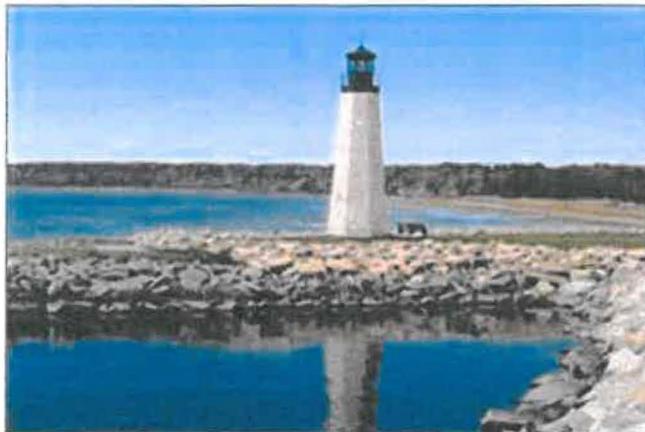
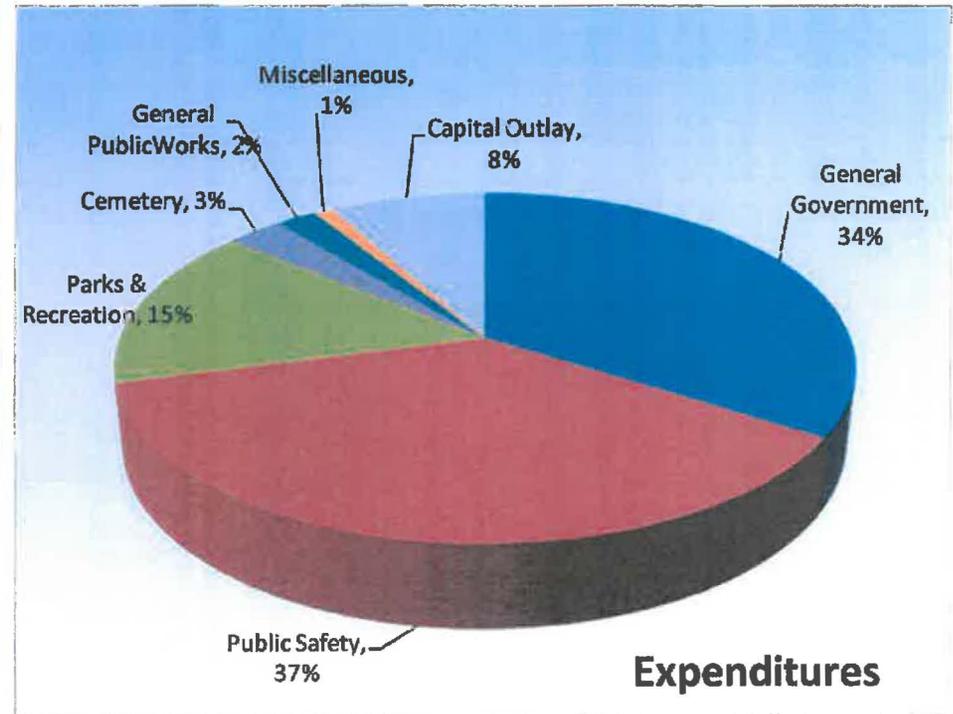
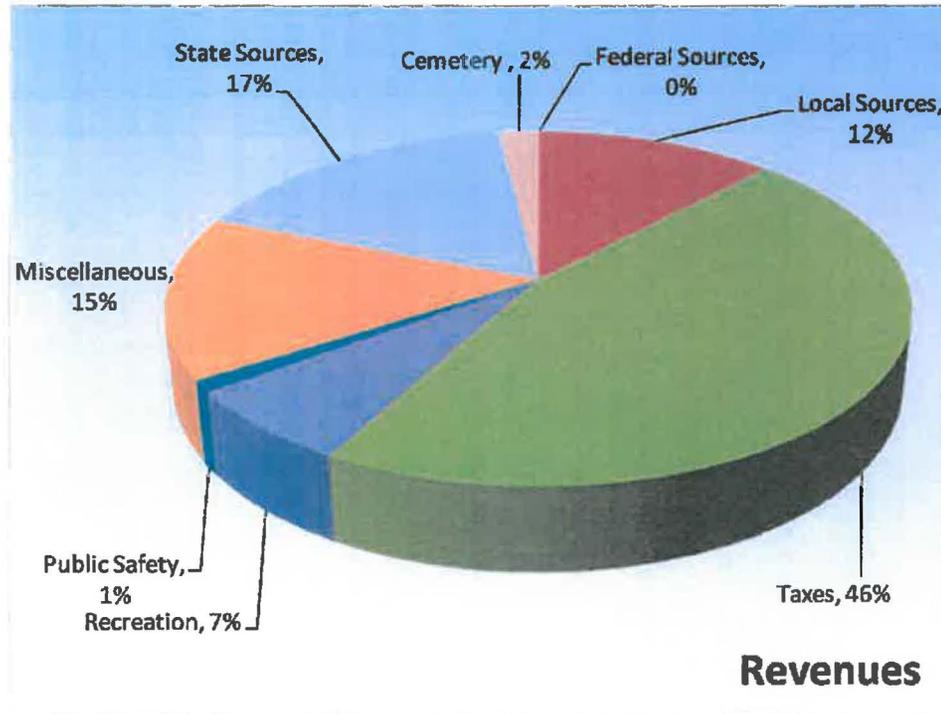




**2017 City of Gladstone
Citizen's Guide &
Performance Dashboard**



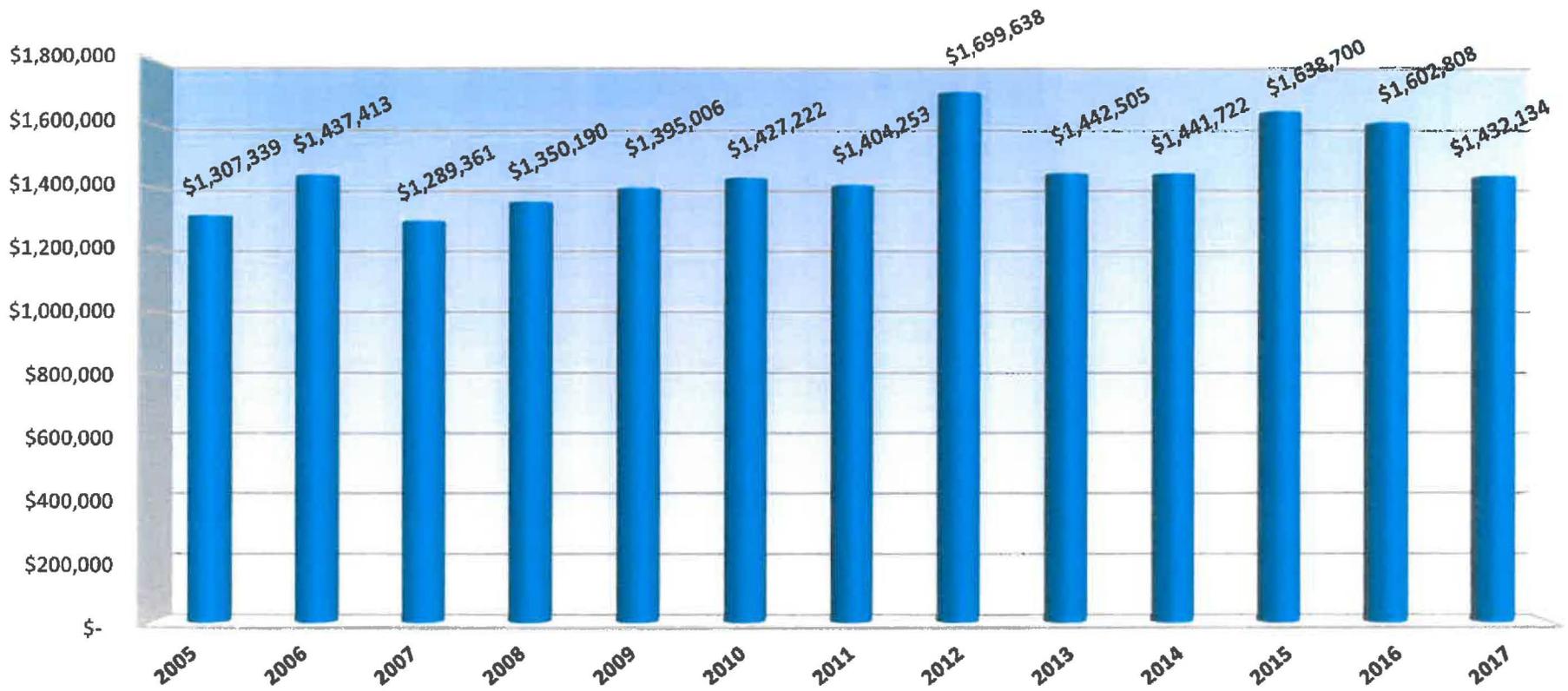
Fiscal Year 2016/2017 General Fund Revenue and Expense



The two largest revenue sources in the General Fund are property taxes (\$1.4 million) and state sources (\$510 thousand). This revenue represents 62% of all estimated resources to the General Fund Departments. With these sources remaining constant, very slightly increasing or even decreasing, it is difficult to maintain the level of services the residents of Gladstone have come to expect.

The largest expense in the General Fund is Public Safety at 37%. This department is comprised of public safety officers and volunteer firemen. The next largest expense is general government at 34%. This is comprised of the City Commission, city retirees, Manager, Clerk, Treasurer, Assessor, Community Development, Elections and city hall expenses. The third largest expense is Parks & Recreation at 15%. The City of Gladstone prides itself as the ‘Year Round Playground.’ The recreation areas covered are Bay Campground, sports park, beach, playgrounds, parks and trail system.

Property Tax Revenues

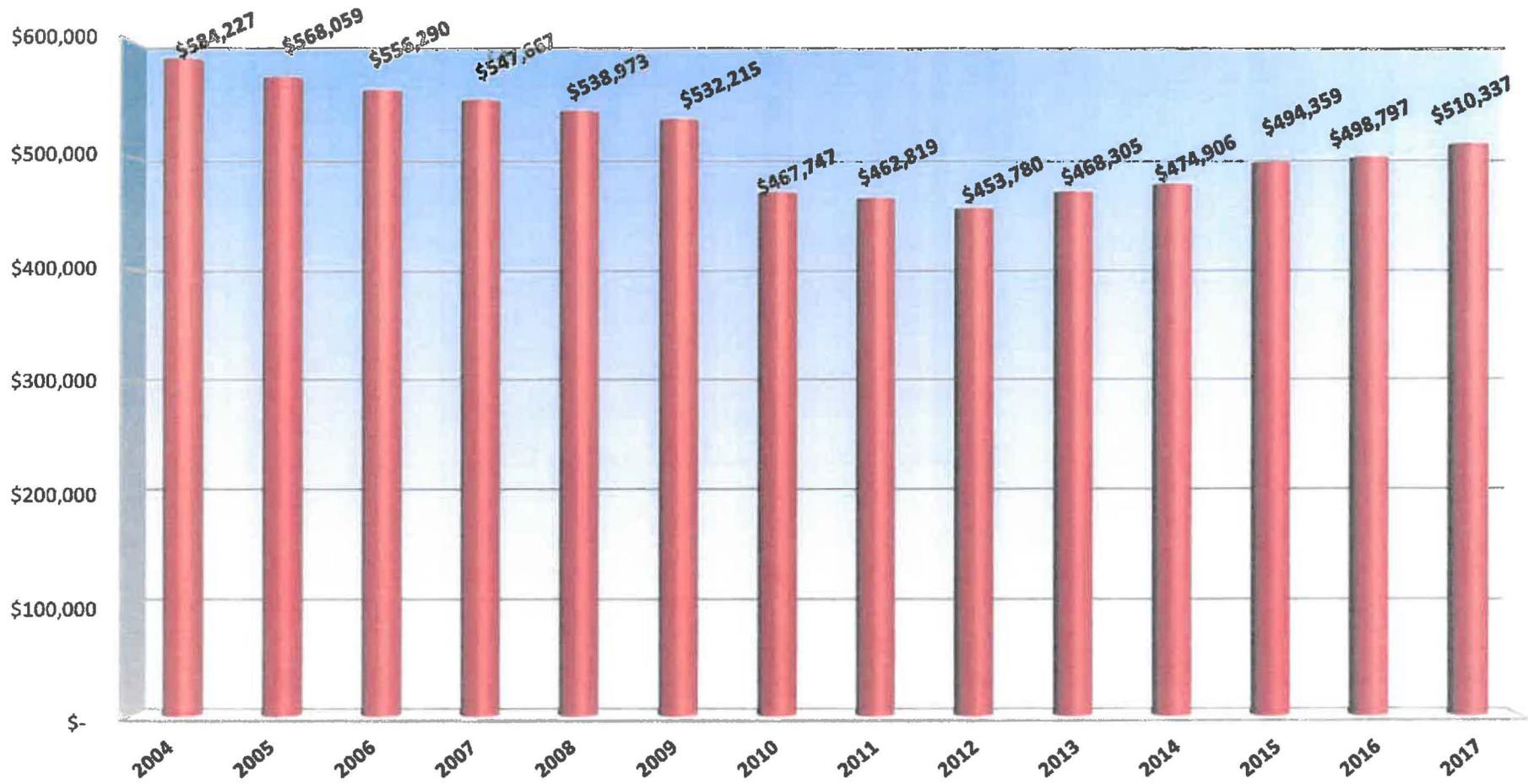


Taxes are levied by the City to fund services that are performed for the combined benefit of residents. There are several variables that affect the growth or decline of tax revenues including the addition or loss of taxable values and statutory regulations. There are many departments and services that are funded from the property taxes collected. General government, parks & recreation, public safety, property maintenance/zoning just to name a few.

Trend Analysis:

Minimal upward trend after declining trend.

State Shared Revenue

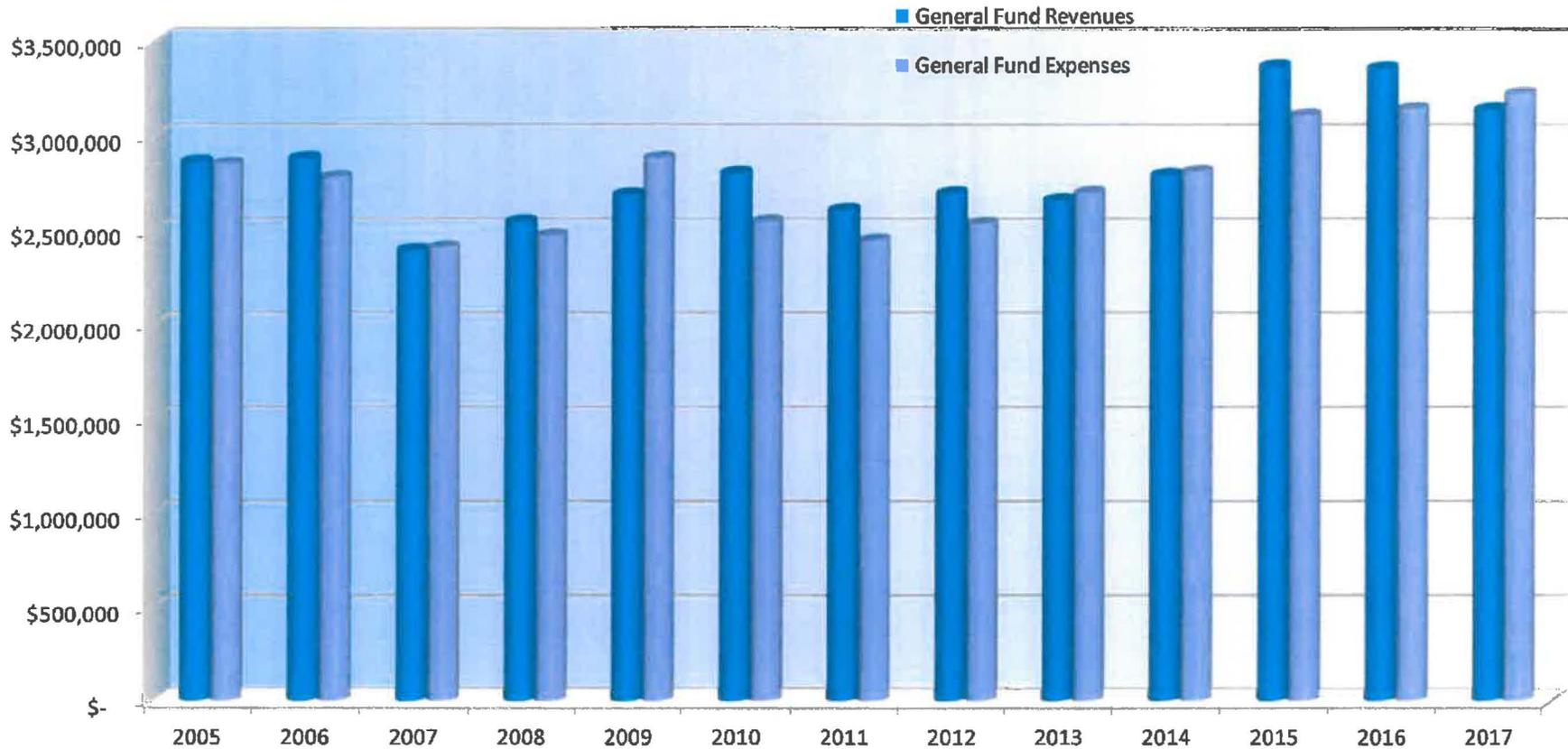


The State Revenue sharing program distributes sales tax collected by the State of Michigan to the local governments as unrestricted revenues. The distribution of funds is authorized by the State Revenue Sharing Act, Public Act 140 of 1971, as amended (MCL 141.901). Sales tax fluctuations vary depending on the strength of the state economy, actual sales tax revenue, and annual appropriation bills for the statutory portion. This is evident by the decrease of actual disbursements in state shared revenue by nearly \$85,430 2004 to 2016.

Trend Analysis:

Minimal upward trend after decreasing trend since 2004.

General Fund Revenues and Expenses



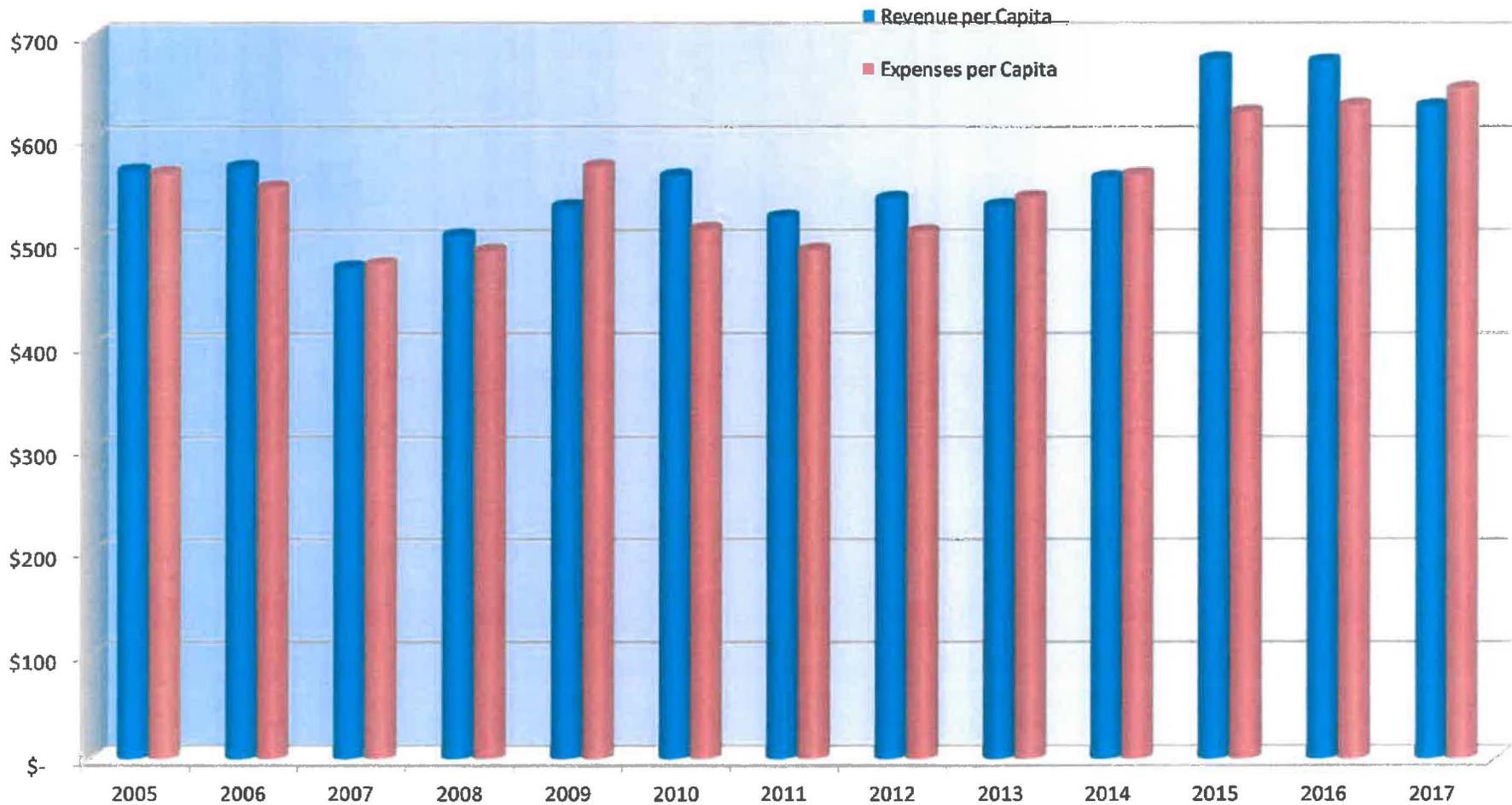
The two largest revenue sources in the General Fund are property taxes (\$1.4 million) and state sources (\$510 thousand). This revenue represents 62% of all estimated resources to fund the General Fund departments. With these sources remaining constant or slightly increasing after large decreases, it is difficult to maintain the level of services the residents of Gladstone have come to love.

The largest General Fund expense is Public Safety at 38%. This department is comprised of Public Safety Officers and Volunteer Firemen. The second largest expense is General Government (36%) which is comprised of City Commission, city retirees, Manager, Clerk, Treasurer, Assessor, Elections and City Hall expenses. The third largest expense is Parks & Recreation (15%) which Gladstone prides itself as the “Year ‘Round Playground.” The recreation areas covered are Bay Campground, Sports Park, beach, playgrounds, parks, and the trail system.

Trend Analysis:

Since 2016, decreased revenues, slight increase in expenses.

General Fund Revenue and Expenditures per Capita



The General Fund is comprised of the City Commission, city retirees, Manager, Clerk, Treasurer, Assessor, Elections, Community Development, Public Safety and City Hall expenses and Parks & Recreation.

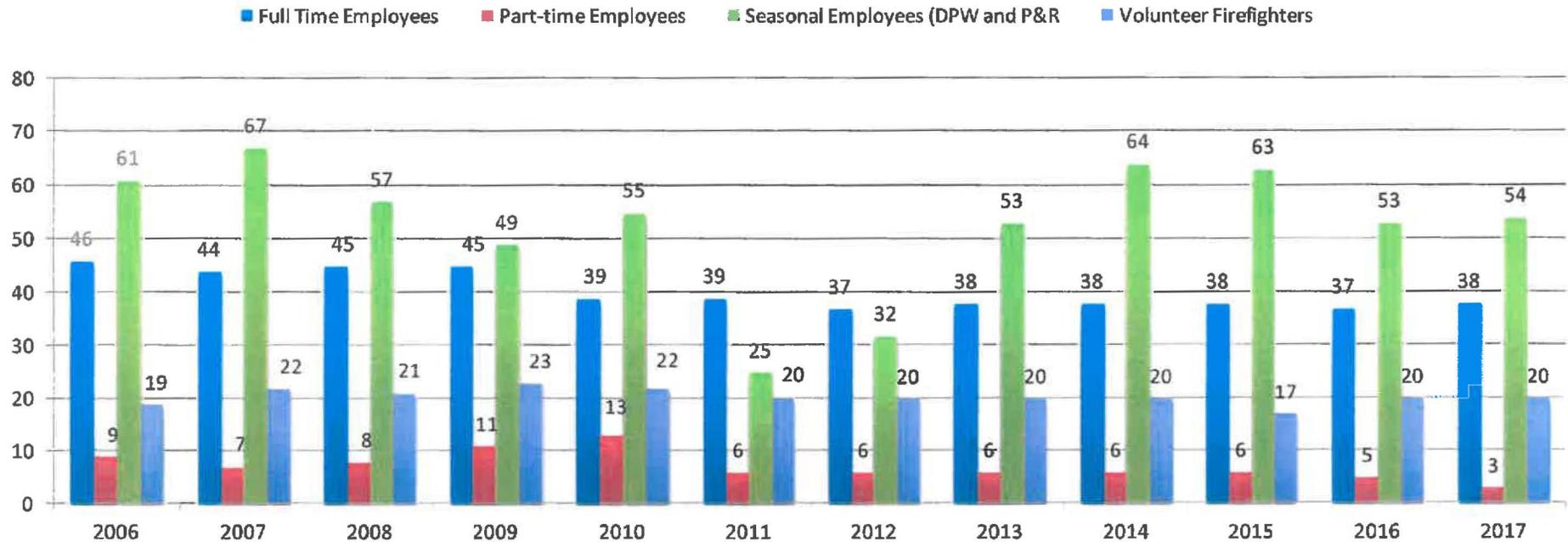
Trend Analysis:

Downward Trend—Revenue per capita since 2005 has increased from \$570 per resident to \$633 per resident (10% increase) as well as expenses from \$568 per resident to \$650 per resident (13% increase).

Employees

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Full Time Employees	46	44	45	45	39	39	37	38	38	38	37	38
Part Time Employees	9	7	8	11	13	6	6	6	6	6	5	3
Seasonal Employees	61	67	57	49	55	25	32	53	64	63	53	54
Volunteer Firefighters	<u>19</u>	<u>22</u>	<u>21</u>	<u>23</u>	<u>22</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>17</u>	<u>20</u>	<u>20</u>
	135	140	131	128	129	90	95	117	128	121	115	115

Employees

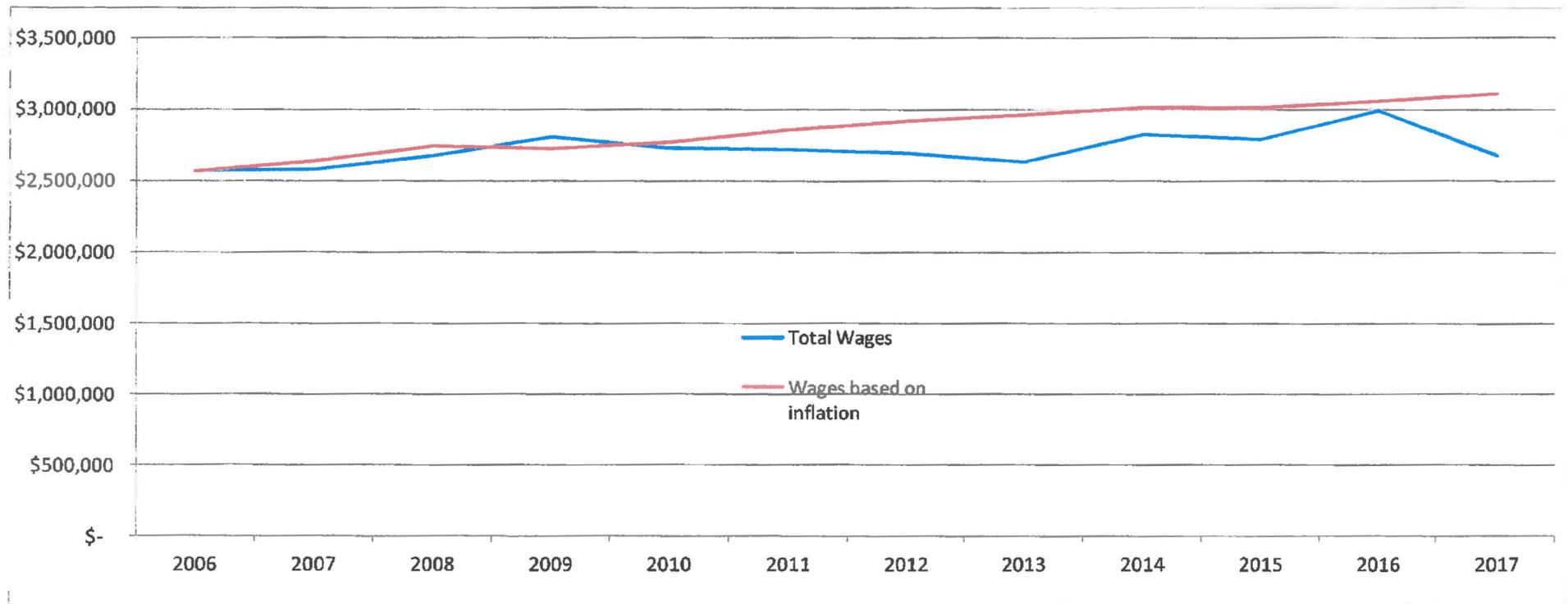


Trend Analysis:

Employees in total have decreased with a slight increase in the past three years. Full time employees since 2006 have decreased 24% through attrition. The city continuously works on controlling all of its expenditures including personnel costs.

Wages

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Wages	\$2,566,227	\$2,574,153	\$2,669,561	\$2,799,821	\$2,722,485	\$2,718,169	\$2,694,049	\$2,631,329	\$2,818,114	\$2,782,063	\$2,991,686	2,673,655



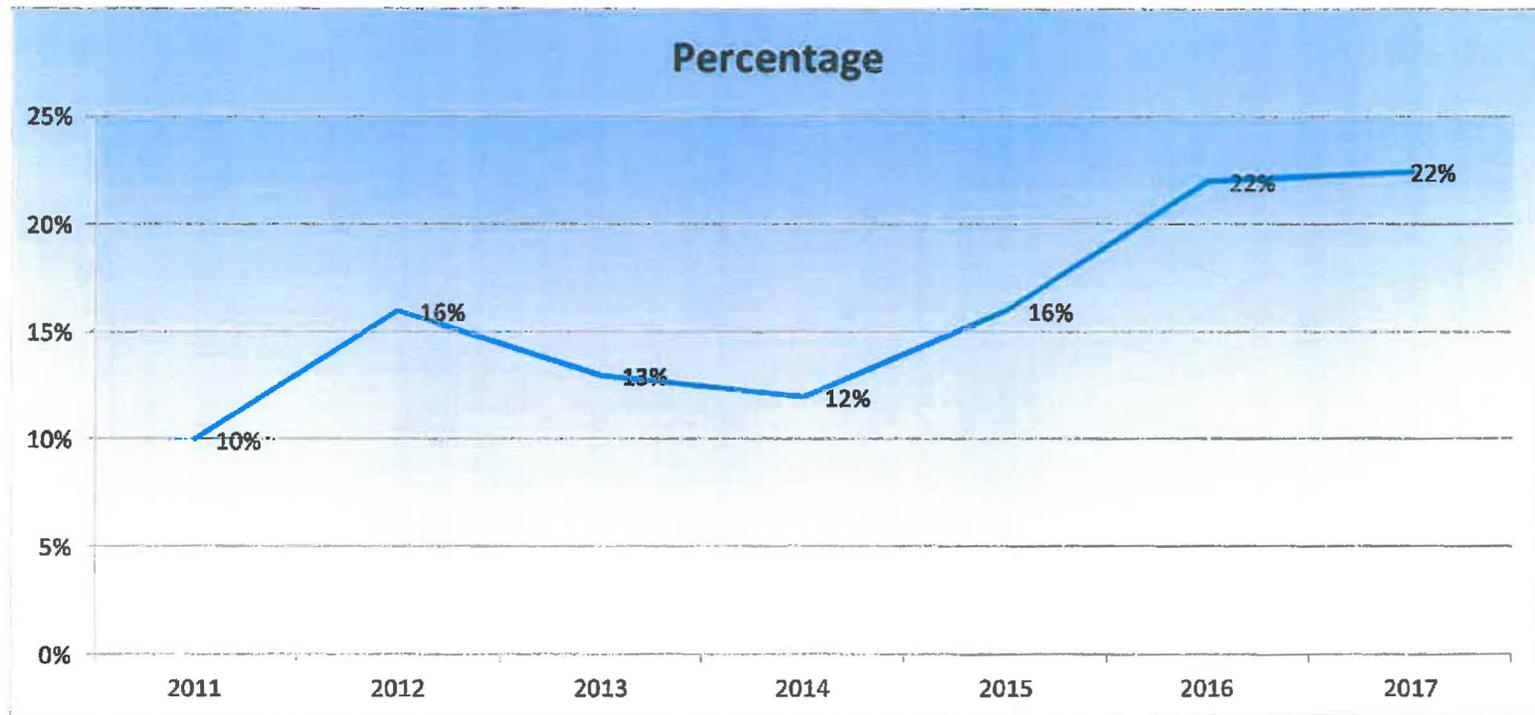
General Fund Fund Balance



It is a sound practice to maintain a positive fund balance. Having a healthy fund balance will allow the City to cope with unforeseen circumstances related to either its revenue and/or expenditure flows. The City of Gladstone considers having a strong fund balance critical to being able to manage its service delivery during all business cycles.

The City Commission has adopted a fund balance policy to retain a fund balance at 20% to 30% of its expenditures.

General Fund Fund Balance as a Percentage of Annual Expenditures

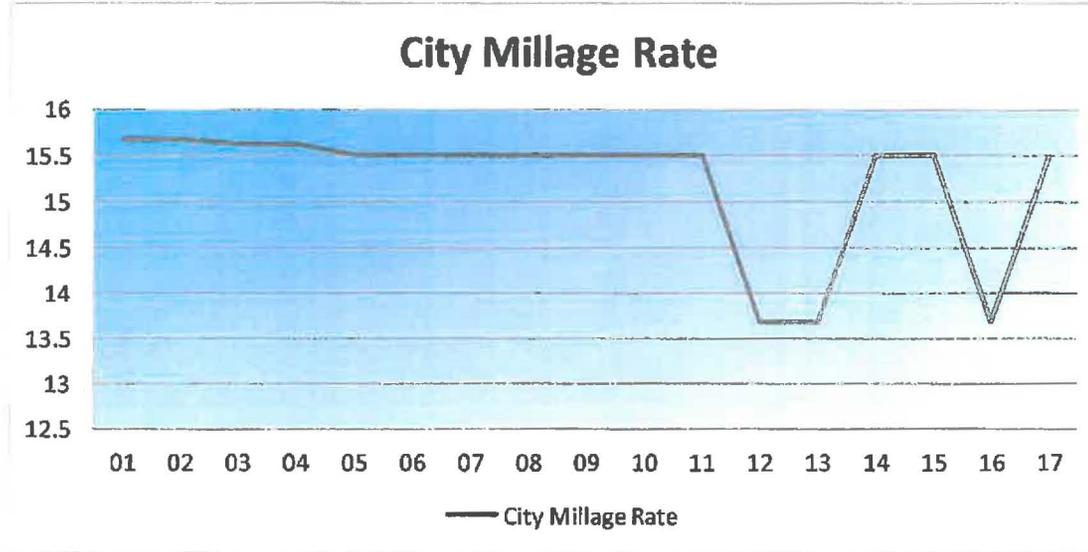


To preserve and maintain the City's sound financial system and to provide a stable financial base, the City Commission has adopted minimum levels at which the unassigned fund balance must be maintained. Fund balances should be maintained at levels which are sufficient to absorb revenue shortfalls, or financial emergencies and to ensure desired cash flow levels.

Trend Analysis:

As indicated above, the General Fund Fund balance has increased in comparison to expenditures primarily due to decreasing expenditures, decreasing staffing levels through attrition and the lack of capital improvements to City Hall.

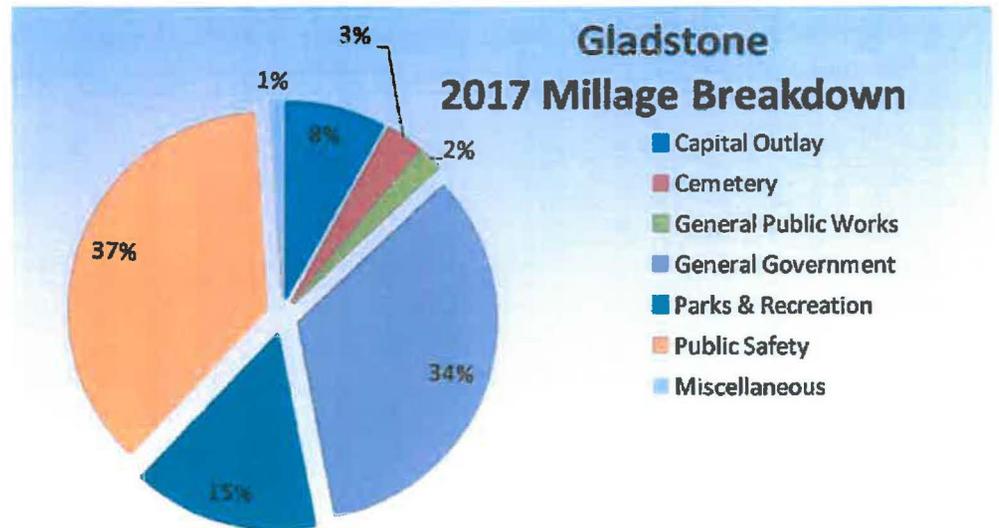
Millage Rates



Below is a breakdown of how the total tax dollars are allocated for services provided to the community. The general operating millage is unrestricted monies that are used to pay for General Government (City Commission, city retirees, Manager, Clerk, Treasurer, Assessor, Community Development, Elections and city hall expenses), public safety officers and volunteer firemen, Parks & Recreation, Cemetery and general public works.

Millage Breakdown Per Department

Function	Mills
Capital Outlay	1.2392
Cemetery	.4647
General Public Works	.3098
General Government	5.2665
Parks & Recreation	2.3235
Public Safety	5.7312
Miscellaneous	<u>.1549</u>
Total	15.4897



Additional Tax Information

2017 Millage Rates

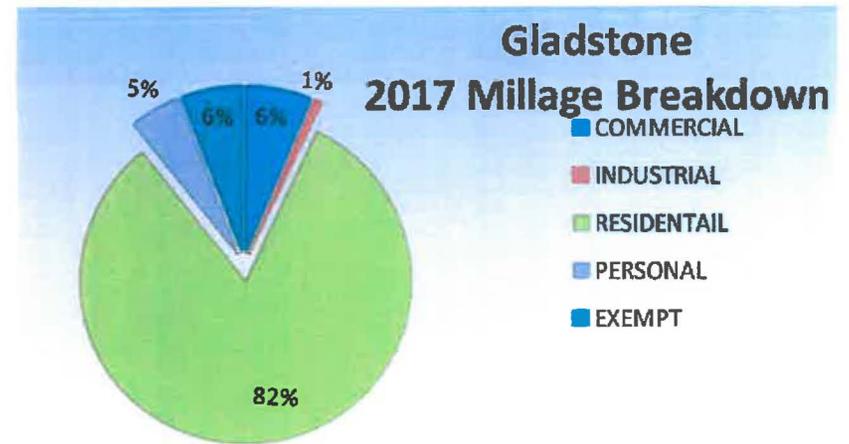
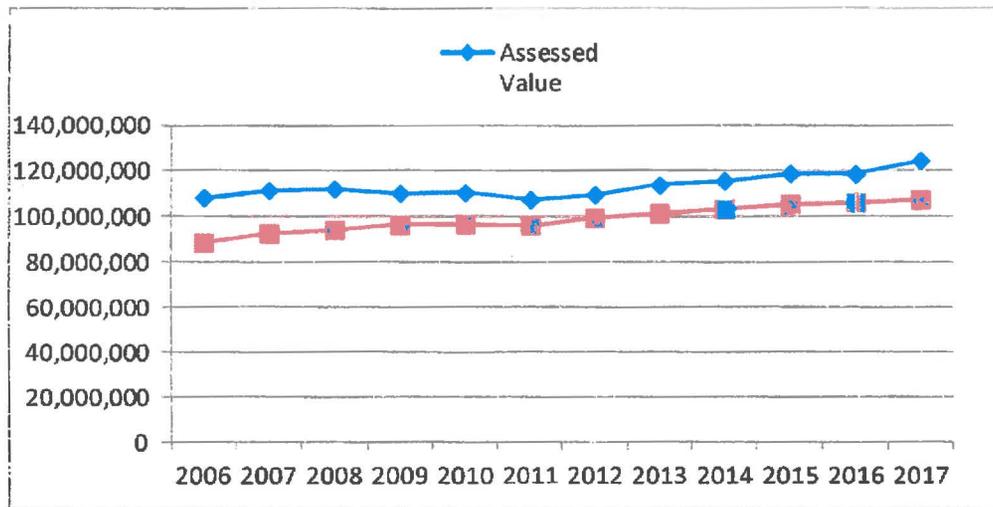
County	5.0317
City of Gladstone	15.4897
State Education	6.0000
School Operating	18.0000
School Debt	4.2000
Community College	3.3076
I.S.D.	2.3852
Road Patrol	.9000
Community Action	.6000
D.A.T.A.	.6000
911 Dispatch	.2000
Jail Bond	.8350
Recycling	<u>.3000</u>
	57.8491

Assessed Value Taxable Value

2006	108,507,500	88,718,800
2007	111,560,000	92,817,890
2008	112,232,932	94,478,627
2009	110,401,928	96,590,918
2010	110,549,448	97,034,975
2011	107,518,678	96,247,342
2012	109,787,158	99,728,947
2013	113,956,801	101,715,342
2014	115,779,895	103,541,306
2015	118,990,562	105,591,113
2016	118,767,277	106,551,791
2017	124,569,411	107,501,344

Property Classes # of Parcels

Commercial	190	6%
Industrial	22	1%
Residential	2465	82%
Personal	149	5%
Exempt	173	6%



Where Does Your Tax Dollars Go?



County \$.08

City \$.26

State Education
\$.11

School Operating
\$.32

School Debt
\$.08

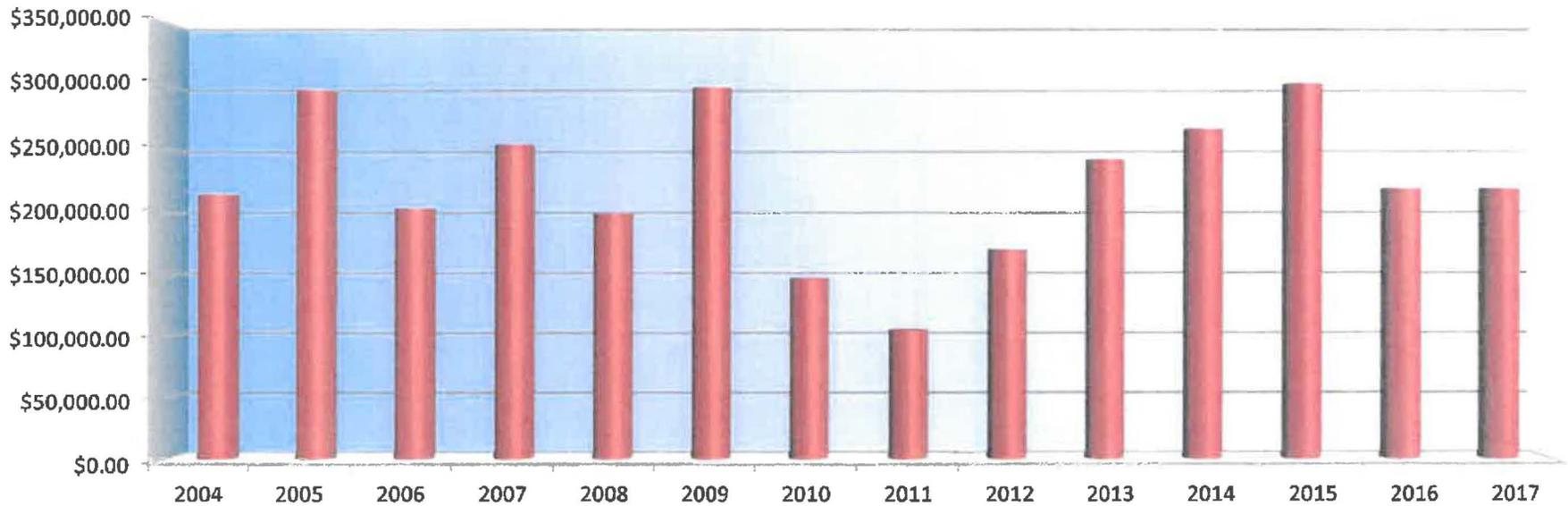
College
\$.06

I.S.D.
\$.04

Rd. Patrol
Comm Action
D.A.T.A.
Jail Bond
Recycling
\$.05

If you are a homeowner in the city, \$.26 (15.4897) of every dollar is kept by the City of Gladstone to pay for all general fund services provided. The remaining \$.74 (42.3595) of every dollar is remitted to Delta County, State of Michigan, Gladstone School District, Bay de Noc Community College, Delta Schoolcraft Intermediate School District, Delta County Sheriff Department, 911, DATA, Community Action Agency and Delta County Landfill.

Parks & Recreation at a Glance



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Average
Recreation Expenses	\$418,643	\$513,948	\$435,476	\$510,086	\$473,176	\$505,572	\$433,357	\$409,822	\$418,928	\$448,456	\$509,801	\$546,870	\$443,842	\$259,408	\$268,150
Recreation Revenue	\$204,618	\$139,835	\$136,693	\$173,201	\$182,933	\$123,881	\$195,957	\$305,040	\$249,037	\$206,762	\$243,910	\$244,936	\$238,604	\$477,682	\$491,876
Expense Less Revenue	\$214,025	\$374,113	\$298,783	\$336,885	\$290,243	\$381,691	\$237,400	\$104,782	\$169,892	\$241,694	\$265,892	\$301,934	\$205,438	\$218,274	\$223,726

Actual Cost to General Fund with the Dr. Mary Cretens Endowment— 2017 Average Cost Per Capita \$45

Dr. Mary Cretens Endowment	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
\$13,000 Recreation Programs/ Cemetery	\$4,000	\$4,000	0	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
5% Maintenance of Fishing Pier	\$10,638	\$12,548	0	\$15,764	\$15,431	\$10,000	\$10,800	\$10,800	0	0	\$1,159
15% Establish/Maintain Play- grounds	\$31,915	\$37,644	0	\$46,361	\$47,695	\$33,191	\$40,384	\$57,425	\$70,136	\$33,916	\$48,999
Total	\$46,554	\$54,192	0	\$66,125	\$67,126	\$47,191	\$55,184	\$72,225	\$74,136	\$37,916	\$54,158

Long Term Debt & Pension Liabilities

Fund	Description of Loan	Loan Date	Original Loan Amount	Payments made 4/1/15 to 3/31/16	Balance as of 3/31/16	Payments required by 3/31/17	Maturity Date
Wastewater	Sludge Storage Tank	12/14/2006	\$1,090,718	\$66,224	\$635,718	\$65,330	10/1/2027

Unfunded Post Employment Health Benefits

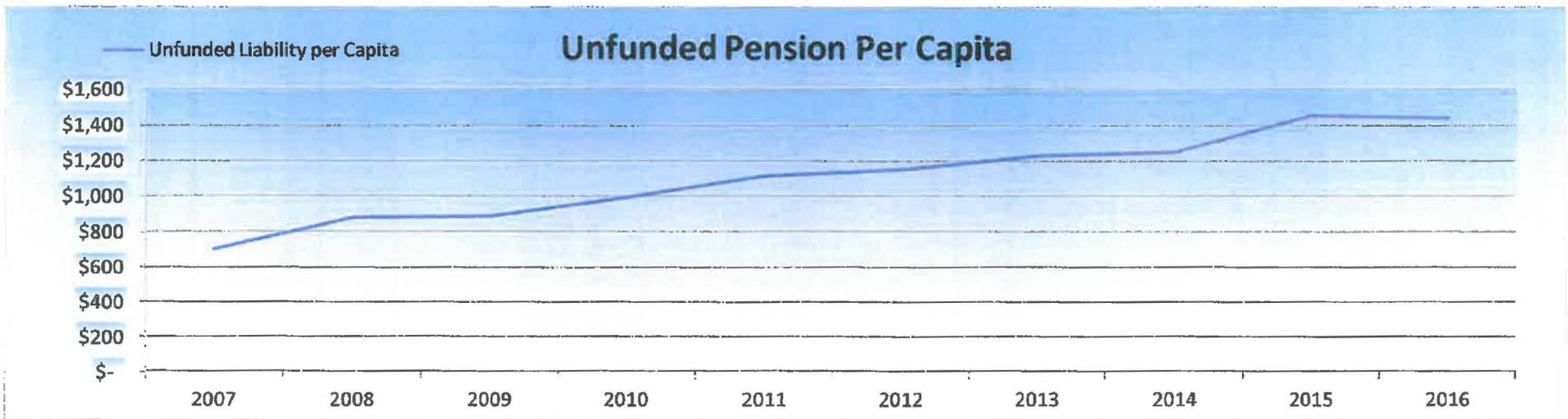
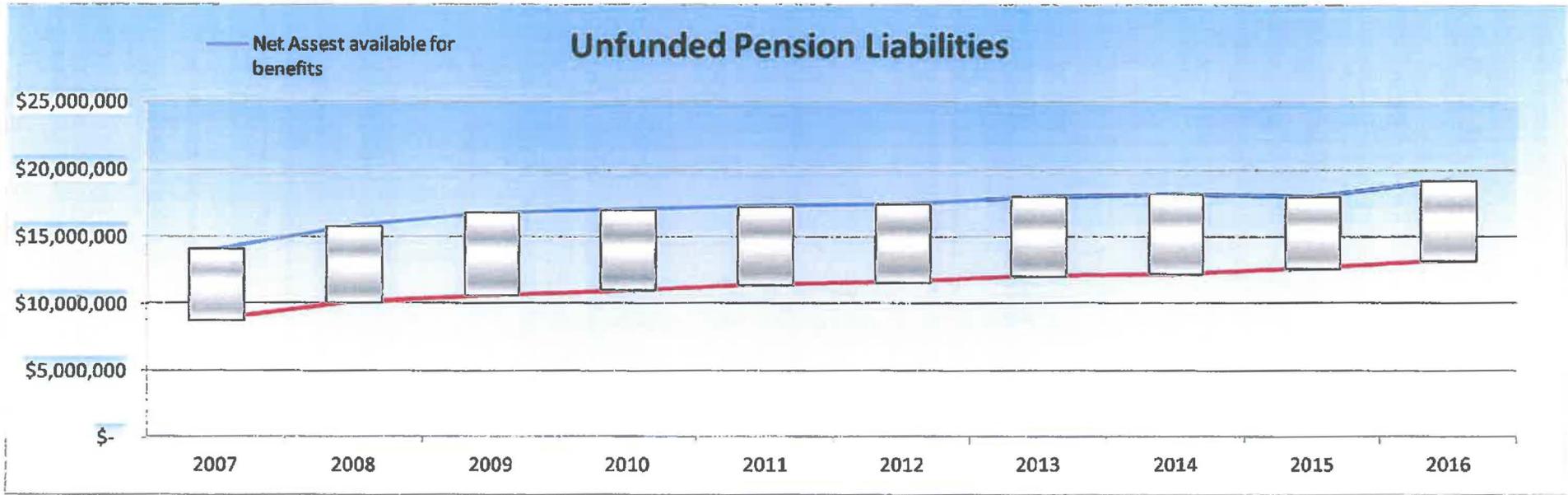
Net OPEB Obligation 3/31/2010	\$22,477
Net OPEB Obligation 3/31/2011	\$442,339
Net OPEB Obligation 3/31/2012	\$654,382
Net OPEB Obligation 3/31/2013	\$796,436
Net OPEB Obligation 3/31/2014	\$957,248
Net OPEB Obligation 3/31/2015	\$1,071,381
Net OPEB Obligation 3/31/2016	\$1,043,515
Net OPEB Obligation 3/31/2017	\$1,010,944

Pension Liability	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Accrued Liability	\$8,798,812	\$10,106,769	\$10,614,912	\$10,986,694	\$11,437,934	\$11,584,977	\$12,069,637	\$12,207,092	\$12,624,315	\$13,189,003
Net Assets Available for Benefits	\$5,310,617	\$5,728,761	\$6,190,015	\$6,042,437	\$5,894,813	\$5,880,892	\$5,971,397	\$6,017,993	\$5,394,131	\$6,015,667
Total Unfunded Liability	\$3,488,195	\$4,378,008	\$4,424,897	\$4,944,257	\$5,543,121	\$5,704,085	\$6,098,240	\$6,189,099	\$7,230,184	\$7,173,336

The City of Gladstone's debt per capita is \$1,637 per resident. This is a decrease from 2016. The city issues debt to fund projects or items that were either voter approved, state mandated or are infrastructure improvements. One indicator relative to debt and its burden is to look at it on a per capital (population related) basis.

The majority of the debt illustrated here is unfunded pension and health obligations for employees and retirees.

Long Term Debt & Pension Liabilities



As of 1988 all new City of Gladstone employees are provided with a MERS defined contribution plan versus a defined benefit plan. A majority of the employees are now participants of this plan. The defined contribution plan consists of 13 active employees and 38 retirees that the City contributes for. The ratio of pensioners to employees is 2.92 which is down from 3.71 the previous year.

2017-2018 Current FY and 2018-2019 Projected FY Budget—General Fund Only

<u>Revenue</u>	<u>17/18 FY</u>	<u>18/19 FY</u>	<u>Difference</u>	<u>Expenses</u>	<u>17/18 FY</u>	<u>17/18 FY</u>	<u>Difference</u>
Taxes	\$1,617,613	\$1,700,132	\$82,519	Public Safety	\$1,400,394	\$1,636,699	\$236,305
State Sources	\$525,000	\$525,000	\$0	General Government	\$1,277,205	\$1,024,031	(\$253,174)
Recreation	\$428,600	\$308,600	(\$120,000)	Recreation	\$735,327	\$775,089	\$39,792
Transfer From Fund Balance	\$85,674	\$79,298	(\$6,376)	Transfer To Fund Balance	\$0	\$0	\$0
Other	<u>\$951,979</u>	<u>\$951,979</u>	<u>\$0</u>	Other	<u>\$195,940</u>	<u>\$129,190</u>	<u>\$(66,750)</u>
Total	\$3,308,866	\$3,565,009	(\$43,857)	Total	\$3,608,866	\$3,565,009	(\$43,857)
 Fund Balance	 \$502,992	 \$423,694					

Revenue Assumptions

- Taxes—Factored in CPI increase to taxable value.
- State Sources—Remaining flat.
- Recreation—User fees remaining flat, less grant \$ in 17/18 FY.
- Other—remaining flat.

Expense Assumptions

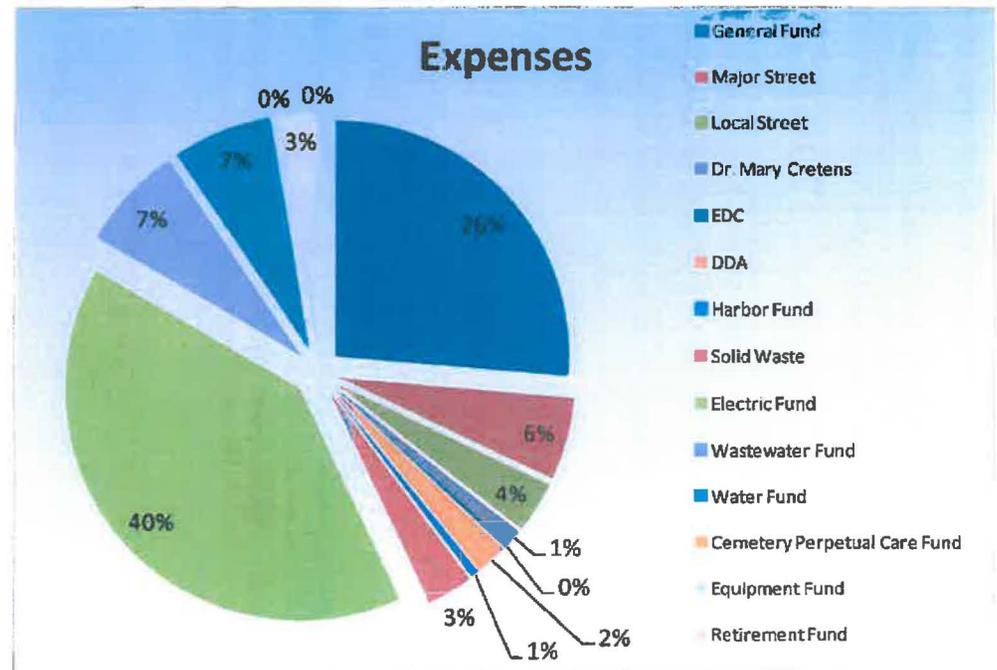
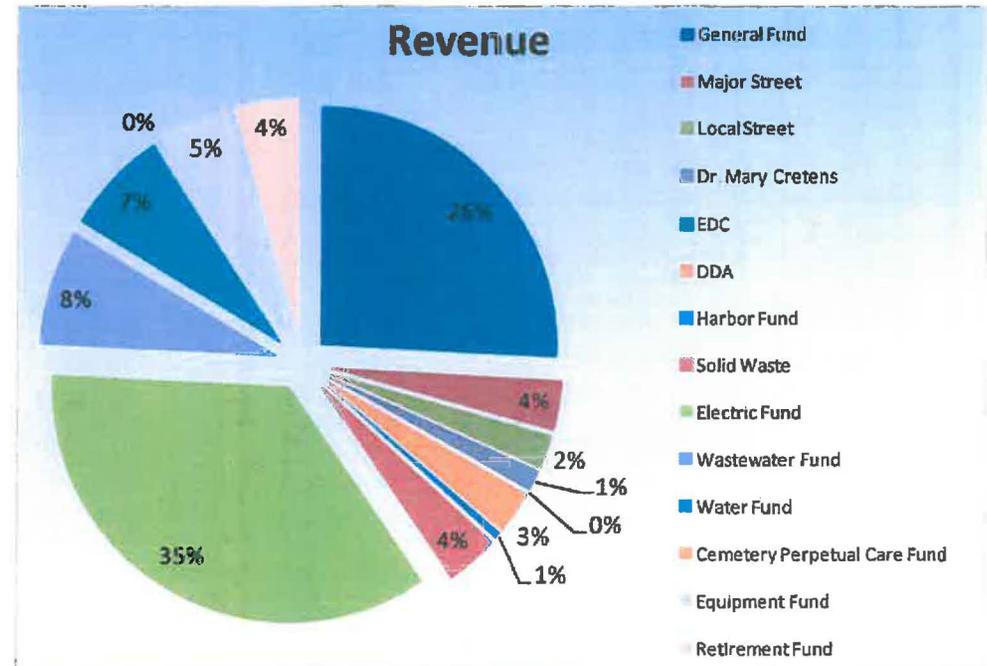
- 0% pay/benefit increase.
- 14% increase in MERS
- Decrease in healthcare.

- Beginning October 1, 2011, local units of government receiving statutory revenue sharing under PA140 had to meet certain requirements to be eligible to receive a percentage of total revenue sharing appropriated. This was known as Economic Vitality Incentive Program or EVIP.
- Beginning October 1, 2012, a new requirement was added to receive this revenue which was to provide a minimum of 2 years budget information. Current year plus the immediately following fiscal year's revenue and expenses. The projected 2016/2017 fiscal year budget is above, based on certain assumptions.
- Now municipalities are required to comply with the City, Village and Township Revenue Sharing (CVTRS) which consists of the Citizen's Guide, Performance Dashboard, Debt Service Report and Projected Budget Report.

2016-2017 Budget Summary

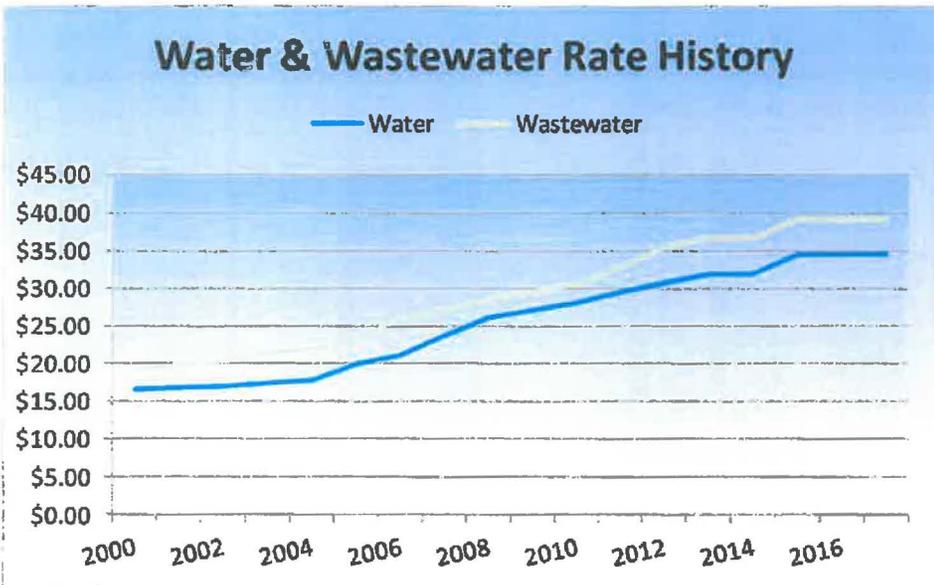
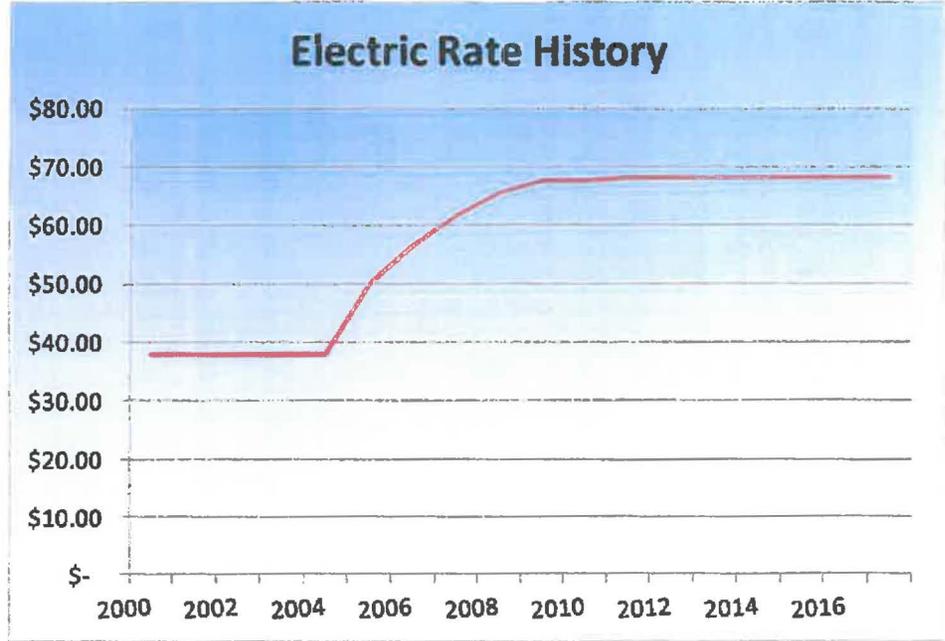
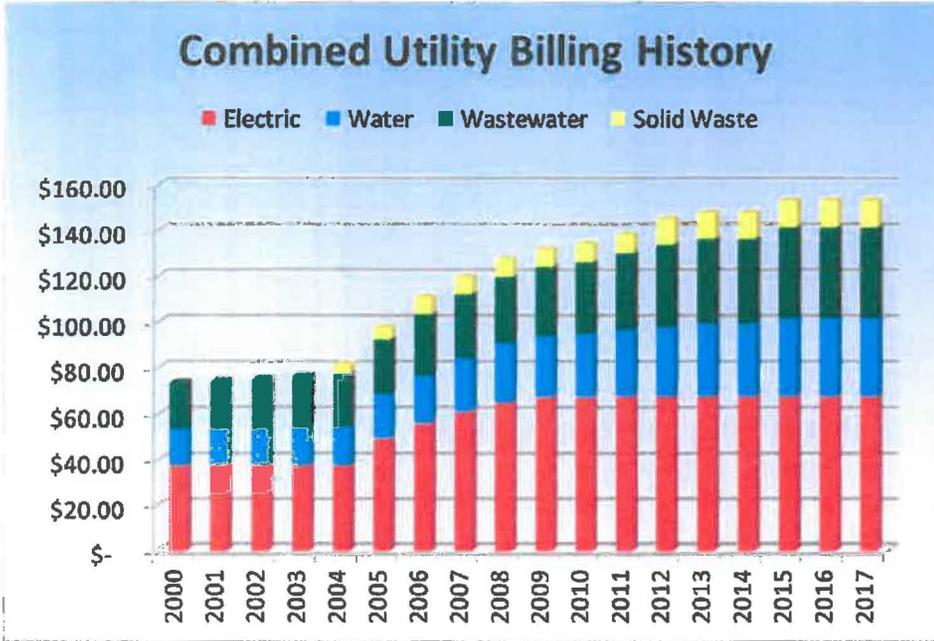
	Revenue	Expense
General Fund	\$3,148,932	\$3,230,990
Major Street	\$425,943	\$693,040
Local Street	\$280,947	\$442,630
Dr. Mary Cretens	\$180,421	\$139,335
Economic Development Fund	\$0	\$32,597
Downtown Development Authority	\$368,280	\$273,269
Harbor Fund	\$62,952	\$71,269
Solid Waste Fund	\$452,870	\$392,160
Electric Fund	\$4,305,546	\$4,938,177
Wastewater Fund	\$973,167	\$885,591
Water Fund	\$859,079	\$932,186
Cemetery Perpetual Care Fund	\$5,942	\$912
Equipment Fund	\$583,031	\$324,364
Retirement Fund	\$528,380	\$0
	\$12,175,490	\$12,356,520

- The City of Gladstone’s fiscal year is April-March.
- The above “Budget Summary” is a snapshot of each fund’s budget for the current fiscal year.
- Timing of revenue sources per fund are different.
- In the General Fund and DDA Fund, tax revenue collections begin in July of every year.
- The General Fund contains all of the recreation areas, campground, harbor, and sports park. These are all seasonal departments.
- Utility rates are set in June annually, yet the rate adjustments to do not occur until August of each year.



Utility Rate History 2000-2017

- Water & Wastewater based on 5,000 gallons
- Electric based on 500 kWh
- Solid Waste is monthly (began in 2004)



Quality of Life & Economic Strength

Housing					
	2000	% Total	2010	% Total	% Change
Occupied	2,216	93.1%	2,182	89.8%	2.6%
Vacant	163	7.1%	249	10.2%	52.8%
Owner-Occupied	1,683	79.2%	1,676	76.8%	-0.4%
Renter-Occupied	443	20.8%	506	23.2%	14.2%
Total	2,284		2,431		6.4%

Income, 2000-2015			
	2000	2015	% Change
Gladstone Median Household Income	\$34,328	\$44,155	29%
Delta County Median Household Income	\$36,795	\$42,031	15%
Michigan Median Household Income	\$45,512	\$51,084	13%

Employment Status			
	Total Pop Over 16	Employed	Unemployment Rate
Gladstone	4,366	54.5%	3%
Michigan	7,734,146	55%	6%

Race Composition 2010 Census	
White	95.4%
African American	.2%
Native American	1.9%
Asian	.3%
Other	1.11%



Quality of Life & Economic Strength

Top 14 Employers

Company	# of Employees
Gladstone Schools	148
Canadian National	82
VanAire	73
Besse Forest Products	60
US Forest Service	50
First Bank	49
City of Gladstone	36
Lakeview Assisted Living	29
Marble Arms	26
Baybank	24
Pardon	18
USDA Service Center	18
Alger Delta Cooperative	13

Fiscal Stability								
	2011	2012	2013	2014	2015	2016	2017	Trend
Annual GF Expenditures per Capita	\$489	\$512	\$542	\$567	\$524	\$634	\$650	Negative
Fund Balance as % of Annual GF Expenditures	10%	16%	13%	12%	16%	22%	23%	Positive
Debt Burden Per Capita	\$534	\$558	\$580	\$342	\$247	\$128	\$116	Positive
Ratio of Pensioners to Employees	3.57	3.71	3.71	3.71	3.71	2.92	3.17	Positive

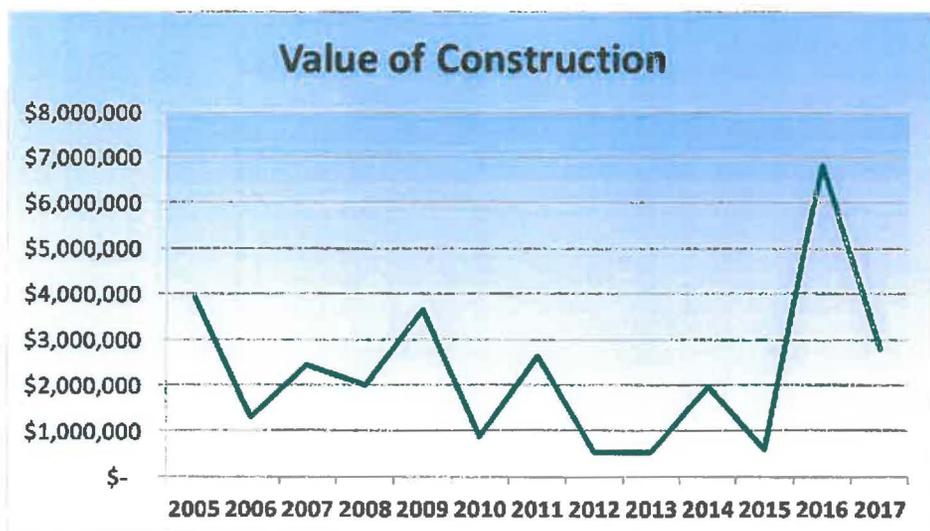
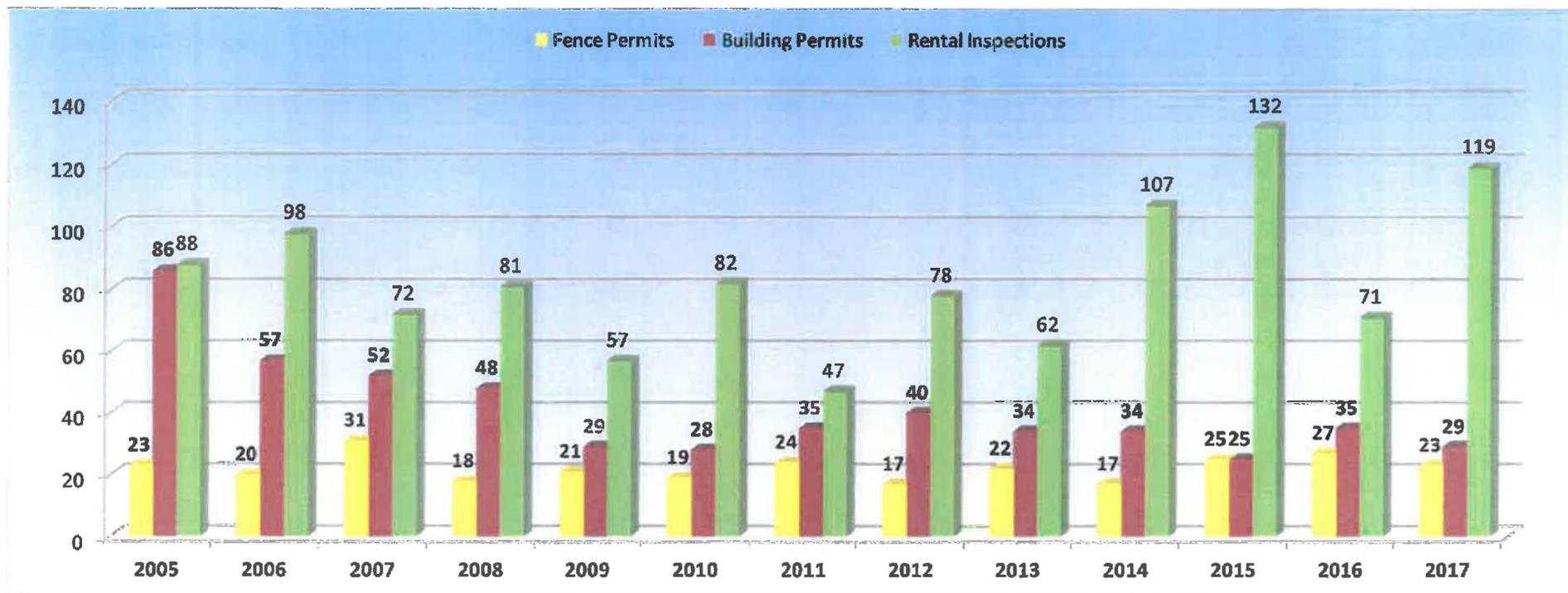
City of Gladstone Debt Service Report

Debt Name	Sewer Bond
Issuance Date	12/14/2006
Issuance Amount	\$1,090,718
Debt Instrument	Bond
Repayment Source	Sewer Revenue

Years Ending	Principal	Interest	Outstanding Balance
2013	\$50,000	\$13,743	\$795,718
2014	\$50,000	\$12,930	\$745,718
2015	\$55,000	\$12,118	\$690,718
2016	\$55,000	\$11,224	\$635,718
2017	\$55,000	\$10,330	\$580,718
2018	\$55,000	\$9,437	\$525,718
2019	\$55,000	\$8,543	\$470,718
2020	\$55,000	\$7,649	\$415,718
2021	\$55,000	\$6,755	\$360,718
2022	\$60,000	\$5,862	\$300,718
2023	\$60,000	\$4,887	\$240,718
2024	\$60,000	\$3,912	\$180,718
2025	\$60,000	\$2,937	\$120,718
2026	\$60,000	\$1,962	\$60,718
2027	\$60,718	\$987	\$0.00
Totals	\$845,718	\$113,276	

Community Development

Permits, Rental Inspections and New Construction



The number of building permits issued within a community provides some indication of the local economy's health. Fluctuations in building permits and construction are generally an indication of the strength or weakness of the local or national economy.

Trend Analysis:
Upward Trend

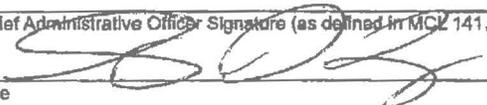
City, Village, and Township Revenue Sharing and County Incentive Program Certification

Issued under authority of 2017 Public Act 107. Filing is mandatory to qualify for payments.

Each city/village/township/county applying for City, Village, and Township Revenue Sharing or County Incentive Program payments must:

1. Certify to the Michigan Department of Treasury (Treasury) that the local unit listed below has produced and made available to the public a Citizen's Guide, a Performance Dashboard, a Debt Service Report, and a Projected Budget Report as required by 2017 Public Act 107. The local unit must include in any mailing of general information to its citizens, the Internet website address or the physical location where all the documents are available for public viewing in the clerk's office.
2. Submit to Treasury a Citizen's Guide, a Performance Dashboard, a Debt Service Report, and a Projected Budget Report.

This certification, along with a Citizen's Guide, a Performance Dashboard, a Debt Service Report, and a Projected Budget Report, must be received by December 1, 2017, (or the first day of a payment month) in order to qualify for that month's payment. Postmark dates will not be considered. For questions, call 517-373-2697.

PART 1: LOCAL UNIT INFORMATION			
Local Unit Name CITY OF GLADSTONE		Local Unit County Name DELTA	
Local Unit Code 21025		Contact E-Mail Address VSCHROEDER@GLADSTONEMI.ORG	
Contact Name VICKI SCHROEDER	Contact Title TREASURER	Contact Telephone Number (906) 428-3636	Extension
Website Address, if reports are available online WWW.GLADSTONEMI.ORG		Current Fiscal Year End Date 2017	
PART 2: CITIZEN'S GUIDE			
Check any of the following that apply:			
<input type="checkbox"/> The local unit has elected to use Treasury's online Citizen's Guide to comply with the legislative requirements. Therefore, a copy of the Citizen's Guide will not be submitted to Treasury.			
<input type="checkbox"/> The local unit does not have any unfunded pensions or other post employment benefits (OPEB).			
PART 3: CERTIFICATION			
<i>In accordance with 2017 Public Act 107, the undersigned hereby certifies to Treasury that the above mentioned local unit 1) has produced a Citizen's Guide, a Performance Dashboard, a Debt Service Report, and a Projected Budget Report and 2) will include in any mailing of general information to our citizens, the Internet website address or the physical location where all the documents are available for public viewing in the clerk's office. The Citizen's Guide, Performance Dashboard, Debt Service Report, and Projected Budget Report are attached to this signed certification, unless otherwise noted in Part 2.</i>			
Chief Administrative Officer Signature (as defined in MCL 141.422b) 		Printed Name of Chief Administrative Officer (as defined in MCL 141.422b) DARCY LONG	
Title CITY MANAGER		Date 11/27/2017	

Completed and signed form (including required attachments) should be e-mailed to: TreasRevenueSharing@michigan.gov. If you are unable to submit via e-mail, fax to 517-335-3298 or mail the completed form and required attachments to:

Michigan Department of Treasury
Revenue Sharing and Grants Division
PO Box 30722
Lansing MI 48909

TREASURY USE ONLY		
CVTRS/CIP Eligible Y N	Certification Received	Citizen's Guide Received
Performance Dashboard Received	Debt Service Report Received	Projected Budget Report Received
Final Certification	CVTRS/CIP Notes	