,150,458	
Unfunded Liabilities	$424,011	$836,856	$1,119,779	$1,475,163	
% Funded	96%	92%	90%	87%	
Average Pension	$11,652	$12,427	$12,579	$12,786	
Annual Pension Costs	$160,456	$171,541	$198,459	$237,649	
% of Annual Costs Contributed	100%	100%	100%	100%	

Other Post-Employment Benefits (OPEB)

	Valuation Date		
	01/01/2012	6/30/13	Status
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.

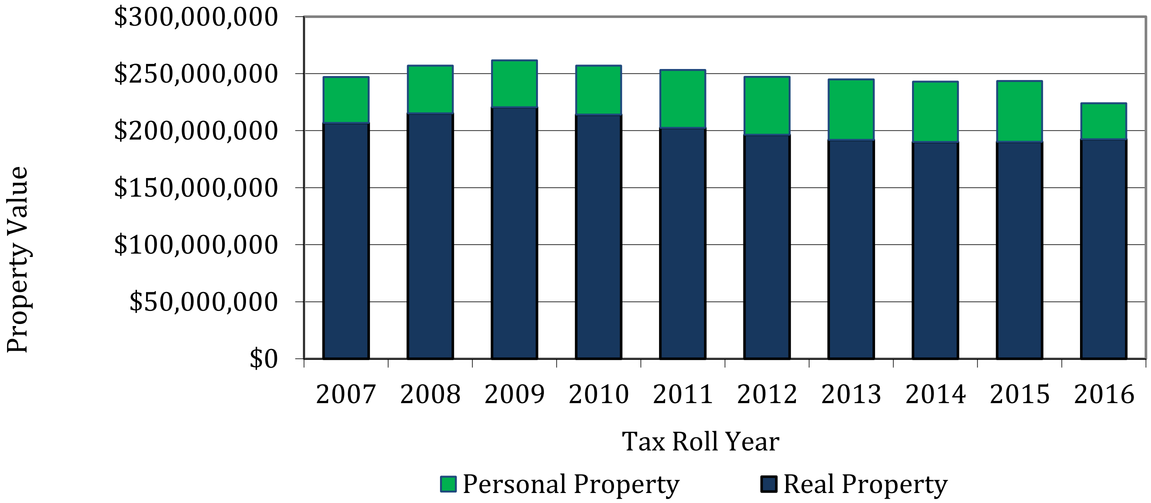
Total Unfunded Retirement and Other Post-Employment Benefit Liabilities
Though unfunded liabilities exist, the City continues to budget sufficiently to make 100% of the annual required contributions for each retirement system, and continues to make progress in funding OPEB. Taken as a whole, total unfunded liabilities for the three systems are:

System	Unfunded Liability (Prior Valuation)	Unfunded Liability (Current Valuation)	% Funded	Status
Act 345 Police & Fire Retirement System	$2,915,811	$2,744,544	78%	
Municipal Employees Retirement System	1,119,779	1,475,163	87%	
Other Post-Employment Benefits	1,873,668	1,873,668	57%	
Total Unfunded Liabilities	**$5,909,258**	**$6,093,375**		

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. This fiscal year represents a very significant change in the billing and collection of property taxes, as it is the first year of the phase-in of the repeal of personal property taxes on eligible manufacturing personal property. This reform was passed in 2014. This dramatically reduced the personal property taxable value for the 2016 tax roll. It is hoped that the State of Michigan will keep its promise of reimbursement of the loss through the redirection of a portion of the loss to the Local Government Stabilization Authority who will subsequently distribute the money to municipalities. It remains to be seen, however, if the 100% reimbursement will take place. This situation is further discussed in the Transmittal Letter and in the Analysis of Principal Revenue Sources. 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			
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	190,288,151	53,285,900	$243,574,051	3,755,968	14,602,325
2016	191,512,187	31,576,500	$223,088,687	4,053,536	14,056,189

(1) Base value for LDFA is $551,400. Taxes captured for FY2017 are anticipated to be $48,845 from the operating millage levy, and $9,106 from Police and Fire Retirement millage levy. The LDFA also captures $2,190,616 in value from Industrial Facilities Tax Exemption certificates. This generates an additional capture of City taxes of $15,277 from the operating levy, and $2,848 from the Police and Fire Retirement levy.

(2) Base value for DDA is $11,654,550. Taxes captured for FY2017 are anticipated to be $33,516 from the operating millage levy, and $6,248 from the Police and Fire Retirement millage levy.

Charts and Graphs

Residential Taxable Values

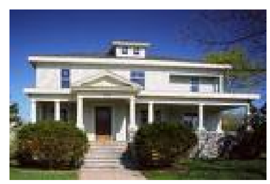
Residential class parcels comprise 75% of the total parcels within the City of Cadillac. These parcels make up about 56% of the total taxable value of property within the City. Over the last five years, residential class parcels have experienced the following changes:

Residential Class	2012	2013	2014	2015	2016
Assessed Value (AV)	$133,293,900	$126,571,000	$131,336,400	$139,291,600	$146,328,600
Change from prior year	-6.05%	-5.04%	3.77%	6.06%	5.05%
Taxable Value (TV)	$125,526,191	$121,240,846	$121,347,523	$122,930,987	$124,554,619
Change from prior year	-3.64%	-3.41%	0.09%	1.30%	1.32%
AV-TV Gap	$7,767,709	$5,330,154	$9,988,877	$16,360,613	$21,773,981
Gap as % of TV	6.19%	4.40%	8.23%	13.31%	17.48%
TV/AV	94.17%	95.79%	92.39%	88.25%	85.12%

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:

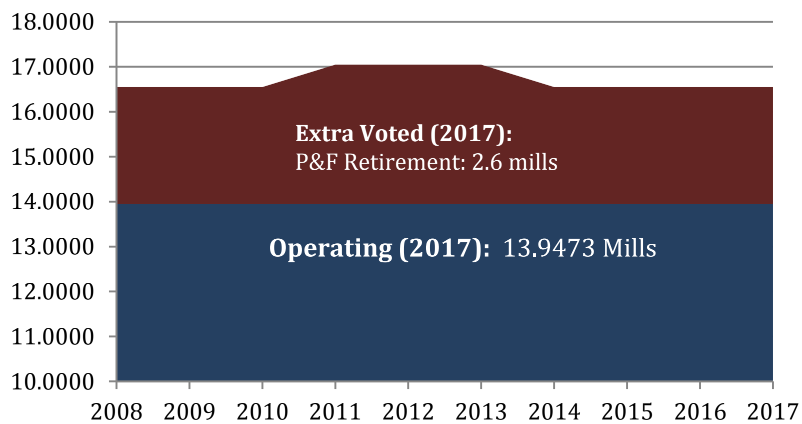
Tax Year	Average Home Taxable Value	City Millage	Average Tax Bill
2007	$36,500	16.7473	$611.28
2008	$37,969	16.5473	$628.28
2009	$39,673	16.5473	$656.48
2010	$38,227	16.5473	$632.55
2011	$35,746	17.0473	$609.37
2012	$34,354	17.0473	$585.64
2013	$33,156	17.0473	$565.22
2014	$33,177	16.5473	$548.99
2015	$33,524	16.5473	$554.73
2016	$33,899	16.5473	$560.94



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 has not been levied since 2014.

Total Property Taxes
Last Ten Years

	City Taxes			Overlapping Tax Rates							
Tax Levy Year	General	Extra Voted (1)	Total City	Wexford County (2)	Cadillac-Wexford Transit Authority	Council On Aging	Cadillac-Wexford Library	Cadillac Area Public Schools (3)	Wexford Missaukee ISD	State Education Tax	Direct and Overlapping Annual Tax Rate
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
2015	13.9473	2.6000	16.5473	8.0297	0.6000	1.0000	0.7500	20.9000	5.9419	6.0000	59.9874

(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; Lake Treatment millage is now expired.
(2) Wexford County rate includes allocated mills of 6.7797, 0.10 mills for Veterans Relief, 0.95 mills for Road Patrol, and 0.20 mills for Animal Control.
(3) Cadillac Area Public Schools rate includes 18 mills for operating and 2.9 mills for debt service.

Charts and Graphs

Millage Rate Benchmarks

Property Tax Benchmark Communities	Total Millage	General Operating	Police & Fire	Other
Big Rapids	18.9567	11.2334	4.2239	3.4994
Sault Saint Marie	22.5886	16.8139	5.2115	0.5632
Mt. Pleasant	16.2500	11.7000	0.0000	4.5500
Manistee	18.9112	17.7612	0.0000	1.1500
Alpena	16.2316	16.2316	0.0000	0.0000
Cadillac	**16.5473**	**13.9473**	**2.6000**	**0.0000**

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

Total Tax Burden

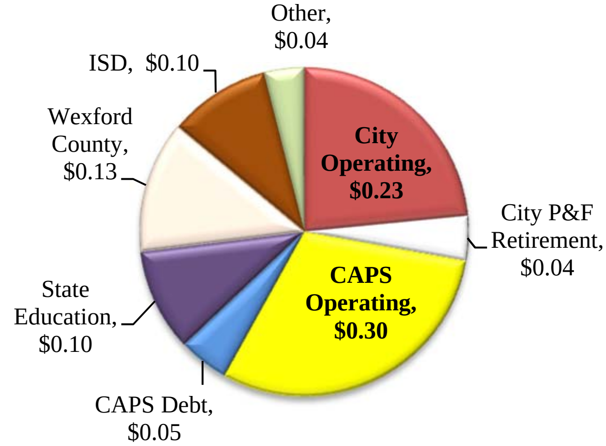
The information presented below shows the total tax burden of property owners within the City of Cadillac for several classes of properties. Properties with a principal residence exemption (PRE) are exempt from school operating taxes. Properties within the Downtown Development Authority are subject to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

		Property Type and Total Taxes at average taxable value of $50,000					
Taxing Unit	**Millage Rate**	**Principal Residence**		**Non-Principal Residence**		**DDA**	
City of Cadillac		Millage	Taxes	Millage	Taxes	Millage	Taxes
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	1.9548		0.00		0.00	1.9548	97.74
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
Animal Control	0.2000	0.2000	10.00	0.2000	10.00	0.2000	10.00
Veterans Relief	0.1000	0.1000	5.00	0.1000	5.00	0.1000	5.00
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	*Exempt*	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	6.1604	6.1604	308.02	6.1604	308.02	6.1604	308.02
Total	**61.9422**	**41.9874**	**$2,099.38**	**59.9874**	**$2,999.38**	**61.9422**	**$3,097.12**

Charts and Graphs

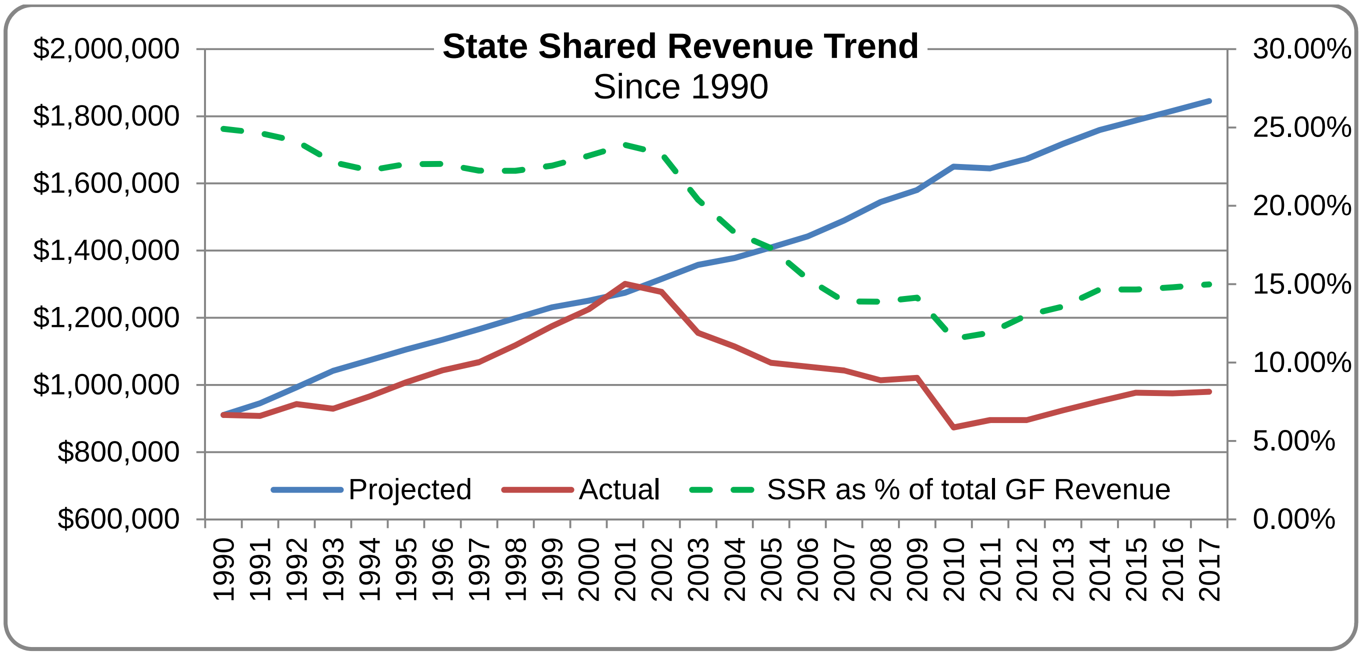
Tax Allocation

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 declined every year for about a decade between its peak of $1.3 million in 2001, and the low point of $873,412 in 2010. 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.



Employment Statistics – FTE by Activity for Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City Manager	1.50	1.50	1.50	1.50	2.37	2.20	2.20	2.20	2.20	2.20
Assistant City Manager	0.90	0.80	0.98	1.22	0.00	0.00	0.00	0.00	0.00	0.00
Financial Services	1.94	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Clerk/Treasurer	4.00	4.00	4.00	3.88	3.80	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	1.10	1.27	1.28	1.32	1.00	1.00	1.00	1.00	1.00
City Engineer	2.41	2.41	2.51	1.79	1.80	1.80	1.80	1.80	1.80	1.80
Total General Government	12.05	12.06	12.51	11.92	11.54	11.05	11.05	11.05	11.05	11.05
Public Safety										
Police	17.41	17.06	16.81	17.01	16.91	17.36	16.86	16.95	16.95	16.95
Fire	11.50	11.85	11.85	11.85	11.85	11.50	11.00	11.00	11.00	11.00
Code Enforcement				0.40	0.50	0.50	0.50	0.50	0.50	0.50
Building Inspector	1.38	1.38	0.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Public Safety	30.29	30.29	29.54	29.26	29.26	29.36	28.36	28.45	28.45	28.45
Other										
Public Works	14.22	14.03	13.03	13.03	12.70	12.10	12.10	12.10	12.10	12.00
Data Processing	0.06	0.00	0.30	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	0.00	0.00	0.00
Water/Sewer	20.00	20.00	19.00	19.87	20.00	20.00	20.00	20.00	20.00	20.00
Community Dev.	1.61	1.61	1.61	1.61	2.21	2.20	2.20	2.20	2.20	2.20
Cemetery	0.68	0.92	0.92	0.92	0.90	0.90	0.90	0.90	0.90	0.00
Total Other	36.66	36.65	34.95	35.82	36.20	35.59	35.59	35.50	35.50	34.50
Total FTE	79.00	79.00	77.00	77.00	77.00	76.00	75.00	75.00	75.00	74.00

Employment Analysis

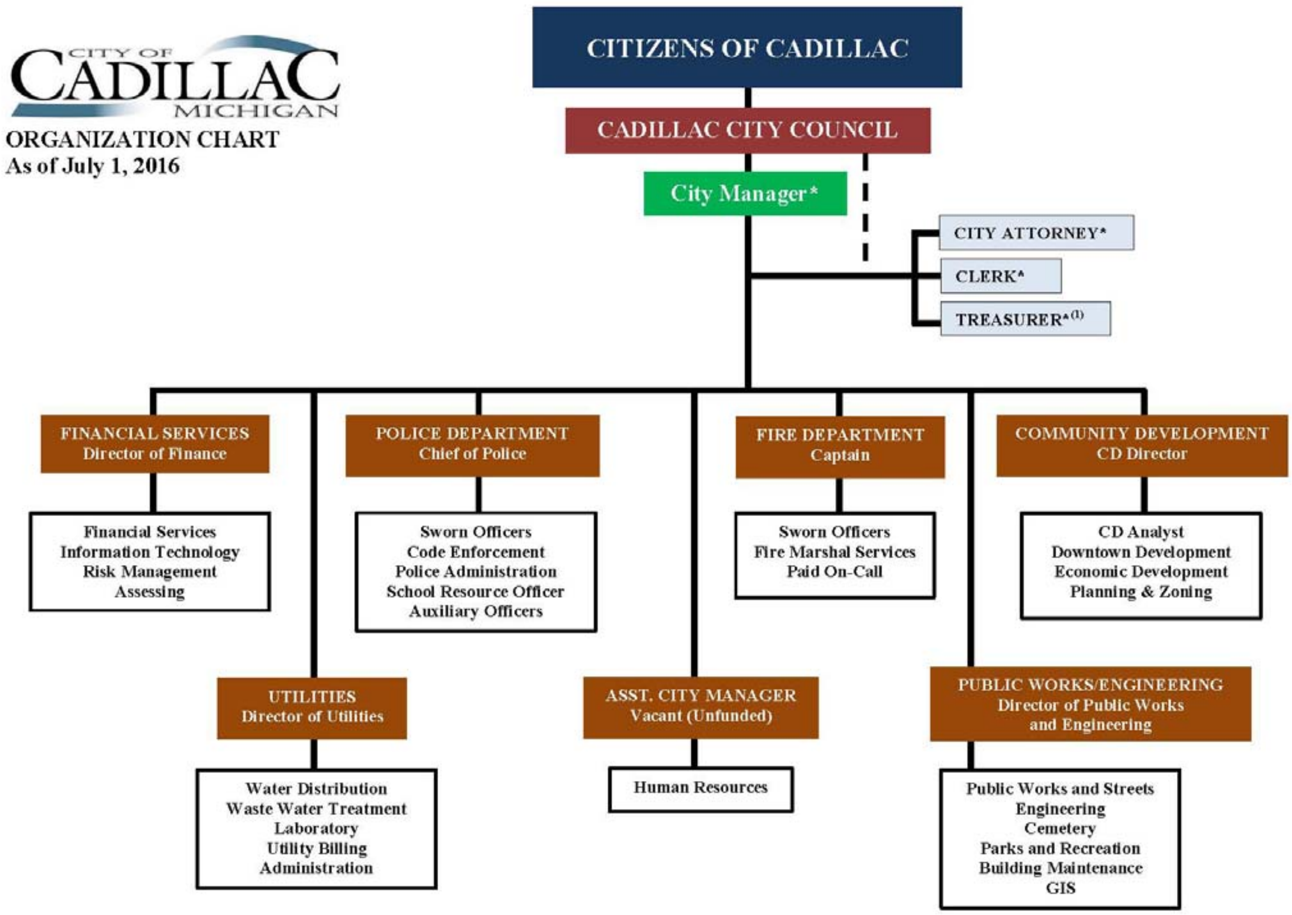
As the above chart illustrates, FTE levels have declined by four employees since FY2009. Lack of funding has forced further reductions in staff over the last several years. This was primarily accomplished through attrition and consolidation of duties. For FY2017, a vacancy in the Cemetery due to the retirement of the former superintendent was left unfilled.

Employment Benchmarks

Comparable Communities	*Population*	*FTE*	*FTE/ Capita Ratio*	*FTE per 1000 residents*
Big Rapids	10,601	82	1:129	7.74
Alpena	10,483	81	1:129	7.73
Traverse City	14,674	150	1:98	10.22
Manistee	6,226	57	1:109	9.16
Sault St. Marie	14,144	116	1:122	8.20
Sturgis	10,994	125	1:88	11.37
Coldwater	10,945	119	1:92	10.87
Cadillac	**10,355**	**74**	**1:140**	**7.15**

Cadillac has 1 FTE per 140 residents. This comparison has many inherent variables, but in general a higher ratio indicates greater efficiency in service delivery. City employment peaked in 1993 at 91 FTE. Current employment level represents nearly a 20% decline since the 1993 peak.

Charts and Graphs

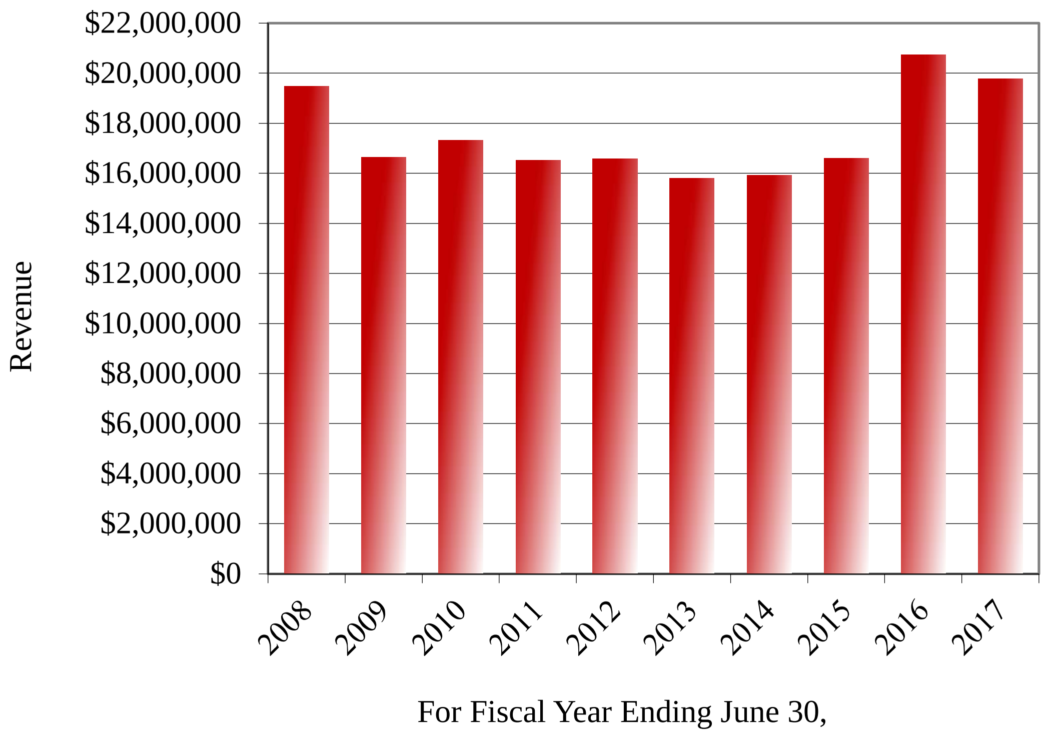


** Positions appointed by the Cadillac City Council.*
(1) Reports to Director of Finance

2016-2017 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 and a major grant received. Both of these activities will carry into FY2017, but about 50% of the grant activities are completed so the total FY2017 budget is down.

Budget Summaries

(All numbers in thousands)	Major Funds		Nonmajor Governmental Funds			
	General Fund	Water and Sewer Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Funds
Revenues and Other Sources:						
Taxes	$4,148					
Licenses and Permits	131					
Intergovernmental	1,241		2,129			
Charges For Services	905	4,079	52			8
Fines and Forfeits	15					
Miscellaneous	15	5			35	
Other Financing Sources			415	88	2,000	
Local Funds			10			
Rental			10			
Principal Payment					12	
Interest Income - Loan			15			
Interest Income	31	20	13		6	15
Total	**$6,486**	**$4,104**	**$2,644**	**$88**	**$2,053**	**$23**
Expenditures:						
General Government	$1,642					
Public Safety	3,310					
Public Works	796					
Culture and Recreation	256					
Economic Development	152		34			
Intergovernmental	101					
Other Financing Uses	265		238			
Operating		3,904	2,340		8	1
Capital Outlay						
Construction					1,525	
Principal				75	13	
Interest		200		13		
Non-Operating						
Total	**$6,522**	**$4,104**	**$2,612**	**$88**	**$1,546**	**$1**
Excess (Deficiency) of Revenues over Expenditures (1)	($36)	$0	$32	$0	$507	$22
Fund Balances - Beginning	$1,880	$15,639	$2,298	$133	$380	$921
Ending	**$1,844**	**$15,639**	**$2,330**	**$133**	**$887**	**$943**

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

Budget Summaries

(All numbers in thousands)	Nonmajor Proprietary Funds (2)	Pension Trust Fund	Component Units	FY2017 Budget Totals	COMPARISON FY2016 Amended Budget Totals	FY2015 Actual Totals
Revenues and Other Sources:						
Taxes	50		$241	**$4,439**	$4,482	$4,555
Licenses and Permits	2			**133**	128	140
Intergovernmental	211			**3,581**	4,656	2,871
Charges For Services	25		18	**5,087**	5,042	6,109
Fines and Forfeits				**15**	15	14
Miscellaneous	6			**61**	67	307
Other Financing Sources			$750	**3,253**	2,652	489
Local Funds	1,007	616	543	**2,176**	2,443	748
Rental	684			**694**	696	813
Principal Payment				**12**	60	17
Interest Income - Loan	17			**32**	31	0
Interest Income		235	25	**345**	301	373
Total	**$2,002**	**$851**	**$1,577**	**$19,828**	**$20,573**	**$16,436**
Expenditures:						
General Government				**$1,642**	$1,619	1,640
Public Safety				**3,310**	3,302	3,192
Public Works				**796**	820	853
Culture and Recreation				**256**	261	320
Economic Development				**186**	150	186
Intergovernmental				**101**	101	0
Other Financing Uses				**503**	711	502
Operating	2,153	851	441	**9,698**	10,889	8,519
Capital Outlay				**0**	350	162
Construction			1,400	**2,925**	2,230	903
Principal			50	**138**	88	88
Interest	8			**221**	234	243
Non-Operating				**0**	0	0
Total	**$2,161**	**$851**	**$1,891**	**$19,776**	**$20,755**	**$16,608**
Excess (Deficiency) of Revenues over Expenditures (1)	($159)	$0	($314)	**$52**	($182)	($172)
Fund Balances - Beginning	$3,536	$9,899	$2,816	**$37,502**	$37,990	$38,930
Ending	**$3,377**	**$9,899**	**$2,502**	**$37,554**	**$37,808**	**$38,758**

(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

Analysis of Principal Revenue Sources

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

Revenue	Amount (Budget)	% of Total
Taxes	$4,439	22.39%
Interest Income	$345	1.74%
Intergovernmental Revenues	$3,581	18.06%
Charges for Services	$5,087	25.66%
Principal Repayment & Interest Income - Loans	$44	0.22%
Local Funds	$2,176	10.97%
Other	$4,156	20.96%
Total	$19,828	100.00%

Property Taxes
The major source of revenue for FY2017 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:

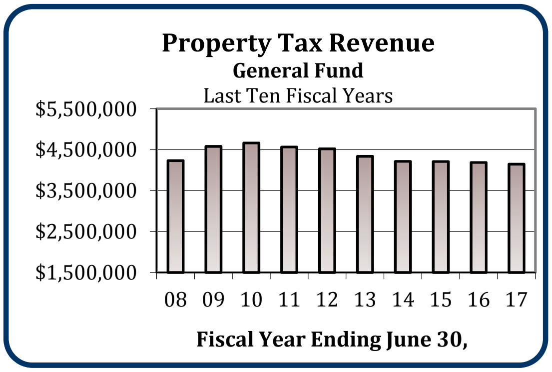
	Fiscal Year Ending June 30,				
Millage	**2013**	**2014**	**2015**	**2016**	**2017**
City Operating	13.9473	13.9473	13.9473	13.9473	13.9473
Police and Fire Retirement	2.6000	2.6000	2.6000	2.6000	2.6000
Lake Cadillac Treatment	0.5000	0.5000	0.0000	0.0000	0.0000
Total City Millage Rate	**17.0473**	**17.0473**	**16.5473**	**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.

Budget Summaries



Property Tax Outlook
Unfortunately, between 2009 and 2016 the City lost over $18 million in taxable value, equating to over $250,000 per year in lost revenue. The taxable value of real property ticked up slightly for the current year, but losses from personal property tax reform that was implemented for the first time this year more than offset any gains. 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. The current budget is based upon actual numbers provided by the assessor. The future outlook is unclear as the phase-in of the personal property tax reform will restrict any real revenue growth that the City may have as values continue to recover. On the bright side, a significant development on Cadillac's east side is expected to yield positive taxable value growth over the next several years. Additionally, there have been several inquiries on available industrial space that could produce some development as well.

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 FY2017, 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)	$33,516	$6,248	$39,764
Local Development Finance Authority (LDFA)	$48,845	$9,106	$57,951
LDFA Industrial Facilities Tax Exemption Capture	$15,277	$2,848	$18,125
Brownfield Redevelopment Authority	$4,062	$757	$4,819
Total Capture	**$101,700**	**$18,959**	**$120,659**

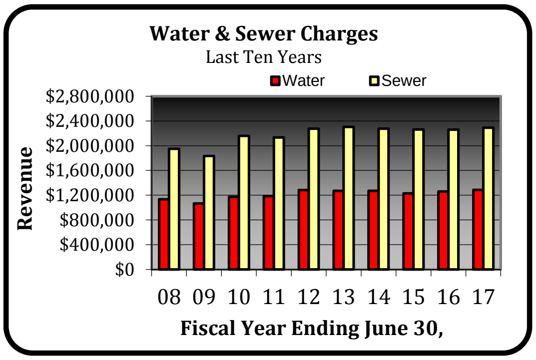
Additionally, properties that are located within the DDA district pay an additional 1.9872 mills which provides funds for activities that target development within the DDA area.

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 FY2017 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 just slightly for FY2017 based on the State's projection of upcoming sales tax collections. This is expected to provide about $5,000 in additional revenue for the fiscal year. Constitutional revenue sharing represents about 81% of total state shared revenue.

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 FY2017 this portion of revenue for the City is projected to stay flat based on initial 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.



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 left.

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. This fee is projected to go down just slightly in FY2017 based on inflationary indexes.

User Charges Outlook

After three consecutive years of no increase in rates, user charges for the Water and Sewer were increased by 3% in FY2016. These fees are proposed to be increased 2.5% for FY2017. Costs of electric and gas in the system have increased, as have several other important operation and maintenance 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.

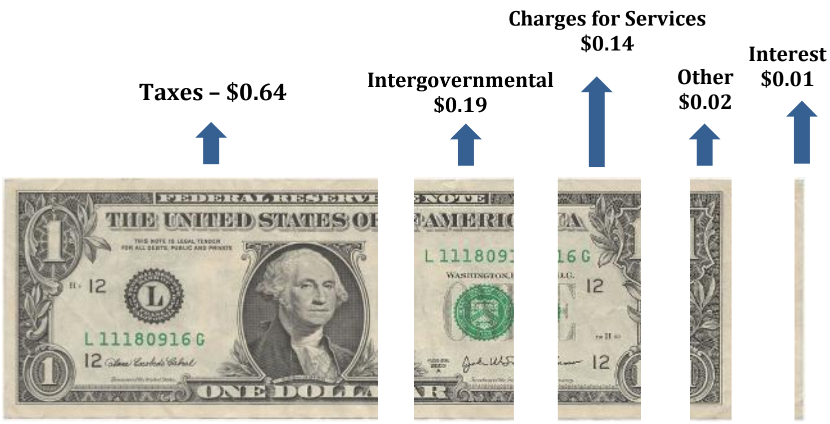
Overall, the national, state and local economies have negatively impacted each and every source of City revenue and the recovery is expected to remain tepid at best. This has made it very challenging to continue to provide the same level of services that local residents and businesses have received for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

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.



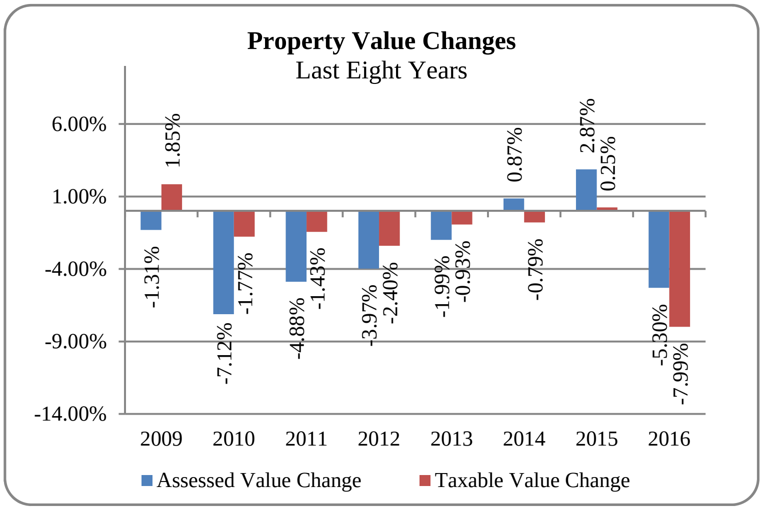
The average homeowner will pay about $561 in City taxes this year, which is up slightly from $555 in FY2016. For reference, the same average homeowner would have paid about $656 – or about 17% more - in City taxes in 2009. Property taxes fund about $0.64 of every $1 of the cost of municipal services, 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

The General Fund's primary revenue source is property taxes. For FY2017, the tax base on which property taxes are levied has undergone some very significant changes based upon the personal property tax reform that was passed in the State of Michigan. For the last couple of years the small taxpayer exemption has been in place. This exempts from all personal property taxes any location that has $80,000 or less in personal property. It is estimated that this reduced property tax revenues by about $20,000 per year over the last couple of years.

For the current year, the more significant part of the reform kicked in. Effective this tax year, the phase-out of all property taxes on eligible manufacturing personal property begins. All personal property that was originally purchased prior to January 1, 2006 or after December 31, 2012 is now fully exempt from personal property taxes; instead, businesses will pay a small essential services millage to the State of Michigan.



Overall, this reduced the taxable value for personal property by over 40%, from $53.3 million down to $31.6 million. This reduced the City's property tax revenue by over $300,000. However, the State of Michigan has promised to reimburse this loss. Based on initial projections, the reimbursement for this loss and for the loss due to the small taxpayer exemption mentioned above is estimated at $320,000 – the entire amount of the loss. It remains to be seen whether this promise will be kept and to what level, and the Financial Services staff has cautiously projected and budgeted these revenues.

General Fund

Overall, the City's tax base has taken a pretty significant hit since its peak in 2009. In fact, the overall City-wide taxable value has had negative growth for six out of the last 8 years, as illustrated by the chart on the previous page. Over $30 million in real property value has been lost due to economic factors. This calculates to a loss of $400,000 ***per year*** in property taxes. A significant portion of the reduction for the 2016 tax roll is related to personal property reform mentioned above, so much of the revenue loss from this reform should be reimbursed by the State of Michigan. This situation has forced the city to make difficult staffing decisions over the last several years. These changes were previously discussed in the City Manager's transmittal letter.

State Shared Revenue
The second most significant source of revenue in the General Fund is from the State of Michigan in the form of State Shared Revenue (SSR). This is another source of revenue that continues to provide significantly less than it historically provided. SSR once provided $1.3 million dollars to the City's General Fund. This went down to just $873,000 a few years ago before recovering to a projected $980,000 for FY2017. Even at this slightly recovered number, it is about 25% less than what was received when this revenue peaked in 2001.

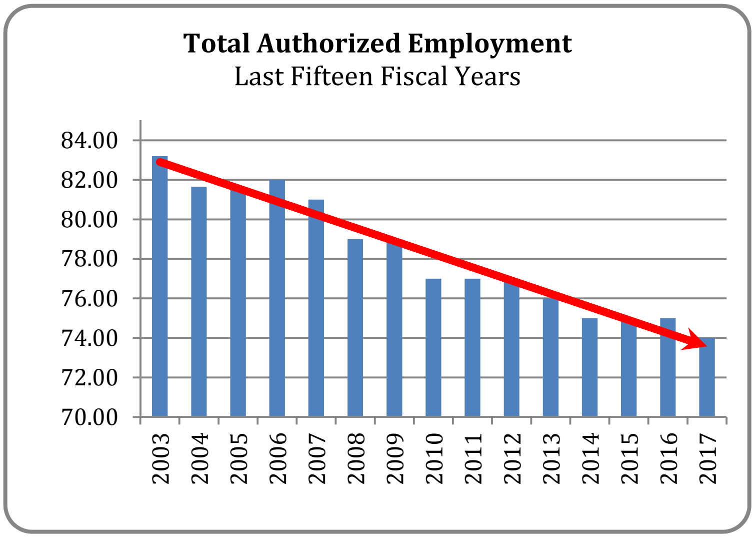
Other revenue sources and changes are discussed in the revenue section of this fund.

<u>EXPENDITURE SUMMARY AND OUTLOOK</u>

Salaries and Wages
As a primarily service organization, expenditures for salaries and wages represent a significant portion of overall costs in the City's General Fund. For the current year, the General Fund proposes appropriations across all activities of $2.6 million in wages and an additional $1.5 million in benefits. Benefits are 57% 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 FY2017 and FY2016 represent budgeted amounts, while FY2013-2015 are actual audited amounts.

	FY2017	FY2016	FY2015	FY2014	FY2013
Wages	$2,659,000	$2,606,300	$2,606,673	$2,572,670	$2,543,454
Benefits	1,521,800	1,561,600	1,582,272	1,524,107	1,528,901
Total	**$4,180,800**	**4,167,900**	**4,188,945**	**$4,096,777**	**$4,072,355**
% of G.F. Expenditures	64.1%	63.2%	62.9%	62.0%	60.9%

Total employee compensation has remained relatively flat for the last several years but nine 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 2003. Full-time staffing was reduced by one additional position in 2016. This represents the elimination of a full-time Cemetery Foreman. Cemetery activities will be managed by the Parks and Cemetery Superintendent and the maintenance work will be done by Street Department personnel and additional part-time seasonal staff. Only a portion of overall staff reductions yielded savings in the General Fund.



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. Further reductions in staffing would 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.

FY2017 Wage Adjustments and Required Pension Contributions
Wage adjustments and pension costs anticipated for various employee groups/bargaining units within the City for FY2017 are as follows:

Employee Group	Members	FY2017 Wage Adjustment	Required Pension Contribution
Non-Union Administrative Employees	28	1.5%	11.00%
Command Officers Association of Michigan	6	1.5%	30.68%
Police Officers Association of Michigan	9	1.5%	30.68%
International Association of Fire Fighters Local 704*	11	1.5%	31.69%
United Steelworker's of America Local 14317	20	*Expires 6/30/16*	14.43%

All City employees have shared in the sacrifices that have been necessary to achieve long-term fiscal stability over the last several years. Without the dedicated efforts of the incredible staff across the whole organization, core services to City residents and businesses would not be possible.

Transfers Out
The General Fund transfers money to two other funds to support operations, the Local Street Fund and the Cemetery Operating Fund. Neither of these funds receives revenues that are sufficient to completely support operations. Changes in each of these funds for FY2017 have provided a significant amount of relief to the General Fund for this year.

In the Local Street Fund, the State of Michigan passed legislative reform that is expected to provide about $185,000 in additional revenue to the City this year. This will benefit both the Major Street Fund and the Local Street Fund. Because of this additional revenue, the General Fund's contribution to the Local Street Fund was reduced by $125,000 for FY2017. Without the relief provided by additional street fund revenues, the General fund would have been in much worse shape for the FY2017 budget. The General Fund supports about 33% of Local Street Fund operations.

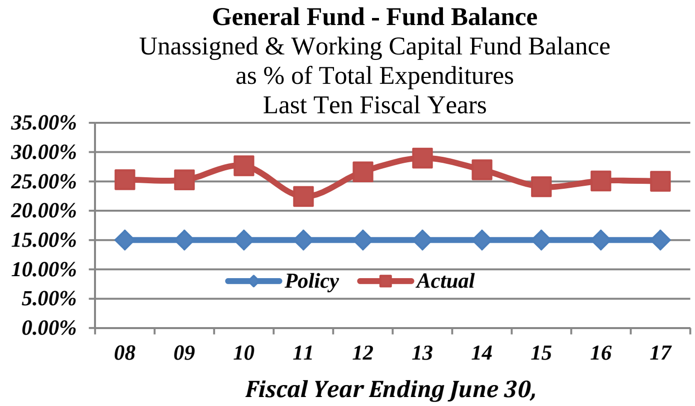
As mentioned previously, the Cemetery Foreman position was eliminated after the former foreman retired early in 2016. The Street Department will take over much of the maintenance work in combination with additional seasonal staff. This restructuring enabled the General Fund's contribution to the Cemetery Operating Fund to be reduced by $10,000 for FY2017. This action also reduced public works expenditures in the General Fund as well as Local Street Fund maintenance expenditures. The General Fund supports about 56% of Cemetery operations.

Capital Outlay
The FY2017 budget includes appropriations for three capital purchases. The Police Department will continue to maintain an updated, safe, efficient fleet of front-line patrol vehicles. A fully-outfitted police patrol vehicle is expected to cost about $32,000 and should have a positive impact on operational costs by reducing maintenance expenditures. The Fire Department will finally replace a 1994 rescue truck. Fortunately, the equipment on this truck is newer and will be reused on the new truck. The truck itself fully outfitted and with the current equipment mounted on it is expected to cost $45,000. Finally, the parks department will replace an outdated riding lawn mower at an estimated cost of $9,000. Reliable maintenance equipment is vital to park maintenance operations.

General Fund

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 FY2017 budget will maintain this reserve. This reserve helps the City with cash flow and is a safety net that prevents the City from having to borrow for short-term operating funds during times of lower revenue collections. The City has additional unassigned fund balance on hand beyond what has been designated for working capital, leaving total available fund balance at about 25% of total General Fund expenditures.

The FY2017 budget proposes to use $38,900 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. However, though the Fund Balance has declined each year for the last several years, overall the total reserves on hand continue to be slightly in excess of long-established City policy benchmark of 15% of operations.



General Fund Outlook
In summary, the City continues to make the necessary structural changes and decisions to move closer to long-term stability and sustainability. Total employment is down, and the City is actively managing ongoing costs in an effort to achieve structural balance. The following shows that structural balance has been achieved, and now further analysis needs to be made so that the City can continue to make needed capital investments.

Total Revenues:		6,486,000
Less: One-Time Revenue		
School Officer Grant	40,000	
School SRO Contribution	10,000	
Total One-Time Revenues		(50,000)
Net = Ongoing Revenue		**$6,436,000**
Total Expenditures		6,522,000
Less: One-Time Expenditures		
Capital Outlay		(86,000)
Net = Ongoing Expenditures		**$6,436,000**
Ongoing Revenues Over (Under) Ongoing Expenditures		**$0**

A lot of work and analysis has been done to get to this point and address the significant challenges presented by declining revenues that have been ongoing for several years. While achieving structural balance is significant, more work needs to be done to identify additional funds for needed capital investments and ongoing service needs of the community.

Additional details of both the revenues and expenditures of the General Fund are on the next pages.

General Fund

Revenue Summary

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed	% Change
REVENUES AND OTHER SOURCES:					
Taxes	$4,212,837	$4,190,000	$4,205,000	**$4,148,000**	*-1.36%*
Licenses	139,623	131,200	126,000	**131,000**	*3.97%*
Intergovernmental	1,239,462	1,252,600	1,236,000	**1,241,000**	*0.40%*
Charges For Services	893,432	899,500	914,500	**904,500**	*-1.09%*
Fines and Forfeits	13,621	12,000	15,000	**15,000**	*0.00%*
Miscellaneous	32,012	16,500	21,000	**15,000**	*-28.57%*
Interest and Rents	28,409	31,000	36,500	**31,500**	*-13.70%*
Other Financing Sources	0	0	99,000	**36,000**	*-63.64%*
Total Revenues	$6,559,396	$6,532,800	$6,653,000	**$6,522,000**	*-1.97%*

General Fund Revenue Sources

Percentage of General Fund Revenues from 1975-2015

	FY2015	FY2005	FY1995	FY1985	FY1975
Taxes	63.60%	59.08%	54.50%	59.33%	38.73%
Intergovernmental	19.03%	22.61%	27.74%	23.04%	19.98%
Charges for Services	13.87%	13.28%	12.14%	7.21%	5.43%
Other	3.50%	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:

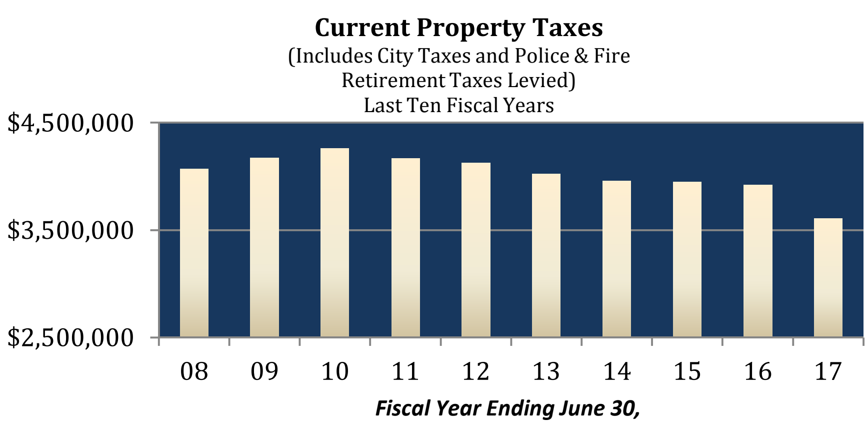
		Levy
Total Anticipated Taxable Value:	**$223,088,687**	**$3,111,485**
Prior Year Taxable Value:	**$243,574,051**	**$3,397,200**
Increase (Decrease):	**($20,485,364)**	**($285,716)**

Total Levy	Total Tax Levy	DDA Capture	LDFA Capture	Brownfield Capture	General Fund Taxes	Taxes Captured
General Operating	$3,111,485	33,516	48,845	4,062	$3,025,062	$86,423
P&F Retirement	$580,031	6,248	9,106	757	$563,920	$16,111

Taxable value dropped significantly based on the personal property tax reform passed in 2014. This has a corresponding impact on property tax and related revenues. As previously discussed, the City is hopeful that the State will reimburse this loss as promised. This reimbursement is found in the budget line called 'Local Community Stabilization Authority.'

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Taxes				
Current Tax	$3,312,950	$3,305,000	$3,307,000	**$3,025,000**
Industrial Facilities Tax	72,820	75,000	80,000	**40,000**
Current Property Tax - Police and Fire	631,963	615,000	620,000	**580,000**
Delinquent Tax Collections	3,638	1,000	1,000	**1,000**
Administration Fees	124,669	130,000	130,000	**115,000**
Trailer Park Fees	2,264	2,000	2,000	**2,000**
Penalties and Interest	37,045	35,000	35,000	**35,000**
Local Community Stabilization Authority	0	0	0	**320,000**
Payment in Lieu of Taxes				
Housing	27,488	27,000	30,000	**30,000**
Total Taxes	$4,212,837	$4,190,000	$4,205,000	**$4,148,000**
Licenses and Permits				
Cable Franchise Fees	$138,798	$130,000	$125,000	**$130,000**
Business Licenses	825	1,200	1,000	**1,000**
Total Licenses and Permits	$139,623	$131,200	$126,000	**$131,000**
Intergovernmental Revenues				
State Shared Revenues:				
Sales & Use Tax - Constitutional	$788,496	$790,000	$785,000	**$790,000**
Sales & Use Tax - Statutory	188,635	190,000	190,000	**190,000**
Liquor Licenses	8,670	8,600	8,000	**9,000**
Telecommunications Right of Way	30,212	34,000	35,000	**30,000**
Grants from Local Units:				
Fire Protection	159,195	167,000	165,000	**169,000**
Michigan Justice Training Grant	2,832	3,000	3,000	**3,000**
CAPS - School Officer	0	10,000	10,000	**10,000**
Federal Grants	44,800	50,000	40,000	**40,000**
State of Michigan Grants	16,622	0	0	**0**
Total Intergovernmental Revenues	$1,239,462	$1,252,600	$1,236,000	**$1,241,000**



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 just under $8 million. This results in a levy of about $55,000. The Local Development Finance Authority capture approximately 28% of this amount. The taxable value of these parcels is about half of what it was last year. This is due to the first year of full implementation of the personal property tax reform. Personal property taxes on eligible manufacturing personal property are being phased out until full elimination in 2022.

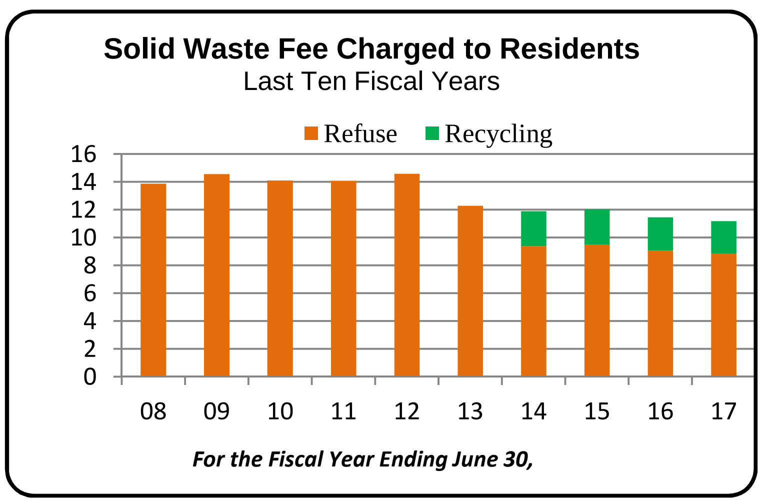
Fire Protection
Clam Lake Township and the City of Cadillac have a fire protection agreement whereby the City provides fire protection to the township and in return the township pays the City a fee of 2 mills on its real and personal property value. The township's estimated taxable value is $84.9 million, which is slightly up from last year. However, because of the reduction in overall taxable value over the last several years, the township is still paying less than what was received 7-10 years ago. The fire contract is in effect until December 31, 2016. This contract will automatically renew for an additional four (4) years if neither party notifies the other, in writing, of their intent to cancel it.

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 $8.85 recommended monthly fee x 12 = $350,000 annual solid waste collection fee ($8.20 is paid to the hauler for contractual removal service.)

Recycling
3,250 average units x $2.32 recommended monthly fee x 12 = $90,500 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.

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Charges For Services				
Zoning Fees	$1,910	$2,000	$2,000	**$2,000**
Exemption Certificate Fees	1,200	2,000	1,000	**500**
Northflight	64,640	65,000	65,000	**67,500**
Police Charges	4,640	4,000	3,000	**3,000**
Fire Department Charges	0	3,000	0	**3,000**
Engineering Fees	375	0	0	**0**
Solid Waste Collection	510,444	500,000	520,000	**505,000**
DEQ Management Fee	0	15,000	15,000	**15,000**
Sale of Maps and Ordinances	430	500	500	**500**
Rental Housing Ordinance Fee	7,080	6,000	6,000	**6,000**
Administrative Charges				
Water and Sewer Fund	$240,000	$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	713	0	0	**0**
Total Charges For Services	$893,432	$899,500	$914,500	**$904,500**
Fines and Forfeits				
Violations Bureau	$13,621	$12,000	$15,000	**$15,000**
Total Fines and Forfeits	$13,621	$12,000	$15,000	**$15,000**
Interest and Rents				
Interest Income	$26,914	$30,000	$35,000	**$30,000**
Land and Building Rental	1,495	1,000	1,500	**1,500**
Total Interest and Rents	28,409	31,000	36,500	**31,500**
Miscellaneous				
Sale of Property	11,144	5,000	5,000	**5,000**
Cadillac Community Television (CCTV)				
Sales	114	1,000	1,000	**0**
Sponsorships	0	500	5,000	**0**
Contributions - Private Sources	5,450	0	0	**0**
Miscellaneous - Refunds and Rebates	15,304	10,000	10,000	**10,000**
Total Miscellaneous	$32,012	$16,500	$21,000	**$15,000**
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	99,000	**36,000**
Total Other Financing Sources	$0	$0	$99,000	**$36,000**
TOTAL REVENUES	$6,559,396	$6,532,800	$6,653,000	**$6,522,000**

General Fund

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed	*Change*
EXPENDITURES					
General Government					
Legislative	$42,608	$44,200	$44,200	**$45,400**	*2.71%*
Office of the City Manager	244,896	254,700	254,700	**257,000**	*0.90%*
Financial Services	215,315	217,800	219,800	**231,700**	*5.41%*
Clerk/Treasurer Department	297,098	282,500	282,100	**288,500**	*2.27%*
Election Services	16,599	15,500	15,500	**15,500**	*0.00%*
Assessing	129,312	132,000	134,500	**135,500**	*0.74%*
Legal Services	237,658	195,000	200,000	**200,000**	*0.00%*
Engineering Services	173,958	179,900	181,500	**176,300**	*-2.87%*
City Hall	282,091	285,200	287,000	**292,000**	*1.74%*
Total General Government	$1,639,535	$1,606,800	$1,619,300	**$1,641,900**	*1.40%*
Public Safety					
Police Department	$1,970,809	$1,938,000	$1,965,500	**$1,970,500**	*0.25%*
Code Enforcement	29,885	30,500	32,000	**31,500**	*-1.56%*
Fire Department	1,337,610	1,301,800	1,304,900	**1,307,500**	*0.20%*
Total Public Safety	$3,338,304	$3,270,300	$3,302,400	**$3,309,500**	*0.21%*
Public Works	$818,896	$809,500	$819,500	**$796,500**	*-2.81%*
Culture and Recreation	262,086	257,800	260,600	**256,000**	*-1.77%*
Economic Development and Assistance	186,094	145,000	150,000	**152,300**	*1.53%*
Intergovernmental Expenses	100,636	100,600	101,200	**100,800**	*-0.40%*
Other Financing	318,750	400,000	400,000	**265,000**	*-33.75%*
TOTAL EXPENDITURES	$6,664,301	$6,590,000	$6,653,000	**$6,522,000**	*-1.97%*
FUND BALANCE AT YEAR END					
Net Change in Fund Balance	($104,905)	($57,200)	($99,000)	**($36,000)**	
Fund Balance - Beginning of Year	2,041,817	1,936,912	1,936,912	**1,879,712**	
FUND BALANCE AT YEAR END					
Nonspendable	106,085	75,000	75,000	**75,000**	
Restricted	56,970	48,190	48,190	**43,190**	
Committed	-	-	-	**-**	
Assigned	1,552,612	1,472,447	1,481,897	**1,462,247**	
Unassigned	221,245	284,075	232,825	**263,275**	
TOTAL FUND BALANCE	$1,936,912	$1,879,712	$1,837,912	**$1,843,712**	

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 FY2015 and estimates for FY2016 and FY2017 are as follows:

FUND BALANCE INFORMATION	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Nonspendable				
Prepaid Expenditures	106,085	75,000	75,000	**75,000**
Restricted For:				
Veterans Memorial	1,855	1,855	1,855	**1,855**
Youth Services	844	844	844	**844**
Drug Forfeiture	4,598	3,977	3,977	**3,977**
Fire Safety House	1,859	1,859	1,859	**1,859**
Blackburn Skate Park	3,083	2,996	2,996	**2,996**
White Pine Trail	1,859	1,859	1,859	**1,859**
Diggins Hill Park	1,890	500	500	**500**
Sound Garden Sundial Project	3,225	0	0	**0**
Bike Routes	2,000	1,500	1,500	**500**
Cadillac Trail Signage	4,336	2,500	2,500	**0**
McKellop Walkway Plowing	3,621	2,500	2,500	**1,000**
Bike Cadillac	5,000	5,000	5,000	**5,000**
CAMA Lighthouse	22,800	22,800	22,800	**22,800**
Total Restricted	56,970	48,190	48,190	**43,190**
Assigned For:				
Sick and Vacation Funding	385,018	380,000	380,000	**380,000**
Working Capital	999,647	988,500	997,950	**978,300**
Mayor Wedding Fees	800	300	300	**300**
Pistol Range	4,627	2,127	2,127	**2,127**
CASA Field Use	2,520	2,520	2,520	**2,520**
Appropriated to Budget	160,000	99,000	99,000	**99,000**
Total Assigned	1,552,612	1,472,447	1,481,897	**1,462,247**
Unassigned	221,245	284,075	232,825	**263,275**
TOTAL FUND BALANCE	$1,936,912	$1,879,712	$1,837,912	**$1,843,712**

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
GENERAL GOVERNMENT				
Legislative				
Salaries	$15,800	$16,300	$15,800	**$17,000**
Fringes	1,231	1,400	1,400	**1,400**
Office Supplies	320	1,000	1,500	**1,500**
Contractual Services	2,901	3,000	3,500	**3,500**
Data Processing	4,000	4,000	4,000	**4,000**
Dues & Publications	6,248	7,000	7,000	**7,000**
Travel and Education	3,524	5,000	6,000	**6,000**
Ordinances and Proceedings	8,584	6,500	5,000	**5,000**
Total Legislative	$42,608	$44,200	$44,200	**$45,400**

City Council Measures				
Full-Time Positions	0	0	0	**0**
Part-Time Positions	5	5	5	**5**
Cost Per Resident	$4.11	$4.27	$4.27	$4.38

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.

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
GENERAL GOVERNMENT (Cont.)				
Office of the City Manager				
Salaries	$151,208	$165,000	$165,000	**$169,000**
Fringes	65,967	63,000	60,000	**58,000**
Office Supplies	2,337	1,500	2,500	**2,500**
Data Processing	8,072	8,000	8,000	**8,000**
Dues & Publications	3,166	4,000	4,000	**4,000**
Telephone	1,440	2,500	2,500	**2,800**
Travel & Education	8,506	6,500	7,500	**7,500**
Vehicle Allowance	4,200	4,200	4,200	**4,200**
Suggestion Award	0	0	1,000	**1,000**
Capital Outlay	0	0	0	**0**
Total Office of the City Manager	$244,896	$254,700	$254,700	**$257,000**

City Manager Measures				
Full-Time Positions	2.25	2.25	2.25	**2.3**
Part-Time Positions	0.50	0.50	0.50	**0.50**
Cost Per Resident	$23.65	$24.60	$24.60	**$24.82**

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.

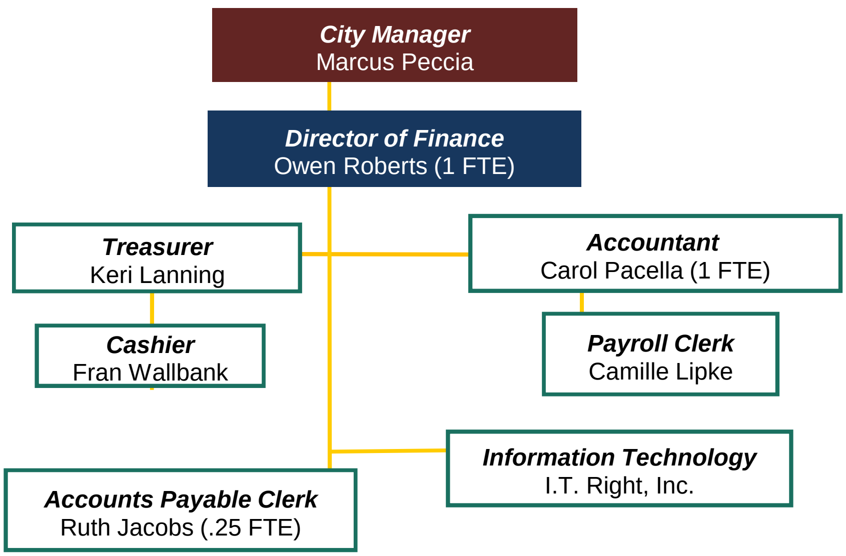
All human resource activities are also overseen within the Office of the City Manager.

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

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

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
Received GFOA Budget/CAFR Awards	Yes	Yes	Yes	Yes	↔
General Fund Working Capital + Unassigned Fund Balance	$1,362,737	$1,220,892	$1,230,775	$1,241,575	↓
Total General Fund Expenditures	$6,680,973	$6,664,314	$6,653,000	$6,522,000	↓
Unreserved Fund Balance as % of General Fund Expenditures	20.40%	18.32%	18.50%	19.04%	↓
Fund Balance Policy Level (15%)	$1,002,146	$999,647	$997,950	$978,300	↓
Total Above (Below) Policy Benchmark *	$360,591	$221,245	$232,825	$263,275	↓
Unmodified Audit Opinion	Yes	Yes	Yes	Yes	↔

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
GENERAL GOVERNMENT (Cont.)				
Financial Services				
Salaries	$127,730	$130,000	$129,000	**$132,000**
Fringes	46,394	48,000	47,500	**57,500**
Office Supplies	5,436	5,000	7,000	**6,000**
Audit	7,840	7,000	8,000	**7,500**
Data Processing	20,000	20,000	20,000	**20,000**
Dues & Publications	1,671	1,500	1,500	**1,500**
Telephone	1,800	1,800	1,800	**2,200**
Travel & Education	4,444	4,500	5,000	**5,000**
Total Financial Services	$215,315	$217,800	$219,800	**$231,700**

Financial Services Department Measures				
Full-Time Positions	2.25	2.25	2.25	**2.25**
Part-Time Positions	0.00	0.00	0.00	**0.00**
Cost Per Resident	$20.79	$21.03	$21.23	**$22.38**

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 2016 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.

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

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
Total City-wide Assessed Value	$253,171,509	$255,363,300	$262,691,500	$248,758,400	↓
Total City-wide Taxable Value	$244,898,714	$242,968,883	$243,589,248	$224,108,130	↓
Taxable Value as % of Assessed Value	96.7%	95.1%	92.7%	90.1%	↓
Tax Bills Issued	9,872	9,548	9,632	9,600	↔
Total Number of Annual Receipts	44,394	45,784	44,000	44,000	↔
Dollar Value of Annual Receipts	$22,843,505	$21,508,718	$22,000,000	$22,000,000	↔
Accounts Payable Checks Issued	3,034	3,030	2,800	2,500	↓
Payroll Checks Issued	961	800	700	600	↓
Payroll Direct Deposits	3,886	3,870	4,000	4,100	↑
Miscellaneous Billing Invoices Issued	779	870	900	900	↑
Total Registered Voters	7,214	7,304	7,300	7,300	↔
Number of Elections	1	2	2	2	↔
Total Cost of Elections	$8,840	$16,599	$15,000	$15,500	↔
Cost per Election	$8,840	$8,300	$7,500	$7,750	↔

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
GENERAL GOVERNMENT (Cont.)				
Clerk/Treasurer Department				
Salaries	$139,462	$140,000	$141,000	**$143,500**
Fringes	90,070	90,000	87,000	**85,000**
Office Supplies	1,672	2,000	3,000	**3,000**
Postage	12,398	12,000	12,000	**12,500**
Data Processing	20,000	20,000	20,000	**20,000**
Dues & Publications	614	500	600	**1,000**
Travel & Education	3,130	3,000	3,500	**3,500**
Bad Debt Expense (1)	29,752	15,000	15,000	**20,000**
Total Clerk/Treasurer Department	$297,098	$282,500	$282,100	**$288,500**

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

Clerk/Treasurer Measures				
Full-Time Positions	3.750	3.750	3.750	**3.750**
Part-Time Positions	0.000	0.000	0.000	**0.000**
Cost Per Resident	$28.69	$27.28	$27.24	**$27.86**

Election Services				
Salaries	$12,170	$9,500	8,000	**$9,000**
Office Supplies	4,429	6,000	6,500	**6,500**
Contractual Services	0	0	1,000	**0**
Total Election Services	$16,599	$15,500	$15,500	**$15,500**

Elections Measures				
Full-Time Positions	0.000	0.000	0.000	**0.000**
Part-Time Positions	15.000	15.000	15.000	**15.000**
Cost Per Resident	$1.60	$1.50	$1.50	**$1.50**
Registered Voters	7,214	7,304	7,300	**7,300**
Cost per registered voter	$2.30	$2.12	$2.12	**$2.12**

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
GENERAL GOVERNMENT (Cont.)				
Assessor				
Postage	$2,236	$3,000	$3,500	**$3,500**
Contractual Services	235	500	2,000	**2,000**
Wexford County Contract	110,795	112,000	112,500	**113,500**
Data Processing	15,000	15,000	15,000	**15,000**
Board of Review	1,046	1,500	1,500	**1,500**
Total Assessor	$129,312	$132,000	$134,500	**$135,500**

Assessing Measures				
Full-Time Positions	0	0	0	**0**
Part-Time Positions	0	0	0	**0**
Cost Per Resident	$12.49	$12.75	$12.99	**$13.09**

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 so a new contract will need to be explored in the current year. 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	$17.28	6,100	**$105,408**
Per Parcel assessment roll maintenance	$1.30	6,100	**$7,930**
Total Charges			**$113,338**

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
GENERAL GOVERNMENT (Cont.)				
Legal Services				
Legal Services - General Counsel	200,828	85,000	85,000	**85,000**
Legal Services - Special	1,333	80,000	80,000	**80,000**
Legal Services - Prosecution	35,497	30,000	35,000	**35,000**
Total Legal Services	$237,658	$195,000	$200,000	**$200,000**
Cost Per Resident	$22.95	$18.83	$19.31	**$19.31**

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.

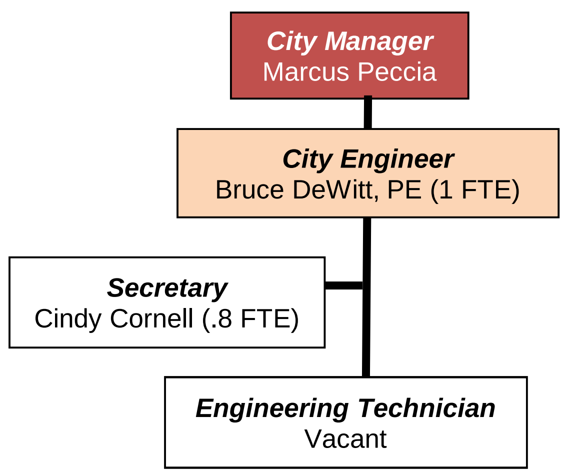
Costs for Legal Services

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.

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
GENERAL GOVERNMENT (Cont.)				
Engineering Services				
Salaries	$101,569	$102,000	$102,000	**$104,000**
Fringes	44,348	47,000	47,000	**40,000**
Office Supplies	868	2,000	2,500	**2,500**
Postage	0	0	200	**0**
Contractual Services	6,988	8,000	8,000	**8,000**
Data Processing	18,000	18,000	18,000	**18,000**
Dues & Publications	0	400	500	**500**
Telephone	900	900	1,000	**1,000**
Travel & Education	408	400	800	**800**
Equipment Rental	877	1,200	1,500	**1,500**
Capital Outlay	0	0	0	**0**
Total Engineering Services	$173,958	$179,900	$181,500	**$176,300**

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	$16.80	$17.37	$17.53	**$17.03**

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.



General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
GENERAL GOVERNMENT (Cont.)				
City Hall				
Salaries	$40,564	$42,000	$42,500	**$42,500**
Fringes	25,691	26,000	25,000	**26,000**
Operating Supplies	14,438	15,000	15,000	**15,000**
Contractual Services	6,431	5,000	7,500	**7,500**
Service/Lease Contracts	7,613	6,500	7,000	**7,000**
Data Processing	6,000	6,000	6,000	**6,000**
Liability Insurance	60,700	64,800	62,500	**67,500**
Travel and Education	4,093	4,000	2,000	**1,000**
Utilities	76,384	85,000	85,000	**85,000**
Repair and Maintenance	29,749	22,000	25,000	**25,000**
Equipment Rental	8,858	7,300	7,500	**7,500**
Parking Contract	1,570	1,600	2,000	**2,000**
Capital Outlay	0	0	0	**0**
Total City Hall	$282,091	$285,200	$287,000	**$292,000**

City Hall Measures				
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	$27.24	$27.54	$27.72	**$28.20**

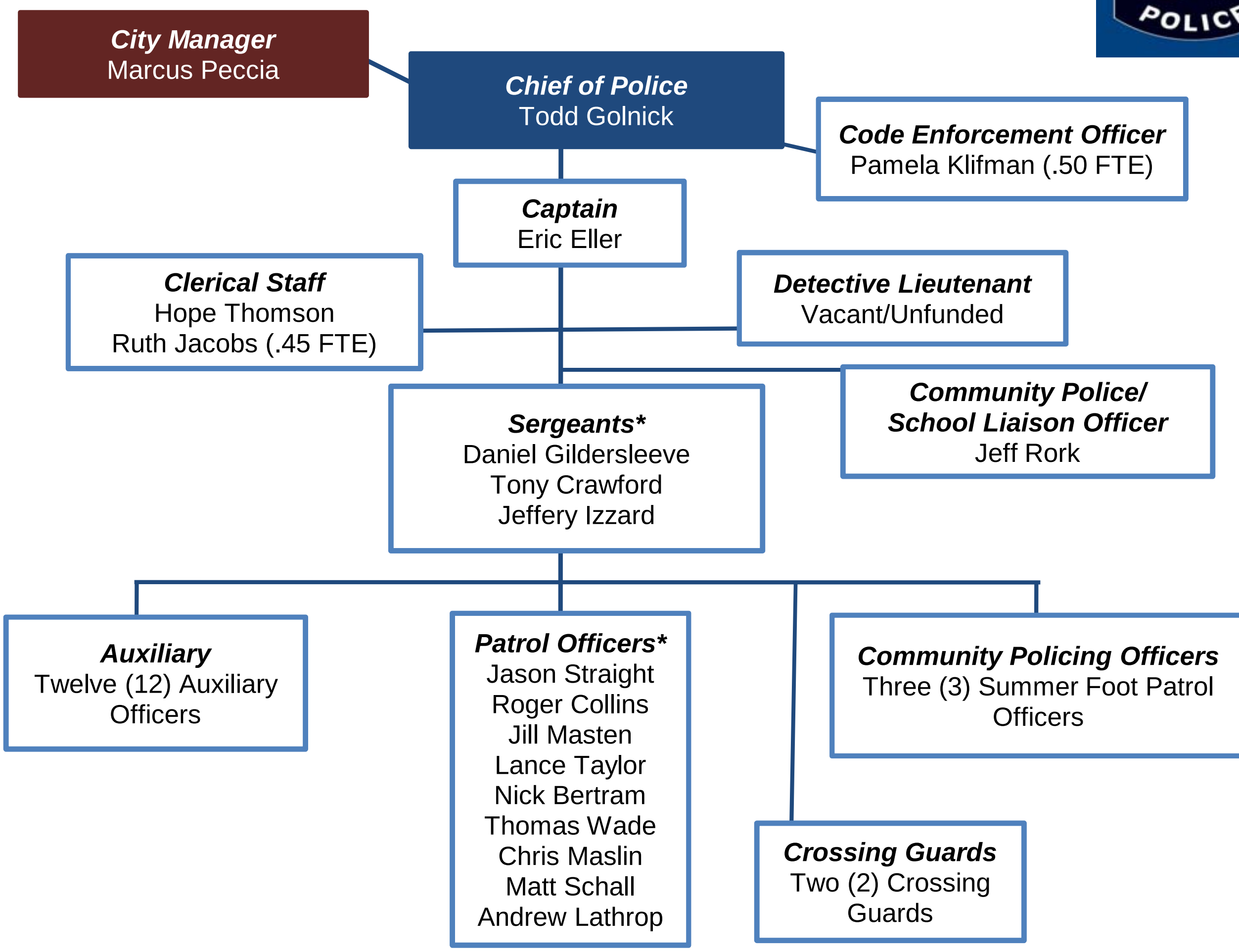
TOTAL GENERAL GOVERNMENT	$1,639,535	$1,606,800	$1,619,300	**$1,641,900**

Total General Government Measures				
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	$158.33	$155.17	$156.38	**$158.56**
% of General Fund Budget	24.60%	24.38%	24.34%	**25.17%**

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.

POLICE DEPARTMENT

CHART OF ORGANIZATION



** Promotion pending of one patrol officer to rank of Sergeant.*

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.

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.

Cadillac Police Department Fleet Details

#	Vehicle	Assignment	Miles
2	2015 Interceptor	Sergeant	25,536
3	2006 Dodge Durango	Patrol/K-9	102,879
4	2008 Impala	Captain	129,434
5	2007 Impala	Chief of Police	130,304
6	2013 Interceptor	School Resource Officer	94,020
7	2009 Impala	School and Training	106,148
8	2011 Impala	Patrol	88,610
9	2016 Interceptor	Patrol	900
11	2014 Interceptor	Patrol	57,459
		Average Mileage	***81,699***

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

Cadillac Police Community Partnership

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

General Fund

PERFORMANCE MEASURES - POLICE DEPARTMENT

	Actual		*Projected*	*Budgeted*	
MEASURE Fiscal Year:	**2014**	**2015**	**2016**	**2017**	**Trend**
Sworn Officers	14	15	15	15	⟷
Police Reports Completed	3,891	3,692	3,800	3,800	⟷
Police Reports per Sworn Officer	278	246	253	253	⟷
Traffic Citations Issued	536	538	600	600	⟷
Traffic Verbal Warnings Issued	2,233	2,282	2,300	2,300	⟷
Criminal Investigations	2,392	2,124	2,500	2,500	⟷
Freedom of Information Requests Fulfilled	215	121	150	150	⟷
Handgun Registrations	203	216	215	215	⟷
K-9 Unit Tracking Calls	6	3	10	10	⟷
K-9 Unit Demonstrations	10	6	15	15	⟷
K-9 Unit Searches	28	17	20	20	⟷
Non-Criminal Investigations	1,902	1,865	1,900	1,900	⟷
Total Calls for Service	6,108	5,685	6,000	6,000	⟷
Total Arrests	1,090	868	1,000	1,000	⟷
Average Mileage of Fleet	93,823	81,699	85,000	85,000	⟷
Average Mileage of Patrol Vehicles	55,118	55,077	60,000	60,000	⟷
Operating Cost per Sworn Officer	$136,897	$121,623	$128,967	$129,233	⟷

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
PUBLIC SAFETY				
Police Department				
Salaries - Supervisory	$0	$50,000	$75,000	**$143,000**
Salaries - Patrolmen	826,405	820,000	810,000	**760,000**
Salaries - Overtime	109,121	65,000	70,000	**70,000**
Salaries - Clerks	0	60,000	63,500	**64,500**
Salaries - Crossing Guards	6,847	7,000	7,500	**7,500**
Salaries - Auxiliary	2,030	2,500	5,000	**5,000**
Salaries - Summer Patrol	16,308	18,000	18,000	**18,000**
Fringes	706,384	720,000	720,000	**705,000**
Office Supplies	4,836	7,000	7,500	**7,500**
Operating Supplies	38,060	38,000	38,000	**38,000**
Operating Supplies - Community Service	738	1,000	1,000	**1,000**
Uniform Cleaning	8,119	9,000	9,500	**9,500**
Data Processing	45,000	40,000	40,000	**40,000**
Dues & Publications	1,988	2,500	2,500	**2,500**
Radio & Equipment Maintenance	4,629	4,500	4,500	**4,500**
Telephone	1,481	3,000	3,000	**3,000**
Travel & Education	15,604	20,000	20,000	**20,000**
Vehicle Repair and Maintenance	23,006	23,500	23,500	**23,500**
Uniforms and Maintenance	11,470	10,000	10,000	**10,000**
Equipment Rental	83	3,000	3,000	**3,000**
Copier Lease	2,239	3,000	3,000	**3,000**
Capital Outlay	146,461	31,000	31,000	**32,000**
Total Police Department	$1,970,809	$1,938,000	$1,965,500	**$1,970,500**

Police Department Measures				
Full-Time Positions	16.950	16.950	16.950	**16.950**
Part-Time Positions	16.000	16.000	16.000	**16.000**
Cost per Resident	$190.32	$187.16	$189.81	**$190.29**

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
PUBLIC SAFETY				
Code Enforcement				
Salaries	$18,970	$19,000	$20,000	**$19,500**
Fringes	10,576	11,000	11,000	**11,000**
Office Supplies	339	500	1,000	**1,000**
Total Code Enforcement	$29,885	$30,500	$32,000	**$31,500**

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	$2.89	$2.95	$3.09	**$3.04**

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

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
Yards cleaned up (Blight Ordinance)	99	82	90	90	⟷
Junk Vehicles Removed/Repaird	35	32	30	30	⟷
Lawn Complaints (Noxious Weed Ordinance)	141	130	125	125	⟷
Total Complaint Numbers Pulled	275	221	250	250	⟷

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

General Fund

Public Safety Benchmarking

Police Department — *Cities*	*2010 Census*	*FY2016 Police Budget*	*Number of Sworn Officers*	*Citizens Served Per Officer*	*Per Capita Costs*	*% of General Fund*
Manistee	6,226	$1,053,504	13	478.92	$169.21	17.16%
Big Rapids	10,601	$2,258,900	22	481.86	$213.08	27.03%
Alpena	10,483	$1,992,589	16	655.19	$190.08	18.51%
Traverse City	14,674	$3,620,000	29	506.00	$246.69	23.17%
Sault Ste. Marie	14,144	$2,845,100	25	565.76	$201.15	24.63%
Coldwater	10,945	$2,052,830	17	643.82	$187.56	20.91%
Sturgis	10,994	$2,814,625	19	578.63	$256.01	33.94%
City of Cadillac	**10,355**	**$1,965,500**	**15**	**690.33**	**$189.81**	**29.54%**
			Average:	*575.07*	*$206.70*	*24.36%*

Fire Department — *Cities*	*2010 Census*	*FY2016 Fire Department Budget*	*Number of Full-Time Officers*	*Citizens Served Per Full-Time Officer*	*Per Capita Costs*	*% of General Fund*
Manistee	6,226	$967,415	9	691.78	$155.38	15.75%
Big Rapids	10,601	$1,483,700	9	1,177.89	$139.96	17.75%
Alpena	10,483	$1,529,257	25	419.32	$145.88	14.20%
Traverse City	14,674	$2,649,000	23	638.00	$180.52	16.95%
Sault Ste. Marie	14,144	$1,496,900	20	707.20	$105.83	12.96%
Coldwater	10,945	$1,701,800	16	684.06	$155.49	17.33%
Sturgis	10,994	$1,508,585	11	999.45	$137.22	18.19%
City of Cadillac	**10,355**	**$1,304,900**	**11**	**941.36**	**$126.02**	**19.61%**
			Average:	*782.38*	*$143.29*	*16.59%*

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

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
Total runs	1,786	2,100	2,100	2,100	↑
Number of Medical Emergency Responses	1,545	1,663	1,650	1,650	↔
Number of Fires reported	34	39	40	40	↔
Total Hours Spent in Training	1,622	2,206	2,300	2,300	↑
Fire Mutual Aid Responses Received	7	3	6	6	↓
Fire Mutual Aid Responses Given	3	4	4	4	↔
Average Fire Fighter turnout per Building Fire	10	8	10	10	↔
Citizens Attending Education Classes	3,000	2,843	2,900	2,900	↔
Average Response Time to City Fires Runs	4:39	4:18	4:00	4:00	↓
Average Response Time to City EMS Runs	5:12	4:57	4:30	4:30	↓
Number of Commercial Fire Inspections	74	70	180	180	↑
Number of Commercial Fire Violations	349	196	400	400	↑
Number of Rental Inspections	*	392	400	400	↑
Fire Save % - Potential Property Loss vs Actual	76.50%	98.20%	90.00%	90.00%	↑
Operating Cost per Fire Fighter	$109,718	$121,601	$113,345	$114,773	↑

** New tracking procedure beginning in FY2015*

FIRE DEPARTMENT CHART OF ORGANIZATION

City Manager
Marcus Peccia

Fire Marshal
Anthony Wolff

Captains
Fred Osborn
Mark Near

Lieutenants
*Vacant**
Robert Keith, Jr.

Firefighters
Mark Feister
Stevan VanDyk
Chris Koontz
Blake Meyering
Michael Fisk
Justin Richards
Robert Verdi

Auxiliary
Eighteen (18) Auxiliary Officers

** Promotion pending from Firefighter rank*

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
PUBLIC SAFETY (Cont.)				
Fire Department				
Salaries - Firefighters	$529,766	$505,000	$515,000	**$540,000**
Salaries - FLSA Overtime	33,730	35,000	37,000	**36,000**
Salaries - Overtime	142,263	100,000	80,000	**85,000**
Salaries - Volunteer	16,587	20,000	25,000	**25,000**
Fringes	486,555	460,000	465,500	**447,000**
Office Supplies	2,075	4,000	4,000	**4,000**
Operating Supplies	31,101	22,000	22,000	**25,000**
Operating Supplies-Community Service	1,783	1,500	1,500	**1,500**
Marshal Division Expenses	0	5,000	5,000	**5,000**
Uniform Cleaning	3,188	2,800	2,800	**2,800**
Subsistence Allowance	15,695	16,000	16,000	**16,100**
Data Processing	10,000	11,000	11,000	**10,000**
Dues & Publications	3,239	800	800	**800**
Radio & Equipment Maintenance	2,384	5,000	5,000	**5,000**
Telephone	774	1,000	1,600	**1,600**
Travel & Education	10,418	11,000	11,000	**11,000**
Vehicle Repair & Maintenance	36,442	20,000	20,000	**20,000**
Vehicle Preventive Maintenance	0	9,500	9,500	**9,500**
Uniforms & Maintenance	11,565	12,000	12,000	**12,000**
Employee Safety	0	5,200	5,200	**5,200**
Capital Outlay	45	55,000	55,000	**45,000**
Total Fire Department	$1,337,610	$1,301,800	$1,304,900	**$1,307,500**

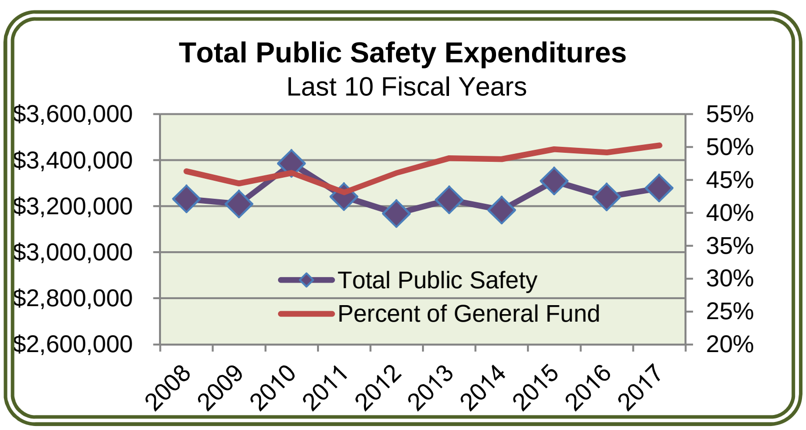
Fire Department Measures				
Full-Time Positions	11.000	11.000	11.000	**11.000**
Part-Time Positions	17.000	18.000	18.000	**18.000**
Cost per Resident	$129.18	$125.72	$126.02	**$126.27**

TOTAL PUBLIC SAFETY	$3,338,304	$3,270,300	$3,302,400	**$3,309,500**

Total Public Safety Measures				
Full-Time Positions	28.450	28.450	28.450	**28.450**
Part-Time Positions	33.000	34.000	34.000	**34.000**
Cost per Resident	$322.39	$315.82	$318.92	**$319.60**
% of General Fund Budget	50.09%	49.63%	49.64%	**50.74%**

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	
2017	$1,970,500	$1,307,500	$3,278,000	$6,524,900	30.20%	20.04%	50.24%
2016	$1,938,000	$1,301,800	$3,239,800	$6,590,000	29.41%	19.75%	49.16%
2015	$1,970,809	$1,337,610	$3,308,419	$6,664,301	29.57%	20.07%	49.64%
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%



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.

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
PUBLIC WORKS				
Public Works - Administration				
Salaries	$64,382	$50,500	$50,000	**$54,000**
Fringes	24,707	26,000	20,000	**19,000**
Property Taxes	1,022	1,100	1,000	**1,000**
Operating Supplies	9,846	0	0	**0**
Street Lighting	94,949	96,000	95,000	**95,000**
Telephone	1,737	1,700	2,400	**2,400**
Maintenance of Dam	2,500	4,000	5,000	**2,500**
Equipment Rental	3,167	3,000	10,000	**0**
Hydrant Rental	18,300	23,900	24,000	**24,000**
Total Public Works - Administration	$220,610	$206,200	$207,400	**$197,900**

Public Works - Administration Measures				
Full-Time Positions	1.100	1.100	1.100	**1.100**
Part-Time Positions	0.000	0.000	0.000	**0.250**
Cost per Resident	$21.30	$19.91	$20.03	**$19.11**

Public Works - Miscellaneous

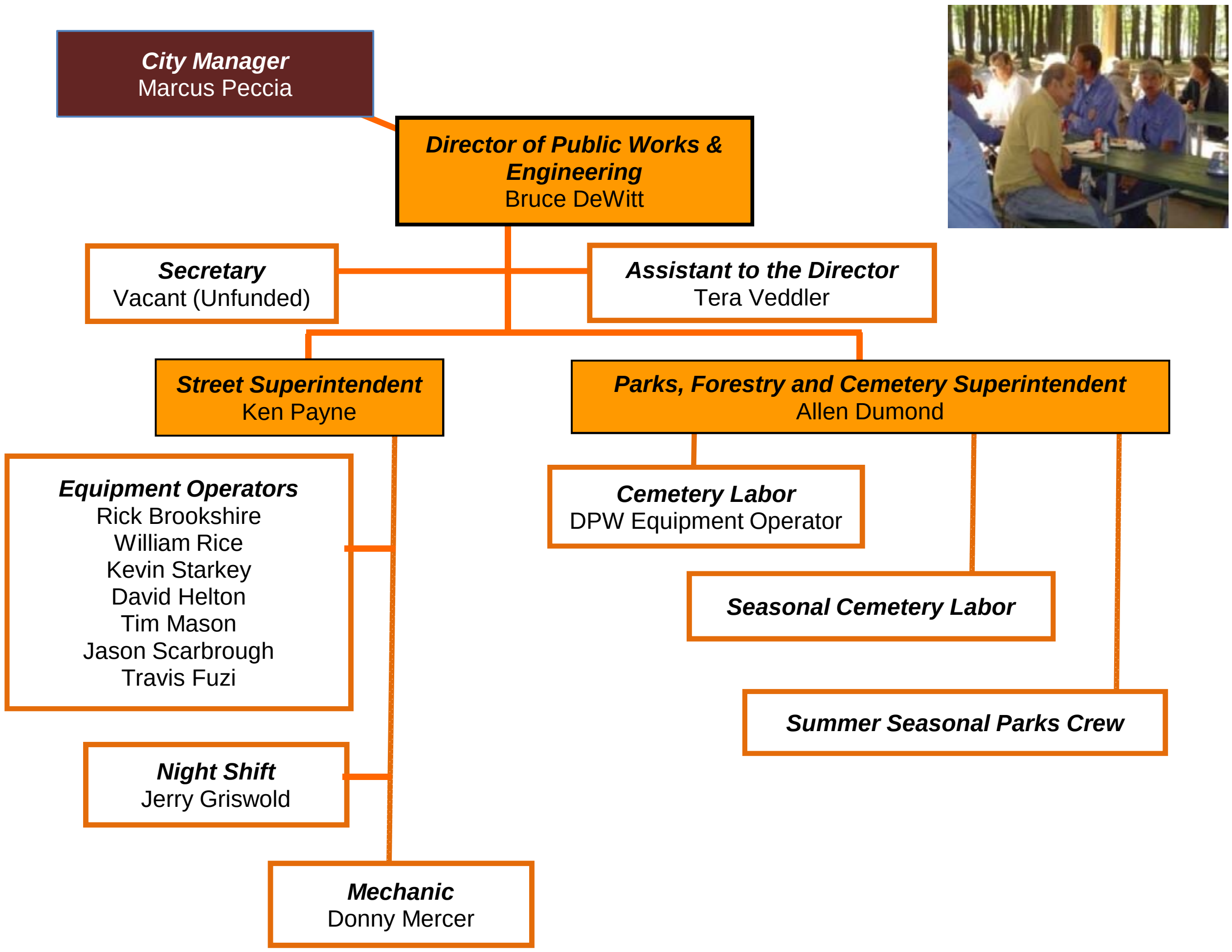
Property taxes account for the small pieces of property the City obtains from year to year through the tax sale and an attempt is made to resell the property and put it back on the tax roll. Street Lighting is the cost paid to Consumers Energy for the 485 street lights in the City. Hydrant Rental by 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.

Public Works Department Structure and Organization



PERFORMANCE MEASURES - PUBLIC WORKS

	Actual		*Projected*	*Budgeted*	
MEASURE — **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
Hours spent in leaf pickup	414	415	475	500	↑
Hours spent plowing sidewalks	550	500	500	500	↔
Miles of sidewalks maintained	53	53	53	53	↔

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
PUBLIC WORKS (Cont.)				
Sidewalks and Alleys				
Salaries	$5,003	$6,000	$8,000	**$8,000**
Salaries - Part Time	3,134	5,000	8,000	**8,000**
Fringes	3,352	4,000	6,000	**6,000**
Operating Supplies	2,639	1,000	2,000	**2,000**
Equipment Rental	30,693	25,000	25,000	**20,000**
Total Sidewalks and Alleys	$44,821	$41,000	$49,000	**$44,000**
Leaves				
Salaries	$6,985	$8,000	7,500	**$9,000**
Fringes	4,013	5,000	4,500	**5,400**
Equipment Rental	30,817	40,000	30,000	**40,000**
Total Leaves	$41,815	$53,000	$42,000	**$54,400**
Grass & Weed Control				
Salaries	$6,460	$5,000	$8,000	**$4,500**
Fringes	3,687	2,700	4,000	**2,100**
Equipment Rental	12,630	12,000	12,000	**13,000**
Total Grass and Weed Control	$22,777	$19,700	$24,000	**$19,600**
Composting				
Salaries	$1,162	$1,000	$1,000	**$1,000**
Fringes	784	600	600	**600**
Contractual Services	0	0	500	**0**
Equipment Rental	3,056	2,000	2,000	**3,000**
Total Composting	$5,002	$3,600	$4,100	**$4,600**

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.

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
PUBLIC WORKS (Cont.)				
Waste Removal				
Salaries	$150	$0	$0	**$0**
Fringes	86	0	0	**0**
Removal Contract	483,589	485,000	490,000	**475,000**
City Debris Removal Fees	0	1,000	3,000	**1,000**
Equipment Rental	46	0	0	**0**
Total Waste Removal	$483,871	$486,000	$493,000	**$476,000**
TOTAL PUBLIC WORKS	$818,896	$809,500	$819,500	**$796,500**
Public Works per Resident Costs	$79.08	$78.17	$79.14	**$76.92**

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	*Refuse*	Recycling	Total	Increase
2008	$12.77	-	$12.77	10.75%
2009	$13.89	-	$13.89	8.77%
2010	$13.19	-	$13.19	-5.04%
2011	$13.41	-	$13.41	1.67%
2012	$11.72	-	$11.72	-12.60%
2013	$11.72	-	$11.72	0.00%
2014 *	$8.73	$2.50	$11.23	-4.18%
2015	$8.83	$2.53	$11.36	1.16%
2016	$8.40	$2.39	$10.79	-5.02%
2017 *(Projected)*	$8.30	$2.35	$10.65	-1.30%

* Removal contract was re-bid and recycling was added.

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
CULTURE AND RECREATION				
Arts Council	$10,500	$10,500	$10,500	**$10,500**
Cadillac Community Television (CCTV)				
Salaries	$12,977	$13,000	$15,000	**$0**
Fringes	993	1,300	1,600	**0**
Office Supplies	142	500	2,000	**0**
Contractual Services	1,025	9,000	3,500	**25,000**
Total CCTV	$15,137	$23,800	$22,100	**$25,000**

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.

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

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Parks				
Salaries	$51,835	$46,500	$46,000	**$40,000**
Salaries - Part Time	51,127	50,000	50,000	**56,000**
Fringes	32,263	27,000	27,000	**25,000**
Operating Supplies	22,122	25,000	26,000	**26,000**
Telephone	641	700	700	**700**
Travel and Education	(10)	300	300	**300**
Utilities	25,322	24,500	25,000	**26,000**
Repair and Maintenance	22,589	23,000	25,000	**25,000**
Equipment Rental	21,038	10,000	11,000	**11,000**
Rental Building	1,500	1,500	1,500	**1,500**
Capital Outlay	8,022	15,000	15,500	**9,000**
Total Parks	$236,449	$223,500	$228,000	**$220,500**
TOTAL CULTURE AND RECREATION	$262,086	$257,800	$260,600	**$256,000**
Cost per Resident	$25.31	$24.90	$25.17	**$24.72**

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. 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

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
Total Park Acres	117	117	117	117	↔
Total Parks Maintenance Costs	$203,337	$228,427	$212,500	$213,500	↑
Parks Maintenance Cost per Acre	$1,738	$1,952	$1,816	$1,825	↑
Parks Maintenance Cost per Resident	$20	$22	$21	$21	↑
Park Acres per 1,000 Population	11	11	11	11	↔
Seasonal Parks Maintenance Employees	9	9	9	10	↑

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
ECONOMIC DEVELOPMENT AND ASSISTANCE				
Community Development				
Salaries	$103,434	$72,000	$74,000	**$77,500**
Fringes	29,576	26,000	27,500	**28,000**
Office Supplies	3,780	3,000	3,000	**3,000**
Contractual Services	2,734	0	0	**0**
Data Processing	2,500	2,500	2,500	**2,500**
Dues & Publications	619	500	500	**500**
Telephone	840	1,000	1,000	**1,000**
Travel & Education	1,518	2,500	3,000	**3,000**
Publisher's Costs	961	1,000	1,500	**1,500**
Capital Outlay	0	0	0	**0**
Total Community Development	$145,962	$108,500	$113,000	**$117,000**

Community Development Measures				
Full-Time Positions	1.600	1.600	1.600	**1.600**
Part-Time Positions	0.500	0.000	0.000	**0.000**
Cost Per Resident	$14.10	$10.48	$10.91	**$11.30**

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 40% 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.

General Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
ECONOMIC DEVELOPMENT AND ASSISTANCE (Continued)				
Community Promotions				
Salaries	$8,993	$9,000	$9,500	**$8,500**
Fringes	5,232	5,500	6,000	**4,800**
Operating Supplies	4,003	4,000	4,000	**4,000**
Contractual Services	3,334	4,000	5,000	**4,000**
Utilities	1,613	2,000	2,000	**2,000**
Equipment Rental	7,629	6,000	6,000	**7,500**
Special Projects	2,191	2,000	2,500	**2,500**
Chamber of Commerce	2,000	2,000	2,000	**2,000**
Community Development	5,137	2,000	0	**0**
Total Community Promotions	$40,132	$36,500	$37,000	**$35,300**
TOTAL ECONOMIC DEVELOPMENT	$186,094	$145,000	$150,000	**$152,300**
INTERGOVERNMENTAL EXPENDITURES				
Clam Lake Township	$1,436	$1,400	$2,000	**$1,600**
Airport	33,000	33,000	33,000	**33,000**
Recreation	66,200	66,200	66,200	**66,200**
Total Intergovernmental Expenditures	$100,636	$100,600	$101,200	**$100,800**

Community Promotions

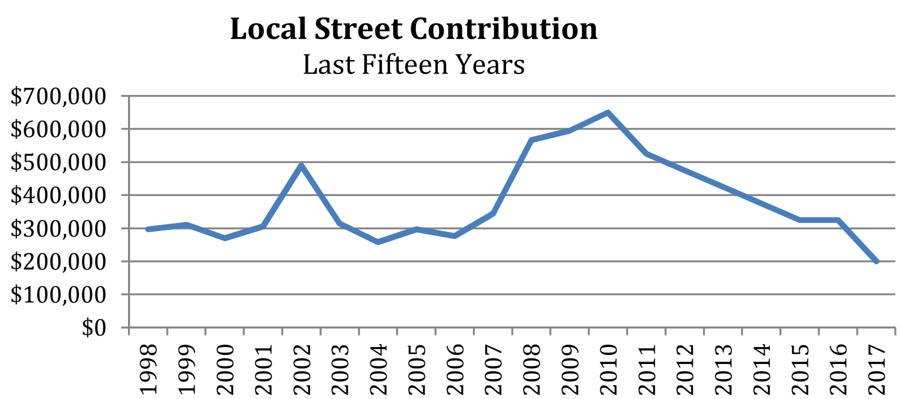
Special projects were eliminated due to lack of funding. The Community Development line item accounts for small grants received for a variety of purposes. This has included projects like assisting with the redevelopment of the Cobbs-Mitchell building in downtown Cadillac through the administration of 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.

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
OTHER FINANCING				
Transfers to Other Funds:				
Local Street	243,750	325,000	325,000	**200,000**
Cemetery Operating Fund	75,000	75,000	75,000	**65,000**
Total Other Financing	$318,750	$400,000	$400,000	**$265,000**
TOTAL EXPENDITURES	$6,664,301	$6,590,000	$6,653,000	**$6,522,000**

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.

Cities	Population	2016 General Fund Budget	Per Capita Expenditures
Manistee	6,226	$6,140,621	$986.29
Big Rapids	10,601	$8,358,000	$788.42
Alpena	10,483	$10,767,406	$1,027.13
Traverse City	14,674	$15,624,300	$1,064.76
Sault St. Marie	14,144	$11,552,400	$816.77
Coldwater	10,945	$9,818,803	$897.10
Sturgis	10,994	$8,293,000	$754.32
Cadillac	***10,355***	***$6,653,000***	***$642.49***

General Fund Capital Outlay

FY2017

City Hall (1)		
No projects	$0	
		$0
Police Department (2)		
Patrol Vehicle	$32,000	
		$32,000
Fire Department (3)		
Brush Truck	$45,000	
		$45,000
Parks and Recreation (4)		
Riding Mower	9,000	
		$9,000
Total		$86,000
Source of Funds (5)		
State Shared Revenue - Statutory Funds	$86,000	
		$86,000

Footnotes:

1. Municipal Complex: There are no capital projects planned for the Municipal Complex in FY2017.

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 the replacement of the brush truck in the Fire Department. The current truck is very old and is in need of replacement.

4. Parks and Recreation: This budget plans for the replacement of one (1) riding mower. Regular replacement of mowers helps insure that seasonal maintenance staff will operate at full capacity and highest efficiency.

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.

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."

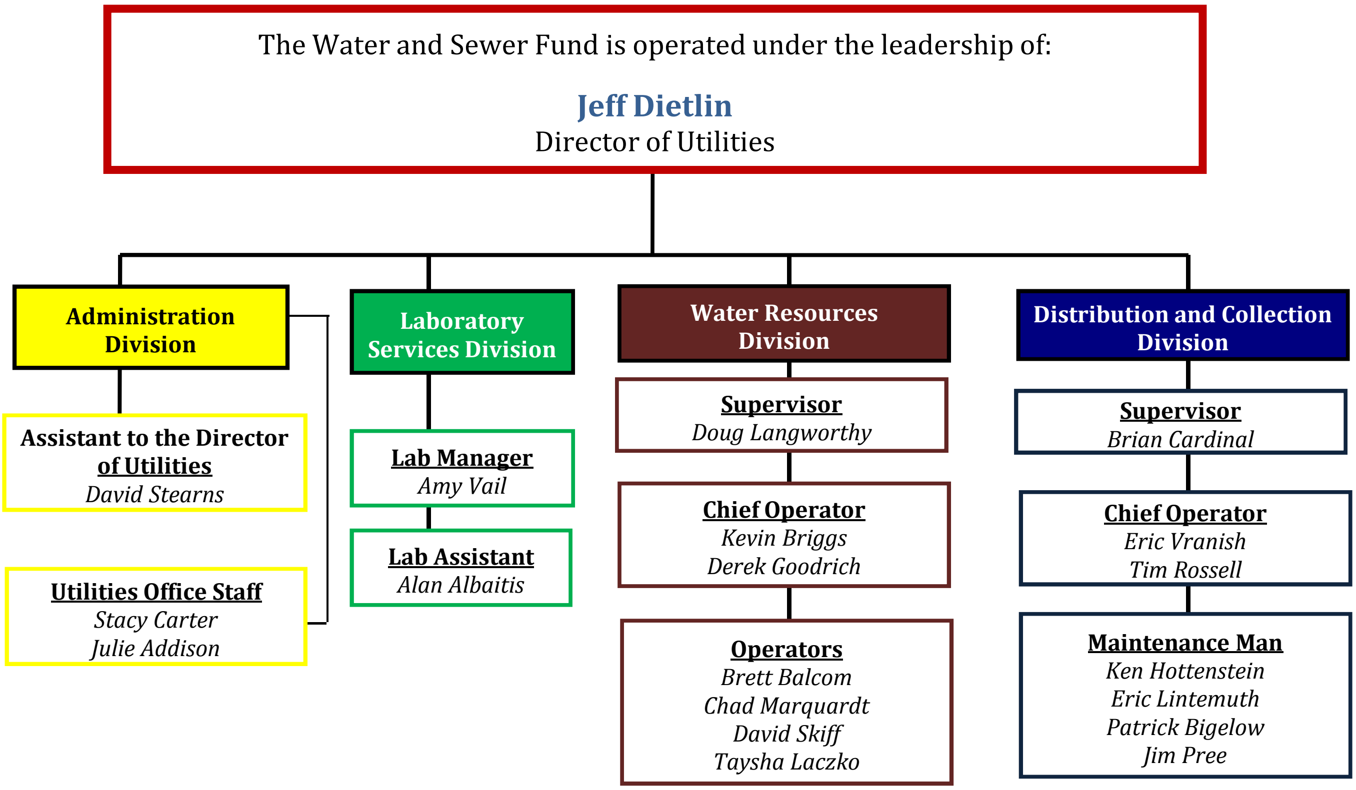
FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Water Sales	$1,228,205	$1,260,000	$1,295,000	**$1,285,000**
Sewer Sales - Flat Rate	41,532	50,000	50,000	**50,000**
Sewer Sales - Metered	2,123,041	2,160,000	2,185,000	**2,200,000**
Fire Protection	98,370	105,000	105,000	**105,000**
Hydrant Rental	18,300	24,000	24,000	**24,000**
Charges for Services	11,311	35,000	10,000	**25,000**
Charges for Services - SAW Grant	0	52,000	45,000	**45,000**
Services & Materials	17,010	15,000	20,000	**20,000**
Penalties	0	60,000	0	**55,000**
Interest Income	16,883	17,000	20,000	**20,000**
Sale of Surplus Material	75,505	7,500	5,000	**5,000**
Lake Mitchell Sewer Authority	98,683	50,000	60,000	**40,000**
Leachate	328,211	200,000	140,000	**140,000**
Laboratory Fees	94,755	85,000	85,000	**85,000**
Federal Grants	9,962	0	0	**0**
Other Income	720	5,000	5,000	**5,000**
Total Revenues	$4,162,488	$4,125,500	$4,049,000	**$4,104,000**

Water and Sewer Fund

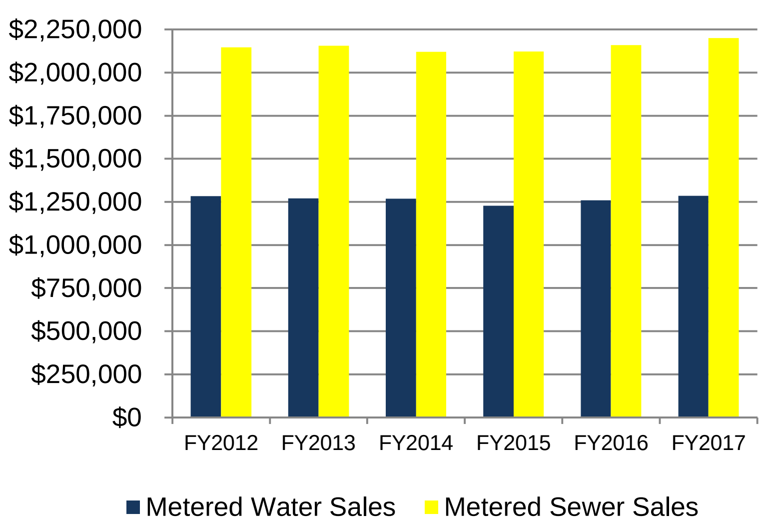
FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenses				
Total Administration	$1,089,996	$987,500	$1,010,300	**$1,008,300**
Water Resources				
Preliminary Treatment	$33,463	$29,100	$27,300	**$28,000**
Primary Treatment	35,087	33,500	24,000	**25,400**
Secondary Treatment	126,088	120,500	99,900	**108,600**
Tertiary Treatment	107,634	98,000	92,500	**93,000**
Sludge Removal	179,695	108,500	111,700	**112,400**
Nutrient Removal	81,145	72,200	71,800	**72,600**
Effluent Disposal	63,901	60,000	56,800	**58,000**
Building & Grounds	193,635	215,000	227,000	**232,000**
Industrial Surveillance	17,199	18,000	19,400	**19,700**
Lift Station-Sanitary	106,352	109,500	96,700	**104,300**
Vehicles	22,898	19,900	24,900	**25,100**
Total Water Resources	$967,097	$884,200	$852,000	**$879,100**
Distribution and Collection				
Building & Water Tank	$18,426	$24,000	$29,400	**$29,700**
Pumping Station	247,988	249,800	252,000	**255,100**
Wells & Well Field	52,869	50,000	56,800	**57,100**
General Street Expense	12,176	17,100	19,100	**19,100**
Meter Reading & Delinquent Accounts	24,999	21,800	25,600	**26,100**
Meter Operations & Maintenance	264,793	310,000	268,600	**282,500**
Customer Service	24,606	21,500	33,700	**31,200**
Maintenance-Mains & Hydrants	171,610	83,000	89,300	**99,500**
New Water Service	16,684	14,000	15,100	**15,100**
Water Service Maintenance	44,695	11,000	14,300	**14,500**
Sanitary Sewer	73,225	101,500	112,500	**115,100**
Vehicles	27,667	28,700	36,600	**36,600**
Total Distribution and Collection	$979,738	$932,400	$953,000	**$981,600**
Laboratory Division				
General Laboratory	$57,536	$57,600	$61,500	**$63,900**
Contract Laboratory	46,055	52,000	52,200	**51,100**
Total Laboratory Division	$103,591	$109,600	$113,700	**$115,000**
Total Non-Operating	$1,134,474	$1,118,000	$1,120,000	**$1,120,000**
Total Expenses	$4,274,896	$4,031,700	$4,049,000	**$4,104,000**
NET POSITION AT YEAR END				
Change in Net Position	($112,408)	$93,800	$0	**$0**
Total Net Position - Beginning of Year	15,657,863	15,545,455	15,545,455	**15,639,255**
Total Net Position at Year End	$15,545,455	$15,639,255	$15,545,455	**$15,639,255**

Water and Sewer Fund

Fund Staffing and Organizational Structure



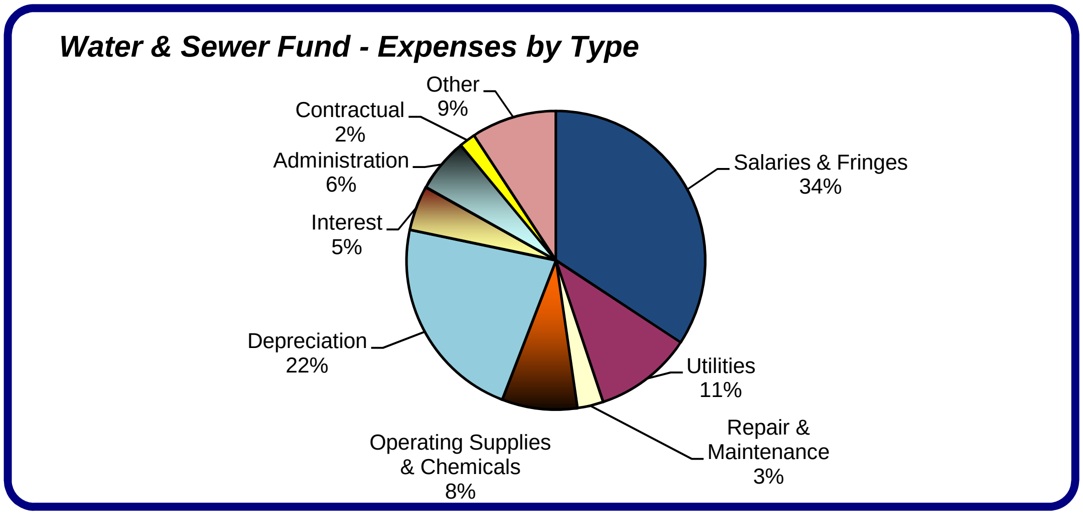
Water and Sewer Metered Usage - Last Six Years



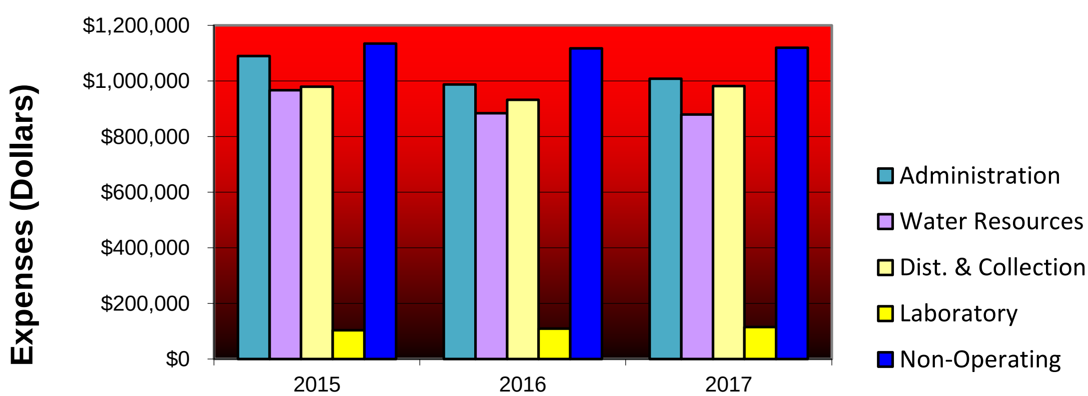
Metered Usage
The chart to the left shows that there has been virtually no increase in metered usage of water and sewer over the last six fiscal years. The operations of the system have taken advantage of several efficiency-enhancing measures, including replacing old meters with radio read meters, that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

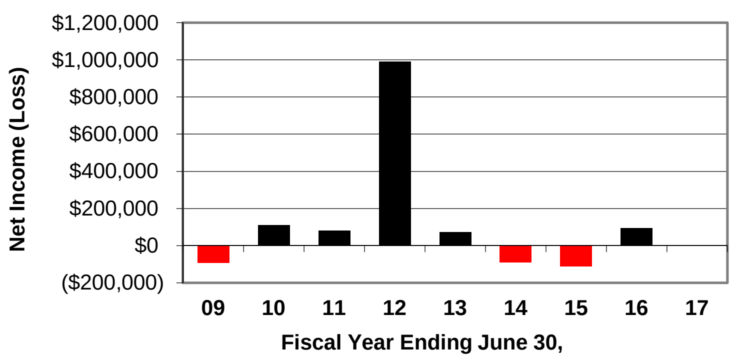
Water and Sewer Fund

Fund Highlights



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





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

Water and Sewer Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenses				
Administration				
Salaries and Wages	$352,764	$345,000	$345,000	**$345,000**
Fringes	186,696	155,000	160,000	**155,000**
Office Supplies	12,108	12,000	12,000	**12,000**
Postage	21,492	21,500	21,000	**22,000**
Safety Supplies	4,366	4,500	4,800	**4,800**
Contractual Services	15,939	15,000	20,000	**15,000**
Engineering Fees	0	10,000	18,000	**15,000**
Audit	4,000	4,000	4,000	**4,000**
G.I.S. Contractual Services	25,126	30,000	35,000	**30,000**
Legal Fees	95,477	20,000	10,000	**20,000**
State Mandated Fees	27,844	20,000	21,000	**21,000**
Data Processing	47,500	47,500	47,500	**47,500**
Liability Insurance	30,033	32,000	30,000	**35,000**
Dues & Publications	2,484	2,400	2,500	**2,500**
Telephone	6,981	8,000	7,000	**7,000**
Alarm Systems	2,028	2,500	3,000	**3,000**
Travel & Education - Salary	5,872	6,000	7,000	**7,000**
Travel & Education - Hourly	3,254	4,500	5,500	**5,500**
Vehicle Repair & Maintenance	40	100	1,000	**1,000**
Employee Safety	3,500	5,000	5,000	**5,000**
Bad Debt Expense	0	0	1,000	**1,000**
Groundwater Cleanup	0	0	7,500	**7,500**
Administration - City	240,000	240,000	240,000	**240,000**
Public Relations	2,492	2,500	2,500	**2,500**
Total Administration	**$1,089,996**	**$987,500**	**$1,010,300**	**$1,008,300**

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.

Water and Sewer Fund

PERFORMANCE MEASURES - WATER RESOURCES DIVISION

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2014**	**2015**	**2015**	**2016**	**Trend**
Number of Customers - Sewer	3,604	3,569	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	515	510	511	511	↔
Millions of Gallons Treated per Day	2.373	1.940	2.500	2.500	↔
Industrial Monitoring and Pretreatment Discharge permits	20	19	20	20	↔
Rate Increase - Sewer	0.00%	0.00%	3.00%	2.50%	↑
Number of NPDES Permit Violations	8	38*	0	0	↔

** NPDES violations were caused by performance issues with various components of the Water Resources Division. These issues have been corrected and the Michigan Department of Environmental Quality has been informed of the corrective actions that were taken. Since August of 2015 no NPDES violations have occurred."*

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.

Water and Sewer Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenses (Cont.)				
Water Resources Division:				
Preliminary Treatment				
Salaries and Wages	$16,656	$15,000	$14,000	**$14,000**
Fringes	9,843	8,000	7,500	**7,900**
Operating Supplies	1,479	800	800	**800**
Utilities	3,511	3,300	3,000	**3,300**
Repair & Maintenance	1,974	2,000	2,000	**2,000**
Total	$33,463	$29,100	$27,300	**$28,000**
Primary Treatment				
Salaries and Wages	$20,139	$20,000	$14,000	**$15,000**
Fringes	11,875	11,500	7,500	**8,400**
Operating Supplies	1,420	500	1,000	**800**
Repair & Maintenance	1,653	1,500	1,500	**1,200**
Total	$35,087	$33,500	$24,000	**$25,400**
Secondary Treatment				
Salaries and Wages	$20,326	$20,000	$13,000	**$15,000**
Fringes	12,060	11,500	6,700	**8,400**
Operating Supplies	1,422	1,500	1,200	**1,200**
Utilities	87,772	84,000	75,000	**80,000**
Repair & Maintenance	4,508	3,500	4,000	**4,000**
Total	$126,088	$120,500	$99,900	**$108,600**

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.

Water and Sewer Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenses (Cont.)				
Water Resources Division (Cont.)				
Tertiary Treatment				
Salaries and Wages	$19,797	$19,000	$16,000	**$16,000**
Fringes	11,766	11,000	8,500	**9,000**
Operating Supplies	7,496	4,000	4,500	**4,500**
Utilities	60,034	55,000	55,000	**55,000**
Repair & Maintenance	8,541	9,000	8,500	**8,500**
Total	$107,634	$98,000	$92,500	**$93,000**
Sludge Treatment				
Salaries and Wages	$23,372	$21,000	$22,000	**$22,000**
Fringes	13,899	11,500	11,700	**12,400**
Operating Supplies	2,062	2,000	2,000	**2,000**
Laboratory	4,906	5,000	5,000	**5,000**
Injection Contract Cost	110,000	45,000	45,000	**45,000**
Utilities	19,533	20,000	20,000	**20,000**
Repair & Maintenance	5,923	4,000	6,000	**6,000**
Total	$179,695	$108,500	$111,700	**$112,400**
Nutrient Removal				
Salaries and Wages	$15,272	$14,000	$13,400	**$13,400**
Fringes	9,196	8,500	7,200	**7,500**
Operating Supplies	687	700	700	**700**
Chemicals	44,751	40,000	41,000	**41,000**
Repair & Maintenance	11,239	9,000	9,500	**10,000**
Total	$81,145	$72,200	$71,800	**$72,600**

Cost and Expense Analysis

Tertiary Treatment

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

Sludge Treatment and Disposal

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

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

	2015 Usage and Billing				
	Cubic Feet		Gallons		Total
Customer	**Water**	**Sewer**	**Water**	**Sewer**	**Billing**
Avon Rubber & Plastics	17,060,600	15,591,600	127,613,288	116,625,168	$500,701
Cadillac Castings	14,135,300	6,319,900	105,732,044	47,272,852	$369,819
AAR Cadillac Manufacturing	9,145,300	6,761,200	68,406,844	50,573,776	$245,885
Piranha Hose	1,964,400	1,964,400	14,693,712	14,693,712	$61,756
Mercy Hospital	1,266,000	1,266,000	9,469,680	9,469,680	$59,251
Borg-Warner	1,481,900	1,481,900	11,084,612	11,084,612	$51,606
Country Acres	1,199,000	1,199,000	8,968,520	8,968,520	$37,741
Pheasant Ridge	974,000	974,000	7,285,520	7,285,520	$32,626
Cadillac Renewable Energy	0	981,700	0	7,343,116	$30,612
Paulstra CRC	548,000	548,000	4,099,040	4,099,040	$23,735
Michigan Rubber Products	681,200	681,200	5,095,376	5,095,376	$21,385
Four Winns	722,900	722,900	5,407,292	5,407,292	$20,027
Leisure Park	377,200	377,200	2,821,456	2,821,456	$13,295
Kolarevic Car Wash	345,400	345,400	2,583,592	2,583,592	$12,747
Rexair, Inc.	123,500	123,500	923,780	923,780	$9,829
	50,024,700	39,337,900	374,184,756	294,247,492	$1,491,015

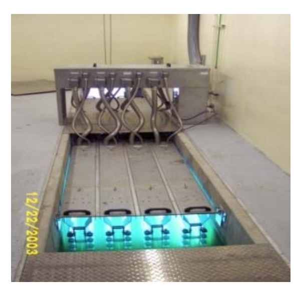
** CRE has their own well, which is furnished by the LDFA Utilities Fund.*

Water and Sewer Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenses (Cont.)				
Water Resources Division (Cont.)				
Effluent Disposal				
Salaries and Wages	$15,271	$14,000	$13,000	**$13,000**
Fringes	9,151	8,500	6,900	**7,300**
Operating Supplies	2,389	2,000	2,400	**2,400**
Plant Lab Supplies	5,684	6,000	6,000	**6,800**
Chemicals	397	500	500	**500**
Contracted Laboratory	5,745	7,000	9,000	**7,500**
Utilities	17,554	17,000	15,500	**17,000**
Repair & Maintenance	7,710	5,000	3,500	**3,500**
Total	$63,901	$60,000	$56,800	**$58,000**
Building & Grounds				
Salaries and Wages	$70,940	$90,000	$95,500	**$95,500**
Salaries - Part Time	5,822	7,500	9,000	**9,000**
Fringes	48,989	52,000	55,500	**58,500**
Operating Supplies	35,946	35,000	35,000	**35,000**
Utilities	18,498	18,500	20,000	**20,000**
Repair & Maintenance	13,440	12,000	12,000	**14,000**
Total	$193,635	$215,000	$227,000	**$232,000**
Industrial Surveillance				
Salaries and Wages	$7,018	$9,000	$9,400	**$9,400**
Fringes	4,137	4,500	5,000	**5,300**
Operating Supplies	1,341	1,000	1,000	**1,200**
Laboratory	3,261	2,500	3,000	**2,800**
Repair & Maintenance	1,442	1,000	1,000	**1,000**
Total	$17,199	$18,000	$19,400	**$19,700**

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.

Water and Sewer Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenses (Cont.)				
Water Resources Division (Cont.)				
Lift Station - Sanitary				
Salaries and Wages	$16,553	$17,500	$18,100	**$18,100**
Fringes	9,877	9,000	9,600	**10,200**
Operating Supplies	10,528	9,500	9,500	**9,500**
Disposal Fees	1,428	1,500	1,500	**1,500**
Utilities	53,339	55,000	44,000	**50,000**
Repair & Maintenance	14,627	17,000	14,000	**15,000**
Total	$106,352	$109,500	$96,700	**$104,300**
Vehicles				
Salaries and Wages	$1,022	$1,000	$700	**$800**
Fringes	540	600	400	**500**
Operating Supplies	734	800	800	**800**
Fuel Costs	12,446	8,500	14,000	**14,000**
Repair & Maintenance	8,156	9,000	9,000	**9,000**
Total	$22,898	$19,900	$24,900	**$25,100**
Total Water Resources Division	$967,097	$884,200	$852,000	**$879,100**

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.

PERFORMANCE MEASURES - WATER DISTRIBUTION AND COLLECTION DIVISION

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
Number of Customers - Water	3,578	3,549	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	511	507	507	507	↔
Millions of Gallons Pumped per Day	2.076	2.320	2.100	2.100	↔
Total Calls for Service	1,296	1,547	1,050	1,050	↔
Total Calls for Service Per FTE	185	221	150	150	↔
MISS-DIG Responses	895	724	650	650	↑
Meter Repairs	112	172	135	135	↔
New Meter Installations	8	12	10	10	↔
Feet of Sanitary Sewers Cleaned*	22,991	111,101	30,000	35,000	↑

** The City received a grant from the State of Michigan's Stormwater, Asset Management and Wastewater (SAW) program. A significant portion of activities pursuant to this grant results in the cleaning of pipes. This caused the spike in 2015 and the high projections for 2016 and 2017.*

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.

Water and Sewer Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenses (Cont.)				
Distribution & Collection Division				
Building & Water Tank				
Salaries and Wages	$4,819	$5,000	$5,000	**$5,000**
Salaries - Part Time	1,685	1,500	4,500	**4,500**
Fringes	2,654	3,000	5,100	**5,400**
Operating Supplies	9,026	13,500	13,500	**13,500**
Repair & Maintenance	242	1,000	1,300	**1,300**
Total	$18,426	$24,000	$29,400	**$29,700**
Pumping Station				
Salaries and Wages	$8,191	$5,100	$5,200	**$5,200**
Fringes	4,232	2,700	2,800	**2,900**
Operating Supplies	9,460	10,000	10,000	**10,000**
Chemicals	15,205	25,000	28,500	**26,500**
Laboratory Control	11,436	15,000	18,000	**18,000**
Utilities	197,849	190,000	185,000	**190,000**
Repair & Maintenance	1,615	2,000	2,500	**2,500**
Total	$247,988	$249,800	$252,000	**$255,100**
Wells & Well Field				
Salaries and Wages	$10,952	$8,000	$10,000	**$10,000**
Fringes	5,927	4,500	5,300	**5,600**
Operating Supplies	3,648	5,000	5,000	**5,000**
Wellhead Protection	12	3,500	2,000	**2,000**
Contractual Services	26,196	22,000	25,000	**25,000**
Repair & Maintenance	6,134	7,000	9,500	**9,500**
Special Projects	0	0	0	**0**
Total	$52,869	$50,000	$56,800	**$57,100**

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.

Water and Sewer Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenses (Cont.)				
Distribution & Collection Division (Cont.)				
General Street Expense				
Salaries and Wages	$657	$1,700	$700	**$700**
Fringes	369	400	400	**400**
Operating Supplies	3,727	3,000	3,000	**3,000**
Contractual Services	7,423	12,000	15,000	**15,000**
Total	$12,176	$17,100	$19,100	**$19,100**
Meter Reading & Delinquent Accounts				
Salaries and Wages	$16,113	$14,000	$16,500	**$16,500**
Fringes	8,861	7,500	8,800	**9,300**
Operating Supplies	25	300	300	**300**
Total	$24,999	$21,800	$25,600	**$26,100**
Meter Operations & Maintenance				
Salaries and Wages	$116,986	$140,000	$120,000	**$120,000**
Fringes	76,833	80,000	63,600	**67,500**
Operating Supplies	70,974	90,000	85,000	**95,000**
Total	$264,793	$310,000	$268,600	**$282,500**
Customer Service				
Salaries and Wages	$15,925	$14,000	$22,000	**$20,000**
Fringes	8,681	7,500	11,700	**11,200**
Total	$24,606	$21,500	$33,700	**$31,200**
Maintenance - Mains & Hydrants				
Salaries and Wages	$55,574	$36,000	$42,000	**$42,000**
Fringes	23,689	19,500	22,300	**23,500**
Operating Supplies	30,137	20,000	21,500	**21,500**
Contractual Services	10,864	7,500	3,500	**7,500**
Repairs and Maintenance	51,346	0	0	**5,000**
Total	$171,610	$83,000	$89,300	**$99,500**

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.

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

Water Supply Statistics

	Gallons Pumped	Gallons Sold	% Lost (1)	Customers
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
2015	804,254,010	669,126,392	16.40	3,549

(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 2015 was 16.4%, which is slightly above 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. The additional loss for 2015 is attributable to an extended run water situation experienced during the winter.*

Water and Sewer Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenses (Cont.)				
Distribution & Collection Division (Cont.)				
New Water Service				
Salaries and Wages	$3,410	$2,000	$2,500	**$2,500**
Fringes	1,586	1,000	1,400	**1,400**
Operating Supplies	11,688	10,000	10,000	**10,000**
Contractual Services	0	1,000	1,200	**1,200**
Total	$16,684	$14,000	$15,100	**$15,100**
Water Service Maintenance				
Salaries and Wages	$18,616	$5,000	$7,000	**$7,000**
Fringes	8,792	3,000	3,800	**4,000**
Operating Supplies	1,352	3,000	3,000	**3,000**
Damage Contractual Services	15,935	0	0	**0**
Repair & Maintenance	0	0	500	**500**
Total	$44,695	$11,000	$14,300	**$14,500**
Sanitary Sewer				
Salaries and Wages	$36,351	$53,000	$60,000	**$60,000**
Fringes	19,927	28,000	31,000	**33,600**
Operating Supplies	6,524	10,000	10,000	**10,000**
Contractual	9,211	9,500	9,500	**9,500**
Damage Contractual Services	227	500	1,000	**1,000**
Repair & Maintenance	985	500	1,000	**1,000**
Total	$73,225	$101,500	$112,500	**$115,100**
Vehicles				
Salaries and Wages	$573	$500	$700	**$700**
Fringes	258	200	400	**400**
Operating Supplies	2,162	3,000	2,500	**2,500**
Fuel & Oil	12,558	10,000	18,000	**18,000**
Repair & Maintenance	12,116	15,000	15,000	**15,000**
Total	$27,667	$28,700	$36,600	**$36,600**
Total Distribution and Collection	$979,738	$932,400	$953,000	**$981,600**

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.

Water and Sewer Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenses (Cont.)				
Laboratory Division				
General Laboratory				
Salaries and Wages	$24,527	$25,000	$28,000	**$28,000**
Fringes	15,717	14,000	14,900	**15,700**
Operating Supplies	14,457	14,500	14,500	**14,500**
Repair & Maintenance	1,727	2,100	2,100	**3,700**
Equipment Rental	481	500	500	**500**
Research & Development	627	1,500	1,500	**1,500**
Total	$57,536	$57,600	$61,500	**$63,900**
Contract Laboratory				
Salaries and Wages	$17,438	$18,000	$17,000	**$17,000**
Fringes	10,927	9,500	9,100	**9,600**
Operating Supplies	13,327	18,000	19,000	**19,000**
Repair & Maintenance	3,938	5,000	5,600	**4,000**
Equipment Rental	0	500	500	**500**
Research & Development	425	1,000	1,000	**1,000**
Total	$46,055	$52,000	$52,200	**$51,100**
Total Laboratory Division	103,591	109,600	113,700	**115,000**
Non-Operating				
Interest Expense	$203,887	$198,000	$200,000	**$200,000**
Depreciation	930,587	920,000	920,000	**920,000**
Total	$1,134,474	$1,118,000	$1,120,000	**$1,120,000**
TOTAL EXPENSES	$4,274,896	$4,031,700	$4,049,000	**$4,104,000**

Non-Operating

Three revenue bond issues comprise the interest activity:

2013 Revenue Refunding Bond: Interest payments September 1, 2016 and March 1, 2017 total $92,003.
2007 State of Michigan SRF Loan: Interest payments October 1, 2016 and April 1, 2017 total $41,563.
2011 State of Michigan DWRF Loan: Interest payments October 1, 2016 and April 1, 2017 total $48,722.

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.

Water and Sewer Fund

PERFORMANCE MEASURES - LABORATORY DIVISION

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
Number of Laboratory Analyses Performed	33,826	34,910	35,000	35,000	↑
Charges for Services - Laboratory	$88,192	$94,755	$85,000	$85,000	↔
Number of Laboratory FTE	3	3	3	3	↔
Analyses Performed per FTE	11,275	11,637	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:	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Lead and Copper	31	45	41	37	24	74
Metals	8,202	8,345	7,402	7,034	7,034	7,818
Volatile Organic	72	72	12	87	72	72
Bacterial Testing	1,952	1,937	1,880	1,748	1,696	1,946
Wet Chemistry	25,000	25,500	25,500	25,000	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.

Source and Use of Funds For Capital Improvements

FY2017

Source of Funds		
Low Interest Loan (Water Supply Improvements Project)	3,000,000	
Investments - Unrestricted	655,500	
		$3,655,500
Total Source of Funds		
Use of Funds		
Anticipated Capital Investment		
Evart Street	50,000	
Holly Road	40,000	
East Garfield Street	40,000	
Simons Street	40,000	
Selma Street	90,000	
Marble Street	100,000	
Blodgett Street	25,000	
Staff Car	18,000	
Service Truck	27,000	
Manhole Rehabilitation	25,000	
Employee Breakroom and Locker Facility	40,000	
Ultraviolet Disinfection Equipment	35,500	
Atomic Absorption Spectroscopy Machine	70,000	
SAW Grant Repairs	25,000	
Aqua Disk Repairs	30,000	
Water Supply Improvements	3,000,000	
Total Use of Funds		$3,655,500

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

Water and Sewer Fund

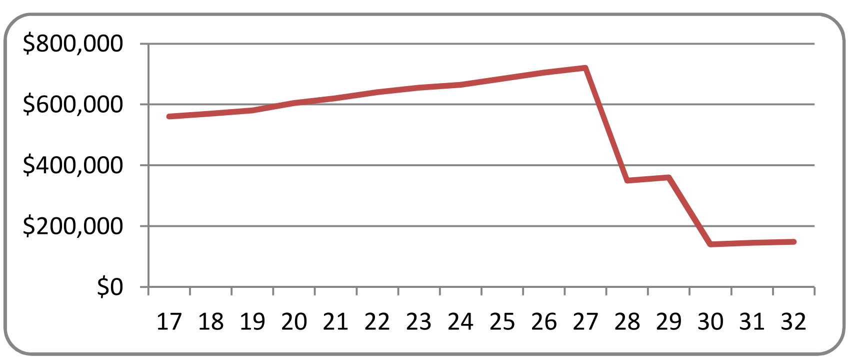
Cash Flow Analysis

FY2017

Additions		
Net Income from Operations	$0	
Low Interest Loans	3,000,000	
Depreciation	920,000	
Total Additions		3,920,000
Deductions		
Principal Payments (1)	$560,000	
Capital Improvements	3,655,500	
Total Deductions		4,215,500
Net Increase (Decrease) of Available Cash		($295,500)

Footnotes:

(1) Principal payments include:	***Principal***	***Interest***	
2013 Revenue Refunding Bond			
September 1, 2016	275,000		
September 1, 2016 (2.70%)		47,858	
March 1, 2017 (2.70%)		44,145	
2007 State of Michigan SRF Loan			
October 1, 2016	185,000		
October 1, 2016 (1.625%)		21,533	
April 1, 2017 (1.625%)		20,030	
2011 State of Michigan DWRF Loan			
April 1, 2017	100,000		
October 1, 2016 (2.50%)		24,361	
April 1, 2017 (2.50%)		24,361	
Total Debt Payments	$560,000	$182,288	**$742,288**



Water and Sewer System
Future Debt Principal Payments

Water and Sewer Rates

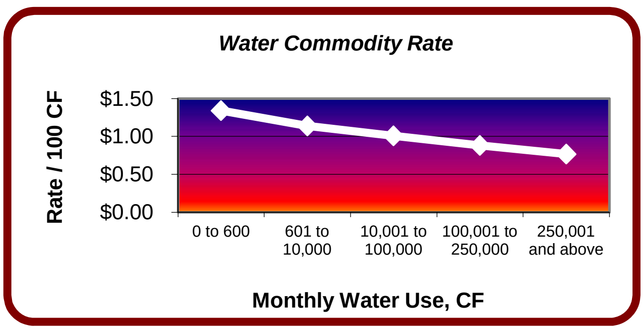
Rates and Charges proposed as of July 1, 2016 (Proposed Increase: 2.5%)

Ready to serve charge

Meter Size	Water	Wastewater
5/8"	$6.39	$10.30
3/4"	$9.40	$15.48
1"	$15.66	$25.78
1-1/2"	$31.38	$51.56
2"	$50.06	$82.53
3"	$109.64	$180.66
4"	$187.95	$309.51
6"	$391.62	$644.92
8"	$563.90	$928.65

Commodity Charge

Volume (Cubic Feet - CF)		
0 to 600	$1.34	
601 to 10,000	$1.14	
10,001 to 100,000	$1.01	
100,001 to 250,000	$0.88	
250,001 and above	$0.77	
Per 100 cubic feet per month		$2.39



Unmetered Users (Flat Rate)

1. Monthly room charge (Living, Dining, Bedroom and Kitchens)	
1 to 3 rooms	$8.91
4 to 6 rooms	$9.99
7 to 8 rooms	$11.79
Each additional room	$1.63
2. Additional for each bathtub and shower	$4.27
3. Additional for each toilet	$4.70

Water and Sewer Fund

Continuing Disclosure Information

Revenue as Billed By Meter Classification
Fiscal Year Ended June 30, 2015

	Water Supply		Wastewater Treatment	
Meter Classification	Revenue	Percent of Total	Revenue	Percent of Total
Unmetered	$94	0.01	$48,964	2.20
5/8"	529,834	42.12	831,925	37.36
3/4"	2,513	0.20	2,399	0.11
1"	76,614	6.09	83,165	3.74
1-1/2"	94,229	7.49	123,117	5.53
2"	180,448	14.34	463,422	20.81
3"	34,812	2.77	72,130	3.24
4"	198,620	15.79	364,153	16.35
6"	124,172	9.87	219,832	9.87
8"	16,638	1.32	17,479	0.79
	$1,257,974	100.00	$2,226,586	100.00

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

	Meter Classification								
Fiscal Year	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	6"	8"
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
2016	10.05	15.10	25.15	50.31	80.51	176.25	301.96	629.19	906.00

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*

Water and Sewer Fund

Continuing Disclosure Information (Continued)

Monthly Ready-To-Serve Charge For Fire Protection

Fiscal Year Ended June 30, 2016

Line Size	Monthly Ready-To-Serve Charge
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

	Meter Classification								
Fiscal Year	**5/8"**	**3/4"**	**1"**	**1-1/2"**	**2"**	**3"**	**4"**	**6"**	**8"**
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
2016	6.23	9.17	15.28	30.62	48.84	106.96	183.36	382.06	550.15

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*

Water and Sewer Fund

Continuing Disclosure Information (Continued)

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

	Water Supply Customers		Wastewater Treatment Customers	
Fiscal Year	**Number**	**Percent of Change**	**Number**	**Percent of Change**
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
2015	3,554	(0.67)	3,576	(0.78)

Average Number of Water Supply and Wastewater Treatment Customers By Meter Classification
Fiscal Year Ended June 30, 2015

	Average Customers	
Meter Classification	**Water Supply**	**Wastewater Treatment**
Unmetered	2	158
5/8"	3,212	3,138
3/4"	8	8
1"	134	107
1-1/2"	91	75
2"	80	68
3"	8	8
4"	12	10
6"	6	3
8"	1	1
	3,554	3,576

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*

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.

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 builiding codes.

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

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.

SAW Grant Fund - This fund will account for the grant revenue and eligible costs related to the City's $2 million Storm Water, Asset Management and Wastewater Grant received from the State of Michigan.

Special Revenue Funds Summary

FY2017

	Major Street Fund	Local Street Fund	Cemetery Operating Fund	Cadillac Development Fund	Naval Reserve Center Fund
REVENUES					
Interest Income		$500		$10,000	
Interest Income-Loan				$15,000	
Intergovernmental Revenue	$873,900	255,000			
Rental					$10,400
Charges for Services			$52,000		
Local Funds		150,000			$10,400
General Fund		200,000	65,000		
Property Taxes					
Surplus				44,400	
TOTAL REVENUES	$873,900	$605,500	$117,000	$69,400	$20,800
EXPENDITURES					
Operating Expenditures	$612,800	465,300	$113,000	$35,000	$22,500
Community Development				34,400	
Capital Outlay					
Debt Service					
Transfer Out	168,500	69,500			
TOTAL EXPENDITURES	$781,300	$534,800	$113,000	$69,400	$22,500
Fund Balance					
Change in Fund Balance **(1)**	$92,600	$70,700	$4,000	(44,400)	($1,700)
Fund Balance - Beginning of Year	419,383	371,162	22,204	1,271,187	1,791
Fund Balance - End of Year	$511,983	$441,862	$26,204	$1,226,787	$91

(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.

Special Revenue Funds Summary (Continued)

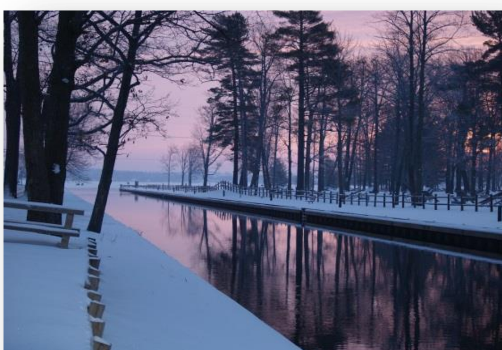
FY2017

	Lake Treatment Fund	H.L. Green Operating Fund	SAW Grant Fund	Total
REVENUES				
Interest Income	$1,500	$1,000		$13,000
Interest Income-Loan				15,000
Intergovernmental Revenue			$1,000,000	2,128,900
Rental				10,400
Charges for Services				52,000
Local Funds				160,400
General Fund				265,000
Property Taxes				0
Surplus	90,000			134,400
TOTAL REVENUES	$91,500	$1,000	$1,000,000	$2,779,100
EXPENDITURES				
Operating Expenditures	$91,500		$1,000,000	$2,340,100
Community Development				34,400
Capital Outlay				0
Debt Service				0
Transfer Out				238,000
				0
TOTAL EXPENDITURES	$91,500	$0	$1,000,000	$2,612,500
Fund Balance				
Change in Fund Balance **(1)**	(90,000)	1,000	0	$32,200
Fund Balance - Beginning of Year	94,250	118,106		$2,298,083
Fund Balance - End of Year	$4,250	$119,106	$0	$2,330,283

(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.

GLIMPSES OF CADILLAC

SCENES FROM THE LAKE CADILLAC SHORELINES



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.

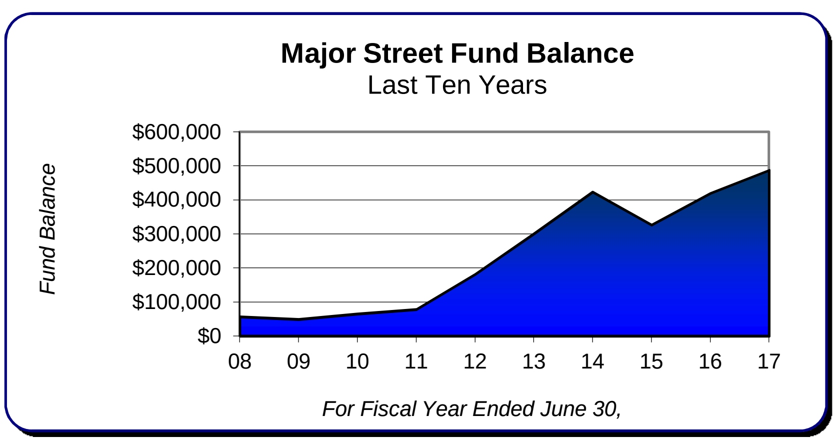
PERFORMANCE MEASURES - MAJOR STREET SYSTEM

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
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	$17,626	$15,289	$18,272	$17,065	↔
Operating Expenditures per Resident	$37	$32	$38	$35	↔
Hours Spent in Major Street Maintenance	5,490	4,255	5,077	4,300	↓
Cost per Hour of Major Street Maintenance	$69	$77	$77	$85	↑
Total Winter Maintenance Expenditures	$180,152	$122,474	$135,000	$127,000	↓
Hours Spent in Winter Maintenance	2,057	1,272	1,188	878	↓
Cost per Hour of Winter Maintenance	$88	$96	$114	$145	↑
Winter Maintenance Expenditures per Mile	$8,367	$5,689	$6,270	$5,899	↓
Winter Maintenance Expenditures per Resident	$17	$12	$13	$12	↓
State Trunk Line Maintenance Expenditures	$172,942	$185,300	$184,300	$188,900	↑
State Trunk Line Maintenance Exp. Per Mile	$33,322	$35,703	$35,511	$36,397	↑
Total Hours of State Trunk Line Maintenance	2,107	2,286	2,138	2,486	↑

Major Street Fund

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Motor Vehicle Highway Fund	$584,679	$585,000	$576,000	**$685,000**
State Trunkline Maintenance	215,369	190,300	184,000	**188,900**
Other Contributions	8,000	0	0	**0**
Interest Income	710	0	0	**0**
Surplus	0	0	0	**0**
Total	$808,758	$775,300	$760,000	**$873,900**
Expenditures				
Construction	$258,126	$7,500	$7,500	**$7,500**
Surface Maintenance	35,214	46,000	64,000	**62,600**
Sweeping and Flushing	23,748	21,000	19,800	**21,800**
Forestry	59,246	72,500	67,800	**63,300**
Catch Basin	34,555	29,000	33,100	**32,200**
Drainage	8,972	13,500	16,500	**14,500**
Traffic Services	44,953	64,000	57,200	**46,000**
Winter Maintenance	122,474	113,000	135,000	**127,000**
Administration	132,787	125,700	128,200	**217,500**
State Trunkline	185,300	190,300	184,300	**188,900**
Total	$905,375	$682,500	$713,400	**$781,300**
Fund Balance				
Net Change in Fund Balance	($96,617)	$92,800	$46,600	**$92,600**
Fund Balance - Beginning of Year	423,200	326,583	326,583	**419,383**
FUND BALANCE AT YEAR END	$326,583	$419,383	$373,183	**$511,983**

Major Street Fund Balance

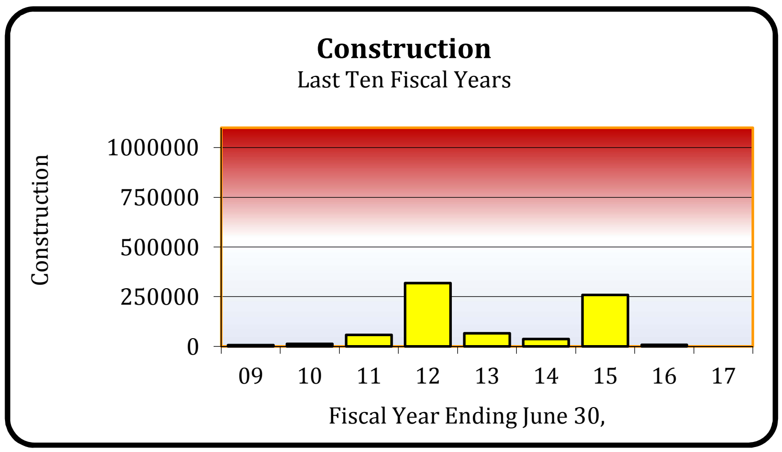


Major Street Fund

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 FY2017, the revenue is based on the projection of funding anticipated for the current fiscal year. These revenues are increasing due to new legislation passed by the State of Michigan. These reforms increased vehicle registration fees and gas taxes, both of which flow through the Michigan Transportation Fund before being disbursed to local units. The second major source of revenue is for the state trunkline contract. This revenue item should 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.



FY2017 Proposed Construction	Cost
Street Sign Replacement	$7,500
	$7,500

Other Expenditure Details
Administrative Salaries represents 40% of the Street Superintendent.

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.

Major Street Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenditures				
Construction				
Contractual Services	$258,126	$7,500	$7,500	**$7,500**
Surface Maintenance				
Salaries and Wages	$10,079	$12,000	$16,000	**$17,000**
Fringes	5,999	7,000	9,000	**9,600**
Operating Supplies	11,652	15,000	24,000	**25,000**
Equipment Rental	7,484	12,000	15,000	**11,000**
Total Surface Maintenance	$35,214	$46,000	$64,000	**$62,600**
Sweeping and Flushing				
Salaries and Wages	$3,439	$3,500	$3,000	**$3,000**
Fringes	2,620	2,500	1,800	**1,800**
Operating Supplies	1,657	0	0	**0**
Equipment Rental	16,032	15,000	15,000	**17,000**
Total Sweeping and Flushing	$23,748	$21,000	$19,800	**$21,800**
Forestry				
Salaries and Wages	$13,953	20,000	$18,500	**$15,500**
Fringes	7,766	12,000	10,800	**9,500**
Operating Supplies	5,318	5,500	5,000	**6,000**
Contractual Services	12,861	7,500	8,000	**7,000**
Travel	65	500	500	**300**
Repair and Maintenance	1,440	2,000	3,000	**3,000**
Equipment Rental	17,843	25,000	22,000	**22,000**
Total Forestry	$59,246	$72,500	$67,800	**$63,300**
Catch Basin				
Salaries & Wages	$8,182	$8,000	$10,000	**$9,000**
Fringes	4,930	5,000	5,100	**4,700**
Operating Supplies	3,576	1,000	2,000	**1,500**
Contractual Services	0	0	0	**0**
Equipment Rental	17,867	15,000	16,000	**17,000**
Total Catch Basin	$34,555	$29,000	$33,100	**$32,200**
Drainage				
Salaries and Wages	$4,007	$5,000	$5,500	**$5,500**
Fringes	2,283	2,500	3,000	**3,000**
Operating Supplies	626	0	0	**0**
Contractual Services	0	2,000	4,000	**2,000**
Equipment Rental	2,056	4,000	4,000	**4,000**
Total Drainage	$8,972	$13,500	$16,500	**$14,500**

Major Street Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenditures (Continued)				
Traffic Services				
Salaries and Wages	$10,579	$18,000	$12,500	**$8,500**
Fringes	4,550	10,000	7,200	**5,000**
Operating Supplies	15,924	12,000	15,000	**7,500**
Contractual	8,795	12,000	15,000	**15,000**
Equipment Rental	5,105	12,000	7,500	**10,000**
Total Traffic Services	$44,953	$64,000	$57,200	**$46,000**
Winter Maintenance				
Salaries and Wages	$21,420	$19,000	$20,000	**$15,000**
Fringes	11,622	11,000	12,000	**9,000**
Operating Supplies	32,070	23,000	28,000	**28,000**
Equipment Rental	57,362	60,000	75,000	**75,000**
Total Winter Maintenance	$122,474	$113,000	$135,000	**$127,000**
Administration				
Salaries and Wages	$34,018	$25,000	$26,000	**$25,000**
Fringes	12,520	13,000	13,000	**13,000**
Audit	1,000	1,000	1,000	**1,000**
Operating Supplies	0	1,000	2,500	**2,500**
Equipment Rental	7,449	7,500	7,500	**7,500**
Contribution - Local Street	60,000	60,000	60,000	**150,000**
Transfers Out	17,800	18,200	18,200	**18,500**
Total Administration	$132,787	$125,700	$128,200	**$217,500**
State Trunkline				
Surface Maintenance				
Salaries and Wages	$185	$10,000	$3,000	**$4,000**
Fringes	123	5,500	1,800	**2,400**
Operating Supplies	232	500	1,000	**1,000**
Equipment Rental	215	8,000	2,000	**5,000**
Total Surface Maintenance	$755	$24,000	$7,800	**$12,400**
Sweeping & Flushing				
Salaries and Wages	$585	$1,000	$1,000	**$1,000**
Fringes	439	600	600	**600**
Operating Supplies	299	200	0	**0**
Equipment Rental	2,968	3,500	3,500	**3,000**
Total Sweeping & Flushing	$4,291	$5,300	$5,100	**$4,600**

Major Street Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenditures (Cont.)				
State Trunkline (Cont.)				
Shoulder Maintenance				
Salaries and Wages	$1,914	$1,000	$0	**$1,500**
Fringes	1,146	600	0	**900**
Operating Supplies	1,286	500	0	**0**
Equipment Rental	845	1,000	0	**800**
Total Shoulder Maintenance	$5,191	$3,100	$0	**$3,200**
Traffic Signs				
Utilities	$1,978	$2,000	$2,000	**$2,200**
Total Traffic Signs	$1,978	$2,000	$2,000	**$2,200**
Trees and Shrubs				
Salaries and Wages	$1,716	$1,000	$1,000	**$1,000**
Fringes	735	600	600	**600**
Operating Supplies	346	500	0	**0**
Equipment Rental	2,156	2,000	2,000	**2,500**
Total Trees and Shrubs	$4,953	$4,100	$3,600	**$4,100**
Drainage				
Salaries and Wages	$5,166	$5,000	$7,000	**$9,000**
Fringes	1,951	3,000	3,800	**5,200**
Operating Supplies	1,333	1,000	0	**0**
Equipment Rental	10,662	1,800	2,000	**2,000**
Total Drainage	$19,112	$10,800	$12,800	**$16,200**
Winter Maintenance				
Salaries and Wages	$21,459	$18,000	$25,000	**$25,000**
Fringes	12,676	10,000	15,000	**15,000**
Operating Supplies	36,539	30,000	43,000	**35,000**
Equipment Rental	49,270	50,000	50,000	**50,000**
Total Winter Maintenance	$119,944	$108,000	$133,000	**$125,000**
Snow Hauling				
Salaries and Wages	$7,474	$8,000	$5,000	**$7,000**
Fringes	4,038	5,000	3,000	**4,200**
Operating Supplies	2,029	2,000	2,000	**0**
Equipment Rental	15,535	18,000	10,000	**10,000**
Total Snow Hauling	$29,076	$33,000	$20,000	**$21,200**
Total State Trunkline	$185,300	$190,300	$184,300	**$188,900**
Total Expenditures	$905,375	$682,500	$713,400	**$781,300**

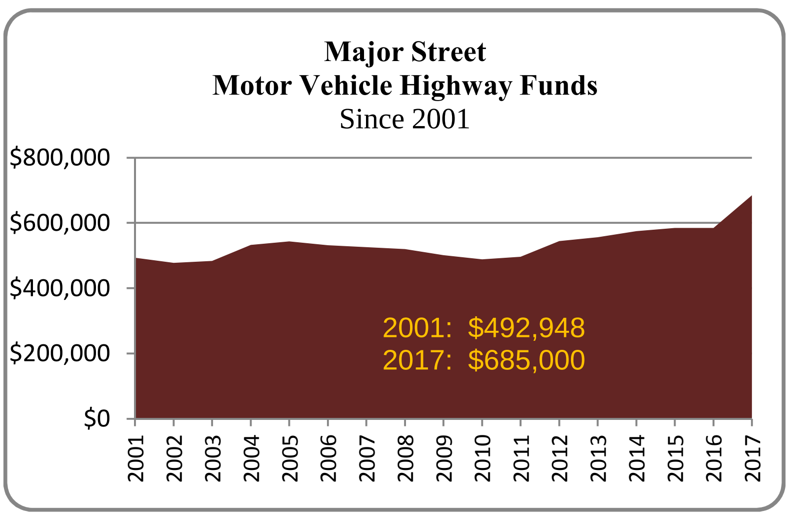
Other Fund Information

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

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

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.



The State of Michigan passed new legislation in 2015 that is projected to provide an additional $100,000 in revenue beginning in FY2017. If the State follows through on the funding promise, this amount should increase over the next few years. These additional revenues were primarily from increased vehicle registration fees and gas tax increases which subsequently flow through the Michigan Transportation Fund and get disbursed to locals through Act 51 requirements.

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.

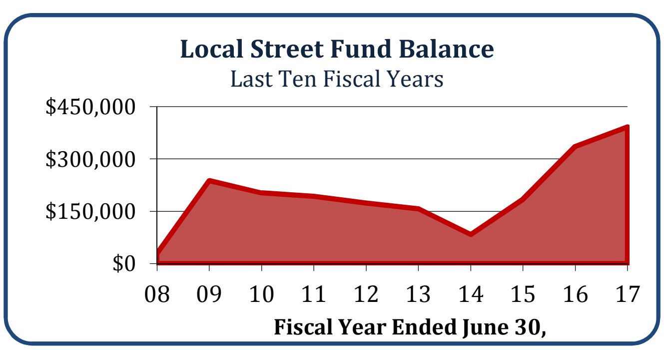
PERFORMANCE MEASURES - LOCAL STREET SYSTEM

	Actual		*Projected*	*Budgeted*	
MEASURE — **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
Miles of Local Streets	41.81	41.81	41.81	41.81	↔
Operating Expenditures per Road Mile	$7,831	$7,813	$9,514	$9,275	↑
Operating Expenditures per Resident	$32	$32	$38	$37	↑
Hours Spent in Local Street Maintenance	5,758	4,309	5,938	5,324	↔
Cost per Hour of Local Street Maintenance	$57	$76	$67	$73	↑
Total Winter Maintenance Expenditures	$142,076	$94,929	$99,800	$98,800	↓
Hours Spent in Winter Maintenance	1,607	991	1,069	1,053	↓
Cost per Hour of Winter Maintenance	$88	$96	$93	$94	↑
Winter Maintenance Expenditures per Mile	$3,398	$2,270	$2,387	$2,363	↓
Winter Maintenance Expenditures per Resident	$14	$9	$10	$10	↓
% of Local Streets remaining Unpaved	4.38%	4.38%	4.38%	4.38%	↔
Number of Trees Planted	32	60	75	75	↑
Number of Trees Removed	63	35	50	50	↔

Local Street Fund

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Motor Vehicle Highway Fund	$210,388	$210,000	$207,000	**$255,000**
State of Michigan	68,038	100,000	0	**0**
Interest Income	2	500	500	**500**
Other Revenue	1,000	0	0	**0**
General Fund	243,750	325,000	325,000	**200,000**
Major Street Fund	60,000	60,000	60,000	**150,000**
Surplus	0	0	0	**0**
Total	$583,178	$695,500	$592,500	**$605,500**
Expenditures				
Construction	$5,558	$8,600	$7,500	**$7,500**
Surface Maintenance	58,485	61,500	78,600	**79,200**
Sweeping and Flushing	50,866	49,000	46,200	**46,200**
Forestry	51,380	82,000	83,500	**71,500**
Catch Basin	38,177	35,000	39,300	**39,000**
Drainage	11,107	16,000	17,800	**12,500**
Traffic Services	21,710	30,000	32,600	**40,600**
Winter Maintenance	94,930	91,500	99,800	**98,800**
Administration	149,479	135,300	138,300	**139,500**
TOTAL EXPENDITURES	$481,692	$508,900	$543,600	**$534,800**
Fund Balance				
Net Change in Fund Balance	$101,486	$186,600	$48,900	**$70,700**
Fund Balance - Beginning of Year	83,076	184,562	184,562	**371,162**
Ending Fund Balance	$184,562	$371,162	$233,462	**$441,862**

Fund Balance Analysis



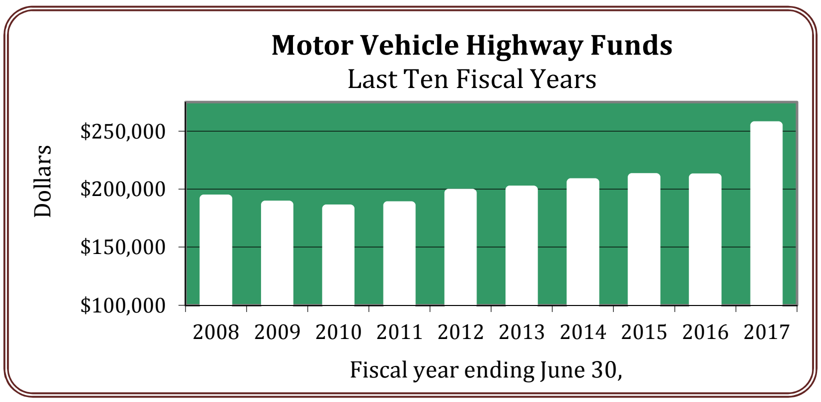
Fund Balance
The Local Street Fund does not typically have a significant fund balance. In FY2009, proceeds from a sale of a property owned by the City were transferred to this fund to be allocated to street construction projects. This amount will be spent down over the next couple of fiscal years on construction projects.

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. Revenue from the State of Michigan is projected to increase by about $45,000 in FY2017 based on new legislation passed by the State. This revenue is primarily derived from increased vehicle registration fees and increased gas taxes that flow into the Michigan Transportation Fund before being disbursed to locals pursuant to Act 51.

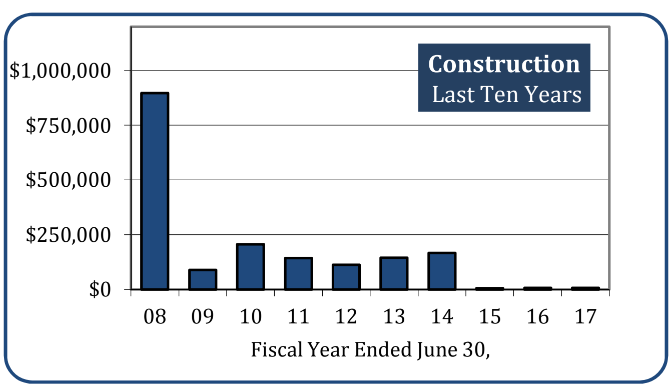
The second major source of revenue is a contribution from the General Fund which is needed to help balance the fund. Local taxpayers contribute to this fund since State tax collections are not returned in sufficient amounts to maintain and improve the local roadway system. This is typical for local governments 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 $1.8 million. Much of this construction has been paid for through the use of grant funding. Securing grants to assist in funding capital projects is a critical function within the City 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 FY2017:

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

Local Street Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenditures				
Construction				
Contractual Services	$5,558	$8,600	$7,500	**$7,500**
Surface Maintenance				
Salaries and Wages	$13,959	$13,500	$17,000	**$17,000**
Fringes	8,100	8,000	9,600	**10,200**
Operating Supplies	13,879	15,000	17,000	**17,000**
Equipment Rental	22,547	25,000	35,000	**35,000**
Total Surface Maintenance	$58,485	$61,500	$78,600	**$79,200**
Sweeping and Flushing				
Salaries and Wages	$7,196	$7,000	$7,000	**$7,000**
Fringes	5,683	4,500	4,200	**4,200**
Operating Supplies	3,549	2,500	0	**0**
Equipment Rental	34,438	35,000	35,000	**35,000**
Total Sweeping and Flushing	$50,866	$49,000	$46,200	**$46,200**
Forestry				
Salaries and Wages	$12,521	$25,000	$25,500	**$20,500**
Fringes	6,662	15,000	15,000	**12,000**
Operating Supplies	7,877	5,000	5,000	**6,000**
Contractual Services	8,423	7,000	8,000	**8,000**
Equipment Rental	15,897	30,000	30,000	**25,000**
Total Forestry	$51,380	$82,000	$83,500	**$71,500**
Catch Basin				
Salaries and Wages	$9,101	$10,000	$12,500	**$12,000**
Fringes	5,568	6,000	6,800	**7,000**
Operating Supplies	2,880	2,000	2,000	**2,000**
Utilities	2,003	2,000	2,000	**2,000**
Equipment Rental	18,625	15,000	16,000	**16,000**
Total Catch Basin	$38,177	$35,000	$39,300	**$39,000**

Local Street Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenditures (Cont'd)				
Drainage				
Salaries and Wages	$4,788	$7,000	$8,500	**$5,500**
Fringes	2,702	3,500	4,800	**3,000**
Operating Supplies	775	1,000	0	**0**
Equipment Rental	2,842	4,500	4,500	**4,000**
Total Drainage	$11,107	$16,000	$17,800	**$12,500**
Traffic Services				
Salaries and Wages	$8,178	$11,000	$11,500	**$11,000**
Fringes	4,685	6,000	6,600	**6,600**
Operating Supplies	4,443	6,000	8,000	**15,000**
Contractual Services	225	500	0	**0**
Equipment Rental	4,179	6,500	6,500	**8,000**
Total Traffic Services	$21,710	$30,000	$32,600	**$40,600**
Winter Maintenance				
Salaries and Wages	$16,826	$17,000	$18,000	**$18,000**
Fringes	9,075	9,500	10,800	**10,800**
Operating Supplies	18,802	15,000	15,000	**15,000**
Equipment Rental	50,227	50,000	56,000	**55,000**
Total Winter Maintenance	$94,930	$91,500	$99,800	**$98,800**
Administration				
Salaries and Wages	$51,027	$37,000	$38,500	**$38,500**
Fringes	18,803	18,000	19,500	**19,500**
Audit	1,000	1,000	1,000	**1,000**
Operating Supplies	0	3,500	3,500	**3,500**
Equipment Rental	7,449	7,500	7,500	**7,500**
Transfers Out	71,200	68,300	68,300	**69,500**
Total Administration	$149,479	$135,300	$138,300	**$139,500**
TOTAL EXPENDITURES	$481,692	$508,900	$543,600	**$534,800**

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:

Bond Issue	**Principal**	**Interest**	**Total**	
2004 GO Capital Improvement Bonds	59,300	9,200	**68,500**	
		Total:	**$68,500**	
			$500	Audit Fees
			$500	Paying agent fees
			$69,500	

Administrative Charges

Administrative Salaries represents 60% of the Street Superintendent.

Unpaved Local Streets	Length (Miles)
Francis	0.13
Huston	0.33
Illinois Ave.	0.10
Indiana Ave.	0.06
Marathon Dr.	0.25
Martina	0.15
W. Nelson	0.02

Unpaved Local Streets	Length (miles)
Pennsylvania Ave.	0.10
Pollard	0.23
Skate Rd.	0.06
Waldo	0.25
Wall	0.07
Wilcox	0.08
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%

`

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.

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 primarily of seasonal workers in addition to labor supplied by the Street Department as needed. The seasonal workers do not typically work during the winter months, but begin working when the snow melts to maintain the Cemetery.

Advisory Board

Glenna Anderson, *Chairperson*
Charles LaBar, *Member*
Thomas Olmsted, *Member*
Keri Lanning, *Secretary*
Bruce DeWitt, *Ex-Officio, Director of Public Works and Engineering*

PERFORMANCE MEASURES - MAPLE HILL CEMETERY

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
Number of Lots Sold	41	36	30	30	↔
Number of Burials	45	43	40	40	↔
Number of Cremains	34	37	30	30	↔
Total Generated Revenue	$51,940	$63,807	$52,000	$52,000	↔
General Fund Contribution	$75,000	$75,000	$75,000	$65,000	↔
G.F. Contribution as % of Expenditures	50%	54%	59%	56%	↔

Cemetery Operating Fund

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenue				
Charges For Services:				
Sale of Lots & Burial Rites	$14,625	$10,000	$10,000	**$10,000**
Grave Openings & Storage	42,550	35,000	34,000	**35,000**
Foundations & Miscellaneous	6,632	7,000	8,000	**7,000**
Miscellaneous:				
Transfer In - Perpetual Care	12,000	0	0	**0**
Contribution from General Fund	75,000	75,000	75,000	**65,000**
Surplus	0	0	0	**0**
Total	$150,807	$127,000	$127,000	**$117,000**
Expenditures				
Salaries - Regular	$41,510	$35,000	$42,000	**$25,000**
Salaries - Part Time	27,299	27,000	21,000	**32,000**
Fringes	28,092	20,000	26,000	**16,000**
Liability Insurance	500	500	500	**500**
Operating Supplies	13,855	15,000	15,000	**15,000**
Audit	500	500	500	**500**
Utilities	6,836	9,000	11,000	**11,000**
Telephone	183	0	300	**0**
Equipment Rental	5,495	6,000	5,000	**7,500**
Travel & Education	349	400	500	**500**
Repair and Maintenance	4,248	5,000	5,000	**5,000**
Capital Outlay	10,357	0	0	**0**
Total	$139,224	$118,400	$126,800	**$113,000**
Fund Balance				
Net Change in Fund Balance	11,583	8,600	200	**4,000**
Fund Balance - Beginning of Year	20,004	31,587	31,587	**40,187**
Ending Fund Balance	$31,587	$40,187	$31,787	**$44,187**

Cemetery Staffing
Beginning in this fiscal year (FY2017), Cemetery maintenance will be added to the responsibilities of Street Department personnel. The Parks and Cemetery Superintendent will oversee the operations and be the primary point of contact for scheduling of other cemetery services like burials, etc.

Part-Time Labor
With the change in general personnel structure, there will be additional seasonal workers hired to perform maintenance operations and other core cemetery services.

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 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, 40% by the General Fund and 20% by the Downtown Development Authority. This position works primarily with the downtown merchants and the related promotions and recruitment.

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Interest Income	$6,742	$7,500	$10,000	**$10,000**
Interest Income - Loans	13,297	17,000	13,000	**15,000**
Surplus	0	47,000	40,900	**44,400**
Total	$20,039	$71,500	$63,900	**$69,400**
Expenditures				
Urban Redevelopment and Housing Administration	$23,733	$27,600	$30,000	**$35,000**
Community Development Director	36,385	36,400	33,900	**34,400**
	$60,118	$64,000	$63,900	**$69,400**
Fund Balance				
Net Change in Fund Balance	($40,079)	($39,500)	($40,900)	**($44,400)**
Fund Balance - Beginning of Year	1,350,766	1,310,687	1,310,687	**1,271,187**
Ending Fund Balance	$1,310,687	$1,271,187	$1,269,787	**$1,226,787**

Cadillac Development Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenditures				
Urban Redevelopment and Housing Administration				
Office Supplies	$0	$100	$0	**$0**
Audit	500	500	500	**500**
Contractual Services	1,700	0	2,500	**2,500**
Administration	12,000	12,000	12,000	**12,000**
Transfer Out - Auto Parking Fund	9,533	15,000	15,000	**20,000**
Total Administration	$23,733	$27,600	$30,000	**$35,000**
Community Development Director				
Salaries	$25,570	$25,000	$22,000	**$23,000**
Fringes	10,815	10,500	11,000	**10,500**
Office Supplies	0	100	300	**300**
Dues and Publications	0	300	300	**300**
Travel & Education	0	500	300	**300**
Total Community Development Director	$36,385	$36,400	$33,900	**$34,400**
Total Expenditures	$60,118	$64,000	$63,900	**$69,400**

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

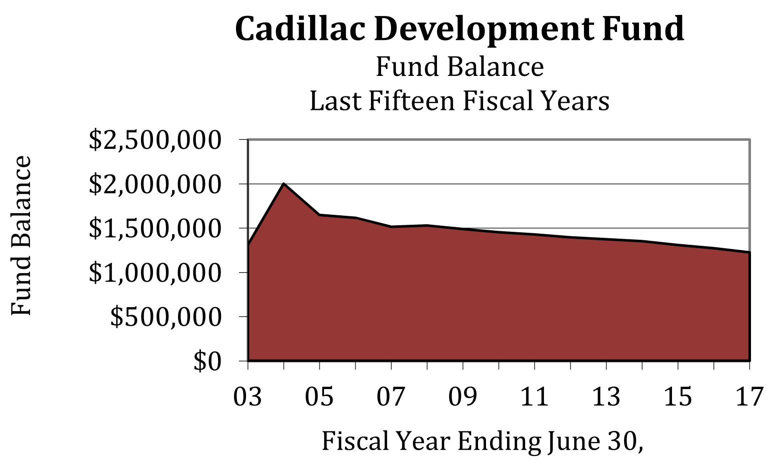
The Community Development Director also serves as the administrator of planning and zoning and as the Downtown Development Authority Director.

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	Business
108 Beech Street	Commercial Rental Facility
102 South Mitchell Street (2 granted) *	Lakeside Title/Manpower
106 South Mitchell Street *	Shay Station
112 South Mitchell Street	Brink's Custom Framing
114 South Mitchell Street	Steve Fowler's Hairstyling Salon
118 South Mitchell Street	Quadrant Northwest Appraisal Service
134 West Harris Street *	Baird, Cotter & Bishop, CPA, PC
408 North Mitchell Street	Comfort Center
823 North Mitchell Street	Muffler Man
117 North Mitchell Street *	Commercial/Retail Rental Building
114 S. Mitchell Street	The Landing Dance Academy

* See additional highlights of project below

Cadillac Development Fund

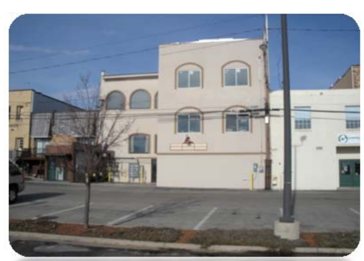
Project Highlights (Continued)

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.



Fund: Naval Reserve Center Fund

Type: Special Revenue Fund
Oversight: Director of Finance

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

The only current tenants at the facility are the Senior Center and the Wexford Genealogical Society. In order to sustain the facility, new tenants and/or funding sources must be found. There is currently not enough revenue to support the costs of keeping the facility open. This will be a focus of the upcoming fiscal year.

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Rental Income:				
City of Cadillac Parks Division	1,500	1,500	1,500	**1,500**
Senior Citizens Center	6,410	6,500	6,000	**7,500**
Northwest Baptist Association	3,608	0	4,000	**0**
Wexford Genealogical Society	1,310	1,300	600	**1,400**
Miscellaneous	5,000	3,500	10,400	**10,400**
Surplus	0	8,500	0	**0**
Total	$17,828	$21,300	$22,500	**$20,800**
Expenditures				
Building Maintenance	$260	$4,500	$5,000	**$5,000**
Liability Insurance	500	500	500	**500**
Utilities	17,442	18,000	17,000	**17,000**
Total	$18,202	$23,000	$22,500	**$22,500**
Fund Balance				
Net Change in Fund Balance	($374)	($10,200)	$0	**($1,700)**
Fund Balance - Beginning of Year	12,365	11,991	11,991	**1,791**
Ending Fund Balance	$11,991	$1,791	$11,991	**$91**

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	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Special Assessment Payments	$147	$0	$0	**$0**
Local Funds	0		0	**0**
Interest Income	1,184	700	1,500	**1,500**
Surplus	0	0	100,000	**90,000**
Total	$1,331	$700	$101,500	**$91,500**
Expenditures				
Contractual Services	$29,048	$75,000	$100,000	**$90,000**
Supplies	120	500	1,000	**1,000**
Audit	500	500	500	**500**
Total	$29,668	$76,000	$101,500	**$91,500**
Fund Balance				
Net Change in Fund Balance	($28,337)	($75,300)	($100,000)	**($90,000)**
Fund Balance - Beginning of Year	197,887	169,550	169,550	**94,250**
Ending Fund Balance	$169,550	$94,250	$69,550	**$4,250**

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.

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 FY2017.

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Land Contract - Grant	$0	$0	$0	**$0**
Interest Income	1,352	1,000	1,000	**1,000**
Total	$1,352	$1,000	$1,000	**$1,000**
Expenditures				
Audit	$0	$0	$0	**$0**
Operating Supplies	0	0	0	**0**
Total	$0	$0	$0	**$0**
Fund Balance				
Net Change in Fund Balance	$1,352	$1,000	$1,000	**$1,000**
Fund Balance - Beginning of Year	115,754	117,106	117,106	**118,106**
Ending Fund Balance	$117,106	$118,106	$118,106	**$119,106**

Fund: SAW Grant Fund

Type: Special Revenue Fund
Oversight: Utilities Director

Nature and Purpose:
In 2014 the City received a Stormwater, Asset Management, and Wastewater (SAW) grant from the State of Michigan. This grant was in the amount of $2 million and had no requirement for a local match. The grant covers professional services related to a thorough analysis of the City's wastewater and storm water infrastructure, the development of an Asset Management Plan, and other professional services.

This fund is a temporary fund that will account for this grant until it is completed, which is expected to be October 2017.

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Grant Funds	$0	$1,000,000	$2,000,000	**$1,000,000**
Total	$0	$1,000,000	$2,000,000	**$1,000,000**
Expenditures				
Contractual Services	$0	$1,000,000	$2,000,000	**$1,000,000**
Total	$0	$1,000,000	$2,000,000	**$1,000,000**
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**

Contractual Service

The principal use of funding provided by the millage is for engineering and other professional services. The City has contracted with the local engineering firm Prein & Newhof to complete the grant work.

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.

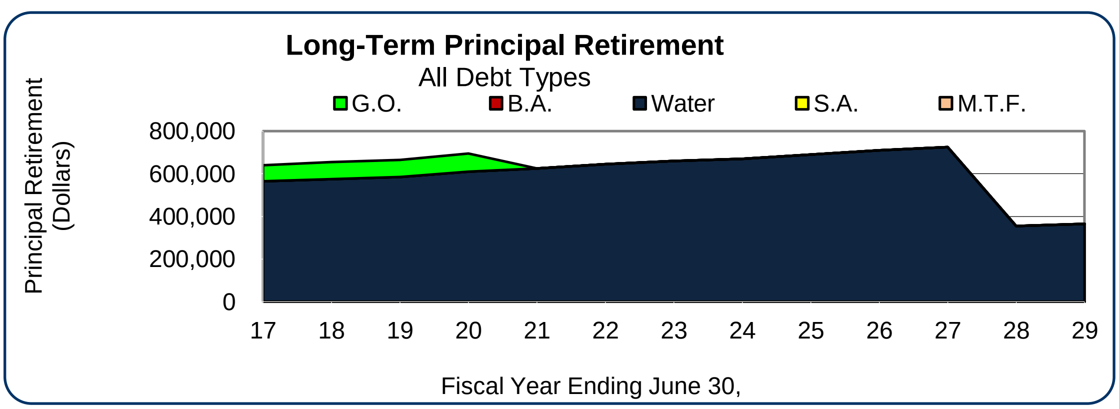
More information regarding the City's debt policy can be found in the Supplemental Section of the Operating Budget document.

LEGAL DEBT MARGIN - JUNE 30, 2015 (amounts expressed in thousands)

Taxable Valuation			$242,969
Statutory Debt Limit - 10% of Assessed Valuation			$24,297
Amount of Debt Applicable to Limit:			
Gross Bonded Debt		$9,250	
Less			
Assets Available for Debt Service	2		
Bond Debt Not Subject To Limit:			
Special Assessment Bonds			
Revenue Bonds	8,694		
Other Debt	26	8,722	
Total Amount of Debt Applicable to Debt Limit			528
LEGAL DEBT MARGIN			$23,769

Principal Retirement Schedule

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



Debt Service Funds Summary

Debt Summary

Fiscal Year Ending June 30, 2017				
			July 1, 2016 - June 30, 2017 Debt Service Payments	
Description of Debt	**Fund Servicing Debt**	**Debt Outstanding June 30, 2015**	**Principal**	**Interest**
Revenue Bonds				
2007	State of Michigan SRF	2,650,205	185,000	41,563
2012	State of Michigan DWRF	1,948,856	100,000	48,722
2013	Revenue Refunding	3,545,000	275,000	92,003
General Obligation Bonds				
2004	Major/Local Streets	320,000	75,000	11,654
Total Debt		$8,464,061	$635,000	$193,942

Other Debt Statistics

Fiscal Year Ending June 30,	Total Debt Per Capita Total Debt Per Capita (inclusive of all funds) 2010 Census - 10,355	Rate of Principal Retirement
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%
2017	817.39	7.50%

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	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Transfer from Local Street Fund	$71,200	$68,300	$68,300	**$69,500**
Transfer from Major Street Fund	17,800	18,200	18,200	**18,500**
Interest Income	1	0	0	**0**
Total	$89,001	$86,500	$86,500	**$88,000**
Expenditures				
Audit	500	500	500	**500**
Bond Principal Paid	70,000	70,000	70,000	**75,000**
Interest Expense	17,893	16,000	16,000	**12,500**
Total	$88,393	$86,500	$86,500	**$88,000**
Fund Balance				
Net Change in Fund Balance	$608	$0	$0	**$0**
Fund Balance - Beginning of Year	133,452	134,060	134,060	**134,060**
Ending Fund Balance	$134,060	$134,060	$134,060	**$134,060**

	DEBT SERVICE REQUIREMENTS					
	Major Street Fund		Local Street Fund		**Total Debt Service**	
Fiscal Year	Principal	Interest	Principal	Interest	**Principal**	**Interest**
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**
	67,200	5,730	252,800	21,554	**$320,000**	**$27,284**

2004 General Obligation Capital Improvement Debt Retirement Fund

DEBT SERVICE DETAILS

		Amount Redeemed Prior	Amount Redeemed Current	Balance
AMOUNT OF ISSUE	$995,000	$605,000	$70,000	$320,000

DUE DATES	RATE	PRINCIPAL	INTEREST	TOTAL
	DEBT SERVICE REQUIREMENTS			
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
		$320,000	$27,284	$347,284

FIVE YEAR PROJECTIONS

	Fiscal Year Ending June 30, 2018	2019	2020	2021	2022
Revenues					
Local Contribution - Local Street Fund	$71,500	$68,700	$69,500	$0	$0
Local Contribution - Major Street Fund	19,000	18,300	18,500	0	0
Total Revenues	$90,500	$87,000	$88,000	$0	$0
Expenditures					
Audit	$500	$500	$500	$0	$0
Principal Payment	80,000	80,000	85,000	0	0
Interest Expense	10,000	6,500	2,500	0	0
Total Expenditures	$90,500	$87,000	$88,000	$0	$0

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. Also accounts for bond proceeds received and subsequently used to fund major construction and capital projects.

Capital Projects Funds Summary

FY2017

	Industrial Park Fund	Special Assessments Capital Projects Fund	Total
Revenues			
Sale of Property	$35,000		$35,000
Local Funds			0
Grants			0
Interest Income	4,000	$500	4,500
Interest Income - Assessments		1,500	1,500
Special Assessment Principal		11,500	11,500
Bond Proceeds		2,000,000	2,000,000
Contributions			0
Surplus	5,300		5,300
Total Revenue (2)	$44,300	$2,013,500	$2,057,800
Expenditures			
Fees and Commissions	$3,500		$3,500
Administration	2,500	$1,500	4,000
Contractual Services			0
Construction	25,000	1,500,000	1,525,000
Office Supplies			0
Principal Payment	13,300		13,300
Interest Payment			0
Total Expenditures	$44,300	$1,501,500	$1,545,800
Fund Balance			
Net Change in Fund Balance (1)	($5,300)	$512,000	$506,700
Fund Balance - Beginning	$375,606	$4,310	$379,916
Fund Balance - End of Year	$370,306	$516,310	$886,616

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.

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	3,565	3,500	4,000	**4,000**
Surplus	0	15,300	10,100	**5,300**
Total	$3,565	$18,800	$49,100	**$44,300**
Expenditures				
Groundwater Cleanup	$0	$0	$2,000	**$2,000**
Audit	500	500	500	**500**
Capital Outlay	0	0	25,000	**25,000**
Prinicipal Payment	17,721	17,800	17,800	**13,300**
Fees and Commissions	276	500	3,500	**3,500**
Total	$18,497	$18,800	$48,800	**$44,300**
Fund Balance				
Net Change in Fund Balance	($14,932)	($15,300)	($9,800)	**($5,300)**
Fund Balance - Beginning of Year	405,838	390,906	375,606	**375,606**
Ending Fund Balance	$390,906	$375,606	$365,806	**$370,306**

Industrial Park Fund

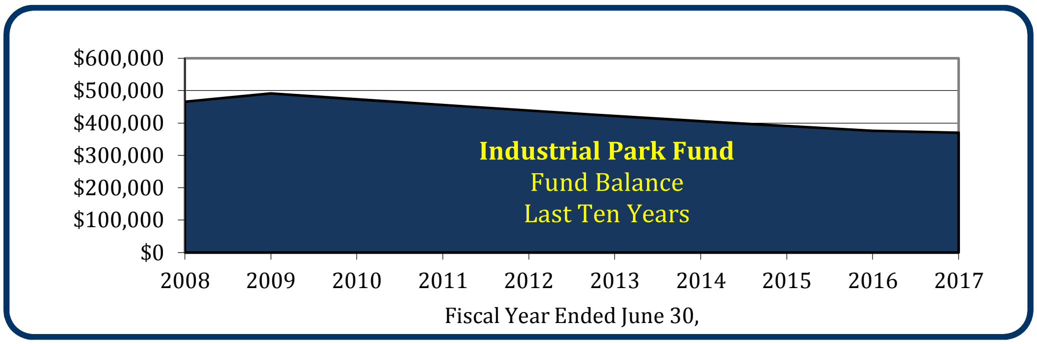
Fund Financial Highlights

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, 2016 was $13,291.

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
- Michigan Rubber Products
- Metal Punch, Inc.
- Beneteau Group (Boat Manuf.) Main Plant
- Beneteau Group (Boat Manuf.) Engineering Facility
- FIAMM Technologies
- Hope Network

Harry VanderJagt Industrial Park - "Certified Industrial Park"

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

James Potvin Industrial Park - "Certified Industrial Park"

- Piranha Hose
- Spencer Plastics

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	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Interest Income - Special Assessment	$3,438	$2,500	$1,500	**$1,500**
Special Assessment	16,973	13,600	12,000	**11,500**
Bond Proceeds	0	0	2,000,000	**2,000,000**
Grant Revenue	305,117	0	0	**0**
Interest Income	0	0	500	**500**
Surplus	0	0	0	**0**
Total Revenue	$325,528	$16,100	$2,014,000	**$2,013,500**
Expenditures				
Audit	$500	$500	$1,500	**$1,500**
Construction	501,742	40,000	1,300,000	**1,500,000**
Total Expenditures	$502,242	$40,500	$1,301,500	**$1,501,500**
Fund Balance				
Net Change in Fund Balance	($176,714)	($24,400)	$712,500	**$512,000**
Fund Balance - Beginning of Year	205,424	28,710	28,710	**4,310**
FUND BALANCE AT YEAR END	$28,710	$4,310	$741,210	**$516,310**

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

FY2017 Major Construction Projects

Source of Funds:

Project	Bond Proceeds	Capital Projects Fund	Local Street Fund	Utilities Fund	Major Street Fund	**Total**
Leeson Street	$130,000					**$130,000**
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**
Marble Street	180,000			100,000		**280,000**
Blodgett Street	65,000			25,000		**90,000**
Water Supply Improvements				500,000		**500,000**
Total Projects	$1,375,000	$0	$0	$885,000	$0	**$2,260,000**

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 FY2017 accordingly.

> The Well Supply Improvements project will encompass several years and cost an estimated $6 million in total. The project began in 2011, and early Phase II costs are included in the FY2017 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.

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.

Permanent Funds Summary

Permanent Funds Financial Summary

FY2017

	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	507,085	414,145	**921,230**
Ending Fund Balance	521,085	421,645	**942,730**

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.

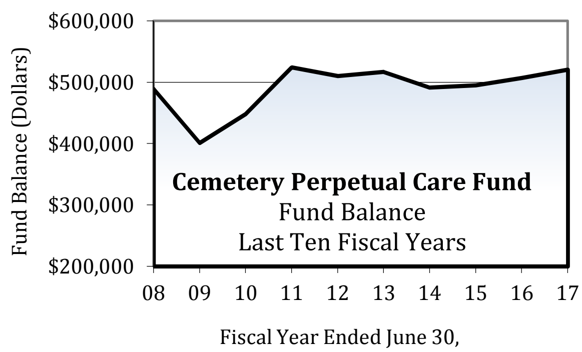
FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Perpetual Care of Lots	$14,625	$8,500	$7,500	**$7,500**
Gain (Loss) on Investments	0	2,000	2,000	**2,000**
Interest Income	1,276	2,000	5,000	**5,000**
Surplus	0	0	0	**0**
TOTAL REVENUES	$15,901	$12,500	$14,500	**$14,500**
Expenditures				
Audit	$501	$500	$500	**$500**
Transfer out - Cemetery Operating	12,000		0	**0**
Total	$12,501	$500	$500	**$500**
Fund Balance				
Net Change in Fund Balance	$3,400	$12,000	$14,000	**$14,000**
Fund Balance - Beginning of Year	491,685	495,085	495,085	**507,085**
Ending Fund Balance	$495,085	$507,085	$509,085	**$521,085**

Cemetery Perpetual Care Fund

Fund Financial Highlights

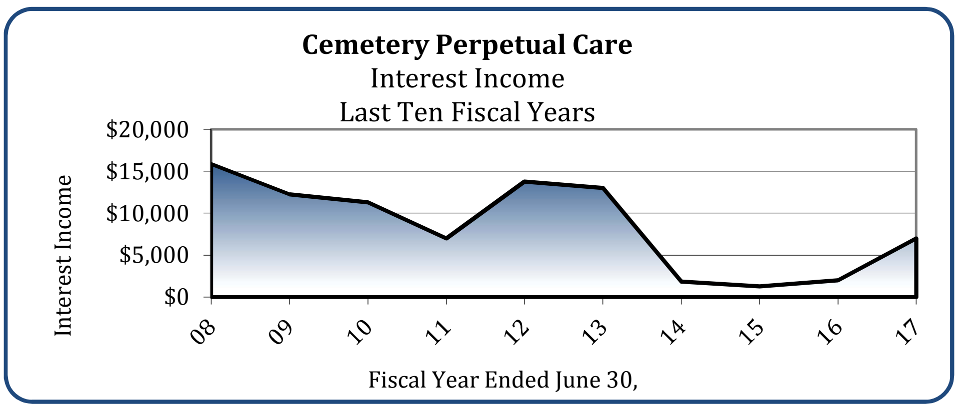
Fund Balance

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 2015*** 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.

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.

In FY2016, the City Council designated a portion of the principal to complete the Cadillac Performing Arts Pavilion Renovation Project.

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Interest Income	$1,603	$1,500	$7,000	**$7,000**
Gain on Investments	0	0	1,000	**1,000**
Surplus	0	0	0	**0**
Total	$1,603	$1,500	$8,000	**$8,000**
Expenditures				
Audit	$500	$500	$500	**$500**
Contribution - Public Infrastructure	12,654	165,000	165,000	**0**
Total	$13,154	$165,500	$165,500	**$500**
Fund Balance				
Net Change in Fund Balance	($11,551)	($164,000)	($157,500)	**$7,500**
Fund Balance - Beginning of Year	589,696	578,145	578,145	**414,145**
Ending Fund Balance	$578,145	$414,145	$420,645	**$421,645**

Capital Projects Trust Fund

Past Public Infrastructure Projects

Fiscal Year	*Projects Assisted with Endowment Earnings*	*Amount*
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
2015	Lakefront Accessible Playground	12,654
2016	Rotary Pavilion	165,000
	Total:	**$323,954**

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.

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 enforse 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.

Enterprise Funds Summary

Nonmajor Enterprise Funds Financial Summary

FY2017

	Auto Parking Fund	Building Authority Operating Fund	Total
Revenues			
Interest Income	$1,000	$1,000	**$2,000**
Downtown Parking Assessment	49,500		**49,500**
Rental		154,000	**154,000**
Fines and Permits	2,500		**2,500**
Local Funds	19,200		**19,200**
Total Revenues	72,200	155,000	**227,200**
Expenditures			
Operating Expenses	72,200	121,000	**193,200**
Debt Service			**0**
Total Expenditures	72,200	121,000	**193,200**
Fund Balance			
Net Change in Fund Balance	0	34,000	**34,000**
Beginning Fund Balance	666,124	1,204,997	**1,871,121**
Ending Fund Balance	666,124	1,238,997	**1,905,121**

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	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Parking Violations	$268	$500	$1,000	**$1,000**
Parking Permit Fees	1,309	1,500	1,500	**1,500**
Interest Income	2,172	1,000	1,000	**1,000**
Special Assessment	49,448	49,500	48,000	**49,500**
Local Funds	9,533	12,900	17,600	**19,200**
Surplus	0	0	0	**0**
Total	$62,730	$65,400	$69,100	**$72,200**
Expenses				
Operation	$22,706	$18,000	$23,100	**$23,100**
Lot Repair	6,579	6,400	6,400	**9,500**
Snow Plowing	13,349	17,500	22,600	**21,600**
Snow Hauling	20,097	23,500	17,000	**18,000**
Total	$62,731	$65,400	$69,100	**$72,200**
Net Position				
Change in Net Position	($1)	$0	$0	**$0**
Net Position - Beginning of Year	666,125	666,124	666,124	**666,124**
TOTAL NET POSITION - END OF YEAR				
Invested in Capital Assets	$509,752	$492,952	$492,952	**$476,152**
Unrestricted	156,372	173,172	173,172	**189,972**
TOTAL NET POSITION	$666,124	$666,124	$666,124	**$666,124**

Auto Parking Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
EXPENSES				
Operations				
Salaries - Enforcement	$3,490	$500	$5,000	**$5,000**
Fringes	1,962	200	800	**800**
Office Supplies	0	0	0	**0**
Audit	500	500	500	**500**
Depreciation	16,754	16,800	16,800	**16,800**
Total Operations	$22,706	$18,000	$23,100	**$23,100**
Lot Repair				
Salaries	$2,113	$1,500	$1,500	**$2,500**
Fringes	1,137	900	900	**1,500**
Operating Supplies	1,794	2,000	2,000	**3,000**
Equipment Rental	1,535	2,000	2,000	**2,500**
Total Lot Repair	$6,579	$6,400	$6,400	**$9,500**
Snow Plowing				
Salaries	$3,099	$4,000	$6,000	**$6,000**
Fringes	1,925	2,500	3,600	**3,600**
Operating Supplies	193	1,000	1,000	**1,000**
Equipment Rental	8,132	10,000	12,000	**11,000**
Total Snow Plowing	$13,349	$17,500	$22,600	**$21,600**
Snow Hauling				
Salaries	$5,119	$5,500	$5,000	**$5,000**
Fringes	2,683	3,000	3,000	**3,000**
Equipment Rental	12,295	15,000	9,000	**10,000**
Total Snow Hauling	$20,097	$23,500	$17,000	**$18,000**
TOTAL EXPENSES	**$62,731**	**$65,400**	**$69,100**	**$72,200**

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, there are part-time wages available to pay for parking enforcement. Enforcement activities are conducted under the supervision of the Chief of Police.

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	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Rental Income	$195,870	$154,000	$154,000	**$154,000**
Interest Income	964	1,200	1,500	**1,000**
Total	$196,834	$155,200	$155,500	**$155,000**
Expenditures				
Building Maintenance	20,113	20,000	20,000	**20,000**
Contractual Services	18,008	20,000	30,000	**30,000**
Audit	500	900	900	**500**
Liability Insurance	700	700	700	**1,500**
Utilities	2,739	3,200	3,500	**4,000**
Administration	5,000	15,000	15,000	**15,000**
Depreciation	36,408	47,000	39,500	**50,000**
Debt Service				
Interest Payment	8,333	4,000	4,500	**0**
Total	$91,801	$110,800	$114,100	**$121,000**
Net Position				
Change in Net Position	$105,033	$44,400	$41,400	**$34,000**
Total Net Position - Beginning of Year	1,055,564	1,160,597	1,160,597	**1,204,997**
TOTAL NET POSITION - END OF YEAR				
Invested in Capital Assets	1,006,005	1,200,000	1,200,000	**1,200,000**
Unrestricted	154,592	4,997	1,997	**38,997**
TOTAL NET POSITION	$1,160,597	$1,204,997	$1,201,997	**$1,238,997**

Building Authority Operating Fund

Fund Highlights

Revenues

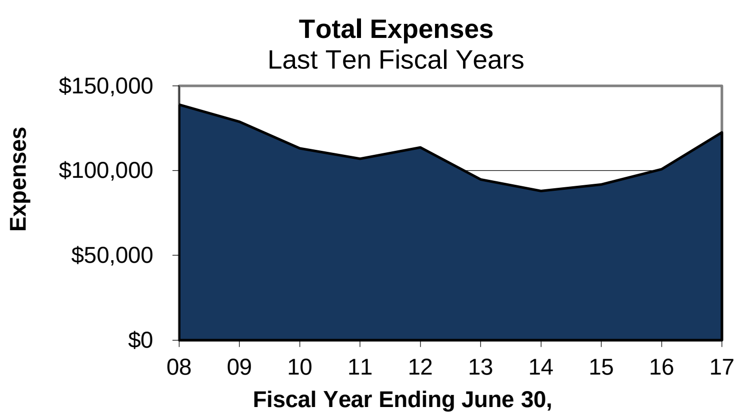
The City of Cadillac rents the building to the State of Michigan and the rent is based on the operating expenses as well as the debt payments on the bond. The lease with the State of Michigan has been extended for six (6) years through March 31, 2021 with another option to renew for an additional fifteen (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 was fully repaid in FY2016.

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

Chairperson:	Vice-Chairperson:	Secretary - Treasurer:
Marcus A. Peccia	*Michael Homier*	*Owen E. Roberts*
City Manager	Foster, Swift, Collins & Smith	Director of Finance
City of Cadillac	City Attorney	City of Cadillac
	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.

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.

Internal Service Funds Summary

Internal Service Funds Financial Summary

FY2017

Revenues	Stores and Garage Fund	Information Technology Fund	Self-Insurance Fund	Employee Safety Fund		Total
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	5,500	500				**6,000**
Intergovernmental Services		196,000		15,500		**211,500**
Employer Contribution			937,500			**937,500**
Employee Contribution			50,000			**50,000**
Surplus			197,500			**197,500**
Total Revenues	$560,500	$196,600	$1,200,000	$15,600	(2)	**$1,972,700**
Expenditures						
Administration	$413,500		$40,000	$15,500		**$469,000**
Outside Work	34,100					**34,100**
Building & Grounds	30,800					**30,800**
Operating		$160,900				**160,900**
Reinsurance			940,000			**940,000**
Benefit Payments			220,000			**220,000**
Interest Expense	8,000					**8,000**
Depreciation	70,000	35,000				**105,000**
Total Expenditures	$556,400	$195,900	$1,200,000	$15,500		**$1,967,800**
Change in Net Assets (1)	$4,100	$700	($197,500)	$100		**($192,600)**
Net Assets - Beginning of Year	314,160	438,812	901,222	10,189		**1,664,383**
Net Assets - End of Year	$318,260	$439,512	$703,722	$10,289		**$1,471,783**

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.

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 FY2017. 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

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
Number of Vehicles/Equipment Maintained	75	75	75	75	↔
Total Fuel Costs	$71,131	$42,084	$55,000	$60,000	↔
Gallons of Diesel Used	18,764	15,009	18,000	18,000	↔
Gallons of Unleaded Fuel Used	3,788	3,443	4,000	4,000	↔
Cost per Gallon - Diesel	$3.14	$2.19	$2.50	$2.75	↔
Cost per Gallon - Unleaded	$2.87	$2.30	$2.30	$2.65	↔
Total Annual Cost of Road Salt	$68,550	$68,510	$82,800	$84,000	↔
Tons of Road Salt Used	1,250	1,000	1,200	1,200	↔
Cost per Ton - Road Salt	$54.84	$68.51	$69.00	$70.00	↑

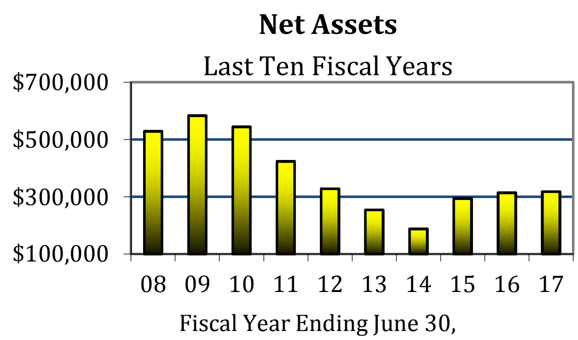
Stores and Garage Fund

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Charges for Services:				
Services & Materials	$15,889	$20,000	$25,000	**$25,000**
Equipment Rental	529,830	530,000	530,000	**530,000**
Miscellaneous				
Sale of Surplus Material	64,950	5,000	5,000	**5,000**
Administration	58,683	10,000	0	**0**
Other	127	0	1,000	**500**
Total	$669,479	$565,000	$561,000	**$560,500**
Expenses				
Administration	$512,986	$491,500	$514,000	**$491,500**
Outside Work	35,356	37,000	26,000	**34,100**
Building & Grounds	14,986	16,500	19,800	**30,800**
Total	$563,328	$545,000	$559,800	**$556,400**
Net Position				
Change in Net Position	$106,151	$20,000	$1,200	**$4,100**
Total Net Position - Beginning of Year	188,009	294,160	294,160	**314,160**
Total Net Position - End of Year	$294,160	$314,160	$295,360	**$318,260**

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.



Stores and Garage Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenses				
Administration				
Salaries and Wages	$107,290	$111,500	$105,500	**$103,000**
Fringes	51,650	60,000	63,000	**62,000**
Operating Supplies	38,772	30,000	30,000	**30,000**
Fuel Costs	44,489	45,000	60,000	**50,000**
Audit	500	500	500	**500**
Data Processing	5,000	5,000	5,000	**5,000**
Travel & Education	3,518	3,000	5,000	**5,000**
Insurance	15,071	14,300	15,000	**15,000**
Utilities	25,974	25,000	25,000	**27,000**
Employee Safety	2,437	5,000	5,000	**5,000**
General Administrative Charges	20,000	20,000	20,000	**20,000**
Depreciation	82,307	75,000	75,000	**70,000**
Equipment Maintenance	97,364	70,000	75,000	**75,000**
Equipment Rental	5,317	16,500	16,500	**16,000**
Interest Expense	13,297	10,700	13,500	**8,000**
Total Administration	$512,986	$491,500	$514,000	**$491,500**
Outside Work				
Salaries and Wages	$10,871	$12,000	$8,000	**$9,000**
Fringes	7,290	7,500	4,500	**5,100**
Supplies	1,431	1,500	5,000	**5,000**
Equipment Rental	15,764	16,000	8,500	**15,000**
Total Outside Work	$35,356	$37,000	$26,000	**$34,100**
Building & Grounds				
Salaries and Wages	$6,845	$3,500	$4,000	**$4,000**
Fringes	2,917	1,500	1,800	**1,800**
Operating Supplies	1,688	3,000	3,000	**5,000**
Contractual Services	0	0	4,000	**15,000**
Repair and Maintenance	3,536	8,500	7,000	**5,000**
Equipment Rental	0		0	**0**
Total Building & Grounds	$14,986	$16,500	$19,800	**$30,800**
Total Expenses	$563,328	$545,000	$559,800	**$556,400**

Stores and Garage Fund

Source and Use of Funds For Capital Improvements

FY2017

Source of Funds:		
Internal Loan	$200,000	
Operating Funds	83,500	
Total Source of Funds		**$283,500**
Use of Funds:		
Equipment:		
Used Bucket Truck	$75,000	
Regenerative Street Sweeper	200,000	
V-Plow for Tractor	8,500	
Total Use of Funds		**$283,500**

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

FY2017

ADDITIONS:		
Depreciation	$70,000	
Net Income (Loss)	4,100	
TOTAL ADDITIONS		**$74,100**
DEDUCTIONS:		
Principal Payment - Internal Loan	$50,000	
Capital Items	283,500	
TOTAL DEDUCTIONS		**$333,500**
NET INCREASE (DECREASE) OF AVAILABLE CASH		**($259,400)**

Fund: Information Technology Fund

Type: Internal Service Fund
Oversight: Director of Finance

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

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

Currently the IT Department equipment list includes the following:
> Approximately 65 workstations including desktop and notebook computers;
> 10 file servers including Email, Application, Storage, and Security servers;
> Numerous printers, tablets, scanners, and other related equipment and software.

PERFORMANCE MEASURES - INFORMATION TECHNOLOGY

	Actual		*Projected*	*Budgeted*	
MEASURE **Fiscal Year:**	**2014**	**2015**	**2016**	**2017**	**Trend**
Number of Workstations	63	65	65	65	↔
Operating Cost per Workstation	$3,020	$3,000	$3,015	$3,015	↔
Number of Workstations Replaced	19	15	15	15	↔
Total Capital Investment	$40,784	$40,000	$40,000	$165,000	↑

Information Technology Fund

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
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	40,000	40,000	**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	196,000	196,000	**196,000**
Interest Income	953	500	100	**100**
Sale of Property	250	100	500	**500**
Total Revenue	$202,203	$196,600	$196,600	**$196,600**
Expenses				
Salaries	$8,888	$8,900	$9,000	**$9,000**
Fringes	4,945	4,000	4,200	**5,000**
Office Supplies	6,793	6,000	7,000	**7,000**
Audit	500	500	500	**500**
Contractual Services	12,000	12,000	12,300	**12,300**
Hardware and Accessories	15,063	20,000	15,000	**20,000**
Software and Programming	61,047	62,000	66,000	**66,000**
Liability Insurance	1,100	1,100	1,100	**1,100**

Information Technology Fund

FUNDING DETAILS	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Expenses (Continued)				
Telephone	5,850	6,500	6,500	**6,500**
Travel and Education	0	500	1,500	**1,000**
Repair and Maintenance	1,102	3,000	3,000	**2,500**
Depreciation	34,414	35,000	40,000	**35,000**
Administration	30,000	30,000	30,000	**30,000**
Total Expenses	**$181,702**	**$189,500**	**$196,100**	**$195,900**
Net Position				
Change in Net Position	$20,501	$7,100	$500	**$700**
Total Net Position - Beginning of Year	411,211	431,712	431,712	**438,812**
Total Net Position - End of Year	$431,712	$438,812	$432,212	**$439,512**

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.

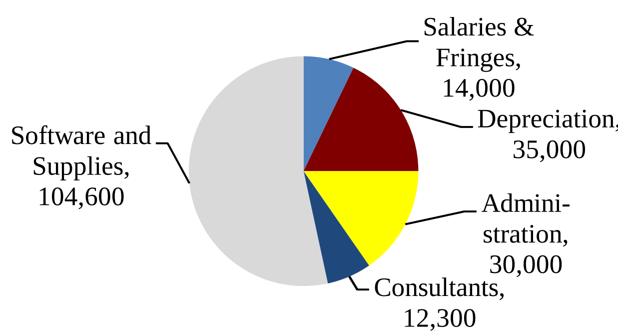
Software and Programming

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



Information Technology Fund

Other Financial Analysis

Source and Use of Funds For Capital Improvements

FY2017

Source of Funds:		
Revenues:		
Operating Revenues/Reserves	165,000	
Total Source of Funds		$165,000
Use of Funds		
Computer Replacement	$20,000	
Software Replacement	125,000	
IT Infrastructure	20,000	
Total Use of Funds		$165,000

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

Cash Flow Analysis

FY2017

Additions		
Depreciation	$35,000	
Net Income (Loss)	700	
Total Additions		$35,700
Deductions		
Capital Items	165,000	
Total Deductions		$165,000
Net Increase (Decrease) in Available Cash		**($129,300)**

Budget staff has confirmed that there will be sufficient cash on hand to handle the projected cash flow needs for FY2017.

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	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Employer Contributions	$957,669	$800,000	$875,000	**$835,000**
Employer Contributions-Dental	79,091	80,000	80,000	**80,000**
Employer Contributions-Optical	10,727	15,000	15,000	**15,000**
Employer Contributions-Life	6,672	7,000	7,000	**7,500**
Employee Contribution	72,195	52,000	60,000	**50,000**
Interest Income	7,240	8,000	15,000	**15,000**
Surplus	0	166,000	193,500	**197,500**
Total	$1,133,594	$1,128,000	$1,245,500	**$1,200,000**
Expenses				
Audit	$500	$500	$500	**$0**
Reinsurance Premiums	947,854	910,000	960,000	**940,000**
Administration	40,344	40,000	40,000	**40,000**
Benefit Payments				
Health Insurance	141,717	160,000	235,000	**210,000**
Life Insurance	11,513	17,500	10,000	**10,000**
Total	$1,141,928	$1,128,000	$1,245,500	**$1,200,000**
Net Position				
Change in Net Position	($8,334)	($166,000)	($193,500)	**($197,500)**
Total Net Position - Beginning of Year	1,075,556	1,067,222	1,067,222	**901,222**
Total Net Position - End of Year	$1,067,222	$901,222	$873,722	**$703,722**

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 80% 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 FY2017, 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

	Annual Costs						
Plan Type	**Medical**	**Dental**	**Vision**	**Total**	**Employee Co-Pay**	**Co-Pay as % of Total Costs**	**# of Participants**
Blue Cross Blue Shield PPO							
Single	$7,463	$444	$97	**$8,004**	$1,456	18.19%	2
Two-Person	$17,911	$820	$149	**$18,880**	$3,494	18.51%	2
Family	$22,389	$1,447	$267	**$24,103**	$4,368	18.12%	4
							8
Blue Care Network HMO							
Single	$5,096	$444	$97	**$5,637**	$180	3.19%	14
Two-Person	$11,722	$820	$149	**$12,691**	$300	2.36%	20
Family	$14,015	$1,447	$267	**$15,729**	$420	2.67%	39
							73

** An additional 11 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. Savings from the opt-out program vary between $3,000 up to $15,000 per employee that opts out, so it is estimated that the program saves the City around $80,000 per year in medical insurance costs.*

Fund: Safety Fund

Type: Internal Service Fund
Oversight: Safety 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	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Interest Income	$0	$0	$300	**$100**
General Fund	0	5,500	5,500	**5,500**
Water and Sewer Fund	3,500	3,500	3,500	**5,000**
Stores & Garage Fund	1,500	2,500	2,500	**5,000**
Surplus	0	0	0	**0**
Total	$5,000	$11,500	$11,800	**$15,600**
Expenditures				
Salaries and Wages	$2,500	$3,000	$3,500	**$3,500**
Fringes	424	100	1,800	**1,500**
Operating Supplies	1,482	2,500	3,000	**7,000**
Audit	500	500	500	**500**
Dues and Publications	395	300	500	**500**
Travel and Education	3,606	4,000	2,500	**2,500**
Total	$8,907	$10,400	$11,800	**$15,500**
Net Position				
Change in Net Position	($3,907)	$1,100	$0	**$100**
Total Net Position - Beginning of Year	12,996	9,089	9,089	**10,189**
Total Net Position - End of Year	$9,089	$10,189	$9,089	**$10,289**

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	**2012**	**2013**	**2014**	**2015**
Deaths	0	0	0	0
Number of cases with days away from work	1	5	2	3
Number of cases with job transfer/restriction	1	1	3	2
Other reported cases	5	3	1	0
Days				
Total days away from work	1	41	3	93
Total days of job transfer/restriction	15	4	40	41
Total hours worked - all employees	169,121	167,418	166,907	167,299

Note:

An extended leave injury to one employee in the Fire Department accounted for the increase in total days away from work in 2013 and again in 2015.

GOALS

FY2017

1. Renew first aid/CPR for staff members.
2. Provide additional hands-on training to City departments.
3. Provide training on electrical hazards.
4. Purchase AED's for Water, Wastewater, and Street Departments.

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 30.68% of the police member salaries and 31.69% of the fire members' salaries. The system is meeting its annual funding requirements. The system is 78.4% funded, slightly up from 76.1% 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

	Actuarial Valuation Date: June 30,				
MEASURE	**2012**	**2013**	**2014**	**2015**	**Trend**
Actuarially Accrued Pension **Liabilities**	$11,246,821	$11,624,354	$12,220,792	$12,681,727	↑
Funding Value of Accrued **Assets**	$8,200,264	$8,565,010	$9,304,981	$9,937,183	↑
Unfunded Actuarially Accrued **Liabilities**	$3,046,557	$3,059,344	$2,915,811	$2,744,544	↓
Funded Ratio (Assets/Liabilities)	72.91%	73.68%	76.14%	78.36%	↑
Total Pension Payments	$614,185	$719,195	$769,149	$831,337	↑
Number of Retirees	31	34	35	36	↑
Average Annual Pension	$19,812	$21,153	$21,976	$23,093	↑
Contribution Required (% of payroll) - Police	35.00%	35.15%	34.24%	30.68%	↓
Contribution Required (% of payroll) - Fire	26.98%	31.59%	29.76%	31.69%	↔
Total Contribution Required	$545,530	$549,400	$543,315	$533,253	↔
Number of Active Members	26	26	26	26	↔
Average Annual Salary	$61,564	$60,557	$62,726	$63,080	↑

Police and Fire Retirement Fund

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Additions				
Contributions - Employer	631,963	$620,000	$625,000	**$600,000**
Contributions - Employee	36,346	$35,000	$40,000	**35,000**
Interest and Dividend Income	0	500	$500	**500**
Net Appreciation (Depreciation) in the Fair Value of Plan Investments	279,835	250,000	200,000	**235,000**
Investment Expenses	(21,556)	(20,000)	(15,000)	**(20,000)**
Total Additions	$926,588	$885,500	$850,500	**$850,500**
Deductions				
Benefit Payments				
Retirement	$798,335	$840,000	$840,000	**840,000**
Administrative Expenses				
Audit	2,000	2,500	2,500	**2,500**
Contractual Services	7,700	10,000	8,000	**8,000**
Total Deductions	$808,035	$852,500	$850,500	**$850,500**
Net Change in Net Position	$118,553	$33,000	$0	**$0**
Net Position				
Beginning of Year	$9,747,530	$9,866,083	$9,866,083	**$9,899,083**
End of Year	$9,866,083	$9,899,083	$9,866,083	**$9,899,083**

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.

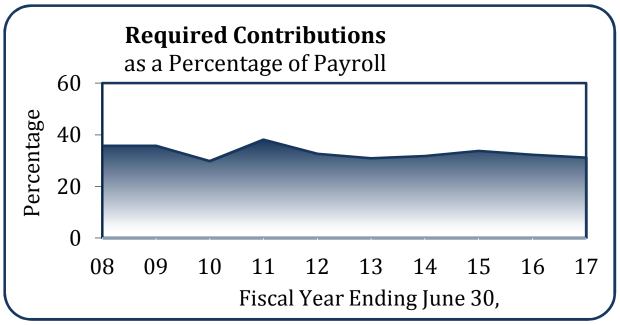
Retirement Board

Jay Thiebaut, *Chairperson* - Citizen Member
Keri Lanning, *Secretary/Treasurer* - City Treasurer
Chris Shankland, Citizen Member
Blake Meyering, 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.*

Police and Fire Retirement Fund

Plan Financial Details



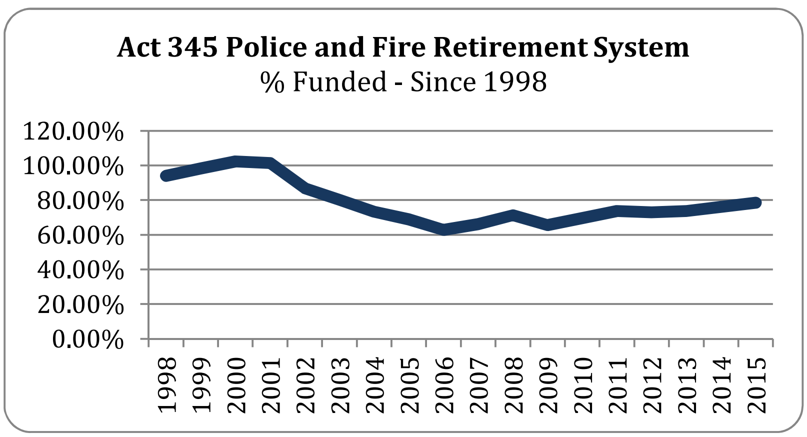
Required Contribution

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 31.09% in FY2017 from 32.22% in FY2016 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 devestating impact the economy has had recently on the assets of the system, as of the last valuation dated June 30, 2015 the plan is now 78.4% funded.

Summary of Actuarial Methods and Assumptions	
Last Valuation Date	June 30, 2015
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	10
Remaining Amortization - Benefit Increase	16 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%

Police and Fire Retirement Fund

Summary of Act 345 Benefits & Conditions

Eligibility:	***Benefit:***
Regular Retirement	
Age 50 with 25 or more years of service or age 60 regardless of service.	Straight life pension equals 2.5% of 5 year average final compensation (AFC) times first 25 years of service plus 1% of AFC times years of service in excess of 25 years.
Deferred Retirement	
10 or more years of service.	Computed as service retirement but based upon service, 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

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.

Component Unit Funds Summary

FY2017

	Local Development Finance Authority Operating	Local Development Finance Authority Utilities	Local Development Finance Authority Capital Projects	Brownfield Redevelopment Authority Operating
Revenues				
Tax Revenues			$120,000	$23,000
Interest Income	$12,000	$1,500	10,000	$500
Bond/Loan Proceeds				
Grant Funds				
Water Revenues		18,500		
Contributions				
Surplus	349,300			
Total Revenues	$361,300	$20,000	$130,000	$23,500
Expenditures				
Salaries - Regular	$18,500	$3,000		
Salaries - Part Time				
Fringes	10,200	1,800		
Other Operating Expenses	332,600	10,500	500	23,500
Debt Service				
Capital Outlay			100,000	
Total Expenditures	$361,300	$15,300	$100,500	$23,500
Fund Balance				
Net Change in Fund Balance (1)	($349,300)	$4,700	$29,500	$0
Beginning Fund Balance	696,117	452,536	1,285,023	166,233
Ending Fund Balance	$346,817	$457,236	$1,314,523	$166,233

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

Component Unit Funds Summary

Component Unit Funds Summary (Continued)

FY2017

	Downtown Development Authority	Downtown Development Authority Capital Projects	Total
Revenues			
Tax Revenues	$27,500	$70,000	$240,500
Interest Income	200	1,000	25,200
Bond/Loan Proceeds		750,000	750,000
Grant Funds		40,000	40,000
Water Revenues			18,500
Contributions	3,000	500,000	503,000
Surplus			349,300
Total Revenues	$30,700	$1,361,000	$1,926,500
Expenditures			
Salaries - Regular	$12,000		$33,500
Salaries - Part Time	3,000		3,000
Fringes	5,500		17,500
Other Operating Expenses	9,000	10,500	386,600
Debt Service		50,000	50,000
Capital Outlay		1,300,000	1,400,000
Total Expenditures	$29,500	$1,360,500	$1,890,600
Fund Balance			
Net Change in Fund Balance (1)	1,200	500	($313,400)
Beginning Fund Balance	601	215,584	$2,816,094
Ending Fund Balance	$1,801	$216,084	$2,502,694

(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.

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

Fund: Local Development Finance Authority Operating Fund

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

Nature and Purpose:
The Local Development Finance Authority (LDFA) established an operating fund which reflects the operational costs of the groundwater cleanup process in the industrial park. This fund has a sole source of revenue which is the special assessments paid by the industrial community within the contaminated area. Since the last assessment expired in FY2014, efforts have been underway to study the current status of the treatment and determine the best plan of action for future operations.

The cleanup process of the groundwater is a benefit to the industrial park area and is not intended to identify any plant or organization as contaminating the groundwater but instead presents a positive solution to an existing challenge. The City Council 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 2017 will be the twenty-first full year the plant has been in operation.

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Tax Revenue	$0	$0	$0	**$0**
Interest Income	14,725	15,000	12,000	**12,000**
Surplus	0	241,500	0	**349,300**
Total	$14,725	$256,500	$12,000	**$361,300**
Expenditures				
Salaries and Wages - Regular	$20,182	$18,000	18,500	**18,500**
Fringes	11,802	10,000	10,200	**10,200**
Operating Supplies	7,657	10,000	11,500	**11,500**
Chemicals	0	0	200	**200**
Contractual Services	0	60,000	75,000	**75,000**
Legal Contractual Services	0	7,500	9,500	**9,500**
Audit	500	500	900	**900**
Contracted Lab Costs	35,201	45,000	45,000	**45,000**
Utilities	173,182	165,000	160,000	**160,000**
Repair & Maintenance	9,364	10,000	15,500	**15,500**
Carbon	0	0	0	**0**
Engineering Fees	0	0	15,000	**15,000**
Total	$257,888	$326,000	$361,300	**$361,300**
Fund Balance				
Net Change in Fund Balance	($243,163)	($311,000)	($349,300)	**($349,300)**
Fund Balance - Beginning of Year	1,250,280	1,007,117	1,007,117	**696,117**
Ending Fund Balance	$1,007,117	$696,117	$657,817	**$346,817**

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:	
Marcus A. Peccia - Chairperson	City Manager, City of Cadillac
Jennifer Brown	Superintendent, Cadillac Area Public Schools
Vacancy	*N/A*
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. Formerly a Special Assessment provided most of the funding to cover all operating costs, including all of the above except Contractual Services, Legal Contractual Services, Carbon, and Engineering Fees. At this point, reserves are being utilized to cover the operating costs of the treatment plant. Work is underway to identify the future needs of the system, including how to fund ongoing treatment.

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 FY2016, a comprehensive study is taking place regarding the current status of the groundwater cleanup process and the future needs for the facility.

Local Development Finance Authority Operating Fund

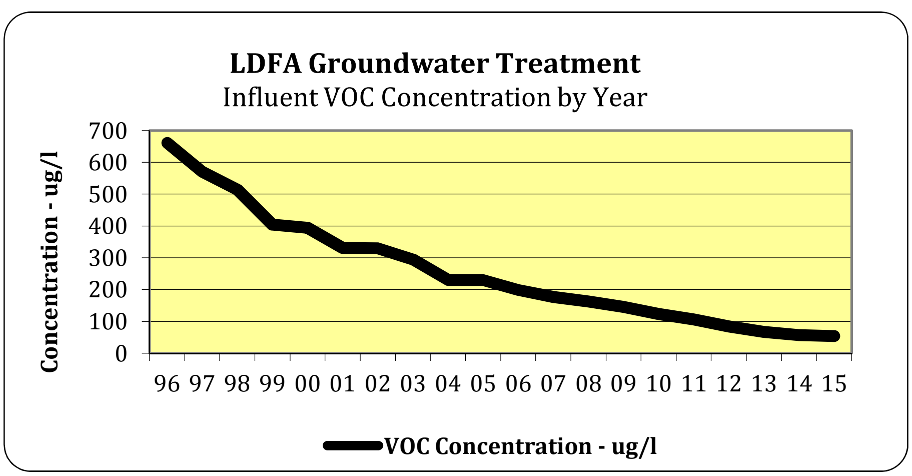
L.D.F.A. Groundwater Treatment Statistics

Volume of groundwater pumped and treated:

	Gallons	
Year	Per Day	Per Year
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
2015	2,279,534	832,030,000

LDFA Water Treatment Facility

Year	Estimated pounds of volatile organics stripped from the water (per year):	Hours spent in Operation and Maintenance
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
2015	374	989



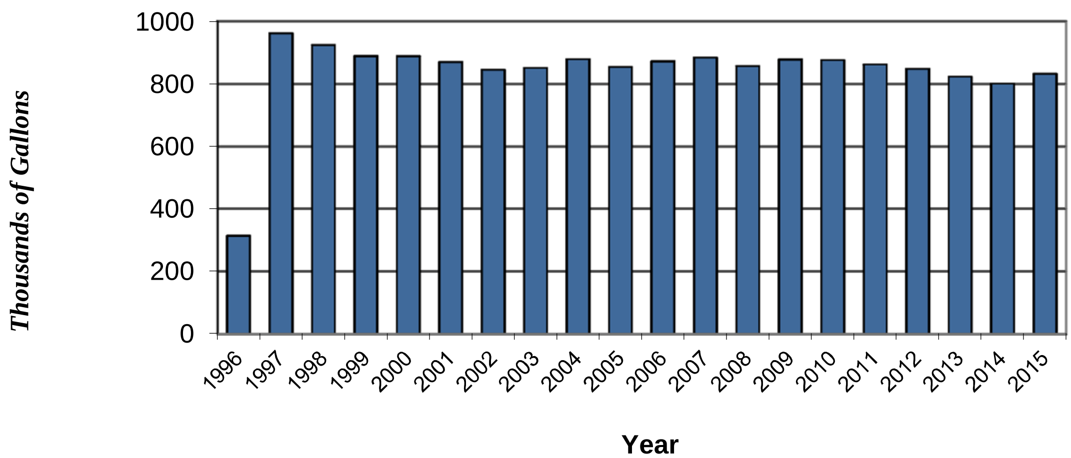
Local Development Finance Authority Operating Fund

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

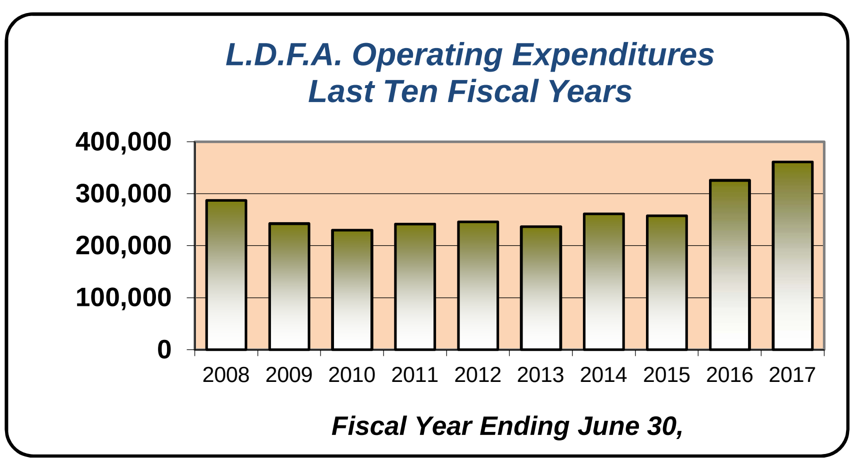
* More than 16.73 billion gallons of water have been treated since the inception of the program.

* 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.



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	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Water Revenue	$16,932	$18,000	$18,500	**$18,500**
Interest Income	1,743	1,500	1,500	**1,500**
Total	$18,675	$19,500	$20,000	**$20,000**
Expenditures				
Salaries and Wages - Regular	$2,442	$2,500	$3,000	**$3,000**
Fringes	1,450	1,300	1,800	**1,800**
Operating Supplies	0	1,000	500	**500**
Contractual Services	0	1,000	4,500	**4,500**
Audit	500	500	500	**500**
Depreciation	4,535	4,600	5,000	**5,000**
Total	$8,927	$10,900	$15,300	**$15,300**
Net Position				
Change in Net Position	$9,748	$8,600	$4,700	**$4,700**
Total Net Position - Beginning of Year	434,188	443,936	443,936	**452,536**
TOTAL NET POSITION - END OF YEAR	$443,936	$452,536	$448,636	**$457,236**

Fund Highlights

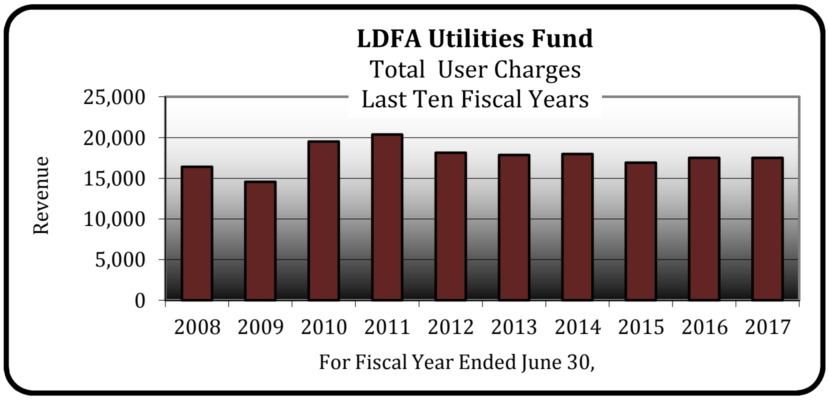
Net Assets
Available net assets will be used to assist in replacement of the well and funding major system repairs.

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

Volume of Water Pumped	
Year	*Gallons*
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
2015	122,268,000

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

LDFA Well

Hours spent in operation and maintenance	
Year	*Hours*
2006	125
2007	175
2008	151
2009	110
2010	127
2011	126
2012	112
2013	102
2014	134
2015	157

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	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Tax Increment Financing Revenue	$141,108	$140,000	$140,000	**$120,000**
Interest Income	6,242	6,000	10,000	**10,000**
Total	$147,350	$146,000	$150,000	**$130,000**
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	$146,850	$145,500	$49,500	**$29,500**
Fund Balance - Beginning of Year	992,673	1,139,523	1,139,523	**1,285,023**
Ending Fund Balance	$1,139,523	$1,285,023	$1,189,023	**$1,314,523**

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.

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 16 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:

	Ad Valorem	IFT	Total
Total LDFA District Taxable Value	$4,053,536	$2,190,616	$6,244,152
Base Value	(551,400)	0	(551,400)
Captured Value	$3,502,136	$2,190,616	$5,692,752

		Capture		
Taxes Captured:	Millage	Ad Valorem	IFT	Total
City Operating	13.94730	$48,845	$15,277	$64,122
Police and Fire Retirement (City)	2.60000	9,106	2,848	11,953
Wexford County Allocated	6.77970	23,743	7,426	31,169
Wexford County - Recreation	0.25000	876	274	1,149
Wexford County - Animal Control	0.25000	876	274	1,149
Wexford County - Road Patrol	0.95000	3,327	1,041	4,368
CWTA	0.60000	2,101	657	2,758
Cadillac-Wexford Public Library	0.75000	2,627	821	3,448
Council on Aging	0.99760	3,494	1,093	4,586
Total Taxes Captured	27.12460	**$94,994**	**$29,710**	**$124,704**

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 $224,108,130. The LDFA captures about 1.6% of the ad valorem tax roll, and an additional 27.8% of the IFT tax levy.*

Fund: Downtown Development Authority Operating Fund

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

Nature and Purpose:
The volunteer board members of the Cadillac Downtown Development Authority (DDA) are charged with the responsibility of encouraging economic development and halting declining property values in the Downtown Development District, for the benefit of the Downtown District's businesses and the community at large, as prescribed according to the provisions of Public Act 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	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Interest Income	$300	$100	$200	**$200**
Tax Revenue	28,871	28,700	29,000	**27,500**
DEQ Management Fee	5,000	0	0	**0**
Contributions From Private Sources	150	2,000	3,000	**3,000**
Total	$34,321	$30,800	$32,200	**$30,700**
Expenditures				
Salaries and Wages - Regular	$19,190	$14,000	$14,000	**$12,000**
Salaries and Wages - Part Time	3,961	2,200	2,500	**3,000**
Fringes	8,329	6,000	6,700	**5,500**
Office Supplies	46	200	200	**200**
Postage	0	0	100	**100**
Contractual Services	4,385	7,000	6,500	**6,500**
Audit	0	0	500	**500**
Travel and Education	0	200	200	**200**
Publisher's Costs	172	500	500	**500**
Downtown Marketing	1,200	500	1,000	**1,000**
Total	$37,283	$30,600	$32,200	**$29,500**
Fund Balance				
Change in Fund Balance	($2,962)	$200	$0	**$1,200**
Fund Balance - Beginning of Year	3,363	401	401	**601**
Ending Fund Balance	$401	$601	$401	**$1,801**

Fund Structure and Staffing

There are approximately 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 $27,500 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 20% 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			
Name		***Business***	***Occupation***
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
Vacancy	Member		
Gregg Carner	Member	Brinks Custom Framing	Owner
Michelle Bosscher	Member	Downtown Property Owner	Owner
Michael Bush	Member	N/A	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
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%
2017	$14,056,189	1.9548	$27,477	-3.74%

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	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Tax Revenue	$98,047	$90,000	$80,000	**$70,000**
Interest Income	3,539	1,000	1,000	**1,000**
Bond/Loan Proceeds		0	0	**750,000**
Contributions		0	0	**500,000**
Grant Proceeds		200,000	0	**40,000**
Surplus	0	0	169,500	**0**
Total	$101,586	$291,000	$250,500	**$1,361,000**
Expenditures				
Audit	$500	$400	$500	**$500**
Contractual Services	14,714	4,000	10,000	**10,000**
Construction	0	450,000	250,000	**1,300,000**
Debt Service	0	0	0	**50,000**
Total	$15,214	$454,400	$260,500	**$1,360,500**
Fund Balance				
Net Change in Fund Balance	$86,372	($163,400)	($179,500)	**$500**
Fund Balance - Beginning of Year	292,612	378,984	378,984	**215,584**
Ending Fund Balance	$378,984	$215,584	$199,484	**$216,084**

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
Beginning in FY2016 and continuing through FY2017, 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.

Source of Tax Increment Financing Revenue

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

Total DDA District Taxable Value	$14,056,189
1996 Base Value	(11,654,550)
Captured Value	$2,401,639

Taxes Captured:	**Millage**	**Capture**
City Operating	13.94730	$33,496
Police and Fire Retirement (City)	2.60000	6,244
Wexford County - Allocated	6.77970	16,282
Wexford County - Recreation	0.25000	600
Wexford County - Animal Control	0.25000	600
Wexford County - Road Patrol	0.95000	2,282
CWTA	0.60000	1,441
Cadillac-Wexford Public Library	0.75000	1,801
Council on Aging	0.99760	2,396
Total Taxes Captured	27.12460	**$65,142**

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 $224,108,130. The DDA captures about 1.1% of the ad valorem tax roll.*

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 to add additional sites and accomodate additional projects. The Brownfield Redevelopment Plan identifies brownfields throughout the City of Cadillac, and defines "eligible activities" (i.e., environmental assessment, environmental remediation) that will be undertaken by the BRA to reduce or eliminate known contamination, so that it is economically feasible for the private sector to redevelop these properties. Eligible activities are funded through the capture of tax dollars via tax increment financing, which is enabled by the private redevelopment of brownfield sites.

FUNDING SUMMARY	FY2015 Actual	FY2016 Estimated	FY2016 Adopted	FY2017 Proposed
Revenues				
Current Property Taxes	$24,795	$25,000	$28,000	**$23,000**
Interest Income	0	500	500	**500**
State of Michigan - Grant	9,000	0	0	**0**
Total	$33,795	$25,500	$28,500	**$23,500**
Expenditures				
Contractual Services	$33,796	$25,000	$28,000	**$23,000**
Audit	500	500	500	**500**
Principal Payment	43,118			
Total	$77,414	$25,500	$28,500	**$23,500**
Fund Balance				
Net Change in Fund Balance	($43,619)	$0	$0	**$0**
Fund Balance - Beginning of Year	209,852	166,233	166,233	**166,233**
Ending Fund Balance	$166,233	$166,233	$166,233	**$166,233**

Fund Highlights

At present, the Cadillac Brownfield Redevelopment Plan identifies multiple 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 Northernaire Plating site (former metal plating site)
> 117 W. Cass Street - the Sundstrom building site (former real estate office)
> 115 S. Mitchell Street - the Stage/Milliken building site (former department store)
> 1033 W. Sixth Street - the Emerald Tree Farm site (former tree farm)
> 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)
> 812 S. Mitchell Street (Dollar General)

* Three sites now make up the new Chemical Bank facility

Brownfield Redevelopment Authority Board of Directors:	
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 FY2017 are as follows:

Total Brownfield Taxable Value	$741,300
Base Value	$282,447
Captured Value	$458,853
Captured Taxes	
City Operating	$4,062
Police and Fire Retirement (City)	757
Lake Cadillac Treatment (City)	0
Wexford County	2,339
Other	684
CAPS Operating	8,259
State Education Tax	2,753
Wexford-Missaukee ISD	2,827
Total Taxes Captured	$21,682

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

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.

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.

Capital Improvement Program

2016-2017 Capital Budget

The following projects have been planned and proposed for funding in FY2017. Included in the chart is an estimate of the impact that the project will have on the annual operating budget.

Plan Fiscal Year: 2016-2017

Fund	Department	Project	Cost	Operating Budget Impact
General Fund	Public Safety	POLICE PATROL VEHICLE	32,000	$1,000
General Fund	Public Safety	FIRE RESCUE VEHICLE	45,000	2,000
General Fund	Parks	RIDING LAWN MOWER	9,000	500
General Fund Total			**86,000**	**3,500**
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	LEESON STREET (CHESTNUT TO WEST DIVISION)	130,000	1,000
Capital Projects	Local Street	EVART STREET (OAK TO LESTER)	140,000	1,000
Capital Projects	Local Street	HOLLY ROAD (BARBARA TO WREN)	180,000	1,000
Capital Projects	Local Street	EAST GARFIELD STREET (HOLBROOK TO HIGGINS)	240,000	1,000
Capital Projects	Local Street	SIMONS STREET (HARRIS TO BREMER)	240,000	1,000
Capital Projects	Local Street	SELMA STREET (W. DIVISION TO WRIGHT)	200,000	1,000
Capital Projects	Local Street	MARBLE STREET (MITCHELL TO SUNNYSIDE)	180,000	1,000
Capital Projects	Local Street	BLODGETT STREET (LINCOLN TO E. DIVISION)	65,000	1,000
Capital Projects Total			**1,375,000**	**8,000**
Water & Sewer	Water/Wastewater	EVART STREET	50,000	500
Water & Sewer	Water/Wastewater	HOLLY ROAD	40,000	500
Water & Sewer	Water/Wastewater	EAST GARFIELD STREET	40,000	500
Water & Sewer	Water/Wastewater	SIMONS STREET	40,000	500
Water & Sewer	Water/Wastewater	SELMA STREET	90,000	500
Water & Sewer	Water/Wastewater	MARBLE STREET	100,000	500
Water & Sewer	Water/Wastewater	BLODGETT STREET	25,000	500
Water & Sewer	Water/Wastewater	STAFF CAR	18,000	500
Water & Sewer	Water/Wastewater	SERVICE TRUCK	27,000	2,000
Water & Sewer	Water/Wastewater	MANHOLE REHABILITATION	25,000	500
Water & Sewer	Water/Wastewater	EMPLOYEE BREAKROOM AND LOCKER FACILITY	40,000	(1,000)
Water & Sewer	Water/Wastewater	ULTRAVIOLET DISINFECTION EQUIPMENT	35,500	500
Water & Sewer	Water/Wastewater	ATOMIC ABSORPTION STECTROSCOPY MACHINE	70,000	1,000
Water & Sewer	Water/Wastewater	SAW GRANT REPAIRS	25,000	5,000
Water & Sewer	Water/Wastewater	AQUA DISK REPAIRS	30,000	500
Water & Sewer	Water/Wastewater	WATER SUPPLY IMPROVEMENTS	3,000,000	(5,000)
Water & Sewer Total			**3,655,500**	**7,500**

Capital Improvement Program

Stores & Garage	Stores & Garage	USED BUCKET TRUCK	75,000	1,000
Stores & Garage	Stores & Garage	REGENERATIVE STREET SWEEPER	200,000	2,500
Stores & Garage	Stores & Garage	V-PLOW FOR MEDIUM DUTY TRACTOR	8,500	500
Stores & Garage Total			**283,500**	**4,000**
IT	IT	COMPUTER REPLACEMENT	20,000	2,000
IT	IT	COMPUTER SOFTWARE REPLACEMENT	125,000	10,000
IT	IT	IT INFRASTRUCTURE	20,000	0
IT Total			**165,000**	**12,000**
Industrial Park	Industrial Parks	ENTRANCE SIGNS	25,000	(500)
Industrial Park Total			**25,000**	**(500)**
Grand Total			**5,605,000**	**34,500**

General Fund Projects

General property taxes and revenue from the State of Michigan are utilized to fund General Fund projects. For FY2017 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. In addition, a fire rescue vehicle will be replaced. The current model is over twenty (20) years old and is in need of replacement. The equipment on the truck is newer and will be transferred from the old truck to the new one.

In the Parks Department, there is a riding lawn mower replacement scheduled. Updating this grass maintenance equipment is important to help reduce downtime that results from repair and maintenance issues that result from aging equipment.

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 $1.3 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 over $3.6 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.

It is expected that FY2017 will see significant activities related to the final phase of the well field relocation project that has been ongoing for several years. The City has nearly finalized the purchase of the well field site, and final design and financing activities will take place soon. Once those pieces are in place, the project will be released for bid and construction could begin in late 2016 or early 2017. 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.

Capital Improvement Program

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 street sweeper, and a lightly used bucket truck for forestry operations. 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. In addition, the City will complete the transition to a new comprehensive financial software solution that will unify all City financial operations under one umbrella. The new software will provide relief to the budget in the form of dramatically lower annual support fees and should enhance the efficiency of operations at the same time.

Summary of Other Upcoming Projects

The projects above are scheduled for the current fiscal year. Other projects identified in the 5-year Capital Improvement Program for the 2017-2021 fiscal years are summarized below:

Plan Fiscal Year: 2017-2018

Department	Project	Cost
General Gov't.	STAFF CAR	23,000
Public Safety	POLICE K-9 VEHICLE	35,000
Public Safety	SELF-CONTAINED BREATHING APPARATUS (SCBA)	128,000
Parks	SHORELINE STABILIZATION	7,500
Parks	PROGRAMMABLE PAVILION SIGN	30,000
Parks	KENWOOD BATHROOM	140,000
Major Street	WEST BREMER STREET (LAKE TO MITCHELL)	80,000
Local Street	CRIPPEN STREET (MITCHELL TO PARK)	200,000
Local Street	SOUTH STREET (LAKE TO FOUR WINNS TEST CENTER)	75,000
Local Street	SMITH STREET (WHEELER TO BURLINGAME)	100,000
Local Street	ALDRICH STREET (BOND TO LINDEN)	120,000
Local Street	STREET SIGN REPLACEMENT	7,500
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	SMITH STREET	35,000
Water/Wastewater	ALDRICH STREET	40,000
Water/Wastewater	WEST BREMER STREET	85,000
Water/Wastewater	MUFFLE FURNACE/DRYING OVEN REPLACEMENT	8,000
Water/Wastewater	FEW PUMP REPLACEMENT	20,000
Water/Wastewater	SEWER JETTER	100,000
Water/Wastewater	DUMP TRUCK	75,000
Water/Wastewater	CIRCULAR PUMP	15,000
Water/Wastewater	RAS PUMP	11,000
Water/Wastewater	WATER WELL MAINTENANCE	25,000

Capital Improvement Program

Water/Wastewater	TWO (2) ENVIRONMENTAL LAB FUME HOODS	20,000
Water/Wastewater	MANHOLE REHABILITATION	25,000
Water/Wastewater	CUTTER STACK FOR MUFFIN MONSTER	25,000
Water/Wastewater	EQ BASIN BLOCK REPLACEMENT/REPAIR	25,000
Water/Wastewater	SAW GRANT REPAIRS	25,000
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	IT INFRASTRUCTURE	50,000
IT	COMPUTER REPLACEMENT	20,000
	Total for FY 2017-2018	**$1,882,500**

Plan Fiscal Year: 2018-2019

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	33,000
Public Safety	FIRE PUMPER	385,000
Parks	RIDING LAWN MOWER	9,000
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
Major Street	CARMEL STREET	150,000
Local Street	EAST BREMER STREET (MITCHELL TO PARK)	150,000
Local Street	CRESTVIEW, EVART AND STIMSON STREETS	220,000
Local Street	STREET SIGN REPLACEMENT	7,500
Cemetery	CEMETERY ROAD PAVING	40,000
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	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	CONCRETE/ASPHALT WORK AT WWTP	175,000
Water/Wastewater	TWO SERVICE TRUCKS	55,000
Water/Wastewater	BAR SCREENS AT WWTP	50,000

Capital Improvement Program

Water/Wastewater	BOD INCUBATOR	7,500
Stores & Garage	SINGLE AXLE PLOW TRUCK	160,000
Stores & Garage	REVERSING FRONT PLOW	9,000
Stores & Garage	RIDING LAWN MOWER	10,000
Stores & Garage	FOUR POST COLUMN LIFT	35,000
Stores & Garage	SIDEWALK AND PARKING LOT SWEEPER	25,000
IT	COMPUTER REPLACEMENT	20,000
IT	IT INFRASTRUCTURE	20,000
	Total for FY 2018-2019	**$2,436,000**

Plan Fiscal Year: 2019-2020

Department	Project	Cost
General Gov't.	HEATING AND COOLING RENOVATION	75,000
General Gov't.	FIRE GARAGE EXPANSION	258,000
General Gov't.	UPGRADE MUNICIPAL COMPLEX RESTROOMS	30,000
Public Safety	POLICE PATROL VEHICLE	33,000
Parks	SMALL TRACTOR	25,000
Parks	SHORELINE STABILIZATION	7,500
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	SOUTH SHORE LIFT STATION BUILDING	8,000
Water/Wastewater	MANHOLE REHABILITATION	25,000
Water/Wastewater	LABORATORY INCUBATORS	8,000
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
Water/Wastewater	SUNSET/LAKESHORE MAIN REPLACEMENT	20,000
Stores & Garage	DUAL AXLE PLOW TRUCK AND FRONT PLOW	205,000
Stores & Garage	DUAL WHEEL 29' BUCKET TRUCK	65,000
Stores & Garage	SIDEWALK TRACTOR AND ATTACHMENTS	80,000
IT	COMPUTER REPLACEMENT	20,000
	Total for FY 2019-2020	**$1,756,000**

Capital Improvement Program

Plan Fiscal Year: 2020-2021		
Department	**Project**	**Cost**
Public Safety	POLICE PATROL VEHICLE	34,000
Parks	RIDING LAWN MOWER	9,000
Local Street	NELSON STREET (PARK TO HEMLOCK)	120,000
Local Street	MASON STREET (MITCHELL TO PARKING LOT)	90,000
Local Street	BURLINGAME STREET (13TH TO FORD)	120,000
Local Street	AYERS STREET (WHEELER TO PLETT)	140,000
Local Street	STREET SIGN REPLACEMENT	7,500
Cemetery	MAINTENANCE GARAGE	100,000
Water/Wastewater	NELSON STREET	30,000
Water/Wastewater	MASON STREET	10,000
Water/Wastewater	BURLINGAME STREET	70,000
Water/Wastewater	AUTOCLAVE REPLACEMENT	8,000
Water/Wastewater	MAJOR BUILDING EXTERIOR REPAIRS	175,000
Water/Wastewater	REVOLUTION BLOWER	200,000
Water/Wastewater	ULTRAVIOLET BULBS	40,000
Water/Wastewater	SPECTROPHOTOMETER	7,500
Water/Wastewater	WATER WELL INSPECTION	25,000
Water/Wastewater	AQUA DISK CLOTH	30,000
Water/Wastewater	STORAGE BARN	35,000
Water/Wastewater	ROTARY SCREW COMPRESSOR	12,500
Water/Wastewater	MANHOLE REHABILITATION	25,000
Water/Wastewater	3/4 TON, 4X4 SERVICE TRUCK	28,000
Stores & Garage	SINGLE AXLE BLADE TRUCK W/ REVERSING PLOW	185,000
Stores & Garage	3/4-TON 4X4 PICKUP TRUCK	30,000
Stores & Garage	1-TON DUMP TRUCK	50,000
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 2020-2021	**$2,191,500**
	5-Year Total Capital Improvement Program	**$14,146,000**

A full copy of the 2017-2021 5-Year Capital Improvement Program can be found on the City's website at www.cadillac-mi.net.

2016-2017 Annual Budget Calendar

2015

December — City Manager, Director of Finance have preliminary discussions regarding budget objectives and priorities.

2016

January 13	Staff meeting held to discuss the general guidelines for the 2016-2017 Annual Operating Budget preparation. Departments given access to Budget Maintenance in financial software as well as given a copy of 2016-2017 Personnel Summary.
February 12	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 28	City Manager concludes review and preliminary budget is prepared.
April 1	Administrative budget is completed and in accordance with the City Charter is submitted to the City Council for their review.
April 4	City Council holds budget work session.
April 6	City Clerk makes public notice of public hearing on the budget.
April 18	Public hearing held on the preliminary budget.
May 2	City Council holds additional budget work session (if necessary).
May 16	Budget adoption and tax levy authorization.
June 24	City Treasurer completes 2015 tax roll.
June 30	Tax bills mailed.
July 1	2016-2017 Annual Operating Budget takes effect.

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.

Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes.

The **Debt Service Funds** account for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

Permanent Funds account for assets of which the principal may not be spent.

B. **Proprietary Funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable Financial Accounting Standards Board pronouncements in accounting and reporting for the proprietary operations. Proprietary funds include the following fund types:

The **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

C. **Fiduciary Funds** account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

The **Pension Trust Funds** are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the government's public safety employees' pension plan.

Fund Balance Policies

Fund balances will vary by each fund and fund type but as a general rule the State of Michigan has indicated in Public Act 2 the fund balance shall not be negative. In the General Fund, the Cadillac City Council has established a policy of striving to keep the reserve for working capital at 15% of the operating budget. This reserve is for unexpected decreases in revenues or increases in expenditures. A reserve account records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure. The City Council has identified several reserved accounts in the General Fund. These funds typically can be turned quickly into liquid assets. Fund balances are shown in all funds with the exception of proprietary funds which involves retained earnings. Retained earnings are not as liquid since often the assets are equipment or water lines or some other form of illiquid asset.

Basis of Budgeting

The City of Cadillac does not distinguish between Basis of Budgeting and Basis of Accounting. The principles set forth as the Basis of Accounting are strictly observed in the budgeting process. A fund's Basis of Budgeting and Basis of Accounting determines when a transaction or event is recognized within a fund's operating statement. The State of Michigan has indicated in Public Act 2 the fund balance shall not be negative.

• Governmental Funds	Modified Accrual
• Proprietary Funds	Full Accrual
• Internal Service Funds	Full Accrual
• Pension Trust Funds	Modified Accrual

Policy: General Finance

Administrative Policy A-10
Dated: November 5, 1993

PURPOSE: Many financial policies may already exist in practice by need to be put in written form in a central location. This will allow City Council and management to view the present approach to financial management from an overall, long-range vantage point.

POLICY:

1) Generally Accepted Accounting Principles (GAAP) – The City of Cadillac will establish and maintain a high standard of accounting practices. Accounting standards will conform to generally accepted accounting principles as promulgated by the Government Accounting Standards Board.

2) Audit
   a) An annual audit will be conducted by a properly licensed independent public accounting firm.
   b) All general purpose, combined and individual fund and account group statements and schedules shall be subject to full scope audit.
   c) Any employee will be prosecuted to the extent of the law in any instance where the employee is proven to have committed any illegal act such as theft.

3) Financial Statements
   a) The finance office will prepare monthly financial reports for internal management purposes. These reports will be combined on or before ten (10) days following the end of the month.
   b) Annually, the finance office will prepare a comprehensive annual financial report. This report shall be made available to the elected officials, bond rating agencies, creditors and citizens.
   c) Annually, the City will submit its comprehensive annual financial reports to the GFOA to determine its eligibility to receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

4) Budgets
   a) The fund balance in the General Fund shall have a reserve set aside entitled Working Capital. The amount is equivalent to three months of capital needed to operate or 15% of the General Fund expenditures.
   b) Format and balancing of budgets will be in accordance with the State of Michigan Public Act 2 of 1968.

Policy: Debt Management

Administrative Policy B-13
Dated: March 29, 1994
Reviewed: January 22, 2004

PURPOSE: Because of its conservative basis of accounting for tax revenues, the City of Cadillac is not required to borrow money for operations. When incurred, the City's long term general obligation and special assessment debt is handled through a debt service fund. The revenue bond requirements are handled through an Enterprise Fund. The following objectives are employed by the City of Cadillac in managing its debt:

POLICY:

1) Long term debt will be confined to capital improvements that cannot be financed from current revenues.

2) The payback period of the debt will not exceed the expected useful life of the project.

3) The total general obligation debt will not exceed ten percent of the assessed valuation to the taxable property.

4) Long term debt will not be used for operations.

5) The City of Cadillac will maintain good communications with the bond rating agencies about its financial condition and will follow a policy of full disclosure on every financial report and bond prospectus.

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.

(e) Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than 1 standard rating service.
(f) Mutual funds registered under the investment company act of 1940, title 1 of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment. This authorization is limited to securities whose intention is to maintain a net asset value of $1.00 per share. The City may also include mutual funds whose net asset value may fluctuate on a periodic basis.
(g) Investment pools through an inter-local agreement under the urban cooperation act of 1967. 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
(h) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.129.111 to 129.118.
(i) The City shall not deposit or invest funds in a financial institution that is not eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
(j) Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investments of paragraphs a - i.

SAFEKEEPING AND CUSTODY - All security transactions, including financial institution deposits, entered into by the Director of Finance shall be on a delivery vs. payment basis. Securities may be held by a third party custodian designated by the Director of Finance and evidenced by safekeeping receipts.

DIVERSIFICATION - The City of Cadillac will diversify its investments by security type and institution. With exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS – The City of Cadillac finance department will maintain a list of financial institutions authorized to provide investment services in Michigan as well as their credit worthiness. No public deposit shall be made except in a qualified public depository as established by the State of Michigan. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the City with certification of having read this investment policy.

MAXIMUM MATURITIES - To the extent possible, the City of Cadillac will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

REPORTING - The Director of Finance shall provide to the City Council quarterly investment reports which provide a clear picture of the status of the current investment portfolio. The management report should include comments of the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies. Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category
- Average life and final maturity of all investments listed
- Coupon, discount or earnings rate
- Par value, amortized book value and market value
- Percentage of the portfolio represented by each investment category

PERFORMANCE STANDARDS - The investment portfolio shall be designated with the objective of obtaining a rate of return throughout the budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The City's investment strategy can be either active or passive depending on the fund and objectives. The basis to determine whether market yields are being achieved shall be the average daily FED fund rates and the six-month U.S. Treasury bill.

ETHICS AND CONFLICTS OF INTEREST - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager any material financial interests in financial institutions that conduct business within the City, and shall further disclose any large personal financial/investment positions that could be related to the performance of the City, particularly with regard to the time of purchases and sales.

PRUDENCE - Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

INVESTMENT POLICY ADOPTION - This policy supersedes any previously adopted investment policies. The City of Cadillac's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually and any modifications will be approved by the City Council.

INVESTMENT POLICY GLOSSARY

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Cadillac. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and the delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

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.

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.

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.

Supplemental Section

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.

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: *Expired June 30, 2015*
Tentative Settlement Reached for contract ending June 30, 2018
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.

Cadillac, Michigan

<u>Population</u>:

2010 Census Population: 10,355
Wexford County Population: 31,553
(City represents 32% of county population)

<u>Area within the City</u>:

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.

<u>Government</u>:

Incorporated in 1877; Council/Manager form of government (one of the first in Michigan);
County Seat for Wexford County.

<u>Major Industries</u>:

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

<u>Employment Data</u>:

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*

<u>Other</u>:

- 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.

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.

Supplemental Section

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
2006	184,439,086	44,135,005	228,574,091	572,365,010	39.94%	15.7473
2007	194,615,475	40,780,000	235,395,475	595,311,200	39.54%	16.6473
2008	206,863,302	40,257,800	247,121,102	609,799,600	40.52%	16.7473
2009	215,265,242	41,430,900	256,696,142	616,444,056	41.64%	16.5473
2010	220,244,714	41,262,800	261,507,514	608,556,400	42.97%	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

Source: *City of Cadillac Treasurer's Office*

Note: Property in the City is reassessed each year. Property is assessed at 50% of estimated actual value. Due to State legislation, however, annual increases in taxable value are limited to 5% or a state-determined rate of inflation, whichever is less. When homes are sold, taxable values are then "uncapped" and brought up to their assessed value. Tax rates are per $1,000 of taxable value. Valuations based on Ad Valorem Parcels.

Principal Property Tax Payers

Current Year and Nine (9) Years Ago

	2015			2006		
Taxpayer	**Taxable Value**	**Rank**	**Percentage of Total City Taxable Value** [a]	**Taxable Value**	**Rank**	**Percentage of Total City Taxable Value** [b]
Cadillac Renewable Energy [c]	$12,078,200	1	4.97%	$11,311,600	1	4.46%
Cadillac Casting [d]	10,969,700	2	4.51%	6,938,100	2	2.74%
Avon Protection	7,796,500	3	3.21%			
Paulstra CRC Corporation	7,354,811	4	3.03%	4,190,394	8	1.65%
Consumers Energy	6,899,440	5	2.84%	5,887,587	4	2.32%
Borgwarner, Inc.	4,421,500	6	1.82%			
Avon Automotive	4,270,200	7	1.76%			
Rexair, Inc.	4,140,745	8	1.70%	5,516,058	5	2.17%
AAR Cadillac Manufacturing	4,065,400	9	1.67%	4,822,958	7	1.90%
FIAMM Technologies, Inc.	3,464,765	10	1.43%	4,849,016	10	1.91%
Cadillac Rubber & Plastics				7,181,334	3	2.83%
Michigan Rubber Products				4,775,254	6	1.88%
927 Frisbie Street LLC [e]				3,468,988	9	1.37%
Totals	$65,461,261		26.94%	$58,941,289		23.24%

Source: *City of Cadillac Treasurer's Office*

[a] Based on total taxable value of $242,968,883.

[b] Based on total taxable value of $253,662,303.

[c] Formerly Beaver MI Associates LTD Partnership.

[d] Formerly CMI Cast Parts.

[e] Formerly Four Winns Boats, LLC.

Property Tax Levies and Collections

Last Ten (10) Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of Levy		Collections in Subsequent Years	Total Collections to Date [a]	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2015	4,148,351	3,992,785	96.25%	155,566	4,148,351	100.00%

Source: *City of Cadillac Treasurer's Office*

[a] In 1977 the Wexford County Treasurer began pooling all delinquent taxes together and financing delinquencies through bond sales. The proceeds from the bond sale are paid to the City giving the effect of 100% tax collection in a given year. The responsibility for the collection of the delinquent tax is shifted to the county treasurer.

Demographic and Economic Statistics
Last Ten (10) Calendar Years

Fiscal Year	Population[1]	Personal Income (thousands)	Per Capita Personal Income[2]	School Enrollment[3]	Local Unemployment Percentage Rate[4]	State Unemployment Percentage Rate[4]	Civilian Labor Force[4]
2006	10,000	247,180	24,718	3,479	7.9	7.1	22,088
2007	10,000	253,570	25,357	3,460	8.1	7.7	21,648
2008	10,000	261,380	26,138	3,381	11.2	8.9	21,563
2009	10,000	268,780	26,878	3,376	17.3	15.3	20,138
2010	10,000	263,540	26,354	3,334	15.3	13.0	19,161
2011	10,355	283,862	27,413	3,267	12.0	11.1	18,540
2012	10,355	300,647	29,034	3,262	9.8	9.3	18,960
2013	10,355	301,652	29,131	3,378	11.7	9.0	19,399
2014	10,355	310,018	29,939	3,371	7.6	7.2	19,491
2015	10,355	N/A	N/A	3,388	5.1	5.0	21,481

Data Sources:

[1] *Bureau of the Census*

[2] *Bureau of Economic Analysis*

[3] *School Districts*

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

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

Principal Employers

Current Year and Nine (9) Years Ago

Employer	Industry Description	2015 Employees	2006 Employees
AAR Mobility Systems	Rapid deployment mobile equipment mfg	500-999	250-499
Mercy Hospital Cadillac	General medical and surgical hosptials	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
Fiamm Technologies	Wholesale trade agents and brokers	100-249	
Lakeview Lutheran Manor	Homes for the elderly	100-249	100-249
Michigan Rubber Products Inc	All other rubber product manufacturing	100-249	250-499
Paulstra CRC Corp	All other rubber product manufacturing	100-249	
Piranha Hose Products Inc	Rubber and plastics hose and belting mfg	100-249	
Rexair	Household vacuum cleaners	100-249	100-249
BorgWarner Cooling Systems	Automotive parts and accessories	100-249	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.

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.

Glossary

CAPITAL EXENDITURES Tangible capital-type items should be capitalized if they have an estimated useful life of at least two years following the date of acquisition. Capitalization thresholds are best applied to individual items rather than to groups of similar items. Threshold is $5,000 or greater of any individual item. Infrastructure assets are treated separately from other capital assets for purposes of establishing capitalization thresholds. As a general rule, capitalization thresholds for non-infrastructure items should be designed to encompass approximately 80 percent of a government's total non-infrastructure tangible capital-type items.

CAPITAL IMPROVEMENT PROGRAM The first year of the CIP is the Capital Improvements Budget and funding for the improvements identified therein is contained in the proposed annual budget. The remaining four years of the CIP lists the capital projects identified for implementation and its estimated cost. Through placement in a year, the priority is indicated and each year, the list of projects is reviewed for need, cost and priority.

CAPITAL PROJECTS FUND Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds and trust funds).

CAPITAL OUTLAY Expenditures relating to the purchase of equipment, facility modifications, land, and other fixed assets.

CEMETERY OPERATING FUND This fund records the financial activities of running the cemetery. Revenues from endowment funds supplement charges for services to finance these activities.

COUNCIL A legislative, executive, advisory or administrative governmental body, such as a city council or a citizen's advisory council, whose elected or appointed members are assigned certain duties and responsibilities by law.

CURRENT TAX COLLECTIONS The City functions as the collection agent for the schools and county.

DEBT SERVICE FUNDS Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The accounting for this group of funds is the modified accrual method.

DEPRECIATION The process of estimating and recording the expired useful life of a fixed asset which is distributed over its revenue-producing years.

DOWNTOWN DEVELOPMENT AUTHORITY 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.

Glossary

FUND An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other financial resources, together will 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.

Glossary

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.

Glossary

TAX INCREMENT FINANCING A tax incentive designed to attract business investment by the dedication of property tax revenue from the redevelopment of an area (tax increment district) to finance development related costs in that district. Tax increment financing divides tax revenue from the area into two categories: 1. taxes on the predevelopment value of the tax base that are kept by each taxing body; and 2. taxes from increased property values resulting from redevelopment that are deposited by some taxing entities in a tax increment fund and are used to finance public improvements in the redevelopment area. In Michigan, there are four different types of authorities with tax increment financing powers:

1. Tax increment finance authority (no longer an option for a new authority),
2. Downtown development authority,
3. Local development financing authority, and
4. Brownfield redevelopment authority.

TAX RATE An amount levied on assessed property value, real and personal, within the City of Cadillac. The City Council establishes the tax rate each year at budget time in order to finance various funds.

TRANSFER OF FUNDS A procedure established by the city charter used to revise a budgeted amount after the budget has been adopted by the city council.

UDAG Initials for federal grant program issued by the U.S. Department of Housing and Urban Development. The funding of this program no longer exists at the federal level. Urban Development Action Grant (UDAG).

VARIANCE Authorization for the construction of a structure or for the establishment of a use which is prohibited by a zoning ordinance. Generally, a variance may not be granted unless the literal enforcement of the zoning ordinance would cause a property owner “practical difficulties or unnecessary hardship.”

WATER AND WASTEWATER DISPOSAL SYSTEM FUND The customers of the City’s tertiary treatment plant have the revenues and expenses of the system accounted for in this fund as well as the financial activity of the seven well water systems which provide water to the City.

WWTP Initials for Wastewater Treatment Plant.

ZONING Division of a municipality into districts; the regulation of structures according to their construction, nature, and extent of use and the regulation of land according to nature and use.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Cadillac

Michigan

For the Fiscal Year Beginning

July 1, 2015

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, 2015. 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.

CITY OF
CADILLAC
MICHIGAN